

ANNUAL FINANCIAL REPORT

POLK COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2020



DIVISION OF LOCAL GOVERNMENT AUDIT



ANNUAL FINANCIAL REPORT
POLK COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2020

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director

STEVE REEDER, CPA, CGFM, CFE
Audit Manager

BRANDON MARKS
KAYLEE FULWOOD
JENI PALADENI, CISA
State Auditors

This financial report is available at www.comptroller.tn.gov

POLK COUNTY, TENNESSEE

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Summary of Audit Findings

Annual Financial Report
Polk County, Tennessee
For the Year Ended June 30, 2020

Scope

We have audited the financial statements of Polk County as of and for the year ended June 30, 2020.

Results

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

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

Findings

The following are summaries of the audit findings:

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 DIRECTOR OF ACCOUNTS AND BUDGETS

- ◆ Appropriations exceeded estimated available funding in the Other Capital Projects Fund.
- ◆ General Fund general ledger payroll liability accounts were not reconciled.

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The School Federal Projects Fund had a deficit in unassigned fund balance.
- ◆ The office had deficiencies in budget operations.
- ◆ The office had weaknesses in posting financial transactions.

INTRODUCTORY SECTION

Polk County Officials

June 30, 2020

Officials

Robert Hatcher, County Executive
Roy Gene Thomason Jr., Highway Superintendent
Dr. James Jones, Director of Schools
Gina Hicks Burchfiel, Trustee
Randy Yates, Assessor of Property
Jackie Rogers, County Clerk
Melissa Keith, Circuit and General Sessions Courts Clerk
Kimberly Ingram, Clerk and Master
Donna Bramlett, Register of Deeds
Steve Ross, Sheriff
Catrice Lowe, Director of Accounts and Budgets

Board of County Commissioners

Deborah Davis, Chairman
Greg Brooks
Daniel Deal
Dewey Esquinance
Roger Evans

Jeremy Kimsey
John Pippenger
Samantha Trantham
James Woody

Board of Education

Harmon Harden, Chairman
Robert Cole
James Davis
David Goode
David Green

Stan Howard
Jayson Lamb
Shawn Pritchett
Mark Williams

Audit Committee

Gary Silvers, Chairman
Greg Barker

John Pippenger
Joe Waters

FINANCIAL SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

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, 2020, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Polk, Tennessee, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof 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.

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 (asset) and related ratios, schedules of county and school contributions, schedules of school's proportionate share of the net pension liability (asset), and schedule of school changes in the total OPEB liability and related ratios, as listed in the table of contents, 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 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), miscellaneous schedules and other information such as the introductory section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost*

Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements.

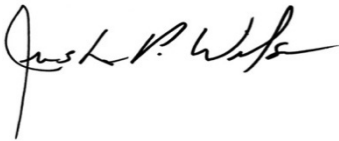
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Polk County School Department (a discretely presented component unit), schedule of expenditures of federal awards, and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Polk County School Department (a discretely presented component unit), schedule of expenditures of federal awards, 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 November 23, 2020, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Polk County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Polk County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

November 23, 2020

JPW/tg

BASIC FINANCIAL STATEMENTS

Exhibit A

Polk County, Tennessee
Statement of Net Position
June 30, 2020

	Primary Government Governmental Activities	Component Unit Polk County School Department
<u>ASSETS</u>		
Cash	\$ 1,110	\$ 41,773
Equity in Pooled Cash and Investments	6,323,318	1,344,108
Inventories	0	6,531
Investments	3,735,525	0
Accounts Receivable	135,027	1,268,907
Due from Other Governments	641,689	0
Due from Component Units	576	0
Property Taxes Receivable	6,560,223	2,546,912
Allowance for Uncollectible Property Taxes	(333,253)	(116,460)
Restricted Assets:		
Amounts Accumulated for Pension Benefits	0	55,397
Net Pension Asset - Agent Plan	451,274	174,540
Net Pension Asset - Teacher Retirement Plan	0	64,603
Net Pension Asset - Teacher Legacy Pension Plan	0	2,701,177
Capital Assets:		
Assets Not Depreciated:		
Land	59,633	401,500
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	7,783,534	11,931,700
Infrastructure	4,639,868	0
Other Capital Assets	1,801,563	619,983
Total Assets	<u>\$ 31,800,087</u>	<u>\$ 21,040,671</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension Changes in Experience	\$ 164,787	\$ 197,927
Pension Changes in Assumptions	156,446	426,752
Pension Changes in Proportion	0	51,932
Pension Contributions After Measurement Date	226,790	1,043,334
OPEB Changes in Experience	0	21,123
OPEB Changes in Assumptions	0	71,313
OPEB Changes in Proportion	0	258,820
OPEB Contributions After Measurement Date	0	103,736
Total Deferred Outflows of Resources	<u>\$ 548,023</u>	<u>\$ 2,174,937</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 119,887	\$ 105,320
Accrued Payroll	0	2,500
Payroll Deductions Payable	26,740	278,650
Accrued Interest Payable	32,515	0
Due to Primary Government	0	576
Due to State of Tennessee	2,407	257
Noncurrent Liabilities:		
Due Within One Year - Debt	1,776,000	0
Due Within One Year - Other	13,410	0
Due in More Than One Year - Debt	8,080,900	0
Due in More Than One Year - Other	120,691	3,262,092
Total Liabilities	<u>\$ 10,172,550</u>	<u>\$ 3,649,395</u>

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Unit Polk County School Department
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 5,770,933	\$ 2,251,676
Pension Changes in Experience	117,790	1,706,769
Pension Changes in Investment Earnings	117,022	819,770
Pension Changes in Proportion	0	35,486
OPEB Changes in Assumptions	0	329,321
OPEB Changes in Proportion	0	11,907
Total Deferred Inflows of Resources	<u>\$ 6,005,745</u>	<u>\$ 5,154,929</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 10,464,848	\$ 12,953,183
Restricted for:		
General Government	373,335	0
Finance	54,439	0
Administration of Justice	590,297	0
Public Safety	185,306	0
Public Health and Welfare	402,330	0
Highways/Public Works	1,415,078	0
Debt Service	4,527,492	0
Capital Projects	180	0
Education	0	109,536
Pensions	451,274	2,995,717
Unrestricted	<u>(2,294,764)</u>	<u>(1,647,152)</u>
Total Net Position	<u>\$ 16,169,815</u>	<u>\$ 14,411,284</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, 2020

Functions/Programs					Net (Expense) Revenue and Changes in Net Position	
	Expenses	Program Revenues			Primary Government Total Governmental Activities	Component Unit Polk County School Department
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Primary Government:						
Governmental Activities:						
General Government	\$ 1,368,300	\$ 457,810	\$ 277,122	\$ 0	\$ (633,368)	\$ 0
Finance	751,765	462,155	0	0	(289,610)	0
Administration of Justice	671,313	449,159	9,000	0	(213,154)	0
Public Safety	5,115,825	1,533,652	194,642	0	(3,387,531)	0
Public Health and Welfare	2,682,298	0	251,274	0	(2,431,024)	0
Social, Cultural, and Recreational Services	145,510	1,066	19,976	614,547	490,079	0
Agriculture and Natural Resources	165,240	0	0	0	(165,240)	0
Highways/Public Works	4,394,167	0	2,274,143	1,070,643	(1,049,381)	0
Interest on Long-term Debt	266,480	0	0	0	(266,480)	0
Total Primary Government	<u>\$ 15,560,898</u>	<u>\$ 2,903,842</u>	<u>\$ 3,026,157</u>	<u>\$ 1,685,190</u>	<u>\$ (7,945,709)</u>	<u>\$ 0</u>
Component Unit:						
Polk County School Department	\$ 22,441,320	\$ 87,243	\$ 3,232,411	\$ 0	\$ 0	\$ (19,121,666)
Total Component Unit	<u>\$ 22,441,320</u>	<u>\$ 87,243</u>	<u>\$ 3,232,411</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (19,121,666)</u>

(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 Unit
						Polk County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 5,063,754	\$ 2,373,007
Property Taxes Levied for Debt Service					1,004,290	0
Local Option Sales Taxes					0	1,783,942
Hotel/Motel Tax					73,219	0
Litigation Tax - General					51,428	0
Litigation Tax - Jail, Workhouse, or Courthouse					31,127	0
Business Tax					47,188	0
Wholesale Beer Tax					213,019	0
Other Local Taxes					5,971	21,269
Grants and Contributions Not Restricted to Specific Programs					1,634,902	15,055,977
Unrestricted Investment Earnings					9,037	1,885
Miscellaneous					96,411	24,880
Sale of Equipment					24,093	400
Total General Revenues					<u>\$ 8,254,439</u>	<u>\$ 19,261,360</u>
Change in Net Position					\$ 308,730	\$ 139,694
Net Position, July 1, 2019					<u>15,861,085</u>	<u>14,271,590</u>
Net Position, June 30, 2020					<u>\$ 16,169,815</u>	<u>\$ 14,411,284</u>

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, 2020

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 1,110	\$ 1,110
Equity in Pooled Cash and Investments	3,829,645	1,066,794	698,085	728,794	6,323,318
Investments	0	0	3,735,525	0	3,735,525
Accounts Receivable	123,261	0	748	11,018	135,027
Due from Other Governments	239,747	353,156	31,785	17,001	641,689
Due from Other Funds	9,411	7,203	0	0	16,614
Due from Component Units	0	576	0	0	576
Property Taxes Receivable	4,861,685	0	1,106,447	592,091	6,560,223
Allowance for Uncollectible Property Taxes	(247,052)	0	(56,139)	(30,062)	(333,253)
Total Assets	<u>\$ 8,816,697</u>	<u>\$ 1,427,729</u>	<u>\$ 5,516,451</u>	<u>\$ 1,319,952</u>	<u>\$ 17,080,829</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 74,219	\$ 0	\$ 9,806	\$ 35,862	\$ 119,887
Payroll Deductions Payable	20,397	0	0	6,343	26,740
Due to Other Funds	7,203	0	0	9,411	16,614
Due to State of Tennessee	2,407	0	0	0	2,407
Matured Interest on Bonds	0	0	5,827	0	5,827
Total Liabilities	<u>\$ 104,226</u>	<u>\$ 0</u>	<u>\$ 15,633</u>	<u>\$ 51,616</u>	<u>\$ 171,475</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 4,276,753	\$ 0	\$ 973,326	\$ 520,854	\$ 5,770,933
Deferred Delinquent Property Taxes	309,412	0	68,873	37,224	415,509
Other Deferred/Unavailable Revenue	25,439	175,517	0	0	200,956
Total Deferred Inflows of Resources	<u>\$ 4,611,604</u>	<u>\$ 175,517</u>	<u>\$ 1,042,199</u>	<u>\$ 558,078</u>	<u>\$ 6,387,398</u>

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 373,335	\$ 0	\$ 0	\$ 0	\$ 373,335
Restricted for Finance	45,028	0	0	0	45,028
Restricted for Administration of Justice	590,297	0	0	0	590,297
Restricted for Public Safety	40,365	0	0	144,941	185,306
Restricted for Public Health and Welfare	5,205	0	0	359,901	365,106
Restricted for Highways/Public Works	0	1,252,212	0	0	1,252,212
Restricted for Debt Service	0	0	4,458,619	0	4,458,619
Restricted for Capital Projects	0	0	0	180	180
Committed:					
Committed for Capital Outlay	0	0	0	205,236	205,236
Assigned:					
Assigned for General Government	20,781	0	0	0	20,781
Assigned for Finance	992	0	0	0	992
Assigned for Public Safety	49,420	0	0	0	49,420
Assigned for Public Health and Welfare	250	0	0	0	250
Assigned for Social, Cultural, and Recreational Services	8,330	0	0	0	8,330
Assigned for Agriculture and Natural Resources	620	0	0	0	620
Unassigned	2,966,244	0	0	0	2,966,244
Total Fund Balances	\$ 4,100,867	\$ 1,252,212	\$ 4,458,619	\$ 710,258	\$ 10,521,956
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,816,697	\$ 1,427,729	\$ 5,516,451	\$ 1,319,952	\$ 17,080,829

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, 2020

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)		\$ 10,521,956
(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	7,783,534	
Add: infrastructure net of accumulated depreciation	4,639,868	
Add: other capital assets net of accumulated depreciation	<u>1,801,563</u>	14,284,598
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (1,025,000)	
Less: other loans payable	(8,831,900)	
Less: compensated absences payable	(134,101)	
Less: accrued interest on debt not reflected in governmental funds	<u>(26,688)</u>	(10,017,689)
(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	\$ 548,023	
Less: deferred inflows of resources related to pensions	<u>(234,812)</u>	313,211
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		451,274
(5) Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.		<u>616,465</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ 16,169,815</u></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, 2020

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>					
Local Taxes	\$ 5,131,540	\$ 0	\$ 1,075,085	\$ 518,699	\$ 6,725,324
Licenses and Permits	119,561	0	0	0	119,561
Fines, Forfeitures, and Penalties	108,810	0	0	51,661	160,471
Charges for Current Services	98,535	0	0	81,774	180,309
Other Local Revenues	181,915	234,363	9,026	4,197	429,501
Fees Received From County Officials	778,484	0	0	0	778,484
State of Tennessee	2,467,833	3,317,180	107,408	57,448	5,949,869
Federal Government	46,055	75,287	0	444,037	565,379
Other Governments and Citizens Groups	90,000	0	650,000	236,277	976,277
Total Revenues	\$ 9,022,733	\$ 3,626,830	\$ 1,841,519	\$ 1,394,093	\$ 15,885,175
<u>Expenditures</u>					
Current:					
General Government	\$ 1,165,134	\$ 0	\$ 0	\$ 0	\$ 1,165,134
Finance	749,293	0	0	0	749,293
Administration of Justice	674,757	0	0	0	674,757
Public Safety	4,934,328	0	0	117,507	5,051,835
Public Health and Welfare	1,099,872	0	0	636,004	1,735,876
Social, Cultural, and Recreational Services	144,460	0	0	0	144,460
Agriculture and Natural Resources	165,240	0	0	0	165,240
Other Operations	197,813	296	0	629,469	827,578
Highways	0	4,399,312	0	0	4,399,312
Debt Service:					
Principal on Debt	0	0	1,541,000	0	1,541,000
Interest on Debt	0	0	252,224	0	252,224
Other Debt Service	0	0	33,365	0	33,365

(Continued)

Exhibit C-3

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

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>Expenditures (Cont.)</u>					
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 324,820	\$ 324,820
Total Expenditures	\$ 9,130,897	\$ 4,399,608	\$ 1,826,589	\$ 1,707,800	\$ 17,064,894
Excess (Deficiency) of Revenues Over Expenditures	\$ (108,164)	\$ (772,778)	\$ 14,930	\$ (313,707)	\$ (1,179,719)
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 0	\$ 700,000	\$ 0	\$ 325,000	\$ 1,025,000
Transfers In	12,231	0	11,967	0	24,198
Transfers Out	0	(11,967)	0	0	(11,967)
Total Other Financing Sources (Uses)	\$ 12,231	\$ 688,033	\$ 11,967	\$ 325,000	\$ 1,037,231
Net Change in Fund Balances	\$ (95,933)	\$ (84,745)	\$ 26,897	\$ 11,293	\$ (142,488)
Fund Balance, June 30, 2019	4,196,800	1,336,957	4,431,722	698,965	10,664,444
Fund Balance, June 29, 2020	\$ 4,100,867	\$ 1,252,212	\$ 4,458,619	\$ 710,258	\$ 10,521,956

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, 2020

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)		\$ (142,488)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 698,670	
Less: current-year depreciation expense	<u>(742,392)</u>	(43,722)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2020	\$ 616,465	
Less: deferred delinquent property taxes and other deferred June 30, 2019	<u>(632,015)</u>	(15,550)
(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.		
Less: proceeds from debt issued	\$ (1,025,000)	
Add: principal payments on debt	<u>1,541,000</u>	516,000
(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.		
Change in accrued interest payable	\$ (2,289)	
Change in compensated absences payable	(5,026)	
Change in net pension liability/asset	80,860	
Change in deferred outflows related to pensions	(48,858)	
Change in deferred inflows related to pensions	<u>(17,962)</u>	6,725
(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.		<u>(12,235)</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 308,730</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, 2020

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2019	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 5,131,540	\$ 0	\$ 0	\$ 5,131,540	\$ 5,346,498	\$ 5,346,498	\$ (214,958)
Licenses and Permits	119,561	0	0	119,561	108,500	108,500	11,061
Fines, Forfeitures, and Penalties	108,810	0	0	108,810	92,315	92,315	16,495
Charges for Current Services	98,535	0	0	98,535	82,690	82,765	15,770
Other Local Revenues	181,915	0	0	181,915	124,200	180,542	1,373
Fees Received From County Officials	778,484	0	0	778,484	636,100	636,100	142,384
State of Tennessee	2,467,833	0	0	2,467,833	2,360,100	2,439,987	27,846
Federal Government	46,055	0	0	46,055	62,714	66,235	(20,180)
Other Governments and Citizens Groups	90,000	0	0	90,000	93,000	93,000	(3,000)
Total Revenues	\$ 9,022,733	\$ 0	\$ 0	\$ 9,022,733	\$ 8,906,117	\$ 9,045,942	\$ (23,209)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 124,927	\$ 0	\$ 0	\$ 124,927	\$ 106,105	\$ 124,927	\$ 0
Board of Equalization	1,500	0	0	1,500	3,000	3,000	1,500
County Mayor/Executive	152,403	0	0	152,403	154,010	155,010	2,607
County Attorney	37,574	0	0	37,574	37,678	37,678	104
Election Commission	182,589	0	1,258	183,847	217,170	217,670	33,823
Register of Deeds	149,236	0	12,164	161,400	169,847	183,811	22,411
County Buildings	294,939	0	75	295,014	180,640	295,221	207
Other General Administration	221,966	(400)	7,285	228,851	208,335	243,576	14,725
<u>Finance</u>							
Accounting and Budgeting	71,348	0	0	71,348	75,425	76,925	5,577
Property Assessor's Office	227,901	(171)	971	228,701	241,094	244,094	15,393
County Trustee's Office	214,133	0	20	214,153	217,759	220,759	6,606
County Clerk's Office	235,911	0	0	235,911	238,897	243,594	7,683
<u>Administration of Justice</u>							
Circuit Court	252,246	0	0	252,246	249,004	256,303	4,057
General Sessions Court	120,600	0	0	120,600	120,885	120,885	285
Chancery Court	191,115	0	0	191,115	193,304	195,304	4,189

(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 7/1/2019	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Administration of Justice (Cont.)</u>							
Juvenile Court	\$ 71,383	\$ 0	\$ 0	\$ 71,383	\$ 73,210	\$ 75,210	\$ 3,827
Probation Services	39,413	0	0	39,413	39,338	39,413	0
<u>Public Safety</u>							
Sheriff's Department	2,043,562	(4,776)	19,338	2,058,124	1,974,607	2,101,067	42,943
Correctional Incentive Program Improvements	2,663,461	(26,650)	27,975	2,664,786	2,668,444	2,782,560	117,774
Civil Defense	87,302	(634)	764	87,432	79,100	94,600	7,168
Rescue Squad	125,067	(3,070)	1,012	123,009	129,450	129,450	6,441
Other Emergency Management	14,936	(1,000)	331	14,267	16,423	16,423	2,156
<u>Public Health and Welfare</u>							
Local Health Center	103,522	(98)	250	103,674	67,912	117,307	13,633
Ambulance/Emergency Medical Services	720,000	0	0	720,000	720,000	720,000	0
Crippled Children Services	0	0	0	0	1,250	1,250	1,250
Other Local Health Services	19,487	0	0	19,487	19,267	19,941	454
Sanitation Education/Information	48,424	(5,675)	0	42,749	52,668	53,668	10,919
Convenience Centers	48,579	0	0	48,579	0	56,388	7,809
Other Public Health and Welfare	159,860	0	0	159,860	204,994	242,994	83,134
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	23,249	0	0	23,249	22,113	24,453	1,204
Libraries	113,486	0	80	113,566	114,086	123,186	9,620
Other Social, Cultural, and Recreational	7,725	(4,800)	0	2,925	6,504	6,504	3,579
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	144,240	(2,650)	8,250	149,840	71,289	159,372	9,532
Soil Conservation	21,000	0	0	21,000	21,000	21,000	0
<u>Other Operations</u>							
Other Economic and Community Development	20,066	0	0	20,066	19,690	21,366	1,300
Airport	1,010	0	620	1,630	3,000	3,000	1,370
Veterans' Services	14,116	0	0	14,116	18,619	19,119	5,003
Other Charges	110,019	0	0	110,019	115,000	115,000	4,981
Contributions to Other Agencies	49,081	0	0	49,081	55,000	55,000	5,919

(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 7/1/2019	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Other Operations (Cont.)</u>							
COVID-19 Grant #6	\$ 3,521	\$ 0	\$ 0	\$ 3,521	\$ 0	\$ 3,521	\$ 0
Total Expenditures	\$ 9,130,897	\$ (49,924)	\$ 80,393	\$ 9,161,366	\$ 8,906,117	\$ 9,620,549	\$ 459,183
Excess (Deficiency) of Revenues Over Expenditures	\$ (108,164)	\$ 49,924	\$ (80,393)	\$ (138,633)	\$ 0	\$ (574,607)	\$ 435,974
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 12,231	\$ 0	\$ 0	\$ 12,231	\$ 0	\$ 15,951	\$ (3,720)
Total Other Financing Sources	\$ 12,231	\$ 0	\$ 0	\$ 12,231	\$ 0	\$ 15,951	\$ (3,720)
Net Change in Fund Balance	\$ (95,933)	\$ 49,924	\$ (80,393)	\$ (126,402)	\$ 0	\$ (558,656)	\$ 432,254
Fund Balance, July 1, 2019	4,196,800	(49,924)	0	4,146,876	4,164,968	4,164,968	(18,092)
Fund Balance, June 30, 2020	\$ 4,100,867	\$ 0	\$ (80,393)	\$ 4,020,474	\$ 4,164,968	\$ 3,606,312	\$ 414,162

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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 234,363	\$ 245,200	\$ 245,200	\$ (10,837)
State of Tennessee	3,317,180	3,878,552	3,878,552	(561,372)
Federal Government	75,287	1,267,883	1,267,883	(1,192,596)
Total Revenues	<u>\$ 3,626,830</u>	<u>\$ 5,391,635</u>	<u>\$ 5,391,635</u>	<u>\$ (1,764,805)</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
COVID-19 Grant #1	\$ 296	\$ 0	\$ 296	\$ 0
<u>Highways</u>				
Administration	225,582	256,234	256,234	30,652
Highway and Bridge Maintenance	1,400,841	1,436,859	1,523,359	122,518
Operation and Maintenance of Equipment	526,224	649,200	693,700	167,476
Other Charges	79,888	73,000	86,500	6,612
Employee Benefits	150,851	232,000	231,704	80,853
Capital Outlay	2,015,926	3,424,738	4,188,238	2,172,312
<u>Interest on Debt</u>				
Highways and Streets	0	154,369	0	0
Total Expenditures	<u>\$ 4,399,608</u>	<u>\$ 6,226,400</u>	<u>\$ 6,980,031</u>	<u>\$ 2,580,423</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (772,778)</u>	<u>\$ (834,765)</u>	<u>\$ (1,588,396)</u>	<u>\$ 815,618</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 700,000	\$ 700,000	\$ 700,000	\$ 0
Transfers Out	(11,967)	0	(154,369)	142,402
Total Other Financing Sources	<u>\$ 688,033</u>	<u>\$ 700,000</u>	<u>\$ 545,631</u>	<u>\$ 142,402</u>
Net Change in Fund Balance	\$ (84,745)	\$ (134,765)	\$ (1,042,765)	\$ 958,020
Fund Balance, July 1, 2019	<u>1,336,957</u>	<u>1,453,152</u>	<u>1,453,152</u>	<u>(116,195)</u>
Fund Balance, June 30, 2020	<u><u>\$ 1,252,212</u></u>	<u><u>\$ 1,318,387</u></u>	<u><u>\$ 410,387</u></u>	<u><u>\$ 841,825</u></u>

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

Exhibit D-1

Polk County, Tennessee
Statement of Revenues, Expenses, and
Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2020

	Governmental Activities - Internal Service Fund Self- Insurance Fund
<u>Operating Revenues</u>	\$ 0
Total Operating Revenues	<u>\$ 0</u>
<u>Operating Expenses</u>	
Other Operations	\$ 7
Total Operating Expenses	<u>\$ 7</u>
Operating Income (Loss)	<u>\$ (7)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 3
Total Nonoperating Revenue (Expenses)	<u>\$ 3</u>
Income(Loss) Before Transfers	\$ (4)
Transfers In (Out)	<u>(12,231)</u>
Change in Net Position	<u>(12,235)</u>
Net Position, July 1, 2019	<u>12,235</u>
Net Position, June 30, 2020	<u><u>\$ 0</u></u>

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

Exhibit D-2

Polk County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2020

	Governmental Activities - Internal Service Fund Self- Insurance Fund
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-insurance Premiums	\$ 0
Payments for Claims	(7)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (7)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers to Other Funds	\$ (12,231)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (12,231)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	\$ 3
Net Cash Provided By (Used In) Investing Activities	<u>\$ 3</u>
Net Increase (Decrease) in Cash	\$ (12,235)
Cash, July 1, 2019	<u>12,235</u>
Cash, June 30, 2020	<u><u>\$ 0</u></u>
<u>Reconciliation of Net Operating Income to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (7)
Adjustments to Reconcile Net Operating Income to Net Cash Provided By (Used In) Operating Activities:	
Change in Assets and Liabilities:	
No Adjustments - Fund Closed	<u>0</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (7)</u></u>

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

Exhibit E

Polk County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2020

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 277,143
Accounts Receivable	679
Due from Other Governments	<u>42,632</u>
Total Assets	<u><u>\$ 320,454</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 42,632
Due to Litigants, Heirs, and Others	<u>277,822</u>
Total Liabilities	<u><u>\$ 320,454</u></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, 2020

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 financial statements of the Polk County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of this omission did not affect the independent auditor's opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The 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 financial statements of the Polk County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

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
6034 Highway 411
Benton, TN 37307

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. There were no debt issues contributed by the county to the school department during the year ended June 30, 2020.

Separate financial statements are provided for governmental funds, the proprietary funds (internal service funds), and fiduciary funds. Polk County and the discretely presented Polk County School Department's internal service funds are 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 and the discretely presented Polk County School Department each report one proprietary fund, an internal service fund. The county and the school department have no enterprise funds to report.

Separate financial statements are provided for governmental funds, proprietary 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.

Internal Service Fund – The Self-Insurance Fund is used to administer health, dental, and vision insurance for county employees. This fund was closed during the year.

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 fund:

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

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

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

Capital Projects Fund – The Education Capital Projects Fund is used to account for 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 this fund.

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. Polk County used one proprietary fund, an internal service fund, to account for employee health, dental, and vision insurance until September 2018 when the fund's use was discontinued. The balance reflected in the internal service fund at June 30, 2019, was remitted to the county's General Fund in November 2019 and the Self-Insurance fund was closed. The discretely presented school department also has one proprietary fund, an internal service fund used to account for the employees' dental insurance program. As noted above, the employees' dental insurance plan was discontinued in October 2002 due to the increased cost of the plan. A cash balance has remained in this fund since the fund was discontinued. The fund's only revenue was interest earned on this cash balance and there were no expenses from this fund during the year examined. At June 30, 2020, the balance in this fund totaled \$41,213.

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, 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; the State Treasurer's Intermediate Term Investment Fund; 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. In addition, an investment of property is held by the county's 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 amortized cost using a stable net asset value. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. These policies were designed to comply with generally accepted accounting principles. In addition, 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. Compliance with Funding Board policies is audited by the Tennessee Comptroller of the Treasury, Division of State Audit. The latest audit opinion issued by the Division of State Audit concluded that the State Treasurer's Investment Pool complied with accounting principles generally accepted in the United State of America.

Investments in the State Treasurer's Intermediate Term Investment Fund are reported at amortized cost using a floating net asset value. The primary oversight responsibility for the investments and operations of the State Treasurer's Intermediate Term Investment Fund rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. These policies were designed to comply with generally accepted accounting principles. In addition, state statutes require the state treasurer to administer the pool under the same terms and conditions as prescribed for other funds invested by the state treasurer. Compliance with Funding Board policies is audited by the Tennessee Comptroller of the Treasury, Division of State Audit. The latest audit opinion issued by the Division of State Audit concluded that the State Treasurer's Intermediate Term Investment Fund complied with accounting principles generally accepted in the United States of America. Polk County had no investments in the State Treasurer's Intermediate Term Investment Fund during the year.

All other investments are reported at fair value.

2. Receivables and Payables

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 4.60 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.

3. Restricted Assets

Restricted assets consist of amounts held in a pension stabilization trust by the Tennessee Consolidated Retirement System (TCRS) for the benefit of the discretely presented Polk County School Department's Teacher Retirement Plan. The purpose of this trust is to accumulate funds to provide stabilization (smoothing) of retirement costs to the school system in times of fluctuating investment returns and market downturns. These funds are held and invested by TCRS pursuant to an irrevocable agreement and may only be used for the benefit of the Polk County School Department to fund retirement benefits upon approval of the TCRS Board of Directors. To date, the Polk County School Department has not withdrawn any funds from the trust to pay pension cost. Trust documents provide that the funds are not subject to the claims of general creditors of the school department.

4. 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 three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

Property, plant, equipment, and infrastructure of the primary government and the discretely presented school department are

depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	7 - 40
Other Capital Assets	5 - 30
Infrastructure:	
Roads and Bridges	20 - 50

5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position. These items are for pension changes in experience, assumptions, and proportionate share of contributions; other postemployment benefits (OPEB) changes in experience, assumptions, and proportionate share of contributions; and employer contributions made to the pension and OPEB plans after the measurement date.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are from the following sources: current and delinquent property taxes; pension changes in experience, investment earnings, and proportionate share of contributions; OPEB changes in assumptions and 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.

6. 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.

7. Long-term Debt and 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 are 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.

8. Net Position and Fund Balance

In the government-wide financial statements and the proprietary funds in the fund financial statements of the county and the discretely presented school department, 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.

The government-wide Statement of Net Position reports \$7,999,731 of restricted net position, of which \$607,035 is restricted by enabling legislation.

As of June 30, 2020, Polk County had \$6,037,150 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 and for negative fund balances in the other governmental 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. In the other governmental funds, funds expended that exceed the amounts that are restricted, committed, and assigned are reported as negative unassigned fund balance.

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.

F. Other Postemployment Benefit (OPEB) Plan

Discretely Presented Polk County School Department

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by the discretely presented Polk County School Department. For this purpose, the school department recognizes benefit payments when due and payable in accordance with benefit terms. The school department's OPEB plan is not administered through a trust.

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 J-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 J-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 capital projects funds (except for the Other Capital Projects Fund), 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, 2020, Polk County and the Polk County School Department reported the following encumbrances:

<u>Funds</u>	<u>Amount</u>
Primary Government:	
Major Fund:	
General	\$ 80,393
Nonmajor Funds:	
Drug Control	200
Other Capital Projects	57,492
School Department:	
Major Fund:	
General Purpose School	40,576
Nonmajor Fund:	
School Federal Projects	49,379

B. Fund Deficit

The School Federal Projects Fund (special revenue fund) of the discretely presented Polk County School Department had a deficit unassigned fund balance of \$5,246 at June 30, 2020. This deficit unassigned fund balance resulted from the issuance of encumbrances exceeding available fund balance where the corresponding reimbursements from the grantors had not been requested prior to year-end. The deficit unassigned fund balance should be liquidated when reimbursements are requested and received from grantors.

C. Appropriations Exceeded Estimated Available Funding

The budget and subsequent amendments approved by the county commission for the Other Capital Projects Fund resulted in appropriations exceeding estimated available funding by \$35,815.

D. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the county commission in certain major appropriation categories (the legal level of control) of the General Purpose School Fund. These over expenditures are reflected in the following table:

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
General Purpose School Fund:	
Office of the Principle	\$ 11,151
Food Service	81,957
Community Services	22,077

Also, salaries exceeded appropriations in 12 of the 77 salary line-items in the General Purpose School Fund by amounts ranging from \$514 to \$26,542. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

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 and investments reflected on the balance sheets or statements of net position represent nonpooled amounts held separately by individual funds.

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for 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, the State Treasurer's Intermediate Term Investment Fund, and in repurchase agreements. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. Investments in the State Treasurer's Investment Pool are reported both by the pool and the county at amortized cost using a stable net asset value. The primary oversight responsibility for the investments and operations of the Intermediate Term Investment Fund rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. Investments in the Intermediate Term Investment Fund are reported both by the pool and the county at amortized cost using a floating net asset value. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

Investment Balance. As of June 30, 2020, Polk County reflects a nonpooled investment in property held for resale that is carried at fair value within the fair value hierarchy established by generally accepted accounting principles.

During a prior year, Polk County and the city of Ducktown purchased the debt of the Copper Basin Medical Center (hospital) from the hospital's lender. The hospital ceased operations and in June 2018, the county and the city of Ducktown finalized foreclosure proceedings, took possession of the hospital's property, and began the process of selling the property.

Generally accepted accounting principles and GASB standards do not recognize assets held for resale as capital assets of the county; therefore, the

county's 75 percent share of the fair value of the hospital property has been reflected as an investment in the current financial statements in this report. The valuation of this property was determined using the 2018 property appraisal card received from the Comptroller's Division of Property Assessments. This valuation remained unchanged on the 2020 appraisal card.

The calculation of the county's valuation of this property was made as follows:

Copper Basin Medical Center:

Appraised value per property card	\$ 4,980,700
County's ownership percentage	<u>75%</u>
Polk County Investment at June 30, 2020	<u><u>\$ 3,735,525</u></u>

Investment	Weighted Average Maturity (days)	Maturity	Fair Value
Hospital Property (held for resale)	N/A	N/A	<u><u>\$ 3,735,525</u></u>

Investment by Fair Value Level	Fair Value 6-30-20	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Hospital Property (held for resale)	\$ 3,735,525	\$ 0	\$ 3,735,525	\$ 0
Total	<u><u>\$ 3,735,525</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 3,735,525</u></u>	<u><u>\$ 0</u></u>

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

TCRS Stabilization Trust

Legal Provisions. The Polk County School Department is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The school department has placed funds into the irrevocable trust as authorized by 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 trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of the school department.

The trust is authorized to make investments as directed by the TCRS Board of Trustees. The Polk County School Department may not impose any restrictions on investments placed by the trust on their behalf.

Investment Balances. Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retiree Group Trust (TRGT). The TRGT is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares.

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments and interest and dividend income. Interest income is recognized when earned. Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2020, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.
- Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments where fair value is measured using the Net Asset Value (“NAV”) per share have no readily determinable fair value and have been determined to be calculated consistent with FASB principles for investment companies.

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgement and as such management of the TRGT developed a fair value committee that worked in conjunction with the plan’s custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes to be represented in the table below.

Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest.

Equity and equity derivative securities classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

U.S. Treasury Bills, Bonds, Notes and Futures classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Debt and debt derivative securities classified in Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 debt securities are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute (“MAI”), or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

Investments in private mutual funds, traditional private equity funds, strategic lending funds and real estate funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter’s NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

At June 30, 2020, the Polk County School Department had the following investments held by the trust on its behalf.

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 17,173
Developed Market International Equity	N/A	N/A	7,756
Emerging Market International Equity	N/A	N/A	2,216
U.S. Fixed Income	N/A	N/A	11,079
Real Estate	N/A	N/A	5,540
Short-term Securities	N/A	N/A	554
NAV - Private Equity and Strategic Lending	N/A	N/A	11,079
Total			<u>\$ 55,397</u>

		Fair Value Measurements Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
Investment by Fair Value Level	Fair Value 6-30-20				
U.S. Equity	\$ 17,173	\$ 17,173	\$ 0	\$ 0	0
Developed Market International Equity	7,756	7,756	0	0	0
Emerging Market International Equity	2,216	2,216	0	0	0
U.S. Fixed Income	11,079	0	11,079	0	0
Real Estate	5,540	0	0	5,540	0
Short-term Securities	554	0	554	0	0
Private Equity and Strategic Lending	11,079	0	0	0	11,079
Total	<u>\$ 55,397</u>	<u>\$ 27,145</u>	<u>\$ 11,633</u>	<u>\$ 5,540</u>	<u>\$ 11,079</u>

Risks and Uncertainties. The trust's investments include various types of investment funds, which in turn invest in any combination of stock, bonds and other investments exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for trust investments.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Polk County School Department does not have the ability to limit trust investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Polk County School Department does not have the ability to limit the credit ratings of individual investments made by the trust.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Polk County School Department places no limit on the amount the county may invest in one issuer.

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of the Polk County School Department to pay retirement benefits of the school department employees.

For further information concerning the school department's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2020/ag19091.pdf>.

B. Capital Assets

Capital assets activity for the year ended June 30, 2020, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-19	Increases	Balance 6-30-20
Capital Assets Not Depreciated:			
Construction in Progress	\$ 59,633	\$ 0	\$ 59,633
Total Capital Assets Not Depreciated	\$ 59,633	\$ 0	\$ 59,633
Capital Assets Depreciated:			
Buildings and Improvements	\$ 12,261,572	\$ 10,198	\$ 12,271,770
Infrastructure	10,790,647	0	10,790,647
Other Capital Assets	4,305,373	688,472	4,993,845
Total Capital Assets Depreciated	\$ 27,357,592	\$ 698,670	\$ 28,056,262
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 4,234,450	\$ 253,786	\$ 4,488,236
Infrastructure	5,942,533	208,246	6,150,779
Other Capital Assets	2,911,922	280,360	3,192,282
Total Accumulated Depreciation	\$ 13,088,905	\$ 742,392	\$ 13,831,297
Total Capital Assets Depreciated, Net	\$ 14,268,687	\$ (43,722)	\$ 14,224,965
Governmental Activities Capital Assets, Net	\$ 14,328,320	\$ (43,722)	\$ 14,284,598

There were no decreases in capital assets to report during the year ended June 30, 2020.

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

Governmental Activities:

General Government	\$ 267,323
Public Safety	81,593
Highways	393,476
Total Depreciation Expense - Governmental Activities	<u>\$ 742,392</u>

Discretely Presented Polk County School Department

Governmental Activities:

	Balance 7-1-19	Increases	Decreases	Balance 6-30-20
Capital Assets				
Not Depreciated:				
Land	\$ 401,500	\$ 0	\$ 0	\$ 401,500
Total Capital Assets				
Not Depreciated	\$ 401,500	\$ 0	\$ 0	\$ 401,500
Capital Assets Depreciated:				
Buildings and				
Improvements	\$ 24,851,885	\$ 0	\$ 0	\$ 24,851,885
Other Capital Assets	2,582,487	85,000	(657,154)	2,010,333
Total Capital Assets				
Depreciated	\$ 27,434,372	\$ 85,000	\$ (657,154)	\$ 26,862,218
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 12,494,814	\$ 425,371	\$ 0	\$ 12,920,185
Other Capital Assets	1,847,808	121,427	(578,885)	1,390,350
Total Accumulated				
Depreciation	\$ 14,342,622	\$ 546,798	\$ (578,885)	\$ 14,310,535
Total Capital Assets				
Depreciated, Net	\$ 13,091,750	\$ (461,798)	\$ (78,269)	\$ 12,551,683
Governmental Activities				
Capital Assets, Net	\$ 13,493,250	\$ (461,798)	\$ (78,269)	\$ 12,953,183

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

Governmental Activities:

Instruction	\$ 426,750
Support Services	111,688
Operation of Non-instructional Services	8,360
Total Depreciation Expense -	
Governmental Activities	<u>\$ 546,798</u>

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2020, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 9,411
Highway/Public Works	General	7,203
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	54,954
Nonmajor governmental	General Purpose School	81

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:	Component Unit:	
Highway/Public Works	School Department:	
	General Purpose School	\$ 576

The Due to Primary Government of \$576 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, 2020, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In		Purpose
	General Fund	General Debt Service Fund	
Self-Insurance Fund	\$ 12,231	\$ 0	To close fund
Highway/Public Works	0	11,967	To retire debt

Discretely Presented Polk County School Department

Transfer Out	Transfer In		Purpose
	School	Federal	
	Projects	Fund	
General Purpose School Fund	\$	250,000	Cash flows

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

D. Long-term Debt

Primary Government

Notes and Other Loans

Direct Borrowing and Direct Placements - Polk County issues other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented school department. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment. Capital outlay notes and other loans are direct obligations and pledge the full faith, credit, and taxing authority of the government. Capital outlay notes and other loans outstanding were issued for original terms of ten years for notes and 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 notes and other loans included in long-term debt as of June 30, 2020, will be retired from the General Debt Service Fund.

Capital outlay notes and other loans outstanding as of June 30, 2020, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-20
Direct Borrowing and Direct Placement:				
Capital Outlay Notes	3.73 to 3.86 %	11-1-29	\$ 1,025,000	\$ 1,025,000
Other Loans	Variable	5-25-26	13,668,451	8,831,900

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 \$1,713,451 of this loan as of June 30, 2017, and does not intend to borrow any more. 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, 2020 the variable interest rate was 1.17 percent and other fees totaled approximately .15 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.

On April 28, 2017, Polk County entered into loan agreements with the City of Clarksville, Tennessee, Public Building Authority. Under this loan agreement, the authority loaned \$11,955,000 to Polk County to refund the General Obligation Refunding Bond, Series 2007. 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, 2020, the variable interest rate was 1.17 percent and other fees totaled approximately .15 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 all notes and other loans outstanding as of June 30, 2020, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Notes - Direct Placement		
	Principal	Interest	Total
2021	\$ 157,000	\$ 35,709	\$ 192,709
2022	163,000	29,706	192,706
2023	169,000	23,477	192,477
2024	176,000	17,004	193,004
2025	182,000	10,286	192,286
2026-30	178,000	17,678	195,678
Total	\$ 1,025,000	\$ 133,860	\$ 1,158,860

Year Ending June 30	Other Loans - Direct Placement			
	Principal	Interest	Fees	Total
2021	\$ 1,619,000	\$ 101,755	\$ 16,245	\$ 1,737,000
2022	1,678,000	82,755	13,810	1,774,565
2023	1,746,000	63,056	11,284	1,820,340
2024	1,829,000	42,547	8,655	1,880,202
2025	1,917,000	21,062	5,775	1,943,837
2026	42,900	459	1,534	44,893
Total	\$ 8,831,900	\$ 311,634	\$ 57,303	\$ 9,200,837

There is \$723,094 available in the General Debt Service Fund to service long-term debt. The total amount of fund equity in this fund is \$4,458,619; however, of this total amount, \$3,735,525 represents the value of the fund's investment in the Copper Basin Medical Center assets at June 30, 2020. Total debt per capita totaled \$586, based on the 2010 federal census.

The school department is currently contributing \$650,000 annually to the Debt Service Fund to service some of the debt issued on its behalf by the primary government. This annual contribution has been made since 2006 and is reflected in the revenues of the General Debt Service Fund and in the expenditures of the General Purpose School Fund. No debt is reflected in the government-wide financial statements for this annual contribution because it is not tied to specific debt payments. The set amount of \$650,000 is included in the annual budgets of the two funds involved, but no other documentation that obligates the school department beyond the annual budget has been noted.

Changes in Long-term Debt

Long-term debt activity for the year ended June 30, 2020, was as follows:

Governmental Activities:

	Notes - Direct Placement	Other Loans - Direct Placement
Balance, July 1, 2019	\$ 0	\$ 10,372,900
Additions	1,025,000	0
Reductions	0	(1,541,000)
Balance, June 30, 2020	<u>\$ 1,025,000</u>	<u>\$ 8,831,900</u>
Balance Due Within One Year	<u>\$ 157,000</u>	<u>\$ 1,619,000</u>

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2020	\$ 9,856,900
Less: Balance Due Within One Year - Debt	<u>(1,776,000)</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u>\$ 8,080,900</u>

E. Long-term Obligations

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2020, was as follows:

	<u>Compensated Absences</u>
Balance, July 1, 2019	\$ 129,075
Additions	144,469
Reductions	<u>(139,443)</u>
Balance, June 30, 2020	<u>\$ 134,101</u>
Balance Due Within One Year	<u>\$ 13,410</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2020	\$ 134,101
Less: Balance Due Within One Year - Other	<u>(13,410)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 120,691</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, 2020, was as follows:

Governmental Activities:

	Other Post- employment Benefits
Balance, July 1, 2019	\$ 3,346,612
Additions	312,657
Reductions	<u>(397,177)</u>
Balance, June 30, 2020	<u>\$ 3,262,092</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2020	\$ 3,262,092
Less: Balance Due Within One Year - Other	<u>0</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 3,262,092</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

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, 2020, were \$47,944 and \$29,966, respectively. The school department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

G. Short-term Debt

Discretely Presented Polk County School Department

The school department issued revenue anticipation notes totaling \$200,000 from the General Purpose School Fund in advance of revenue collections and deposited the proceeds in the School Federal Projects Fund (\$50,000) and the Central Cafeteria Fund (\$150,000). These notes were necessary because funds

were not available to meet obligations coming due before current revenue collections. Short-term debt activity for the year ended June 30, 2020, was as follows:

	Balance		Balance	
	7-1-19	Issued	Paid	6-30-20
Revenue Anticipation Notes	\$ 0	\$ 200,000	\$ (200,000)	\$ 0

V. OTHER INFORMATION

A. Risk Management

The county is exposed to various risks related to general liability, property, casualty, and workers' compensation losses. Polk County is a member of the Local Government Property and Causality Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The county pays an annual premium to the LGPCF for its general liability, property, and casualty insurance coverage. The creation of the LGPCF provides for it to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

The discretely presented Polk County School Department participates in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The school department pays 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 health insurance coverage to its employees through the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, *Tennessee Code Annotated (TCA)*, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by the fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

In prior years, Polk County maintained a Self-Insurance Fund for risks associated with employee health, dental, and vision insurance. The Self-Insurance Fund was accounted for as an internal service fund where assets were set aside for claims settlements. This self-insurance plan was discontinued in

September 2018 in favor of the LGGIF plan noted above. In November 2019, the Self-Insurance Fund was closed into the county's General Fund.

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 a 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; however, since the use of the plan stopped, there has been a cash balance maintained in the fund. At June 30, 2020, a cash balance of \$41,213 remained in this fund as reflected on Exhibit J-11 in the financial statements of this report.

B. Contingent Liabilities

The county is involved in several pending lawsuits. Attorneys and officials for the county and the school department 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.

C. 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, 2020, 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
P.O. Box 647
Athens, Tennessee 37371-0647

D. Jointly Governed Organization

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 the sheriff of each of the four counties, the district attorney general, and one member from a nonprofit organization. The remaining ten members are appointed by the board from the private sector. 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.

E. 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 72.11 percent, the non-certified employees of the discretely presented school department comprise 27.89 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

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, 2019, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	87
Inactive Employees Entitled to But Not Yet Receiving Benefits	197
Active Employees	235
Total	<u><u>519</u></u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. 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, 2020, the employer contribution for Polk County was \$316,417 based on a rate of five percent of covered 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 contributions (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Polk County's net pension liability (asset) was measured as of June 30, 2019, 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, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2019, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. 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, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation 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	5.69 %	31 %
International Equity Emerging Market	5.29	14
International Equity Private Equity and Strategic Lending	6.36	4
U.S. Fixed Income	5.79	20
Real Estate	2.01	20
Short-term Securities	4.32	10
	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 7.25 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 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 (Asset) (a)-(b)
Balance, July 1, 2018	\$ 12,639,564	\$ 13,170,167	\$ (530,603)
Changes for the Year:			
Service Cost	\$ 482,406	\$ 0	\$ 482,406
Interest	929,175	0	929,175
Differences Between Expected and Actual Experience	117,378	0	117,378
Contributions-Employer	0	331,497	(331,497)
Contributions-Employees	0	331,497	(331,497)
Net Investment Income	0	981,794	(981,794)
Benefit Payments, Including Refunds of Employee Contributions	(611,536)	(611,536)	0
Administrative Expense	0	(20,618)	20,618
Net Changes	\$ 917,423	\$ 1,012,634	\$ (95,211)
Balance, June 30, 2019	\$ 13,556,987	\$ 14,182,801	\$ (625,814)

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

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government 72.11%	\$ 9,775,943	\$ 10,227,218	\$ (451,274)
School Department 27.89%	3,781,044	3,955,583	(174,540)
Total	\$ 13,556,987	\$ 14,182,801	\$ (625,814)

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 7.25 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 (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Polk County	6.25%	7.25%	8.25%

Net Pension Liability (Asset) \$ 1,074,391 \$ (625,814) \$ (2,044,361)

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

Pension Expense. For the year ended June 30, 2020, Polk County recognized pension expense of \$336,473.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, 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
Difference Between Expected and Actual Experience	\$ 228,522	\$ 163,348
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	162,283
Changes in Assumptions	216,955	0
Contributions Subsequent to the Measurement Date of June 30, 2019 (1)	316,417	N/A
Total	<u>\$ 761,894</u>	<u>\$ 325,631</u>

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2019,” 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	\$ 548,023	\$ 234,812
School Department	213,871	90,819
Total	<u>\$ 761,894</u>	<u>\$ 325,631</u>

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

Year Ending June 30	Amount
2021	\$ 125,077
2022	(74,087)
2023	53,103
2024	(3,806)
2025	19,563
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 72.11 percent and the non-certified employees of the discretely presented school department comprise 27.89 percent of the plan based on contribution 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 publicly available financial report that can be obtained at www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

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

Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2020, to the Teacher Retirement Plan were \$27,990, which is 2.02 percent of covered payroll. In addition, employer contributions of \$27,390, which is 1.98 percent of covered payroll, were made to the Pension Stabilization Reserve Trust Fund to fund future pension costs. The employer rate, when combined with member contributions and the Stabilization Reserve Trust Fund, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities (Assets). At June 30, 2020, the school department reported a liability (asset) of (\$64,603) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2019, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The school department's proportion of the net pension liability (asset) was based on the school department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2019, the school department's proportion was .114445 percent. The proportion as of June 30, 2018, was .108152 percent.

Pension Expense. For the year ended June 30, 2020, the school department recognized pension expense of \$20,265.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, the school department reported deferred

outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 2,679	\$ 11,278
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	2,731
Changes in Assumptions	2,245	0
Changes in Proportion of Net Pension Liability (Asset)	2,310	2,654
LEA's Contributions Subsequent to the Measurement Date of June 30, 2019	27,990	N/A
Total	<u>\$ 35,224</u>	<u>\$ 16,663</u>

The school department's employer contributions of \$27,990, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension asset in the year ending June 30, 2021. 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
2021	\$ (1,379)
2022	(1,797)
2023	(1,031)
2024	(640)
2025	(529)
Thereafter	(4,055)

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, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates are based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2019, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. 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, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation 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	5.69	31
Developed Market		
International Equity	5.29	14
Emerging Market		
International Equity	6.36	4
Private Equity and		
Strategic Lending	5.79	20
U.S. Fixed Income	2.01	20
Real Estate	4.32	10
Short-term Securities	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 7.25 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the school department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the school department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
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Net Pension Liability (Asset)	\$ 20,469	\$ (64,603)	\$ (127,486)
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Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

Teacher Legacy Pension Plan

General Information About the Pension Plan

Plan Description. Teachers of the 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 publicly available financial report that can be obtained at www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

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

death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Polk County School Department for the year ended June 30, 2020, to the Teacher Legacy Pension Plan were \$925,717, which is 10.63 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liability (Assets). At June 30, 2020, the school department reported a liability (asset) of (\$2,701,177) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The school department's proportion of the net pension liability (asset) was based on the school department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2019, the school department's proportion was .262714 percent. The proportion measured at June 30, 2018, was .257744 percent.

Pension Expense. For the year ended June 30, 2020, the school department recognized pension expense of \$355,443.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, the school department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 131,513	\$ 1,649,933
Changes in Assumptions	363,998	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	771,778
Changes in Proportion of Net Pension Liability (Asset)	49,622	32,832
LEA's Contributions Subsequent to the Measurement Date of June 30, 2019	925,717	N/A
Total	<u>\$ 1,470,850</u>	<u>\$ 2,454,543</u>

The school department's employer contributions of \$925,717 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease in net pension liability in the year ending June 30, 2021. 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
2021	\$ (556,188)
2022	(757,752)
2023	(338,462)
2024	(257,009)
2025	0
Thereafter	0

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

Actuarial Assumptions. The total pension liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates are based actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2019, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. 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, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation 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	5.69	31
Developed Market		
International Equity	5.29	14
Emerging Market		
International Equity	6.36	4
Private Equity and		
Strategic Lending	5.79	20
U.S. Fixed Income	2.01	20
Real Estate	4.32	10
Short-term Securities	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 7.25 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the school department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the school department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
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Net Pension Liability (Asset)	\$ 5,523,127	\$ (2,701,177)	\$ (9,243,383)
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Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

2. **Deferred Compensation**

Teachers hired after July 1, 2014, by the school department are required to participate in a hybrid pension plan consisting of a defined benefit portion, which is detailed in the pensions footnote above and is managed by the Tennessee Consolidated Retirement System, and a defined contribution portion which is placed into the state's 401(k) plan and is managed by the employee. The defined contribution portion of the plan requires that the school department contribute five percent of each teacher's salary into their deferred compensation plan. In addition, teachers are required to contribute two percent of their salaries into this deferred compensation plan, unless they opt out of the employee portion. During the year, the school department contributed \$66,495 and teachers contributed \$41,620 to this deferred compensation pension plan.

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

Closed Local Education (LEP) OPEB Plan - Discretely Presented Polk County School Department

Plan Description. Employees of the Polk County School Department who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Local Education Plan (LEP) administered by the Tennessee Department of Finance and Administration. All eligible pre-65 retired teachers, support staff, and disability participants of local education agencies, who choose coverage, participate in the LEP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided. The Polk County School Department offers the LEP to provide health insurance coverage to eligible pre-65 retirees, support staff, and disabled participants of local education agencies. Retirees are required to discontinue coverage under the LEP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with Section 8-27-301, *TCA*, establishes and amends the benefit terms of the LEP. All members have the

option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO, or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LEP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for retiree premiums. The Polk County School Department does not provide a direct subsidy and is only subject to the implicit subsidy. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retirees' premiums based on years of service. Therefore, retirees with 30 or more years of service will receive 45 percent; 20 but less than 30 years, 35 percent; and less than 20 years, 25 percent of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2019, the following employees were covered by the benefit terms:

	<u>School Department</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	10
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	227
Total	<u>237</u>

A state insurance committee, created in accordance with *TCA* 8-27-301, establishes the required payments to the LEP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the school department paid \$103,736 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		
	Polk County School Department 73.42%	State of TN 26.58%	Total OPEB Liability
Balance July 1, 2018	\$ 3,346,612	\$ 1,189,389	\$ 4,536,001
Changes for the Year:			
Service Cost	\$ 185,866	\$ 67,294	\$ 253,160
Interest	124,750	45,167	169,917
Difference between Expected and Actuarial Experience	2,041	739	2,780
Changes in Assumption and Other Inputs	(239,615)	(86,754)	(326,369)
Change in Proportion	(16,352)	16,352	0
Benefit Payments	(141,210)	(51,126)	(192,336)
Net Changes	\$ (84,520)	\$ (8,328)	\$ (92,848)
Balance June 30, 2019	\$ 3,262,092	\$ 1,181,061	\$ 4,443,153

The Polk County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the LEP. The Polk County School Department's proportionate share of the collective total OPEB liability was based on a projection of the employers long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The school department recognized \$72,715 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for school department retirees.

During the year, the Polk County School Department's proportionate share of the collective OPEB liability was 73.42% and the State of Tennessee's share was 26.58%.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, the school department recognized OPEB expense of \$382,816, including the state's share of the expense. At June 30, 2020, the school department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 21,123	\$ 0
Changes of Assumptions/Inputs	71,313	329,321
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employee and Nonemployer Contributors As Benefits Came Due	258,820	11,907
Benefits Paid After the Measurement Date of June 30, 2019	103,736	0
Total	<u>\$ 454,992</u>	<u>\$ 341,228</u>

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	School Department
2021	\$ (515)
2022	(515)
2023	(515)
2024	(515)
2025	(515)
Thereafter	12,603

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

Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate. The following presents the school department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

<u>Discount Rate</u>	1% Decrease 2.51%	Current Discount Rate 3.51%	1% Increase 4.51%
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Proportionate Share of the Collective Total OPEB Liability	\$ 3,528,333	\$ 3,262,092	\$ 3,009,594
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Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the school department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

<u>Healthcare Cost Trend Rate</u>	1% Decrease 5.03 to 3.5%	Current Rates 6.03 to 4.5%	1% Increase 7.03 to 5.5%
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Proportionate Share of the Collective Total OPEB Liability	\$ 2,871,044	\$ 3,262,092	\$ 3,726,856
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G. Termination Benefits

The Polk County School Department offers retiring employees with 25 years or more of service in the Polk County school system a lump-sum payment equal to \$300 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 were eligible for the lump-sum payment.

H. 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.

I. 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. On October 15, 2018, the Polk County Board of Education voted to revise its policy on competitive bidding. Board policy now requires that competitive bids be solicited through newspaper advertisement on all purchases exceeding \$25,000 in accordance with Section 12-3-1212, *TCA*.

J. Subsequent Events

On August 31, 2020, Randy Yates left the Office of Assessor of Property and was succeeded by Jason Pankey.

On September 17, 2020, the county commission approved a four-year contract with CareMed EMS of Tennessee, LLC., to provide ambulance service for Polk County. The contract has an effective date of October 1, 2020.

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit F-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

	2014	2015	2016	2017	2018	2019
Total Pension Liability						
Service Cost	\$ 320,216	\$ 353,395	\$ 362,034	\$ 406,070	\$ 431,326	\$ 482,406
Interest	646,390	686,982	778,649	811,563	877,312	929,175
Differences Between Actual and Expected Experience	(109,544)	604,011	(271,628)	60,083	(109,206)	117,378
Changes in Assumptions	0	0	0	433,909	0	0
Benefit Payments, Including Refunds of Employee Contributions	(329,941)	(368,104)	(493,500)	(454,950)	(458,794)	(611,536)
Net Change in Total Pension Liability	\$ 527,121	\$ 1,276,284	\$ 375,555	\$ 1,256,675	\$ 740,638	\$ 917,423
Total Pension Liability, Beginning	8,463,291	8,990,412	10,266,696	10,642,251	11,898,926	12,639,564
Total Pension Liability, Ending (a)	\$ 8,990,412	\$ 10,266,696	\$ 10,642,251	\$ 11,898,926	\$ 12,639,564	\$ 13,556,987
Plan Fiduciary Net Position						
Contributions - Employer	\$ 368,920	\$ 408,901	\$ 442,930	\$ 464,789	\$ 306,608	\$ 331,497
Contributions - Employee	235,888	249,330	276,230	283,064	306,609	331,497
Net Investment Income	1,330,734	296,568	269,832	1,210,901	1,004,316	981,794
Benefit Payments, Including Refunds of Employee Contributions	(329,941)	(368,104)	(493,500)	(454,950)	(458,794)	(611,536)
Administrative Expense	(6,630)	(9,664)	(15,128)	(17,251)	(21,398)	(20,618)
Other	0	0	14,230	0	0	0
Net Change in Plan Fiduciary Net Position	\$ 1,598,971	\$ 577,031	\$ 494,594	\$ 1,486,553	\$ 1,137,341	\$ 1,012,634
Plan Fiduciary Net Position, Beginning	7,875,677	9,474,648	10,051,679	10,546,273	12,032,826	13,170,167
Plan Fiduciary Net Position, Ending (b)	\$ 9,474,648	\$ 10,051,679	\$ 10,546,273	\$ 12,032,826	\$ 13,170,167	\$ 14,182,801
Net Pension Liability (Asset), Ending (a - b)	\$ (484,236)	\$ 215,017	\$ 95,978	\$ (133,900)	\$ (530,603)	\$ (625,814)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	105.39%	97.91%	99.10%	101.13%	104.20%	104.62%
Covered Payroll	\$ 4,741,904	\$ 4,986,584	\$ 5,401,594	\$ 5,661,245	\$ 6,132,138	\$ 6,629,924
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(10.21%)	4.31%	1.78%	(2.37%)	(8.65%)	(9.44%)

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

Note: The agent plan is a single plan reported under one account with the Tennessee Consolidated Retirement System. This plan covers employees of the primary government and non-certified employees of the discretely presented school department.

Exhibit F-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

	2014	2015	2016	2017	2018	2019	2020
Actuarially Determined Contribution	\$ 368,920	\$ 408,901	\$ 442,930	\$ 464,789	\$ 306,608	\$ 234,037	\$ 316,417
Less Contributions in Relation to the Actuarially Determined Contribution	(368,920)	(408,901)	(442,930)	(464,789)	(306,608)	(331,497)	(316,417)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (97,460)	\$ 0
Covered Payroll	\$ 4,741,904	\$ 4,986,584	\$ 5,401,594	\$ 5,661,245	\$ 6,132,138	\$ 6,629,924	\$ 6,328,284
Contributions as a Percentage of Covered Payroll	7.78%	8.20%	8.20%	8.21%	5.00%	5.00%	5.00%

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

Note: The agent plan is a single plan reported under one account with the Tennessee Consolidated Retirement System. This plan covers employees of the primary government and non-certified employees of the discretely presented school department.

Exhibit F-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

	2015	2016	2017	2018	2019	2020
Contractually Required Contribution	\$ 11,717	\$ 22,063	\$ 29,275	\$ 37,805	\$ 23,495	\$ 27,990
Less Contributions in Relation to the Contractually Required Contribution	(11,717)	(22,063)	(29,275)	37,805	(23,495)	(27,990)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 292,931	\$ 551,584	\$ 731,857	\$ 945,125	\$ 1,211,056	\$ 1,384,496
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	4.00%	1.94%	2.02%

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

Exhibit F-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

	2014	2015	2016	2017	2018	2019	2020
Contractually Required Contribution	\$ 825,308	\$ 825,664	\$ 808,191	\$ 804,829	\$ 819,504	\$ 921,441	\$ 925,717
Less Contributions in Relation to the Contractually Required Contribution	(825,308)	(825,664)	(808,191)	(804,829)	(819,504)	(921,441)	(925,717)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 9,294,007	\$ 9,133,452	\$ 8,940,165	\$ 8,902,968	\$ 9,025,375	\$ 8,809,192	\$ 8,708,512
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.08%	10.46%	10.63%

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

Exhibit F-5

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

	2015	2016	2017	2018	2019
School Department's Proportion of the Net Pension Liability/Asset	0.138076%	0.125358%	0.111507%	0.108152%	0.114445%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (5,672)	\$ (13,050)	\$ (29,420)	\$ (49,050)	\$ (64,603)
Covered Payroll	\$ 292,931	\$ 551,584	\$ 731,857	\$ 945,125	\$ 1,211,056
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94%)	(2.37%)	(4.02%)	(5.19%)	(5.33%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%	126.97%	123.07%

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

Exhibit F-6

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

	2014	2015	2016	2017	2018	2019
School Department's Proportion of the Net Pension Liability/Asset	0.236791%	0.243981%	0.247664%	0.251856%	0.257744%	0.262714%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (38,477)	\$ 99,943	\$ 1,547,761	\$ (82,403)	\$ (906,981)	\$ (2,701,177)
Covered Payroll	\$ 9,294,007	\$ 9,133,452	\$ 8,940,165	\$ 8,902,968	\$ 9,025,375	\$ 8,809,192
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(0.41%)	1.09%	17.31%	(0.93%)	(10.05%)	(30.66%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%	101.49%	104.28%

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

Exhibit F-7

Polk County, Tennessee
Schedule of Changes in the Total OPEB Liability and Related Ratios - Local Education Plan
Discretely Presented Polk County School Department
June 30, 2020

Local Education Plan

	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 263,808	\$ 245,776	\$ 253,160
Interest	136,044	164,046	169,917
Changes in Benefit Terms	0	(278,963)	0
Differences Between Actual and Expected Experience	0	32,469	2,780
Changes in Assumptions or Other Inputs	(218,480)	119,987	(326,369)
Benefit Payments	(209,570)	(219,134)	(192,336)
Net Change in Total OPEB Liability	\$ (28,198)	\$ 64,181	\$ (92,848)
Total OPEB Liability, Beginning	\$ 4,500,018	\$ 4,471,820	\$ 4,536,001
Total OPEB Liability, Ending	\$ 4,471,820	\$ 4,536,001	\$ 4,443,153
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 1,479,721	\$ 1,189,389	\$ 1,181,061
Employer Proportionate Share of the Total OPEB Liability	2,992,099	3,346,612	3,262,092
Covered Employee Payroll	\$ 9,491,749	\$ 9,634,825	\$ 9,970,500
Total OPEB Liability as a percentage of covered employee payroll	47.11%	47.08%	44.56%

Note 1: Ten years of data will be presented when available.

Note 2: Changes in assumptions.

(a) The following are the discount rates used in each period:

2016	2.92%
2017	3.56%
2018	3.62%
2019	3.51%

(b) The assumed initial trend rate applicable to plan years was revised as follows:

For the 2019 plan year - from 5.4% to 6.75%
For the 2020 plan year - from 6.75% to 6.03%

Note 3: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

POLK COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2020

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for fiscal year 2020 were calculated based on the June 30, 2018, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	Varies by Year
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustments	2.25%

Changes of Assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4 percent; and modified mortality assumptions.

**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 transactions involving solid waste collection.

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

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

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

Sanitation Projects – The Sanitation Projects Fund is used to account for capital outlay notes used to purchase solid waste equipment during the year examined.

Other Capital Projects – Waterline Fund – The Other Capital Projects - Waterline Fund is used to account for grant funds and contributions received for a waterline project completed during the year examined.

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 G-1

Polk County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds				Capital Projects Funds	
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	Community Development/ Industrial Park	Sanitation Projects
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 1,110	\$ 1,110	\$ 0	\$ 0
Equity in Pooled Cash and Investments	374,811	151,284	0	526,095	91,523	180
Accounts Receivable	0	0	8,301	8,301	0	0
Due from Other Governments	17,001	0	0	17,001	0	0
Property Taxes Receivable	592,091	0	0	592,091	0	0
Allowance for Uncollectible Property Taxes	(30,062)	0	0	(30,062)	0	0
Total Assets	<u>\$ 953,841</u>	<u>\$ 151,284</u>	<u>\$ 9,411</u>	<u>\$ 1,114,536</u>	<u>\$ 91,523</u>	<u>\$ 180</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 35,862	\$ 0	\$ 0	\$ 35,862	\$ 0	\$ 0
Payroll Deductions Payable	0	6,343	0	6,343	0	0
Due to Other Funds	0	0	9,411	9,411	0	0
Total Liabilities	<u>\$ 35,862</u>	<u>\$ 6,343</u>	<u>\$ 9,411</u>	<u>\$ 51,616</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 520,854	\$ 0	\$ 0	\$ 520,854	\$ 0	\$ 0
Deferred Delinquent Property Taxes	37,224	0	0	37,224	0	0
Total Deferred Inflows of Resources	<u>\$ 558,078</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 558,078</u>	<u>\$ 0</u>	<u>\$ 0</u>

(Continued)

Exhibit G-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	Community Development/ Industrial Park	Sanitation Projects
<u>FUND BALANCES</u>						
Restricted:						
Restricted for Public Safety	\$ 0	\$ 144,941	\$ 0	\$ 144,941	\$ 0	\$ 0
Restricted for Public Health and Welfare	359,901	0	0	359,901	0	0
Restricted for Capital Projects	0	0	0	0	0	180
Committed:						
Committed for Capital Outlay	0	0	0	0	91,523	0
Total Fund Balances	<u>\$ 359,901</u>	<u>\$ 144,941</u>	<u>\$ 0</u>	<u>\$ 504,842</u>	<u>\$ 91,523</u>	<u>\$ 180</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 953,841</u>	<u>\$ 151,284</u>	<u>\$ 9,411</u>	<u>\$ 1,114,536</u>	<u>\$ 91,523</u>	<u>\$ 180</u>

(Continued)

Exhibit G-1

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

	<u>Capital Projects Funds (Cont.)</u>		Total Nonmajor Governmental Funds
	Other Capital Projects	Total	
<u>ASSETS</u>			
Cash	\$ 0	\$ 0	\$ 1,110
Equity in Pooled Cash and Investments	110,996	202,699	728,794
Accounts Receivable	2,717	2,717	11,018
Due from Other Governments	0	0	17,001
Property Taxes Receivable	0	0	592,091
Allowance for Uncollectible Property Taxes	0	0	(30,062)
Total Assets	<u>\$ 113,713</u>	<u>\$ 205,416</u>	<u>\$ 1,319,952</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 0	\$ 0	\$ 35,862
Payroll Deductions Payable	0	0	6,343
Due to Other Funds	0	0	9,411
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 51,616</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 520,854
Deferred Delinquent Property Taxes	0	0	37,224
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 558,078</u>

(Continued)

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

	<u>Capital Projects Funds (Cont.)</u>		Total Nonmajor Governmental Funds
	Other Capital Projects	Total	
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Public Safety	\$ 0	\$ 0	\$ 144,941
Restricted for Public Health and Welfare	0	0	359,901
Restricted for Capital Projects	0	180	180
Committed:			
Committed for Capital Outlay	113,713	205,236	205,236
Total Fund Balances	<u>\$ 113,713</u>	<u>\$ 205,416</u>	<u>\$ 710,258</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 113,713</u>	<u>\$ 205,416</u>	<u>\$ 1,319,952</u>

Exhibit G-2

Polk County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue Funds			Capital Projects Funds		
	Solid Waste / Sanitation	Drug Control	Total	Community Development/ Industrial Park	Sanitation Projects	Other Capital Projects - Waterline
<u>Revenues</u>						
Local Taxes	\$ 518,699	\$ 0	\$ 518,699	\$ 0	\$ 0	\$ 0
Fines, Forfeitures, and Penalties	0	51,661	51,661	0	0	0
Charges for Current Services	0	0	0	0	0	0
Other Local Revenues	0	0	0	0	0	0
State of Tennessee	57,448	0	57,448	0	0	0
Federal Government	0	0	0	0	0	444,037
Other Governments and Citizens Groups	0	0	0	0	0	170,510
Total Revenues	<u>\$ 576,147</u>	<u>\$ 51,661</u>	<u>\$ 627,808</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 614,547</u>
<u>Expenditures</u>						
Current:						
Public Safety	\$ 0	\$ 20,759	\$ 20,759	\$ 0	\$ 0	\$ 0
Public Health and Welfare	636,004	0	636,004	0	0	0
Other Operations	11,158	574	11,732	0	0	616,927
Capital Projects	0	0	0	0	324,820	0
Total Expenditures	<u>\$ 647,162</u>	<u>\$ 21,333</u>	<u>\$ 668,495</u>	<u>\$ 0</u>	<u>\$ 324,820</u>	<u>\$ 616,927</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (71,015)</u>	<u>\$ 30,328</u>	<u>\$ (40,687)</u>	<u>\$ 0</u>	<u>\$ (324,820)</u>	<u>\$ (2,380)</u>
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 325,000	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 325,000</u>	<u>\$ 0</u>

(Continued)

Exhibit G-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	Total	Community Development/ Industrial Park	Sanitation Projects	Other Capital Projects - Waterline
Net Change in Fund Balances	\$ (71,015)	\$ 30,328	\$ (40,687)	\$ 0	\$ 180	\$ (2,380)
Fund Balance, June 30, 2019	430,916	114,613	545,529	91,523	0	2,380
Fund Balance, June 29, 2020	\$ 359,901	\$ 144,941	\$ 504,842	\$ 91,523	\$ 180	\$ 0

(Continued)

Exhibit G-2

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

	<u>Capital Projects Funds (Cont.)</u>		Total Nonmajor Governmental Funds
	Other Capital Projects	Total	
<u>Revenues</u>			
Local Taxes	\$ 0	\$ 0	\$ 518,699
Fines, Forfeitures, and Penalties	0	0	51,661
Charges for Current Services	81,774	81,774	81,774
Other Local Revenues	4,197	4,197	4,197
State of Tennessee	0	0	57,448
Federal Government	0	444,037	444,037
Other Governments and Citizens Groups	65,767	236,277	236,277
Total Revenues	<u>\$ 151,738</u>	<u>\$ 766,285</u>	<u>\$ 1,394,093</u>
<u>Expenditures</u>			
Current:			
Public Safety	\$ 96,748	\$ 96,748	\$ 117,507
Public Health and Welfare	0	0	636,004
Other Operations	810	617,737	629,469
Capital Projects	0	324,820	324,820
Total Expenditures	<u>\$ 97,558</u>	<u>\$ 1,039,305</u>	<u>\$ 1,707,800</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 54,180</u>	<u>\$ (273,020)</u>	<u>\$ (313,707)</u>
<u>Other Financing Sources (Uses)</u>			
Notes Issued	\$ 0	\$ 325,000	\$ 325,000
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 325,000</u>	<u>\$ 325,000</u>

(Continued)

Exhibit G-2

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

	<u>Capital Projects Funds (Cont.)</u>		Total Nonmajor Governmental Funds
	Other Capital Projects	Total	
Net Change in Fund Balances	\$ 54,180	\$ 51,980	\$ 11,293
Fund Balance, June 30, 2019	59,533	153,436	698,965
Fund Balance, June 29, 2020	<u>\$ 113,713</u>	<u>\$ 205,416</u>	<u>\$ 710,258</u>

Exhibit G-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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 518,699	\$ 572,193	\$ 572,193	\$ (53,494)
State of Tennessee	57,448	46,000	46,000	11,448
Total Revenues	<u>\$ 576,147</u>	<u>\$ 618,193</u>	<u>\$ 618,193</u>	<u>\$ (42,046)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 636,004	\$ 570,636	\$ 636,004	\$ 0
<u>Other Operations</u>				
Other Charges	11,158	12,000	12,000	842
Total Expenditures	<u>\$ 647,162</u>	<u>\$ 582,636</u>	<u>\$ 648,004</u>	<u>\$ 842</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (71,015)</u>	<u>\$ 35,557</u>	<u>\$ (29,811)</u>	<u>\$ (41,204)</u>
Net Change in Fund Balance	\$ (71,015)	\$ 35,557	\$ (29,811)	\$ (41,204)
Fund Balance, July 1, 2019	<u>430,916</u>	<u>411,102</u>	<u>411,102</u>	<u>19,814</u>
Fund Balance, June 30, 2020	<u><u>\$ 359,901</u></u>	<u><u>\$ 446,659</u></u>	<u><u>\$ 381,291</u></u>	<u><u>\$ (21,390)</u></u>

Exhibit G-4

Polk County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Drug Control Fund
For the Year Ended June 30, 2020

	Actual (GAAP Basis)	Less: Encumbrances 6/30/2019	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Fines, Forfeitures, and Penalties	\$ 51,661	\$ 0	\$ 0	\$ 51,661	\$ 41,500	\$ 41,500	\$ 10,161
Total Revenues	\$ 51,661	\$ 0	\$ 0	\$ 51,661	\$ 41,500	\$ 41,500	\$ 10,161
<u>Expenditures</u>							
<u>Public Safety</u>							
Drug Enforcement	\$ 20,759	\$ (550)	\$ 200	\$ 20,409	\$ 94,012	\$ 101,012	\$ 80,603
<u>Other Operations</u>							
Other Charges	574	0	0	574	600	600	26
Total Expenditures	\$ 21,333	\$ (550)	\$ 200	\$ 20,983	\$ 94,612	\$ 101,612	\$ 80,629
Excess (Deficiency) of Revenues Over Expenditures	\$ 30,328	\$ 550	\$ (200)	\$ 30,678	\$ (53,112)	\$ (60,112)	\$ 90,790
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (15,951)	\$ 15,951
Total Other Financing Sources	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (15,951)	\$ 15,951
Net Change in Fund Balance	\$ 30,328	\$ 550	\$ (200)	\$ 30,678	\$ (53,112)	\$ (76,063)	\$ 106,741
Fund Balance, July 1, 2019	114,613	(550)	0	114,063	103,294	103,294	10,769
Fund Balance, June 30, 2020	\$ 144,941	\$ 0	\$ (200)	\$ 144,741	\$ 50,182	\$ 27,231	\$ 117,510

Exhibit G-5

Polk County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Other Capital Projects Fund
For the Year Ended June 30, 2020

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 81,774	\$ 0	\$ 81,774	\$ 60,000	\$ 60,000	\$ 21,774
Other Local Revenues	4,197	0	4,197	14,750	14,750	(10,553)
Other Governments and Citizens Groups	65,767	0	65,767	45,000	45,000	20,767
Total Revenues	\$ 151,738	\$ 0	\$ 151,738	\$ 119,750	\$ 119,750	\$ 31,988
<u>Expenditures</u>						
<u>Public Safety</u>						
Sheriff's Department	\$ 96,748	\$ 57,492	\$ 154,240	\$ 98,000	\$ 197,272	\$ 43,032
<u>Other Operations</u>						
Other Charges	810	0	810	625	625	(185)
Total Expenditures	\$ 97,558	\$ 57,492	\$ 155,050	\$ 98,625	\$ 197,897	\$ 42,847
Excess (Deficiency) of Revenues Over Expenditures	\$ 54,180	\$ (57,492)	\$ (3,312)	\$ 21,125	\$ (78,147)	\$ 74,835
Net Change in Fund Balance	\$ 54,180	\$ (57,492)	\$ (3,312)	\$ 21,125	\$ (78,147)	\$ 74,835
Fund Balance, July 1, 2019	59,533	0	59,533	42,332	42,332	17,201
Fund Balance, June 30, 2020	\$ 113,713	\$ (57,492)	\$ 56,221	\$ 63,457	\$ (35,815)	\$ 92,036

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 H

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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,075,085	\$ 1,126,885	\$ 1,126,885	\$ (51,800)
Other Local Revenues	9,026	5,500	5,500	3,526
State of Tennessee	107,408	100,000	100,000	7,408
Other Governments and Citizens Groups	650,000	804,370	804,370	(154,370)
Total Revenues	<u>\$ 1,841,519</u>	<u>\$ 2,036,755</u>	<u>\$ 2,036,755</u>	<u>\$ (195,236)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 740,000	\$ 1,541,000	\$ 740,000	\$ 0
Highways and Streets	0	130,000	130,000	130,000
Education	801,000	0	801,000	0
<u>Interest on Debt</u>				
General Government	123,064	311,190	187,571	64,507
Education	129,160	0	129,160	0
<u>Other Debt Service</u>				
General Government	21,398	30,000	30,000	8,602
Highways and Streets	11,967	24,370	24,370	12,403
Total Expenditures	<u>\$ 1,826,589</u>	<u>\$ 2,036,560</u>	<u>\$ 2,042,101</u>	<u>\$ 215,512</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 14,930</u>	<u>\$ 195</u>	<u>\$ (5,346)</u>	<u>\$ 20,276</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 11,967	0	0	\$ 11,967
Total Other Financing Sources	<u>\$ 11,967</u>	<u>0</u>	<u>0</u>	<u>\$ 11,967</u>
Net Change in Fund Balance	\$ 26,897	195	(5,346)	\$ 32,243
Fund Balance, July 1, 2019	<u>4,431,722</u>	<u>4,450,523</u>	<u>4,450,523</u>	<u>(18,801)</u>
Fund Balance, June 30, 2020	<u>\$ 4,458,619</u>	<u>\$ 4,450,718</u>	<u>\$ 4,445,177</u>	<u>\$ 13,442</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 I-1

Polk County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2020

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu - tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 277,143	\$ 277,143
Accounts Receivable	0	679	679
Due from Other Governments	42,632	0	42,632
Total Assets	<u>\$ 42,632</u>	<u>\$ 277,822</u>	<u>\$ 320,454</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 42,632	\$ 0	\$ 42,632
Due to Litigants, Heirs, and Others	0	277,822	277,822
Total Liabilities	<u>\$ 42,632</u>	<u>\$ 277,822</u>	<u>\$ 320,454</u>

Exhibit I-2

Polk County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Year Ended June 30, 2020

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 465,077	\$ 465,077	\$ 0
Due from Other Governments	35,519	42,632	35,519	42,632
Total Assets	\$ 35,519	\$ 507,709	\$ 500,596	\$ 42,632
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 35,519	\$ 507,709	\$ 500,596	\$ 42,632
Total Liabilities	\$ 35,519	\$ 507,709	\$ 500,596	\$ 42,632
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 350,395	\$ 4,270,451	\$ 4,343,703	\$ 277,143
Accounts Receivable	449	679	449	679
Total Assets	\$ 350,844	\$ 4,271,130	\$ 4,344,152	\$ 277,822
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 350,844	\$ 4,271,130	\$ 4,344,152	\$ 277,822
Total Liabilities	\$ 350,844	\$ 4,271,130	\$ 4,344,152	\$ 277,822
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 350,395	\$ 4,270,451	\$ 4,343,703	\$ 277,143
Equity in Pooled Cash and Investments	0	465,077	465,077	0
Accounts Receivable	449	679	449	679
Due from Other Governments	35,519	42,632	35,519	42,632
Total Assets	\$ 386,363	\$ 4,778,839	\$ 4,844,748	\$ 320,454
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 35,519	\$ 507,709	\$ 500,596	\$ 42,632
Due to Litigants, Heirs, and Others	350,844	4,271,130	4,344,152	277,822
Total Liabilities	\$ 386,363	\$ 4,778,839	\$ 4,844,748	\$ 320,454

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.

Exhibit J-1

Polk County, Tennessee
Statement of Activities
Discretely Presented Polk County School Department
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 12,686,494	\$ 1,672	\$ 1,520,260	\$ 0	\$ (11,164,562)
Support Services	7,469,556	0	0	0	(7,469,556)
Operation of Non-instructional Services	2,285,270	85,571	1,712,151	0	(487,548)
Total Governmental Activities	\$ 22,441,320	\$ 87,243	\$ 3,232,411	\$ 0	\$ (19,121,666)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 2,373,007
Local Option Sales Taxes					1,783,942
Other Local Taxes					21,269
Grants and Contributions Not Restricted to Specific Programs					15,055,977
Unrestricted Investment Earnings					1,885
Miscellaneous					24,880
Sale of Equipment					400
Total General Revenues					\$ 19,261,360
Change in Net Position					\$ 139,694
Net Position, July 1, 2019					14,271,590
Net Position, June 30, 2020					\$ 14,411,284

Exhibit J-2

Polk County, Tennessee
 Balance Sheet - Governmental Funds
 Discretely Presented Polk County School Department
 June 30, 2020

	Major Fund	Nonmajor Funds	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	
<u>ASSETS</u>			
Cash	\$ 0	\$ 560	\$ 560
Equity in Pooled Cash and Investments	1,233,074	111,034	1,344,108
Accounts Receivable	6,489	42	6,531
Due from Other Governments	837,761	431,146	1,268,907
Due from Other Funds	54,954	81	55,035
Property Taxes Receivable	2,546,912	0	2,546,912
Allowance for Uncollectible Property Taxes	(116,460)	0	(116,460)
Restricted Assets	55,397	0	55,397
Total Assets	\$ 4,618,127	\$ 542,863	\$ 5,160,990
<u>LIABILITIES</u>			
Accounts Payable	\$ 105,320	\$ 0	\$ 105,320
Accrued Payroll	2,500	0	2,500
Payroll Deductions Payable	239,117	39,533	278,650
Due to Other Funds	81	54,954	55,035
Due to Primary Government	576	0	576
Due to State of Tennessee	0	257	257
Total Liabilities	\$ 347,594	\$ 94,744	\$ 442,338
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 2,251,676	\$ 0	\$ 2,251,676
Deferred Delinquent Property Taxes	161,081	0	161,081
Other Deferred/Unavailable Revenue	202,770	0	202,770
Total Deferred Inflows of Resources	\$ 2,615,527	\$ 0	\$ 2,615,527
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 6,171	\$ 103,365	\$ 109,536
Restricted for Hybrid Retirement Stabilization Funds	55,397	0	55,397
Committed:			
Committed for Education	0	350,000	350,000
Assigned:			
Assigned for Education	40,576	0	40,576
Unassigned	1,552,862	(5,246)	1,547,616
Total Fund Balances	\$ 1,655,006	\$ 448,119	\$ 2,103,125
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,618,127	\$ 542,863	\$ 5,160,990

Exhibit J-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, 2020

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$ 2,103,125
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 401,500	
Add: buildings and improvements net of accumulated depreciation	11,931,700	
Add: other capital assets net of accumulated depreciation	<u>619,983</u>	12,953,183
(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.		41,213
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: other postemployment benefits liability		(3,262,092)
(4) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions/OPEB will be amortized and recognized as components of pension/OPEB expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 1,719,945	
Less: deferred inflows of resources related to pensions	(2,562,025)	
Add: deferred outflows of resources related to OPEB	454,992	
Less: deferred inflows of resources related to OPEB	<u>(341,228)</u>	(728,316)
(5) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.		
Add: net pension assets - agent plan	\$ 174,540	
Add: net pension assets - teacher retirement plan	64,603	
Add: net pension assets - teacher legacy pension plan	<u>2,701,177</u>	2,940,320
(6) Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.		<u>363,851</u>
Net position of governmental activities (Exhibit A)		<u>\$ 14,411,284</u>

Exhibit J-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, 2020

	Major Fund	Nonmajor Funds	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	
<u>Revenues</u>			
Local Taxes	\$ 4,212,360	\$ 0	\$ 4,212,360
Licenses and Permits	1,254	0	1,254
Fines, Forfeitures, and Penalties	1,672	0	1,672
Charges for Current Services	0	71,071	71,071
Other Local Revenues	67,229	1	67,230
State of Tennessee	15,033,965	11,144	15,045,109
Federal Government	606,740	2,612,476	3,219,216
Total Revenues	<u>\$ 19,923,220</u>	<u>\$ 2,694,692</u>	<u>\$ 22,617,912</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 10,766,552	\$ 1,076,220	\$ 11,842,772
Support Services	7,223,859	324,723	7,548,582
Operation of Non-Instructional Services	913,826	1,361,546	2,275,372
Capital Outlay	30,204	0	30,204
Debt Service:			
Other Debt Service	650,000	0	650,000
Total Expenditures	<u>\$ 19,584,441</u>	<u>\$ 2,762,489</u>	<u>\$ 22,346,930</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 338,779</u>	<u>\$ (67,797)</u>	<u>\$ 270,982</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 0	\$ 250,000	\$ 250,000
Transfers Out	(250,000)	0	(250,000)
Total Other Financing Sources (Uses)	<u>\$ (250,000)</u>	<u>\$ 250,000</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 88,779	\$ 182,203	\$ 270,982
Fund Balance, June 30, 2019	<u>1,566,227</u>	<u>265,916</u>	<u>1,832,143</u>
Fund Balance, June 29, 2020	<u><u>\$ 1,655,006</u></u>	<u><u>\$ 448,119</u></u>	<u><u>\$ 2,103,125</u></u>

Exhibit J-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, 2020

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$ 270,982
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 85,000	
Less: current-year depreciation expense	(546,798)	(461,798)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: book value of capital assets disposed		(78,269)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2020	\$ 363,851	
Less: deferred delinquent property taxes and other deferred June 30, 2019	(309,415)	54,436
(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.		
Change in net pension asset - agent plan	\$ 14,351	
Change in net pension asset - teacher retirement plan	15,553	
Change in net pension asset - teacher legacy pension plan	1,794,196	
Change in deferred outflows related to pensions	(280,233)	
Change in deferred inflows related to pensions	(983,194)	
Change in OPEB Liability	84,520	
Change in deferred outflows related to OPEB	(80,437)	
Change in deferred inflows related to OPEB	(210,449)	354,307
(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.		36
Change in net position of governmental activities (Exhibit B)		<u>\$ 139,694</u>

Exhibit J-6

Polk County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Polk County School Department
June 30, 2020

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	
<u>ASSETS</u>					
Cash	\$ 0	\$ 560	\$ 560	\$ 0	\$ 560
Equity in Pooled Cash and Investments	43,735	41,047	84,782	26,252	111,034
Accounts Receivable	0	42	42	0	42
Due from Other Governments	431,146	0	431,146	0	431,146
Due from Other Funds	81	0	81	0	81
Total Assets	<u>\$ 474,962</u>	<u>\$ 41,649</u>	<u>\$ 516,611</u>	<u>\$ 26,252</u>	<u>\$ 542,863</u>
<u>LIABILITIES</u>					
Payroll Deductions Payable	\$ 26,287	\$ 13,246	\$ 39,533	\$ 0	\$ 39,533
Due to Other Funds	54,542	412	54,954	0	54,954
Due to State of Tennessee	0	257	257	0	257
Total Liabilities	<u>\$ 80,829</u>	<u>\$ 13,915</u>	<u>\$ 94,744</u>	<u>\$ 0</u>	<u>\$ 94,744</u>
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Education	\$ 49,379	\$ 27,734	\$ 77,113	\$ 26,252	\$ 103,365
Committed:					
Committed for Education	350,000	0	350,000	0	350,000
Unassigned	(5,246)	0	(5,246)	0	(5,246)
Total Fund Balances	<u>\$ 394,133</u>	<u>\$ 27,734</u>	<u>\$ 421,867</u>	<u>\$ 26,252</u>	<u>\$ 448,119</u>
Total Liabilities and Fund Balances	<u>\$ 474,962</u>	<u>\$ 41,649</u>	<u>\$ 516,611</u>	<u>\$ 26,252</u>	<u>\$ 542,863</u>

Exhibit J-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, 2020

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 71,071	\$ 71,071	\$ 0	\$ 71,071
Other Local Revenues	0	1	1	0	1
State of Tennessee	0	11,144	11,144	0	11,144
Federal Government	1,445,076	1,167,400	2,612,476	0	2,612,476
Total Revenues	\$ 1,445,076	\$ 1,249,616	\$ 2,694,692	\$ 0	\$ 2,694,692
<u>Expenditures</u>					
Current:					
Instruction	\$ 1,076,220	\$ 0	\$ 1,076,220	\$ 0	\$ 1,076,220
Support Services	324,723	0	324,723	0	324,723
Operation of Non-Instructional Services	0	1,361,546	1,361,546	0	1,361,546
Total Expenditures	\$ 1,400,943	\$ 1,361,546	\$ 2,762,489	\$ 0	\$ 2,762,489
Excess (Deficiency) of Revenues Over Expenditures	\$ 44,133	\$ (111,930)	\$ (67,797)	\$ 0	\$ (67,797)
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 250,000	\$ 0	\$ 250,000	\$ 0	\$ 250,000
Total Other Financing Sources (Uses)	\$ 250,000	\$ 0	\$ 250,000	\$ 0	\$ 250,000
Net Change in Fund Balances	\$ 294,133	\$ (111,930)	\$ 182,203	\$ 0	\$ 182,203
Fund Balance, June 30, 2019	100,000	139,664	239,664	26,252	265,916
Fund Balance, June 29, 2020	\$ 394,133	\$ 27,734	\$ 421,867	\$ 26,252	\$ 448,119

Exhibit J-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, 2020

	Actual (GAAP Basis)	Less: Encumbrances 6/30/2019	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 4,212,360	\$ 0	\$ 0	\$ 4,212,360	\$ 4,071,742	\$ 4,071,742	\$ 140,618
Licenses and Permits	1,254	0	0	1,254	1,500	1,500	(246)
Fines, Forfeitures, and Penalties	1,672	0	0	1,672	200	200	1,472
Other Local Revenues	67,229	0	0	67,229	143,530	143,530	(76,301)
State of Tennessee	15,033,965	0	0	15,033,965	14,100,461	14,976,203	57,762
Federal Government	606,740	0	0	606,740	257,000	666,623	(59,883)
Total Revenues	\$ 19,923,220	\$ 0	\$ 0	\$ 19,923,220	\$ 18,574,433	\$ 19,859,798	\$ 63,422
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 8,739,068	\$ (11,917)	\$ 0	\$ 8,727,151	\$ 8,919,388	\$ 8,773,408	\$ 46,257
Alternative Instruction Program	108,569	0	0	108,569	106,876	109,186	617
Special Education Program	959,031	0	0	959,031	951,553	1,001,472	42,441
Career and Technical Education Program	959,884	0	0	959,884	959,555	978,540	18,656
<u>Support Services</u>							
Attendance	99,848	0	0	99,848	101,680	100,281	433
Health Services	230,023	(5,929)	2,752	226,846	128,555	229,126	2,280
Other Student Support	916,813	(6,609)	10,500	920,704	597,179	960,858	40,154
Regular Instruction Program	647,192	0	0	647,192	627,661	707,306	60,114
Special Education Program	258,999	0	0	258,999	262,084	262,694	3,695
Career and Technical Education Program	57,470	0	0	57,470	53,931	57,858	388
Technology	119,263	0	0	119,263	127,174	121,159	1,896
Other Programs	77,910	0	0	77,910	0	77,910	0
Board of Education	366,775	0	1,500	368,275	441,264	413,868	45,593
Director of Schools	280,165	0	100	280,265	286,736	284,399	4,134
Office of the Principal	1,248,875	0	0	1,248,875	1,252,539	1,237,724	(11,151)
Fiscal Services	208,705	0	0	208,705	204,683	210,185	1,480
Operation of Plant	1,473,529	(6,300)	14,151	1,481,380	1,470,635	1,561,688	80,308
Maintenance of Plant	203,060	0	0	203,060	174,146	205,419	2,359

(Continued)

Exhibit J-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 6/30/2019	Add: Encumbrances 6/29/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Transportation	\$ 1,035,232	\$ (9,333)	\$ 10,000	\$ 1,035,899	\$ 1,161,311	\$ 1,141,161	\$ 105,262
<u>Operation of Non-Instructional Services</u>							
Food Service	179,440	0	0	179,440	97,483	97,483	(81,957)
Community Services	220,718	(1,029)	0	219,689	0	197,612	(22,077)
Early Childhood Education	513,668	(11,977)	1,573	503,264	0	504,194	930
<u>Capital Outlay</u>							
Regular Capital Outlay	30,204	0	0	30,204	0	30,500	296
<u>Other Debt Service</u>							
Education	650,000	0	0	650,000	650,000	650,000	0
Total Expenditures	\$ 19,584,441	\$ (53,094)	\$ 40,576	\$ 19,571,923	\$ 18,574,433	\$ 19,914,031	\$ 342,108
Excess (Deficiency) of Revenues Over Expenditures	\$ 338,779	\$ 53,094	\$ (40,576)	\$ 351,297	\$ 0	\$ (54,233)	\$ 405,530
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (250,000)	\$ 0	\$ 0	\$ (250,000)	\$ 0	\$ (250,000)	\$ 0
Total Other Financing Sources	\$ (250,000)	\$ 0	\$ 0	\$ (250,000)	\$ 0	\$ (250,000)	\$ 0
Net Change in Fund Balance	\$ 88,779	\$ 53,094	\$ (40,576)	\$ 101,297	\$ 0	\$ (304,233)	\$ 405,530
Fund Balance, July 1, 2019	1,566,227	(53,094)	0	1,513,133	1,452,182	1,452,182	60,951
Fund Balance, June 30, 2020	\$ 1,655,006	\$ 0	\$ (40,576)	\$ 1,614,430	\$ 1,452,182	\$ 1,147,949	\$ 466,481

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, 2020

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 1,445,076	\$ 0	\$ 1,445,076	\$ 1,426,501	\$ 1,887,732	\$ (442,656)
Total Revenues	\$ 1,445,076	\$ 0	\$ 1,445,076	\$ 1,426,501	\$ 1,887,732	\$ (442,656)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 446,149	\$ 0	\$ 446,149	\$ 492,194	\$ 870,790	\$ 424,641
Special Education Program	542,875	0	542,875	569,133	619,652	76,777
Career and Technical Education Program	87,196	15,828	103,024	106,632	118,084	15,060
<u>Support Services</u>						
Other Student Support	174,506	33,551	208,057	100,456	358,871	150,814
Regular Instruction Program	133,330	0	133,330	144,086	149,586	16,256
Special Education Program	15,534	0	15,534	13,000	19,397	3,863
Career and Technical Education Program	1,353	0	1,353	1,000	1,353	0
Total Expenditures	\$ 1,400,943	\$ 49,379	\$ 1,450,322	\$ 1,426,501	\$ 2,137,733	\$ 687,411
Excess (Deficiency) of Revenues Over Expenditures	\$ 44,133	\$ (49,379)	\$ (5,246)	\$ 0	\$ (250,001)	\$ 244,755
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 250,000	\$ 0	\$ 250,000	\$ 0	\$ 250,000	\$ 0
Total Other Financing Sources	\$ 250,000	\$ 0	\$ 250,000	\$ 0	\$ 250,000	\$ 0
Net Change in Fund Balance	\$ 294,133	\$ (49,379)	\$ 244,754	\$ 0	\$ (1)	\$ 244,755
Fund Balance, July 1, 2019	100,000	0	100,000	103,992	103,992	(3,992)
Fund Balance, June 30, 2020	\$ 394,133	\$ (49,379)	\$ 344,754	\$ 103,992	\$ 103,991	\$ 240,763

Exhibit J-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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 71,071	\$ 108,000	\$ 108,000	\$ (36,929)
Other Local Revenues	1	10	10	(9)
State of Tennessee	11,144	14,000	14,000	(2,856)
Federal Government	1,167,400	1,355,200	1,365,968	(198,568)
Total Revenues	<u>\$ 1,249,616</u>	<u>\$ 1,477,210</u>	<u>\$ 1,487,978</u>	<u>\$ (238,362)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,361,546	\$ 1,477,210	\$ 1,487,978	\$ 126,432
Total Expenditures	<u>\$ 1,361,546</u>	<u>\$ 1,477,210</u>	<u>\$ 1,487,978</u>	<u>\$ 126,432</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (111,930)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (111,930)</u>
Net Change in Fund Balance	\$ (111,930)	\$ 0	\$ 0	\$ (111,930)
Fund Balance, July 1, 2019	<u>139,664</u>	<u>137,575</u>	<u>137,575</u>	<u>2,089</u>
Fund Balance, June 30, 2020	<u><u>\$ 27,734</u></u>	<u><u>\$ 137,575</u></u>	<u><u>\$ 137,575</u></u>	<u><u>\$ (109,841)</u></u>

Exhibit J-11

Polk County, Tennessee
Statement of Net Position - Proprietary Fund
Discretely Presented Polk County School Department
June 30, 2020

		Governmental Activities - Internal Service Fund
		<u>Self- Insurance Fund</u>
	<u>ASSETS</u>	
Current Assets:		
Cash		\$ 41,213
Total Assets		<u>\$ 41,213</u>
	<u>NET POSITION</u>	
Restricted for Education		<u>\$ 41,213</u>
Total Net Position		<u><u>\$ 41,213</u></u>

Exhibit J-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, 2020

	Governmental Activities - Internal Service Fund
	Self- Insurance Fund
<u>Nonoperating Revenues</u>	
Investment Income	\$ 36
Total Nonoperating Revenues	<u>\$ 36</u>
Change in Net Position	\$ 36
Net Position, July 1, 2019	<u>41,177</u>
Net Position, June 30, 2020	<u><u>\$ 41,213</u></u>

Exhibit J-13

Polk County, Tennessee
Statement of Cash Flows
Discretely Presented Polk County School Department
Proprietary Fund
For the Year Ended June 30, 2020

	Governmental Activities - Internal Service Fund
	Self- Insurance Fund
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	\$ 36
Net Cash Provided By (Used In) Investing Activities	<u>\$ 36</u>
Net Increase (Decrease) in Cash	\$ 36
Cash, July 1, 2019	<u>41,177</u>
Cash, June 30, 2020	<u><u>\$ 41,213</u></u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Polk County, Tennessee
Schedule of Changes in Long-Term Notes and Other Loans
For the Year Ended June 30, 2020

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-19	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-20
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Series 2019 - Solid Waste Equipment	\$ 325,000	3.86 %	11-22-19	11-1-29	\$ 0	\$ 325,000	\$ 0	\$ 325,000
Highway Capital Outlay Note 2019	700,000	3.73	8-16-19	8-1-24	0	700,000	0	700,000
Total Notes Payable					\$ 0	\$ 1,025,000	\$ 0	\$ 1,025,000
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Series 2014 - School Roofs and Other Repairs	1,713,451	Variable	9-4-14	5-25-26	\$ 997,900	\$ 0	\$ 151,000	\$ 846,900
General Obligation Refunding Series 2017	11,955,000	Variable	4-28-17	5-25-25	9,375,000	0	1,390,000	7,985,000
Total Other Loans Payable					\$ 10,372,900	\$ 0	\$ 1,541,000	\$ 8,831,900

Exhibit K-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2021	\$ 157,000	\$ 35,709	\$ 192,709
2022	163,000	29,706	192,706
2023	169,000	23,477	192,477
2024	176,000	17,004	193,004
2025	182,000	10,286	192,286
2026	33,000	6,234	39,234
2027	34,000	4,941	38,941
2028	36,000	3,590	39,590
2029	37,000	2,181	39,181
2030	38,000	732	38,732
Total	<u>\$ 1,025,000</u>	<u>\$ 133,860</u>	<u>\$ 1,158,860</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Fees	Total
2021	\$ 1,619,000	\$ 101,755	\$ 16,245	\$ 1,737,000
2022	1,678,000	82,755	13,810	1,774,565
2023	1,746,000	63,056	11,284	1,820,340
2024	1,829,000	42,547	8,655	1,880,202
2025	1,917,000	21,062	5,775	1,943,837
2026	42,900	459	1,534	44,893
Total	<u>\$ 8,831,900</u>	<u>\$ 311,634</u>	<u>\$ 57,303</u>	<u>\$ 9,200,837</u>

Exhibit K-3

Polk County, Tennessee

Schedule of Transfers

Primary Government and Discretely Presented Polk County School Department

For the Year Ended June 30, 2020

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Highway/Public Works	General Debt Service	Debt Retirement	\$ 11,967
Self-Insurance Fund	General	To Close Fund	<u>12,231</u>
Total Transfers			<u><u>\$ 24,198</u></u>
<u>DISCRETELY PRESENTED POLK COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	School Federal Projects	Cash Flows	<u>\$ 250,000</u>
Total Transfers Discretely Presented Polk County School Department			<u><u>\$ 250,000</u></u>

Exhibit K-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, 2020

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive	Section 8-24-102, <i>TCA</i>	\$ 85,435	\$ (4)	
Highway Superintendent	Section 8-24-102, <i>TCA</i>	81,368	100,000	Cincinnati Insurance Company
Director of Schools	State Board of Education and Polk County Board of Education	111,816 (1)	(5)	
Director of Accounts and Budgets	County Commission	28,141 (2)	(4)	
Trustee	Section 8-24-102, <i>TCA</i>	73,971	777,850	Western Surety Company
Assessor of Property	Section 8-24-102, <i>TCA</i>	73,971	50,000	Travelers Casualty and Surety Company
County Clerk	Section 8-24-102, <i>TCA</i>	73,971	(4)	
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	73,971	(4)	
Clerk and Master	Section 8-24-102, <i>TCA</i> , and Chancery Court	73,971	(4)	
Register of Deeds	Section 8-24-102, <i>TCA</i>	73,971	(4)	
Sheriff	Section 8-24-102, <i>TCA</i>	81,368 (3)	(4)	
Employee Blanket Bonds:				
Public Employee Dishonesty - County Departments			400,000	Local Government Property and Casualty Fund
Public Employee Dishonesty - School Department			400,000	Tennessee Risk Management Trust

(1) Does not include \$4,659 for unused vacation days, career ladder payment of \$900, and a negotiated annual allowance of \$9,000 for in-county travel.

(2) Does not include bonus payment of \$1,000 approved by the county commission.

(3) Does not include a law enforcement training supplement of \$800.

(4) Official is under the county's employee dishonesty coverage.

(5) Official is under the school employee dishonesty coverage.

Exhibit K-5

Polk County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2020

	Special Revenue Funds				Debt Service Fund	Capital Projects Funds
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	Other Capital Projects
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 4,110,762	\$ 479,333	\$ 0	\$ 0	\$ 901,144	\$ 0
Trustee's Collections - Prior Year	156,924	19,118	0	0	35,717	0
Circuit Clerk/Clerk and Master Collections - Prior Years	272,164	0	0	0	61,674	0
Interest and Penalty	25,423	0	0	0	5,785	0
Payments in-Lieu-of Taxes - T.V.A.	59,827	7,068	0	0	13,212	0
Payments in-Lieu-of Taxes - Local Utilities	4,708	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	112,691	13,180	0	0	24,642	0
<u>County Local Option Taxes</u>						
Hotel/Motel Tax	48,813	0	0	0	24,406	0
Local Amusement Tax	559	0	0	0	0	0
Litigation Tax - General	51,428	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	31,127	0	0	0	0	0
Litigation Tax - Courthouse Security	2,490	0	0	0	0	0
Business Tax	38,683	0	0	0	8,505	0
<u>Statutory Local Taxes</u>						
Wholesale Beer Tax	213,019	0	0	0	0	0
Beer Privilege Tax	2,922	0	0	0	0	0
Total Local Taxes	\$ 5,131,540	\$ 518,699	\$ 0	\$ 0	\$ 1,075,085	\$ 0
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 102,936	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>						
Beer Permits	950	0	0	0	0	0
Building Permits	3,930	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds				Debt Service Fund	Capital Projects Funds
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	Other Capital Projects
<u>Licenses and Permits (Cont.)</u>						
<u>Permits (Cont.)</u>						
Electrical Permits	\$ 11,745	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Licenses and Permits	\$ 119,561	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 4,025	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	2,487	0	0	0	0	0
Drug Control Fines	0	0	7,859	0	0	0
Drug Court Fees	764	0	0	0	0	0
Jail Fees	1,005	0	0	0	0	0
Data Entry Fee - Circuit Court	804	0	0	0	0	0
<u>Criminal Court</u>						
DUI Treatment Fines	2,547	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	14,200	0	0	0	0	0
Officers Costs	20,978	0	0	0	0	0
Game and Fish Fines	101	0	0	0	0	0
Drug Control Fines	0	0	25,510	0	0	0
Drug Court Fees	9,528	0	0	0	0	0
Jail Fees	8,431	0	0	0	0	0
DUI Treatment Fines	3,240	0	0	0	0	0
Data Entry Fee - General Sessions Court	4,883	0	0	0	0	0
Courtroom Security Fee	28,455	0	0	0	0	0
<u>Juvenile Court</u>						
Data Entry Fee - Juvenile Court	220	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds				Debt Service Fund	Capital Projects Funds
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	Other Capital Projects
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Chancery Court</u>						
Officers Costs	\$ 392	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Data Entry Fee - Chancery Court	4,796	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Drug Task Force Forfeitures and Seizures	0	0	10,352	0	0	0
Courtroom Security Fee	15	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	1,939	0	7,940	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 108,810	\$ 0	\$ 51,661	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Self-Insurance Premiums/Contributions	\$ 20,996	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fees</u>						
Copy Fees	3,395	0	0	0	0	0
Library Fees	1,066	0	0	0	0	0
Telephone Commissions	0	0	0	0	0	0
Data Processing Fee - Register	11,525	0	0	0	0	0
Probation Fees	55,984	0	0	0	0	0
Data Processing Fee - Sheriff	1,204	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	1,100	0	0	0	0	0
Data Processing Fee - County Clerk	1,600	0	0	0	0	0
Vehicle Insurance Coverage and Reinstatement Fees	565	0	0	0	0	0
<u>Education Charges</u>						
Community Service Fees - Adults	1,100	0	0	0	0	0
Total Charges for Current Services	\$ 98,535	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit K-5

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

	Special Revenue Funds				Debt Service Fund	Capital Projects Funds
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	Other Capital Projects
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 8	\$ 9,026	\$ 0
Lease/Rentals	44,716	0	0	0	0	0
Sale of Materials and Supplies	0	0	0	313	0	0
Commissary Sales	37,790	0	0	0	0	0
Sale of Gasoline	0	0	0	211,524	0	0
Miscellaneous Refunds	72,212	0	0	2,797	0	0
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	19,721	0	0
Sale of Property	0	0	0	0	0	0
Contributions and Gifts	27,022	0	0	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	175	0	0	0	0	0
Total Other Local Revenues	\$ 181,915	\$ 0	\$ 0	\$ 234,363	\$ 9,026	\$ 0
<u>Fees Received From County Officials</u>						
<u>Excess Fees</u>						
Register	\$ 5,431	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fees In-Lieu-of Salary</u>						
County Clerk	195,465	0	0	0	0	0
Circuit Court Clerk	34,387	0	0	0	0	0
General Sessions Court Clerk	89,203	0	0	0	0	0
Clerk and Master	117,893	0	0	0	0	0
Register	63,704	0	0	0	0	0
Sheriff	7,876	0	0	0	0	0
Trustee	264,525	0	0	0	0	0
Total Fees Received From County Officials	\$ 778,484	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit K-5

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

		Special Revenue Funds			Debt Service Fund	Capital Projects Funds
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	Other Capital Projects
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Child Restraint Program	4,598	0	0	0	0	0
Aging Programs	19,976	0	0	0	0	0
Other General Government Grants	114,254	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	20,800	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	237,226	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	1,070,643	0	0
Litter Program	33,824	0	0	0	0	0
Other Public Works Grants	6,973	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	22,766	2,662	0	0	4,977	0
Beer Tax	18,175	0	0	0	0	0
Vehicle Certificate of Title Fees	6,671	0	0	0	0	0
Alcoholic Beverage Tax	57,944	0	0	0	0	0
State Revenue Sharing - T.V.A.	468,544	54,786	0	0	102,431	0
State Revenue Sharing - Telecommunications	34,368	0	0	0	0	0
Contracted Prisoner Boarding	1,394,029	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	2,233,385	0	0
Petroleum Special Tax	0	0	0	13,152	0	0
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	3,115	0	0	0	0	0
Other State Revenues	406	0	0	0	0	0
Total State of Tennessee	\$ 2,467,833	\$ 57,448	\$ 0	\$ 3,317,180	\$ 107,408	\$ 0

(Continued)

Exhibit K-5

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

	Special Revenue Funds				Debt Service Fund	Capital Projects Funds
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	Other Capital Projects
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 444,037
COVID-19 Grant #1	0	0	0	296	0	0
Other Federal through State	4,850	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Forest Service	33,084	0	0	74,991	0	0
COVID-19 Grant #6	3,521	0	0	0	0	0
Other Direct Federal Revenue	4,600	0	0	0	0	0
Total Federal Government	\$ 46,055	\$ 0	\$ 0	\$ 75,287	\$ 0	\$ 444,037
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 90,000	\$ 0	\$ 0	\$ 0	\$ 650,000	\$ 170,510
Contracted Services	0	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 90,000	\$ 0	\$ 0	\$ 0	\$ 650,000	\$ 170,510
Total	\$ 9,022,733	\$ 576,147	\$ 51,661	\$ 3,626,830	\$ 1,841,519	\$ 614,547

(Continued)

Exhibit K-5

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

	Capital Projects Fund	Other Capital Projects	Total
<hr/>			
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 0	\$	5,491,239
Trustee's Collections - Prior Year	0		211,759
Circuit Clerk/Clerk and Master Collections - Prior Years	0		333,838
Interest and Penalty	0		31,208
Payments in-Lieu-of Taxes - T.V.A.	0		80,107
Payments in-Lieu-of Taxes - Local Utilities	0		4,708
Payments in-Lieu-of Taxes - Other	0		150,513
<u>County Local Option Taxes</u>			
Hotel/Motel Tax	0		73,219
Local Amusement Tax	0		559
Litigation Tax - General	0		51,428
Litigation Tax - Jail, Workhouse, or Courthouse	0		31,127
Litigation Tax - Courthouse Security	0		2,490
Business Tax	0		47,188
<u>Statutory Local Taxes</u>			
Wholesale Beer Tax	0		213,019
Beer Privilege Tax	0		2,922
Total Local Taxes	<hr/> \$ 0	<hr/> \$	<hr/> 6,725,324
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Cable TV Franchise	\$ 0	\$	102,936
<u>Permits</u>			
Beer Permits	0		950
Building Permits	0		3,930

(Continued)

Exhibit K-5

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

	Capital Projects Fund	Other Capital Projects	Total
<hr/>			
<u>Licenses and Permits (Cont.)</u>			
<u>Permits (Cont.)</u>			
Electrical Permits	\$ 0	\$	11,745
Total Licenses and Permits	\$ 0	\$	119,561
<hr/>			
<u>Fines, Forfeitures, and Penalties</u>			
<u>Circuit Court</u>			
Fines	\$ 0	\$	4,025
Officers Costs	0		2,487
Drug Control Fines	0		7,859
Drug Court Fees	0		764
Jail Fees	0		1,005
Data Entry Fee - Circuit Court	0		804
<u>Criminal Court</u>			
DUI Treatment Fines	0		2,547
<u>General Sessions Court</u>			
Fines	0		14,200
Officers Costs	0		20,978
Game and Fish Fines	0		101
Drug Control Fines	0		25,510
Drug Court Fees	0		9,528
Jail Fees	0		8,431
DUI Treatment Fines	0		3,240
Data Entry Fee - General Sessions Court	0		4,883
Courtroom Security Fee	0		28,455
<u>Juvenile Court</u>			
Data Entry Fee - Juvenile Court	0		220

(Continued)

Exhibit K-5

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

	Capital Projects Fund		Other Capital Projects	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>				
<u>Chancery Court</u>				
Officers Costs	\$	0	\$	392
Data Entry Fee - Chancery Court		0		4,796
<u>Judicial District Drug Program</u>				
Drug Task Force Forfeitures and Seizures		0		10,352
Courtroom Security Fee		0		15
<u>Other Fines, Forfeitures, and Penalties</u>				
Proceeds from Confiscated Property		0		9,879
Total Fines, Forfeitures, and Penalties	\$	0	\$	160,471
<u>Charges for Current Services</u>				
<u>General Service Charges</u>				
Self-Insurance Premiums/Contributions	\$	0	\$	20,996
<u>Fees</u>				
Copy Fees		0		3,395
Library Fees		0		1,066
Telephone Commissions		81,774		81,774
Data Processing Fee - Register		0		11,525
Probation Fees		0		55,984
Data Processing Fee - Sheriff		0		1,204
Sexual Offender Registration Fee - Sheriff		0		1,100
Data Processing Fee - County Clerk		0		1,600
Vehicle Insurance Coverage and Reinstatement Fees		0		565
<u>Education Charges</u>				
Community Service Fees - Adults		0		1,100
Total Charges for Current Services	\$	81,774	\$	180,309

(Continued)

Exhibit K-5

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

	Capital Projects Fund	Other Capital Projects	Total
<hr/>			
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$ 0	\$	9,034
Lease/Rentals	0		44,716
Sale of Materials and Supplies	0		313
Commissary Sales	0		37,790
Sale of Gasoline	0		211,524
Miscellaneous Refunds	0		75,009
<u>Nonrecurring Items</u>			
Sale of Equipment	0		19,721
Sale of Property	4,197		4,197
Contributions and Gifts	0		27,022
<u>Other Local Revenues</u>			
Other Local Revenues	0		175
Total Other Local Revenues	<u>\$ 4,197</u>	<u>\$</u>	<u>429,501</u>
<u>Fees Received From County Officials</u>			
<u>Excess Fees</u>			
Register	\$ 0	\$	5,431
<u>Fees In-Lieu-of Salary</u>			
County Clerk	0		195,465
Circuit Court Clerk	0		34,387
General Sessions Court Clerk	0		89,203
Clerk and Master	0		117,893
Register	0		63,704
Sheriff	0		7,876
Trustee	0		264,525
Total Fees Received From County Officials	<u>\$ 0</u>	<u>\$</u>	<u>778,484</u>

(Continued)

Exhibit K-5

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

	Capital Projects Fund	Other Capital Projects	Total
<hr/>			
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
Juvenile Services Program	\$ 0	\$ 0	9,000
Child Restraint Program	0	0	4,598
Aging Programs	0	0	19,976
Other General Government Grants	0	0	114,254
<u>Public Safety Grants</u>			
Law Enforcement Training Programs	0	0	20,800
<u>Health and Welfare Grants</u>			
Health Department Programs	0	0	237,226
<u>Public Works Grants</u>			
State Aid Program	0	0	1,070,643
Litter Program	0	0	33,824
Other Public Works Grants	0	0	6,973
<u>Other State Revenues</u>			
Income Tax	0	0	30,405
Beer Tax	0	0	18,175
Vehicle Certificate of Title Fees	0	0	6,671
Alcoholic Beverage Tax	0	0	57,944
State Revenue Sharing - T.V.A.	0	0	625,761
State Revenue Sharing - Telecommunications	0	0	34,368
Contracted Prisoner Boarding	0	0	1,394,029
Gasoline and Motor Fuel Tax	0	0	2,233,385
Petroleum Special Tax	0	0	13,152
Registrar's Salary Supplement	0	0	15,164
Other State Grants	0	0	3,115
Other State Revenues	0	0	406
Total State of Tennessee	<hr/> \$ 0	<hr/> \$ 0	<hr/> 5,949,869

(Continued)

Exhibit K-5

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

	Capital Projects Fund	Other Capital Projects	Total
<u>Federal Government</u>			
<u>Federal Through State</u>			
Community Development	\$ 0	\$	444,037
COVID-19 Grant #1	0		296
Other Federal through State	0		4,850
<u>Direct Federal Revenue</u>			
Forest Service	0		108,075
COVID-19 Grant #6	0		3,521
Other Direct Federal Revenue	0		4,600
Total Federal Government	<u>\$ 0</u>	<u>\$</u>	<u>565,379</u>
<u>Other Governments and Citizens Groups</u>			
<u>Other Governments</u>			
Contributions	\$ 0	\$	910,510
Contracted Services	65,767		65,767
Total Other Governments and Citizens Groups	<u>\$ 65,767</u>	<u>\$</u>	<u>976,277</u>
Total	<u>\$ 151,738</u>	<u>\$</u>	<u>15,885,175</u>

Exhibit K-6

Polk County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Polk County School Department
For the Year Ended June 30, 2020

	Special Revenue Funds			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 2,136,517	\$ 0	\$ 0	\$ 2,136,517
Trustee's Collections - Prior Year	84,468	0	0	84,468
Circuit Clerk/Clerk and Master Collections - Prior Years	132,680	0	0	132,680
Interest and Penalty	13,496	0	0	13,496
Payments in-Lieu-of Taxes - T.V.A.	31,011	0	0	31,011
Payments in-Lieu-of Taxes - Other	57,567	0	0	57,567
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,735,352	0	0	1,735,352
Business Tax	19,960	0	0	19,960
Mixed Drink Tax	1,309	0	0	1,309
Total Local Taxes	\$ 4,212,360	\$ 0	\$ 0	\$ 4,212,360
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,254	\$ 0	\$ 0	\$ 1,254
Total Licenses and Permits	\$ 1,254	\$ 0	\$ 0	\$ 1,254
<u>Fines, Forfeitures, and Penalties</u>				
<u>Juvenile Court</u>				
Fines	\$ 1,672	\$ 0	\$ 0	\$ 1,672
Total Fines, Forfeitures, and Penalties	\$ 1,672	\$ 0	\$ 0	\$ 1,672

(Continued)

Exhibit K-6

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Adults	\$ 0	\$ 0	\$ 23,341	\$ 23,341
Income from Breakfast	0	0	1,758	1,758
A la Carte Sales	0	0	45,972	45,972
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 71,071</u>	<u>\$ 71,071</u>
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 1,848	\$ 0	\$ 1	\$ 1,849
Lease/Rentals	14,500	0	0	14,500
Retirees' Insurance Payments	7,752	0	0	7,752
Miscellaneous Refunds	17,058	0	0	17,058
<u>Nonrecurring Items</u>				
Sale of Equipment	13,860	0	0	13,860
Damages Recovered from Individuals	70	0	0	70
Contributions and Gifts	12,000	0	0	12,000
<u>Other Local Revenues</u>				
Other Local Revenues	141	0	0	141
Total Other Local Revenues	<u>\$ 67,229</u>	<u>\$ 0</u>	<u>\$ 1</u>	<u>\$ 67,230</u>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 77,910	\$ 0	\$ 0	\$ 77,910
<u>State Education Funds</u>				
Basic Education Program	13,863,000	0	0	13,863,000

(Continued)

Exhibit K-6

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds (Cont.)</u>				
Early Childhood Education	\$ 504,038	\$ 0	\$ 0	\$ 504,038
School Food Service	0	0	11,144	11,144
Driver Education	13,116	0	0	13,116
Other State Education Funds	62,952	0	0	62,952
Coordinated School Health	95,672	0	0	95,672
Family Resource Centers	29,569	0	0	29,569
Career Ladder Program	35,965	0	0	35,965
<u>Other State Revenues</u>				
Income Tax	11,704	0	0	11,704
State Revenue Sharing - T.V.A.	240,879	0	0	240,879
Other State Grants	14,330	0	0	14,330
Safe Schools	84,830	0	0	84,830
Total State of Tennessee	\$ 15,033,965	\$ 0	\$ 11,144	\$ 15,045,109
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 553,047	\$ 553,047
USDA - Commodities	0	0	109,268	109,268
Breakfast	0	0	222,626	222,626
USDA - Other	0	0	282,459	282,459
Vocational Education - Basic Grants to States	0	110,329	0	110,329
Title I Grants to Local Education Agencies	0	626,916	0	626,916
Special Education - Grants to States	0	539,895	0	539,895
Special Education Preschool Grants	0	18,514	0	18,514

(Continued)

Exhibit K-6

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Federal Government (Cont.)</u>				
<u>Federal Through State (Cont.)</u>				
Rural Education	\$ 0	\$ 28,019	\$ 0	\$ 28,019
Eisenhower Professional Development State Grants	0	81,094	0	81,094
Other Federal through State	304,582	40,309	0	344,891
<u>Direct Federal Revenue</u>				
Forest Service	112,486	0	0	112,486
Other Direct Federal Revenue	189,672	0	0	189,672
Total Federal Government	<u>\$ 606,740</u>	<u>\$ 1,445,076</u>	<u>\$ 1,167,400</u>	<u>\$ 3,219,216</u>
Total	<u>\$ 19,923,220</u>	<u>\$ 1,445,076</u>	<u>\$ 1,249,616</u>	<u>\$ 22,617,912</u>

Exhibit K-7

Polk County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2020

General FundGeneral GovernmentCounty Commission

Board and Committee Members Fees	\$	21,105	
Social Security		1,615	
Employee and Dependent Insurance		101,791	
Unemployment Compensation		1	
Workers' Compensation Insurance		415	
Total County Commission			\$ 124,927

Board of Equalization

Board and Committee Members Fees	\$	1,500	
Total Board of Equalization			1,500

County Mayor/Executive

County Official/Administrative Officer	\$	85,435	
Secretary(ies)		18,966	
Bonus Payments		1,000	
Social Security		7,122	
Pensions		5,229	
Employee and Dependent Insurance		34,295	
Unemployment Compensation		56	
Workers' Compensation Insurance		300	
Total County Mayor/Executive			152,403

County Attorney

County Official/Administrative Officer	\$	34,965	
Social Security		2,609	
Total County Attorney			37,574

Election Commission

County Official/Administrative Officer	\$	63,750	
Deputy(ies)		17,600	
Bonus Payments		500	
Election Commission		6,450	
Election Workers		10,850	
In-service Training		3,611	
Social Security		6,664	
Pensions		4,244	
Employee and Dependent Insurance		10,908	
Unemployment Compensation		168	
Communication		4,848	
Dues and Memberships		350	
Legal Notices, Recording, and Court Costs		2,227	
Maintenance and Repair Services - Equipment		575	
Printing, Stationery, and Forms		1,890	
Rentals		857	
Other Contracted Services		34,072	
Office Supplies		1,650	
Other Supplies and Materials		1,576	

(Continued)

Exhibit K-7

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

General Fund (Cont.)General Government (Cont.)Election Commission (Cont.)

Liability Insurance	\$	6,806	
Workers' Compensation Insurance		300	
Data Processing Equipment		1,765	
Furniture and Fixtures		928	
Total Election Commission			\$ 182,589

Register of Deeds

County Official/Administrative Officer	\$	73,971	
Clerical Personnel		35,587	
Bonus Payments		2,000	
Social Security		8,286	
Pensions		5,906	
Employee and Dependent Insurance		9,731	
Unemployment Compensation		107	
Dues and Memberships		560	
Maintenance Agreements		10,691	
Printing, Stationery, and Forms		865	
Workers' Compensation Insurance		300	
Data Processing Equipment		1,232	
Total Register of Deeds			149,236

County Buildings

Custodial Personnel	\$	53,522	
Bonus Payments		1,250	
Social Security		3,850	
Pensions		435	
Employee and Dependent Insurance		6,239	
Unemployment Compensation		143	
Maintenance and Repair Services - Buildings		81,277	
Maintenance and Repair Services - Equipment		20,860	
Custodial Supplies		3,651	
Utilities		102,054	
Workers' Compensation Insurance		21,658	
Total County Buildings			294,939

Other General Administration

Life Insurance	\$	7,561	
Communication		50,599	
Contributions		18,000	
Dues and Memberships		1,182	
Legal Services		4,139	
Legal Notices, Recording, and Court Costs		2,994	
Maintenance and Repair Services - Equipment		27,967	
Medical and Dental Services		25,104	
Pest Control		4,146	
Postal Charges		26,143	
Permits		600	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration (Cont.)

Other Contracted Services	\$	33,049	
Office Supplies		4,355	
Other Supplies and Materials		2,064	
Liability Insurance		13,169	
Other Charges		894	
Total Other General Administration			\$ 221,966

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	28,141	
Assistant(s)		16,438	
Bonus Payments		1,500	
Social Security		3,386	
Pensions		2,415	
Employee and Dependent Insurance		5,775	
Unemployment Compensation		171	
Data Processing Services		13,143	
Travel		59	
Workers' Compensation Insurance		320	
Total Accounting and Budgeting			71,348

Property Assessor's Office

County Official/Administrative Officer	\$	73,971	
Assistant(s)		42,681	
Deputy(ies)		22,318	
Bonus Payments		3,000	
Social Security		10,216	
Pensions		4,816	
Employee and Dependent Insurance		22,823	
Unemployment Compensation		168	
Data Processing Services		9,330	
Dues and Memberships		1,450	
Travel		3,962	
Permits		12,345	
Other Contracted Services		12,569	
Office Supplies		2,402	
Other Supplies and Materials		2,500	
Workers' Compensation Insurance		350	
Data Processing Equipment		3,000	
Total Property Assessor's Office			227,901

County Trustee's Office

County Official/Administrative Officer	\$	73,971	
Deputy(ies)		62,943	
Bonus Payments		3,000	
In-service Training		987	
Social Security		10,197	

(Continued)

Exhibit K-7

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

General Fund (Cont.)Finance (Cont.)County Trustee's Office (Cont.)

Pensions	\$	6,960	
Employee and Dependent Insurance		33,550	
Unemployment Compensation		229	
Communication		818	
Data Processing Services		13,566	
Dues and Memberships		560	
Legal Notices, Recording, and Court Costs		201	
Printing, Stationery, and Forms		478	
Rentals		220	
Travel		3,789	
Data Processing Supplies		839	
Office Supplies		1,325	
Workers' Compensation Insurance		500	
Total County Trustee's Office			\$ 214,133

County Clerk's Office

County Official/Administrative Officer	\$	73,971	
Deputy(ies)		81,463	
Secretary to Board		50	
Bonus Payments		4,000	
Social Security		11,535	
Pensions		7,839	
Employee and Dependent Insurance		34,810	
Unemployment Compensation		224	
Dues and Memberships		660	
Legal Notices, Recording, and Court Costs		115	
Maintenance Agreements		15,180	
Travel		1,279	
Data Processing Supplies		697	
Office Supplies		3,478	
Workers' Compensation Insurance		400	
Office Equipment		210	
Total County Clerk's Office			235,911

Administration of JusticeCircuit Court

County Official/Administrative Officer	\$	73,971	
Deputy(ies)		79,592	
Bonus Payments		4,000	
Jury and Witness Expense		8,964	
Social Security		10,945	
Pensions		5,760	
Employee and Dependent Insurance		45,408	
Unemployment Compensation		280	
Dues and Memberships		560	
Evaluation and Testing		800	
Maintenance Agreements		14,690	

(Continued)

Exhibit K-7

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

General Fund (Cont.)Administration of Justice (Cont.)Circuit Court (Cont.)

Printing, Stationery, and Forms	\$	1,137	
Other Supplies and Materials		2,195	
Workers' Compensation Insurance		450	
Data Processing Equipment		2,999	
Furniture and Fixtures		495	
Total Circuit Court			\$ 252,246

General Sessions Court

Judge(s)	\$	96,349	
Social Security		7,097	
Pensions		4,818	
Employee and Dependent Insurance		6,331	
Unemployment Compensation		56	
Dues and Memberships		482	
Travel		657	
Building and Contents Insurance		2,200	
Liability Insurance		2,200	
Workers' Compensation Insurance		410	
Total General Sessions Court			120,600

Chancery Court

County Official/Administrative Officer	\$	73,971	
Deputy(ies)		44,758	
Bonus Payments		2,000	
Social Security		8,230	
Pensions		5,945	
Employee and Dependent Insurance		39,316	
Unemployment Compensation		112	
Data Processing Services		10,816	
Dues and Memberships		620	
Legal Notices, Recording, and Court Costs		2,652	
Printing, Stationery, and Forms		1,426	
Workers' Compensation Insurance		450	
Data Processing Equipment		419	
Furniture and Fixtures		400	
Total Chancery Court			191,115

Juvenile Court

Assistant(s)	\$	22,318	
Youth Service Officer(s)		26,782	
Bonus Payments		2,000	
Social Security		3,429	
Pensions		850	
Employee and Dependent Insurance		12,662	
Unemployment Compensation		112	
Travel		1,854	
Other Supplies and Materials		618	

(Continued)

Exhibit K-7

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

General Fund (Cont.)Administration of Justice (Cont.)Juvenile Court (Cont.)

Workers' Compensation Insurance	\$	325	
Data Processing Equipment		433	
Total Juvenile Court			\$ 71,383

Probation Services

Other Contracted Services	\$	39,338	
Refunds		75	
Total Probation Services			39,413

Public SafetySheriff's Department

County Official/Administrative Officer	\$	81,368	
Deputy(ies)		624,237	
Investigator(s)		142,783	
Salary Supplements		20,800	
Dispatchers/Radio Operators		54,016	
School Resource Officer		132,048	
Overtime Pay		39,751	
Bonus Payments		26,500	
Other Salaries and Wages		72,308	
In-service Training		1,352	
Social Security		84,335	
Pensions		58,860	
Employee and Dependent Insurance		316,934	
Unemployment Compensation		1,680	
Communication		1,631	
Dues and Memberships		400	
Evaluation and Testing		220	
Maintenance Agreements		4,208	
Maintenance and Repair Services - Equipment		1,000	
Maintenance and Repair Services - Vehicles		37,766	
Printing, Stationery, and Forms		994	
Travel		2,416	
Gasoline		88,871	
Law Enforcement Supplies		60,087	
Office Supplies		1,441	
Tires and Tubes		17,593	
Uniforms		4,018	
Other Supplies and Materials		12,765	
Building and Contents Insurance		20,500	
Liability Insurance		72,500	
Vehicle and Equipment Insurance		24,000	
Workers' Compensation Insurance		33,500	
Data Processing Equipment		2,680	
Total Sheriff's Department			2,043,562

(Continued)

Exhibit K-7

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

General Fund (Cont.)Public Safety (Cont.)Correctional Incentive Program Improvements

Supervisor/Director	\$	43,556	
Dispatchers/Radio Operators		227,427	
Guards		738,838	
Maintenance Personnel		29,698	
Overtime Pay		171,304	
Bonus Payments		34,500	
In-service Training		881	
Social Security		87,661	
Pensions		68,848	
Employee and Dependent Insurance		328,039	
Unemployment Compensation		2,407	
Evaluation and Testing		850	
Maintenance Agreements		46,748	
Maintenance and Repair Services - Buildings		8,454	
Maintenance and Repair Services - Equipment		36,595	
Medical and Dental Services		225,679	
Printing, Stationery, and Forms		894	
Travel		2,320	
Custodial Supplies		31,493	
Food Supplies		272,385	
Prisoners Clothing		5,130	
Uniforms		4,685	
Utilities		172,668	
Other Supplies and Materials		77,791	
Workers' Compensation Insurance		43,500	
Furniture and Fixtures		1,110	
Total Correctional Incentive Program Improvements			\$ 2,663,461

Civil Defense

In-service Training	\$	500	
Communication		1,662	
Maintenance and Repair Services - Equipment		1,540	
Maintenance and Repair Services - Vehicles		15,733	
Gasoline		3,453	
Office Supplies		489	
Utilities		3,438	
Other Supplies and Materials		84	
Building and Contents Insurance		7,500	
Vehicle and Equipment Insurance		8,500	
Other Equipment		44,403	
Total Civil Defense			87,302

Rescue Squad

In-service Training	\$	4,975	
Dues and Memberships		250	
Maintenance Agreements		727	
Maintenance and Repair Services - Equipment		7,437	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Rescue Squad (Cont.)

Maintenance and Repair Services - Vehicles	\$	20,867	
Medical and Dental Services		296	
Gasoline		8,678	
Instructional Supplies and Materials		2,600	
Office Supplies		1,022	
Utilities		12,207	
Other Supplies and Materials		15,429	
Building and Contents Insurance		7,500	
Vehicle and Equipment Insurance		14,000	
Other Equipment		29,079	
Total Rescue Squad			\$ 125,067

Other Emergency Management

County Official/Administrative Officer	\$	5,281	
Social Security		379	
Pensions		280	
Employee and Dependent Insurance		1,070	
Unemployment Compensation		9	
Communication		1,800	
Maintenance and Repair Services - Equipment		1,441	
Maintenance and Repair Services - Vehicles		835	
Gasoline		677	
Other Supplies and Materials		2,764	
Workers' Compensation Insurance		400	
Total Other Emergency Management			14,936

Public Health and Welfare

Local Health Center

Contracts with Government Agencies	\$	37,505	
Other Supplies and Materials		7,678	
Other Charges		4,643	
Building Improvements		53,696	
Total Local Health Center			103,522

Ambulance/Emergency Medical Services

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

Other Local Health Services

Attendants	\$	10,996	
Bonus Payments		500	
Social Security		879	
Unemployment Compensation		66	
Travel		6,046	
Workers' Compensation Insurance		1,000	
Total Other Local Health Services			19,487

(Continued)

Exhibit K-7

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

General Fund (Cont.)Public Health and Welfare (Cont.)Sanitation Education/Information

Supervisor/Director	\$	25,979	
Bonus Payments		1,000	
Social Security		1,943	
Pensions		1,089	
Employee and Dependent Insurance		5,261	
Unemployment Compensation		47	
Instructional Supplies and Materials		12,305	
Workers' Compensation Insurance		800	
Total Sanitation Education/Information			\$ 48,424

Convenience Centers

Supervisor/Director	\$	19,352	
Deputy(ies)		24,458	
Social Security		2,950	
Unemployment Compensation		307	
Other Contracted Services		1,512	
Total Convenience Centers			48,579

Other Public Health and Welfare

Assistant(s)	\$	99,456	
Bonus Payments		3,000	
Social Security		6,867	
Pensions		6,355	
Employee and Dependent Insurance		33,929	
Unemployment Compensation		333	
Travel		2,568	
Instructional Supplies and Materials		1,282	
Other Supplies and Materials		1,570	
Workers' Compensation Insurance		2,000	
Other Charges		2,500	
Total Other Public Health and Welfare			159,860

Social, Cultural, and Recreational ServicesSenior Citizens Assistance

Supervisor/Director	\$	7,390	
Bonus Payments		750	
Other Salaries and Wages		11,005	
Social Security		1,465	
Unemployment Compensation		47	
Other Supplies and Materials		2,382	
Workers' Compensation Insurance		210	
Total Senior Citizens Assistance			23,249

Libraries

Assistant(s)	\$	63,452	
Bonus Payments		3,500	
In-service Training		2,185	

(Continued)

Exhibit K-7

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

General Fund (Cont.)Social, Cultural, and Recreational Services (Cont.)Libraries (Cont.)

Social Security	\$	4,733	
Pensions		639	
Employee and Dependent Insurance		16,253	
Unemployment Compensation		342	
Travel		2,796	
Custodial Supplies		880	
Library Books/Media		13,026	
Other Supplies and Materials		4,725	
Workers' Compensation Insurance		505	
Data Processing Equipment		450	
Total Libraries			\$ 113,486

Other Social, Cultural, and Recreational

Other Charges	\$	7,725	
Total Other Social, Cultural, and Recreational			7,725

Agriculture and Natural ResourcesAgricultural Extension Service

County Official/Administrative Officer	\$	13,492	
Supervisor/Director		22,829	
Secretary(ies)		6,643	
Bonus Payments		1,000	
Social Security		3,187	
Pensions		8,531	
Dues and Memberships		460	
Maintenance and Repair Services - Buildings		70,737	
Travel		2,500	
Other Supplies and Materials		9,881	
Other Charges		4,980	
Total Agricultural Extension Service			144,240

Soil Conservation

Secretary(ies)	\$	17,409	
Social Security		1,332	
Unemployment Compensation		105	
Dues and Memberships		420	
Instructional Supplies and Materials		747	
Office Supplies		887	
Premiums on Corporate Surety Bonds		100	
Total Soil Conservation			21,000

Other OperationsOther Economic and Community Development

Contracts with Government Agencies	\$	12,000	
Contracts with Other Public Agencies		8,066	
Total Other Economic and Community Development			20,066

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Airport

Maintenance and Repair Services - Equipment	\$	1,010	
Total Airport			\$ 1,010

Veterans' Services

Supervisor/Director	\$	10,759	
Bonus Payments		500	
Social Security		861	
Unemployment Compensation		71	
Travel		1,276	
Workers' Compensation Insurance		200	
Data Processing Equipment		449	
Total Veterans' Services			14,116

Other Charges

Trustee's Commission	\$	110,019	
Total Other Charges			110,019

Contributions to Other Agencies

Remittance of Revenue Collected	\$	49,081	
Total Contributions to Other Agencies			49,081

COVID-19 Grant #6

Other Charges	\$	3,521	
Total COVID-19 Grant #6			3,521

Total General Fund			\$ 9,130,897
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Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Contracts with Private Agencies	\$	636,004	
Total Sanitation Management			\$ 636,004

Other Operations

Other Charges

Trustee's Commission	\$	11,158	
Total Other Charges			11,158

Total Solid Waste/Sanitation Fund			647,162
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Drug Control Fund

Public Safety

Drug Enforcement

Salary Supplements	\$	14,000	
Social Security		1,071	
Confidential Drug Enforcement Payments		2,000	
Travel		1,278	
Animal Food and Supplies		2,410	
Total Drug Enforcement			\$ 20,759

(Continued)

Exhibit K-7

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

Drug Control Fund (Cont.)Other OperationsOther Charges

Trustee's Commission	\$	574	
Total Other Charges			\$ 574

Total Drug Control Fund \$ 21,333

Highway/Public Works FundOther OperationsCOVID-19 Grant #1

Unemployment Compensation	\$	296	
Total COVID-19 Grant #1			\$ 296

HighwaysAdministration

County Official/Administrative Officer	\$	81,368	
Accountants/Bookkeepers		31,560	
Clerical Personnel		20,228	
Social Security		7,805	
Employee and Dependent Insurance		20,194	
Employer Medicare		1,825	
Communication		27,516	
Data Processing Services		13,731	
Dues and Memberships		3,756	
Legal Services		518	
Legal Notices, Recording, and Court Costs		625	
Postal Charges		483	
Travel		2,765	
Other Contracted Services		5,570	
Drugs and Medical Supplies		450	
Office Supplies		2,988	
Uniforms		3,710	
Other Charges		490	
Total Administration			225,582

Highway and Bridge Maintenance

Foremen	\$	89,120	
Equipment Operators - Heavy		137,180	
Equipment Operators - Light		62,353	
Truck Drivers		61,580	
Laborers		230,503	
Overtime Pay		14,904	
Social Security		33,992	
Employee and Dependent Insurance		168,844	
Employer Medicare		7,950	
Contracts with Private Agencies		85,570	
Asphalt - Hot Mix		6,355	
Asphalt - Liquid		246,702	
Concrete		1,920	

(Continued)

Exhibit K-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	\$	203,985	
Food Supplies		2,724	
Pipe		31,768	
Road Signs		13,417	
Other Supplies and Materials		1,974	
Total Highway and Bridge Maintenance			\$ 1,400,841

Operation and Maintenance of Equipment

Mechanic(s)	\$	33,120	
Laborers		31,071	
Overtime Pay		5,251	
Social Security		4,021	
Employee and Dependent Insurance		16,368	
Employer Medicare		940	
Maintenance and Repair Services - Equipment		37,101	
Rentals		1,234	
Towing Services		1,000	
Diesel Fuel		128,157	
Equipment and Machinery Parts		119,885	
Garage Supplies		21,780	
Gasoline		98,704	
Lubricants		17,516	
Small Tools		1,518	
Tires and Tubes		8,558	
Total Operation and Maintenance of Equipment			526,224

Other Charges

Electricity	\$	9,604	
Water and Sewer		2,267	
Trustee's Commission		22,665	
Vehicle and Equipment Insurance		45,352	
Total Other Charges			79,888

Employee Benefits

Pensions	\$	38,413	
Employee and Dependent Insurance		17,240	
Unemployment Compensation		297	
Workers' Compensation Insurance		94,901	
Total Employee Benefits			150,851

Capital Outlay

Building Improvements	\$	1,222	
Highway Equipment		70,056	
Motor Vehicles		763,546	
State Aid Projects		1,181,102	
Total Capital Outlay			2,015,926

Total Highway/Public Works Fund \$ 4,399,608

(Continued)

Exhibit K-7

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

General Debt Service FundPrincipal on DebtGeneral Government

Principal on Other Loans	\$ 740,000	
Total General Government		\$ 740,000

Education

Principal on Other Loans	\$ 801,000	
Total Education		801,000

Interest on DebtGeneral Government

Interest on Other Loans	\$ 123,064	
Total General Government		123,064

Education

Interest on Other Loans	\$ 129,160	
Total Education		129,160

Other Debt ServiceGeneral Government

Trustee's Commission	\$ 21,198	
Other Debt Service	200	
Total General Government		21,398

Highways and Streets

Interest on Other Loans	\$ 11,967	
Total Highways and Streets		11,967

Total General Debt Service Fund		\$ 1,826,589
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Sanitation Projects FundCapital ProjectsPublic Health and Welfare Projects

Solid Waste Equipment	\$ 324,820	
Total Public Health and Welfare Projects		\$ 324,820

Total Sanitation Projects Fund		324,820
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Other Capital Projects - Waterline FundOther OperationsOther Economic and Community Development

Other Charges	\$ 616,927	
Total Other Economic and Community Development		\$ 616,927

Total Other Capital Projects - Waterline Fund		616,927
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(Continued)

Exhibit K-7

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

Other Capital Projects Fund

Public Safety

Sheriff's Department

Motor Vehicles

\$ 96,748

Total Sheriff's Department

\$ 96,748

Other Operations

Other Charges

Trustee's Commission

\$ 810

Total Other Charges

810

Total Other Capital Projects Fund

\$ 97,558

Total Governmental Funds - Primary Government

\$ 17,064,894

Exhibit K-8

Polk County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Polk County School Department
For the Year Ended June 30, 2020

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	6,129,412	
Career Ladder Program		12,000	
Homebound Teachers		22,363	
Educational Assistants		101,838	
Bonus Payments		22,500	
Other Salaries and Wages		173,273	
Certified Substitute Teachers		1,361	
Non-certified Substitute Teachers		53,264	
Social Security		371,185	
Pensions		615,979	
Life Insurance		2,964	
Medical Insurance		870,196	
Dental Insurance		49,892	
Unemployment Compensation		18,241	
Employer Medicare		87,978	
Retirement - Hybrid Stabilization		6,962	
Instructional Supplies and Materials		82,729	
Textbooks - Bound		116,931	
Total Regular Instruction Program			\$ 8,739,068

Alternative Instruction Program

Teachers	\$	60,070	
Career Ladder Program		1,000	
Educational Assistants		14,793	
Other Salaries and Wages		3,105	
Non-certified Substitute Teachers		110	
Social Security		4,089	
Pensions		7,231	
Life Insurance		48	
Medical Insurance		16,586	
Dental Insurance		455	
Employer Medicare		1,003	
Other Supplies and Materials		79	
Total Alternative Instruction Program			108,569

Special Education Program

Teachers	\$	578,670	
Career Ladder Program		3,000	
Homebound Teachers		11,736	
Educational Assistants		109,276	
Other Salaries and Wages		1,715	
Non-certified Substitute Teachers		8,552	
Social Security		41,679	
Pensions		59,600	
Life Insurance		420	
Medical Insurance		122,542	

(Continued)

Exhibit K-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.)

Special Education Program (Cont.)

Dental Insurance	\$	4,775	
Employer Medicare		9,807	
Retirement - Hybrid Stabilization		4,810	
Instructional Supplies and Materials		2,449	
Total Special Education Program			\$ 959,031

Career and Technical Education Program

Teachers	\$	704,321	
Career Ladder Program		3,000	
Bonus Payments		3,500	
Non-certified Substitute Teachers		5,885	
Social Security		40,674	
Pensions		67,448	
Life Insurance		312	
Medical Insurance		94,968	
Dental Insurance		6,822	
Employer Medicare		9,535	
Retirement - Hybrid Stabilization		5,764	
Other Contracted Services		3,515	
Instructional Supplies and Materials		14,140	
Total Career and Technical Education Program			959,884

Support Services

Attendance

Supervisor/Director	\$	76,348	
Career Ladder Program		1,000	
Social Security		4,701	
Pensions		8,222	
Life Insurance		24	
Medical Insurance		5,844	
Dental Insurance		455	
Employer Medicare		1,099	
Travel		1,380	
In Service/Staff Development		775	
Total Attendance			99,848

Health Services

Supervisor/Director	\$	43,075	
Medical Personnel		91,458	
Other Salaries and Wages		616	
Social Security		4,901	
Pensions		4,503	
Life Insurance		96	
Medical Insurance		21,612	
Employer Medicare		1,771	
Travel		3,861	

(Continued)

Exhibit K-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.)

Health Services (Cont.)

Other Contracted Services	\$	18,366	
Drugs and Medical Supplies		869	
Other Supplies and Materials		33,322	
In Service/Staff Development		1,095	
Other Equipment		4,478	
Total Health Services			\$ 230,023

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		228,115	
Other Salaries and Wages		129,274	
Social Security		21,127	
Pensions		35,286	
Life Insurance		144	
Medical Insurance		37,003	
Dental Insurance		2,274	
Employer Medicare		4,943	
Retirement - Hybrid Stabilization		1,939	
Contracts with Government Agencies		79,000	
Evaluation and Testing		1,894	
Travel		2,730	
Other Contracted Services		12,600	
Instructional Supplies and Materials		23,622	
Other Supplies and Materials		201,060	
In Service/Staff Development		31,725	
Other Charges		23,412	
Regular Instruction Equipment		79,665	
Total Other Student Support			916,813

Regular Instruction Program

Supervisor/Director	\$	248,910	
Career Ladder Program		2,000	
Librarians		181,879	
Clerical Personnel		990	
Bonus Payments		500	
Other Salaries and Wages		5,000	
Non-certified Substitute Teachers		1,292	
Social Security		25,734	
Pensions		42,822	
Life Insurance		216	
Medical Insurance		71,057	
Dental Insurance		2,274	
Employer Medicare		6,018	
Travel		6,814	
Other Contracted Services		19,846	
Other Supplies and Materials		774	

(Continued)

Exhibit K-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.)

Regular Instruction Program (Cont.)

In Service/Staff Development	\$	9,180	
Other Charges		21,886	
Total Regular Instruction Program			\$ 647,192

Special Education Program

Supervisor/Director	\$	43,120	
Career Ladder Program		1,000	
Psychological Personnel		111,383	
Other Salaries and Wages		50,026	
Social Security		12,358	
Pensions		18,959	
Life Insurance		84	
Medical Insurance		12,703	
Dental Insurance		1,364	
Employer Medicare		2,890	
Retirement - Hybrid Stabilization		2,052	
Travel		2,860	
Other Supplies and Materials		200	
Total Special Education Program			258,999

Career and Technical Education Program

Supervisor/Director	\$	42,665	
Social Security		2,439	
Pensions		4,535	
Life Insurance		12	
Medical Insurance		6,794	
Dental Insurance		455	
Employer Medicare		570	
Total Career and Technical Education Program			57,470

Technology

Computer Programmer(s)	\$	47,577	
Social Security		2,389	
Pensions		2,379	
Life Insurance		24	
Medical Insurance		11,740	
Dental Insurance		455	
Employer Medicare		559	
Internet Connectivity		48,796	
Other Contracted Services		5,344	
Total Technology			119,263

Other Programs

On-behalf Payments to OPEB	\$	77,910	
Total Other Programs			77,910

(Continued)

Exhibit K-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.)

Board of Education

Secretary to Board	\$	1,200	
Board and Committee Members Fees		13,800	
Social Security		849	
Pensions		60	
Employer Medicare		217	
Other Fringe Benefits		23,685	
Bank Charges		704	
Dues and Memberships		12,374	
Legal Services		18,040	
Other Contracted Services		6,142	
Liability Insurance		39,835	
Premiums on Corporate Surety Bonds		2,042	
Trustee's Commission		93,436	
Workers' Compensation Insurance		153,815	
Other Charges		576	
Total Board of Education			\$ 366,775

Director of Schools

County Official/Administrative Officer	\$	111,816	
Career Ladder Program		1,800	
Secretary(ies)		35,621	
Other Salaries and Wages		4,659	
Social Security		10,074	
Pensions		15,221	
Life Insurance		50	
Medical Insurance		13,881	
Dental Insurance		455	
Employer Medicare		2,356	
Other Fringe Benefits		11,779	
Communication		45,963	
Postal Charges		2,896	
Travel		1,196	
Other Contracted Services		19,819	
Other Supplies and Materials		510	
In Service/Staff Development		2,069	
Total Director of Schools			280,165

Office of the Principal

Principals	\$	565,206	
Career Ladder Program		2,000	
Accountants/Bookkeepers		109,146	
Assistant Principals		147,939	
Clerical Personnel		95,859	
Bonus Payments		2,000	
Other Salaries and Wages		8,157	
Social Security		54,397	

(Continued)

Exhibit K-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.)

Office of the Principal (Cont.)

Pensions	\$	79,526	
Life Insurance		504	
Medical Insurance		157,710	
Dental Insurance		4,093	
Employer Medicare		12,774	
Retirement - Hybrid Stabilization		3,063	
Travel		1,701	
Other Contracted Services		4,800	
Total Office of the Principal			\$ 1,248,875

Fiscal Services

Supervisor/Director	\$	51,829	
Clerical Personnel		71,391	
Social Security		6,991	
Pensions		6,161	
Life Insurance		72	
Medical Insurance		22,572	
Employer Medicare		1,635	
Data Processing Services		43,476	
Office Supplies		4,578	
Total Fiscal Services			208,705

Operation of Plant

Supervisor/Director	\$	35,045	
Custodial Personnel		290,078	
Other Salaries and Wages		3,567	
Social Security		17,931	
Pensions		9,560	
Life Insurance		384	
Medical Insurance		96,439	
Employer Medicare		4,699	
Other Contracted Services		76,161	
Custodial Supplies		41,623	
Electricity		450,001	
Fuel Oil		26,873	
Natural Gas		1,022	
Water and Sewer		112,074	
Other Supplies and Materials		111,311	
Boiler Insurance		6,537	
Building and Contents Insurance		119,094	
Administration Equipment		36,798	
Plant Operation Equipment		34,332	
Total Operation of Plant			1,473,529

Maintenance of Plant

Maintenance Personnel	\$	124,062	
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(Continued)

Exhibit K-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.)

Maintenance of Plant (Cont.)

Social Security	\$	7,545	
Pensions		6,189	
Life Insurance		120	
Medical Insurance		36,180	
Employer Medicare		1,769	
Administration Equipment		27,195	
Total Maintenance of Plant			\$ 203,060

Transportation

Supervisor/Director	\$	20,036	
Mechanic(s)		67,376	
Bus Drivers		428,886	
Attendants		148	
Other Salaries and Wages		61,910	
In-service Training		4,653	
Social Security		34,817	
Pensions		26,917	
Life Insurance		404	
Medical Insurance		37,039	
Employer Medicare		8,427	
Retirement - Hybrid Stabilization		520	
Medical and Dental Services		5,016	
Other Contracted Services		7,099	
Diesel Fuel		84,525	
Gasoline		11,682	
Tires and Tubes		12,451	
Vehicle Parts		107,147	
Other Supplies and Materials		1,007	
Vehicle and Equipment Insurance		36,770	
In Service/Staff Development		820	
Other Charges		12,732	
Debt Service Contribution to Primary Government		64,850	
Total Transportation			1,035,232

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	40,000	
Clerical Personnel		30,891	
Cafeteria Personnel		1,220	
Social Security		4,276	
Pensions		3,545	
Life Insurance		48	
Medical Insurance		14,568	
Employer Medicare		1,000	
Travel		226	
Food Supplies		71,120	
Other Supplies and Materials		12,546	
Total Food Service			179,440

(Continued)

Exhibit K-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.)

Community Services

Other Salaries and Wages	\$	178,898	
Social Security		9,609	
Pensions		10,539	
Dental Insurance		455	
Employer Medicare		2,595	
Retirement - Hybrid Stabilization		392	
Contracts with Government Agencies		4,400	
Travel		785	
Instructional Supplies and Materials		1,029	
Other Supplies and Materials		6,541	
In Service/Staff Development		1,108	
Other Charges		2,569	
Other Equipment		1,798	
Total Community Services			\$ 220,718

Early Childhood Education

Teachers	\$	238,644	
Educational Assistants		88,603	
Other Salaries and Wages		7,900	
Non-certified Substitute Teachers		8,718	
Social Security		20,052	
Pensions		26,479	
Life Insurance		242	
Medical Insurance		70,738	
Dental Insurance		2,319	
Employer Medicare		4,690	
Retirement - Hybrid Stabilization		1,789	
Travel		5,998	
Instructional Supplies and Materials		29,699	
Other Charges		880	
Plant Operation Equipment		6,917	
Total Early Childhood Education			513,668

Capital Outlay

Regular Capital Outlay

Site Development	\$	30,204	
Total Regular Capital Outlay			30,204

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	650,000	
Total Education			650,000

Total General Purpose School Fund \$ 19,584,441

(Continued)

Exhibit K-8

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Educational Assistants	\$	116,887	
Bonus Payments		3,000	
Non-certified Substitute Teachers		5,362	
Social Security		7,624	
Pensions		4,844	
Life Insurance		161	
Medical Insurance		50,307	
Employer Medicare		1,790	
Tuition		6,758	
Other Contracted Services		51,785	
Instructional Supplies and Materials		61,453	
Other Charges		47,938	
Regular Instruction Equipment		88,240	
Total Regular Instruction Program			\$ 446,149

Special Education Program

Teachers	\$	61,952	
Educational Assistants		229,971	
Speech Pathologist		24,238	
Non-certified Substitute Teachers		5,869	
Social Security		19,141	
Pensions		14,220	
Life Insurance		328	
Medical Insurance		98,206	
Dental Insurance		192	
Employer Medicare		4,477	
Contracts with Private Agencies		49,558	
Other Contracted Services		2,199	
Instructional Supplies and Materials		18,861	
Special Education Equipment		13,663	
Total Special Education Program			542,875

Career and Technical Education Program

Instructional Supplies and Materials	\$	25,554	
Other Supplies and Materials		6,919	
Vocational Instruction Equipment		54,723	
Total Career and Technical Education Program			87,196

Support Services

Other Student Support

Social Workers	\$	20,543	
Other Salaries and Wages		9,588	
Social Security		1,828	
Pensions		3,097	
Life Insurance		14	
Medical Insurance		4,216	

(Continued)

Exhibit K-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.)

Other Student Support (Cont.)

Dental Insurance	\$	227	
Employer Medicare		428	
Travel		2,089	
Other Supplies and Materials		2,236	
In Service/Staff Development		130,240	
Total Other Student Support			\$ 174,506

Regular Instruction Program

Supervisor/Director	\$	84,197	
Social Security		4,479	
Pensions		8,950	
Life Insurance		24	
Medical Insurance		11,740	
Dental Insurance		455	
Employer Medicare		1,047	
Travel		1,369	
Other Supplies and Materials		3,132	
In Service/Staff Development		17,937	
Total Regular Instruction Program			133,330

Special Education Program

Travel	\$	6,817	
In Service/Staff Development		8,717	
Total Special Education Program			15,534

Career and Technical Education Program

In Service/Staff Development	\$	1,353	
Total Career and Technical Education Program			<u>1,353</u>

Total School Federal Projects Fund \$ 1,400,943

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$	385,665	
Non-certified Substitute Teachers		4,461	
Social Security		22,547	
Pensions		17,391	
Life Insurance		302	
Medical Insurance		123,429	
Unemployment Compensation		665	
Employer Medicare		5,273	
Communication		1,719	
Maintenance and Repair Services - Equipment		32,850	
Other Contracted Services		19,936	
Food Supplies		560,166	

(Continued)

Exhibit K-8

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

<u>Central Cafeteria Fund (Cont.)</u>			
<u>Operation of Non-Instructional Services (Cont.)</u>			
<u>Food Service (Cont.)</u>			
USDA - Commodities	\$	109,268	
Other Supplies and Materials		62,600	
In Service/Staff Development		1,257	
Other Charges		481	
Food Service Equipment		13,536	
Total Food Service			<u>\$ 1,361,546</u>
Total Central Cafeteria Fund			<u>\$ 1,361,546</u>
Total Governmental Funds - Polk County School Department			<u><u>\$ 22,346,930</u></u>

Exhibit K-9

Polk County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2020

	Cities - Sales Tax Fund
	<hr/>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 465,077
Total Cash Receipts	<u>\$ 465,077</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 460,426
Trustee's Commission	4,651
Total Cash Disbursements	<u>\$ 465,077</u>
 Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2019	<u>0</u>
 Cash Balance, June 30, 2020	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

**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, 2020, and the related notes to the financial statements, which collectively comprise Polk County's basic financial statements, as listed in the table of contents, and have issued our report thereon dated November 23, 2020.

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) as a basis for designing 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 have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses 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 following deficiency, described in the accompanying Schedule of Findings and Questioned Costs, to be a material weakness: 2020-002.

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 following deficiencies, described in the accompanying Schedule of Findings and Questioned Costs, to be significant deficiencies: 2020-004, 2020-005, and 2020-007.

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 financial statements. 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 2020-001, 2020-003, and 2020-006.

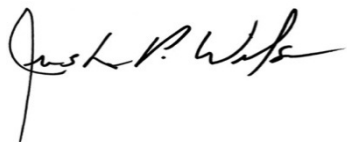
Polk County's Responses to the Findings

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

Purpose of this Report

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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

November 23, 2020

JPW/tg



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

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 the Uniform Guidance

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, 2020. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes

examining, on a test basis, evidence about 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, 2020.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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.

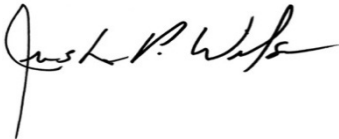
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the

requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Polk County, Tennessee, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Polk County's basic financial statements. We issued our report thereon dated November 23, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

November 23, 2020

JPW/tg

Polk County, Tennessee, and the Polk County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (3)
For the Year Ended June 30, 2020

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Passed-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster (5):			
School Breakfast Program	10.553	N/A	\$ 104,630 (6)
COVID 19 - School Breakfast Program	10.553	N/A	117,996 (6)
National School Lunch Program	10.555	N/A	636,840 (6)
COVID 19 - National School Lunch Program	10.555	N/A	198,666 (6)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster (5):			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	109,268 (6)
Total U.S. Department of Agriculture			<u>\$ 1,167,400</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grant	14.228	33004-59217	<u>\$ 444,036</u>
U.S. Department of Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	<u>\$ 208,080</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 626,901
Special Education Cluster (5):			
Special Education - Grants to States	84.027	N/A	539,895
Special Education - Preschool Grants	84.173	N/A	18,514
Career and Technical Education - Basic Grants to States	84.048	N/A	98,705
Experienced Professionals in the Classrooms	84.051	V051D170027	12,319
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	Z-16-70625	30,282
Student Support and Academic Enrichment (Title IV)	84.424	N/A	6,758
Twenty-first Century Community Learning Centers	84.287	S287C150043	190,241
Rural Education	84.358	N/A	58,152
Supporting Effective Instruction State Grants	84.367	N/A	81,094
Passed-through State Higher Education Commission:			
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	N/A	189,672
Total U.S. Department of Education			<u>\$ 1,852,533</u>
U.S. Department of Health and Human Services:			
Passed-through State Commission on Aging and Disability:			
Aging Cluster (5):			
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	(4)	\$ 4,850
Passed-through State Department of Human Services:			
CCFD Cluster: (5)			
Child Care and Development Block Grant	93.575	(4)	19,200
Total U.S. Department of Health and Human Services			<u>\$ 24,050</u>
U.S. Department of Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
COVID 19 - 2020 Supplemental Election Security Grants	90.404	(4)	<u>\$ 610</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
COVID 19 - Disaster Relief Fund - PPE	97.036	(4)	<u>\$ 2,641</u>
Total Expenditures of Federal Awards			<u><u>\$ 3,699,350</u></u>

(Continued)

Polk County, Tennessee, and the Polk County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (3) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Juvenile Services Program - State Commission on Children and Youth	N/A	(4)	\$ 9,000
Child Safety Seat Grant - State Department of Health	N/A	(4)	4,598
State Senior Center Program - Southeast Tennessee Development District	N/A	(4)	19,976
Local Health Services - State Department of Health	N/A	GG-19-59592-00	202,226
Litter Program - State Department of Transportation	N/A	40100-00320	33,824
Library Grant - State Library and Archives	N/A	3051-00220-125	3,115
Tourism Enhancement Grant - State Department of Tourism	N/A	(4)	64,254
Assistance for Communities with Hospital Closures Grant - State Department of Economic and Community Development	N/A	(4)	50,000
Project Diabetes - State Department of Health	N/A	(4)	15,000
Access to Health Grant - State Department of Health	N/A	(4)	20,000
COVID 19 - PPE - State Department of Military	N/A	(4)	880
Voluntary Pre-K - State Department of Education	N/A	(4)	504,038
Additional Targeted Support and Improvement - State Department of Education	N/A	(4)	14,330
Read to Be Ready Summer - State Department of Education	N/A	(4)	52,540
Coordinated School Health - State Department of Education	N/A	(4)	95,672
Family Resource Center - State Department of Education	N/A	(4)	29,569
Safe Schools Act - State Department of Education	N/A	(4)	53,242
School Safety - State Department of Education	N/A	(4)	31,588
Student Ticket Subsidy - Tennessee Arts Commission	N/A	(4)	5,679
Total State Grants			<u>\$ 1,209,531</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) Polk County elected not to use the 10% de minimis cost rate permitted in the Uniform Guidance.
- (3) No amounts (\$0) were passed-through to subrecipients.
- (4) Information not available.
- (5) Child Nutrition Cluster total is \$1,167,400; Special Education Cluster total is \$558,409; Aging Cluster total is \$4,850; CCFD Cluster total is \$19,200.
- (6) Total CFDA 10.553 is \$222,626; Total CFDA 10.555 is \$944,774.

Polk County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2020

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or not. Presented below are financial statement findings, along with their current status from the Annual Financial Report for Polk County, Tennessee, for the year ended June 30, 2020.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
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OFFICES OF COUNTY EXECUTIVE, DIRECTOR OF ACCOUNTS AND BUDGETS, AND HIGHWAY SUPERINTENDENT

2019	187	2019-001	The Director of Accounts and Budgets did not Maintain the Accounting Records for the Highway Department	N/A	Not Corrected - See Explanation on Corrective Action Plan
2019	187	2019-002	Polk County has a Material Recurring Audit Finding	N/A	Not Corrected - See Explanation on Corrective Action Plan

OFFICE OF HIGHWAY SUPERINTENDENT

2019	188	2019-003	The Highway/Public Works Fund Required Material Audit Adjustments for Proper Financial Statement Presentation	N/A	Corrected
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OFFICE OF DIRECTOR OF SCHOOLS

2019	189	2019-004	The Office Had Deficiencies in Budget Operations	N/A	Not Corrected - See Explanation on Corrective Action Plan
2019	190	2019-005	Interfund Loans were not Issued in Accordance with State Statute	N/A	Corrected

Prior-year Federal Award Findings

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

POLK COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2020

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Our report on the financial statements of Polk County is unmodified.
2. Internal Control Over Financial Reporting:
 - * Material weakness identified? **YES**
 - * Significant deficiency identified? **YES**
3. Noncompliance material to the financial statements noted? **YES**

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs. **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Programs:
 - * CFDA Number: 14.228 Community Development Block Grants
 - * CFDA Number: 84.010 Title I Grants to Local Education Agencies
 - * CFDA Numbers: 84.027 and 84.173 Special Education Cluster:
Special Education - Grants to States
Special Education - Preschool Grants
8. Dollar threshold used to distinguish between Type A and Type B Programs. **\$750,000**
9. Auditee qualified as low-risk auditee? **NO**

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

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

FINDING 2020-001

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 these 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.

MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE, DIRECTOR OF ACCOUNTS AND BUDGETS, AND HIGHWAY SUPERINTENDENT

We concur with this finding.

FINDING 2020-002

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>
2020-001, 2019-001, 2018-001	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.

MANAGEMENT'S RESPONSE – COUNTY EXECUTIVE, DIRECTOR OF ACCOUNTS AND BUDGETS, AND HIGHWAY SUPERINTENDENT

We concur with this finding.

OFFICE OF DIRECTOR OF ACCOUNTS AND BUDGETS

FINDING 2020-003 **APPROPRIATIONS EXCEEDED ESTIMATED**
AVAILABLE FUNDING IN THE OTHER CAPITAL
PROJECTS FUND
(Noncompliance Under *Government Auditing Standards*)

The budget and subsequent amendments approved by the county commission for the Other Capital Projects Fund resulted in appropriations exceeding estimated available funding by \$35,815. Sound budgetary principles dictate that appropriations be held within estimated available funding. This deficiency was the result of a lack of management oversight.

RECOMMENDATION

Appropriations that exceed estimated available funding should not be submitted to the county commission, and the county commission should not approve such appropriations.

MANAGEMENT'S RESPONSE – DIRECTOR OF ACCOUNTS AND BUDGETS

We concur with this finding.

FINDING 2020-004

**GENERAL FUND GENERAL LEDGER PAYROLL
LIABILITY ACCOUNTS WERE NOT RECONCILED**

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

General ledger payroll liability accounts for the General Fund were not reconciled on a monthly basis with payroll records and payments. As a result, unidentified balances accumulated in the liability accounts for several payroll deductions. Sound business practices dictate that payroll liability accounts should be reconciled with payroll records and payments on a monthly basis. The failure to regularly reconcile payroll liability accounts allows errors to remain undiscovered and uncorrected. This deficiency is the result of a lack of management oversight.

RECOMMENDATION

Payroll liability accounts should be reconciled monthly with payroll reports and payments, and any errors discovered should be corrected promptly.

MANAGEMENT'S RESPONSE – DIRECTOR OF ACCOUNTS AND BUDGETS

We concur with this finding.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 2020-005

**THE SCHOOL FEDERAL PROJECTS FUND HAD A
DEFICIT IN UNASSIGNED FUND BALANCE**

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

The School Federal Projects Fund had a deficit in unassigned fund balance of \$5,246 on June 30, 2020. This deficit resulted from the issuance of purchase orders totaling \$49,379 where the corresponding reimbursements from the grantors had not been requested prior to June 30, 2020.

RECOMMENDATION

Officials should liquidate the deficit in unassigned fund balance and take steps to prevent its recurrence.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

I concur with this finding. An order was placed for \$35,000 for Chromebooks. Due to the pandemic, this order was placed on backorder for months.

FINDING 2019-006

THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS

(Noncompliance Under *Government Auditing Standards*)

Our examination revealed the following deficiencies in budget operations of the office. These deficiencies exist because management failed to hold spending to the limits authorized by the county commission, which resulted in unauthorized expenditures, and management failed to provide sufficient oversight. Also, these deficiencies exist because management failed to correct the finding noted in the prior-year audit report and failed to implement their corrective action plan.

- A. Expenditures exceeded appropriations approved by the county commission in three of 24 major appropriation categories (the legal level of control) of the General Purpose School Fund. These expenditures are reflected in the following table:

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
Office of the Principal	\$ 11,151
Food Service	81,957
Community Services	22,077

- B. Salaries exceeded appropriations in 12 of 77 salary line-items of the General Purpose School Fund by amounts ranging from \$514 to \$26,542. The budget resolution approved by the county commission states that “the salary, wages, or remuneration of each officer, employee, or agent of the county shall not be in excess of the amounts authorized by existing law or as set forth in the estimate of expenditures which accompanies this resolution.” Therefore, the salaries that exceeded line-item appropriations were expenditures not approved by the county commission.

Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs for the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies.”

RECOMMENDATION

Expenditures should be held within appropriations approved by the county commission.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

Due to the pandemic, the Board of Education had to pay the final food invoice for the food service department. Also, in multiple salary line-items, the pandemic caused a shortage.

FINDING 2020-007

**THE OFFICE HAD WEAKNESSES IN POSTING
FINANCIAL TRANSACTIONS**

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

We observed 750 general journal entries that were posted to the accounting records for the General Purpose School Fund to correct posting errors. Included in these 750 entries were 27 general journal entries that were posted to correct previous journal entries. Sound business practices dictate that financial transactions should be accurately posted in accordance with generally accepted accounting principles. The significant number of general journal entries indicates weaknesses in internal controls related to recording financial transactions.

RECOMMENDATION

Internal controls over the accounting process should be strengthened to correctly identify and accurately post transactions by nature, account, and fund when the transactions are initiated.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

The finance director was out of work from January through early March with complete knee replacement. Then in late March, she contracted COVID-19 and was unable to return to work until April. In addition, many transactions due to payroll cost centers stem from grants.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs related to federal awards for the year ended June 30, 2020.

Polk County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2020

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

Finding Number	Title of Finding	Corrective Action Plan Page Number
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**OFFICES OF COUNTY EXECUTIVE, DIRECTOR OF ACCOUNTS AND BUDGETS,
AND HIGHWAY SUPERINTENDENT**

2020-001	The Director of Accounts and Budgets did not Maintain the Accounting Records for the Highway Department - County Executive and Director of Accounts and Budgets	195
2020-001	The Director of Accounts and Budgets did not Maintain the Accounting Records for the Highway Department - Highway Superintendent	198
2020-002	Polk County has a Material Recurring Audit Finding - County Executive and Director of Accounts and Budgets	196
2020-002	Polk County has a Material Recurring Audit Finding - Highway Superintendent	199

AUDITOR'S COMMENTS ON CORRECTIVE ACTION PLANS

2020-001	The Director of Accounts and Budgets did not Maintain the Accounting Records for the Highway Department - County Executive, Highway Superintendent, and Director of Accounts and Budgets	202
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OFFICE OF DIRECTOR OF ACCOUNTS AND BUDGETS

2020-003	Appropriations Exceeded Estimated Available Funding in the Other Capital Projects Fund	196
2020-004	General Fund General Ledger Payroll Liability Accounts Were Not Reconciled	197

OFFICE OF DIRECTOR OF SCHOOLS

2020-005	The School Federal Projects Fund had a Deficit in Unassigned Fund Balance	200
2020-006	The Office had Deficiencies in Budget Operations	200
2020-007	The Office had Weaknesses in Posting Financial Transactions	201



ROBERT M. HATCHER
COUNTY EXECUTIVE

Corrective Action Plan

FINDING: THE DIRECTOR OF ACCOUNTS AND BUDGETS DID NOT
MAINTAIN THE ACCOUNTING RECORDS FOR THE
HIGHWAY DEPARTMENT

Response and Corrective Action Plan Prepared by:
Catrice Lowe, Director of Accounts & Budgets

Person Responsible for Implementing the Corrective Action:
Polk County Commission

Anticipated Completion Date of Corrective Action:
N/A

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:
County Commission has opted not to implement the guideline of the 57 act that combines the
road & county accounting offices.

Planned Corrective Action:
County commission will have to vote and approve to combine the offices.

FINDING: POLK COUNTY HAS A MATERIAL RECURRING AUDIT FINDING

Response and Corrective Action Plan Prepared by:
Catrice Lowe, Director of Accounts & Budgets

Person Responsible for Implementing the Corrective Action:
Polk County Commission

Anticipated Completion Date of Corrective Action:
N/A

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:
Not implemented by County Commission.

Planned Corrective Action:
County Commission implementation required.

FINDING: APPROPRIATIONS EXCEEDED ESTIMATED AVAILABLE FUNDING IN THE OTHER CAPITAL PROJECTS FUND

Response and Corrective Action Plan Prepared by:
Catrice Lowe, Director of Accounts & Budgets

Person Responsible for Implementing the Corrective Action:
Catrice Lowe, Director of Accounts & Budgets

Anticipated Completion Date of Corrective Action:
7/01/2020

Repeat Finding:
No

Reason Corrective Action was Not Taken in the Prior Year:
N/A

Planned Corrective Action:
Fund was not over-expended. Funds were available in current year revenue line they just had not yet hit the fund balance. Oversight on proposed line source when preparing amendment. Any necessary future amendments will reflect correct proposed source of funds.

FINDING:

GENERAL FUND GENERAL LEDGER PAYROLL LIABILITY
ACCOUNTS WERE NOT RECONCILED

Response and Corrective Action Plan Prepared by:
Catrice Lowe, Director of Accounts & Budgets

Person Responsible for Implementing the Corrective Action:
Catrice Lowe, Director of Accounts & Budgets

Anticipated Completion Date of Corrective Action:
7/01/2020

Repeat Finding:
No

Reason Corrective Action was Not Taken in the Prior Year:
N/A

Planned Corrective Action:
Payroll deductions were not hitting liability lines. Called Local Government Corporation to setup deductions to reflect in the liability lines. All lines are hitting correctly now.

Signature:



Signature



Polk County Highway Department

1887 Welcome Valley Rd
Benton TN 37307

Roy G. Thomason, Jr.
Superintendent

(423) 338-4177
(423) 338-4477 fax

Corrective Action Plan

FINDING: THE DIRECTOR OF ACCOUNTS AND BUDGETS DID
NOT MAINTAIN THE ACCOUNTING RECORDS FOR
THE HIGHWAY DEPARTMENT

Response and Corrective Action Plan Prepared by:

Roy G. Thomason Jr., Highway Superintendent
Hannah Price, Budget Director

Person Responsible for Implementing the Corrective Action:

Polk County Commission

Anticipated Completion Date of Corrective Action:

N/A

Repeat Finding:

Yes

Reason Corrective Action was Not Taken in the Prior Year:

Polk County Commission has been advised to have a central system of accounting for all departments including the Highway Dept. to comply with the Fiscal Control Act of 1957. However, the commission has not adopted to do so.

Planned Corrective Action:

This finding cannot be changed until the county commission acts on it and centralizes the accounting, budgeting, and purchasing for all departments.

FINDING:

POLK COUNTY HAS A MATERIAL RECURRING AUDIT FINDING

Response and Corrective Action Plan Prepared by:

Roy G. Thomason Jr., Highway Superintendent
Hannah Price, Budget Director

Person Responsible for Implementing the Corrective Action:

Polk County Commission

Anticipated Completion Date of Corrective Action:

N/A

Repeat Finding:

Yes

Reason Corrective Action was Not Taken in the Prior Year:

This finding is due to the 57 Act not being implemented in the prior year to centralize all departments. This can and will be corrected once the commission takes action on

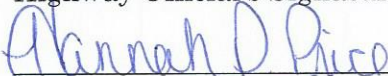
Finding Number: __2020-001

Planned Corrective Action:

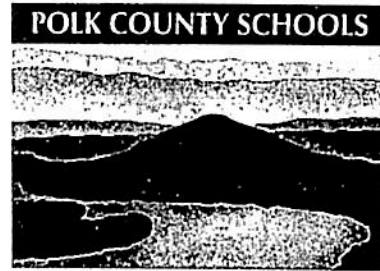
The Polk County Commission will have to implement the Fiscal Control Act of 1957 centralizing all departments to correct finding number 2020-001 to resolve this finding.


Highway Official's Signature

10-13-2020


Budget Director Signature

10-13-20



Corrective Action Plan

FINDING: THE SCHOOL FEDERAL PROJECTS FUND HAD A DEFICIT IN UNASSIGNED FUND BALANCE

Response and Corrective Action Plan Prepared by:
Treva Hyatt, Finance Director

Person Responsible for Implementing the Corrective Action:
Treva Hyatt, Finance Director

Anticipated Completion October 13, 2020 of Corrective Action:
October 13, 2020

Repeat Finding:
No

Reason Corrective Action was Not Taken in the Prior Year:
N/A

Planned Corrective Action:
Polk BOE will plan better during the school year and not have encumbered balances that exceed the amount of cash available.

FINDING: THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS

Response and Corrective Action Plan Prepared by:
Treva Hyatt, Finance Director

Person Responsible for Implementing the Corrective Action:
Treva Hyatt, Finance Director

Anticipated Completion October 13, 2020 of Corrective Action:
October 13, 2020

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:
Finance Director was out with complete knee replacement January – early March. Then contracted Covid 19 after returning work at the end of March. The pandemic alone made coming back to work near impossible.

Planned Corrective Action:
Finance Director will oversee the accounting more closely and we can all pray the pandemic does not come back for round two.

FINDING: THE OFFICE HAD WEAKNESSES IN POSTING FINANCIAL TRANSACTIONS

Response and Corrective Action Plan Prepared by:

Treva Hyatt, Finance Director

Person Responsible for Implementing the Corrective Action:

Treva Hyatt, Finance Director

Anticipated Completion October 13, 2020 of Corrective Action:

October 13, 2020

Repeat Finding:

No

Reason Corrective Action was Not Taken in the Prior Year:

N/A

Planned Corrective Action:

Plan to make arrangements with Local Government Corporation to see if there can be adjustments made for cost centers in payroll that will allow life, health, and dental to carry along with salary/expenditure payments and not have to be made as a JE. Also, credit card entries should be less and have a more stream line procedure.

Signature:

A handwritten signature in black ink, appearing to read 'Treva Hyatt', written over a horizontal line.

AUDITOR'S COMMENTS ON CORRECTIVE ACTION PLAN

FINDING 2020-001 THE DIRECTOR OF ACCOUNTS AND BUDGETS DID NOT MAINTAIN THE ACCOUNTING RECORDS FOR THE HIGHWAY DEPARTMENT

The county executive, highway superintendent, and director of accounts and budgets all state that correction of this finding requires the approval of the county commission. However, the commission has already adopted the provisions of the Fiscal Control Acts of 1957, which provide for a central system of accounting, budgeting, and purchasing covering all funds administered by the county executive and the highway superintendent.

Furthermore, there are no repeal provisions in the 1957 Acts. These requirements could be changed by adoption of a private act or the County Financial Management System of 1981, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments, as recommended as a best practice on page 204 of this document.

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.