



ANNUAL FINANCIAL REPORT

Polk County, Tennessee

For the Year Ended June 30, 2022

Jason E. Mumpower
Comptroller of the Treasury



**DIVISION OF
LOCAL GOVERNMENT AUDIT**

ANNUAL FINANCIAL REPORT
POLK COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2022

COMPTROLLER OF THE TREASURY
JASON E. MUMPOWER

DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director

STEVE REEDER, CPA, CGFM, CFE
Audit Manager

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, 2022

Scope

We have audited the basic financial statements of Polk County as of and for the year ended June 30, 2022.

Results

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

Our audit resulted in 14 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.

OFFICES OF DIRECTOR OF ACCOUNTS AND BUDGETS AND DIRECTOR OF SCHOOLS

- ◆ Funds maintained by the county and school department required material audit adjustments for proper financial statement presentation.
 - ◆ The offices had deficiencies in the issuance of purchase orders.
-



OFFICE OF DIRECTOR OF ACCOUNTS AND BUDGETS

- ◆ The office had deficiencies in budget operations.
 - ◆ General ledger payroll liability accounts were not reconciled.
 - ◆ Payroll tax deposits to the Internal Revenue Service were not properly reported resulting in the assessment of interest and penalties totaling \$3,938.
-

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The office had deficiencies in budget operations.
 - ◆ The office had accounting deficiencies.
-

OFFICE OF TRUSTEE

- ◆ Revenues were not prorated accurately.
-

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- ◆ The office used a signature stamp to sign checks.
 - ◆ Operations of the circuit and general sessions courts clerk are currently under investigation.
 - ◆ The office did not review a list of voided transactions.
-

OFFICE OF SHERIFF

- ◆ Commissary bank statements were not reconciled properly with the general ledger.
-



INTRODUCTORY SECTION

Polk County Officials

June 30, 2022

Officials

Robert Hatcher, County Executive
Roy Gene Thomason Jr., Highway Superintendent
Dr. James Jones, Director of Schools
Gina Hicks Burchfiel, Trustee
Jason Pankey, Assessor of Property
Jackie Rogers, County Clerk
Melissa Keith Jenkins, 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

Greg Brooks, Chairman	Jeremy Kimsey
Deborah Davis	John Pippenger
Daniel Deal	Samantha Trantham
Dewey Esquinance	James Woody
Roger Evans	

Board of Education

David Goode, Chairman	Jayson Lamb
Angie Crowder	Nick Ratcliff
Harmon Harden	Jill Rose
Nathan Henderson	Mark Williams
Stan Howard	

Audit Committee

Gary Silvers, Chairman	John Pippenger
Greg Barker	Joe Waters
Mike Curbow	

FINANCIAL SECTION



JASON E. MUMPOWER
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 Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Polk County, Tennessee, as of June 30, 2022, and the respective changes in financial position, and the respective budgetary comparison for the General, Other Special Revenue, and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Internal School Fund of Polk County School Department (a discretely presented component unit), which represent 1.37 percent and 2.16 percent, respectively, of the assets and net position of the discretely presented component unit as of June 30, 2022. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Internal School Fund of the Polk County School Department is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Polk County, Tennessee, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Polk County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Polk County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Polk County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 as listed under Required Supplementary Information in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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), and miscellaneous schedules are presented for purposes of additional analysis and are 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 combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Polk

County School Department (a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Requirements by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2023, 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,



Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

February 27, 2023

JEM/gc

BASIC FINANCIAL STATEMENTS

Exhibit A

Polk County, Tennessee
Statement of Net Position
June 30, 2022

	<u>Primary Governmental Activities</u>	<u>Component Unit Polk County School Department</u>
<u>ASSETS</u>		
Cash	\$ 1,610	\$ 493,609
Equity in Pooled Cash and Investments	11,451,676	4,026,654
Investments	3,735,525	0
Accounts Receivable	41,428	12,978
Due from Other Governments	711,859	1,744,716
Due from Component Units	11,875	0
Property Taxes Receivable	8,314,147	2,546,912
Allowance for Uncollectible Property Taxes	(326,545)	(116,460)
Other Current Assets	0	2,495
Restricted Assets:		
Amounts Accumulated for Pension Benefits	0	154,063
Net Pension Asset - Agent Plan	1,631,824	666,196
Net Pension Asset - Teacher Retirement Plan	0	144,919
Net Pension Asset - Teacher Legacy Pension Plan	0	10,909,866
Capital Assets:		
Assets Not Depreciated:		
Land	0	401,500
Construction in Progress	250,193	0
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	7,329,226	11,082,271
Infrastructure	4,262,018	0
Other Capital Assets	1,707,775	1,004,909
Total Assets	<u>\$ 39,122,611</u>	<u>\$ 33,074,628</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension Changes in Experience	\$ 48,785	\$ 59,101
Pension Changes in Assumptions	1,095,945	3,414,627
Pension Changes in Proportion	0	52,005
Pension Contributions After Measurement Date	244,667	1,096,146
OPEB Changes in Experience	0	239,800
OPEB Changes in Assumptions	0	343,119
OPEB Changes in Proportion	0	222,059
OPEB Contributions After Measurement Date	0	135,494
Total Deferred Outflows of Resources	<u>\$ 1,389,397</u>	<u>\$ 5,562,351</u>

(Continued)

Exhibit A

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

	<u>Primary Governmental Activities</u>	<u>Component Unit Polk County School Department</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 46,467	\$ 3,848
Accrued Payroll	0	7,021
Payroll Deductions Payable	30,091	351,566
Accrued Interest Payable	44,300	0
Due to Primary Government	0	11,875
Due to State of Tennessee	1,302	0
Due to Other Governments	2,200,773	0
Noncurrent Liabilities:		
Due Within One Year - Debt	2,042,438	0
Due Within One Year - Other	12,695	0
Due in More Than One Year - Debt	4,420,297	0
Due in More Than One Year - Other	114,247	4,015,422
Total Liabilities	<u>\$ 8,912,610</u>	<u>\$ 4,389,732</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 7,633,551	\$ 2,251,676
Pension Changes in Experience	339,177	1,074,905
Pension Changes in Investment Earnings	1,457,127	9,378,669
Pension Changes in Proportion	0	14,862
OPEB Changes in Experience	0	165,990
OPEB Changes in Assumptions	0	245,686
OPEB Changes in Proportion	0	83,005
Total Deferred Inflows of Resources	<u>\$ 9,429,855</u>	<u>\$ 13,214,793</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 11,364,212	\$ 12,488,680
Restricted for:		
General Government	408,243	0
Finance	63,650	0
Administration of Justice	696,780	0
Public Safety	177,232	0
Public Health and Welfare	176,351	0
Highways/Public Works	2,920,809	0
Debt Service	4,811,838	0
Capital Outlay	19,952	0
Education	0	1,933,200
Pensions	1,631,824	11,875,044
Unrestricted	<u>(101,348)</u>	<u>(5,264,470)</u>
Total Net Position	<u>\$ 22,169,543</u>	<u>\$ 21,032,454</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, 2022

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
Primary Government:						
Governmental Activities:						
General Government	\$ 1,447,837	\$ 303,345	\$ 1,526,439	\$ 0	\$ 381,947	\$ 0
Finance	841,614	523,520	0	0	(318,094)	0
Administration of Justice	693,650	428,390	100,461	0	(164,799)	0
Public Safety	5,232,227	1,275,789	205,222	0	(3,751,216)	0
Public Health and Welfare	1,787,084	17,678	431,246	0	(1,338,160)	0
Social, Cultural, and Recreational Services	204,038	15	274,442	0	70,419	0
Agriculture and Natural Resources	91,411	0	0	0	(91,411)	0
Highways/Public Works	2,399,249	323,078	2,434,197	0	358,026	0
Education	798,046	0	0	0	(798,046)	0
Interest on Long-term Debt	128,584	0	0	0	(128,584)	0
Total Primary Government	<u>\$ 13,623,740</u>	<u>\$ 2,871,815</u>	<u>\$ 4,972,007</u>	<u>\$ 0</u>	<u>\$ (5,779,918)</u>	<u>\$ 0</u>
Component Unit:						
Polk County School Department	<u>\$ 24,460,477</u>	<u>\$ 76,182</u>	<u>\$ 7,443,101</u>	<u>\$ 314,000</u>	<u>\$ 0</u>	<u>\$ (16,627,194)</u>
Total Component Unit	<u>\$ 24,460,477</u>	<u>\$ 76,182</u>	<u>\$ 7,443,101</u>	<u>\$ 314,000</u>	<u>\$ 0</u>	<u>\$ (16,627,194)</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					\$ 5,220,249	\$ 2,491,836
Property Taxes Levied for Debt Service					1,096,033	0
Local Option Sales Taxes					0	3,198,811
Hotel/Motel Tax					132,834	0
Litigation Tax - General					56,187	0
Litigation Tax - Jail, Workhouse, or Courthouse					34,870	0
Business Tax					72,261	0
Wholesale Beer Tax					200,116	0
Other Local Taxes					55,351	34,911
Grants and Contributions Not Restricted to Specific Programs					1,830,019	15,333,759
Unrestricted Investment Earnings					4,247	(6,916)
Miscellaneous					77,784	18,074
Sale of Equipment					20,800	4,500
Total General Revenues					<u>\$ 8,800,751</u>	<u>\$ 21,074,975</u>
Insurance Recovery					\$ 120,845	\$ 1,304
Change in Net Position					\$ 3,141,678	\$ 4,449,085
Net Position, July 1, 2021					<u>19,027,865</u>	<u>16,583,369</u>
Net Position, June 30, 2022					<u>\$ 22,169,543</u>	<u>\$ 21,032,454</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, 2022

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Other Special Revenue	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,610	\$ 1,610
Equity in Pooled Cash and Investments	5,321,624	2,200,773	2,483,623	1,017,441	428,215	11,451,676
Investments	0	0	0	3,735,525	0	3,735,525
Accounts Receivable	26,811	0	0	638	13,979	41,428
Due from Other Governments	293,762	0	417,567	419	111	711,859
Due from Other Funds	13,694	0	19,568	0	9,500	42,762
Due from Component Units	0	0	11,875	0	0	11,875
Property Taxes Receivable	6,695,263	0	0	1,060,923	557,961	8,314,147
Allowance for Uncollectible Property Taxes	(264,383)	0	0	(40,717)	(21,445)	(326,545)
Total Assets	\$ 12,086,771	\$ 2,200,773	\$ 2,932,633	\$ 5,774,229	\$ 989,931	\$ 23,984,337
<u>LIABILITIES</u>						
Accounts Payable	\$ 2,101	\$ 0	\$ 2,349	\$ 0	\$ 42,017	\$ 46,467
Payroll Deductions Payable	23,248	0	0	0	6,843	30,091
Due to Other Funds	29,068	0	0	0	13,694	42,762
Due to State of Tennessee	1,177	0	0	0	125	1,302
Due to Other Governments	0	2,200,773	0	0	0	2,200,773
Matured Interest on Bonds	0	0	0	5,827	0	5,827
Total Liabilities	\$ 55,594	\$ 2,200,773	\$ 2,349	\$ 5,827	\$ 62,679	\$ 2,327,222
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 6,157,307	\$ 0	\$ 0	\$ 956,564	\$ 519,680	\$ 7,633,551
Deferred Delinquent Property Taxes	258,505	0	0	60,571	16,024	335,100

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Other Special Revenue	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>DEFERRED INFLOWS OF RESOURCES (Cont.)</u>						
Other Deferred/Unavailable Revenue	\$ 33,287	\$ 0	\$ 204,738	\$ 0	\$ 0	\$ 238,025
Total Deferred Inflows of Resources	\$ 6,449,099	\$ 0	\$ 204,738	\$ 1,017,135	\$ 535,704	\$ 8,206,676
<u>FUND BALANCES</u>						
Restricted:						
Restricted for General Government	\$ 391,403	\$ 0	\$ 0	\$ 0	\$ 0	\$ 391,403
Restricted for Finance	49,956	0	0	0	0	49,956
Restricted for Administration of Justice	696,780	0	0	0	0	696,780
Restricted for Public Safety	63,451	0	0	0	113,781	177,232
Restricted for Public Health and Welfare	5,205	0	0	0	155,122	160,327
Restricted for Other Operations	0	0	0	0	16,840	16,840
Restricted for Highways/Public Works	0	0	2,725,546	0	0	2,725,546
Restricted for Debt Service	0	0	0	4,751,267	0	4,751,267
Restricted for Capital Projects	19,952	0	0	0	0	19,952
Committed:						
Committed for Capital Outlay	0	0	0	0	105,805	105,805
Assigned:						
Assigned for General Government	84,779	0	0	0	0	84,779
Assigned for Finance	2,263	0	0	0	0	2,263
Assigned for Administration of Justice	500	0	0	0	0	500
Assigned for Public Safety	40,148	0	0	0	0	40,148
Assigned for Public Health and Welfare	2,325	0	0	0	0	2,325
Assigned for Social, Cultural, and Recreational Services	434	0	0	0	0	434
Assigned for Other Operations	10,000	0	0	0	0	10,000
Unassigned	4,214,882	0	0	0	0	4,214,882
Total Fund Balances	\$ 5,582,078	\$ 0	\$ 2,725,546	\$ 4,751,267	\$ 391,548	\$ 13,450,439
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 12,086,771	\$ 2,200,773	\$ 2,932,633	\$ 5,774,229	\$ 989,931	\$ 23,984,337

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, 2022

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)		\$ 13,450,439
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: construction in progress	\$ 250,193	
Add: buildings and improvements net of accumulated depreciation	7,329,226	
Add: infrastructure net of accumulated depreciation	4,262,018	
Add: other capital assets net of accumulated depreciation	<u>1,707,775</u>	13,549,212
(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	\$ (435,000)	
Less: other loans payable	(6,027,735)	
Less: compensated absences payable	(126,942)	
Less: accrued interest on debt	<u>(38,473)</u>	(6,628,150)
(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	\$ 1,389,397	
Less: deferred inflows of resources related to pensions	<u>(1,796,304)</u>	(406,907)
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		1,631,824
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>573,125</u>
Net position of governmental activities (Exhibit A)		<u>\$ 22,169,543</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, 2022

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Other Special Revenue	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>						
Local Taxes	\$ 5,589,817	\$ 0	\$ 0	\$ 1,209,282	\$ 330,951	\$ 7,130,050
Licenses and Permits	115,548	0	0	0	0	115,548
Fines, Forfeitures, and Penalties	110,641	0	0	0	41,648	152,289
Charges for Current Services	76,786	0	0	0	99,405	176,191
Other Local Revenues	226,119	0	323,639	4,246	12,050	566,054
Fees Received From County Officials	876,508	0	0	0	0	876,508
State of Tennessee	2,372,746	0	2,392,068	102,069	27,001	4,893,884
Federal Government	79,159	1,068,773	311,725	0	0	1,459,657
Other Governments and Citizens Groups	434,025	0	0	829,654	54,803	1,318,482
Total Revenues	\$ 9,881,349	\$ 1,068,773	\$ 3,027,432	\$ 2,145,251	\$ 565,858	\$ 16,688,663
<u>Expenditures</u>						
Current:						
General Government	\$ 1,239,266	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,239,266
Finance	797,986	0	0	0	0	797,986
Administration of Justice	670,701	0	0	0	0	670,701
Public Safety	4,899,187	0	0	0	196,637	5,095,824
Public Health and Welfare	1,049,930	0	0	0	624,164	1,674,094
Social, Cultural, and Recreational Services	189,305	0	0	0	0	189,305
Agriculture and Natural Resources	87,105	0	0	0	0	87,105
Other Operations	486,626	960,548	0	0	8,755	1,455,929
Highways	0	0	2,372,991	0	0	2,372,991
Debt Service:						
Principal on Debt	0	0	0	1,976,525	0	1,976,525
Interest on Debt	0	0	0	128,749	0	128,749
Other Debt Service	0	0	0	24,441	0	24,441

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds Other	Total Governmental Funds
	General	Other Special Revenue	Highway / Public Works	General Debt Service	Govern- mental Funds	
<u>Expenditures (Cont.)</u>						
Capital Projects - Donated	\$ 0	\$ 0	\$ 0	\$ 0	\$ 314,000	\$ 314,000
Total Expenditures	\$ 9,420,106	\$ 960,548	\$ 2,372,991	\$ 2,129,715	\$ 1,143,556	\$ 16,026,916
<u>Excess (Deficiency) of Revenues Over Expenditures</u>						
	\$ 461,243	\$ 108,225	\$ 654,441	\$ 15,536	\$ (577,698)	\$ 661,747
<u>Other Financing Sources (Uses)</u>						
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 314,000	\$ 314,000
Proceeds from Sale of Capital Assets	0	0	0	0	9,500	9,500
Insurance Recovery	8,162	0	153,698	0	43,213	205,073
Transfers In	45,000	0	186,345	153,743	0	385,088
Transfers Out	(123,120)	(108,225)	(153,743)	0	0	(385,088)
Total Other Financing Sources (Uses)	\$ (69,958)	\$ (108,225)	\$ 186,300	\$ 153,743	\$ 366,713	\$ 528,573
<u>Net Change in Fund Balances</u>						
Fund Balance, July 1, 2021	\$ 5,190,793	\$ 0	\$ 1,884,805	\$ 4,581,988	\$ 602,533	\$ 12,260,119
Fund Balance, June 30, 2022	\$ 5,582,078	\$ 0	\$ 2,725,546	\$ 4,751,267	\$ 391,548	\$ 13,450,439

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, 2022

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)		\$ 1,190,320
(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	\$ 652,153	
Less: current-year depreciation expense	<u>(804,528)</u>	(152,375)
(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		(78,750)
(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, 2022	\$ 573,125	
Less: deferred delinquent property taxes and other deferred June 30, 2021	<u>(573,443)</u>	(318)
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net 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: other loan proceeds	\$ (314,000)	
Add: principal payments on notes	135,000	
Add: principal payments on other loans	<u>1,841,525</u>	1,662,525
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 165	
Change in compensated absences payable	98,058	
Change in net pension liability/asset	1,046,407	
Change in deferred outflows related to pensions	904,092	
Change in deferred inflows related to pensions	<u>(1,528,446)</u>	<u>520,276</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 3,141,678</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, 2022

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2021	Add: Encumbrances 6/30/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 5,589,817	\$ 0	\$ 0	\$ 5,589,817	\$ 5,317,307	\$ 5,317,307	\$ 272,510
Licenses and Permits	115,548	0	0	115,548	103,000	103,000	12,548
Fines, Forfeitures, and Penalties	110,641	0	0	110,641	95,095	95,095	15,546
Charges for Current Services	76,786	0	0	76,786	80,369	80,369	(3,583)
Other Local Revenues	226,119	0	0	226,119	174,500	222,418	3,701
Fees Received From County Officials	876,508	0	0	876,508	734,500	734,500	142,008
State of Tennessee	2,372,746	0	0	2,372,746	2,330,764	2,633,305	(260,559)
Federal Government	79,159	0	0	79,159	37,400	37,400	41,759
Other Governments and Citizens Groups	434,025	0	0	434,025	107,000	354,573	79,452
Total Revenues	\$ 9,881,349	\$ 0	\$ 0	\$ 9,881,349	\$ 8,979,935	\$ 9,577,967	\$ 303,382
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 105,742	\$ 0	\$ 0	\$ 105,742	\$ 99,335	\$ 106,436	\$ 694
Board of Equalization	0	0	0	0	3,000	3,000	3,000
Beer Board	0	0	0	0	50	50	50
County Mayor/Executive	160,844	0	0	160,844	162,069	163,429	2,585
County Attorney	22,176	0	0	22,176	37,678	37,678	15,502
Election Commission	183,909	(20)	35	183,924	195,074	195,754	11,830
Register of Deeds	160,745	0	0	160,745	170,212	174,252	13,507
County Buildings	359,369	(3,975)	46,762	402,156	208,572	378,532	(23,624)
Other General Administration	246,481	(1,480)	37,981	282,982	215,340	256,276	(26,706)
<u>Finance</u>							
Accounting and Budgeting	90,219	0	0	90,219	72,667	92,635	2,416
Property Assessor's Office	204,372	(139)	2,228	206,461	233,571	235,611	29,150
County Trustee's Office	231,883	(20)	35	231,898	206,616	238,281	6,383
County Clerk's Office	271,512	0	0	271,512	247,033	279,696	8,184
<u>Administration of Justice</u>							
Circuit Court	261,424	0	0	261,424	255,976	261,386	(38)
General Sessions Court	125,922	0	0	125,922	124,527	127,179	1,257

(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 7/1/2021	Add: Encumbrances 6/30/2022	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>							
Chancery Court	\$ 199,424	\$ 0	\$ 0	\$ 199,424	\$ 202,671	\$ 205,391	\$ 5,967
Juvenile Court	43,193	0	500	43,693	78,113	79,473	35,780
Probation Services	40,738	0	0	40,738	40,738	40,738	0
<u>Public Safety</u>							
Sheriff's Department	2,130,891	(18,441)	14,563	2,127,013	2,017,079	2,176,942	49,929
Correctional Incentive Program Improvements	2,571,182	(25,300)	6,050	2,551,932	2,792,719	2,870,749	318,817
Civil Defense	76,810	(2,304)	3,159	77,665	78,100	85,456	7,791
Rescue Squad	108,577	(1,819)	14,776	121,534	129,100	129,100	7,566
Other Emergency Management	11,727	(200)	1,600	13,127	13,662	14,342	1,215
<u>Public Health and Welfare</u>							
Local Health Center	77,696	(7,855)	2,181	72,022	58,964	77,635	5,613
Ambulance/Emergency Medical Services	742,500	0	0	742,500	720,000	765,000	22,500
Crippled Children Services	1,250	0	0	1,250	1,250	1,250	0
Other Local Health Services	15,702	0	0	15,702	19,319	19,659	3,957
Sanitation Education/Information	61,338	0	145	61,483	56,179	56,859	(4,624)
Other Public Health and Welfare	151,444	0	0	151,444	185,810	185,810	34,366
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	22,111	0	0	22,111	22,083	22,763	652
Libraries	159,256	0	434	159,690	131,059	167,421	7,731
Other Social, Cultural, and Recreational	7,938	(1,900)	0	6,038	6,500	7,819	1,781
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	66,105	0	0	66,105	75,346	76,706	10,601
Soil Conservation	21,000	0	0	21,000	21,000	21,000	0
<u>Other Operations</u>							
Other Economic and Community Development	19,133	0	0	19,133	18,490	19,133	0
Airport	232,224	0	0	232,224	3,000	235,224	3,000
Veterans' Services	27,135	0	0	27,135	25,964	27,324	189
Other Charges	121,096	0	0	121,096	115,000	118,500	(2,596)
Contributions to Other Agencies	87,038	(9,000)	10,000	88,038	55,000	55,000	(33,038)
Total Expenditures	\$ 9,420,106	\$ (72,453)	\$ 140,449	\$ 9,488,102	\$ 9,098,866	\$ 10,009,489	\$ 521,387

(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 7/1/2021	Add: Encumbrances 6/30/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ 461,243	\$ 72,453	\$ (140,449)	\$ 393,247	\$ (118,931)	\$ (431,522)	\$ 824,769
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 8,162	\$ 0	\$ 0	\$ 8,162	\$ 0	\$ 7,356	\$ 806
Transfers In	45,000	0	0	45,000	0	45,000	0
Transfers Out	(123,120)	0	0	(123,120)	0	(124,471)	1,351
Total Other Financing Sources	\$ (69,958)	\$ 0	\$ 0	\$ (69,958)	\$ 0	\$ (72,115)	\$ 2,157
Net Change in Fund Balance	\$ 391,285	\$ 72,453	\$ (140,449)	\$ 323,289	\$ (118,931)	\$ (503,637)	\$ 826,926
Fund Balance, July 1, 2021	5,190,793	(72,453)	0	5,118,340	4,153,700	4,153,700	964,640
Fund Balance, June 30, 2022	\$ 5,582,078	\$ 0	\$ (140,449)	\$ 5,441,629	\$ 4,034,769	\$ 3,650,063	\$ 1,791,566

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
Other Special Revenue Fund
For the Year Ended June 30, 2022

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 1,068,773	\$ 0	\$ 1,074,848	\$ (6,075)
Total Revenues	\$ 1,068,773	\$ 0	\$ 1,074,848	\$ (6,075)
<u>Expenditures</u>				
<u>Other Operations</u>				
American Rescue Plan Act Grant #6	\$ 960,548	\$ 0	\$ 960,548	\$ 0
Total Expenditures	\$ 960,548	\$ 0	\$ 960,548	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ 108,225	\$ 0	\$ 114,300	\$ (6,075)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (108,225)	\$ 0	\$ (114,300)	\$ 6,075
Total Other Financing Sources	\$ (108,225)	\$ 0	\$ (114,300)	\$ 6,075
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance, July 1, 2021	0	0	0	0
Fund Balance, June 30, 2022	\$ 0	\$ 0	\$ 0	\$ 0

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

Exhibit C-7

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, 2022

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 323,639	\$ 264,510	\$ 243,130	\$ 80,509
State of Tennessee	2,392,068	2,591,109	2,591,109	(199,041)
Federal Government	311,725	1,267,883	1,267,883	(956,158)
Total Revenues	<u>\$ 3,027,432</u>	<u>\$ 4,123,502</u>	<u>\$ 4,102,122</u>	<u>\$ (1,074,690)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 263,528	\$ 272,550	\$ 289,970	\$ 26,442
Highway and Bridge Maintenance	1,041,866	1,434,915	1,538,755	496,889
Operation and Maintenance of Equipment	624,470	523,700	690,760	66,290
Other Charges	92,246	97,500	100,925	8,679
Employee Benefits	114,114	186,000	186,000	71,886
Capital Outlay	236,767	2,187,923	2,289,798	2,053,031
Total Expenditures	<u>\$ 2,372,991</u>	<u>\$ 4,702,588</u>	<u>\$ 5,096,208</u>	<u>\$ 2,723,217</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 654,441</u>	<u>\$ (579,086)</u>	<u>\$ (994,086)</u>	<u>\$ 1,648,527</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 153,698	\$ 0	\$ 44,500	\$ 109,198
Transfers In	186,345	0	69,300	117,045
Transfers Out	(153,743)	(612,118)	(618,193)	464,450
Total Other Financing Sources	<u>\$ 186,300</u>	<u>\$ (612,118)</u>	<u>\$ (504,393)</u>	<u>\$ 690,693</u>
Net Change in Fund Balance	\$ 840,741	\$ (1,191,204)	\$ (1,498,479)	\$ 2,339,220
Fund Balance, July 1, 2021	<u>1,884,805</u>	<u>1,605,041</u>	<u>1,605,041</u>	<u>279,764</u>
Fund Balance, June 30, 2022	<u>\$ 2,725,546</u>	<u>\$ 413,837</u>	<u>\$ 106,562</u>	<u>\$ 2,618,984</u>

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

Exhibit D-1

Polk County, Tennessee
Statement of Net Position
Fiduciary Funds
June 30, 2022

	<u>Custodial Funds</u>
<u>ASSETS</u>	
Cash	\$ 908,200
Accounts Receivable	477
Due from Other Governments	<u>128,597</u>
Total Assets	<u>\$ 1,037,274</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 128,597
Due to Litigants, Heirs, and Others	<u>0</u>
Total Liabilities	<u>\$ 128,597</u>
<u>NET POSITION</u>	
Restricted for Individuals, Organizations and Other Governments	<u>\$ 908,677</u>
Total Net Position	<u><u>\$ 908,677</u></u>

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

Exhibit D-2

Polk County, Tennessee
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2022

	<u>Custodial Funds</u>
<u>ADDITIONS</u>	
Sales Tax Collections for Other Governments	\$ 857,094
Fines/Fees and Other Collections	5,450,010
Total Additions	<u>\$ 6,307,104</u>
<u>DEDUCTIONS</u>	
Payment of Sales Tax Collections to Other Governments	\$ 857,094
Payments to State	2,956,325
Payments to County/City	1,373,004
Payments to Individuals and Others	1,220,047
Total Deductions	<u>\$ 6,406,470</u>
Net Increase (Decrease) in Fiduciary in Net Position	\$ (99,366)
Net Position, July 1, 2021	<u>1,008,043</u>
Net Position, June 30, 2022	<u><u>\$ 908,677</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, 2022

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. Net debt issues totaling \$314,000 were contributed by the county to the school department during the year ended June 30, 2022.

Separate financial statements are provided for governmental funds, the proprietary fund (internal service fund), and fiduciary funds. The discretely presented Polk County School Department's internal service fund is reported with the governmental activities in the government-wide financial statements, and the fiduciary funds are excluded from the government-wide financial

statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary funds financial statements. 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. The discretely presented Polk County School Department reports 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, the proprietary fund, 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.

The proprietary fund and fiduciary funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category includes custodial funds.

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.

Other Special Revenue Fund – This special revenue fund accounts for funding related to the American Rescue Plan Act Grant. Grant revenue is the foundational revenue of this fund.

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

Custodial Funds – These funds account for amounts collected in a custodial capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in Polk County.

The discretely presented Polk County School Department reports the following major governmental funds:

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

School Federal Projects Fund – This special revenue fund is used to account for restricted federal revenues, which must be expended on specific education programs.

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

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

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.

The school department reports a nonmajor special revenue fund (Internal School Fund) which is used to account for funds held at the individual schools for internal school use such as the purchase of supplies, school clubs, and student activities. Collections from students and school activities are the foundational revenues of this fund. The current year (FY22) report was not available from the auditor of the Internal School Fund in time for inclusion in this report. Therefore, the prior year balances (FY21) are presented in this report. We do not believe using the prior year balances will affect the independent auditor's opinion on the Aggregate Discretely Presented Component Units. A more detailed reporting of the fund activities at each individual school may be found at <https://www.comptroller.tn.gov/office-functions/la/reports/find-other-audits.html>.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The discretely presented school department has one proprietary fund, an internal service fund used to account for the employees' dental insurance program. As 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, 2022, the balance in this fund totaled \$41,221.

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 States 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 3.96 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 assets 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 and OPEB changes in experience, assumptions, and proportionate share, 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 assets 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 and OPEB changes in experience and proportionate share, pension changes in investment earnings, OPEB changes in assumptions, 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 fund in the fund financial statements of 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 \$10,906,679 of restricted net position, of which \$668,952 is restricted by enabling legislation.

As of June 30, 2022, Polk County had \$4,277,735 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 Pension 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 Pension 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 Pension 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 I-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

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

Primary Government

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

Discretely Presented Polk County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers – Fees Fund and the school department’s Internal School fund (special revenue funds), which are 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, 2022, Polk County and the Polk County School Department reported the following encumbrances:

<u>Funds</u>	<u>Amount</u>
Primary Government:	
Major Fund:	
General	\$ 140,449
Nonmajor Funds:	
Solid Waste/Sanitation	300
Drug Control	400
School Department:	
Major Funds:	
General Purpose School	22,782
School Federal Projects	66,606

B. Budgeted Fund Deficit

The budget and subsequent amendments approved by the county commission for the Central Cafeteria Fund exceeded estimated available funding by \$380,595. Sound budgetary principles dictate that appropriations be held within estimated available funding.

C. Expenditures Exceeded Appropriations

Expenditures exceeded total appropriations approved by the county commission in the Solid Waste Sanitation Fund by \$33,176. Expenditures exceeded appropriations approved by the county commission in major appropriation categories (the legal level of control) of various funds administered by the county and the discretely presented school department as reflected in the following table:

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
General Fund:	
County Buildings	\$ 23,624
Other General Administration	26,706
Circuit Court	38
Sanitation Education/Information	4,624
Other Charges	2,596
Contributions to Other Agencies	33,038
General Debt Service Fund:	
Other Debt Service - General Government	2,441
General Purpose School Fund:	
Regular Instruction Program	178,887
Alternative Instruction Program	4,871
Special Education Program	44,125
Attendance	1,781
Health Services	13,803
Other Student Support	219,505
Special Education Program	2,169
Career and Technical Education Program	2,148
Director of Schools	20,022
Office of the Principal	25,334
Fiscal Services	7,537
Maintenance of Plant	50,941
Transportation	111,778
Food Service	2,911
Early Childhood Education	73,039
Regular Capital Outlay	128,728

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by greater than anticipated revenues and/or available fund balance in the funds noted above.

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 three 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 90 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 fair 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.

In addition, counties may invest in FDIC insured certificates of deposit. The deposit is first made in a bank or savings and loan association, selected by the government entity, with a branch in the state of Tennessee that is authorized to accept county deposits (the depository bank). The depository bank then arranges for the transfer of the moneys into one or more federally insured banks or savings and loan associations, wherever located (secondary depositories), for the account of the county. In turn, the depository bank receives funds from customers of the secondary depositories equal to or greater than the amount initially invested by the county. The balance of county funds with each secondary depository must not exceed FDIC insurance limits so that all funds are fully insured. Under this program, the trustee must provide the depository bank with a listing of all banks and savings and loan associations holding county funds under the same federal employer identification number (FEIN). To prevent deposits from exceeding FDIC coverage, the depository bank is prohibited from using any of those listed banks or savings and loan associations as secondary depositories. The use of this program must be approved by the county investment committee or finance committee as appropriate for the specific county. Further, the investment committee or finance committee must establish policies and procedures for the investments, including the establishment of controls to ensure that full FDIC insurance coverage is obtained. Service providers used by depositories must be approved by the state treasurer upon concurrence by the commissioner of financial institutions and finance and administration. There are currently only two eligible programs that have been approved by the state treasurer: the Certificate of Deposit Account Registry Service (CDARS) and the Insured Cash Sweep (ICS), which operate through IntraFi Network, LLC.

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 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, 2022, 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 2022 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, 2022	<u>\$ 3,735,525</u>

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

<u>Investment by Fair Value Level</u>	Fair Value 6-30-22	<u>Fair Value Measurements Using</u>		
		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>\$ 3,735,525</u>	<u>\$ 0</u>	<u>\$ 3,735,525</u>	<u>\$ 0</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. It is the intent of the plan trustees to allocate these funds in the future to offset pension costs.

On June 30, 2022, the Polk County School Department had the following investments held by the trust on its behalf. These funds are recognized as restricted assets in the General Purpose School Fund of the school department.

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 47,760
Developed Market International Equity	N/A	N/A	21,569
Emerging Market International Equity	N/A	N/A	6,162
U.S. Fixed Income	N/A	N/A	30,813
Real Estate	N/A	N/A	15,406
Short-term Securities	N/A	N/A	1,540
NAV - Private Equity and Strategic Lending	N/A	N/A	30,813
Total			\$ 154,063

For further information concerning the legal provisions, investment policies, investment types, and credit risks of 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/2022/ag21066.pdf>.

B. Capital Assets

Capital assets activity for the year ended June 30, 2022, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-21	Increases	Decreases	Balance 6-30-22
Capital Assets Not Depreciated:				
Construction in Progress	\$ 59,633	\$ 190,560	\$ 0	\$ 250,193
Total Capital Assets Not Depreciated	\$ 59,633	\$ 190,560	\$ 0	\$ 250,193
Capital Assets Depreciated:				
Buildings and Improvements	\$ 12,331,770	\$ 0	\$ (5,782)	\$ 12,325,988
Infrastructure	10,790,647	0	0	10,790,647
Other Capital Assets	5,026,685	461,593	(161,020)	5,327,258
Total Capital Assets Depreciated	\$ 28,149,102	\$ 461,593	\$ (166,802)	\$ 28,443,893
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 4,744,976	\$ 251,786	\$ 0	\$ 4,996,762
Infrastructure	6,342,297	186,332	0	6,528,629
Other Capital Assets	3,341,125	366,410	(88,052)	3,619,483
Total Accumulated Depreciation	\$ 14,428,398	\$ 804,528	\$ (88,052)	\$ 15,144,874
Total Capital Assets Depreciated, Net	\$ 13,720,704	\$ (342,935)	\$ (78,750)	\$ 13,299,019
Governmental Activities Capital Assets, Net	\$ 13,780,337	\$ (152,375)	\$ (78,750)	\$ 13,549,212

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

Governmental Activities:

General Government	\$ 275,763
Public Safety	160,843
Public Health & Welfare	3,000
Social, Cultural & Recreational	535
Highways	364,387
Total Depreciation Expense - Governmental Activities	<u>\$ 804,528</u>

Net Investment in Capital Assets

Capital Assets	\$ 13,549,212
Add:	
Outstanding principal of debt for school purposes	4,277,735
Less:	
Outstanding principal of capital debt and other capital borrowings	(6,462,735)
Net Investment in Capital Assets	<u>\$ 11,364,212</u>

Discretely Presented Polk County School Department

Governmental Activities:

	Balance 7-1-21	Increases	Decreases	Balance 6-30-22
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	2,438,941	314,000	(161,519)	2,591,422
Total Capital Assets				
Depreciated	\$ 27,290,826	\$ 314,000	\$ (161,519)	\$ 27,443,307
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 13,344,899	\$ 424,715	\$ 0	\$ 13,769,614
Other Capital Assets	1,551,445	179,206	(144,138)	1,586,513
Total Accumulated Depreciation	\$ 14,896,344	\$ 603,921	\$ (144,138)	\$ 15,356,127
Total Capital Assets Depreciated, Net	\$ 12,394,482	\$ (289,921)	\$ (17,381)	\$ 12,087,180
Governmental Activities Capital Assets, Net	<u>\$ 12,795,982</u>	<u>\$ (289,921)</u>	<u>\$ (17,381)</u>	<u>\$ 12,488,680</u>

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

Governmental Activities:

Instruction	\$ 427,081
Support Services	169,137
Operation of Non-instructional Services	<u>7,703</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 603,921</u></u>

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2022, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 13,694
Highway/Public Works	General	19,568
Nonmajor governmental	"	9,500
Discretely Presented School Department:		
General Purpose School	School Federal Projects	106,488
"	Education Capital Projects	325,668
School Federal Projects	General Purpose School	10,452

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:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
Highway/Public Works	Component Unit: School Department: General Purpose School	\$ 11,875

The Due to Primary Government of \$11,875 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, 2022, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In			Purpose
	General Fund	Highway/ Public Works Fund	General Debt Service Fund	
General	\$ 0	\$ 123,120	\$ 0	Operations
Other Special Revenue	45,000	63,225	0	"
Highway/Public Works	0	0	153,743	Debt retirement
Total	\$ 45,000	\$ 186,345	\$ 153,743	

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 and other capital outlay purchases, such as equipment, 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 five years for notes and up to 12 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All notes and other loans included in long-term debt as of June 30, 2022, will be retired from the General Debt Service Fund.

Capital outlay notes and other loans outstanding as of June 30, 2022, for governmental activities are as follows:

Type	Interest Rate		Final Maturity	Original Amount of Issue	Balance 6-30-22
Direct Borrowing and Direct Placement:					
Capital Outlay Notes	3.73	%	8-1-24	\$ 700,000	\$ 435,000
Other Loans	Variable		5-25-26	13,668,451	5,534,900
Other Loans	4.71		8-18-25	821,000	492,835

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 program. In addition, the county pays various other fees in connection with this loan. At June 30, 2022, the variable interest rate was 1.87 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 program. In addition, the county pays various other fees in connection with this loan. At June 30, 2022, the variable interest rate was 1.87 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.

In prior years, Polk County entered into three separate purchase agreements totaling \$507,000 to obtain school buses. These obligations have previously been reflected as capital leases, however, with the implementation of GASB 87, *Leases*, these obligations are now reflected as other loans. Also, on August 13, 2021, the county entered into a four-year loan agreement to purchase used buses totaling \$314,000 at 4.71 percent interest.

The annual requirements to amortize all notes and other loans outstanding as of June 30, 2022, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Notes - Direct Placement		
	Principal	Interest	Total
2023	\$ 140,000	\$ 13,615	\$ 153,615
2024	145,000	8,299	153,299
2025	150,000	2,797	152,797
Total	\$ 435,000	\$ 24,711	\$ 459,711

Year Ending June 30	Other Loans - Direct Placement			
	Principal	Interest	Fees	Total
2023	\$ 1,902,438	\$ 123,997	\$ 19,374	\$ 2,045,809
2024	1,992,808	83,848	8,655	2,085,311
2025	2,023,970	41,792	5,775	2,071,537
2026	108,519	3,826	1,534	113,879
Total	\$ 6,027,735	\$ 253,463	\$ 35,338	\$ 6,316,536

There is \$1,015,742 available in the General Debt Service Fund to service long-term debt. The total amount of fund equity in this fund is \$4,751,267; 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, 2022. Total debt per capita totaled \$368, based on the 2020 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, 2022, was as follows:

Governmental Activities:

	Notes - Direct Placement	Other Loans - Direct Placement
Balance, July 1, 2021	\$ 570,000	\$ 7,555,260
Additions	0	314,000
Reductions	(135,000)	(1,841,525)
Balance, June 30, 2022	<u>\$ 435,000</u>	<u>\$ 6,027,735</u>
Balance Due Within One Year	<u>\$ 140,000</u>	<u>\$ 1,902,438</u>

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2022	\$ 6,462,735
Less: Balance Due Within One Year - Debt	<u>(2,042,438)</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u>\$ 4,420,297</u>

E. Long-term Obligations

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2022, was as follows:

Governmental Activities:	Compensated Absences
Balance, July 1, 2021	\$ 225,000
Additions	143,317
Reductions	<u>(241,375)</u>
Balance, June 30, 2022	<u>\$ 126,942</u>
Balance Due Within One Year	<u>\$ 12,695</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2022	\$ 126,942
Less: Balance Due Within One Year - Other	<u>(12,695)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 114,247</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, 2022, was as follows:

Governmental Activities:

	<u>Other Post- employment Benefits</u>
Balance, July 1, 2021	\$ 3,639,051
Additions	555,550
Reductions	<u>(179,179)</u>
Balance, June 30, 2022	<u>\$ 4,015,422</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2022	\$ 4,015,422
Less: Balance Due Within One Year - Other	<u>0</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 4,015,422</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 plans are administered by the State of Tennessee and reported in the state's Annual Comprehensive Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2022, were \$58,550 and \$27,672, respectively. The school department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

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 \$250,000 for property and \$450,000 for liability for each insured event.

Polk County participates in the Local Government Workers' Compensation Fund (LWCF), a public entity risk pool established under provisions of Section 29-20-401, Tennessee Code Annotated, by the Tennessee County Services Association to provide a program of workers' compensation coverage to employees of local governments. The county pays an annual premium to the LWCF for its workers' compensation insurance coverage. The LWCF is to be self-sustaining through member premiums. The LWCF reinsures through commercial insurance companies for claims exceeding \$500,000.

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 Annual Comprehensive 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.

The discretely presented Polk County School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *TCA*, all local education agencies are eligible to participate. The LEGIF is included in the Annual Comprehensive 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, 2022, a cash balance of \$41,221 remained in this fund.

B. Accounting Changes

GASB Statement No. 87, *Leases*, became effective for fiscal year ending June 30, 2022. Leases should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation. GASB Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. Under this statement, a government entity that is a lessee must recognize (1) a lease liability, (2) an intangible asset representing the lessee's right to use the leased asset, (3) report the amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (4) interest expense on the lease liability and (5) note disclosures about the lease. A lessor must recognize (1) a lease receivable (measured at the present value of lease payments expected to be received during the lease term), (2) deferred inflow of resources, (3) interest revenue on the lease receivable and (4) note disclosures of leasing arrangements and the total inflows of resources recognized from leases. This statement provides exceptions for leases of assets held as investments, certain regulated leases, short-term leases and leases that transfer ownership of the underlying asset. A lessor should not derecognize the asset underlying the lease. This statement also addresses accounting for lease terminations and modifications, sale-leaseback transactions, non-lease components embedded in lease contracts (such as service agreements) and leases with related parties.

GASB Statement No. 92, *Omnibus 2020*, became effective during the fiscal year. This statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics and includes specific provision about the following:

- The effective date of GASB Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of GASB Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of GASB Statement No. 84 to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

GASB Statement 93, *Replacement of Interbank Offered Rates*, became effective during the year. This statement was necessary due to the eventual ceasing of the London Interbank Offered Rate (LIBOR) and the replacement with another interbank offered rate (IBOR). The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of IBORs with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* (except for paragraphs 4 and 5 which became effective in the prior fiscal year) became effective during the year. This Statement (a) clarifies how the absence of a governing board should be considered in determining whether a primary government is financially accountable for purposes of evaluating potential component units and (b) modifies the applicability of certain component unit criteria as they relate to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans (for example, certain Section 457 plans). This statement also establishes accounting and financial reporting requirements for Section 457 plans that meet the definition of a pension plan and for benefits

provided through those plans and modifies the investment valuation requirements for all Section 457 plans.

GASB Statement No 98, *The Comprehensive Annual Financial Report*, became effective during the year. This statement replaces the terms comprehensive annual financial report and comprehensive annual financial reports in NCGA and GASB pronouncements with annual comprehensive financial report and annual comprehensive financial reports, respectively. The associated acronyms in NCGA and GASB pronouncements are replaced with ACFR and ACFRs.

C. Contingent Liabilities

The county has received various federal and state grants and other assistance for specific purposes that are subject to review and audit by grantor agencies. Such audits could result in reimbursements to the grantor agencies for expenditures disallowed under the terms of the grants. County management is not aware of any potential disallowances and believes that reimbursements, if any, would not be material.

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.

D. 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, 2022, 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, TN 37371-0647

E. 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.

F. 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 Pension Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 71.01 percent, the non-certified employees of the discretely presented school department comprise 28.99 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://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 nonservice-related disability eligibility. The service-related and

nonservice-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, 2021, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	92
Inactive Employees Entitled to But Not Yet Receiving Benefits	225
Active Employees	<u>246</u>
Total	<u><u>563</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 to the plan. 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, 2022, the employer contribution for Polk County was \$358,591 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, 2021, 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, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	6.75%, 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, 2021, actuarial valuation, were based on the results of an actuarial experience study performed for the period July 1, 2016, through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

Changes of Assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.5 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions.

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, 2020, 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 2.25 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	4.88 %	31 %
International Equity Emerging Market	5.37	14
International Equity Private Equity and Strategic Lending	6.09	4
U.S. Fixed Income	6.57	20
Real Estate	1.20	20
Short-term Securities	4.38	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 6.75 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 6.75 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, 2020	\$ 14,092,353	\$ 14,909,176	\$ (816,823)
Changes for the Year:			
Service Cost	\$ 511,918	\$ 0	\$ 511,918
Interest	1,034,268	0	1,034,268
Differences Between Expected and Actual Experience	(283,018)	0	(283,018)
Changes in Assumptions	1,765,258	0	1,765,258
Contributions-Employer	0	343,347	(343,347)
Contributions-Employees	0	343,348	(343,348)
Net Investment Income	0	3,844,560	(3,844,560)
Benefit Payments, Including Refunds of Employee Contributions	(677,024)	(677,024)	0
Administrative Expense	0	(21,632)	21,632
Net Changes	\$ 2,351,402	\$ 3,832,599	\$ (1,481,197)
Balance, June 30, 2021	\$ 16,443,755	\$ 18,741,775	\$ (2,298,020)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	71.01%	\$ 11,676,710	\$ 13,308,534	\$ (1,631,824)
School Department	28.99%	4,767,045	5,433,241	(666,196)
Total		\$ 16,443,755	\$ 18,741,775	\$ (2,298,020)

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 6.75 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 (5.75

percent) or one percentage point higher (7.75 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Polk County	5.75%	6.75%	7.75%

Net Pension Liability (Asset) \$ (60,140) \$ (2,298,020) \$ (4,152,651)

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

Pension Expense (Negative Pension Expense). For the year ended June 30, 2022, Polk County recognized pension expense (negative pension expense) of (\$239,336).

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2022, 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	\$ 68,702	\$ 477,647
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	2,052,003
Changes in Assumptions	1,543,367	0
Contributions Subsequent to the Measurement Date of June 30, 2021 (1)	358,591	N/A
Total	<u>\$ 1,970,660</u>	<u>\$ 2,529,650</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2021,” will be recognized as a reduction (increase) to net pension liability (asset) in the subsequent fiscal period.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 1,389,397	\$ 1,796,304
School Department	581,263	733,346
Total	<u>\$ 1,970,660</u>	<u>\$ 2,529,650</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
2023	\$ (256,133)
2024	(313,042)
2025	(289,673)
2026	(305,776)
2027	247,040
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 Pension Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 71.01 percent and the non-certified employees of the discretely presented school department comprise 28.99 percent of the plan based on contribution data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the 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 <https://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 nonservice-related disability eligibility. The service-related and nonservice-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 automatic cost of living adjustments (COLAs) 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 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 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, 2022, to the Teacher Retirement Plan were \$50,072, which is 2.01 percent of covered payroll. In addition, employer contributions of \$50,314, which is 1.99 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 (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities (Assets). At June 30, 2022, the school department reported a liability (asset) of (\$144,919) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2021, 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, 2021, the school department's proportion was .133786 percent. The proportion as of June 30, 2020, was .110175 percent.

Pension Expense (Negative Pension Expense). For the year ended June 30, 2022, the school department recognized pension expense (negative pension expense) of \$16,810.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2022, 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	\$ 2,521	\$ 26,517
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	83,419
Changes in Assumptions	52,271	0
Changes in Proportion of Net Pension Liability (Asset)	3,605	13,281
LEA's Contributions Subsequent to the Measurement Date of June 30, 2021	50,072	N/A
Total	<u>\$ 108,469</u>	<u>\$ 123,217</u>

The school department's employer contributions of \$50,072, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction (increase) of net pension liability (asset) in the year ending June 30, 2023. 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
2023	\$ (19,112)
2024	(18,655)
2025	(18,525)
2026	(20,624)
2027	1,626
Thereafter	10,471

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, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	6.75%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.125%

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

The actuarial assumptions, used in the June 30, 2021, actuarial valuation, were based on the results of an actuarial experience study performed for the period July 1, 2016, through June 30, 2020. 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, 2020, 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 2.25 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	4.88	%	31	%
International Equity Emerging Market	5.37		14	
International Equity Private Equity and Strategic Lending	6.09		4	
U.S. Fixed Income Real Estate	6.57		20	
	1.20		20	
	4.38		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 6.75 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 6.75 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 6.75 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 (5.75 percent) or one percentage point higher (7.75 percent) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
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Net Pension Liability (Asset) \$ 49,819 \$ (144,919) \$ (288,545)

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 <https://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 nonservice-related disability eligibility. The service-related and nonservice-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 automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers 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, 2022, to the Teacher Legacy Pension Plan were \$932,150, which is 10.3 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 (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liability (Assets). At June 30, 2022, the school department reported a liability (asset) of (\$10,909,866) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2021, 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, 2021, the school department's proportion was .252939 percent. The proportion measured at June 30, 2020, was .261479 percent.

Pension Expense (Negative Pension Expense). For the year ended June 30, 2022, the school department recognized pension expense (negative pension expense) of (\$1,688,312).

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2021, 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	\$ 36,663	\$ 909,918
Changes in Assumptions	2,914,934	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	8,700,374
Changes in Proportion of Net Pension Liability (Asset)	48,400	1,581
LEA's Contributions Subsequent to the Measurement Date of June 30, 2021	932,150	N/A
Total	<u>\$ 3,932,147</u>	<u>\$ 9,611,873</u>

The school department's employer contributions of \$932,150 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction (increase) net pension liability (asset) in the year ending June 30, 2023. 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
2023	\$ (1,563,499)
2024	(1,485,227)
2025	(1,215,171)
2026	(2,347,980)
2027	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, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	6.75%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.125%

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

The actuarial assumptions used in the June 30, 2021, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016, through June 30, 2020. 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, 2020, 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 2.25 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	4.88	%	31	%
International Equity Emerging Market	5.37		14	
International Equity Private Equity and Strategic Lending	6.09		4	
U.S. Fixed Income Real Estate	6.57		20	
	1.20		20	
	4.38		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 6.75 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 6.75 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 6.75 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 (5.75 percent) or one percentage point higher (7.75 percent) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
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Net Pension Liability (Asset) \$ (1,941,589) \$ (10,909,866) \$ (18,373,261)

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 \$134,535 and teachers contributed \$54,508 to this deferred compensation pension plan.

G. Other Postemployment Benefits (OPEB)

The discretely presented Polk County School Department provides OPEB benefits to its retirees through a state administered public entity risk pool. For reporting purposes, the plan is considered a single employer defined benefit OPEB plan based on criteria in Statement No. 75 of the Governmental Accounting Standards Board (GASB). The plan is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Discretely Presented Polk County School Department

The Polk County School Department provides healthcare benefits to its certified retirees under the Local Education Plan (LEP) until they reach Medicare eligibility. The certified retirees of Polk County School Department may then join the Tennessee Plan – Medicare (TNM), which provides supplemental medical insurance for retirees with Medicare.

The school department’s total OPEB liability for the plan was measured as of June 30, 2021, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2021, actuarial valuation of the plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Salary Increases	Salary increases used in the July 1, 2021, TCRS actuarial valuation; 3.44% to 8.72%, including inflation
Discount Rate	2.16%
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting at 7.36% for pre-65 retirees in the 2021 calendar year, and decreasing annually over a 10-year period to an ultimate trend rate of 4.5%
Retirees Share of Benefit	
Related Cost	Discussed under each plan

The discount rate was 2.16 percent, based on the daily rate of Bond Buyer's 20-year Municipal GO AA index closest to but not later than the measurement date.

Mortality rates were based on the results of a statewide experience study undertaken on behalf of the Tennessee Consolidated Retirement System (TCRS). These mortality rates were used in the July 1, 2021, actuarial valuation of the TCRS.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2021, valuations were the same as those employed in the July 1, 2020, Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the PUB-2010 Headcount-Weighted Employee mortality table for General Employees for non-disabled pre-retirement mortality, with mortality improvement projected generationally with MP-2020 from 2010. Post-retirement tables for non-teachers are Headcount-Weighted Below Median Healthy Annuitant and adjusted with a 6% to load for males and a 14% load for females, projected generationally from 2010 with MP-2020. Post-retirement tables for teachers are Headcount-Weighted Below Median Healthy Annuitant and adjusted with a 19 to load for males and a 18% load for females, projected generationally from 2010 with MP-2020. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load, projected generationally from 2018 with MP-2020.

Changes in Assumptions. The discount rate changed from 2.21 percent as of the beginning of the measurement period to 2.16 percent as of the measurement date of June 30, 2021. This change in assumption increased the total OPEB liability. Other changes in assumptions include adjustments to initial per capita costs and health trend rates. The trend rate applicable to the 2021 plan year was revised from 9.02 percent to 7.36 percent. The assumed long term inflation rate was changed from 2.1 percent to 2.25 percent.

Closed Local Education (LEP) OPEB Plan - Discretely Presented 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, 2021, the following employees were covered by the benefit terms:

	<u>School Department</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	12
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees Eligible for Benefits	<u>201</u>
Total	<u><u>213</u></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 \$135,494 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		
	<u>Polk County School Department 72.6%</u>	<u>State of TN 27.400%</u>	<u>Total OPEB Liability</u>
Balance July 1, 2020	\$ 3,639,051	\$ 1,263,921	\$ 4,902,972
Changes for the Year:			
Service Cost	\$ 216,366	\$ 81,652	\$ 298,018
Interest	82,353	31,079	113,432
Difference between Expected and Actuarial Experience	252,822	95,411	348,233
Changes in Assumption and Other Inputs	4,008	1,513	5,521
Change in Proportion Benefit Payments	(79,418) (99,760)	79,418 (37,647)	0 (137,407)
Net Changes	<u>\$ 376,371</u>	<u>\$ 251,426</u>	<u>\$ 627,797</u>
Balance June 30, 2021	<u>\$ 4,015,422</u>	<u>\$ 1,515,347</u>	<u>\$ 5,530,769</u>

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 employer's 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 \$96,380 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 72.6% and the State of Tennessee's share was 27.4%.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2022, the school department recognized OPEB expense of \$435,539, including the state's share of the expense. At June 30, 2022, the school department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 239,800	\$ 165,990
Changes of Assumptions/Inputs	343,119	245,686
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employer and Nonemployer Contributors As Benefits Came Due	222,059	83,005
Benefits Paid After the Measurement Date of June 30, 2021	<u>135,494</u>	<u>0</u>
Total	<u>\$ 940,472</u>	<u>\$ 494,681</u>

The amount shown above for "Benefits Paid After the Measurement Date" will be recognized as a reduction to OPEB liability in the following measurement period.

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:

<u>Year Ending</u> <u>June 30</u>	<u>School</u> <u>Department</u>
2023	\$ 40,440
2024	40,440
2025	40,440
2026	40,440
2027	40,440
Thereafter	108,097

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>	Current Discount Rate
1% Decrease	1%
1.16%	2.16%
	3.16%

Proportionate Share of the Collective Total OPEB Liability	\$ 4,317,111	\$ 4,015,422	\$ 3,725,701
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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>	Curent Rates
1% Decrease	1%
6.36 to 3.5%	7.36 to 4.5%
	8.36 to 5.5%

Proportionate Share of the Collective Total OPEB Liability	\$ 3,542,692	\$ 4,015,422	\$ 4,573,937
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H. 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.

I. Office of Central Accounting, Budgeting, and Purchasing

Polk County has adopted 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 the highway superintendent. Funds under the supervision of the county executive were maintained by the director of accounts and budgets. However, contrary to provisions of the act, funds under the supervision of the highway superintendent were maintained by employees of the highway department.

J. 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 \$25,000 after soliciting sealed competitive bids through public advertisement.

Office of Director of Schools

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

K. Subsequent Events

On August 31, 2022, Donna Bramlett left the Office of Register of Deeds and was succeeded by Kile Swafford.

On September 15, 2022, the county commission approved a loan agreement for three buses totaling \$213,000. This loan agreement was issued on July 14, 2022, for a term of five years at 4.75 percent interest.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

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

	2014	2015	2016	2017	2018	2019	2020	2021
Total Pension Liability								
Service Cost	\$ 320,216	\$ 353,395	\$ 362,034	\$ 406,070	\$ 431,326	\$ 482,406	\$ 505,432	\$ 511,918
Interest	646,390	686,982	778,649	811,563	877,312	929,175	996,883	1,034,268
Differences Between Actual and Expected Experience	(109,544)	604,011	(271,628)	60,083	(109,206)	117,378	(342,329)	(283,018)
Changes in Assumptions	0	0	0	433,909	0	0	0	1,765,258
Benefit Payments, Including Refunds of Employee Contributions	(329,941)	(368,104)	(493,500)	(454,950)	(458,794)	(611,536)	(624,620)	(677,024)
Net Change in Total Pension Liability	\$ 527,121	\$ 1,276,284	\$ 375,555	\$ 1,256,675	\$ 740,638	\$ 917,423	\$ 535,366	\$ 2,351,402
Total Pension Liability, Beginning	8,463,291	8,990,412	10,266,696	10,642,251	11,898,926	12,639,564	13,556,987	14,092,353
Total Pension Liability, Ending (a)	\$ 8,990,412	\$ 10,266,696	\$ 10,642,251	\$ 11,898,926	\$ 12,639,564	\$ 13,556,987	\$ 14,092,353	\$ 16,443,755
Plan Fiduciary Net Position								
Contributions - Employer	\$ 368,920	\$ 408,901	\$ 442,930	\$ 464,789	\$ 306,608	\$ 331,497	\$ 333,770	\$ 343,347
Contributions - Employee	235,888	249,330	276,230	283,064	306,609	331,497	334,106	343,348
Net Investment Income	1,330,734	296,568	269,832	1,210,901	1,004,316	981,794	704,035	3,844,560
Benefit Payments, Including Refunds of Employee Contributions	(329,941)	(368,104)	(493,500)	(454,950)	(458,794)	(611,536)	(624,620)	(677,024)
Administrative Expense	(6,630)	(9,664)	(15,128)	(17,251)	(21,398)	(20,618)	(20,916)	(21,632)
Other	0	0	14,230	0	0	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	\$ 726,375	\$ 3,832,599
Plan Fiduciary Net Position, Beginning	7,875,677	9,474,648	10,051,679	10,546,273	12,032,826	13,170,167	14,182,801	14,909,176
Plan Fiduciary Net Position, Ending (b)	\$ 9,474,648	\$ 10,051,679	\$ 10,546,273	\$ 12,032,826	\$ 13,170,167	\$ 14,182,801	\$ 14,909,176	\$ 18,741,775
Net Pension Liability (Asset), Ending (a - b)	\$ (484,236)	\$ 215,017	\$ 95,978	\$ (133,900)	\$ (530,603)	\$ (625,814)	\$ (816,823)	\$ (2,298,020)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	105.39%	97.91%	99.10%	101.13%	104.20%	104.62%	105.80%	113.98%
Covered Payroll	\$ 4,741,904	\$ 4,986,584	\$ 5,401,594	\$ 5,661,245	\$ 6,132,138	\$ 6,629,924	\$ 6,675,400	\$ 6,866,933
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(10.21%)	4.31%	1.78%	(2.37%)	(8.65%)	(9.44%)	(12.24%)	(33.47%)

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

Note 2: 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 E-2

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially Determined Contribution	\$ 368,920	\$ 408,901	\$ 442,930	\$ 464,789	\$ 306,608	\$ 234,037	\$ 216,283	\$ 222,489	\$ 358,591
Less: Contributions in Relation to the Actuarially Determined Contribution	(368,920)	(408,901)	(442,930)	(464,789)	(306,608)	(331,497)	(333,770)	(343,347)	(358,591)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (97,460)	\$ (117,487)	\$ (120,858)	\$ 0
Covered Payroll	\$ 4,741,904	\$ 4,986,584	\$ 5,401,594	\$ 5,661,245	\$ 6,132,138	\$ 6,629,924	\$ 6,675,400	\$ 6,866,933	\$ 7,171,767
Contributions as a Percentage of Covered Payroll	7.78%	8.20%	8.20%	8.21%	5.00%	5.00%	5.00%	5.00%	5.00%

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

Note 2: 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 E-3

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

	2015	2016	2017	2018	2019	2020	2021	2022
Contractually Required Contribution	\$ 11,717	\$ 22,063	\$ 29,275	\$ 37,805	\$ 23,495	\$ 28,224	\$ 39,003	\$ 50,072
Less: Contributions in Relation to the Contractually Required Contribution	(11,717)	(22,063)	(29,275)	37,805	(23,495)	(28,224)	(39,003)	(50,072)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 292,931	\$ 551,584	\$ 731,857	\$ 945,125	\$ 1,211,056	\$ 1,390,335	\$ 1,930,836	\$ 2,976,016
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	4.00%	1.94%	2.03%	2.02%	2.01%

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

Note 2: Beginning in FY 2019, the school department placed the actuarially determined contribution rate of covered payroll into the pension plan and placed the remainder of the four percent contractually required contribution into the Pension Stabilization Reserve Trust (SRT).

2019: Pension - 1.94%, SRT - 2.02%

2020: Pension - 2.03%, SRT - 1.97%

2021: Pension - 2.02%, SRT - 1.98%

2022: Pension - 2.01%, SRT - 1.99%

Exhibit E-4

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Contractually Required Contribution	\$ 825,308	\$ 825,664	\$ 808,191	\$ 804,829	\$ 819,504	\$ 921,441	\$ 925,096	\$ 852,604	\$ 932,150
Less: Contributions in Relation to the Contractually Required Contribution	(825,308)	(825,664)	(808,191)	(804,829)	(819,504)	(921,441)	(925,096)	(852,604)	(932,150)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 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	\$ 8,702,674	\$ 8,301,886	\$ 9,049,997
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.08%	10.46%	10.63%	10.27%	10.30%

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

Exhibit E-5

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

	2015	2016	2017	2018	2019	2020	2021
School Department's Proportion of the Net Pension Liability (Asset)	0.138076%	0.125358%	0.111507%	0.108152%	0.114445%	0.110175%	0.133786%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (5,672)	\$ (13,050)	\$ (29,420)	\$ (49,050)	\$ (64,603)	\$ (62,650)	\$ (144,919)
Covered Payroll	\$ 292,931	\$ 551,584	\$ 731,857	\$ 945,125	\$ 1,211,056	\$ 1,390,335	\$ 1,930,836
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%)	(4.51%)	(7.51%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	127.46%	121.88%	126.81%	126.97%	123.07%	116.52%	121.53%

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

Exhibit E-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	2020	2021
School Department's Proportion of the Net Pension Liability (Asset)	0.236791%	0.243981%	0.247664%	0.251856%	0.257744%	0.262714%	0.261479%	0.252939%
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)	\$ (1,993,968)	\$ (10,909,866)
Covered Payroll	\$ 9,294,007	\$ 9,133,452	\$ 8,940,165	\$ 8,902,968	\$ 9,025,375	\$ 8,809,192	\$ 8,702,674	\$ 8,301,886
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%)	(22.91%)	(131.41%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	100.08%	99.81%	97.14%	100.14%	101.49%	104.28%	103.09%	116.13%

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

Exhibit E-7

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

Local Education Plan

	2017	2018	2019	2020	2021
Total OPEB Liability					
Service Cost	\$ 263,808	\$ 245,776	\$ 253,160	\$ 235,248	\$ 298,018
Interest	136,044	164,046	169,917	161,612	113,432
Changes in Benefit Terms	0	(278,963)	0	0	0
Differences Between Actual and Expected Experience	0	32,469	2,780	(294,614)	348,233
Changes in Assumptions or Other Inputs	(218,480)	119,987	(326,369)	506,986	5,521
Benefit Payments	(209,570)	(219,134)	(192,336)	(149,413)	(137,407)
Net Change in Total OPEB Liability	\$ (28,198)	\$ 64,181	\$ (92,848)	\$ 459,819	\$ 627,797
Total OPEB Liability, Beginning	4,500,018	4,471,820	4,536,001	4,443,153	4,902,972
Total OPEB Liability, Ending	\$ 4,471,820	\$ 4,536,001	\$ 4,443,153	\$ 4,902,972	\$ 5,530,769
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 1,479,721	\$ 1,189,389	\$ 1,181,061	\$ 1,263,921	\$ 1,515,347
Employer Proportionate Share of the Total OPEB Liability	2,992,099	3,346,612	3,262,092	3,639,051	4,015,422
Covered Employee Payroll	\$ 9,491,749	\$ 9,634,825	\$ 9,970,500	\$ 10,093,009	\$ 10,232,722
Total OPEB Liability as a percentage of covered employee payroll	47.11%	47.08%	44.56%	48.58%	54.05%

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%
2020	2.21%
2021	2.16%

(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%
- For the 2021 plan year - from 6.03% to 9.02%
- For the 2022 plan year - from 9.02% to 7.36%

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, 2022

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for fiscal year 2022 were calculated based on the July 1, 2020, 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 percent 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.

General Capital Projects Fund – The General Capital Projects Fund is used to account for airport upgrades and maintenance.

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

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

Exhibit F-1

Polk County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

	Special Revenue Funds				Capital
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	Projects Funds General Capital Projects
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 1,610	\$ 1,610	\$ 0
Equity in Pooled Cash and Investments	194,946	120,124	0	315,070	16,840
Accounts Receivable	1,895	0	12,084	13,979	0
Due from Other Governments	111	0	0	111	0
Due from Other Funds	0	0	0	0	0
Property Taxes Receivable	557,961	0	0	557,961	0
Allowance for Uncollectible Property Taxes	(21,445)	0	0	(21,445)	0
Total Assets	<u>\$ 733,468</u>	<u>\$ 120,124</u>	<u>\$ 13,694</u>	<u>\$ 867,286</u>	<u>\$ 16,840</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 42,017	\$ 0	\$ 0	\$ 42,017	\$ 0
Payroll Deductions Payable	500	6,343	0	6,843	0
Due to Other Funds	0	0	13,694	13,694	0
Due to State of Tennessee	125	0	0	125	0
Total Liabilities	<u>\$ 42,642</u>	<u>\$ 6,343</u>	<u>\$ 13,694</u>	<u>\$ 62,679</u>	<u>\$ 0</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 519,680	\$ 0	\$ 0	\$ 519,680	\$ 0
Deferred Delinquent Property Taxes	16,024	0	0	16,024	0
Total Deferred Inflows of Resources	<u>\$ 535,704</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 535,704</u>	<u>\$ 0</u>

(Continued)

Exhibit F-1

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

	Special Revenue Funds				Capital
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	Projects Funds General Capital Projects
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Public Safety	\$ 0	\$ 113,781	\$ 0	\$ 113,781	\$ 0
Restricted for Public Health and Welfare	155,122	0	0	155,122	0
Restricted for Other Operations	0	0	0	0	16,840
Committed:					
Committed for Capital Outlay	0	0	0	0	0
Total Fund Balances	<u>\$ 155,122</u>	<u>\$ 113,781</u>	<u>\$ 0</u>	<u>\$ 268,903</u>	<u>\$ 16,840</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 733,468</u>	<u>\$ 120,124</u>	<u>\$ 13,694</u>	<u>\$ 867,286</u>	<u>\$ 16,840</u>

(Continued)

Exhibit F-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	\$ 1,610
Equity in Pooled Cash and Investments	96,305	113,145	428,215
Accounts Receivable	0	0	13,979
Due from Other Governments	0	0	111
Due from Other Funds	9,500	9,500	9,500
Property Taxes Receivable	0	0	557,961
Allowance for Uncollectible Property Taxes	0	0	(21,445)
Total Assets	<u>\$ 105,805</u>	<u>\$ 122,645</u>	<u>\$ 989,931</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 0	\$ 0	\$ 42,017
Payroll Deductions Payable	0	0	6,843
Due to Other Funds	0	0	13,694
Due to State of Tennessee	0	0	125
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 62,679</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 519,680
Deferred Delinquent Property Taxes	0	0	16,024
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 535,704</u>

(Continued)

Exhibit F-1

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

<u>FUND BALANCES</u>	<u>Capital Projects Funds (Cont.)</u>		Total Nonmajor Governmental Funds
	Other Capital Projects	Total	
Restricted:			
Restricted for Public Safety	\$ 0	\$ 0	\$ 113,781
Restricted for Public Health and Welfare	0	0	155,122
Restricted for Other Operations	0	16,840	16,840
Committed:			
Committed for Capital Outlay	105,805	105,805	105,805
Total Fund Balances	<u>\$ 105,805</u>	<u>\$ 122,645</u>	<u>\$ 391,548</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 105,805</u>	<u>\$ 122,645</u>	<u>\$ 989,931</u>

Exhibit F-2

Polk County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Special Revenue Funds			Capital Projects Funds	
	Solid Waste / Sanitation	Drug Control	Total	General Capital Projects	Education Capital Projects
<u>Revenues</u>					
Local Taxes	\$ 330,951	\$ 0	\$ 330,951	\$ 0	\$ 0
Fines, Forfeitures, and Penalties	0	41,648	41,648	0	0
Charges for Current Services	17,678	0	17,678	0	0
Other Local Revenues	0	0	0	12,000	0
State of Tennessee	27,001	0	27,001	0	0
Other Governments and Citizens Groups	0	0	0	0	0
Total Revenues	\$ 375,630	\$ 41,648	\$ 417,278	\$ 12,000	\$ 0
<u>Expenditures</u>					
Current:					
Public Safety	\$ 0	\$ 36,676	\$ 36,676	\$ 0	\$ 0
Public Health and Welfare	624,164	0	624,164	0	0
Other Operations	6,630	1,205	7,835	120	0
Capital Projects - Donated	0	0	0	0	314,000
Total Expenditures	\$ 630,794	\$ 37,881	\$ 668,675	\$ 120	\$ 314,000
Excess (Deficiency) of Revenues Over Expenditures	\$ (255,164)	\$ 3,767	\$ (251,397)	\$ 11,880	\$ (314,000)
<u>Other Financing Sources (Uses)</u>					
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 314,000
Proceeds from Sale of Capital Assets	0	0	0	0	0
Insurance Recovery	0	0	0	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 314,000

(Continued)

Exhibit F-2

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

	Special Revenue Funds			Capital Projects Funds	
	Solid Waste / Sanitation	Drug Control	Total	General Capital Projects	Education Capital Projects
Net Change in Fund Balances	\$ (255,164)	\$ 3,767	\$ (251,397)	\$ 11,880	\$ 0
Fund Balance, July 1, 2021	410,286	110,014	520,300	4,960	0
Fund Balance, June 30, 2022	\$ 155,122	\$ 113,781	\$ 268,903	\$ 16,840	\$ 0

(Continued)

Exhibit F-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	\$ 330,951
Fines, Forfeitures, and Penalties	0	0	41,648
Charges for Current Services	81,727	81,727	99,405
Other Local Revenues	50	12,050	12,050
State of Tennessee	0	0	27,001
Other Governments and Citizens Groups	54,803	54,803	54,803
Total Revenues	<u>\$ 136,580</u>	<u>\$ 148,580</u>	<u>\$ 565,858</u>
<u>Expenditures</u>			
Current:			
Public Safety	\$ 159,961	\$ 159,961	\$ 196,637
Public Health and Welfare	0	0	624,164
Other Operations	800	920	8,755
Capital Projects - Donated	0	314,000	314,000
Total Expenditures	<u>\$ 160,761</u>	<u>\$ 474,881</u>	<u>\$ 1,143,556</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (24,181)</u>	<u>\$ (326,301)</u>	<u>\$ (577,698)</u>
<u>Other Financing Sources (Uses)</u>			
Other Loans Issued	\$ 0	\$ 314,000	\$ 314,000
Proceeds from Sale of Capital Assets	9,500	9,500	9,500
Insurance Recovery	43,213	43,213	43,213
Total Other Financing Sources (Uses)	<u>\$ 52,713</u>	<u>\$ 366,713</u>	<u>\$ 366,713</u>

(Continued)

Exhibit F-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	\$ 28,532	\$ 40,412	\$ (210,985)
Fund Balance, July 1, 2021	77,273	82,233	602,533
Fund Balance, June 30, 2022	\$ 105,805	\$ 122,645	\$ 391,548

Exhibit F-3

Polk County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2022

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 330,951	\$ 0	\$ 330,951	\$ 309,431	\$ 309,431	\$ 21,520
Charges for Current Services	17,678	0	17,678	4,080	4,080	13,598
State of Tennessee	27,001	0	27,001	50,000	50,000	(22,999)
Total Revenues	<u>\$ 375,630</u>	<u>\$ 0</u>	<u>\$ 375,630</u>	<u>\$ 363,511</u>	<u>\$ 363,511</u>	<u>\$ 12,119</u>
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Sanitation Management	\$ 470,468	\$ 0	\$ 470,468	\$ 430,000	\$ 430,000	\$ (40,468)
Convenience Centers	153,696	300	153,996	148,098	155,918	1,922
<u>Other Operations</u>						
Other Charges	6,630	0	6,630	12,000	12,000	5,370
Total Expenditures	<u>\$ 630,794</u>	<u>\$ 300</u>	<u>\$ 631,094</u>	<u>\$ 590,098</u>	<u>\$ 597,918</u>	<u>\$ (33,176)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (255,164)</u>	<u>\$ (300)</u>	<u>\$ (255,464)</u>	<u>\$ (226,587)</u>	<u>\$ (234,407)</u>	<u>\$ (21,057)</u>
Net Change in Fund Balance	\$ (255,164)	\$ (300)	\$ (255,464)	\$ (226,587)	\$ (234,407)	\$ (21,057)
Fund Balance, July 1, 2021	<u>410,286</u>	<u>0</u>	<u>410,286</u>	<u>411,893</u>	<u>411,893</u>	<u>(1,607)</u>
Fund Balance, June 30, 2022	<u>\$ 155,122</u>	<u>\$ (300)</u>	<u>\$ 154,822</u>	<u>\$ 185,306</u>	<u>\$ 177,486</u>	<u>\$ (22,664)</u>

Exhibit F-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, 2022

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2021	Add: Encumbrances 6/30/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Fines, Forfeitures, and Penalties	\$ 41,648	\$ 0	\$ 0	\$ 41,648	\$ 28,500	\$ 28,500	\$ 13,148
Total Revenues	\$ 41,648	\$ 0	\$ 0	\$ 41,648	\$ 28,500	\$ 28,500	\$ 13,148
<u>Expenditures</u>							
<u>Public Safety</u>							
Drug Enforcement	\$ 36,676	\$ (200)	\$ 400	\$ 36,876	\$ 26,900	\$ 48,900	\$ 12,024
<u>Other Operations</u>							
Other Charges	363	0	0	363	525	525	162
Employee Benefits	842	0	0	842	1,075	1,075	233
Total Expenditures	\$ 37,881	\$ (200)	\$ 400	\$ 38,081	\$ 28,500	\$ 50,500	\$ 12,419
Excess (Deficiency) of Revenues Over Expenditures	\$ 3,767	\$ 200	\$ (400)	\$ 3,567	\$ 0	\$ (22,000)	\$ 25,567
Net Change in Fund Balance	\$ 3,767	\$ 200	\$ (400)	\$ 3,567	\$ 0	\$ (22,000)	\$ 25,567
Fund Balance, July 1, 2021	110,014	(200)	0	109,814	159,190	159,190	(49,376)
Fund Balance, June 30, 2022	\$ 113,781	\$ 0	\$ (400)	\$ 113,381	\$ 159,190	\$ 137,190	\$ (23,809)

Exhibit F-5

Polk County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Other Capital Projects- Law Enforcement Vehicles Fund
For the Year Ended June 30, 2022

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 81,727	\$ 65,000	\$ 65,000	\$ 16,727
Other Local Revenues	50	5,000	5,000	(4,950)
Other Governments and Citizens Groups	54,803	55,000	55,000	(197)
Total Revenues	<u>\$ 136,580</u>	<u>\$ 125,000</u>	<u>\$ 125,000</u>	<u>\$ 11,580</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 159,961	\$ 124,185	\$ 165,536	\$ 5,575
<u>Other Operations</u>				
Other Charges	800	815	815	15
Total Expenditures	<u>\$ 160,761</u>	<u>\$ 125,000</u>	<u>\$ 166,351</u>	<u>\$ 5,590</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (24,181)</u>	<u>\$ 0</u>	<u>\$ (41,351)</u>	<u>\$ 17,170</u>
<u>Other Financing Sources (Uses)</u>				
Proceeds from Sale of Capital Assets	\$ 9,500	\$ 0	\$ 0	\$ 9,500
Insurance Recovery	43,213	0	0	43,213
Transfers In	0	0	1,351	(1,351)
Total Other Financing Sources	<u>\$ 52,713</u>	<u>\$ 0</u>	<u>\$ 1,351</u>	<u>\$ 51,362</u>
Net Change in Fund Balance	\$ 28,532	\$ 0	\$ (40,000)	\$ 68,532
Fund Balance, July 1, 2021	<u>77,273</u>	<u>89,559</u>	<u>89,559</u>	<u>(12,286)</u>
Fund Balance, June 30, 2022	<u>\$ 105,805</u>	<u>\$ 89,559</u>	<u>\$ 49,559</u>	<u>\$ 56,246</u>

Major Governmental Fund

General Debt Service Fund

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

Exhibit G

Polk County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2022

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,209,282	\$ 1,166,727	\$ 1,166,727	\$ 42,555
Other Local Revenues	4,246	2,825	2,825	1,421
State of Tennessee	102,069	100,000	100,000	2,069
Other Governments and Citizens Groups	829,654	803,744	829,655	(1)
Total Revenues	<u>\$ 2,145,251</u>	<u>\$ 2,073,296</u>	<u>\$ 2,099,207</u>	<u>\$ 46,044</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 870,000	\$ 1,678,000	\$ 870,000	\$ 0
Highways and Streets	135,000	135,000	135,000	0
Education	971,525	0	971,525	0
<u>Interest on Debt</u>				
General Government	54,436	216,390	176,949	122,513
Highways and Streets	18,743	0	18,743	0
Education	55,570	0	55,570	0
<u>Other Debt Service</u>				
General Government	24,441	22,000	22,000	(2,441)
Highways and Streets	0	18,744	1	1
Total Expenditures	<u>\$ 2,129,715</u>	<u>\$ 2,070,134</u>	<u>\$ 2,249,788</u>	<u>\$ 120,073</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 15,536</u>	<u>\$ 3,162</u>	<u>\$ (150,581)</u>	<u>\$ 166,117</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 153,743	0	153,743	0
Total Other Financing Sources	<u>\$ 153,743</u>	<u>\$ 0</u>	<u>\$ 153,743</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 169,279	\$ 3,162	\$ 3,162	\$ 166,117
Fund Balance, July 1, 2021	<u>4,581,988</u>	<u>4,505,436</u>	<u>4,505,436</u>	<u>76,552</u>
Fund Balance, June 30, 2022	<u>\$ 4,751,267</u>	<u>\$ 4,508,598</u>	<u>\$ 4,508,598</u>	<u>\$ 242,669</u>

Custodial Funds

Custodial Funds are used to account for assets held by the county in a custodial capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Custodial Funds are reported using the economic resources measurement focus and the accrual basis of accounting. Custodial fund reporting focuses on net position and changes in net position. Custodial funds are distinguished from trust funds by the absence of a trust agreement or equivalent arrangement.

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

Polk County, Tennessee
Combining Statement of Net Position
Custodial Funds
June 30, 2022

	<u>Custodial Funds</u>		
	<u>Cities -</u>	<u>Constitu -</u>	
	<u>Sales</u>	<u>tional</u>	
	<u>Tax</u>	<u>Officers -</u>	
		<u>Custodial</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 0	\$ 908,200	\$ 908,200
Accounts Receivable	0	477	477
Due from Other Governments	128,597	0	128,597
Total Assets	<u>\$ 128,597</u>	<u>\$ 908,677</u>	<u>\$ 1,037,274</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 128,597	\$ 0	\$ 128,597
Total Liabilities	<u>\$ 128,597</u>	<u>\$ 0</u>	<u>\$ 128,597</u>
<u>NET POSITION</u>			
Restricted for Individuals, Organizations, and Other Governments	<u>\$ 0</u>	<u>\$ 908,677</u>	<u>\$ 908,677</u>
Total Net Position	<u>\$ 0</u>	<u>\$ 908,677</u>	<u>\$ 908,677</u>

Exhibit H-2

Polk County, Tennessee
Combining Statement of Changes in Net Position
Custodial Funds
For the Year Ended June 30, 2022

	<u>Custodial Funds</u>		
	Cities - Sales Tax	Constitu - tional Officers - Custodial	Total
<u>Additions</u>			
Sales Tax Collections for Other Governments	\$ 857,094	\$ 0	\$ 857,094
Fines/Fees and Other Collections	0	5,450,010	5,450,010
Total Additions	<u>\$ 857,094</u>	<u>\$ 5,450,010</u>	<u>\$ 6,307,104</u>
<u>Deductions</u>			
Payment of Sales Tax Collections for Other Governments	\$ 857,094	\$ 0	\$ 857,094
Payments to State	0	2,956,325	2,956,325
Payments to County/City	0	1,373,004	1,373,004
Payments to Individuals and Others	0	1,220,047	1,220,047
Total Deductions	<u>\$ 857,094</u>	<u>\$ 5,549,376</u>	<u>\$ 6,406,470</u>
Change in Net Position	\$ 0	\$ (99,366)	\$ (99,366)
Net Position July 1, 2021	<u>0</u>	<u>1,008,043</u>	<u>1,008,043</u>
Net Position June 30, 2022	<u>\$ 0</u>	<u>\$ 908,677</u>	<u>\$ 908,677</u>

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 school department uses a General Fund, three Special Revenue Funds, one Capital Projects Fund, and one 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.

Internal School Fund – The Internal School Fund is used to account for funds held at the individual schools for internal school use such as the purchase of supplies, school clubs, and student activities.

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for building construction and renovations 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 I-1

Polk County, Tennessee
Statement of Activities
Discretely Presented Polk County School Department
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:					
Instruction	\$ 13,328,040	\$ 1,316	\$ 4,230,732	\$ 0	\$ (9,095,992)
Support Services	8,446,430	0	927,178	314,000	(7,205,252)
Operation of Non-instructional Services	2,686,007	74,866	2,285,191	0	(325,950)
Total Governmental Activities	\$ 24,460,477	\$ 76,182	\$ 7,443,101	\$ 314,000	\$ (16,627,194)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 2,491,836
Local Option Sales Taxes					3,198,811
Other Local Taxes					34,911
Grants and Contributions Not Restricted to Specific Programs					15,333,759
Unrestricted Investment Earnings					(6,916)
Miscellaneous					18,074
Sale of Equipment					4,500
Total General Revenues					\$ 21,074,975
Insurance Recovery					\$ 1,304
Change in Net Position					\$ 4,449,085
Net Position, July 1, 2021					16,583,369
Net Position, June 30, 2022					\$ 21,032,454

Exhibit I-2

Polk County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Polk County School Department
June 30, 2022

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General Purpose School	School Federal Projects	Education Capital Projects	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 452,388	\$ 452,388
Equity in Pooled Cash and Investments	1,975,211	498,894	995,752	556,797	4,026,654
Accounts Receivable	12,683	295	0	0	12,978
Due from Other Governments	1,360,201	276,680	82,528	25,307	1,744,716
Due from Other Funds	432,156	10,452	0	0	442,608
Property Taxes Receivable	2,546,912	0	0	0	2,546,912
Allowance for Uncollectible Property Taxes	(116,460)	0	0	0	(116,460)
Other Current Assets	0	0	0	2,495	2,495
Restricted Assets	154,063	0	0	0	154,063
Total Assets	<u>\$ 6,364,766</u>	<u>\$ 786,321</u>	<u>\$ 1,078,280</u>	<u>\$ 1,036,987</u>	<u>\$ 9,266,354</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 3,848	\$ 0	\$ 0	\$ 0	\$ 3,848
Accrued Payroll	4,553	2,468	0	0	7,021
Payroll Deductions Payable	194,894	141,373	0	15,299	351,566
Due to Other Funds	10,452	106,488	325,668	0	442,608
Due to Primary Government	11,875	0	0	0	11,875
Total Liabilities	<u>\$ 225,622</u>	<u>\$ 250,329</u>	<u>\$ 325,668</u>	<u>\$ 15,299</u>	<u>\$ 816,918</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 2,251,676	\$ 0	\$ 0	\$ 0	\$ 2,251,676
Deferred Delinquent Property Taxes	161,081	0	0	0	161,081
Other Deferred/Unavailable Revenue	302,131	0	42,795	0	344,926
Total Deferred Inflows of Resources	<u>\$ 2,714,888</u>	<u>\$ 0</u>	<u>\$ 42,795</u>	<u>\$ 0</u>	<u>\$ 2,757,683</u>

(Continued)

Exhibit I-2

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

	<u>Major Funds</u>			<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Education</u>	<u>Funds</u>	
				<u>Other</u>	
<u>Purpose</u>	<u>Federal</u>	<u>Capital</u>	<u>Govern-</u>	<u>Governmental</u>	
<u>School</u>	<u>Projects</u>	<u>Projects</u>	<u>mental</u>	<u>Funds</u>	
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Education	\$ 15,703	\$ 185,992	\$ 709,817	\$ 1,021,688	\$ 1,933,200
Restricted for Hybrid Retirement Stabilization Funds	154,063	0	0	0	154,063
Committed:					
Committed for Education	0	350,000	0	0	350,000
Assigned:					
Assigned for Education	22,782	0	0	0	22,782
Unassigned	3,231,708	0	0	0	3,231,708
Total Fund Balances	<u>\$ 3,424,256</u>	<u>\$ 535,992</u>	<u>\$ 709,817</u>	<u>\$ 1,021,688</u>	<u>\$ 5,691,753</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,364,766</u>	<u>\$ 786,321</u>	<u>\$ 1,078,280</u>	<u>\$ 1,036,987</u>	<u>\$ 9,266,354</u>

Exhibit I-3

Polk County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Discretely Presented Polk County School Department
June 30, 2022

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)		\$	5,691,753
(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		11,082,271	
Add: other capital assets net of accumulated depreciation		<u>1,004,909</u>	12,488,680
(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.			41,221
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: OPEB liability			(4,015,422)
(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	\$	4,621,879	
Less: deferred inflows of resources related to pensions		(10,468,436)	
Add: deferred outflows of resources related to OPEB		940,472	
Less: deferred inflows of resources related to OPEB		<u>(494,681)</u>	(5,400,766)
(5) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension assets - agent plan	\$	666,196	
Add: net pension assets - teacher retirement plan		144,919	
Add: net pension assets - teacher legacy pension plan		<u>10,909,866</u>	11,720,981
(6) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>506,007</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>21,032,454</u></u>

Exhibit I-4

Polk County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Polk County School Department
For the Year Ended June 30, 2022

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General Purpose School	School Federal Projects	Education Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 5,251,177	\$ 0	\$ 459,859	\$ 0	\$ 5,711,036
Licenses and Permits	1,596	0	0	0	1,596
Fines, Forfeitures, and Penalties	1,316	0	0	0	1,316
Charges for Current Services	0	0	0	60,366	60,366
Other Local Revenues	39,634	0	0	40,651	80,285
State of Tennessee	15,640,305	0	0	12,915	15,653,220
Federal Government	1,012,562	3,992,542	0	1,707,583	6,712,687
Other Governments and Citizens Groups	757,421	0	0	0	757,421
Total Revenues	<u>\$ 22,704,011</u>	<u>\$ 3,992,542</u>	<u>\$ 459,859</u>	<u>\$ 1,821,515</u>	<u>\$ 28,977,927</u>
<u>Expenditures</u>					
Current:					
Instruction	\$ 11,450,487	\$ 3,008,455	\$ 0	\$ 0	\$ 14,458,942
Support Services	8,208,014	749,063	2,503	0	8,959,580
Operation of Non-Instructional Services	1,120,221	25,665	0	1,532,418	2,678,304
Capital Outlay	218,728	23,527	0	0	242,255
Debt Service:					
Other Debt Service	650,000	0	0	0	650,000
Total Expenditures	<u>\$ 21,647,450</u>	<u>\$ 3,806,710</u>	<u>\$ 2,503</u>	<u>\$ 1,532,418</u>	<u>\$ 26,989,081</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,056,561</u>	<u>\$ 185,832</u>	<u>\$ 457,356</u>	<u>\$ 289,097</u>	<u>\$ 1,988,846</u>

(Continued)

Exhibit I-4

Polk County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Polk County School Department (Cont.)

	Major Funds			Nonmajor Funds	Total
	General Purpose School	School Federal Projects	Education Capital Projects	Other Govern- mental Funds	Governmental Funds
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 1,304	\$ 0	\$ 0	\$ 0	\$ 1,304
Total Other Financing Sources (Uses)	\$ 1,304	\$ 0	\$ 0	\$ 0	\$ 1,304
Net Change in Fund Balances	\$ 1,057,865	\$ 185,832	\$ 457,356	\$ 289,097	\$ 1,990,150
Fund Balance, July 1, 2021	2,366,391	350,160	252,461	732,591	3,701,603
Fund Balance, June 30, 2022	\$ 3,424,256	\$ 535,992	\$ 709,817	\$ 1,021,688	\$ 5,691,753

Exhibit I-5

Polk County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Polk County School Department
For the Year Ended June 30, 2022

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)		\$ 1,990,150
(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	\$ 314,000	
Less: current-year depreciation expense	<u>(603,921)</u>	(289,921)
(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		(17,381)
(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, 2022	\$ 506,007	
Less: deferred delinquent property taxes and other deferred June 30, 2021	<u>(383,778)</u>	122,229
(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	\$ 434,790	
Change in net pension asset - teacher retirement plan	82,269	
Change in net pension asset - teacher legacy pension plan	8,915,898	
Change in deferred outflows related to pensions	2,798,099	
Change in deferred inflows related to pensions	(9,383,387)	
Change in OPEB Liability	(376,371)	
Change in deferred outflows related to OPEB	170,662	
Change in deferred inflows related to OPEB	<u>2,044</u>	2,644,004
(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>4</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 4,449,085</u>

Exhibit I-6

Polk County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Polk County School Department
June 30, 2022

	<u>Special Revenue Funds</u>		
	Central Cafeteria	Internal School	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 315	\$ 452,073	\$ 452,388
Equity in Pooled Cash and Investments	556,797	0	556,797
Due from Other Governments	25,307	0	25,307
Other Current Assets	0	2,495	2,495
Total Assets	<u>\$ 582,419</u>	<u>\$ 454,568</u>	<u>\$ 1,036,987</u>
<u>LIABILITIES</u>			
Payroll Deductions Payable	\$ 15,299	\$ 0	\$ 15,299
Total Liabilities	<u>\$ 15,299</u>	<u>\$ 0</u>	<u>\$ 15,299</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 567,120	\$ 454,568	\$ 1,021,688
Total Fund Balances	<u>\$ 567,120</u>	<u>\$ 454,568</u>	<u>\$ 1,021,688</u>
Total Liabilities and Fund Balances	<u>\$ 582,419</u>	<u>\$ 454,568</u>	<u>\$ 1,036,987</u>

Exhibit I-7

Polk County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Polk County School Department
For the Year Ended June 30, 2022

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	Central Cafeteria	Internal School	
<u>Revenues</u>			
Charges for Current Services	\$ 60,366	\$ 0	\$ 60,366
Other Local Revenues	40,651	0	40,651
State of Tennessee	12,915	0	12,915
Federal Government	1,707,583	0	1,707,583
Total Revenues	<u>\$ 1,821,515</u>	<u>\$ 0</u>	<u>\$ 1,821,515</u>
<u>Expenditures</u>			
Current:			
Operation of Non-Instructional Services	\$ 1,532,418	\$ 0	\$ 1,532,418
Total Expenditures	<u>\$ 1,532,418</u>	<u>\$ 0</u>	<u>\$ 1,532,418</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 289,097</u>	<u>\$ 0</u>	<u>\$ 289,097</u>
Net Change in Fund Balances	\$ 289,097	\$ 0	\$ 289,097
Fund Balance, July 1, 2021	278,023	454,568	732,591
Fund Balance, June 30, 2022	<u>\$ 567,120</u>	<u>\$ 454,568</u>	<u>\$ 1,021,688</u>

Exhibit I-8

Polk County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Polk County School Department
General Purpose School Fund
For the Year Ended June 30, 2022

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2021	Add: Encumbrances 6/30/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 5,251,177	\$ 0	\$ 0	\$ 5,251,177	\$ 3,956,981	\$ 4,073,981	\$ 1,177,196
Licenses and Permits	1,596	0	0	1,596	1,500	1,500	96
Fines, Forfeitures, and Penalties	1,316	0	0	1,316	1,500	1,500	(184)
Other Local Revenues	39,634	0	0	39,634	119,920	119,920	(80,286)
State of Tennessee	15,640,305	0	0	15,640,305	14,463,390	15,215,503	424,802
Federal Government	1,012,562	0	0	1,012,562	257,000	829,905	182,657
Other Governments and Citizens Groups	757,421	0	0	757,421	0	314,000	443,421
Total Revenues	\$ 22,704,011	\$ 0	\$ 0	\$ 22,704,011	\$ 18,800,291	\$ 20,556,309	\$ 2,147,702
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 9,446,864	\$ 0	\$ 2,500	\$ 9,449,364	\$ 8,670,053	\$ 9,270,477	\$ (178,887)
Alternative Instruction Program	110,195	0	0	110,195	107,290	105,324	(4,871)
Special Education Program	1,011,148	0	0	1,011,148	936,348	967,023	(44,125)
Career and Technical Education Program	882,280	0	0	882,280	981,466	929,273	46,993
<u>Support Services</u>							
Attendance	103,507	0	0	103,507	101,078	101,726	(1,781)
Health Services	257,212	(12,000)	0	245,212	136,219	231,409	(13,803)
Other Student Support	897,951	0	1,321	899,272	669,071	679,767	(219,505)
Regular Instruction Program	656,156	0	0	656,156	630,295	718,707	62,551
Special Education Program	265,706	0	0	265,706	260,498	263,537	(2,169)
Career and Technical Education Program	58,067	0	0	58,067	55,575	55,919	(2,148)
Technology	128,126	0	0	128,126	137,363	140,280	12,154
Other Programs	86,222	0	0	86,222	0	86,222	0
Board of Education	410,960	0	0	410,960	466,927	456,384	45,424
Director of Schools	301,540	0	0	301,540	288,237	281,518	(20,022)
Office of the Principal	1,311,306	0	0	1,311,306	1,278,992	1,285,972	(25,334)
Fiscal Services	217,505	0	0	217,505	211,610	209,968	(7,537)
Operation of Plant	1,595,972	(18,288)	5,800	1,583,484	1,698,493	1,598,948	15,464

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2021	Add: Encumbrances 6/30/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Maintenance of Plant	\$ 245,473	\$ 0	\$ 0	\$ 245,473	\$ 187,267	\$ 194,532	\$ (50,941)
Transportation	1,672,311	(420)	13,161	1,685,052	1,064,448	1,573,274	(111,778)
<u>Operation of Non-Instructional Services</u>							
Food Service	108,008	0	0	108,008	104,972	105,097	(2,911)
Community Services	419,223	0	0	419,223	0	520,517	101,294
Early Childhood Education	592,990	(5,672)	0	587,318	0	514,279	(73,039)
<u>Capital Outlay</u>							
Regular Capital Outlay	218,728	0	0	218,728	164,089	90,000	(128,728)
<u>Other Debt Service</u>							
Education	650,000	0	0	650,000	650,000	650,000	0
Total Expenditures	\$ 21,647,450	\$ (36,380)	\$ 22,782	\$ 21,633,852	\$ 18,800,291	\$ 21,030,153	\$ (603,699)
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,056,561	\$ 36,380	\$ (22,782)	\$ 1,070,159	\$ 0	\$ (473,844)	\$ 1,544,003
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 1,304	\$ 0	\$ 0	\$ 1,304	\$ 0	\$ 0	\$ 1,304
Total Other Financing Sources	\$ 1,304	\$ 0	\$ 0	\$ 1,304	\$ 0	\$ 0	\$ 1,304
Net Change in Fund Balance	\$ 1,057,865	\$ 36,380	\$ (22,782)	\$ 1,071,463	\$ 0	\$ (473,844)	\$ 1,545,307
Fund Balance, July 1, 2021	2,366,391	(36,380)	0	2,330,011	1,665,196	1,665,196	664,815
Fund Balance, June 30, 2022	\$ 3,424,256	\$ 0	\$ (22,782)	\$ 3,401,474	\$ 1,665,196	\$ 1,191,352	\$ 2,210,122

Exhibit I-9

Polk County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Polk County School Department
School Federal Projects Fund
For the Year Ended June 30, 2022

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2021	Add: Encumbrances 6/30/2022	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 3,992,542	\$ 0	\$ 0	\$ 3,992,542	\$ 1,419,957	\$ 8,475,796	\$ (4,483,254)
Total Revenues	\$ 3,992,542	\$ 0	\$ 0	\$ 3,992,542	\$ 1,419,957	\$ 8,475,796	\$ (4,483,254)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 1,900,098	\$ (280,747)	\$ 0	\$ 1,619,351	\$ 484,944	\$ 4,348,162	\$ 2,728,811
Special Education Program	888,728	0	0	888,728	547,195	1,536,624	647,896
Career and Technical Education Program	219,629	(2,695)	65,871	282,805	16,500	775,682	492,877
<u>Support Services</u>							
Other Student Support	256,832	(6,000)	0	250,832	208,859	519,630	268,798
Regular Instruction Program	285,012	(20,509)	0	264,503	143,686	397,262	132,759
Special Education Program	11,714	0	0	11,714	14,249	61,890	50,176
Career and Technical Education Program	2,789	0	735	3,524	3,524	3,524	0
Technology	88,081	0	0	88,081	0	213,018	124,937
Director of Schools	13,518	0	0	13,518	0	36,000	22,482
Operation of Plant	30,087	0	0	30,087	0	72,574	42,487
Transportation	61,030	0	0	61,030	1,000	61,030	0
<u>Operation of Non-Instructional Services</u>							
Food Service	25,665	0	0	25,665	0	41,376	15,711
<u>Capital Outlay</u>							
Regular Capital Outlay	23,527	0	0	23,527	0	409,024	385,497
Total Expenditures	\$ 3,806,710	\$ (309,951)	\$ 66,606	\$ 3,563,365	\$ 1,419,957	\$ 8,475,796	\$ 4,912,431
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 185,832	\$ 309,951	\$ (66,606)	\$ 429,177	\$ 0	\$ 0	\$ 429,177
Net Change in Fund Balance							
Fund Balance, July 1, 2021	\$ 350,160	(309,951)	0	40,209	350,000	350,000	(309,791)
Fund Balance, June 30, 2022	\$ 535,992	\$ 0	\$ (66,606)	\$ 469,386	\$ 350,000	\$ 350,000	\$ 119,386

Exhibit I-10

Polk County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Polk County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2022

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 60,366	\$ 96,000	\$ 96,000	\$ (35,634)
Other Local Revenues	40,651	10	40,635	16
State of Tennessee	12,915	14,000	14,000	(1,085)
Federal Government	1,707,583	1,345,587	1,405,775	301,808
Total Revenues	<u>\$ 1,821,515</u>	<u>\$ 1,455,597</u>	<u>\$ 1,556,410</u>	<u>\$ 265,105</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,532,418	\$ 1,455,597	\$ 1,556,409	\$ 23,991
Total Expenditures	<u>\$ 1,532,418</u>	<u>\$ 1,455,597</u>	<u>\$ 1,556,409</u>	<u>\$ 23,991</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 289,097</u>	<u>\$ 0</u>	<u>\$ 1</u>	<u>\$ 289,096</u>
Net Change in Fund Balance	\$ 289,097	\$ 0	\$ 1	\$ 289,096
Fund Balance, July 1, 2021	278,023	(380,596)	(380,596)	658,619
Fund Balance, June 30, 2022	<u>\$ 567,120</u>	<u>\$ (380,596)</u>	<u>\$ (380,595)</u>	<u>\$ 947,715</u>

Exhibit I-11

Polk County, Tennessee
Statement of Net Position
Discretely Presented Polk County School Department
Proprietary Fund
June 30, 2022

	Governmental Activities - Internal Service Fund
	<u>Self- Insurance Fund</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 41,221
Total Assets	<u>\$ 41,221</u>
<u>NET POSITION</u>	
Restricted for Education	<u>\$ 41,221</u>
Total Net Position	<u><u>\$ 41,221</u></u>

Exhibit I-12

Polk County, Tennessee
Statement of Revenues, Expenses, and
Changes in Net Position
Discretely Presented Polk County School Department
Proprietary Fund
For the Year Ended June 30, 2022

	Governmental Activities - Internal Service Fund <hr/> Self- Insurance Fund <hr/>
<u>Nonoperating Revenues</u>	
Investment Income	\$ 4
Total Nonoperating Revenues	<hr/> \$ 4
Change in Net Position	\$ 4
Net Position, July 1, 2021	<hr/> 41,217
Net Position, June 30, 2022	<hr/> <hr/> \$ 41,221

Exhibit I-13

Polk County, Tennessee
Statement of Cash Flows
Discretely Presented Polk County School Department
Proprietary Fund
For the Year Ended June 30, 2022

	Governmental Activities - Internal Service Fund <hr/> Self- Insurance Fund <hr/>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	\$ 4
Net Cash Provided By (Used In) Investing Activities	<u>\$ 4</u>
Net Increase (Decrease) in Cash	\$ 4
Cash, July 1, 2021	<u>41,217</u>
Cash, June 30, 2022	<u><u>\$ 41,221</u></u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Polk County, Tennessee
Schedule of Changes in Long-Term Notes and Other Loans
For the Year Ended June 30, 2022

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-21	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-22
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Highway Capital Outlay Note 2019	\$ 700,000	3.73 %	8-16-19	8-1-24	\$ 570,000	\$ 0	\$ 135,000	\$ 435,000
Total Notes Payable					\$ 570,000	\$ 0	\$ 135,000	\$ 435,000
<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	\$ 692,900	\$ 0	\$ 158,000	\$ 534,900
General Obligation Refunding Series 2017	11,955,000	Variable	4-28-17	5-25-25	6,520,000	0	1,520,000	5,000,000
Bus - 300	210,000	4.71	9-19-19	9-30-24	125,822	0	40,025	85,797
Bus - 301	85,000	4.71	12-18-19	12-31-24	50,928	0	16,201	34,727
Bus - 302	212,000	4.71	7-30-20	8-1-25	165,610	0	38,590	127,020
Bus - 303	314,000	4.71	8-13-21	8-18-25	0	314,000	68,709	245,291
Total Other Loans Payable					\$ 7,555,260	\$ 314,000	\$ 1,841,525	\$ 6,027,735

Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2023	\$ 140,000	\$ 13,615	\$ 153,615
2024	145,000	8,299	153,299
2025	150,000	2,797	152,797
Total	\$ 435,000	\$ 24,711	\$ 459,711

Year Ending June 30	Other Loans			
	Principal	Interest	Fees	Total
2023	\$ 1,902,438	\$ 123,997	\$ 19,374	\$ 2,045,809
2024	1,992,808	83,848	8,655	2,085,311
2025	2,023,970	41,792	5,775	2,071,537
2026	108,519	3,826	1,534	113,879
Total	\$ 6,027,735	\$ 253,463	\$ 35,338	\$ 6,316,536

Exhibit J-3

Polk County, Tennessee
Schedule of Transfers
For the Year Ended June 30, 2022

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Other Special Revenue Fund	General Fund	Operations	\$ 45,000
Highway/Public Works Fund	General Debt Service Fund	Debt retirement	153,743
General Fund	Highway/Public Works Fund	Operations	123,120 (1)
Other Special Revenue Fund	"	"	<u>63,225</u>
Total Transfers Primary Government			<u>\$ 385,088</u>

(1) \$100,000 of this amount represents a portion of the Local Government Assistant Grant which was a direct appropriation from the state. It was deposited into the General Fund and shared with the Highway/Public Works Fund.

Exhibit J-4

Polk County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Polk County School Department
For the Year Ended June 30, 2022

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive	Section 8-24-102, <i>TCA</i>	\$ 90,416	\$ (5)	
Highway Superintendent	Section 8-24-102, <i>TCA</i>	86,110	100,000	Cincinnati Insurance Company
Director of Schools	State Board of Education and Polk County Board of Education	112,269 (1)	(5)	
Director of Accounts and Budgets	County Commission	31,627 (2)	(5)	
Trustee	Section 8-24-102, <i>TCA</i>	78,282	777,850	Western Surety Company
Assessor of Property	Section 8-24-102, <i>TCA</i>	78,282		
County Clerk	Section 8-24-102, <i>TCA</i>	78,282	(5)	
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	78,282	(5)	
Clerk and Master	Section 8-24-102, <i>TCA</i> , and Chancery Court	78,282 (3)	(5)	
Register of Deeds	Section 8-24-102, <i>TCA</i>	78,282	(5)	
Sheriff	Section 8-24-102, <i>TCA</i>	86,110 (4)	(5)	
Employee Blanket Bonds:				
	Employee Fidelity - County Departments		400,000	Local Government Property and Casualty Fund
	Employee Fidelity - School Department		400,000	Tennessee Risk Management Trust

- (1) Does not include \$4,678 for unused vacation days, bonus of \$1,500, and a negotiated annual allowance of \$9,000 for in-county travel.
(2) Does not include bonus payment of \$1,500 approved by the county commission.
(3) Does not include special commissioner fees of \$2,672.
(4) Does not include a law enforcement training supplement of \$800.
(5) Official is under the Public Employee Blanket Bond.

Exhibit J-5

Polk County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2022

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Highway / Public Works	General Debt Service
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 4,466,754	\$ 268,652	\$ 0	\$ 0	\$ 0	\$ 1,015,548
Trustee's Collections - Prior Year	127,439	13,818	0	0	0	24,931
Circuit Clerk/Clerk and Master Collections - Prior Years	257,156	29,323	0	0	0	57,632
Interest and Penalty	27,685	2,822	0	0	0	6,224
Payments in-Lieu-of Taxes - T.V.A.	56,929	3,706	0	0	0	12,926
Payments in-Lieu-of Taxes - Local Utilities	8,781	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	132,466	7,967	0	0	0	30,117
<u>County Local Option Taxes</u>						
Hotel/Motel Tax	88,556	0	0	0	0	44,278
Local Amusement Tax	47,908	0	0	0	0	0
Litigation Tax - General	56,187	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	34,870	0	0	0	0	0
Litigation Tax - Courthouse Security	3,730	0	0	0	0	0
Business Tax	56,125	3,376	0	0	0	12,760
<u>Statutory Local Taxes</u>						
Bank Excise Tax	21,402	1,287	0	0	0	4,866
Wholesale Beer Tax	200,116	0	0	0	0	0
Beer Privilege Tax	3,713	0	0	0	0	0
Total Local Taxes	\$ 5,589,817	\$ 330,951	\$ 0	\$ 0	\$ 0	\$ 1,209,282
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 104	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	99,694	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Highway / Public Works	General Debt Service
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Beer Permits	\$ 1,900	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Building Permits	5,790	0	0	0	0	0
Electrical Permits	8,060	0	0	0	0	0
Total Licenses and Permits	<u>\$ 115,548</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 1,758	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	4,403	0	0	0	0	0
Drug Control Fines	0	0	11,230	0	0	0
Drug Court Fees	1,995	0	0	0	0	0
Jail Fees	1,522	0	0	0	0	0
Data Entry Fee - Circuit Court	780	0	0	0	0	0
<u>Criminal Court</u>						
DUI Treatment Fines	1,045	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	10,051	0	0	0	0	0
Fines for Littering	659	0	0	0	0	0
Officers Costs	21,746	0	0	0	0	0
Game and Fish Fines	362	0	0	0	0	0
Drug Control Fines	0	0	18,997	0	0	0
Drug Court Fees	9,637	0	0	0	0	0
Jail Fees	8,233	0	0	0	0	0
DUI Treatment Fines	2,850	0	0	0	0	0
Data Entry Fee - General Sessions Court	4,873	0	0	0	0	0
Courtroom Security Fee	34,315	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Highway / Public Works	General Debt Service
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Juvenile Court</u>						
Fines	\$ 95	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Data Entry Fee - Juvenile Court	240	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	1,196	0	0	0	0	0
Data Entry Fee - Chancery Court	3,448	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Drug Task Force Forfeitures and Seizures	0	0	10,732	0	0	0
Courtroom Security Fee	8	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	1,425	0	689	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 110,641	\$ 0	\$ 41,648	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Self-Insurance Premiums/Contributions	\$ 19,594	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Convenience Waste Centers Collection Charge	0	17,678	0	0	0	0
<u>Fees</u>						
Copy Fees	4,128	0	0	0	0	0
Library Fees	15	0	0	0	0	0
Telephone Commissions	0	0	0	0	0	0
Data Processing Fee - Register	7,522	0	0	0	0	0
Probation Fees	37,913	0	0	0	0	0
Data Processing Fee - Sheriff	1,209	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	2,090	0	0	0	0	0
Data Processing Fee - County Clerk	1,968	0	0	0	0	0
Vehicle Registration Reinstatement Fees	1,035	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Highway / Public Works	General Debt Service
<u>Charges for Current Services (Cont.)</u>						
<u>Education Charges</u>						
Community Service Fees - Adults	\$ 1,312	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Charges for Current Services	\$ 76,786	\$ 17,678	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1	\$ 4,246
Lease/Rentals	62,174	0	0	0	0	0
Commissary Sales	56,288	0	0	0	0	0
Sale of Gasoline	0	0	0	0	323,638	0
Miscellaneous Refunds	56,535	0	0	0	0	0
<u>Nonrecurring Items</u>						
Sale of Property	20,800	0	0	0	0	0
Contributions and Gifts	29,057	0	0	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	1,265	0	0	0	0	0
Total Other Local Revenues	\$ 226,119	\$ 0	\$ 0	\$ 0	\$ 323,639	\$ 4,246
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 236,837	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	36,683	0	0	0	0	0
General Sessions Court Clerk	100,057	0	0	0	0	0
Clerk and Master	101,850	0	0	0	0	0
Register	102,014	0	0	0	0	0
Sheriff	7,016	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Highway / Public Works	General Debt Service
<u>Fees Received From County Officials (Cont.)</u>						
<u>Fees In-Lieu-of Salary (Cont.)</u>						
Trustee	\$ 292,051	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Fees Received From County Officials	\$ 876,508	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Airport Maintenance Program	235,498	0	0	0	0	0
Child Restraint Program	1,108	0	0	0	0	0
Aging Programs	15,945	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	17,600	0	0	0	0	0
Other Public Safety Grants	2,337	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	151,443	0	0	0	0	0
<u>Public Works Grants</u>						
Litter Program	41,620	0	0	0	0	0
Other Public Works Grants	10,083	0	0	0	0	0
<u>Other State Revenues</u>						
Beer Tax	19,194	0	0	0	0	0
Vehicle Certificate of Title Fees	6,895	0	0	0	0	0
Alcoholic Beverage Tax	67,076	0	0	0	0	0
State Revenue Sharing - T.V.A.	448,936	27,001	0	0	0	102,069
State Revenue Sharing - Telecommunications	35,224	0	0	0	0	0
State Shared Sports Gaming Privilege Tax	14,553	0	0	0	0	0
Contracted Prisoner Boarding	1,168,557	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Highway / Public Works	General Debt Service
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Gasoline and Motor Fuel Tax	\$ 0	\$ 0	\$ 0	\$ 0	2,380,358	\$ 0
Petroleum Special Tax	0	0	0	0	11,710	0
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	112,123	0	0	0	0	0
Other State Revenues	390	0	0	0	0	0
Total State of Tennessee	<u>\$ 2,372,746</u>	<u>\$ 27,001</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,392,068</u>	<u>\$ 102,069</u>
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 24,370	\$ 0	\$ 0	\$ 0	0	\$ 0
Other Federal through State	9,620	0	0	0	224,075	0
<u>Direct Federal Revenue</u>						
Forest Service	38,669	0	0	0	87,650	0
American Rescue Plan Act Grant #6	0	0	0	1,068,773	0	0
Other Direct Federal Revenue	6,500	0	0	0	0	0
Total Federal Government	<u>\$ 79,159</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,068,773</u>	<u>\$ 311,725</u>	<u>\$ 0</u>
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 107,000	\$ 0	\$ 0	\$ 0	0	\$ 829,654
Contracted Services	0	0	0	0	0	0
<u>Other</u>						
Other	327,025	0	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 434,025</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 829,654</u>
Total	<u>\$ 9,881,349</u>	<u>\$ 375,630</u>	<u>\$ 41,648</u>	<u>\$ 1,068,773</u>	<u>\$ 3,027,432</u>	<u>\$ 2,145,251</u>

(Continued)

Exhibit J-5

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

	Capital Projects Funds		
	General Capital Projects	Other Capital Projects	Total
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 0	\$ 0	\$ 5,750,954
Trustee's Collections - Prior Year	0	0	166,188
Circuit Clerk/Clerk and Master Collections - Prior Years	0	0	344,111
Interest and Penalty	0	0	36,731
Payments in-Lieu-of Taxes - T.V.A.	0	0	73,561
Payments in-Lieu-of Taxes - Local Utilities	0	0	8,781
Payments in-Lieu-of Taxes - Other	0	0	170,550
<u>County Local Option Taxes</u>			
Hotel/Motel Tax	0	0	132,834
Local Amusement Tax	0	0	47,908
Litigation Tax - General	0	0	56,187
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	34,870
Litigation Tax - Courthouse Security	0	0	3,730
Business Tax	0	0	72,261
<u>Statutory Local Taxes</u>			
Bank Excise Tax	0	0	27,555
Wholesale Beer Tax	0	0	200,116
Beer Privilege Tax	0	0	3,713
Total Local Taxes	\$ 0	\$ 0	\$ 7,130,050
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Marriage Licenses	\$ 0	\$ 0	\$ 104
Cable TV Franchise	0	0	99,694

(Continued)

Exhibit J-5

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

	Capital Projects Funds		Total
	General Capital Projects	Other Capital Projects	
<u>Licenses and Permits (Cont.)</u>			
<u>Permits</u>			
Beer Permits	\$ 0	\$ 0	\$ 1,900
Building Permits	0	0	5,790
Electrical Permits	0	0	8,060
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 115,548</u>
<u>Fines, Forfeitures, and Penalties</u>			
<u>Circuit Court</u>			
Fines	\$ 0	\$ 0	\$ 1,758
Officers Costs	0	0	4,403
Drug Control Fines	0	0	11,230
Drug Court Fees	0	0	1,995
Jail Fees	0	0	1,522
Data Entry Fee - Circuit Court	0	0	780
<u>Criminal Court</u>			
DUI Treatment Fines	0	0	1,045
<u>General Sessions Court</u>			
Fines	0	0	10,051
Fines for Littering	0	0	659
Officers Costs	0	0	21,746
Game and Fish Fines	0	0	362
Drug Control Fines	0	0	18,997
Drug Court Fees	0	0	9,637
Jail Fees	0	0	8,233
DUI Treatment Fines	0	0	2,850
Data Entry Fee - General Sessions Court	0	0	4,873
Courtroom Security Fee	0	0	34,315

(Continued)

Exhibit J-5

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

	<u>Capital Projects Funds</u>		
	General Capital Projects	Other Capital Projects	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>			
<u>Juvenile Court</u>			
Fines	\$ 0	\$ 0	\$ 95
Data Entry Fee - Juvenile Court	0	0	240
<u>Chancery Court</u>			
Officers Costs	0	0	1,196
Data Entry Fee - Chancery Court	0	0	3,448
<u>Judicial District Drug Program</u>			
Drug Task Force Forfeitures and Seizures	0	0	10,732
Courtroom Security Fee	0	0	8
<u>Other Fines, Forfeitures, and Penalties</u>			
Proceeds from Confiscated Property	0	0	2,114
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 152,289
<u>Charges for Current Services</u>			
<u>General Service Charges</u>			
Self-Insurance Premiums/Contributions	\$ 0	\$ 0	\$ 19,594
Convenience Waste Centers Collection Charge	0	0	17,678
<u>Fees</u>			
Copy Fees	0	0	4,128
Library Fees	0	0	15
Telephone Commissions	0	81,727	81,727
Data Processing Fee - Register	0	0	7,522
Probation Fees	0	0	37,913
Data Processing Fee - Sheriff	0	0	1,209
Sexual Offender Registration Fee - Sheriff	0	0	2,090
Data Processing Fee - County Clerk	0	0	1,968
Vehicle Registration Reinstatement Fees	0	0	1,035

(Continued)

Exhibit J-5

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

	<u>Capital Projects Funds</u>		
	General Capital Projects	Other Capital Projects	Total
<u>Charges for Current Services (Cont.)</u>			
<u>Education Charges</u>			
Community Service Fees - Adults	\$ 0	\$ 0	\$ 1,312
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 81,727</u>	<u>\$ 176,191</u>
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$ 0	\$ 0	\$ 4,247
Lease/Rentals	12,000	0	74,174
Commissary Sales	0	0	56,288
Sale of Gasoline	0	0	323,638
Miscellaneous Refunds	0	0	56,535
<u>Nonrecurring Items</u>			
Sale of Property	0	0	20,800
Contributions and Gifts	0	50	29,107
<u>Other Local Revenues</u>			
Other Local Revenues	0	0	1,265
Total Other Local Revenues	<u>\$ 12,000</u>	<u>\$ 50</u>	<u>\$ 566,054</u>
<u>Fees Received From County Officials</u>			
<u>Fees In-Lieu-of Salary</u>			
County Clerk	\$ 0	\$ 0	\$ 236,837
Circuit Court Clerk	0	0	36,683
General Sessions Court Clerk	0	0	100,057
Clerk and Master	0	0	101,850
Register	0	0	102,014
Sheriff	0	0	7,016

(Continued)

Exhibit J-5

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

	<u>Capital Projects Funds</u>		Total
	General Capital Projects	Other Capital Projects	
<u>Fees Received From County Officials (Cont.)</u>			
<u>Fees In-Lieu-of Salary (Cont.)</u>			
Trustee	\$ 0	\$ 0	\$ 292,051
Total Fees Received From County Officials	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 876,508</u>
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
Juvenile Services Program	\$ 0	\$ 0	\$ 9,000
Airport Maintenance Program	0	0	235,498
Child Restraint Program	0	0	1,108
Aging Programs	0	0	15,945
<u>Public Safety Grants</u>			
Law Enforcement Training Programs	0	0	17,600
Other Public Safety Grants	0	0	2,337
<u>Health and Welfare Grants</u>			
Health Department Programs	0	0	151,443
<u>Public Works Grants</u>			
Litter Program	0	0	41,620
Other Public Works Grants	0	0	10,083
<u>Other State Revenues</u>			
Beer Tax	0	0	19,194
Vehicle Certificate of Title Fees	0	0	6,895
Alcoholic Beverage Tax	0	0	67,076
State Revenue Sharing - T.V.A.	0	0	578,006
State Revenue Sharing - Telecommunications	0	0	35,224
State Shared Sports Gaming Privilege Tax	0	0	14,553
Contracted Prisoner Boarding	0	0	1,168,557

(Continued)

Exhibit J-5

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

	<u>Capital Projects Funds</u>		
	<u>General Capital Projects</u>	<u>Other Capital Projects</u>	<u>Total</u>
<u>State of Tennessee (Cont.)</u>			
<u>Other State Revenues (Cont.)</u>			
Gasoline and Motor Fuel Tax	\$ 0	\$ 0	\$ 2,380,358
Petroleum Special Tax	0	0	11,710
Registrar's Salary Supplement	0	0	15,164
Other State Grants	0	0	112,123
Other State Revenues	0	0	390
Total State of Tennessee	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,893,884</u>
<u>Federal Government</u>			
<u>Federal Through State</u>			
Community Development	\$ 0	\$ 0	\$ 24,370
Other Federal through State	0	0	233,695
<u>Direct Federal Revenue</u>			
Forest Service	0	0	126,319
American Rescue Plan Act Grant #6	0	0	1,068,773
Other Direct Federal Revenue	0	0	6,500
Total Federal Government	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,459,657</u>
<u>Other Governments and Citizens Groups</u>			
<u>Other Governments</u>			
Contributions	\$ 0	\$ 0	\$ 936,654
Contracted Services	0	54,803	54,803
<u>Other</u>			
Other	0	0	327,025
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 54,803</u>	<u>\$ 1,318,482</u>
Total	<u>\$ 12,000</u>	<u>\$ 136,580</u>	<u>\$ 16,688,663</u>

Exhibit J-6

Polk County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Polk County School Department
For the Year Ended June 30, 2022

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>General Purpose School</u>	<u>School Federal Projects</u>	<u>Central Cafeteria</u>	<u>Projects Fund Education Capital Projects</u>	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 2,226,077	\$ 0	\$ 0	\$ 0	\$ 2,226,077
Trustee's Collections - Prior Year	73,227	0	0	0	73,227
Circuit Clerk/Clerk and Master Collections - Prior Years	126,959	0	0	0	126,959
Interest and Penalty	13,734	0	0	0	13,734
Payments in-Lieu-of Taxes - T.V.A.	31,024	0	0	0	31,024
Payments in-Lieu-of Taxes - Other	66,017	0	0	0	66,017
<u>County Local Option Taxes</u>					
Local Option Sales Tax	2,668,562	0	0	459,859	3,128,421
Business Tax	27,971	0	0	0	27,971
Mixed Drink Tax	6,940	0	0	0	6,940
<u>Statutory Local Taxes</u>					
Bank Excise Tax	10,666	0	0	0	10,666
Total Local Taxes	\$ 5,251,177	\$ 0	\$ 0	\$ 459,859	\$ 5,711,036
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 1,596	\$ 0	\$ 0	\$ 0	\$ 1,596
Total Licenses and Permits	\$ 1,596	\$ 0	\$ 0	\$ 0	\$ 1,596
<u>Fines, Forfeitures, and Penalties</u>					
<u>Juvenile Court</u>					
Fines	\$ 1,316	\$ 0	\$ 0	\$ 0	\$ 1,316
Total Fines, Forfeitures, and Penalties	\$ 1,316	\$ 0	\$ 0	\$ 0	\$ 1,316

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>General Purpose School</u>	<u>School Federal Projects</u>	<u>Central Cafeteria</u>	<u>Projects Fund Education Capital Projects</u>	
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Adults	\$ 0	\$ 0	\$ 21,074	\$ 0	\$ 21,074
Income from Breakfast	0	0	2,368	0	2,368
A la Carte Sales	0	0	36,924	0	36,924
Total Charges for Current Services	\$ 0	\$ 0	\$ 60,366	\$ 0	\$ 60,366
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ (6,920)	\$ 0	\$ 0	\$ 0	\$ (6,920)
Lease/Rentals	14,500	0	0	0	14,500
Miscellaneous Refunds	18,048	0	26	0	18,074
<u>Nonrecurring Items</u>					
Sale of Equipment	13,800	0	0	0	13,800
Contributions and Gifts	0	0	40,625	0	40,625
<u>Other Local Revenues</u>					
Other Local Revenues	206	0	0	0	206
Total Other Local Revenues	\$ 39,634	\$ 0	\$ 40,651	\$ 0	\$ 80,285
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 86,222	\$ 0	\$ 0	\$ 0	\$ 86,222
<u>State Education Funds</u>					
Basic Education Program	14,223,712	0	0	0	14,223,712
Early Childhood Education	507,353	0	0	0	507,353
School Food Service	0	0	12,915	0	12,915

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>General Purpose School</u>	<u>School Federal Projects</u>	<u>Central Cafeteria</u>	<u>Projects Fund Education Capital Projects</u>	
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Driver Education	\$ 8,081	\$ 0	\$ 0	\$ 0	\$ 8,081
Other State Education Funds	364,715	0	0	0	364,715
Coordinated School Health	95,403	0	0	0	95,403
Family Resource Centers	28,306	0	0	0	28,306
Career Ladder Program	26,539	0	0	0	26,539
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	223,734	0	0	0	223,734
Safe Schools	76,240	0	0	0	76,240
Total State of Tennessee	\$ 15,640,305	\$ 0	\$ 12,915	\$ 0	\$ 15,653,220
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,109,548	\$ 0	\$ 1,109,548
USDA - Commodities	0	0	96,810	0	96,810
Breakfast	0	0	424,531	0	424,531
USDA - Other	0	0	76,694	0	76,694
Vocational Education - Basic Grants to States	0	41,824	0	0	41,824
Title I Grants to Local Education Agencies	0	604,909	0	0	604,909
Special Education - Grants to States	0	558,596	0	0	558,596
Special Education Preschool Grants	0	27,618	0	0	27,618
English Language Acquisition Grants	0	541	0	0	541
Rural Education	0	49,549	0	0	49,549
Eisenhower Professional Development State Grants	0	73,109	0	0	73,109
COVID-19 Grant #1	49,959	0	0	0	49,959

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>General Purpose School</u>	<u>School Federal Projects</u>	<u>Central Cafeteria</u>	<u>Projects Fund Education Capital Projects</u>	
<u>Federal Government (Cont.)</u>					
<u>Federal Through State (Cont.)</u>					
COVID-19 Grant #2	\$ 2,205	\$ 0	\$ 0	\$ 0	\$ 2,205
COVID-19 Grant B	0	1,215,497	0	0	1,215,497
American Rescue Plan Act Grant #1	0	1,339,179	0	0	1,339,179
American Rescue Plan Act Grant #2	0	24,066	0	0	24,066
Other Federal through State	535,108	57,654	0	0	592,762
<u>Direct Federal Revenue</u>					
Forest Service	131,476	0	0	0	131,476
Other Direct Federal Revenue	293,814	0	0	0	293,814
Total Federal Government	<u>\$ 1,012,562</u>	<u>\$ 3,992,542</u>	<u>\$ 1,707,583</u>	<u>\$ 0</u>	<u>\$ 6,712,687</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 757,421	\$ 0	\$ 0	\$ 0	\$ 757,421
Total Other Governments and Citizens Groups	<u>\$ 757,421</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 757,421</u>
Total	<u>\$ 22,704,011</u>	<u>\$ 3,992,542</u>	<u>\$ 1,821,515</u>	<u>\$ 459,859</u>	<u>\$ 28,977,927</u>

Exhibit J-7

Polk County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2022

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	20,500	
Social Security		1,450	
Employee and Dependent Insurance		83,425	
Employer Medicare		117	
Workers' Compensation Insurance		250	
Total County Commission			\$ 105,742

County Mayor/Executive

County Official/Administrative Officer	\$	90,416	
Secretary(ies)		21,085	
Bonus Payments		1,360	
Social Security		7,153	
Pensions		5,643	
Employee and Dependent Insurance		34,283	
Unemployment Compensation		20	
Employer Medicare		557	
Travel		127	
Workers' Compensation Insurance		200	
Total County Mayor/Executive			160,844

County Attorney

County Official/Administrative Officer	\$	20,600	
Social Security		1,370	
Employer Medicare		206	
Total County Attorney			22,176

Election Commission

County Official/Administrative Officer	\$	70,454	
Deputy(ies)		19,405	
Bonus Payments		680	
Election Commission		5,450	
Election Workers		9,545	
In-service Training		100	
Social Security		6,560	
Pensions		4,527	
Employee and Dependent Insurance		11,482	
Unemployment Compensation		100	
Employer Medicare		518	
Communication		4,381	
Legal Notices, Recording, and Court Costs		2,285	
Maintenance and Repair Services - Equipment		595	
Printing, Stationery, and Forms		747	
Rentals		265	
Other Contracted Services		38,366	
Office Supplies		144	
Other Supplies and Materials		740	
Liability Insurance		6,806	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Workers' Compensation Insurance	\$	200	
Data Processing Equipment		559	
Total Election Commission			\$ 183,909

Register of Deeds

County Official/Administrative Officer	\$	78,282	
Clerical Personnel		32,526	
Bonus Payments		2,040	
Social Security		7,533	
Pensions		5,642	
Employee and Dependent Insurance		19,204	
Unemployment Compensation		76	
Employer Medicare		557	
Dues and Memberships		587	
Maintenance Agreements		10,464	
Printing, Stationery, and Forms		1,242	
Workers' Compensation Insurance		490	
Data Processing Equipment		2,102	
Total Register of Deeds			160,745

County Buildings

Custodial Personnel	\$	50,854	
Bonus Payments		2,040	
Social Security		3,665	
Pensions		1,286	
Employee and Dependent Insurance		5,854	
Unemployment Compensation		90	
Employer Medicare		269	
Maintenance and Repair Services - Buildings		46,195	
Maintenance and Repair Services - Equipment		17,815	
Other Contracted Services		114,837	
Custodial Supplies		3,973	
Utilities		86,491	
Workers' Compensation Insurance		26,000	
Total County Buildings			359,369

Other General Administration

Life Insurance	\$	7,491	
Audit Services		7,193	
Communication		57,584	
Legal Services		4,139	
Legal Notices, Recording, and Court Costs		2,579	
Maintenance and Repair Services - Equipment		21,308	
Medical and Dental Services		39,112	
Pest Control		4,341	
Postal Charges		30,496	
Other Contracted Services		32,429	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Other General Administration (Cont.)

Office Supplies	\$	4,496	
Other Supplies and Materials		2,687	
Building and Contents Insurance		7,000	
Liability Insurance		17,153	
Fines, Assessments, and Penalties		8,473	
Total Other General Administration			\$ 246,481

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	31,627	
Assistant(s)		21,420	
Bonus Payments		2,040	
Social Security		2,199	
Pensions		2,687	
Employee and Dependent Insurance		14,783	
Unemployment Compensation		15	
Employer Medicare		253	
Data Processing Services		14,995	
Workers' Compensation Insurance		200	
Total Accounting and Budgeting			90,219

Property Assessor's Office

County Official/Administrative Officer	\$	78,282	
Assistant(s)		33,178	
Deputy(ies)		22,318	
Bonus Payments		2,720	
Social Security		9,391	
Pensions		6,309	
Employee and Dependent Insurance		13,130	
Unemployment Compensation		268	
Employer Medicare		747	
Data Processing Services		10,472	
Dues and Memberships		587	
Travel		3,430	
Permits		9,095	
Other Contracted Services		12,580	
Office Supplies		1,148	
Other Supplies and Materials		317	
Workers' Compensation Insurance		400	
Total Property Assessor's Office			204,372

County Trustee's Office

County Official/Administrative Officer	\$	78,282
Deputy(ies)		63,491
Bonus Payments		3,400
In-service Training		1,943
Social Security		9,859

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Pensions	\$	7,259	
Employee and Dependent Insurance		27,043	
Unemployment Compensation		147	
Employer Medicare		746	
Communication		743	
Data Processing Services		15,013	
Dues and Memberships		587	
Legal Notices, Recording, and Court Costs		91	
Printing, Stationery, and Forms		405	
Rentals		141	
Travel		1,464	
Data Processing Supplies		900	
Office Supplies		744	
Workers' Compensation Insurance		250	
Data Processing Equipment		19,375	
Total County Trustee's Office			\$ 231,883

County Clerk's Office

County Official/Administrative Officer	\$	78,282	
Deputy(ies)		83,676	
Bonus Payments		4,760	
Social Security		10,952	
Pensions		8,336	
Employee and Dependent Insurance		46,960	
Unemployment Compensation		169	
Employer Medicare		828	
Dues and Memberships		587	
Legal Notices, Recording, and Court Costs		750	
Maintenance Agreements		15,502	
Travel		588	
Office Supplies		4,214	
Workers' Compensation Insurance		500	
Office Equipment		15,408	
Total County Clerk's Office			271,512

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	78,282
Deputy(ies)		83,265
Bonus Payments		4,760
Jury and Witness Expense		10,625
Social Security		10,825
Pensions		8,315
Employee and Dependent Insurance		43,355
Unemployment Compensation		281
Employer Medicare		825
Dues and Memberships		587

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Maintenance Agreements	\$	16,576	
Printing, Stationery, and Forms		547	
Travel		299	
Other Supplies and Materials		2,382	
Workers' Compensation Insurance		500	
Total Circuit Court			\$ 261,424

General Sessions Court

Judge(s)	\$	99,261	
Social Security		6,730	
Pensions		4,963	
Employee and Dependent Insurance		9,211	
Employer Medicare		522	
Dues and Memberships		575	
Travel		150	
Building and Contents Insurance		2,200	
Liability Insurance		2,200	
Workers' Compensation Insurance		110	
Total General Sessions Court			125,922

Chancery Court

County Official/Administrative Officer	\$	78,282	
Deputy(ies)		45,656	
Bonus Payments		2,720	
Social Security		8,025	
Pensions		6,333	
Employee and Dependent Insurance		40,884	
Unemployment Compensation		42	
Employer Medicare		617	
Data Processing Services		12,285	
Dues and Memberships		587	
Legal Notices, Recording, and Court Costs		2,436	
Printing, Stationery, and Forms		1,307	
Workers' Compensation Insurance		250	
Total Chancery Court			199,424

Juvenile Court

Assistant(s)	\$	14,734	
Youth Service Officer(s)		14,764	
Attendants		206	
Bonus Payments		1,360	
Social Security		1,852	
Pensions		1,546	
Employee and Dependent Insurance		7,295	
Unemployment Compensation		21	
Employer Medicare		157	
Travel		738	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Other Supplies and Materials	\$	320	
Workers' Compensation Insurance		200	
Total Juvenile Court			\$ 43,193

Probation Services

Other Contracted Services	\$	40,738	
Total Probation Services			40,738

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	86,110	
Deputy(ies)		617,752	
Investigator(s)		145,330	
Salary Supplements		17,600	
Dispatchers/Radio Operators		53,127	
School Resource Officer		130,029	
Overtime Pay		44,682	
Bonus Payments		34,680	
Other Salaries and Wages		81,850	
In-service Training		1,250	
Social Security		79,854	
Pensions		59,664	
Employee and Dependent Insurance		293,209	
Unemployment Compensation		1,259	
Employer Medicare		6,157	
Communication		793	
Dues and Memberships		400	
Evaluation and Testing		300	
Maintenance Agreements		5,058	
Maintenance and Repair Services - Vehicles		51,260	
Printing, Stationery, and Forms		624	
Travel		2,709	
Gasoline		140,951	
Law Enforcement Supplies		32,753	
Office Supplies		1,014	
Tires and Tubes		14,397	
Uniforms		5,030	
Other Supplies and Materials		76,049	
Building and Contents Insurance		20,500	
Liability Insurance		72,500	
Vehicle and Equipment Insurance		24,000	
Workers' Compensation Insurance		30,000	
Total Sheriff's Department			2,130,891

Correctional Incentive Program Improvements

Supervisor/Director	\$	31,846	
Dispatchers/Radio Operators		228,783	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Correctional Incentive Program Improvements (Cont.)

Guards	\$	676,768	
Maintenance Personnel		29,840	
Overtime Pay		199,079	
Bonus Payments		46,580	
In-service Training		1,963	
Social Security		80,005	
Pensions		57,879	
Employee and Dependent Insurance		333,071	
Unemployment Compensation		1,853	
Employer Medicare		5,304	
Evaluation and Testing		300	
Maintenance Agreements		52,412	
Maintenance and Repair Services - Buildings		6,611	
Maintenance and Repair Services - Equipment		16,793	
Medical and Dental Services		225,588	
Postal Charges		232	
Travel		2,317	
Other Contracted Services		11,892	
Custodial Supplies		34,293	
Food Supplies		246,348	
Instructional Supplies and Materials		12,794	
Prisoners Clothing		4,960	
Uniforms		4,711	
Utilities		194,114	
Other Supplies and Materials		24,846	
Workers' Compensation Insurance		40,000	
Total Correctional Incentive Program Improvements			\$ 2,571,182

Civil Defense

Communication	\$	2,660	
Maintenance and Repair Services - Equipment		5,966	
Maintenance and Repair Services - Vehicles		11,004	
Gasoline		3,503	
Office Supplies		486	
Utilities		3,059	
Other Supplies and Materials		1,269	
Building and Contents Insurance		7,500	
Vehicle and Equipment Insurance		8,500	
Communication Equipment		5,824	
Other Equipment		27,039	
Total Civil Defense			76,810

Rescue Squad

In-service Training	\$	2,483
Data Processing Services		1,795
Dues and Memberships		200
Maintenance Agreements		751

(Continued)

Exhibit J-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 - Equipment	\$	6,469	
Maintenance and Repair Services - Vehicles		19,610	
Medical and Dental Services		964	
Data Processing Supplies		729	
Gasoline		8,224	
Instructional Supplies and Materials		2,927	
Office Supplies		814	
Utilities		14,180	
Other Supplies and Materials		5,210	
Building and Contents Insurance		7,500	
Vehicle and Equipment Insurance		14,000	
Data Processing Equipment		992	
Other Equipment		21,729	
Total Rescue Squad			\$ 108,577

Other Emergency Management

County Official/Administrative Officer	\$	5,281	
Bonus Payments		680	
Social Security		427	
Pensions		112	
Unemployment Compensation		1	
Employer Medicare		29	
Communication		2,500	
Maintenance and Repair Services - Equipment		90	
Maintenance and Repair Services - Vehicles		973	
Gasoline		396	
Other Supplies and Materials		985	
Workers' Compensation Insurance		253	
Total Other Emergency Management			11,727

Public Health and Welfare

Local Health Center

Contracts with Government Agencies	\$	44,000	
Other Supplies and Materials		7,810	
Building Improvements		25,886	
Total Local Health Center			77,696

Ambulance/Emergency Medical Services

Contracts with Private Agencies	\$	742,500	
Total Ambulance/Emergency Medical Services			742,500

Crippled Children Services

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

Other Local Health Services

Attendants	\$	10,850	
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(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Local Health Services (Cont.)

Bonus Payments	\$	340	
Social Security		795	
Unemployment Compensation		83	
Employer Medicare		61	
Travel		3,073	
Workers' Compensation Insurance		500	
Total Other Local Health Services			\$ 15,702

Sanitation Education/Information

Supervisor/Director	\$	25,980	
Bonus Payments		680	
Social Security		1,754	
Pensions		1,333	
Employee and Dependent Insurance		6,561	
Unemployment Compensation		40	
Employer Medicare		134	
Maintenance and Repair Services - Vehicles		1,729	
Gasoline		2,010	
Instructional Supplies and Materials		11,050	
Other Supplies and Materials		9,667	
Workers' Compensation Insurance		400	
Total Sanitation Education/Information			61,338

Other Public Health and Welfare

Assistant(s)	\$	97,077	
Social Security		5,893	
Pensions		4,854	
Employee and Dependent Insurance		40,739	
Unemployment Compensation		89	
Employer Medicare		419	
Travel		1,373	
Workers' Compensation Insurance		1,000	
Total Other Public Health and Welfare			151,444

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$	7,390	
Bonus Payments		1,020	
Other Salaries and Wages		10,603	
Social Security		1,352	
Unemployment Compensation		97	
Employer Medicare		103	
Other Supplies and Materials		1,436	
Workers' Compensation Insurance		110	
Total Senior Citizens Assistance			22,111

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries

Assistant(s)	\$	45,401	
Supervisor/Director		25,584	
Bonus Payments		5,440	
In-service Training		3,500	
Social Security		5,044	
Pensions		1,347	
Employee and Dependent Insurance		17,161	
Unemployment Compensation		378	
Employer Medicare		371	
Rentals		9,000	
Travel		2,369	
Custodial Supplies		960	
Instructional Supplies and Materials		23,545	
Library Books/Media		10,758	
Other Supplies and Materials		5,629	
Workers' Compensation Insurance		319	
Data Processing Equipment		2,450	
Total Libraries			\$ 159,256

Other Social, Cultural, and Recreational

Other Charges	\$	7,938	
Total Other Social, Cultural, and Recreational			7,938

Agriculture and Natural Resources

Agricultural Extension Service

County Official/Administrative Officer	\$	14,901	
Supervisor/Director		16,724	
Secretary(ies)		7,190	
Bonus Payments		1,020	
Social Security		2,909	
Pensions		7,455	
Employee and Dependent Insurance		1,921	
Dues and Memberships		570	
Travel		1,000	
Other Supplies and Materials		7,915	
Other Charges		4,500	
Total Agricultural Extension Service			66,105

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

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations

Other Economic and Community Development

Contracts with Government Agencies	\$	12,100	
Contracts with Other Public Agencies		<u>7,033</u>	
Total Other Economic and Community Development	\$		19,133

Airport

Airport Improvement	\$	<u>232,224</u>	
Total Airport			232,224

Veterans' Services

Supervisor/Director	\$	21,512	
Bonus Payments		1,360	
Social Security		1,628	
Pensions		1,144	
Unemployment Compensation		20	
Employer Medicare		122	
Travel		800	
Workers' Compensation Insurance		100	
Data Processing Equipment		<u>449</u>	
Total Veterans' Services			27,135

Other Charges

Trustee's Commission	\$	<u>121,096</u>	
Total Other Charges			121,096

Contributions to Other Agencies

Remittance of Revenue Collected	\$	<u>87,038</u>	
Total Contributions to Other Agencies			<u>87,038</u>

Total General Fund \$ 9,420,106

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Contracts with Private Agencies	\$	<u>470,468</u>	
Total Sanitation Management	\$		470,468

Convenience Centers

Supervisor/Director	\$	44,637	
Attendants		70,323	
Bonus Payments		7,820	
Social Security		7,863	
Pensions		2,368	
Unemployment Compensation		422	
Employer Medicare		586	
Maintenance and Repair Services - Equipment		14,105	
Disposal Fees		5,135	
Other Contracted Services		<u>437</u>	
Total Convenience Centers			153,696

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Other Operations

Other Charges

Trustee's Commission	\$ 6,630	
Total Other Charges		\$ 6,630

Total Solid Waste/Sanitation Fund \$ 630,794

Drug Control Fund

Public Safety

Drug Enforcement

Salary Supplements	\$ 11,000	
In-service Training	4,500	
Pensions	550	
Communication	771	
Confidential Drug Enforcement Payments	2,000	
Maintenance Agreements	1,755	
Travel	1,973	
Animal Food and Supplies	9,627	
Other Supplies and Materials	4,500	
Total Drug Enforcement		\$ 36,676

Other Operations

Other Charges

Trustee's Commission	\$ 363	
Total Other Charges		363

Employee Benefits

Social Security	\$ 842	
Total Employee Benefits		842

Total Drug Control Fund 37,881

Other Special Revenue Fund

Other Operations

American Rescue Plan Act Grant #6

County Official/Administrative Officer	\$ 6,500
Assistant(s)	28,175
Supervisor/Director	20,025
Deputy(ies)	114,975
Investigator(s)	18,000
Dispatchers/Radio Operators	41,175
Guards	73,150
Secretary(ies)	5,500
Clerical Personnel	4,500
Attendants	12,500
Custodial Personnel	8,500
Maintenance Personnel	4,500
School Resource Officer	18,000
Bonus Payments	3,000

(Continued)

Exhibit J-7

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

Other Special Revenue Fund (Cont.)

Other Operations (Cont.)

American Rescue Plan Act Grant #6 (Cont.)

Social Security	\$	28,726	
Pensions		15,685	
Unemployment Compensation		2,050	
Contributions		555,587	
Total American Rescue Plan Act Grant #6			\$ 960,548

Total Other Special Revenue Fund \$ 960,548

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	86,110	
Accountants/Bookkeepers		35,780	
Clerical Personnel		25,535	
Bonus Payments		2,720	
Social Security		8,640	
Employee and Dependent Insurance		32,250	
Employer Medicare		2,021	
Communication		19,895	
Data Processing Services		17,112	
Dues and Memberships		3,481	
Legal Services		800	
Legal Notices, Recording, and Court Costs		170	
Postal Charges		550	
Travel		3,687	
Other Contracted Services		10,432	
Drugs and Medical Supplies		199	
Office Supplies		10,142	
Uniforms		3,700	
Other Charges		304	
Total Administration			\$ 263,528

Highway and Bridge Maintenance

Foremen	\$	141,160
Equipment Operators - Heavy		68,056
Equipment Operators - Light		73,719
Truck Drivers		23,115
Laborers		240,291
Overtime Pay		4,495
Bonus Payments		19,040
Social Security		32,922
Employee and Dependent Insurance		148,533
Employer Medicare		7,700
Contracts with Private Agencies		38,712
Asphalt - Hot Mix		2,054
Asphalt - Liquid		74,405
Crushed Stone		126,081

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Food Supplies	\$	416	
Pipe		16,419	
Road Signs		24,144	
Wood Products		553	
Other Supplies and Materials		51	
Total Highway and Bridge Maintenance			\$ 1,041,866

Operation and Maintenance of Equipment

Mechanic(s)	\$	35,937	
Laborers		4,887	
Overtime Pay		1,170	
Bonus Payments		1,360	
Social Security		2,573	
Employee and Dependent Insurance		5,498	
Employer Medicare		602	
Maintenance and Repair Services - Equipment		61,700	
Rentals		82	
Towing Services		1,616	
Diesel Fuel		198,738	
Equipment and Machinery Parts		93,456	
Garage Supplies		19,461	
Gasoline		181,902	
Lubricants		2,798	
Small Tools		721	
Tires and Tubes		11,969	
Total Operation and Maintenance of Equipment			624,470

Other Charges

Other Salaries and Wages	\$	2,925	
Electricity		8,775	
Water and Sewer		1,585	
Trustee's Commission		23,904	
Vehicle and Equipment Insurance		55,057	
Total Other Charges			92,246

Employee Benefits

Pensions	\$	36,315	
Employee and Dependent Insurance		10,384	
Unemployment Compensation		275	
Workers' Compensation Insurance		67,140	
Total Employee Benefits			114,114

Capital Outlay

Building Improvements	\$	1,280	
Highway Equipment		119,938	
Motor Vehicles		98,000	
Other Construction		17,549	
Total Capital Outlay			236,767

Total Highway/Public Works Fund \$ 2,372,991

(Continued)

Exhibit J-7

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

General Debt Service Fund

Principal on Debt

General Government

Principal on Other Loans	\$ 870,000	
Total General Government		\$ 870,000

Highways and Streets

Principal on Notes	\$ 135,000	
Total Highways and Streets		135,000

Education

Principal on Other Loans	\$ 971,525	
Total Education		971,525

Interest on Debt

General Government

Interest on Other Loans	\$ 54,436	
Total General Government		54,436

Highways and Streets

Interest on Notes	\$ 18,743	
Total Highways and Streets		18,743

Education

Interest on Other Loans	\$ 55,570	
Total Education		55,570

Other Debt Service

General Government

Trustee's Commission	\$ 24,243	
Other Debt Service	198	
Total General Government		24,441

Total General Debt Service Fund		\$ 2,129,715
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General Capital Projects Fund

Other Operations

Other Charges

Trustee's Commission	\$ 120	
Total Other Charges		\$ 120

Total General Capital Projects Fund		120
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Education Capital Projects Fund

Capital Projects - Donated

Capital Projects Donated to School Department

Contributions	\$ 314,000	
Total Capital Projects Donated to School Department		\$ 314,000

Total Education Capital Projects Fund		314,000
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(Continued)

Exhibit J-7

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

<u>Other Capital Projects- Law Enforcement Vehicles Fund</u>		
<u>Public Safety</u>		
<u>Sheriff's Department</u>		
Motor Vehicles	\$ 159,961	
Total Sheriff's Department		\$ 159,961
 <u>Other Operations</u>		
<u>Other Charges</u>		
Trustee's Commission	\$ 800	
Total Other Charges		<u>800</u>
 Total Other Capital Projects- Law Enforcement Vehicles Fund		 <u>\$ 160,761</u>
 Total Governmental Funds - Primary Government		 <u><u>\$ 16,026,916</u></u>

Exhibit J-8

Polk County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Polk County School Department
For the Year Ended June 30, 2022

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 6,334,900	
Career Ladder Program	10,000	
Homebound Teachers	13,672	
Educational Assistants	130,950	
Bonus Payments	262,509	
Other Salaries and Wages	279,192	
Non-certified Substitute Teachers	103,666	
Social Security	410,381	
Pensions	596,338	
Life Insurance	2,886	
Medical Insurance	930,951	
Dental Insurance	51,188	
Unemployment Compensation	1,016	
Employer Medicare	96,653	
Retirement - Hybrid Stabilization	17,267	
Other Fringe Benefits	44,400	
Instructional Supplies and Materials	54,206	
Textbooks - Bound	6,415	
Software	45,600	
Other Supplies and Materials	1,452	
Other Charges	3,263	
Regular Instruction Equipment	49,959	
Total Regular Instruction Program		\$ 9,446,864

Alternative Instruction Program

Teachers	\$ 59,344	
Educational Assistants	15,698	
Bonus Payments	2,300	
Other Salaries and Wages	5,843	
Social Security	4,696	
Pensions	4,114	
Life Insurance	48	
Medical Insurance	13,836	
Dental Insurance	455	
Employer Medicare	1,183	
Retirement - Hybrid Stabilization	2,188	
Other Supplies and Materials	490	
Total Alternative Instruction Program		110,195

Special Education Program

Teachers	\$ 596,373	
Career Ladder Program	1,000	
Homebound Teachers	6,273	
Educational Assistants	104,359	
Bonus Payments	41,550	
Other Salaries and Wages	1,653	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Non-certified Substitute Teachers	\$	6,150	
Social Security		44,232	
Pensions		57,689	
Life Insurance		401	
Medical Insurance		124,385	
Dental Insurance		5,232	
Employer Medicare		10,402	
Retirement - Hybrid Stabilization		9,149	
Instructional Supplies and Materials		2,300	
Total Special Education Program			\$ 1,011,148

Career and Technical Education Program

Teachers	\$	626,489	
Career Ladder Program		3,000	
Bonus Payments		23,900	
Non-certified Substitute Teachers		13,612	
Social Security		37,592	
Pensions		55,725	
Life Insurance		273	
Medical Insurance		84,185	
Dental Insurance		5,912	
Employer Medicare		8,812	
Retirement - Hybrid Stabilization		8,246	
Other Contracted Services		3,729	
Instructional Supplies and Materials		10,805	
Total Career and Technical Education Program			882,280

Support Services

Attendance

Supervisor/Director	\$	76,669	
Career Ladder Program		1,000	
Bonus Payments		2,000	
Social Security		4,850	
Pensions		8,206	
Life Insurance		16	
Medical Insurance		6,048	
Dental Insurance		455	
Employer Medicare		1,134	
Travel		1,093	
In Service/Staff Development		2,036	
Total Attendance			103,507

Health Services

Supervisor/Director	\$	49,198	
Medical Personnel		90,875	
Bonus Payments		7,875	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Other Salaries and Wages	\$	1,312	
Social Security		5,250	
Pensions		4,863	
Life Insurance		96	
Medical Insurance		30,072	
Employer Medicare		1,963	
Travel		2,212	
Other Contracted Services		19,056	
Drugs and Medical Supplies		289	
Other Supplies and Materials		31,313	
In Service/Staff Development		838	
Other Equipment		12,000	
Total Health Services			\$ 257,212

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		238,787	
Bonus Payments		10,600	
Other Salaries and Wages		117,710	
Non-certified Substitute Teachers		225	
Social Security		21,346	
Pensions		34,756	
Life Insurance		136	
Medical Insurance		41,063	
Dental Insurance		3,571	
Employer Medicare		4,992	
Retirement - Hybrid Stabilization		3,133	
Contracts with Government Agencies		107,000	
Evaluation and Testing		24,114	
Travel		1,232	
Other Contracted Services		36,163	
Other Supplies and Materials		138,397	
In Service/Staff Development		21,433	
Other Charges		20,540	
Regular Instruction Equipment		65,702	
Other Equipment		6,051	
Total Other Student Support			897,951

Regular Instruction Program

Supervisor/Director	\$	258,129	
Career Ladder Program		2,000	
Librarians		156,046	
Bonus Payments		17,500	
Other Salaries and Wages		2,550	
Non-certified Substitute Teachers		1,125	
Social Security		25,145	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Pensions	\$	39,305	
Life Insurance		184	
Medical Insurance		72,300	
Dental Insurance		2,675	
Employer Medicare		5,885	
Retirement - Hybrid Stabilization		1,696	
Travel		8,446	
Other Contracted Services		40,323	
Other Supplies and Materials		600	
In Service/Staff Development		6,445	
Other Charges		15,802	
Total Regular Instruction Program			\$ 656,156

Special Education Program

Supervisor/Director	\$	41,862	
Career Ladder Program		1,000	
Psychological Personnel		112,312	
Bonus Payments		5,500	
Other Salaries and Wages		51,401	
Social Security		12,912	
Pensions		18,941	
Life Insurance		84	
Medical Insurance		14,391	
Dental Insurance		1,593	
Employer Medicare		3,020	
Retirement - Hybrid Stabilization		2,134	
Travel		556	
Total Special Education Program			265,706

Career and Technical Education Program

Supervisor/Director	\$	43,562	
Bonus Payments		1,000	
Social Security		2,557	
Pensions		4,590	
Life Insurance		12	
Medical Insurance		5,498	
Dental Insurance		250	
Employer Medicare		598	
Total Career and Technical Education Program			58,067

Technology

Computer Programmer(s)	\$	48,904	
Bonus Payments		1,500	
Social Security		2,552	
Pensions		2,520	
Life Insurance		24	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Technology (Cont.)

Medical Insurance	\$	12,119	
Dental Insurance		455	
Employer Medicare		597	
Internet Connectivity		59,455	
Total Technology			\$ 128,126

Other Programs

On-behalf Payments to OPEB	\$	86,222	
Total Other Programs			86,222

Board of Education

Board and Committee Members Fees	\$	12,400	
Social Security		769	
Employer Medicare		180	
Other Fringe Benefits		47,194	
Audit Services		16,300	
Bank Charges		1,167	
Dues and Memberships		5,213	
Legal Services		16,752	
Travel		574	
Liability Insurance		54,035	
Premiums on Corporate Surety Bonds		2,210	
Trustee's Commission		109,941	
Workers' Compensation Insurance		136,248	
In Service/Staff Development		250	
Criminal Investigation of Applicants - TBI		5,905	
Other Charges		1,822	
Total Board of Education			410,960

Director of Schools

County Official/Administrative Officer	\$	112,269	
Secretary(ies)		28,852	
Bonus Payments		3,000	
Other Salaries and Wages		4,678	
Social Security		9,459	
Pensions		14,645	
Life Insurance		48	
Medical Insurance		14,994	
Dental Insurance		455	
Employer Medicare		2,212	
Other Fringe Benefits		9,000	
Communication		74,833	
Postal Charges		2,654	
Travel		1,340	
Other Contracted Services		18,798	
Other Supplies and Materials		1,306	
In Service/Staff Development		2,997	
Total Director of Schools			301,540

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal

Principals	\$	581,358	
Career Ladder Program		1,000	
Accountants/Bookkeepers		115,344	
Assistant Principals		148,077	
Clerical Personnel		96,939	
Bonus Payments		38,500	
Other Salaries and Wages		4,269	
Social Security		58,094	
Pensions		84,049	
Life Insurance		487	
Medical Insurance		158,368	
Dental Insurance		4,094	
Employer Medicare		13,648	
Retirement - Hybrid Stabilization		1,017	
Travel		3,662	
Other Contracted Services		2,400	
Total Office of the Principal			\$ 1,311,306

Fiscal Services

Supervisor/Director	\$	54,384	
Clerical Personnel		79,653	
Bonus Payments		4,500	
Social Security		7,465	
Pensions		6,927	
Life Insurance		72	
Medical Insurance		23,238	
Employer Medicare		1,746	
Data Processing Services		31,702	
Office Supplies		7,818	
Total Fiscal Services			217,505

Operation of Plant

Supervisor/Director	\$	35,181	
Custodial Personnel		322,778	
Bonus Payments		30,562	
Other Salaries and Wages		6,624	
Social Security		22,019	
Pensions		13,750	
Life Insurance		334	
Medical Insurance		105,810	
Employer Medicare		5,668	
Other Contracted Services		110,550	
Custodial Supplies		57,096	
Electricity		497,124	
Fuel Oil		37,675	
Natural Gas		2,493	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Water and Sewer	\$	99,200	
Other Supplies and Materials		52,947	
Boiler Insurance		2,849	
Building and Contents Insurance		132,582	
Administration Equipment		15,550	
Plant Operation Equipment		45,180	
Total Operation of Plant			\$ 1,595,972

Maintenance of Plant

Maintenance Personnel	\$	131,617	
Bonus Payments		8,500	
Other Salaries and Wages		886	
Social Security		8,530	
Pensions		7,006	
Life Insurance		92	
Medical Insurance		37,236	
Employer Medicare		2,008	
Administration Equipment		49,598	
Total Maintenance of Plant			245,473

Transportation

Supervisor/Director	\$	20,637	
Mechanic(s)		69,396	
Bus Drivers		492,188	
Attendants		156	
Bonus Payments		25,625	
Other Salaries and Wages		99,864	
In-service Training		2,790	
Social Security		42,846	
Pensions		36,240	
Life Insurance		203	
Medical Insurance		31,706	
Employer Medicare		10,281	
Retirement - Hybrid Stabilization		2,328	
Medical and Dental Services		4,690	
Other Contracted Services		32,815	
Diesel Fuel		130,648	
Gasoline		16,897	
Tires and Tubes		25,338	
Vehicle Parts		88,212	
Other Supplies and Materials		1,167	
Vehicle and Equipment Insurance		33,146	
In Service/Staff Development		961	
Other Charges		10,223	
Debt Service Contribution to Primary Government		179,954	
Transportation Equipment		314,000	
Total Transportation			1,672,311

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	44,290	
Clerical Personnel		33,877	
Bonus Payments		3,000	
Social Security		4,770	
Pensions		4,058	
Life Insurance		48	
Medical Insurance		14,994	
Employer Medicare		1,116	
Travel		755	
Food Supplies		1,100	
Total Food Service			\$ 108,008

Community Services

Other Salaries and Wages	\$	347,278	
Social Security		19,965	
Pensions		22,245	
Dental Insurance		455	
Employer Medicare		5,060	
Retirement - Hybrid Stabilization		811	
Contracts with Government Agencies		3,200	
Travel		672	
Food Supplies		209	
Instructional Supplies and Materials		7,210	
Other Supplies and Materials		9,818	
Other Charges		2,300	
Total Community Services			419,223

Early Childhood Education

Teachers	\$	281,145	
Educational Assistants		108,085	
Other Salaries and Wages		9,000	
Non-certified Substitute Teachers		12,600	
Social Security		23,661	
Pensions		29,658	
Life Insurance		288	
Medical Insurance		81,376	
Dental Insurance		2,411	
Employer Medicare		5,534	
Retirement - Hybrid Stabilization		3,253	
Travel		35	
Instructional Supplies and Materials		25,576	
Other Supplies and Materials		6,150	
In Service/Staff Development		2,839	
Other Charges		1,379	
Total Early Childhood Education			592,990

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Capital Outlay

Regular Capital Outlay

Architects	\$	101,475	
Other Charges		66,957	
Other Capital Outlay		50,296	
Total Regular Capital Outlay			\$ 218,728

Other Debt Service

Education

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

Total General Purpose School Fund \$ 21,647,450

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	762,026	
Educational Assistants		118,631	
Bonus Payments		12,000	
Other Salaries and Wages		54,014	
Non-certified Substitute Teachers		16,550	
Social Security		55,990	
Pensions		72,750	
Life Insurance		511	
Medical Insurance		154,538	
Dental Insurance		6,367	
Employer Medicare		13,106	
Retirement - Hybrid Stabilization		209	
Other Contracted Services		71,426	
Instructional Supplies and Materials		101,492	
Textbooks - Electronic		11,272	
Textbooks - Bound		31,486	
Other Charges		31,387	
Regular Instruction Equipment		386,343	
Total Regular Instruction Program			\$ 1,900,098

Special Education Program

Teachers	\$	164,430	
Educational Assistants		331,850	
Non-certified Substitute Teachers		13,987	
Social Security		30,085	
Pensions		30,567	
Life Insurance		512	
Medical Insurance		139,008	
Dental Insurance		455	
Employer Medicare		7,036	
Contracts with Private Agencies		115,554	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Maintenance and Repair Services - Equipment	\$	25	
Other Contracted Services		14,238	
Instructional Supplies and Materials		12,762	
Other Supplies and Materials		399	
Special Education Equipment		27,820	
Total Special Education Program			\$ 888,728

Career and Technical Education Program

Teachers	\$	11,997	
Non-certified Substitute Teachers		675	
Social Security		758	
Pensions		1,194	
Life Insurance		2	
Medical Insurance		1,080	
Dental Insurance		91	
Employer Medicare		181	
Instructional Supplies and Materials		20,504	
Other Supplies and Materials		3,344	
Vocational Instruction Equipment		179,803	
Total Career and Technical Education Program			219,629

Support Services

Other Student Support

Guidance Personnel	\$	94,844	
Social Workers		56,500	
Other Salaries and Wages		8,035	
Social Security		9,560	
Pensions		13,662	
Life Insurance		72	
Medical Insurance		21,663	
Dental Insurance		1,364	
Employer Medicare		2,236	
Retirement - Hybrid Stabilization		40	
Travel		4,046	
Other Supplies and Materials		7,412	
In Service/Staff Development		36,551	
Other Charges		847	
Total Other Student Support			256,832

Regular Instruction Program

Supervisor/Director	\$	84,725	
Librarians		49,975	
Social Security		7,461	
Pensions		13,874	
Life Insurance		48	
Medical Insurance		18,687	
Dental Insurance		910	
Employer Medicare		1,745	
Travel		433	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Other Contracted Services	\$	5,000	
Other Supplies and Materials		18,552	
In Service/Staff Development		80,950	
Other Equipment		2,652	
Total Regular Instruction Program			\$ 285,012

Special Education Program

Travel	\$	7,859	
Other Supplies and Materials		724	
In Service/Staff Development		3,131	
Total Special Education Program			11,714

Career and Technical Education Program

In Service/Staff Development	\$	2,789	
Total Career and Technical Education Program			2,789

Technology

Instructional Computer Personnel	\$	59,595	
Other Salaries and Wages		7,500	
Social Security		3,774	
Pensions		6,483	
Medical Insurance		9,597	
Dental Insurance		238	
Employer Medicare		894	
Total Technology			88,081

Director of Schools

Bonus Payments	\$	12,000	
Social Security		744	
Pensions		600	
Employer Medicare		174	
Total Director of Schools			13,518

Operation of Plant

Custodial Personnel	\$	16,034	
Social Security		955	
Pensions		802	
Life Insurance		24	
Medical Insurance		7,117	
Employer Medicare		223	
Custodial Supplies		4,932	
Total Operation of Plant			30,087

Transportation

Bus Drivers	\$	56,138	
Social Security		2,558	
Pensions		1,501	
Employer Medicare		833	
Total Transportation			\$ 61,030

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$ 23,841	
Social Security	1,478	
Employer Medicare	346	
Total Food Service		25,665

Capital Outlay

Regular Capital Outlay

Building Improvements	\$ 23,527	
Total Regular Capital Outlay		23,527

Total School Federal Projects Fund \$ 3,806,710

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$ 392,950	
Bonus Payments	41,125	
Other Salaries and Wages	2,846	
Social Security	25,070	
Pensions	20,044	
Life Insurance	540	
Medical Insurance	147,342	
Unemployment Compensation	664	
Employer Medicare	5,863	
Communication	342	
Maintenance and Repair Services - Equipment	27,134	
Other Contracted Services	12,648	
Food Supplies	674,072	
USDA - Commodities	96,810	
Other Supplies and Materials	79,897	
In Service/Staff Development	1,534	
Other Charges	526	
Food Service Equipment	3,011	
Total Food Service		\$ 1,532,418

Total Central Cafeteria Fund 1,532,418

Education Capital Projects Fund

Support Services

Board of Education

Trustee's Commission	\$ 2,503	
Total Board of Education		\$ 2,503

Total Education Capital Projects Fund \$ 2,503

Total Governmental Funds - Polk County School Department \$ 26,989,081

Exhibit J-9

Polk County, Tennessee
Schedule of Detailed Additions, Deductions, and Changes in
Net Position - City Custodial Fund
For the Year Ended June 30, 2022

	<u>Cities - Sales Tax Fund</u>
<u>Additions</u>	
Local Option Sales Tax	\$ 857,094
Total Additions	<u>\$ 857,094</u>
<u>Deductions</u>	
Remittance of Revenues Collected	\$ 849,353
Trustee's Commission	7,741
Total Deductions	<u>\$ 857,094</u>
Excess of Additions Over (Under) Deductions	\$ 0
Net Position, July 1, 2021	<u>0</u>
Net Position, June 30, 2022	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



JASON E. MUMPOWER
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, 2022, 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 February 27, 2023. Our report includes a reference to other auditors who audited the financial statements of Internal School Fund of the Polk County School Department (a discretely presented component unit) as described in our report on Polk County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on 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 were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be 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 deficiencies, described in the accompanying Schedule of Findings and Questioned Costs, to be material weaknesses: 2022-002 and 2022-003.

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: 2022-004, 2022-006, 2022-009, 2022-011, 2022-013, and 2022-014.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Polk County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2022-001, 2022-005, 2002-007, 2022-008, 2022-010, and 2022-012.

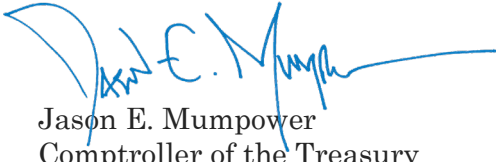
Polk County's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Polk County's responses to the findings identified in our audit, which 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,



Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

February 27, 2023

JEM/gc



JASON E. MUMPOWER
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

Opinion on 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Polk County, Tennessee, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not

provide a legal determination of Polk County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Polk County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Polk County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Polk County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Polk County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Polk County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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, 2022, and the related notes to the financial statements, which collectively comprise Polk County's basic financial statements. We issued our report thereon dated February 27, 2023, 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,



Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

February 27, 2023

JEM/gc

Polk County, Tennessee, and the Polk County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (3) (9)
For the Year Ended June 30, 2022

Federal/Pass-through Agency/State Grantor Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Rural Business Development Grant	10.351	N/A	\$ 24,370
Passed-through State Department of Education:			
Child Nutrition Cluster: (5)			
School Breakfast Program	10.553	N/A	424,531
National School Lunch Program	10.555	N/A	1,168,127 (6) (7)
COVID 19 - Pandemic EBT Administrative Costs	10.649	N/A	3,063
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (5)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	111,862 (6) (8)
Total U.S. Department of Agriculture			\$ 1,731,953
U.S. Department of Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 231,929
U.S. Department of Justice:			
Passed-through State Department of Finance and Administration:			
COVID 19 - Coronavirus Emergency Supplemental Funding Program	16.034	(4)	\$ 64,438
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	(4)	\$ 234,272
Passed-through State Department of Safety and Homeland Security:			
Alcohol Open Container Requirements	20.607	Z21THS236	2,337
Total U.S. Department of Transportation			\$ 236,609
U.S. Department of Treasury:			
Direct Program:			
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	\$ 1,068,773
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	(4)	\$ 592,140
Special Education Cluster: (5)			
Special Education - Grants to States	84.027	(4)	582,879 (6)
COVID 19 - Special Education - Grants to States - ARP	84.027	(4)	24,066 (6)
Special Education - Preschool Grants	84.173	(4)	20,804 (6)
COVID 19 - Special Education - Preschool Grants - ARP	84.173	(4)	6,814 (6)
Career and Technical Education - Basic Grants to States	84.048	(4)	40,849
Career and Technical Education - National Programs	84.051	(4)	39,979
Twenty-first Century Community Learning Centers	84.287	(4)	326,287
Rural Education	84.358	(4)	48,493
English Language Acquisition State Grants	84.365	(4)	541
Improving Teacher Quality State Grants	84.367	(4)	73,109
Student Support and Academic Enrichment	84.424	(4)	49,618
COVID 19 - Education Stabilization Fund Program - Governors			
Emergency Education Relief Fund	84.425C	(4)	42,190 (6)
COVID 19 - Education Stabilization Fund Program - Elementary and Secondary School Emergency Relief (ESSER I)			
COVID 19 - Education Stabilization Fund Program - Elementary and Secondary School Emergency Relief (ESSER I)	84.425D	(4)	115,959 (6)
COVID 19 - Education Stabilization Fund Program - Elementary and Secondary School Emergency Relief (ESSER II)			
COVID 19 - Education Stabilization Fund Program - Elementary and Secondary School Emergency Relief (ESSER II)	84.425D	(4)	1,215,497 (6)
COVID 19 - Education Stabilization Fund Program - Elementary and Secondary School Emergency Relief (ESSER ARP)			
COVID 19 - Education Stabilization Fund Program - Elementary and Secondary School Emergency Relief (ESSER ARP)	84.425U	(4)	1,153,735 (6)

(Continued)

Polk County, Tennessee, and the Polk County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (3) (9) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education (Cont.):			
Passed-through State Department of Human Services:			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	(4)	\$ 42,323
Passed-through Tennessee Higher Education Commission:			
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	(4)	182,169
Total U.S. Department of Education			\$ 4,557,452
U.S. Department of Health and Human Services:			
Passed-through Southeast Tennessee Development District:			
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	(4)	\$ 15,945
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	(4)	9,620
Passed-through State Department of Education:			
Temporary Assistance for Needy Families	93.558	(4)	127,022
Total U.S. Department of Health and Human Services			\$ 152,587
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(4)	\$ 224,075
Total Expenditures of Federal Awards			\$ 8,267,816

State Grants	Contract Number	Expenditures
Airport Maintenance Grant - State Department of Transportation	N/A (4)	\$ 1,226
Bridge Camp - State Department of Education	N/A (4)	55,942
Child Safety Seat Grant - State Department of Health	N/A (4)	1,108
Coordinated School Health - State Department of Education	N/A (4)	95,403
Evidence Based Programming - State Department of Finance and Administration	N/A (4)	24,686
Family Resource Centers - State Department of Education	N/A (4)	28,306
Juvenile Services Program - State Commission on Children and Youth	N/A (4)	9,000
Litter Program - State Department of Transportation	N/A (4)	41,620
Local Health Services - State Department of Health	N/A GG-22-70433-00	151,443
Lottery for Education After School Programs - State Department of Education	N/A (4)	64,266
Safe Schools - State Department of Education	N/A (4)	76,240
State Direct Appropriations Grant FY 2021 - State Department of Finance and Administration	N/A (4)	327,025
STREAM Mini Camps - State Department of Education	N/A (4)	11,081
Summer Learning Camps - State Department of Education	N/A (4)	158,823
Summer Learning Transportation - State Department of Education	N/A (4)	74,604
Top Library Grant - Tennessee Secretary of State	N/A (4)	500
Voluntary Pre-K for Tennessee - State Department of Education	N/A (4)	507,353
Total State Grants		\$ 1,628,626

(Continued)

Polk County, Tennessee, and the Polk County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (3) (9) (Cont.)

FAL = Federal Assistance Listing
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 \$1,704,520; Special Education Cluster total \$634,563.
- (6) Total FAL No. 10.555 is \$1,279,989; Total FAL No. 84.027 is \$606,945; Total FAL No. 84.173 is \$27,618;
Total FAL No. 84.425 is \$2,527,381.
- (7) National School Lunch Program \$1,123,046; Supply Chain Assistance \$45,081.
- (8) Commodities - Noncash Assistance \$96,810; Commodity Distribution Rebates \$3,009; Emergency Operation
Cost Reimbursement \$12,043.
- (9) CONSOLIDATED ADMINISTRATION

The following amounts were consolidated for administration purposes:

Program Title	Federal Assistance Listing Number	Amount Provided to Consolidated Administration
Title I Grants to Local Education Agencies	84.010	\$ 107,332
Rural Education	84.358	875
Supporting Effective Instruction State Grants	84.367	6,967
Student Support and Academic Enrichment Program	84.424A	612
		<u>\$ 115,786</u>

Polk County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2022

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, 2022.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	FAL Number	Current Status
<u>OFFICES OF COUNTY EXECUTIVE, DIRECTOR OF ACCOUNTS AND BUDGETS, AND HIGHWAY SUPERINTENDENT</u>					
2021	196	2021-001	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
2021	196	2021-002	Polk County has a material recurring audit finding.	N/A	Not Corrected - See Explanation on Corrective Action Plan
<u>OFFICE OF DIRECTOR OF ACCOUNTS AND BUDGETS</u>					
2021	197	2021-003	General ledger payroll liability accounts were not reconciled.	N/A	Not Corrected - See Explanation on Corrective Action Plan
2021	198	2021-004	The office had deficiencies in the issuance of purchase orders.	N/A	Not Corrected - See Explanation on Corrective Action Plan
2021	198	2021-005	Payroll tax deposits to the Internal Revenue Service were not properly reported resulting in the assessment of interest and penalties totaling \$4,826.	N/A	Not Corrected - See Explanation on Corrective Action Plan
<u>OFFICE OF COUNTY EXECUTIVE</u>					
2021	199	2021-006	The misdemeanor probation office did not review a list of reversed transactions.	N/A	Corrected
<u>OFFICE OF DIRECTOR OF SCHOOLS</u>					
2021	199	2021-007	The School Federal Projects Fund had a deficit in unassigned fund balance.	N/A	Corrected
2021	200	2021-008	The office had deficiencies in budget operations.	N/A	Not Corrected - See Explanation on Corrective Action Plan
<u>OFFICE OF SHERIFF</u>					
2021	201	2021-009	The office did not review a list of voided transactions or reprinted checks.	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, 2022

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:
 - * Assistance Listing Number: 21.027 COVID 19 - Coronavirus State and Local Fiscal Recovery Funds
 - * Assistance Listing Number: 84.425 COVID 19 - Education Stabilization Fund
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 2022-001

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 2022-002

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:

Finding Numbers	Description
2022-001, 2021-001, 2020-001	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

The county executive and highway superintendent should work together with the county commission and the county’s audit committee to address the issues that have kept the county from implementing the 1957 Act and work out a method of implementation in order to eliminate this weakness in internal control.

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

We concur with this finding.

OFFICES OF DIRECTOR OF ACCOUNTS AND BUDGETS AND DIRECTOR OF SCHOOLS

FINDING 2022-003 **FUNDS MAINTAINED BY THE COUNTY AND SCHOOL DEPARTMENT REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION**
 (Internal Control – Material Weakness Under *Government Auditing Standards*)

At June 30, 2022, certain general ledger account balances in the county’s General Fund and the school department’s Education Capital Projects Fund were not materially correct, and audit adjustments for receivables and payables totaling \$224,003 and \$388,238, respectively, were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Polk County to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county’s financial reporting systems did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency is the result of a lack of management oversight. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

Polk County and the Polk County School Department should have appropriate processes in place to ensure its general ledgers are materially correct.

MANAGEMENT'S RESPONSE – DIRECTOR OF ACCOUNTS AND BUDGETS AND DIRECTOR OF SCHOOLS

We concur with this finding.

FINDING 2022-004

THE OFFICES HAD DEFICIENCIES IN THE ISSUANCE OF PURCHASE ORDERS

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

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected and reviewed samples of disbursements from the county and the school department. From Polk County, we sampled 71 disbursements totaling \$270,657 from a population of approximately 2,044 vendor checks totaling \$9,987,021, and from the Polk County School Department, we sampled 78 disbursements totaling \$253,650 from a population of approximately 2,539 vendor checks totaling \$8,652,081.

Our sampling revealed that in 26 of 52 applicable county purchases and in 33 of 40 applicable school department purchases, purchase orders were issued after purchases were made. Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments. Issuing the purchase order after the purchase defeats the purpose of the purchase order and makes it an approval of payment rather than an approval of the purchase and increases the risks of unauthorized purchases. These deficiencies were the result of a lack of management oversight in both offices. Further, the deficiency in the Office of Director of Accounts and Budgets was a result of management's failure to correct the finding noted in the prior year audit report and management's failure to implement their corrective action plan.

RECOMMENDATION

To strengthen internal controls over purchasing procedures and to document purchasing commitments, the office should issue purchase orders for all applicable purchases before purchases are made.

MANAGEMENT'S RESPONSE – DIRECTOR OF ACCOUNTS AND BUDGETS

I concur with this finding.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

I concur with this finding. The Polk County Board of Education has put in place a procedure to help maintain purchase orders daily. The Polk County Board of Education has two employees printing purchase orders daily.

OFFICE OF DIRECTOR OF ACCOUNTS AND BUDGETS

FINDING 2022-005 **THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS**

(Noncompliance Under *Government Auditing Standards*)

Our examination revealed deficiencies in budget operations of the office. These deficiencies exist because management failed to hold spending to limits authorized by the county commission, which resulted in unauthorized expenditures and failed to provide sufficient oversight.

- A. Expenditures exceeded total appropriations approved by the county commission in the Solid Waste Sanitation Fund by \$33,176. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

- B. Expenditures exceeded appropriations approved by the county commission in the major category level (the legal level of control) in the following funds:

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
Primary Government:	
General:	
County Buildings	\$ 23,624
Other General Administration	26,706
Circuit Court	38
Sanitation Education/Information	4,624
Other Charges	2,596
Contributions to Other Agencies	33,038
General Debt Service:	
Other Debt Service - General Government	\$ 2,441

- C. Three budget amendments were posted in the General Fund and one budget amendment was posted to the Solid Waste/Sanitation Fund that were not approved by the county commission. Accurate budgetary statements are necessary to provide county officials and departments with available spending limits. We have recognized only those budget amendments approved by the county commission in the financial statements of this report.

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. Budget amendments should be posted to the accounting records only after approval by the county commission.

MANAGEMENT’S RESPONSE – DIRECTOR OF ACCOUNTS AND BUDGETS

I concur with this finding.

FINDING 2022-006

GENERAL LEDGER PAYROLL LIABILITY ACCOUNTS WERE NOT RECONCILED

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

General ledger payroll liability accounts for the General, Solid Waste/Sanitation, and Drug Control funds were not reconciled monthly 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 monthly. 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, management’s failure to correct the finding noted in the prior-year audit report, and management’s failure to implement their corrective action plan.

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

I concur with this finding.

FINDING 2022-007

PAYROLL TAX DEPOSITS TO THE INTERNAL REVENUE SERVICE WERE NOT PROPERLY REPORTED RESULTING IN THE ASSESSMENT OF INTEREST AND PENALTIES TOTALING \$3,938

(Noncompliance Under *Government Auditing Standards*)

Polk County maintains a payroll clearing bank account to deposit employee payroll taxes due to the Internal Revenue Service (IRS) and is required to notify the IRS of all deposits so

withdrawals can be made from the county's account timely. The payroll tax deposit for the December 31, 2021, tax period was made to the clearing account; however, the county failed to notify the IRS timely to provide for the withdrawal of the deposit resulting in the assessment of \$533 in penalty and interest. Additionally, the payroll tax deposit for the September 30, 2020, tax period deposited and reported was less than the amount due. The IRS notified the county executive's office on February 8, 2022, of the errors and the resulting assessment of \$3,405 in interest and penalties. This deficiency is the result of a lack of management oversight, management's failure to correct the finding noted in the prior-year audit report, and management's failure to implement their corrective action plan.

RECOMMENDATION

Federal payroll taxes deposited to the payroll clearing bank account should be reported to the IRS on a timely basis to avoid interest and penalty assessments.

MANAGEMENT'S RESPONSE – DIRECTOR OF ACCOUNTS AND BUDGETS

I concur with this finding.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 2022-008

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 16 of 24 major appropriation categories (the legal level of control) of the General Purpose School Fund as reflected in the following table:

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
General Purpose School:	
Regular Instruction Program	\$ 178,887
Alternative Instruction Program	4,871
Special Education Program	44,125
Attendance	1,781
Health Services	13,803
Other Student Support	219,505
Special Education Program	2,169
Career and Technical Education Program	2,148
Director of Schools	20,022
Office of the Principal	25,334
Fiscal Services	7,537
Maintenance of Plant	50,941
Transportation	111,778
Food Service	2,911
Early Childhood Education	73,039
Regular Capital Outlay	128,728

- B. Salaries exceeded appropriations in 41 of 79 salary line-items of the General Purpose School Fund, in six of 21 salary line-items of the School Federal Projects Fund, and in two of three salary line-items of the Central Cafeteria Fund by amounts ranging from \$62 to \$234,259. 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.
- C. The budget and subsequent amendments approved by the county commission for the Central Cafeteria Fund exceeded estimated available funding by \$380,595. Sound budgetary principles dictate that appropriations be held within estimated available funding.
- D. Several budget amendments were posted in the General Purpose School Fund, the School Federal Projects Fund, and the Central Cafeteria Fund that were not approved by the county commission. Accurate budgetary statements are necessary to provide county officials and departments with available spending limits. We have recognized only those budget amendments approved by the county commission in the financial statements of this report.

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. Appropriations that exceed estimated available funding should not be submitted to the county commission, and the county commission should not approve such appropriations. Budget amendments should be posted to the accounting records only after approval by the county commission.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

I concur with this finding. The Polk County Board of Education made the decision to hire a part-time employee to help with paperwork or purchase a document software system that will free up much needed time to oversee the budget.

FINDING 2022-009

THE OFFICE HAD ACCOUNTING DEFICIENCIES

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

The following deficiencies were noted during our examination of the office’s accounting records. These deficiencies exist due to a lack of management oversight and a lack of understanding of internal controls.

- A. We observed 413 general journal entries that were posted to the accounting records for the General Purpose School Fund. Included in these entries were 25 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.

- B. Our audit revealed deficiencies related to the administration and maintenance of the fund accounting records. Interfund receivable and payable account balances in various school department funds were not reconciled. As a result, at June 30, 2022, a net difference of \$30,051 existed between the various interfund receivables (\$112,276) and payables (\$82,225) in the school department funds. These differences were the result of various posting errors related to the reimbursement of expenditures between the various funds. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

The failure to properly maintain accounting records accurately and timely diminishes the usefulness of the financial records as a management tool, results in a loss of budgetary and accounting control, and increases the risk that errors will not be discovered and corrected in a timely manner.

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. All general ledger accounts should be reconciled accurately each month with subsidiary records, monthly billings, receipts, and payments, and any errors identified should be corrected promptly.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

I concur with this finding. The Polk County Board of Education made the decision to hire a part-time employee to help with paperwork or purchase a document software system that will free up much needed time to oversee the budget.

OFFICE OF TRUSTEE

FINDING 2022-010

REVENUES WERE NOT PRORATED ACCURATELY
(Noncompliance Under *Government Auditing Standards*)

During the fiscal year, the trustee did not accurately prorate local option sales tax according to allocations approved by local referendum. Local option sales tax was incorrectly prorated resulting in revenues being understated in the General Purpose School Fund and overstated in the Education Capital Projects Fund by \$325,668. This deficiency is the result of a lack of management oversight. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

The trustee should accurately prorate revenues according to allocations approved by local referendum.

MANAGEMENT’S RESPONSE – TRUSTEE

I disagree with this finding. After the local referendum passed, several conversations were had regarding how to manage these funds. I spoke with the BOE finance director, members of the county commission, county government consultants, and the auditor we had at the time. We were told that it would be fine to have the BOE finance director move those funds on her end after we had receipted them. Upon discovering that this was not the correct process, we immediately corrected the amounts in both funds, and the trustee began to properly prorate the funds. I realize ignorance regarding the statute is no excuse for this mistake, but I believed I asked the proper questions to the correct individuals at the time. Going forward, I will contact the comptroller’s office to ensure this doesn’t happen again.

AUDITOR’S COMMENTS

The trustee is responsible for properly prorating revenues among the county funds in accordance with established state and local laws and regulations. As noted, corrections to these amounts were made when adjustments were presented by auditors.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 2022-011

THE OFFICE USED A SIGNATURE STAMP TO SIGN CHECKS

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

Our examination disclosed that a signature stamp was used to affix the signature of the official to checks. *Tennessee Code Annotated* does not provide authority for the use of a signature stamp. Also, internal controls over the use of a signature stamp are inherently weak. This deficiency is the result of a lack of management oversight and a lack of understanding of internal controls.

RECOMMENDATION

The office should immediately discontinue the use of a signature stamp.

MANAGEMENT'S RESPONSE – CIRCUIT AND GENERAL SESSIONS COURTS CLERK

I concur with this finding.

FINDING 2022-012

OPERATIONS OF THE CIRCUIT AND GENERAL SESSIONS COURTS CLERK ARE CURRENTLY UNDER INVESTIGATION

(Noncompliance Under *Government Auditing Standards*)

An investigation of certain operations in the Polk County Circuit and General Sessions Courts Clerk by the Comptroller's Division of Investigations is ongoing. Findings, if any, resulting from the investigation will be included in a subsequent report.

FINDING 2022-013

THE OFFICE DID NOT REVIEW A LIST OF VOIDED TRANSACTIONS

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

The software application used by the office generated a report that displayed transactions that were voided by users. To ensure that these transactions were necessary, this report should be reviewed for inappropriate activity. This deficiency was the result of a lack of management oversight. When the importance of these reports was brought to management's attention again in April 2022, a routine review process was resumed. Procedures for reviewing these logs are currently in place.

RECOMMENDATION

Management should continue to review the report of voided transactions on a routine basis. Any unusual transactions should be investigated.

MANAGEMENT'S RESPONSE – CIRCUIT AND GENERAL SESSIONS COURTS CLERK

I concur with this finding.

OFFICE OF SHERIFF

FINDING 2022-014

COMMISSARY BANK STATEMENTS WERE NOT RECONCILED PROPERLY WITH THE GENERAL LEDGER

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

Monthly bank statements for the commissary were not reconciled properly with the general ledger. Sound business practices require the monthly reconciliation of bank statements with general ledger accounts to ensure all collections and disbursements are recorded in the accounting records accurately. The failure to reconcile bank statements with the general ledger monthly allows errors to remain undiscovered and uncorrected.

RECOMMENDATION

Bank statements should be reconciled with the general ledger monthly, and any discrepancies discovered should be investigated and corrected promptly.

MANAGEMENT'S RESPONSE – SHERIFF

I concur with this finding.

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, 2022.

Polk County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2022

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 AND DIRECTOR OF ACCOUNTS AND BUDGETS

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2022-007	Payroll tax deposits to the Internal Revenue Service were not properly reported resulting in the assessment of interest and penalties totaling \$3,938.	219

OFFICE OF HIGHWAY SUPERINTENDENT

2022-001	The director of accounts and budgets did not maintain the accounting records for the highway department.	220
2022-002	Polk County has a material recurring audit finding.	221

AUDITOR'S COMMENTS ON CORRECTIVE ACTION PLAN

2022-001	The director of accounts and budgets did not maintain the accounting records for the highway department.	228
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(Continued)

Polk County, Tennessee
Management's Corrective Action Plan (Cont.)

Finding Number	Title of Finding	Corrective Action Plan Page Number
<u>OFFICE OF DIRECTOR OF SCHOOLS</u>		
2022-003	The Education Capital Projects Fund required material audit adjustments for proper financial statement presentation.	222
2022-004	The office had deficiencies in the issuance of purchase orders.	222
2022-008	The office had deficiencies in budget operations.	223
2022-009	The office had accounting deficiencies.	223
<u>OFFICE OF TRUSTEE</u>		
2022-010	Revenues were not prorated accurately.	224
<u>OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK</u>		
2022-011	The office used a signature stamp to sign checks.	225
2022-013	The office did not review a list of voided transactions.	226
<u>OFFICE OF SHERIFF</u>		
2022-014	Commissary bank statements were not reconciled properly with the general ledger.	227

Robert M. Hatcher County Executive

Corrective Action Plan

FINDING 2022-001

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

Person Responsible for Implementing the Corrective Action:
County Commission

Anticipated Completion Date of Corrective Action:
N/A pending commission

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:
County Commission has opted not to implement the guidelines of the 57 act that combines the road department with the county.

Planned Corrective Action:
County Commission will have to vote to combine the accounting offices from each department.



Official's Signature

2-27-2023

Date

Polk County Government

Tel 423-338-4527
Fax 423-338-4558

P.O. Box 128
6239 Hwy. 411
Benton, TN 37307

Email
roberthatcher06@yahoo.com



Corrective Action Plan

FINDING 2022-002

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:
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 did not vote to combine the accounting offices of the road department
and the Director of Accounts & Budgets for the County.

Planned Corrective Action:
If County Commission takes action on the first finding to combine the office's or another
approved method then this finding would be eliminated.



Official's Signature

2-27-2023

Date

Corrective Action Plan

FINDING 2022-003

THE GENERAL FUND REQUIRED MATERIAL AUDIT
ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT
PRESENTATION

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:
June 30, 2023

Repeat Finding:
No

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

Planned Corrective Action:
Obtain reports from Trustee/Sheriff's department to accurately setup account receivables at
fiscal year end.



Official's Signature

2-27-2023

Date

Corrective Action Plan

FINDING 2022-004

THE OFFICE HAD DEFICIENCIES IN THE ISSUANCE OF
PURCHASE ORDERS

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:
ASAP

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:
Department heads were all made aware of the proper purchasing order procedure. Emails were sent and phone calls were made.

Planned Corrective Action:
No excuse will be accepted from department heads on why proper purchasing guidelines were not followed. Payment for purchases that did not receive a PO # in the correct timeframe will be returned to the department head for payment.



Official's Signature

2-27-2023

Date

Corrective Action Plan

FINDING 2022-005

THE OFFICE HAD DEFICIENCIES IN BUDGET
OPERATIONS

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:
ASAP

Repeat Finding:
No

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

Planned Corrective Action:
Year end budget amendments to be obtained and input in the correct timeframe.



Official's Signature

2-27-2023

Date

Corrective Action Plan

FINDING 2022-006

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:
ASAP

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:
Line's are being balanced out monthly now. They still appear to be unreconciled due to years prior being off balance.

Planned Corrective Action:
Line's are being balanced monthly, past years are being worked on when time permits, commission will have to approve to zero lines out for a clear reconciliation start point.



Official's Signature

2-27-2023

Date

Corrective Action Plan

FINDING 2022-007

PAYROLL TAX DEPOSITS TO THE INTERNAL REVENUE SERVICE WERE NOT PROPERLY REPORTED RESULTING IN THE ASSESSMENT OF INTEREST AND PENALTIES TOTALING \$3,938

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:
Already in place

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:
The penalties paid are not from this audit year. Measures and notifications were put in place last year at that finding. No penalties have been assessed since those measurements were put in place.

Planned Corrective Action:
Continue following guidelines and payment procedures that were implemented last year that included a timeframe for processing and email notifications for payments made.



Official's Signature

2-27-2023

Date

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 Official
Hannah Price, Certified County Finance Officer

Person Responsible for Implementing the Corrective Action:
Polk County Mayor / Polk County Commission

Anticipated Completion Date of Corrective Action:
N/A

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:
The County Legislative Body (CLB) voted for the 57 Purchasing Law in 1978 however no implementation date has been set by the CLB. The Highway Department is in agreement to work with the plan set by CLB of merging the Highway Department Accounting records with the Budget Director to centralize the funds.

Planned Corrective Action:
The County Legislative Body, Audit Committee and Budget Director should agree on how the Polk County Hwy. Departments accounting records will merge with the General Fund to be in compliance.

FINDING: POLK COUNTY HAS A MATERIAL RECURRING AUDIT FINDING

Response and Corrective Action Plan Prepared by:

Roy G. Thomason Jr., Highway Official
Hannah Price, Certified County Finance Officer

Person Responsible for Implementing the Corrective Action:

Polk County Mayor / Polk County Commission

Anticipated Completion Date of Corrective Action:

N/A

Repeat Finding:

Yes

Reason Corrective Action was Not Taken in the Prior Year:

The accounting records were not maintained by the Director of Accounts and Budget. This causes a recurring audit finding.

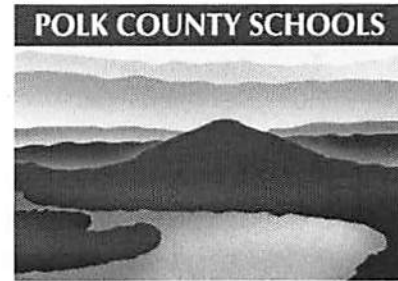
Planned Corrective Action:

Once the Audit Committee, County Commission and Budget Director set a plan for the merge of records, we will comply and work diligently with others.

Signature:



Highway Superintendent



Corrective Action Plan

FINDING: 2022-001 MATERIAL AUDIT ADJUSTMENTS WERE REQUIRED FOR PROPER FINANCIAL STATEMENT PRESENTATION

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

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

Anticipated Completion Date of Corrective Action:
December 2022

Repeat Finding:
No

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

Planned Corrective Action:
Trustee is now prorating fund 177 local option sales tax. Therefore, due/to and due/from should not be needed except for the July amount.

FINDING: 2022-002 THE OFFICE HAD DEFICIENCIES IN THE ISSUANCE OF PURCHASE ORDERS

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

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

Anticipated Completion Date of Corrective Action:
July 1, 2022

Repeat Finding:
No

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

Planned Corrective Action:
Polk BOE put in place a procedure to help maintain purchase orders on a daily basis. Polk BOE has two employees printing purchase orders daily.

FINDING: 2022-003 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 Date of Corrective Action:
February 27, 2023

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:
Amendments were presented to the county commission in June, but were not approved

Planned Corrective Action:
Polk BOE will present amendments as early as possible and have defined reasons if not able to be at the meeting.

FINDING: 2022-004 THE OFFICE HAD ACCOUNTING DEFICIENCIES

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


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

Anticipated Completion Date of Corrective Action:
February 27, 2023

Repeat Finding:
No

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

Planned Corrective Action:
Polk BOE will make clear entries to receivable and payables. If possible have others to check the entries for accuracy, This will prevent entries from being backed out and corrected.

Signature: 
Director of Schools



P.O. Box 302
Benton, TN 37307

**GINA BURCHFIEL
POLK COUNTY TRUSTEE**

Phone: 423-338-4545
Fax: 423-338-3101

FINDING 2022-001

REVENUES WERE NOT PRORATED ACCURATELY

Response and Corrective Action Plan Prepared by:

Gina Hicks Burchfiel, Trustee

Person Responsible for Implementing the Corrective Action:

Gina Hicks Burchfiel, Trustee

Anticipated Completion Date of Corrective Action:

November 2022

Repeat Finding:

No

Reason Corrective Action was Not Taken in the Prior Year:

N/A

Planned Corrective Action:

Revenues were moved to the correct fund and immediately began the correct process for proration.

Signature:

Date:

Feb. 27, 2023

MELISSA KEITH JENKINS
POLK COUNTY CLERK OF COURTS

164 Industrial Access Circle
Benton, Tn 37307
ph.423-338-4524 fx.423-338-8611

Corrective Action Plan

FINDING 2022-001

THE OFFICE USED A SIGNATURE STAMP TO SIGN
CHECKS

Response and Corrective Action Plan Prepared by:
Melissa Jenkins, Circuit and General Sessions Courts Clerk

Person Responsible for Implementing the Corrective Action:
Melissa Jenkins, Circuit and General Sessions Courts Clerk

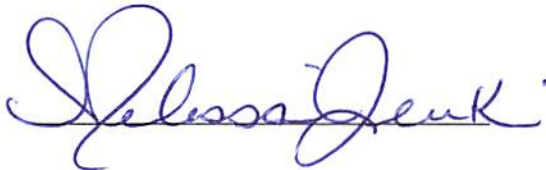
Anticipated Completion Date of Corrective Action:
November 2022

Repeat Finding:
No

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

Planned Corrective Action:
The office has discontinued the use of signature stamps. The Clerk and Employees all sign checks.

Signature:



Date:

02-27-2023

MELISSA KEITH JENKINS
POLK COUNTY CLERK OF COURTS

164 Industrial Access Circle
Benton, Tn 37307
ph.423-338-4524 fx.423-338-8611

Corrective Action Plan

FINDING: THE OFFICE DID NOT REVIEW A LIST OF VOIDED
TRANSACTIONS

Response and Corrective Action Plan Prepared by:
Melissa Jenkins, Circuit and General Sessions Courts Clerk

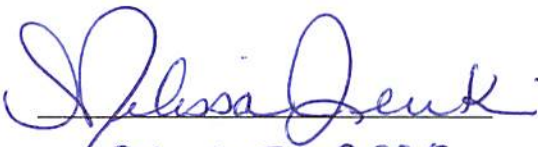
Person Responsible for Implementing the Corrective Action:
Melissa Jenkins, Circuit and General Sessions Courts Clerk

Anticipated Completion Date of Corrective Action:
April 2022

Repeat Finding:
No

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

Planned Corrective Action:
Void Reports are reviewed each month by the official and bookkeeper.

Signature: 
Date: 02-27-2023

Polk County

Sheriff's Office



Steve Ross
Sheriff
423.338.4540

Corrective Action Plan

FINDING 2022-001 COMMISSARY BANK STATEMENTS WERE NOT RECONCILED PROPERLY WITH THE GENERAL LEDGER

Response and Corrective Action Plan Prepared by:
Sheriff Steve Ross

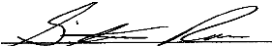
Person Responsible for Implementing the Corrective Action:
Brittany Dunn and Callie Nelms

Anticipated Completion Date of Corrective Action:
02/27/23

Repeat Finding:
No

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

Planned Corrective Action:
Since the finding of this mistake, the staff has learned how to reconcile the account right away instead of having to wait until following month. All employees will be more diligent in this report.

Signature: 

Date: 02/27/23

AUDITOR'S COMMENTS ON CORRECTIVE ACTION PLAN

**FINDING 2022-001 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 229 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.