

**POLK COUNTY  
NORTH CAROLINA**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2022**

**PREPARED BY: FINANCE DEPARTMENT**







ANNUAL COMPREHENSIVE FINANCIAL REPORT  
Of

POLK COUNTY,  
NORTH CAROLINA

Columbus, North Carolina  
For the Fiscal Year Ended June 30, 2022



Prepared by the Finance Department  
Sandra Q. Hughes, Finance Director



# POLK COUNTY, NORTH CAROLINA

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**INTRODUCTORY SECTION**  
**(Unaudited)**

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This section of Polk County's annual comprehensive financial report presents general information on Polk County's structure, and the environment in which it operates. It also contains the Certificate of Achievement for Excellence in Financial Reporting for its annual comprehensive financial report for the previous fiscal year.

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November 4, 2022

To the Board of County Commissioners, and the  
Citizens of Polk County, North Carolina

Ladies and Gentlemen:

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of Polk County (the "County") for the fiscal year ended June 30, 2022. Laws of the State of North Carolina, along with policies and procedures of the North Carolina Local Government Commission, require that all local governments in the State publish a complete set of financial statements annually. The financial statements must be presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. The financial statements and supplemental schedules contained herein have been audited by the independent, Certified Public Accounting firm of Martin Starnes and Associates, CPAs, P.A., and that firm's unmodified opinion is included in the financial section of this report. The report itself, however, is presented by the County, which is responsible for the accuracy of the data and for the completeness and fairness of its presentation, including all disclosures. We believe the data as presented is accurate in all material aspects; that it is presented in a manner designed to set forth fairly the financial position and results of operations of the County as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors. The goal of the independent audit was to provide reasonable assurance that the financial statements of Polk County for the fiscal year ended June 30, 2022, are free of material misstatements. The audit involved

examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Based upon the audit, there was a reasonable basis for rendering an unmodified opinion that Polk County's financial statements for the year ended June 30, 2022 are fairly presented in conformity with GAAP.

### **REPORTING ENTITY**

The reporting entity is composed of the primary government (the "County"), component units, and other organizations that are included to insure that the financial statements are not misleading. The County consists of all funds; departments, boards, and agencies that are not legally separate from the County.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if it appoints a voting majority of the organizations' governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organizations' resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization. The County has no component units.

### **DESCRIPTION OF COUNTY**

The County was established in 1855 and is located in the foothills of the Blue Ridge Mountains of North Carolina. It is one of 100 counties established in North Carolina under North Carolina General Statute 153A-10. The County is a desirable place to live and work. Two-hundred thirty-eight (238) square miles of mountains, rolling hills, streams, and waterfalls, plus gracious small town living, rural atmosphere, and close proximity to larger cities, all contribute to the excellent quality of life. The population of Polk County is approximately 20,000, with the Towns of Columbus, Tryon, and Saluda. The retirement community makes up a large part of the population base. Transportation options include two major highways. Interstate 26 and US 74 give direct routes to main cities, such as Charlotte, North Carolina and Spartanburg, South Carolina.

A five-member Board of County Commissioners governs Polk County. The County has a commissioner/manager form of government. Commissioners hold policy-making and legislative authority. They are also responsible for adopting the budget and appointing the county manager. The manager is the chief administrative officer and prepares and recommends the annual budget in addition to being responsible for implementing policies, managing daily operations, and appointing department heads.

The County provides its citizens with a wide range of services that include general government administration, economic and physical development, environmental protection, cultural and recreational activities, and others. However, public safety, human services, and education represent the vast majority of the annual budget. The county also



extends financial support to certain agencies such as Vaya Health for Regional Mental Health and Polk County Rescue Squad for back-up assistance.

The annual budget serves as the foundation for the County's financial planning and control. All agencies of the County are required to submit requests for appropriation to the County Manager. The Manager uses these requests as the starting point for developing a proposed budget to the Board. The Board is required to hold a public hearing on the proposed budget and then adopt a final budget by no later than June 30, the close of the County's fiscal year. The appropriated budget is prepared by fund and on the department level.

The County's Finance Department prepares the financial statements and is responsible for the accuracy and completeness of the data. The County has established comprehensive internal controls in order to protect the County's assets from loss, theft or misuse and to help insure that information is reliable for the preparation of this report. The County's internal controls have been designed to provide reasonable assurance that the financial statements are free of material misstatements and that the data and presentation are fair and accurate.

### **FACTORS AFFECTING FINANCIAL CONDITION**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

**Local economy** – The labor force increased approximately 2% from the previous year. The present unemployment rate is 4.1% (down from 4.6% the previous year) but higher than the State unemployment rate of 3.4%. The County had one its' lowest year unemployment rate of 3.3% in 2004 and its' highest of 8.8% in 2009. The County has slowly lost some industries but is gaining new ones. The median age just decreased for the first time in several years in 2021 and did not change in 2022. The agriculture and equine industries are continuing to grow. Per capita income increased 5.9% from last year to this year.

**Long-term financial planning** – The County informally maintains a two-year financial forecast as well as a capital improvement plan (CIP). The CIP includes modernization of County facilities and a school capital building plan that includes school renovations and additions.

**Relevant financial policies** – Cash temporarily idle during the year was invested in investments authorized by North Carolina General Statute 159-30(c). Objectives of the County's investment policy are safety, liquidity, and yield. The County makes the best use of idle cash to ensure funds are available to meet cash flow requirements, yet earn a competitive yield. The County was considerably more conservative due to the instability of market conditions during the year.

Polk County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the

citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them.

**Major initiatives** - The County has worked closely with the State and other organizations on a number of State and Federal funded grant projects (ARPA, SCIF, NC911, StRAP & Opioid Settlement).

The County spent many hours of planning and preparation to insure the safety of the citizens and employees during the pandemic and will continue to do so until the threat of COVID-19 is minimal.

### **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (“GFOA”) awarded a Certificate of Achievement for Excellence in Financial Reporting to Polk County for its Annual Comprehensive Financial Report (“ACFR”) for the fiscal year ended June 30, 2021. This marks the twenty-sixth consecutive year that Polk County has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized ACFR, whose contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe our current report continues to conform to program requirements and we are submitting it to the GFOA once again.

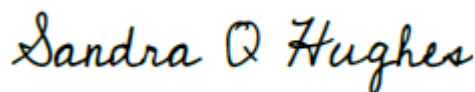
Each County department’s strong commitment to the goals, vision, and mission statements of the County government is reflected in the services provided to the residents of Polk County. We appreciate the cooperation of all the County departments in conducting financial activities, including the preparation of this report. We would also like to thank Martin Starnes & Associates, CPAs, P.A. for their technical assistance.

We thank the Board of County Commissioners for their leadership in making Polk County a fiscally sound, well-governed community.

Respectfully submitted,



County Manager

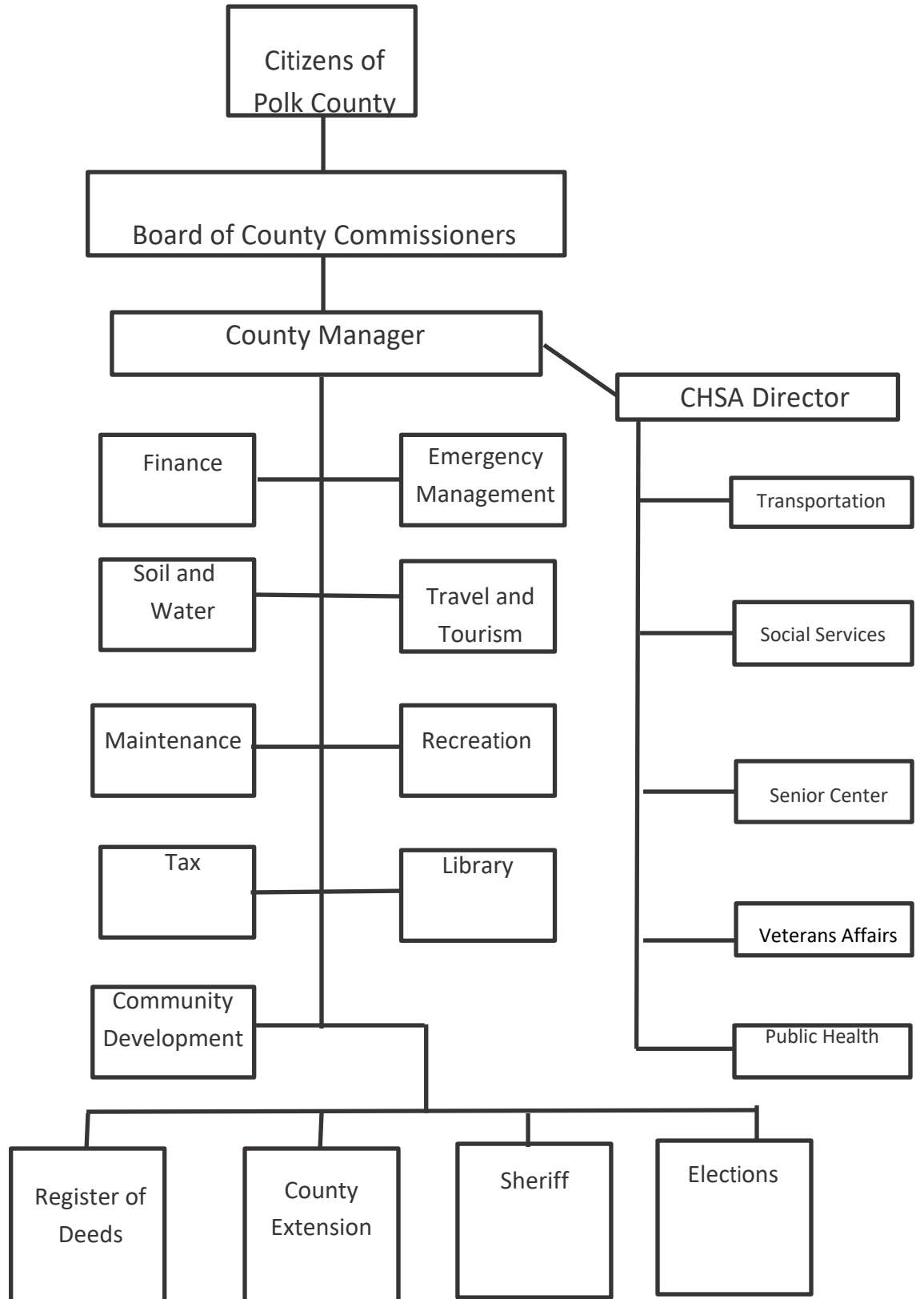


Finance Director

**POLK COUNTY, NORTH CAROLINA**

Organization Chart

June 30, 2022



# POLK COUNTY, NORTH CAROLINA

## List of Principal Officials

June 30, 2022

### **BOARD OF COUNTY COMMISSIONERS**

Tommy Melton, Chairman  
Paul Beiler, Vice Chairman  
David Moore  
Andre Overholt  
Myron Yoder

### **County Officials**

Marche Pittman	County Manager
Jana Berg	County Attorney
Kristy Tipton	Clerk to the Board
Ange' High	Projects, Services, and Public Information Director
Josh Kennedy	Health and Human Services Director
Sandra Hughes	Finance Director
Sheila Whitmire	Register of Deeds
Timothy Wright	Sheriff
Cliff Marr	Elections Board Director
Melissa Bowlin	Tax Collector/Assessor
Mickey Edwards	Parks and Recreation Director
Pamela Hyder	Clerk of Court
Bruce Yelton	Information Technology Director
Cathy Ruth	Planning Director
Scott Wellborn	Cooperative Extension
Ryan Searcy	Forest Ranger
Tommy Oakman	Human Resource Officer
Marcie Dowling	County Librarian
Bobby Arledge	Emergency Management Director
Michael Crater	Emergency Medical Director
David Gosnell	Building Inspections Director
Melinda Massey	Tourism Director
Jeremy Gregg	Communications Director
Kelly Gay	Soil and Water Director
Mickey Edwards	Ground and Building Maintenance Director
Dawn Jordan	Agriculture Economic Development Director
Larry Walker	Solid Waste Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Polk County  
North Carolina**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morill*

Executive Director/CEO



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## **FINANCIAL SECTION**

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This section of Polk County's annual comprehensive report presents the basic financial statements and Required Supplementary Information (including Management's Discussion and Analysis), as well as the independent auditors' report. In addition, the financial section contains combining statements for non-major fund types, individual fund schedules and other supplemental information.

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# MARTIN STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

## **Independent Auditor's Report**

To the Board of Commissioners  
Polk County  
Columbus, North Carolina

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Polk County, North Carolina, 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, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Polk County, North Carolina, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***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 (*Government Auditing Standards*). 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 the County, 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.

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

As discussed in Note 10 to the financial statements, in 2022 the County adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

### ***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 the County's ability to continue as a going concern for 12 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 the 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 a substantial doubt about the 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***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Employee Payroll, the Local Governmental Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Liability (Asset) and County Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Liability (Asset) and Schedule of County Contributions 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 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 fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act, 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 fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards 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 and statistical 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 Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2022, 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, 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.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
November 4, 2022

## **Management's Discussion and Analysis**

The management of Polk County provides the readers of the County's financial statements the following narrative summary and analysis of the financial activities of Polk County for the fiscal year ended June 30, 2022. We encourage readers to read this information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follows this narrative.

### **Financial Highlights**

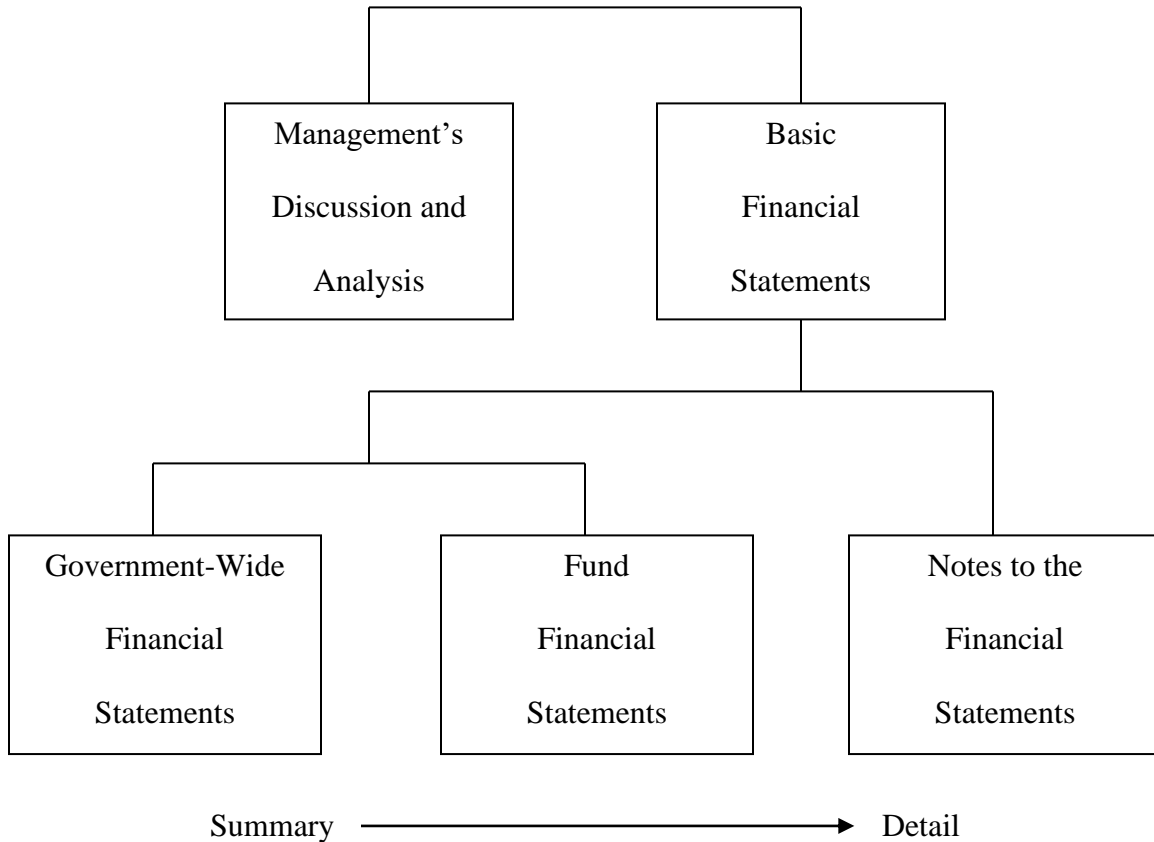
- The assets and deferred outflows of resources of Polk County exceeded its liabilities and deferred inflows of resources at the end of the fiscal year by \$58,030,720 (net position).
- The County's net position increased by \$5,569,454, primarily due to continued operating efficiencies. Revenues came in higher than budgeted while expenditures came in less than budgeted.
- As of June 30, 2022, Polk County's governmental funds reported combined ending fund balances of \$24,195,019, a decrease of \$413,700. Approximately 31% of this total amount, or \$7,564,299, is restricted or non-spendable.
- At the end of the current fiscal year, available fund balance for the General Fund was \$11,823,896, or 37%, of total General Fund expenditures and transfers to other funds for the fiscal year.
- Polk County's total debt decreased by \$1,438,124 during the current fiscal year due to continued annual payments and no new debt issued.
- The capital assets of the County increased overall by \$4,523,548 after depreciation due to construction in progress (high school building improvements) in the current fiscal year.

### **Overview of the Financial Statements**

This discussion and analysis is an introduction to Polk County's basic financial statements. The County's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Polk County.

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

The first two statements (Exhibits A and B) in the basic financial statements are the **government-wide financial statements**. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits C through L) are **fund financial statements**. These statements focus on the activities of the individual parts of Polk County government. These statements provide more detail than the government-wide statements. There are four parts to the fund financial statements: (1) the governmental funds statements, (2) the budgetary comparison statements, (3) the proprietary fund statements, and (4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about Polk County's nonmajor governmental funds and internal service fund, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Following the notes is the required supplemental information. This section contains funding information about the County's pension plans.

## **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial condition as a whole.

The two government-wide statements report the County's net position and how they have changed. Net position is the difference between the County's assets and deferred outflows of resources and liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide statements are divided into two categories: (1) governmental activities and (2) business-type activities. The governmental activities include most of the County's basic services, such as public safety, parks and recreation, and general administration. Property taxes and federal and state grants finance most of these activities. The business-type activities are those that the County charges customers to provide.

The government-wide financial statements are found on Exhibits A and B of this report.

## **Fund Financial Statements**

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Polk County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Polk County can be divided into three categories: *governmental funds*, *proprietary funds*, and *custodial funds*.

**Governmental Funds.** Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow, both in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method also has a current financial resource focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Polk County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens and management of the County and the decisions of the Board of Commissioners about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: (1) the original budget as adopted by the Board; (2) the final budget as amended by the Board; (3) the actual resources, charges to appropriations and ending balances in the General Fund; and (4) the difference or variance between the final budget and the actual resources and charges.

**Proprietary Funds.** Polk County has two difference kinds of proprietary funds:

- *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Polk County uses an enterprise fund to account for its solid waste services. This fund is the same as the function shown in the business-type activities in the Statement of Net Position and the Statement of Activities.
- *Internal service funds* are an accounting devise used to accumulate and allocate costs internally among the functions of Polk County. The County uses an internal service fund to account for its self-insurance activities. Because this operation benefits predominantly governmental rather than business-type activities, the Internal Service Fund has been included within the governmental activities in the government-wide financial statements.

**Fiduciary Funds.** Fiduciary funds are used to account for assets the County holds on behalf of others. Polk County has four fiduciary funds, all of which are agency funds.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 28 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Polk County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 69 of this report.

### **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of Polk County exceeded its liabilities and deferred inflows of resources by \$58,030,720 as of June 30, 2022. The County's net position increased by \$5,569,454 for the fiscal year ended June 30, 2022, which represents an increase of \$5,571,273 for governmental activities and a decrease of (\$1,819) for business-type activities.



**Polk County's Net Position**  
**Figure 2**

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
<b>Assets:</b>						
Current and other assets	\$ 34,676,482	\$ 28,909,889	\$ 1,864,959	\$ 1,876,832	\$ 36,541,441	\$ 30,786,721
Capital & right to use assets	38,058,783	33,466,285	12,986,579	12,965,948	51,045,362	46,432,233
Total assets	72,735,265	62,376,174	14,851,538	14,842,780	87,586,803	77,218,954
<b>Deferred Outflows of Resources</b>						
	3,437,110	2,943,679	-	-	3,437,110	2,943,679
<b>Liabilities:</b>						
Long-term liabilities outstanding	17,588,240	21,337,811	135,094	141,762	17,723,334	21,479,573
Other liabilities	11,760,188	5,466,055	329,795	312,550	12,089,983	5,778,605
Total liabilities	29,348,428	26,803,866	464,889	454,312	29,813,317	27,258,178
<b>Deferred Inflows of Resources</b>						
	3,179,876	443,189	-	-	3,179,876	443,189
<b>Net Position:</b>						
Net investment in capital assets	28,463,258	22,997,270	12,857,316	12,829,828	41,320,574	35,827,098
Restricted	4,280,097	3,453,641	-	-	4,280,097	3,453,641
Unrestricted	10,900,716	11,621,887	1,529,333	1,558,640	12,430,049	13,180,527
Total net position	\$ 43,644,071	\$ 38,072,798	\$ 14,386,649	\$ 14,388,468	\$ 58,030,720	\$ 52,461,266

Several particular aspects of the County's financial operations influenced the total unrestricted governmental net position:

- increases to education facilities with the loan proceeds received in the prior fiscal year.
- investment in general government public safety, facilities, and economic development.
- continued investment in staff compensation in order to get closer to market.

**Polk County Changes in Net Position**  
**Figure 3**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 3,942,393	\$ 3,119,704	\$ 1,966,621	\$ 1,770,088	\$ 5,909,014	\$ 4,889,792
Operating grants and contributions	4,988,334	4,040,318	-	-	4,988,334	4,040,318
Capital grants and contributions	695,193	633,283	-	-	695,193	633,283
General revenues:						
Property taxes	20,867,723	19,846,984	-	-	20,867,723	19,846,984
Other taxes	6,556,319	6,083,842	-	-	6,556,319	6,083,842
Other	510,397	491,018	59,462	61,045	569,859	552,063
Total revenues	<u>37,560,359</u>	<u>34,215,149</u>	<u>2,026,083</u>	<u>1,831,133</u>	<u>39,586,442</u>	<u>36,046,282</u>
<b>Expenses:</b>						
General government	5,234,494	4,543,328	-	-	5,234,494	4,543,328
Public safety	11,842,219	12,047,218	-	-	11,842,219	12,047,218
Economic and physical development	977,960	528,035	-	-	977,960	528,035
Human services	5,196,267	4,814,256	-	-	5,196,267	4,814,256
Cultural and recreational	1,601,495	1,849,723	-	-	1,601,495	1,849,723
Education	6,566,852	6,441,594	-	-	6,566,852	6,441,594
Interest on long-term debt	333,418	297,845	-	-	333,418	297,845
Water	-	-	2,264,283	1,874,743	2,264,283	1,874,743
Total expenses	<u>31,752,705</u>	<u>30,521,999</u>	<u>2,264,283</u>	<u>1,874,743</u>	<u>34,016,988</u>	<u>32,396,742</u>
Change in net position before transfers	5,807,654	3,693,150	(238,200)	(43,610)	5,569,454	3,649,540
Transfers	<u>(236,381)</u>	<u>37,886</u>	<u>236,381</u>	<u>(37,886)</u>	-	-
Change in net position	5,571,273	3,731,036	(1,819)	(81,496)	5,569,454	3,649,540
<b>Net Position:</b>						
Beginning of year - July 1	<u>38,072,798</u>	<u>34,341,762</u>	<u>14,388,468</u>	<u>14,469,964</u>	<u>52,461,266</u>	<u>48,811,726</u>
End of year - June 30	<u>\$43,644,071</u>	<u>\$38,072,798</u>	<u>\$14,386,649</u>	<u>\$14,388,468</u>	<u>\$58,030,720</u>	<u>\$52,461,266</u>

**Governmental Activities.** Net position increased \$5,571,273, mainly due to an increase in property tax and other tax revenues driven by increased local real estate market values and maintaining the same collection rates. Property tax revenue is the County's largest source of revenue, accounting for 56 percent of total revenue. Current year property tax base was \$3.55 billion at a rate of .5143 per \$100. The revenues in the governmental activities have increased roughly 9.8 percent from the prior year. Other taxes, which include sales taxes, are up 7.8 percent. Expenses increased over the prior year by 4.0 percent.

**Business-Type Activities.** Net position decreased \$1,819, mainly due to spending in excess of revenue collections.

### **Financial Analysis of the County's Funds**

As noted earlier, Polk County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of Polk County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Polk County's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the close of the current fiscal year, Polk County's governmental funds reported a combined ending fund balance of \$24,195,019, a decrease of \$413,700 in comparison with the prior year. The decrease in total fund balance is due primarily to school capital improvements and ongoing projects offset by operating efficiencies and good budget practices.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, Polk County's fund balance available in the General Fund was \$11,823,896, while total fund balance reached \$15,474,777. The County currently has an available fund balance of 37% of General Fund expenses and transfers to other funds, while total fund balance represents 48% of the same amount. The available fund balance increased over prior year due to an increase in property tax and other tax revenues driven by increased local real estate market values as well as the County taking a position to maintain the collection rates.

The fund balance of other governmental funds was \$8,720,242 at the close of the current fiscal year, a decrease of \$1,929,081. The fund balance of the Capital Projects Fund decreased \$2,225,212 mainly due to spending the loan proceeds for school capital improvements and ongoing projects. The fund balance of the Grant Projects Fund decreased \$4,929 due to spending the final CARES funds in the current fiscal year.

**General Fund Budgetary Highlights.** During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as federal and state grants; and (3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues by \$473,744 or 1.6 percent, of the original budget. The increase in the final budgeted revenues is primarily due to additional sales tax and grants received by the County. Total amendments to the General Fund increased expenditures by \$2,165,022, or 7 percent, of the original budget. As a result of management's efforts to control expenditures in light of current economic conditions, the General Fund's actual expenditures were \$3,021,027 under budgeted expenditures.

## Capital Asset and Debt Administration

**Capital Assets.** Polk County's capital assets for its governmental-type activities as of June 30, 2022 totals \$37,969,814 (net of accumulated depreciation), an increase of \$4,503,529 as compared to the previous year. Building and improvements decreased primarily due to depreciation while land, equipment and vehicles increased due to new purchases and replacements. Construction also began on the school project.

Polk County's capital assets for its business-type activities as of June 30, 2022 totals \$12,985,967 (net of accumulated depreciation), an increase of \$20,019 compared to the previous year, primarily due to construction in progress.

**Polk County's Capital Assets  
(net of depreciation)  
Figure 4**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land and easements	\$ 8,692,349	\$ 8,641,300	\$ 2,708,350	\$ 2,708,350	\$ 11,400,699	\$ 11,349,650
Buildings and improvements	20,516,352	21,172,340	894,254	915,192	21,410,606	22,087,532
Equipment	1,355,800	1,068,063	162,295	215,368	1,518,095	1,283,431
Waterlines and related assets	-	-	8,617,524	8,850,729	8,617,524	8,850,729
Vehicles and motorized equipment	2,366,539	2,040,003	48,312	60,150	2,414,851	2,100,153
Construction in progress	5,038,774	544,579	555,232	216,159	5,594,006	760,738
Total	<u>\$ 37,969,814</u>	<u>\$ 33,466,285</u>	<u>\$ 12,985,967</u>	<u>\$ 12,965,948</u>	<u>\$ 50,955,781</u>	<u>\$ 46,432,233</u>

Additional information on the County's capital assets can be found in Note 2.A. of the basic financial statements.

**Long-Term Debt.** As of June 30, 2022, Polk County's outstanding balance on direct placement installment purchase contracts was \$15,968,336. The County's total debt decreased by \$1,438,124 due to regular principal payments made by the County throughout the year and no new debt.

**Polk County's Outstanding Debt  
Figure 5**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Direct placement installment purchase contracts	<u>\$ 15,839,685</u>	<u>\$ 17,270,340</u>	<u>\$ 128,651</u>	<u>\$ 136,120</u>	<u>\$ 15,968,336</u>	<u>\$ 17,406,460</u>

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within the government's boundaries. The legal debt margin for Polk County is \$267,804,825.

Additional information regarding the County's long-term debt can be found beginning on page 58 of this report.

## **Economic Factors and Next Year's Budgets and Rates**

The following key indicators reflect the economic condition of the County:

- The County has an unemployment rate of 4.1 percent, higher than the state average of 3.4 percent;
- Overall revenues are up 10%, and expenditures are up 5%;
- The property tax revenue increased due to growth;
- Tryon International Equestrian Center (TIEC) located in Mill Spring has significantly changed the landscape of Polk County. It has and will continue to increase occupancy, sales, and property taxes. They host events that bring people from across the U.S. and abroad. A luxury resort is expected to be constructed in the near future.

## **Budget Highlights for the Fiscal Year Ending June 30, 2023**

**Governmental Activities** – Property taxes are budgeted at the same rate as the prior year. Revenues from permits and fees are expected to increase based on trends and the addition of the health department permits. Sales tax revenues are budgeted to increase at 3.5 percent. Property tax revenue is budgeted to increase by 3.5 percent due to valuation growth. Overall, total budgeted revenue is expected to increase approximately 6.6 percent without the consideration of appropriated fund balance. Fund balance was used to balance the fiscal year 2023 budget in the amount of \$514,473 for one-time capital purchases.

The County's largest expenditures are for salaries, which are budgeted a 7.5% salary increase to begin in August. The County has budgeted school capital sales tax set aside as well as new school debt payments on the \$6.2M loan proceeds incurred in FY21. The expenditure budget decreased by approximately 6 percent.

## **Requests for Information**

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, P.O. Box 308, Columbus, North Carolina 28722.



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**POLK COUNTY, NORTH CAROLINA**

**STATEMENT OF NET POSITION  
JUNE 30, 2022**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total Primary Government</b>
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 19,890,525	\$ 1,460,910	\$ 21,351,435
Ad valorem taxes receivable, net	320,261	-	320,261
Accounts receivable, net	2,500,355	400,228	2,900,583
Prepaid items	519,079	3,821	522,900
Restricted cash and cash equivalents	11,402,862	-	11,402,862
Total current assets	34,633,082	1,864,959	36,498,041
Non-current assets:			
Net pension asset - ROD	43,400	-	43,400
Right to use assets, net of amortization	88,969	612	89,581
Capital assets:			
Land, improvements, and construction in progress	13,731,123	3,263,582	16,994,705
Other capital assets, net of accumulated depreciation	24,238,691	9,722,385	33,961,076
Total capital assets	37,969,814	12,985,967	50,955,781
Total non-current assets	38,102,183	12,986,579	51,088,762
Total assets	72,735,265	14,851,538	87,586,803
<b>Deferred Outflows of Resources:</b>			
Pension deferrals	3,437,110	-	3,437,110
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	1,437,395	310,423	1,747,818
Liabilities payable from restricted assets	65,851	-	65,851
Advance from grantor	8,295,112	-	8,295,112
Accrued interest payable	57,989	-	57,989
Prepaid fees	76,985	-	76,985
Unearned revenue	-	256	256
Due in less than one year	1,826,856	19,116	1,845,972
Total current liabilities	11,760,188	329,795	12,089,983
Long-term liabilities:			
Net pension liability - LGERS	1,944,293	-	1,944,293
Total pension liability - LEOSA	794,626	-	794,626
Due in more than one year	14,849,321	135,094	14,984,415
Total long-term liabilities	17,588,240	135,094	17,723,334
Total liabilities	29,348,428	464,889	29,813,317

*The accompanying notes are an integral part of the financial statements.*

**POLK COUNTY, NORTH CAROLINA**

**STATEMENT OF NET POSITION  
JUNE 30, 2022**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total Primary Government</b>
<b>Deferred Inflows of Resources:</b>			
Pension deferrals	3,046,941	-	3,046,941
Prepaid taxes	132,935	-	132,935
Total deferred inflows of resources	<u>3,179,876</u>	<u>-</u>	<u>3,179,876</u>
<b>Net Position:</b>			
Net investment in capital assets	28,463,258	12,857,316	41,320,574
Restricted net position:			
Stabilization by state statute	3,201,138	-	3,201,138
Public safety	244,993	-	244,993
Tourism	748,783	-	748,783
General government	26,902	-	26,902
School debt service	7,252	-	7,252
Register of Deeds - pension plan	51,029	-	51,029
Unrestricted net position	<u>10,900,716</u>	<u>1,529,333</u>	<u>12,430,049</u>
Total net position	<u>\$ 43,644,071</u>	<u>\$ 14,386,649</u>	<u>\$ 58,030,720</u>

*The accompanying notes are an integral part of the financial statements.*





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POLK COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 5,234,494	\$ 1,464,410	\$ 2,847,301	\$ -
Public safety	11,842,219	1,558,462	-	-
Economic and physical development	977,960	-	2,141,033	-
Human services	5,196,267	919,281	-	695,193
Cultural and recreational	1,601,495	240	-	-
Education	6,566,852	-	-	-
Interest expense and fees	333,418	-	-	-
Total governmental activities	<u>31,752,705</u>	<u>3,942,393</u>	<u>4,988,334</u>	<u>695,193</u>
<b>Business-Type Activities:</b>				
Solid waste	1,983,176	1,934,969	-	-
Water	281,107	31,652	-	-
Total business-type activities	<u>2,264,283</u>	<u>1,966,621</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 34,016,988</u>	<u>\$ 5,909,014</u>	<u>\$ 4,988,334</u>	<u>\$ 695,193</u>

The accompanying notes are an integral part of the financial statements.

**POLK COUNTY, NORTH CAROLINA**

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Primary Government</u>		
	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<b>Functions/Programs:</b>			
<b>Primary Government:</b>			
<b>Governmental Activities:</b>			
General government	\$ (922,783)	\$ -	\$ (922,783)
Public safety	(10,283,757)	-	(10,283,757)
Economic and physical development	1,163,073	-	1,163,073
Human services	(3,581,793)	-	(3,581,793)
Cultural and recreational	(1,601,255)	-	(1,601,255)
Education	(6,566,852)	-	(6,566,852)
Interest expense and fees	(333,418)	-	(333,418)
Total governmental activities	<u>(22,126,785)</u>	<u>-</u>	<u>(22,126,785)</u>
<b>Business-Type Activities:</b>			
Solid waste	-	(48,207)	(48,207)
Water	-	(249,455)	(249,455)
Total business-type activities	<u>-</u>	<u>(297,662)</u>	<u>(297,662)</u>
Total primary government	<u>(22,126,785)</u>	<u>(297,662)</u>	<u>(22,424,447)</u>
<b>General Revenues:</b>			
Taxes:			
Ad valorem taxes	20,867,723	-	20,867,723
Sales tax	6,556,319	-	6,556,319
Real estate transfer taxes	464,046	-	464,046
Investment earnings	46,351	-	46,351
Other taxes	-	59,462	59,462
Total general revenues, excluding transfers	<u>27,934,439</u>	<u>59,462</u>	<u>27,993,901</u>
Total transfers	<u>(236,381)</u>	<u>236,381</u>	<u>-</u>
Total general revenues and transfers	<u>27,698,058</u>	<u>295,843</u>	<u>27,993,901</u>
Change in net position	5,571,273	(1,819)	5,569,454
<b>Net Position:</b>			
Beginning of year - July 1	<u>38,072,798</u>	<u>14,388,468</u>	<u>52,461,266</u>
End of year - June 30	<u>\$ 43,644,071</u>	<u>\$ 14,386,649</u>	<u>\$ 58,030,720</u>

*The accompanying notes are an integral part of the financial statements.*

## POLK COUNTY, NORTH CAROLINA

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2022

	Major			Nonmajor	Total Governmental Funds
	General Fund	Capital Projects Fund	Grant Projects Fund	Other Governmental Funds	
<b>Assets:</b>					
Cash and cash equivalents	\$ 13,484,152	\$ 5,012,064	\$ -	\$ 1,284,785	\$ 19,781,001
Ad valorem taxes receivable, net	276,734	-	-	43,527	320,261
Accounts receivable	2,433,063	-	-	67,292	2,500,355
Prepaid items	517,035	-	-	2,044	519,079
Restricted cash and cash equivalents	191,844	2,816,152	8,329,015	65,851	11,402,862
Total assets	<u>\$ 16,902,828</u>	<u>\$ 7,828,216</u>	<u>\$ 8,329,015</u>	<u>\$ 1,463,499</u>	<u>\$ 34,523,558</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 941,397	\$ 203,116	\$ -	\$ 292,882	\$ 1,437,395
Liabilities payable from restricted assets	-	-	-	65,851	65,851
Advance from grantor	-	-	8,295,112	-	8,295,112
Unearned revenue	76,985	-	-	-	76,985
Total liabilities	<u>1,018,382</u>	<u>203,116</u>	<u>8,295,112</u>	<u>358,733</u>	<u>9,875,343</u>
<b>Deferred Inflows of Resources:</b>					
Prepaid taxes	132,935	-	-	-	132,935
Unavailable taxes	276,734	-	-	43,527	320,261
Total deferred inflows of resources	<u>409,669</u>	<u>-</u>	<u>-</u>	<u>43,527</u>	<u>453,196</u>
<b>Fund Balances:</b>					
Non-Spendable:					
Prepays	517,035	-	-	2,044	519,079
Restricted:					
Stabilization by state statute	3,133,846	-	-	67,292	3,201,138
Public safety	17,265	127,600	-	227,728	372,593
School debt service	-	2,688,552	-	7,252	2,695,804
Tourism	-	-	-	748,783	748,783
General government	-	-	-	26,902	26,902
Committed:					
Future projects	-	-	33,903	-	33,903
Tax revaluation	174,236	-	-	-	174,236
Assigned:					
Future school capital	-	1,012,298	-	-	1,012,298
Subsequent year's expenditures	835,293	-	-	-	835,293
Capital projects	-	3,796,650	-	-	3,796,650
Unassigned	10,797,102	-	-	(18,762)	10,778,340
Total fund balances	<u>15,474,777</u>	<u>7,625,100</u>	<u>33,903</u>	<u>1,061,239</u>	<u>24,195,019</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 16,902,828</u>	<u>\$ 7,828,216</u>	<u>\$ 8,329,015</u>	<u>\$ 1,463,499</u>	<u>\$ 34,523,558</u>

The accompanying notes are an integral part of the financial statements.

## POLK COUNTY, NORTH CAROLINA

**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 Position are different because:

Total fund balances, per Exhibit C	\$ 24,195,019
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	37,969,814
Net pension asset - ROD	43,400
Net pension liability - LGERS	(1,944,293)
Total pension liability - LEOSSA	(794,626)
Right-to-use assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	88,969
Assets and liabilities of the Self-Insurance Internal Service Fund used by management to account for certain insurance costs are included in governmental activities in the Statement of Net Position.	109,524
Deferred inflows of resources in the governmental funds are used to offset accounts receivable not expected to be available within 90 days of year-end. These receivables are a component of net position in the Statement of Net Position.	320,261
Deferred outflows of resources related to pension are not reported in the funds.	3,437,110
Deferred inflows of resources related to pension are not reported in the funds.	(3,046,941)
Long-term liabilities, compensated absences and accrued interest payable are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(16,734,166)</u>
Net position of governmental activities, per Exhibit A	<u>\$ 43,644,071</u>

*The accompanying notes are an integral part of the financial statements.*

## POLK COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	Major			Nonmajor	Total Governmental Funds
	General Fund	Capital Projects Fund	Grant Project Fund	Other Governmental Funds	
<b>Revenues:</b>					
Ad valorem taxes	\$ 18,166,692	\$ -	\$ -	\$ 2,749,226	\$ 20,915,918
Other taxes and licenses	6,556,319	-	-	464,046	7,020,365
Restricted intergovernmental revenues	3,557,075	-	2,141,033	616,512	6,314,620
Fees, licenses, and permits	738,458	-	-	-	738,458
Sales and services	1,817,306	-	-	-	1,817,306
Investment earnings	32,147	219	-	13,985	46,351
Miscellaneous revenues	202,060	424,768	-	128,708	755,536
Total revenues	<u>31,070,057</u>	<u>424,987</u>	<u>2,141,033</u>	<u>3,972,477</u>	<u>37,608,554</u>
<b>Expenditures:</b>					
Current:					
General government	4,930,419	-	-	471,326	5,401,745
Public safety	8,947,136	599,141	4,929	2,924,774	12,475,980
Economic and physical development	699,834	-	-	284,173	984,007
Human services	5,205,098	-	-	-	5,205,098
Cultural and recreational	1,482,863	348,984	-	-	1,831,847
Education	6,114,638	4,090,649	-	-	10,205,287
Debt service:					
Principal retirement	1,467,653	-	-	2,560	1,470,213
Interest and fees	340,262	-	-	17	340,279
Total expenditures	<u>29,187,903</u>	<u>5,038,774</u>	<u>4,929</u>	<u>3,682,850</u>	<u>37,914,456</u>
Revenues over (under) expenditures	<u>1,882,154</u>	<u>(4,613,787)</u>	<u>2,136,104</u>	<u>289,627</u>	<u>(305,902)</u>
<b>Other Financing Sources (Uses):</b>					
Lease liability issued	124,417	-	-	4,166	128,583
Transfers in	2,312,089	2,725,678	-	7,267	5,045,034
Transfers out	<u>(2,803,279)</u>	<u>(337,103)</u>	<u>(2,141,033)</u>	<u>-</u>	<u>(5,281,415)</u>
Total other financing sources (uses)	<u>(366,773)</u>	<u>2,388,575</u>	<u>(2,141,033)</u>	<u>11,433</u>	<u>(107,798)</u>
Net change in fund balances	1,515,381	(2,225,212)	(4,929)	301,060	(413,700)
<b>Fund Balances:</b>					
Beginning of year - July 1	<u>13,959,396</u>	<u>9,850,312</u>	<u>38,832</u>	<u>760,179</u>	<u>24,608,719</u>
End of year - June 30	<u>\$ 15,474,777</u>	<u>\$ 7,625,100</u>	<u>\$ 33,903</u>	<u>\$ 1,061,239</u>	<u>\$ 24,195,019</u>

The accompanying notes are an integral part of the financial statements.

## POLK COUNTY, NORTH CAROLINA

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2022

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds (Exhibit E)	\$ (413,700)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense with any residual book value expensed if the asset is disposed:

Capital outlay expenditures capitalized during the year;	5,706,124
Depreciation expense recorded during the current year; and	(1,187,340)
Net book value of capital assets disposed during the current year	(15,255)

The issuance of long-term debt and leases provides current financial resources, while the repayment of debt and leases consumes current financial resources. Neither transaction has any effect on net position.

Principal payments	1,470,213
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Amortization of right to use leased assets is not reported as an expenditure in the governmental funds statement.	(39,614)
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Some expenses reported in the Statement of Activities that do not require current resources to pay are not recorded as expenditures in the fund statements:

Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	6,861
Compensated absences	9,725
Pension expense	82,454

Revenues reported in the Statement of Activities that do not provide current resources are not recorded as revenues in the fund statements:

Net change in taxes receivable	<u>(48,195)</u>
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Change in net position of governmental activities - Exhibit B	<u>\$ 5,571,273</u>
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*The accompanying notes are an integral part of the financial statements.*

## POLK COUNTY, NORTH CAROLINA

**GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2022**

	General Fund			
	Original Budget	Final Budget	Actual	Variance Over/Under
<b>Revenues:</b>				
Ad valorem taxes	\$ 17,964,736	\$ 17,964,736	\$ 18,166,692	\$ 201,956
Other taxes and licenses	5,558,180	5,747,575	6,556,319	808,744
Restricted intergovernmental revenues	4,204,978	4,270,067	3,557,075	(712,992)
Permits and fees	567,650	567,650	738,458	170,808
Sales and services	1,740,357	1,816,545	1,817,306	761
Investment earnings	6,917	6,917	31,887	24,970
Miscellaneous	83,121	226,193	202,060	(24,133)
Total revenues	<u>30,125,939</u>	<u>30,599,683</u>	<u>31,069,797</u>	<u>470,114</u>
<b>Expenditures:</b>				
General government	4,658,189	5,779,671	4,742,243	1,037,428
Public safety	9,163,964	9,581,389	8,947,136	634,253
Economic and physical development	788,672	794,573	699,834	94,739
Human services	5,812,257	6,153,216	5,205,098	948,118
Cultural and recreational	1,615,471	1,685,772	1,482,863	202,909
Education	6,047,156	6,218,212	6,114,638	103,574
Principal retirement	1,430,656	1,467,653	1,467,653	-
Interest and fees	339,367	340,268	340,262	6
Total expenditures	<u>29,855,732</u>	<u>32,020,754</u>	<u>28,999,727</u>	<u>3,021,027</u>
Revenues over (under) expenditures	<u>270,207</u>	<u>(1,421,071)</u>	<u>2,070,070</u>	<u>3,491,141</u>
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	403,621	2,208,115	-	(2,208,115)
Lease liability issued	-	-	8,973	8,973
Transfers in	26,450	2,058,618	2,139,512	80,894
Transfers (out)	(700,278)	(2,845,662)	(2,803,279)	42,383
Total other financing sources (uses)	<u>(270,207)</u>	<u>1,421,071</u>	<u>(654,794)</u>	<u>(2,075,865)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>1,415,276</u>	<u>\$ 1,415,276</u>
<b>Reconciliation from Budgetary Basis to Modified Accrual Basis:</b>				
Initial implementation of lease standard				
Lease liability issued			115,444	
Capital outlay			(115,444)	
<b>Fund Balances:</b>				
Beginning of year - July 1			<u>13,885,265</u>	
End of year - June 30 - General Fund			15,300,541	
A legally budgeted Revaluation Fund is consolidated into the General Fund for reporting purposes:				
Revenue			260	
Expenditures			(72,732)	
Transfer from other funds			172,577	
Fund balance, beginning of year - Revaluation Fund			<u>74,131</u>	
Fund balance, end of year - Combined General Fund			<u>\$ 15,474,777</u>	

The accompanying notes are an integral part of the financial statements.



## POLK COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2022

	Enterprise Funds			Governmental
	Solid Waste Fund	Water Fund	Total Business-Type Activities	Internal Service Fund
<b>Assets:</b>				
Current assets:				
Cash and cash equivalents	\$ 1,263,474	\$ 197,436	\$ 1,460,910	\$ 109,524
Accounts receivable, net	183,804	216,424	400,228	-
Prepays	3,821	-	3,821	-
Total current assets	<u>1,451,099</u>	<u>413,860</u>	<u>1,864,959</u>	<u>109,524</u>
Non-current assets:				
Land, improvements, and construction in progress	790,805	2,472,777	3,263,582	-
Right to use assets, net of amortization	612	-	612	-
Capital assets, net	2,435,684	11,272,219	13,707,903	-
Accumulated depreciation	<u>(1,330,823)</u>	<u>(2,654,695)</u>	<u>(3,985,518)</u>	-
Total non-current assets	<u>1,896,278</u>	<u>11,090,301</u>	<u>12,986,579</u>	-
Total assets	<u>3,347,377</u>	<u>11,504,161</u>	<u>14,851,538</u>	<u>109,524</u>
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable and accrued liabilities	93,234	217,189	310,423	-
Compensated absences	11,000	-	11,000	-
Current portion of notes payable and leases	8,116	-	8,116	-
Unearned revenue	<u>256</u>	<u>-</u>	<u>256</u>	-
Total current liabilities	<u>112,606</u>	<u>217,189</u>	<u>329,795</u>	-
Non-current liabilities:				
Compensated absences	13,947	-	13,947	-
Notes payable	<u>121,147</u>	<u>-</u>	<u>121,147</u>	-
Total non-current liabilities	<u>135,094</u>	<u>-</u>	<u>135,094</u>	-
Total liabilities	<u>247,700</u>	<u>217,189</u>	<u>464,889</u>	-
<b>Net Position:</b>				
Net investment in capital assets	1,767,015	11,090,301	12,857,316	-
Unrestricted net position	<u>1,332,662</u>	<u>196,671</u>	<u>1,529,333</u>	<u>109,524</u>
Total net position	<u>\$ 3,099,677</u>	<u>\$ 11,286,972</u>	<u>\$ 14,386,649</u>	<u>\$ 109,524</u>

The accompanying notes are an integral part of the financial statements.

## POLK COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND NET POSITION - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	Enterprise Funds			Governmental Activities
	Solid Waste Fund	Water Fund	Total Business-Type Activities	Internal Service Fund
<b>Operating Revenues:</b>				
Charges for services	\$ 1,934,969	\$ 31,652	\$ 1,966,621	\$ -
<b>Operating Expenses:</b>				
Operating expenses	1,808,608	47,902	1,856,510	-
Closure and post-closure care	65,134	-	65,134	-
Depreciation and amortization	101,467	233,205	334,672	-
Total operating expenses	1,975,209	281,107	2,256,316	-
Operating income (loss)	(40,240)	(249,455)	(289,695)	-
<b>Non-Operating Revenues (Expenses):</b>				
Solid waste taxes	59,462	-	59,462	-
Interest expense	(7,967)	-	(7,967)	-
Total non-operating revenues (expenses)	51,495	-	51,495	-
Income (loss) before transfers	11,255	(249,455)	(238,200)	-
Transfers in	-	236,381	236,381	-
Change in net position	11,255	(13,074)	(1,819)	-
<b>Net Position:</b>				
Beginning of year - July 1	3,088,422	11,300,046	14,388,468	109,524
End of year - June 30	\$ 3,099,677	\$ 11,286,972	\$ 14,386,649	\$ 109,524

The accompanying notes are an integral part of the financial statements.

## POLK COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	Enterprise Funds			Governmental Activities
	Solid Waste Fund	Water Fund	Total Business-Type Activities	Internal Service Fund
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers	\$ 1,973,526	\$ 8,569	\$ 1,982,095	\$ -
Cash paid for goods and services	(1,882,422)	(25,609)	(1,908,031)	-
Net cash provided (used) by operating activities	<u>91,104</u>	<u>(17,040)</u>	<u>74,064</u>	<u>-</u>
<b>Cash Flows From Non-Capital Financing Activities:</b>				
Transfer in (out)	-	236,381	236,381	-
Solid waste taxes	<u>59,462</u>	<u>-</u>	<u>59,462</u>	<u>-</u>
Net cash (used) provided by non-capital financing activities	<u>59,462</u>	<u>236,381</u>	<u>295,843</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Principal payments	(7,654)	-	(7,654)	-
Acquisition of capital assets	(15,433)	(339,073)	(354,506)	-
Interest expense	<u>(7,967)</u>	<u>-</u>	<u>(7,967)</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(31,054)</u>	<u>(339,073)</u>	<u>(370,127)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	119,512	(119,732)	(220)	-
<b>Cash and Cash Equivalents:</b>				
Beginning of year - July 1	<u>1,143,962</u>	<u>317,168</u>	<u>1,461,130</u>	<u>109,524</u>
End of year - June 30	<u>\$ 1,263,474</u>	<u>\$ 197,436</u>	<u>\$ 1,460,910</u>	<u>\$ 109,524</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ (40,240)	\$ (249,455)	\$ (289,695)	\$ -
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Depreciation and amortization	101,467	233,205	334,672	-
<b>Changes in Assets and Liabilities:</b>				
Increase (decrease) in unearned revenue	(1,169)	-	(1,169)	-
(Increase) decrease in accounts receivable	38,557	(23,083)	15,474	-
Increase (decrease) in prepaid fees	(3,821)	-	(3,821)	-
Increase (decrease) in accounts payable	(5,526)	22,293	16,767	-
Increase (decrease) in accrued payroll and other liabilities	<u>1,836</u>	<u>-</u>	<u>1,836</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>\$ 91,104</u>	<u>\$ (17,040)</u>	<u>\$ 74,064</u>	<u>\$ -</u>
<b>Summary of Non-Cash &amp; Related Financing Activities:</b>				
Right to use asset acquired in exchange for lease liability	<u>\$ -</u>	<u>\$ 797</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

**POLK COUNTY, NORTH CAROLINA**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2022**

	<u>Custodial Funds</u>
<b>Assets:</b>	
Cash and cash equivalents	\$ 65,611
Receivable for other governments, net	<u>57,480</u>
Total assets	<u>123,091</u>
<b>Liabilities:</b>	
Accounts payable and accrued liabilities	<u>20,438</u>
<b>Net Position:</b>	
Restricted For:	
Individuals, organizations, and other governments	<u>102,653</u>
Total net position	<u>\$ 102,653</u>

*The accompanying notes are an integral part of the financial statements.*

## POLK COUNTY, NORTH CAROLINA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Custodial Funds</u>
<b>Additions:</b>	
Ad valorem taxes collected for other governments	\$ 2,141,674
Collections on behalf of inmates	<u>112,988</u>
Total additions	<u>2,254,662</u>
<b>Deductions:</b>	
Tax distributions to other governments	2,128,187
Payments on behalf of inmates	<u>102,503</u>
Total deductions	<u>2,230,690</u>
Net increase (decrease) in fiduciary net position	23,972
Net position - beginning of year	<u>78,681</u>
Net position - end of year	<u>\$ 102,653</u>

*The accompanying notes are an integral part of the financial statements.*



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# POLK COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### 1. Summary of Significant Accounting Policies

The accompanying financial statements and the following accounting policies of Polk County, North Carolina (the "County"), conform to accounting principles generally accepted in the United States of America as applicable to local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies:

#### A. Reporting Entity

The County, which is governed by a five-member Board of Commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by accounting principles generally accepted in the United States of America, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. The County had no component units as of June 30, 2022.

#### B. Basis of Presentation

*Government-Wide Statements.* The Statement of Net Position and the Statement of Activities display information about the primary government net position. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed, in whole or in part, by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Program revenues include fees and charges paid by the recipients of goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements.* The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category - *governmental, proprietary, and fiduciary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds.

# POLK COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The County reports the following major governmental funds:

**General Fund.** The General Fund 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. The Tax Revaluation Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54, it is consolidated in the General Fund.

**Capital Projects Fund.** This fund is used to account for the construction of the new jail and other capital asset construction and acquisition projects.

**Grant Project Fund.** This fund is established to account for the expenditures of grant funds related to community projects.

The County reports the following major enterprise funds:

**Solid Waste Fund.** This fund accounts for the solid waste collection and disposal operations and is financed with user fees.

**Water Fund.** This fund accounts for the waterlines and related assets, as well as user fees and expenses associated with County water service.

Additionally, the County reports the following fund types:

**Internal Service Fund.** The Self-Insurance Fund has been used to account for the accumulation and allocation of costs associated with employees' healthcare. The County was self-insured until June 30, 2014. During the fiscal year June 30, 2016, the County joined the State Health Plan.

**Custodial Funds.** Custodial funds are used to report fiduciary activities that are not required to be reported in pension trust funds, investment trust funds, or private-purpose trust funds. Custodial funds are used to account for assets the County holds on behalf of others that meet certain criteria. The County maintains the following Custodial Funds: the Property Tax Fund, which accounts for property taxes and motor vehicle taxes that are billed and collected by the County for various municipalities and special districts within the County; and the Inmate Commissary Fund, which accounts for inmate deposits and payments.

**Nonmajor Funds.** The County maintains five legally budgeted nonmajor funds. The Fire District Fund, the Tourism Development Fund, the Emergency Telephone System Fund, Other Miscellaneous Governmental Activities Fund, and Opioid Settlement Fund are reported as nonmajor special revenue funds. The Debt Service Fund is reported as a Debt Service Fund. The Capital Reserve Fund is consolidated in the Capital Projects Fund in accordance with GASB Statement No. 54.



# POLK COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds are maintained during the year using the modified accrual basis of accounting.

*Government-Wide, Proprietary, and Fiduciary Fund Financial Statements.* The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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, including special assessments. 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 non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period when they become susceptible to accrual (i.e., when they are "measurable" and "available"). Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, state law altered the procedures for the assessment and collection of

# POLK COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes collected and held by the state at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes including those dedicated for specific purposes are reported as general revenues rather than program revenues. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Under terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

### **D. Budgetary Data**

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the special revenue funds, the Capital Reserve Fund, the Debt Service Fund, Opioid Settlement Fund, the Solid Waste Fund, and the Water Fund. All appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Project ordinances are adopted for the Capital Projects Fund, the Grant Project Fund, and the Water Capital Projects Fund, which is consolidated with the Water Fund for reporting purposes.

A reconciliation is included for the General Fund due to the implementation of Governmental Accounting Standards Board Statement No. 87, *Leases*.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the department level for all annually budgeted funds and at the project level for the multi-year funds. Board approval is required for all amendments exceeding \$7,500 within any department and \$7,500 between departments. During the year, several immaterial amendments to the original budget were necessary to adjust for federal and state grants received. The budget ordinance must be adopted by July 1 of the fiscal year, or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

# **POLK COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

### **E. Assets, Liabilities, Deferred Inflows and Outflows, and Fund Equity**

#### **Deposits and Investments**

All deposits of the County are made in Board-designated official depositories and are secured as required by state law [G.S.159-31]. The County may designate, as an official depository, any bank or savings and loan association whose principal office is located in North Carolina. Also, the County may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)(8)] authorizes the County to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high-quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT).

The County's investments in commercial paper are carried at fair value as determined by quoted market prices. The NCCMT Government Portfolio is an SEC-registered money market mutual fund allowable by G.S. 159-30(c)(8). The NCCMT Government Portfolio is a 2a-7 fund, which invests in treasuries and government agencies and is rated AAAm by S&P and AAA-mf by Moody Investor Services. The Government Portfolio is reported at fair value.

#### **Cash and Cash Equivalents**

The County pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

#### **Restricted Assets**

Unspent loan proceeds are restricted to the purpose of the debt issuance in the Capital Projects Fund. American Rescue Plan Act funds are restricted by the grantor for the purpose of reducing the negative impact of COVID and to assist the efforts of recovery from COVID. State grants are restricted because they must be expended in accordance with the grant agreement. Money in the General Fund is restricted by the grantor for the purpose of working towards a drug free community. Money in the Tax Revaluation Fund is also classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150. Unspent grant awards are classified as restricted cash because they must be expended in accordance with their respective agreements.

# POLK COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

<u>Restricted Cash</u>	<u>Amount</u>
<b>General Fund:</b>	
Tax Revaluation Fund	\$ 174,579
Drug fund	<u>17,265</u>
Total General Fund	<u>191,844</u>
<b>Capital Projects Fund:</b>	
Unspent loan proceeds	<u>2,816,152</u>
<b>Grant Projects Fund:</b>	
American Rescue Plan Act	1,792,713
State grants - SCIF	6,500,000
Unspent grant award	<u>36,302</u>
Total Grant Projects Fund	<u>8,329,015</u>
<b>Other Governmental Funds:</b>	
Unspent grant award	<u>65,851</u>
Total restricted cash	<u>\$ 11,402,862</u>

### Ad Valorem Taxes Receivable

In accordance with state law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date), but penalties and interest do not begin to accrue until the following January 6. The taxes are based on the assessed values as of January 1, 2021. As allowed by state law, the County has established a schedule of discounts that apply to taxes, which are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reposted net of such discounts.

### Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

### Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

### Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. Minimum capitalization cost is \$500. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

# POLK COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

The County holds title to certain Polk County Board of Education properties that have not been included in capital assets. The properties have been deeded to the County to permit certificates of participation financing of acquisition and construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Polk County Board of Education.

Capital assets of the County are depreciated on the straight-line method over their estimated useful lives:

<u>Assets</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Improvements	20 years
Furniture and equipment	5-10 years
Vehicles	8 years

### Right-to-Use Assets

The County has recorded right-to-use lease assets as a result of implementing GASB 87. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

### Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represent a consumption of net assets that applies to future periods and so will not be recognized as an expense or expenditure until then. The County has several items that meet these criteria – contributions made to pension plans in the current fiscal year, benefit payments and administrative costs in the current fiscal year, and other pension-related deferrals. In addition to liabilities, the Statement of Net Position and Balance Sheet can also 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 future periods and so will not be recognized as revenue until then. The County has several items that meet the criteria for this category – prepaid taxes, ad valorem taxes receivable, and pension-related deferrals.

### Long-Term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

# POLK COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as another financing source.

### **Compensated Absences**

The vacation policies of the County provide for the accumulation of up to 30 days of earned vacation leave, with such leave being fully vested when earned. This policy is maintained for all departments except for EMS, which is allowed to accumulate up to 45 days. For the County's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

The sick leave policies of the County provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the County has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

### **Net Position/Fund Balances**

#### **Net Position**

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted and unrestricted. Restricted net position represents constraints on resources that are either a) externally imposed by creditors, grantors, contributors, laws or regulations of other governments; or b) imposed by law through state statutes.

#### **Fund Balances**

In the governmental fund financial statements, fund balance is composed of four classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

#### **Non-Spendable Fund Balance**

This classification 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.

*Prepays* – portion of fund balance that is not an available resource because it represents the year-end balance of prepaids, which are not spendable resources.

#### **Restricted Fund Balance**

This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

## POLK COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

*Restricted for Stabilization by State Statute* – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State Statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "Restricted by State Statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as non-spendable. Outstanding encumbrances are included within RSS. RSS is included as a component of restricted net position and restricted fund balance on the face of the balance sheet.

*Restricted for Public Safety* – portion of fund balance restricted by revenue sources for certain emergency telephone system expenditures and portion of fund balance representing net loan proceeds restricted for construction of the new jail.

*Restricted for Tourism* – portion of fund balance restricted by revenue source for tourism expenditures.

*Restricted for School Debt Service* – portion of fund balance restricted by revenue source for school debt service.

*Restricted for General Government* – portion of fund balance restricted by revenue source for other agency funds.

Restricted net position on Exhibit A varies from restricted fund balance on Exhibit C by the amount of unspent bond proceeds of \$2,816,152 and restricted for Register of Deeds pension plan and related deferrals of \$51,029, for a net difference of \$2,765,123, as of June 30, 2022.

#### **Committed Fund Balance**

This classification represents the portion of fund balance that can only be used for specific purposes imposed by majority vote of Polk County's highest level of decision-making authority. The governing body is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Only the highest-level action that constitutes the most binding constraint can be considered a commitment for fund balance classification purposes. Any changes or removal of specific purposes requires majority action by the governing body.

*Committed for Tax Revaluation* – portion of fund balance that can only be used for tax revaluation.

*Committed for Future Projects* – portion of fund balance that can only be used for future projects.

# POLK COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### **Assigned Fund Balance**

Assigned fund balance is the portion of fund balance that Polk County intends to use for specific purposes but do not meet the criteria to be classified in restricted or committed. Assignments of fund balance are generally created by action of the County governing body, such as the adoption of an annual budget or project ordinance. However, an additional Board action is not required for removal of an assignment.

*Assigned for Subsequent Year's Expenditures* – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the Manager to modify the appropriations by resource or appropriation within funds up to \$10,000.

*Assigned for Capital Projects* – portion of fund balance appropriated by the governing body for construction projects.

*Assigned for Future School Capital* – portion of fund balance appropriated by the governing body from sales tax true-up, which is set aside to be used for school capital or school debt service, as determined by both Boards.

### **Unassigned Fund Balance**

Unassigned fund balance represents the portion of fund balance that has not been assigned to another fund or is not restricted, committed, or assigned to specific purposes within the General Fund. Only the General Fund may report a positive unassigned fund balance. However, other governmental funds may report a negative unassigned fund balance if expenditures exceed the amounts restricted, committed, or assigned to those purposes.

At times, the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts reported as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last. The County has not adopted a formal fund balance policy.

### **F. Defined Benefit Cost-Sharing Plans**

The County participates in two cost-sharing, multiple-employer, defined benefit pension plans that are administered by the state; the Local Governmental Employees' Retirement System (LGERS) and the Registers of Deeds Supplemental Pension Fund (RODSPF) (collectively, the "state-administered defined benefit pension plans"). For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans' fiduciary net positions have been determined on the



# **POLK COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

### **2. Detail Notes On All Funds**

#### **A. Assets**

##### **Deposits**

All of the County's deposits of the County are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits over the federal depository insurance coverage are collateralized with securities held by the County's agent in the County's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by the County's agent in the County's name. The amount of collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or the escrow agent. Because of the inability to measure the exact amount of collateral provided for the County under the Pooling Method, the potential exists for under collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County has no formal policy regarding custodial risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2022, the carrying amount of the County's deposits was \$7,600,605, and the related bank balance was \$8,611,320. Of the bank balance, \$1,000,000 was covered by federal depository insurance, and the remaining balance was covered by collateral held under the Pooling Method. The County had cash on hand at June 30, 2022 of \$2,550.

##### **Investments**

All investments are stated at cost, which approximates fair value. The County distributes interest earned to the various funds based on each fund's proportionate equity in pooled cash and investments during each month of the year.

# POLK COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

At June 30, 2022, the County had the following investments and maturities:

<b>Investment Type</b>	<b>Valuation Measurement Method</b>	<b>Fair Value</b>	<b>Less Than Six Months</b>
NC Capital Management Trust - Government Portfolio	Fair Value - Level 1	<u>\$ 25,216,753</u>	<u>\$ 25,216,753</u>

Because the NC Capital Management Trust Term Portfolio has a weighted average maturity of less than 90 days, it was presented as an investment with a maturity of less than 6 months. The NCCMT Government Portfolio has an AAAM rating from S&P and AAA-mf by Moody's Investor Service.

All investments are measured using the market approach; using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of Fair Value Hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2: Debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' benchmark quoted prices.

*Interest Rate Risk.* As a means of limiting its exposure to fair value losses arising from increasing interest rates, the County's investment policy states that it is required to build an investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby reducing the need to sell securities on the open market prior to maturity. The investment also limits the County to investing fund primarily in shorter-term securities.

*Credit Risk.* The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). In order to mitigate against credit risk, the County's investment policy states that investments are limited to the safest types of securities, the portfolio should be diversified in order to minimize losses on individual securities, and business is done only with a few selected financial institutions. The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of rated AAAM by S&P and AAA-mf by Moody's Investors Service as of June 30, 2022.

**POLK COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**Receivables**

Receivables at the government-wide level at June 30, 2022 were as follows:

	<u>General</u>	<u>Other</u>	<u>Total</u>
<b>Governmental Activities:</b>			
Accounts receivable	\$ 1,080,195	\$ 44,818	\$ 1,125,013
Taxes	346,734	43,527	390,261
Due from other governments	2,232,125	22,474	2,254,599
Less: allowance	<u>(949,257)</u>	<u>-</u>	<u>(949,257)</u>
Total receivables (net)	<u>\$ 2,709,797</u>	<u>\$ 110,819</u>	<u>\$ 2,820,616</u>
<b>Business-Type Activities:</b>			
Accounts receivable	\$ -	\$ 402,992	\$ 402,992
Less: allowance	<u>-</u>	<u>(2,764)</u>	<u>(2,764)</u>
Total receivables (net)	<u>\$ -</u>	<u>\$ 400,228</u>	<u>\$ 400,228</u>

Due from other governments that is owed to the County consist of:

Sales tax refund	\$ 1,048,475
State/Federal entities	<u>1,206,124</u>
Due from other governments	<u>\$ 2,254,599</u>

**Property Tax Use-Value Assessment on Certain Lands**

In accordance with the general statutes, agriculture, horticulture, and forestland may be taxed by the County at the present use-value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,566,650	\$ 513,079	\$ 2,079,729
2020	1,646,543	391,054	2,037,597
2021	1,624,118	239,558	1,863,676
2022	<u>1,620,989</u>	<u>93,208</u>	<u>1,714,197</u>
Total	<u>\$ 6,458,300</u>	<u>\$ 1,236,899</u>	<u>\$ 7,695,199</u>

# POLK COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### Capital Assets

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

	<b>Balance July 1, 2021</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2022</b>
<b>Governmental Activities:</b>				
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 8,641,300	\$ 51,049	\$ -	\$ 8,692,349
Construction in progress	<u>544,579</u>	<u>4,494,195</u>	<u>-</u>	<u>5,038,774</u>
Total non-depreciable capital assets	<u>9,185,879</u>	<u>4,545,244</u>	<u>-</u>	<u>13,731,123</u>
<b>Depreciable Capital Assets:</b>				
Buildings and improvements	30,883,192	3,980	-	30,887,172
Equipment	5,741,679	324,948	(70,587)	5,996,040
Vehicles and motorized equipment	<u>4,646,376</u>	<u>831,952</u>	<u>(366,332)</u>	<u>5,111,996</u>
Total depreciable capital assets	<u>41,271,247</u>	<u>1,160,880</u>	<u>(436,919)</u>	<u>41,995,208</u>
<b>Less Accumulated Depreciation:</b>				
Buildings and improvements	9,710,852	659,968	-	10,370,820
Equipment	4,673,616	32,685	(66,061)	4,640,240
Vehicles and motorized equipment	<u>2,606,373</u>	<u>494,687</u>	<u>(355,603)</u>	<u>2,745,457</u>
Total accumulated depreciation	<u>16,990,841</u>	<u>\$ 1,187,340</u>	<u>\$ (421,664)</u>	<u>17,756,517</u>
Total depreciable capital assets, net	<u>24,280,406</u>			<u>24,238,691</u>
Governmental activities capital assets, net	<u>\$ 33,466,285</u>			<u>\$ 37,969,814</u>

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

General government	\$ 159,615
Public safety	648,111
Economic and physical development	1,814
Human services	198,977
Cultural and recreational	<u>178,823</u>
Total depreciation expense	<u>\$ 1,187,340</u>

# POLK COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

	<b>Balance</b> <b>July 1, 2021</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance</b> <b>June 30, 2022</b>
<b>Business-Type Activities:</b>				
<b>Solid Waste</b>				
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 790,805	\$ -	\$ -	\$ 790,805
 <b>Depreciable Capital Assets:</b>				
Buildings and improvements	1,423,863	12,335	-	1,436,198
Equipment	878,663	3,098	(300)	881,461
Vehicles and motorized equipment	118,025	-	-	118,025
Total depreciable capital assets	2,420,551	15,433	(300)	2,435,684
 <b>Less Accumulated Depreciation:</b>				
Buildings and improvements	508,671	33,273	-	541,944
Equipment	663,295	56,171	(300)	719,166
Vehicles and motorized equipment	57,875	11,838	-	69,713
Total accumulated depreciation	1,229,841	\$ 101,282	\$ (300)	1,330,823
Total depreciable capital assets, net	1,190,710			1,104,861
Solid Waste capital assets, net	1,981,515			1,895,666
 <b>Water</b>				
<b>Non-Depreciable Capital Assets:</b>				
Land	1,917,545	\$ -	\$ -	1,917,545
Construction in progress	216,159	339,073	-	555,232
Total non-depreciable capital assets	2,133,704	339,073	-	2,472,777
 <b>Depreciable Capital Assets:</b>				
Water lines and related assets	11,272,219	-	-	11,272,219
 <b>Less Accumulated Depreciation:</b>				
Water lines and related assets	2,421,490	\$ 233,205	\$ -	2,654,695
Total depreciable capital assets, net	8,850,729			8,617,524
Water capital assets, net	10,984,433			11,090,301
Business-type activities capital assets, net	\$ 12,965,948			\$ 12,985,967

# POLK COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### Right-to-Use Leased Assets

The County has recorded 19 right-to-use leased assets. The assets are right-to-use assets for leased computer and office equipment. The related leases are discussed in the leases subsection of the long-term obligations section of the footnotes. The right-to-use lease assets are amortized on a straight-line basis over the terms of the related leases.

Right-to-use asset activity for the County for the year ended June 30, 2022 was as follows:

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2022</u>
<b>Governmental Activities:</b>				
Equipment	\$ -	\$ 128,583	\$ -	\$ 128,583
Less: accumulated amortization	-	(39,614)	-	(39,614)
Right-to-use assets, net	<u>\$ -</u>	<u>\$ 88,969</u>	<u>\$ -</u>	<u>\$ 88,969</u>
<b>Business-Type Activities:</b>				
Equipment	\$ -	\$ 797	\$ -	\$ 797
Less: accumulated amortization	-	(185)	-	(185)
Right-to-use assets, net	<u>\$ -</u>	<u>\$ 612</u>	<u>\$ -</u>	<u>\$ 612</u>

## B. Liabilities

### Payables

Payables at June 30, 2022 were as follows:

	<u>Governmental Funds</u>			<u>Governmental Activities</u>	<u>Business-Type Activities</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Other</u>		
<b>Governmental Activities:</b>					
Accounts payable	\$ 417,347	\$ 203,116	\$ 287,382	\$ 907,845	\$ 297,543
Accrued wages	431,161	-	5,500	436,661	12,880
Due to other governments	<u>92,889</u>	<u>-</u>	<u>-</u>	<u>92,889</u>	<u>-</u>
Total accounts payable and accrued liabilities	<u>\$ 941,397</u>	<u>\$ 203,116</u>	<u>\$ 292,882</u>	<u>\$ 1,437,395</u>	<u>\$ 310,423</u>

### Pension Plan Obligations

#### Local Governmental Employees' Retirement System

*Plan Description.* The County is a participating employer in the state-wide Local Governmental Employees' Retirement System (LGERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit

## POLK COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The LGERS is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The state's ACFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

*Benefits Provided.* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2022, was 12.10% of compensation for law enforcement officers and 11.35% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$1,113,756 for the year ended June 30, 2022.

## POLK COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

*Refunds of Contributions* – County employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual’s right to employer contributions, or any other benefit provided by LGERS.

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

At June 30, 2022, the County reported a liability of \$1,944,293 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021, utilizing update procedures incorporating the actuarial assumptions. The County’s proportion of the net pension liability was based on a projection of the County’s long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2022, the County’s proportion was 0.12678%, (measured as of June 30, 2021), which was an increase of 0.00467% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the County recognized pension expense of \$924,346. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 618,549	\$ -
Changes of assumptions	1,221,513	-
Net difference between projected and actual earnings on pension plan investments	-	2,777,811
Changes in proportion and differences between County contributions and proportionate share of contributions	156,512	819
County's contributions subsequent to the measurement date	1,113,756	-
Total	\$ 3,110,330	\$ 2,778,630



# POLK COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

\$1,113,756 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending</b>	
<b>June 30</b>	<b>Total</b>
2023	\$ 246,063
2024	7,167
2025	(185,259)
2026	(850,027)
2027	-
Thereafter	-
Total	<u>\$ (782,056)</u>

*Actuarial Assumptions.* The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 percent to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

The plan actuary currently uses mortality rates based on the RP2014 Total Data Set for Healthy Annuitants mortality table that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2020 valuation, were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

Future ad hoc COLA amounts are not considered to be substantively automatic and are, therefore, not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple-year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis.

## POLK COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Opportunistic fixed income	7.0%	6.0%
Inflation sensitive	<u>6.0%</u>	4.0%
Total	<u>100%</u>	

The information above is based on 30-year expectations developed with the consulting actuary as part of a study conducted in 2016, and is part of the asset, liability and investment policy of the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

*Discount Rate.* The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan 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 County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.* The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 6.50%, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate:

	<u>1% Decrease (5.5%)</u>	<u>Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
County's proportionate share of the net pension liability (asset)	\$ 7,547,584	\$ 1,944,293	\$ (2,666,890)

# POLK COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan’s fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the State of North Carolina.

### **Law Enforcement Officers’ Special Separation Allowance**

*Plan Description.* Polk County administers a public employee retirement system (the “Separation Allowance”); a single-employer, defined-benefit pension plan that provides retirement benefits to the County’s qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of credible service or have attained 55 years of age and have completed five or more years of credible service. The Separation Allowance is equal to 0.85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. A separate report was not issued for the plan.

The Separation Allowance covers all full-time law enforcement officers of the County. At December 31, 2020, the Separation Allowance’s membership consisted of:

<b>Law Enforcement Officers’ Special Separation Allowance</b>	
Retirees receiving benefits	-
Active plan members	<u>36</u>
Total	<u><u>36</u></u>

### **Summary of Significant Accounting Policies**

*Basis of Accounting.* The County has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures will be made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the criteria, which are outlined in GASB Statement 73.

*Actuarial Assumptions.* The entry age normal actuarial cost method was used in the December 31, 2020 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Projected salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	2.25 percent

## POLK COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

The discount rate used to measure the TPL is the S&P Municipal Bond 20-Year High Grade Rate Index.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five-year period ended December 31, 2019.

*Mortality Assumption:* All mortality rates use Pub-2010 amount-weighted tables.

*Mortality Projection:* All mortality rates are projected from 2010 using generational improvement with Scale MP-2019.

*Deaths After Retirement (Healthy):* Mortality rates are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and set forward by 1 year.

*Deaths After Retirement (Disabled Members at Retirement):* Mortality rates are based on the Non-Safety Mortality Table for Disabled Retirees. Rates are set back 3 years for all ages.

*Deaths After Retirement (Survivors of Deceased Members):* Mortality rates are based on the Below-median Teachers Mortality Table for Contingent Survivors. Rates for male members are set forward 3 years. Rates for female members are set forward 1 year. Because the contingent survivor tables have no rates prior to age 45, the Below-median Teachers Mortality Table for Employees is used for ages less than 45.

*Deaths Prior to Retirement:* Mortality rates are based on the Safety Mortality Table for Employees.

*Contributions.* The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County made no benefit payments for the reporting period.

**POLK COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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

At June 30, 2022, the County reported a total pension liability of \$794,626. The total pension liability was measured as of December 31, 2021 based on a December 31, 2020 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2021 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the County recognized pension expense of \$105,482.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 140,486	\$ 233,231
Changes of assumptions and other inputs	176,811	33,918
County plan administrative expenditures subsequent to the measurement date	692	-
<b>Total</b>	<b>\$ 317,989</b>	<b>\$ 267,149</b>

The County paid \$0 in benefit payments and \$692 in admin expenditures subsequent to the measurement date that are reported as deferred outflows of resources related to pensions, which will be recognized as a decrease of the total pension liability in the year ending June 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30</b>	<b>Total</b>
2023	\$ 28,221
2024	24,222
2025	13,937
2026	2,400
2027	(15,109)
Thereafter	(3,523)
<b>Total</b>	<b>\$ 50,148</b>

**POLK COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

*Sensitivity of the County's Total Pension Liability to Changes in the Discount Rate.* The following presents the County's total pension liability calculated using the discount rate of 2.25%, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25%) or 1-percentage-point higher (3.25%) than the current rate:

	<b>1% Decrease (1.25%)</b>	<b>Discount Rate (2.25%)</b>	<b>1% Increase (3.25%)</b>
Total pension liability	\$ 882,860	\$ 794,626	\$ 715,389

**Schedule of Changes in Total Pension Liability  
Law Enforcement Officers' Special Separation Allowance**

Beginning balance	\$ 718,423
Service cost	62,720
Interest on the total pension liability	13,866
Difference between expected and actual experience	26,843
Changes of assumptions and other inputs	(27,226)
Net change in total pension liability	76,203
Ending balance of the total pension liability	\$ 794,626

*Changes of Assumptions.* Changes of assumptions and other inputs reflect a change in the discount rate from 1.93% at December 30, 2020 (measurement date) to 2.25% at December 31, 2021 (measurement date).

**Supplemental Retirement Income Plan for Law Enforcement Officers**

*Plan Description.* The County contributes to the Supplemental Retirement Income Plan (the Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The state's ACFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

## POLK COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan.

The County contributed \$80,165 for the reporting year. No amounts were forfeited.

#### **Registers of Deeds' Supplemental Pension Fund**

*Plan Description.* The County also contributes to the Registers of Deeds Supplemental Pension Fund (RODSPF), a non-contributory, cost-sharing, multiple-employer defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county Register of Deeds who is retired under the Local Governmental Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds Supplemental Pension Fund is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The state's ACFR includes financial statements and required supplementary information for the fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Benefits Provided.* An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on at least ten years of service as a register of deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

*Contributions.* Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contributions this and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$2,573 for the year ended June 30, 2022.

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

At June 30, 2022, the County reported an asset of \$43,400 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021. The total pension liability used to calculate the net pension asset was determined by an actuarial valuations as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The County's

**POLK COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2022, the County's proportion was 0.22589%, which was an increase of 0.00080% from its proportion as of June 30, 2021 (measured as of June 30, 2020).

For the year ended June 30, 2022, the County recognized pension expense of \$4,769. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 463	\$ 526
Changes of assumptions	3,165	-
Net difference between projected and actual earnings on pension plan investments	-	133
Changes in proportion and differences between County contributions and proportionate share of contributions	2,590	503
County's contributions subsequent to the measurement date	2,573	-
Total	\$ 8,791	\$ 1,162

\$2,573 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ending June 30, 2023. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30</b>	<b>Total</b>
2023	\$ 3,370
2024	773
2025	(102)
2026	1,015
2027	-
Thereafter	-
Total	\$ 5,056



# POLK COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

*Actuarial Assumptions.* The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	3.00 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study as of December 31, 2019.

Future ad hoc COLA amounts are not considered to be substantively automatic and are, therefore, not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple-year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2021 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary as part of a study conducted in 2016, and is part of the asset, liability and investment policy of the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

*Discount Rate.* The discount rate used to measure the total pension liability was 3.00%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan 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.

## POLK COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

*Sensitivity of the County's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate.* The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.00%, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.00%) or 1-percentage-point higher (4.00%) than the current rate:

	<b>1% Decrease (2.00%)</b>	<b>Discount Rate (3.00%)</b>	<b>1% Increase (4.00%)</b>
County's proportionate share of the net pension liability (asset)	\$ (34,473)	\$ (43,400)	\$ (50,902)

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the State of North Carolina.

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

The net pension liability (asset) for LGERS and ROD 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 December 31, 2020. The total pension liability for LEOSSA was measured as of December 31, 2021, with an actuarial valuation date of December 31, 2020. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	<b>LGERS</b>	<b>LEOSSA</b>	<b>ROD</b>	<b>Total</b>
Proportionate share of net pension liability (asset)	\$ 1,944,293	NA	\$ (43,400)	\$ 1,900,893
Proportion of the net pension liability (asset)	0.12678%	NA	0.22589%	-
Total pension liability	-	794,626	-	794,626
Pension expense	924,346	105,482	4,769	1,034,597

**POLK COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Outflows of Resources</u>	<u>LGERS</u>	<u>LEOSSA</u>	<u>ROD</u>	<u>Total</u>
Differences between expected and actual experience	\$ 618,549	\$ 140,486	\$ 463	\$ 759,498
Changes of assumptions	1,221,513	176,811	3,165	1,401,489
Changes in proportion and differences between County contributions and proportionate share of contributions	156,512	-	2,590	159,102
County contributions (LGERS, ROD) and benefit payments and administration (LEOSSA) subsequent to the measurement date	<u>1,113,756</u>	<u>692</u>	<u>2,573</u>	<u>1,117,021</u>
Total deferred outflows of resources	<u>\$ 3,110,330</u>	<u>\$ 317,989</u>	<u>\$ 8,791</u>	<u>\$ 3,437,110</u>
 <b><u>Deferred Inflows of Resources</u></b>				
Differences between expected and actual experience	\$ -	\$ 233,231	\$ 526	\$ 233,757
Net difference between projected and actual earnings on pension plan investments	2,777,811	-	133	2,777,944
Changes in proportion and differences between County contributions and proportionate share of contributions	<u>819</u>	<u>33,918</u>	<u>503</u>	<u>35,240</u>
Total deferred inflows of resources	<u>\$ 2,778,630</u>	<u>\$ 267,149</u>	<u>\$ 1,162</u>	<u>\$ 3,046,941</u>

**Deferred Inflows of Resources**

The balances in deferred outflows of resources and deferred inflows of resources on the fund statements and in the government-wide statements at year-end is composed of the following elements:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension deferrals (LGERS)	\$ 3,110,330	\$ 2,778,630
Pension deferrals (ROD)	8,791	1,162
Pension deferrals (LEOSSA)	317,989	267,149
Prepaid taxes not yet earned (General Fund)	-	132,935
Taxes receivable, net (Special Revenue)	-	43,527
Ad valorem taxes receivable, net (General Fund)	-	276,734
Total	<u>\$ 3,437,110</u>	<u>\$ 3,500,137</u>

# **POLK COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

### **Death Benefit Plan**

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, state-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Polk County provides a supplemental death benefit policy that is payable to the beneficiary through Hartford for an additional benefit of \$15,000. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the state. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

### **Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property for any one occurrence: general, auto, professional, and employment practices liability coverage of \$2 million per occurrence; auto physical damage coverage for owned autos at actual cash value; crime coverage of \$250,000 per occurrence; and workers' compensation coverage up to statutory limits. The pools are audited annually by certified public accountants, and the audit financial statements are available to the County upon request. Both of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000 retention up to \$2 million for liability coverage. \$1,750,000 of each loss in excess of \$250,000 per occurrence for property and audit physical damage. For workers' compensation, there is a per occurrence retention of \$750,000.

The County provides health insurance to its employees through the North Carolina State Health Plan.

The County's properties are not located in the 100-year flood zone as designated by the Federal Emergency Management Agency. Coverage is maintained for flood and earthquake up to \$25,000 per occurrence.

# **POLK COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Sheriff is bonded for \$25,000, the Register of Deeds for \$50,000, and the Tax Collector and Director of Finance for \$50,000. The Director of Soil and Water, department employees, and directors are bonded under a blanket bond for \$40,000. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

The County carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

A separate cybersecurity insurance policy for up to \$1,000,000 single and aggregate limit is carried by the County to insure against losses and damages and address cyber risks such as media liability, security breach liability, replacement of restoration of electronic data, extortion threats, public relations expense, and security breach expense.

### **Long-Term Obligations**

#### **Leases**

The County has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

On 07/01/2021, Polk County, North Carolina, entered into a 50-month lease as lessee for the use of elections. An initial lease liability was recorded in the amount of \$7,734. As of 06/30/2022, the value of the lease liability is \$5,906. Polk County is required to make monthly fixed payments of \$158. The lease has an interest rate of 1.0112%. The equipment estimated useful life was 0 months as of the contract commencement. The value of the right-to-use asset as of 06/30/2022 of \$7,734 with accumulated amortization of \$1,828 is included with equipment on the lease class activities table found below. Polk County has 1 extension option(s), each for 12 months.

On 07/01/2021, Polk County, North Carolina, entered into a 21-month lease as lessee for the use of IT GIS maps. An initial lease liability was recorded in the amount of \$1,548. As of 06/30/2022, the value of the lease liability is \$665. Polk County is required to make monthly fixed payments of \$134. The lease has an interest rate of 0.5930%. The equipment estimated useful life was 0 months as of the contract commencement. The value of the right-to-use asset as of 06/30/2022 of \$1,548 with accumulated amortization of \$853 is included with equipment on the lease class activities table found below. Polk County has 1 extension option(s), each for 12 months.

On 07/01/2021, Polk County, North Carolina, entered into a 34-month lease as lessee for the use of Multiple Department-Ag,S&W. An initial lease liability was recorded in the amount of \$2,016. As of 06/30/2022, the value of the lease liability is \$1,309. Polk County is required to make monthly fixed payments of \$60. The lease has an interest rate of 0.8450%. The equipment estimated useful life was 0 months as of the contract commencement. The value of the right-to-use asset as of 06/30/2022 of \$2,016 with accumulated amortization of \$708 is included with equipment on the lease class activities table found below.

## **POLK COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

On 07/01/2021, Polk County, North Carolina, entered into a 17-month lease as lessee for the use of HHSA-meeting place. An initial lease liability was recorded in the amount of \$1,542. As of 06/30/2022, the value of the lease liability is \$454. Polk County is required to make monthly fixed payments of \$91. The lease has an interest rate of 0.4660%. The equipment estimated useful life was 0 months as of the contract commencement. The value of the right-to-use asset as of 06/30/2022 of \$1,542 with accumulated amortization of \$1,047 is included with equipment on the lease class activities table found below.

On 07/01/2021, Polk County, North Carolina, entered into a 17-month lease as lessee for the use of Toshiba E-Studio copier. An initial lease liability was recorded in the amount of \$3,369. As of 06/30/2022, the value of the lease liability is \$993. Polk County is required to make monthly fixed payments of \$199. The lease has an interest rate of 0.4660%. The equipment estimated useful life was 0 months as of the contract commencement. The value of the right-to-use asset as of 06/30/2022 of \$3,369 with accumulated amortization of \$2,293 is included with equipment on the lease class activities table found below.

On 07/01/2021, Polk County, North Carolina, entered into a 33-month lease as lessee for the use of Multiple Department-BI, Planning, PH. An initial lease liability was recorded in the amount of \$10,856. As of 06/30/2022, the value of the lease liability is \$6,937. Polk County is required to make monthly fixed payments of \$333. The lease has an interest rate of 0.8450%. The equipment estimated useful life was 0 months as of the contract commencement. The value of the right-to-use asset as of 06/30/2022 of \$10,856 with accumulated amortization of \$3,947 is included with equipment on the lease class activities table found below.

On 07/01/2021, Polk County, North Carolina, entered into a 41-month lease as lessee for the use of Sheriff's Office. An initial lease liability was recorded in the amount of \$2,425. As of 06/30/2022, the value of the lease liability is \$1,722. Polk County is required to make monthly fixed payments of \$60. The lease has an interest rate of 0.8450%. The equipment estimated useful life was 0 months as of the contract commencement. The value of the right-to-use asset as of 06/30/2022 of \$2,425 with accumulated amortization of \$701 is included with equipment on the lease class activities table found below.

On 07/01/2021, Polk County, North Carolina, entered into a 44-month lease as lessee for the use of Finance-Assistant Director office. An initial lease liability was recorded in the amount of \$2,737. As of 06/30/2022, the value of the lease liability is \$1,999. Polk County is required to make monthly fixed payments of \$63. The lease has an interest rate of 1.0110%. The equipment estimated useful life was 0 months as of the contract commencement. The value of the right-to-use asset as of 06/30/2022 of \$2,737 with accumulated amortization of \$744 is included with equipment on the lease class activities table found below.

On 07/01/2021, Polk County, North Carolina, entered into a 44-month lease as lessee for the use of ROD-OLD. An initial lease liability was recorded in the amount of \$4,234. As of 06/30/2022, the value of the lease liability is \$3,093. Polk County is required to make monthly fixed payments of \$98. The lease has an interest rate of 1.0110%. The equipment estimated useful life was 0 months as of the contract commencement. The value of the right-to-use asset as of 06/30/2022 of \$4,234 the accumulated amortization of \$1,151 is included with equipment on the lease class activities table found below.

## **POLK COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

On 07/01/2021, Polk County, North Carolina, entered into a 60-month lease as lessee for the use of ROD. An initial lease liability was recorded in the amount of \$9,079. As of 06/30/2022, the value of the lease liability is \$7,303. Polk County is required to make monthly fixed payments of \$156. The lease has an interest rate of 1.1770%. The equipment estimated useful life was 0 months as of the contract commencement. The value of the right-to-use asset as of 06/30/2022 of \$9,079 with accumulated amortization of \$1,797 is included with equipment on the lease class activities table found below.

On 07/01/2021, Polk County, North Carolina, entered into a 26-month lease as lessee for the use of jail. An initial lease liability was recorded in the amount of \$5,963. As of 06/30/2022, the value of the lease liability is \$3,219. Polk County is required to make monthly fixed payments of \$231. The lease has an interest rate of 0.5930%. The equipment estimated useful life was 0 months as of the contract commencement. The value of the right-to-use asset as of 06/30/2022 of \$5,963 with accumulated amortization of \$2,703 is included with equipment on the lease class activities table found below.

On 07/01/2021, Polk County, North Carolina, entered into a 39-month lease as lessee for the use of HHSA-Public Health. An initial lease liability was recorded in the amount of \$4,963. As of 06/30/2022, the value of the lease liability is \$3,449. Polk County is required to make monthly fixed payments of \$129. The lease has an interest rate of 0.8450%. The equipment estimated useful life was 0 months as of the contract commencement. The value of the right-to-use asset as of 06/30/2022 of \$4,963 with accumulated amortization of \$1,508 is included with equipment on the lease class activities table found below.

On 07/01/2021, Polk County, North Carolina, entered into a 39-month lease as lessee for the use of HHSA-DSS. An initial lease liability was recorded in the amount of \$19,152. As of 06/30/2022, the value of the lease liability is \$13,310. Polk County is required to make monthly fixed payments of \$498. The lease has an interest rate of 0.8450%. The equipment estimated useful life was 0 months as of the contract commencement. The value of the right-to-use asset as of 06/30/2022 of \$19,152 with accumulated amortization of \$5,818 is included with equipment on the lease class activities table found below.

On 07/01/2021, Polk County, North Carolina, entered into a 47-month lease as lessee for the use of sheriff's office-2. An initial lease liability was recorded in the amount of \$2,996. As of 06/30/2022, the value of the lease liability is \$2,241. Polk County is required to make monthly fixed payments of \$65. The lease has an interest rate of 1.0110%. The equipment estimated useful life was 0 months as of the contract commencement. The value of the right-to-use asset as of 06/30/2022 of \$2,996 with accumulated amortization of \$762 is included with equipment on the lease class activities table found below.

On 07/01/2021, Polk County, North Carolina, entered into a 49-month lease as lessee for the use of library. An initial lease liability was recorded in the amount of \$11,614. As of 06/30/2022, the value of the lease liability is \$8,812. Polk County is required to make monthly fixed payments of \$242. The lease has an interest rate of 1.0110%. The equipment estimated useful life was 0 months as of the contract commencement. The value of the right-to-use asset as of 06/30/2022 of \$11,614 with accumulated amortization of \$2,800 is included with equipment on the lease class activities table found below.

## POLK COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

On 07/01/2021, Polk County, North Carolina, entered into a 52-month lease as lessee for the use of master postage machine. An initial lease liability was recorded in the amount of \$11,127. As of 06/30/2022, the value of the lease liability is \$8,538. Polk County is required to make quarterly fixed payments of \$668. The lease has an interest rate of 1.0110%. The equipment estimated useful life was 0 months as of the contract commencement. The value of the right-to-use asset as of 06/30/2022 of \$11,127 with accumulated amortization of \$2,566 is included with equipment on the lease class activities table found below.

On 07/01/2021, Polk County, North Carolina, entered into a 50-month lease as lessee for the use of Cooperative Extension. An initial lease liability was recorded in the amount of \$6,363. As of 06/30/2022, the value of the lease liability is \$4,860. Polk County is required to make monthly fixed payments of \$130. The lease has an interest rate of 1.0110%. The equipment estimated useful life was 0 months as of the contract commencement. The value of the right-to-use asset as of 06/30/2022 of \$6,363 with accumulated amortization of \$1,527 is included with equipment on the lease class activities table found below.

On 07/01/2021, Polk County, North Carolina, entered into a 27-month lease as lessee for the use of sheriff's office-3. An initial lease liability was recorded in the amount of \$13,570. As of 06/30/2022, the value of the lease liability is \$7,561. Polk County is required to make monthly fixed payments of \$506. The lease has an interest rate of 0.5930%. The equipment estimated useful life was 0 months as of the contract commencement. The value of the right-to-use asset as of 06/30/2022 of \$13,570 with accumulated amortization of \$5,894 is included with equipment on the lease class activities table found below.

On 10/15/2021, Polk County, North Carolina, entered into a 60-month lease as lessee for the use of HHSA-DSS postage machine. An initial lease liability was recorded in the amount of \$8,092. As of 06/30/2022, the value of the lease liability is \$7,266. Polk County is required to make quarterly fixed payments of \$441. The lease has an interest rate of 1.3670%. The equipment estimated useful life was 0 months as of the contract commencement. The value of the right-to-use asset as of 06/30/2022 of \$8,092 with accumulated amortization of \$1,152 is included with equipment on the lease class activities table found below.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022 were as follows:

#### Governmental Activities:

Year Ending June 30	Principal	Interest	Total
2023	\$ 38,417	\$ 690	\$ 39,107
2024	28,627	382	29,009
2025	16,506	155	16,661
2026	5,036	35	5,071
2027	439	2	441
	\$ 89,025	\$ 1,264	\$ 90,289



**POLK COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**Business-Type Activities:**

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 186	\$ 5	\$ 191
2024	188	3	191
2025	190	1	191
2026	48	-	48
	<u>\$ 612</u>	<u>\$ 9</u>	<u>\$ 621</u>

**Direct Placement Installment Purchase Contracts**

As authorized by state law (G.S. 106A-20 and 153A-158.1), the County financed various property acquisitions, construction and improvements in a direct placement for use by Polk County, Polk County Board of Education, and Isothermal Community College during the fiscal year ended June 30, 2022 by installment purchases.

**Governmental Activities:**

2021 Installment purchase contract for SCHOOL (HVAC), 15 annual payments ranging from \$413,000-414,000, including interest at 2.186% through May 2036. Polk County pledged the school building as collateral.	\$ 5,786,000
2010 \$1.85 million direct placement installment purchase contract for the construction of a DSS building, 15 annual payments ranging from \$189,193 to \$127,724, including interest at 3.56% through December 2025. Polk County pledged the DSS building as collateral.	493,334
2015 \$800,000 direct placement installment purchase contract for the construction improvements to the Polk County Early College, 15 annual payments ranging from \$40,278 to \$74,691, including interest at 2.79% through July 2029. Polk County pledged the early college as collateral.	419,585
2021 \$9.98 million refinancing of an existing direct purchase installment purchase contract for the construction of a new jail facility, semi-annual payments ranging from the initial payment of \$416,799 to remaining payments of \$538,590, including interest at 1.75% through 2032. Polk County pledged the jail facility as collateral.	<u>9,140,767</u>
Total	<u>\$ 15,839,685</u>

**POLK COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**Business-Type Activities:**

Direct placement installment purchase contract, 360 monthly payments of \$1,286, including interest at 6% through January 2034. Polk County pledged the land as collateral.

\$ 128,651

For the County, the future minimum payments as of June 30, 2022, including interest, are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,452,439	\$ 307,103	\$ 7,930	\$ 7,500
2024	1,474,790	278,223	8,419	7,011
2025	1,497,721	248,973	8,938	6,492
2026	1,521,248	219,271	9,490	5,941
2027	1,421,051	189,178	10,075	5,355
2028-2032	6,820,436	528,955	60,498	16,653
2033-2037	1,652,000	90,282	23,301	1,180
Total	<u>\$ 15,839,685</u>	<u>\$ 1,861,985</u>	<u>\$ 128,651</u>	<u>\$ 50,132</u>

All notes payable held by the County for both governmental activities and business-type activities are classified as installment purchases resulting from direct placements. All outstanding debt is collateralized by the full faith, credit, and taxing power of the County. In the event of a default, possession of the asset for which the debt was incurred, passes to the lender.

# POLK COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### Long-Term Obligation Activity

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2022:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental Activities:</b>					
Installment purchases payable - direct placement	\$ 17,270,340	\$ -	\$ (1,430,655)	\$ 15,839,685	\$ 1,452,439
Leases	-	128,583	(39,558)	89,025	38,417
Compensated absences	757,192	159,381	(169,106)	747,467	336,000
Net pension liability (LGERS)	4,363,510	-	(2,419,217)	1,944,293	-
Total pension liability (LEOSSA)	<u>718,423</u>	<u>76,203</u>	<u>-</u>	<u>794,626</u>	<u>-</u>
Total governmental activities	<u>\$ 23,109,465</u>	<u>\$ 364,167</u>	<u>\$ (4,058,536)</u>	<u>\$ 19,415,096</u>	<u>\$ 1,826,856</u>
<b>Business-Type Activities:</b>					
<b>Solid Waste</b>					
Installment purchases - direct placement	\$ 136,120	\$ -	\$ (7,469)	\$ 128,651	\$ 7,930
Leases	-	797	(185)	612	186
Compensated absences	<u>23,111</u>	<u>8,882</u>	<u>(7,046)</u>	<u>24,947</u>	<u>11,000</u>
Total business-type activities	<u>\$ 159,231</u>	<u>\$ 9,679</u>	<u>\$ (14,700)</u>	<u>\$ 154,210</u>	<u>\$ 19,116</u>

Compensated absences are for governmental activities and typically have been liquidated in the general fund and are accounted for on an FIFO basis, assuming that employees are taking leave time as it is earned.

The pension benefit obligations have historically been liquidated from the General Fund.

At June 30, 2022, the legal debt margin for Polk County is \$267,804,825.

**POLK COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**Net Investment in Capital Assets**

The total net investment in capital assets at June 30, 2022 is composed of the following elements:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Capital assets	\$ 37,969,814	\$ 12,985,967
Right-to-use leased assets, net of accumulated amortization	88,969	612
Less:		
Gross debt	(15,928,710)	(129,263)
Add:		
School-related debt	6,205,585	-
Unspent debt proceeds related to debt for assets owned by the County*	127,600	-
Total	(9,595,525)	(129,263)
 Net investment in capital assets	 \$ 28,463,258	 \$ 12,857,316

\*Unexpended debt proceeds related to education debt in the amount of \$2,688,552 is not included in the calculation of governmental net investment in capital assets.

**Interfund Balances and Activity**

The composition of interfund transfers during the year ended June 30, 2022 is as follows:

Transfer from General Fund to:		
Tourism Development Fund	To promote tourism	\$ 7,267
Capital Projects Fund	To fund future capital projects	532,401
Capital Projects Fund	To fund capital projects	2,049,730
Water Capital Projects Fund	To fund capital projects	213,881
		\$ 2,803,279
Transfer from Grant Fund to:		
General Fund	For ARPA expenditures	\$ 2,141,033
Transfer from Capital Reserve Fund to:		
Capital Projects Fund	To fund capital projects	\$ 337,103
Transfer from Capital Project Funds to:		
General Fund	For capital outlay	\$ 166,047

# POLK COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### Fund Balance

Polk County does not have a formal revenue spending policy. However, it is the County's practice to use resources in the following hierarchy: installment loan proceeds, federal funds, state funds, local non-County funds, and County funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance.

The following schedule provides management and citizens with information on fund balance of the General Fund:

Total fund balance - General Fund	\$ 15,474,777
<b>Less:</b>	
Prepays	517,035
Stabilization by state statute	3,133,846
Fund balance available for appropriation	<u>\$ 11,823,896</u>

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. Encumbrances for the year ended June 30, 2022 consisted of the following:

	<b>General Fund</b>
Encumbrances	<u>\$ 700,783</u>

### 3. Related Organization

The County's governing board is responsible for appointing two members to the Board of the Harmon Field Commission, a local recreation facility. The Town of Tryon also is responsible for appointing two additional members, and an additional appointee is alternated between the County and the Town each year. Currently, the County has three appointees to the Harmon Field Board. The County collects taxes on behalf of this organization but does not have the authority to set the tax rates. The County's accountability for this organization does not extend beyond making the annual Board appointments. The Harmon Field Commission is reported as a component unit of the Town.

### 4. Joint Ventures

#### Mental Health

The County, in conjunction with 22 other county governments, participates in a joint venture to operate the Vaya Health Local Management Entity (LME), which provides mental health, development disability, and substance abuse services, to residents of the 23-county area. Each of the 23 participants appoints members to the governing body. The County has an ongoing financial responsibility for the joint venture because the LME's continued existence depends on the

# **POLK COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

participating governments' continued funding. None of the participating governments have any equity interest in the LME, so no equity interest has been reflected in the financial statements at June 30, 2022. In accordance with the intergovernmental agreement between the participating governments, the County contributed \$74,991 to the center to supplement its activities. Complete financial statements for Vaya Health may be obtained from their offices at 200 Ridgfield Court, Suite 206, Asheville, NC 28806.

The County, in conjunction with the State of North Carolina, the Polk County Board of Education, the Rutherford County Board of Education, and Rutherford County, participates in a joint venture to operate the Isothermal Community College (Community College). The County appoints two members of the 13-member Board of Trustees of the Community College. The President of the Community College's student government serves as an ex-officio, non-voting member of the Community College's Board of Trustees. The Community College is included as a component unit of the state. The County has the basic responsibility for providing funding for facilities of the Community College and also provides some financial support for the Community College's operations. The County has an ongoing financial responsibility for the Community College because of the statutory responsibilities to provide the funding for the Community College's facilities. The County contributed \$202,141 to the Community College for operating purposes during the fiscal year ended June 30, 2022. The County has no obligation that would create a financial burden, nor is it entitled to a future financial benefit from the Community College. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2022. Complete financial statements for the Community College may be obtained from the Community College's administrative offices at 286 ICC Loop Road, Spindale, North Carolina 28160.

### **5. Jointly Governed Organizations**

The County, in conjunction with four other counties and 22 municipalities, established the Foothills Regional Commission (Commission). The participating governments established the Commission to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Commission's governing board. The County paid membership fees of \$14,503 to the Commission during the fiscal year ended June 30, 2022.

### **6. Benefit Payments Issued by the State**

Certain program benefits are paid directly to individual recipients by the state from federal and state monies. County personnel are involved with certain functions, primarily eligibility determinations that cause benefit payments to be issued by the state. The additional aid to County recipients does not appear in the basic financial statements because they are not revenues and expenditures of the County.

### **7. Disclosure of Significant Commitments and Contingencies**

The County has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

# POLK COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

At June 30, 2022, the County was a defendant to various lawsuits. In the opinion of the County's management, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

### 8. Opioid Settlement Funds

In April 2022, drug manufacturer Johnson & Johnson, and three drug distributors, McKesson, AmerisourceBergen, and Cardinal Health, finalized a \$26 billion-dollar nationwide settlement related to multiple opioid lawsuits. These funds will be disbursed to each participating state over an 18-year period according to an allocation agreement reached with all participating states. The majority of these funds are intended for opioid abatement and the distribution of the funds will be front loaded.

North Carolina's Memorandum of Agreement (MOA) between the state and local governments for the settlement funds allocates the funds as follows:

- 15% directly to the state ("State Abatement Fund")
- 80% to abatement funds established by local governments ("Local Abatement Funds")
- 5% to a county incentive fund

The County received \$65,851 as part of this settlement in fiscal year 2022. Per the terms of the MOA, the County created a special revenue fund, the Opioid Settlement Fund, to account for these funds. All funds are to be used for opioid abatement and remediation activities. Funds are restricted until expended. No funds have been expended as of June 30, 2022.

### 9. Reimbursement for Pandemic-Related Expenditures

In fiscal year 2020-2021, the American Rescue Plan Act (ARPA) established the coronavirus state and local fiscal recovery funds to support urgent COVID-19 response efforts and replace lost revenue for eligible state, local, territorial, and tribal governments. Polk County was awarded \$2,012,697 from the Federal American Rescue Plan (ARP) on May 26, 2021. The remaining amount of \$2,012,697 was received on June 9, 2022. County staff and the Board of Commissioners elected to use \$2,141,033 of the ARPA funds for revenue replacement in the 2022 fiscal year, and these funds were transferred to the General Fund.

### 10. Change in Accounting Principle

For the year ended June 30, 2022, the financial statements include the adoption of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right-to-use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.



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## **REQUIRED SUPPLEMENTAL FINANCIAL DATA**

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- Law Enforcement Officers' Special Separation Allowance – Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Employee Payroll
  - Local Governmental Employees' Retirement System – Schedule of County's Proportionate Share of Net Pension Liability (Asset)
  - Local Governmental Employees' Retirement System – Schedule of County's Contributions
  - Registers of Deeds' Supplemental Pension Fund – Schedule of County's Proportionate Share of Net Pension Liability (Asset)
  - Registers of Deeds' Supplemental Pension Fund – Schedule of County's Contributions
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## POLK COUNTY, NORTH CAROLINA

**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
LAST SIX FISCAL YEARS**

<b>Law Enforcement Officers' Special Separation Allowance</b>						
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 718,423	\$ 766,223	\$ 528,954	\$ 437,922	\$ 314,014	\$ 284,430
Service cost	62,720	36,070	41,296	38,755	32,284	28,540
Interest on the total pension liability	13,866	24,979	19,254	13,838	12,121	10,154
Difference between expected and actual experience	26,843	(322,421)	150,108	62,074	47,602	-
Changes in assumptions or other inputs	(27,226)	213,572	26,611	(23,635)	31,901	(9,110)
Ending balance of the total pension liability	<u>\$ 794,626</u>	<u>\$ 718,423</u>	<u>\$ 766,223</u>	<u>\$ 528,954</u>	<u>\$ 437,922</u>	<u>\$ 314,014</u>

The amounts presented for each fiscal year were determined as of the prior December 31.

Note: Information is intended to be shown for ten years; additional years' information will be displayed as it becomes available.

## POLK COUNTY, NORTH CAROLINA

SCHEDULE OF TOTAL PENSION LIABILITY AS  
 A PERCENTAGE OF COVERED EMPLOYEE PAYROLL  
 LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
 LAST SIX FISCAL YEARS

<b>Law Enforcement Officers' Special Separation Allowance</b>						
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total pension liability	\$ 794,626	\$ 718,423	\$ 766,223	\$ 528,954	\$ 437,922	\$ 314,014
Covered-employee payroll*	1,569,090	1,377,431	1,651,174	1,560,107	1,510,245	1,255,857
Total pension liability as a percentage of covered-employee payroll	50.64%	52.16%	46.40%	33.90%	29.00%	25.00%

**Notes to Schedules:**

Polk County has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

Note: Information is intended to be shown for ten years; additional years' information will be displayed as it becomes available.

\*Valuation payroll



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**POLK COUNTY, NORTH CAROLINA**

**COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST NINE FISCAL YEARS\***

	<b>Local Governmental Employees' Retirement System</b>				
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
County's proportion of the net pension liability (asset) (%)	0.12678%	0.12211%	0.11817%	0.10768%	0.11001%
County's proportion of the net pension liability (asset) (\$)	\$ 1,944,293	\$ 4,363,510	\$ 3,227,131	\$ 2,554,538	\$ 1,680,648
County's covered payroll*	\$ 8,975,953	\$ 8,459,379	\$ 7,849,908	\$ 7,125,615	\$ 6,823,860
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	21.66%	51.58%	41.11%	35.85%	24.63%
Plan fiduciary net position as a percentage of the total pension liability**	95.51%	88.61%	90.86%	91.63%	94.18%

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

\*\* This will be the same percentage for all participant employers in the LGERS plan.

Note: Information is intended to be shown for ten years; additional years' information will be displayed as it becomes available.

**POLK COUNTY, NORTH CAROLINA**

**COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST NINE FISCAL YEARS\***

	<b>Local Governmental Employees' Retirement System</b>			
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
County's proportion of the net pension liability (asset) (%)	0.09673%	0.09766%	0.09752%	0.09240%
County's proportion of the net pension liability (asset) (\$)	\$ 2,052,935	\$ 438,292	\$ (575,120)	\$ 1,113,775
County's covered payroll*	\$ 5,951,154	\$ 5,709,585	\$ 5,577,537	\$ 5,452,559
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	34.50%	7.68%	-10.31%	20.43%
Plan fiduciary net position as a percentage of the total pension liability**	91.47%	98.09%	102.64%	94.35%

**POLK COUNTY, NORTH CAROLINA**

**POLK COUNTY'S CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST NINE FISCAL YEARS**

<b>Local Governmental Employees' Retirement System</b>					
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 1,113,756	\$ 928,312	\$ 775,084	\$ 626,472	\$ 551,335
Contributions in relation to the contractually required contribution	<u>1,113,756</u>	<u>928,312</u>	<u>775,084</u>	<u>626,472</u>	<u>551,335</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 9,656,461	\$ 8,975,953	\$ 8,459,379	\$ 7,849,908	\$ 7,125,615
Contributions as a percentage of covered payroll	11.53%	10.34%	9.16%	7.98%	7.74%

Note: Information is intended to be shown for ten years; additional years' information will be displayed as it becomes available.



**POLK COUNTY, NORTH CAROLINA**

**POLK COUNTY'S CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST NINE FISCAL YEARS**

<b>Local Governmental Employees' Retirement System</b>				
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 512,665	\$ 409,164	\$ 407,190	\$ 396,750
Contributions in relation to the contractually required contribution	<u>512,665</u>	<u>409,164</u>	<u>407,190</u>	<u>396,750</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 6,823,860	\$ 5,951,154	\$ 5,709,585	\$ 5,577,537
Contributions as a percentage of covered payroll	7.51%	6.88%	7.13%	7.11%

**POLK COUNTY, NORTH CAROLINA**

**COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST NINE FISCAL YEARS\***

	<b>Register of Deeds' Supplemental Pension Fund</b>				
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
County's proportion of the net pension liability (asset) (%)	0.22589%	0.22509%	0.21887%	0.27234%	0.23396%
County's proportion of the net pension liability (asset) (\$)	\$ (43,400)	\$ (51,586)	\$ (43,209)	\$ (45,108)	\$ (39,935)
Plan fiduciary net position as a percentage of the total pension liability **	156.53%	173.62%	164.11%	153.31%	153.77%

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

\*\* This will be the same percentage for all participant employers in the ROD plan.

Note: Information is intended to be shown for ten years; additional years' information will be displayed as it becomes available.

**POLK COUNTY, NORTH CAROLINA**

**COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST NINE FISCAL YEARS\***

	<b>Register of Deeds' Supplemental Pension Fund</b>			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) (%)	0.22654%	0.24054%	0.22095%	0.20720%
County's proportion of the net pension liability (asset) (\$)	\$ (42,354)	\$ (55,743)	\$ (50,087)	\$ (44,258)
Plan fiduciary net position as a percentage of the total pension liability **	160.17%	197.29%	193.88%	190.50%

**POLK COUNTY, NORTH CAROLINA**

**POLK COUNTY'S CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST NINE FISCAL YEARS**

<b>Register of Deeds' Supplemental Pension Fund</b>					
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 2,573	\$ 2,711	\$ 2,155	\$ 2,080	\$ 2,331
Contributions in relation to the contractually required contribution	<u>2,573</u>	<u>2,711</u>	<u>2,155</u>	<u>2,080</u>	<u>2,331</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Information is intended to be shown for ten years; additional years' information will be displayed as it becomes available.

**POLK COUNTY, NORTH CAROLINA**

**POLK COUNTY'S CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST NINE FISCAL YEARS**

<b>Register of Deeds' Supplemental Pension Fund</b>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,033	\$ 1,851	\$ 1,925	\$ 1,804
Contributions in relation to the contractually required contribution	<u>2,033</u>	<u>1,851</u>	<u>1,925</u>	<u>1,804</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



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## MAJOR FUNDS

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### *Governmental Fund-Type:*

#### **GENERAL FUND**

The General Fund is the main operating fund of the County. It accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

#### **TAX REVALUATION FUND**

The Tax Revaluation Fund is established to set aside funding to finance the county-wide real property revaluation. The Tax Revaluation Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54, it is consolidated in the General Fund.

#### **CAPITAL PROJECTS FUND**

The Capital Projects Fund is used to account for the acquisition or construction of major capital facilities of the County.

#### **GRANT PROJECTS FUND**

The Grant Projects Fund is established to account for the expenditure of grant funds related to community projects.

### *Proprietary Fund-Type:*

The Enterprise Funds are used to account for revenues resulting primarily from changes for services provided to the general public and the related costs of such services. The County maintains the following major enterprise funds:

- **Solid Waste Fund** - accounts for the revenues and expenses associated with operating the County's solid waste transfer station.
  - **Water Fund** - accounts for waterlines and related assets, as well as user fees and expenses associated with County water service.
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POLK COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
<b>Ad Valorem Taxes:</b>			
Taxes	\$ 17,851,440	\$ 18,056,326	\$ 204,886
Penalties and interest	113,296	110,366	(2,930)
Total	<u>17,964,736</u>	<u>18,166,692</u>	<u>201,956</u>
<b>Other Taxes and Licenses:</b>			
Local option sales taxes	5,312,768	5,949,502	636,734
Article 44 sales tax	434,807	606,817	172,010
Total	<u>5,747,575</u>	<u>6,556,319</u>	<u>808,744</u>
<b>Restricted Intergovernmental Revenues:</b>			
Federal grants	3,308,784	2,847,301	(461,483)
State grants	955,933	695,193	(260,740)
Local grants	5,350	14,581	9,231
Total	<u>4,270,067</u>	<u>3,557,075</u>	<u>(712,992)</u>
<b>Fees, Licenses, and Permits:</b>			
Register of Deeds' fees	340,000	440,468	100,468
Building, other permits, inspection fees	227,650	297,990	70,340
Total	<u>567,650</u>	<u>738,458</u>	<u>170,808</u>
<b>Sales and Services:</b>			
Rents, concessions, and fees	126,383	168,975	42,592
Health department	462,388	494,513	32,125
EMS fees	752,000	973,989	221,989
Transportation fees	135,000	66,923	(68,077)
Recreation department	-	240	240
Court costs, fees, and charges	43,764	48,357	4,593
Other charges for services	297,010	64,309	(232,701)
Total	<u>1,816,545</u>	<u>1,817,306</u>	<u>761</u>
<b>Investment Earnings</b>	<u>6,917</u>	<u>31,887</u>	<u>24,970</u>
<b>Miscellaneous Revenue:</b>			
Other	<u>226,193</u>	<u>202,060</u>	<u>(24,133)</u>
Total revenues	<u>30,599,683</u>	<u>31,069,797</u>	<u>470,114</u>

**POLK COUNTY, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures:</b>			
<b>General Government:</b>			
<b>Governing Body:</b>			
Salaries and employee benefits	165,737	156,030	9,707
Operating expenses	159,461	140,565	18,896
Capital outlay	<u>52,550</u>	<u>52,566</u>	<u>(16)</u>
Total governing body	<u>377,748</u>	<u>349,161</u>	<u>28,587</u>
<b>Manager:</b>			
Salaries and employee benefits	378,253	356,504	21,749
Operating expenses	354,356	345,868	8,488
Capital outlay	<u>52,453</u>	<u>52,452</u>	<u>1</u>
Total manager	<u>785,062</u>	<u>754,824</u>	<u>30,238</u>
<b>Human Resources:</b>			
Salaries and employee benefits	76,435	80,069	(3,634)
Operating expenses	32,740	16,482	16,258
Capital outlay	<u>2,150</u>	<u>437</u>	<u>1,713</u>
Total human resources	<u>111,325</u>	<u>96,988</u>	<u>14,337</u>
<b>Board of Elections:</b>			
Salaries and employee benefits	131,185	139,984	(8,799)
Operating expenses	117,113	67,481	49,632
Capital outlay	<u>1,500</u>	<u>1,183</u>	<u>317</u>
Total Board of Elections	<u>249,798</u>	<u>208,648</u>	<u>41,150</u>
<b>Personnel:</b>			
Salaries and employee benefits	479,756	355,672	124,084
Operating expenses	<u>28,307</u>	<u>19,935</u>	<u>8,372</u>
Total personnel	<u>508,063</u>	<u>375,607</u>	<u>132,456</u>
<b>Finance:</b>			
Salaries and employee benefits	273,634	276,575	(2,941)
Operating expenses	63,462	56,551	6,911
Capital outlay	<u>1,496</u>	<u>874</u>	<u>622</u>
Total finance	<u>338,592</u>	<u>334,000</u>	<u>4,592</u>
<b>Tax Collections:</b>			
Salaries and employee benefits	518,922	494,045	24,877
Operating expenses	144,954	136,961	7,993
Capital outlay	<u>44,008</u>	<u>44,008</u>	<u>-</u>
Total tax collections	<u>707,884</u>	<u>675,014</u>	<u>32,870</u>

POLK COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Legal:</b>			
Salaries and employee benefits	4,533	4,533	-
Operating expenses	70,961	61,150	9,811
Total legal	<u>75,494</u>	<u>65,683</u>	<u>9,811</u>
<b>Register of Deeds:</b>			
Salaries and employee benefits	169,613	173,631	(4,018)
Operating expenses	65,058	28,831	36,227
Capital outlay	1,016	991	25
Total Register of Deeds	<u>235,687</u>	<u>203,453</u>	<u>32,234</u>
<b>Public Buildings:</b>			
Salaries and employee benefits	441,842	422,438	19,404
Operating expenses	748,173	728,597	19,576
Capital outlay	459,468	31,381	428,087
Total public buildings	<u>1,649,483</u>	<u>1,182,416</u>	<u>467,067</u>
<b>Court Facilities:</b>			
Salaries and employee benefits			
Operating expenses	5,150	3,328	1,822
Capital outlay	750	750	-
Total court facilities	<u>5,900</u>	<u>4,078</u>	<u>1,822</u>
<b>Non-Departmental:</b>			
Salaries and employee benefits	337,407	132,819	204,588
Operating expenses	397,228	359,552	37,676
Total non-departmental	<u>734,635</u>	<u>492,371</u>	<u>242,264</u>
Total general government	<u>5,779,671</u>	<u>4,742,243</u>	<u>1,037,428</u>
<b>Public Safety:</b>			
<b>Sheriff's Department:</b>			
Salaries and employee benefits	2,401,757	2,173,699	228,058
Operating expenses	579,359	592,512	(13,153)
Capital outlay	462,916	384,751	78,165
Total sheriff's department	<u>3,444,032</u>	<u>3,150,962</u>	<u>293,070</u>
<b>Jail:</b>			
Salaries and employee benefits	471,560	406,688	64,872
Operating expenses	1,588,362	1,504,267	84,095
Capital outlay	100,448	96,144	4,304
Total jail	<u>2,160,370</u>	<u>2,007,099</u>	<u>153,271</u>

POLK COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Emergency Medical Services:</b>			
Salaries and employee benefits	1,602,805	1,656,022	(53,217)
Operating expenses	399,896	376,273	23,623
Capital outlay	413,159	233,452	179,707
Total emergency medical services	<u>2,415,860</u>	<u>2,265,747</u>	<u>150,113</u>
<b>Emergency Management:</b>			
Salaries and employee benefits	97,589	97,304	285
Operating expenses	36,554	32,003	4,551
Capital outlay	10,091	9,477	614
Total emergency management	<u>144,234</u>	<u>138,784</u>	<u>5,450</u>
<b>Communications:</b>			
Salaries and employee benefits	683,127	666,701	16,426
Operating expenses	73,150	81,959	(8,809)
Capital outlay	8,700	8,626	74
Total communications	<u>764,977</u>	<u>757,286</u>	<u>7,691</u>
<b>Building Inspections:</b>			
Salaries and employee benefits	285,333	283,170	2,163
Operating expenses	30,440	24,400	6,040
Capital outlay	5,400	1,899	3,501
Total building inspections	<u>321,173</u>	<u>309,469</u>	<u>11,704</u>
<b>Animal Control:</b>			
Salaries and employee benefits	103,001	102,543	458
Operating expenses	180,340	174,248	6,092
Capital outlay	47,402	40,998	6,404
Total animal control	<u>330,743</u>	<u>317,789</u>	<u>12,954</u>
Total public safety	<u>9,581,389</u>	<u>8,947,136</u>	<u>634,253</u>
<b>Economic and Physical Development:</b>			
<b>Cooperative Extension:</b>			
Salaries and employee benefits	189,694	146,265	43,429
Operating expenses	17,930	12,841	5,089
Capital outlay	-	1,687	(1,687)
Total cooperative extension	<u>207,624</u>	<u>160,793</u>	<u>46,831</u>
<b>Planning and Zoning:</b>			
Salaries and employee benefits	145,493	140,576	4,917
Operating expenses	14,323	6,980	7,343
Total planning and zoning	<u>159,816</u>	<u>147,556</u>	<u>12,260</u>

POLK COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Soil and Water Conservation:</b>			
Salaries and employee benefits	121,572	121,161	411
Operating expenses	20,843	17,484	3,359
Total soil and water conservation	<u>142,415</u>	<u>138,645</u>	<u>3,770</u>
<b>Agriculture:</b>			
Salaries and employee benefits	105,359	105,947	(588)
Operating expenses	28,955	17,884	11,071
Capital outlay	800	437	363
Total agriculture	<u>135,114</u>	<u>124,268</u>	<u>10,846</u>
<b>Forestry:</b>			
Operating expenses	<u>71,529</u>	<u>54,155</u>	<u>17,374</u>
<b>Economic Development:</b>			
Salaries and employee benefits	49,676	47,698	1,978
Operating expenses	28,399	26,719	1,680
Total economic development	<u>78,075</u>	<u>74,417</u>	<u>3,658</u>
<b>Total Economic and Physical Development</b>	<u>794,573</u>	<u>699,834</u>	<u>94,739</u>
<b>Human Services:</b>			
<b>Mental Health:</b>			
Operating expenses	<u>80,029</u>	<u>79,009</u>	<u>1,020</u>
<b>Veteran's Administration:</b>			
Salaries and employee benefits	56,655	57,234	(579)
Operating expenses	12,592	496	12,096
Total veteran's administration	<u>69,247</u>	<u>57,730</u>	<u>11,517</u>
<b>Social Services Administration:</b>			
Salaries and employee benefits	2,206,733	2,103,419	103,314
Operating expenses	96,637	87,879	8,758
Total social services administration	<u>2,303,370</u>	<u>2,191,298</u>	<u>112,072</u>
<b>Social Services Programs:</b>			
Salaries and employee benefits			
Operating expenses	1,439,437	1,164,523	274,914
Capital outlay	38,200	33,171	5,029
Total social services	<u>1,477,637</u>	<u>1,197,694</u>	<u>279,943</u>

POLK COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Public Transportation:</b>			
Salaries and employee benefits	542,019	359,414	182,605
Operating expenses	183,731	131,890	51,841
Capital outlay	219,325	64,357	154,968
Total public transportation	<u>945,075</u>	<u>555,661</u>	<u>389,414</u>
<b>Community-Based Alternatives:</b>			
Operating expenses	<u>99,545</u>	<u>99,545</u>	<u>-</u>
<b>Health Department:</b>			
Salaries and employee benefits	613,577	595,779	17,798
Operating expenses	364,672	353,838	10,834
Capital outlay	75,064	74,544	520
Total health department	<u>1,053,313</u>	<u>1,024,161</u>	<u>29,152</u>
<b>Drug-Free Communities:</b>			
Salaries and employee benefits	48,478	-	48,478
Operating expenses	76,522	-	76,522
Total drug-free communities	<u>125,000</u>	<u>-</u>	<u>125,000</u>
<b>Total Human Services</b>	<u>6,153,216</u>	<u>5,205,098</u>	<u>948,118</u>
<b>Cultural and Recreational:</b>			
<b>Recreation:</b>			
Salaries and employee benefits	280,734	233,991	46,743
Operating expenses	172,172	133,152	39,020
Capital outlay	525	-	525
Total cultural and recreational	<u>453,431</u>	<u>367,143</u>	<u>86,288</u>
<b>Library:</b>			
Salaries and employee benefits	506,851	489,784	17,067
Operating expenses	169,251	161,946	7,305
Capital outlay	69,953	69,039	914
Total library	<u>746,055</u>	<u>720,769</u>	<u>25,286</u>
<b>Senior Centers:</b>			
Salaries and employee benefits	250,590	221,839	28,751
Operating expenses	235,696	173,112	62,584
Total senior centers	<u>486,286</u>	<u>394,951</u>	<u>91,335</u>
<b>Total Cultural and Recreational</b>	<u>1,685,772</u>	<u>1,482,863</u>	<u>202,909</u>

**POLK COUNTY, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Education:</b>			
Public schools - current	5,130,055	5,130,055	-
Public schools - capital outlay	483,056	483,056	-
Public schools - local supplement	391,516	299,386	92,130
Community colleges - current	<u>213,585</u>	<u>202,141</u>	<u>11,444</u>
Total education	<u>6,218,212</u>	<u>6,114,638</u>	<u>103,574</u>
<b>Debt Service:</b>			
Principal retirement	1,430,655	1,430,655	-
Lease principal retirement	36,998	36,998	-
Interest and fees	<u>340,268</u>	<u>340,262</u>	<u>6</u>
Total	<u>1,807,921</u>	<u>1,807,915</u>	<u>6</u>
Total expenditures	<u>32,020,754</u>	<u>28,999,727</u>	<u>3,021,027</u>
Revenues over (under) expenditures	<u>(1,421,071)</u>	<u>2,070,070</u>	<u>3,491,141</u>
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	2,208,115	-	(2,208,115)
Lease liability issued	-	8,973	8,973
Transfers from other funds	2,058,618	2,139,512	80,894
Transfers to other funds	<u>(2,845,662)</u>	<u>(2,803,279)</u>	<u>42,383</u>
Total other financing sources (uses)	<u>1,421,071</u>	<u>(654,794)</u>	<u>(2,075,865)</u>
Net change in fund balance	<u>\$ -</u>	<u>1,415,276</u>	<u>\$ 1,415,276</u>
<b>Reconciliation from Budgetary Basis to Modified Accrual Basis:</b>			
Initial implementation of lease standard			
Lease liability issued		115,444	
Capital outlay		<u>(115,444)</u>	
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>13,885,265</u>	
End of year - June 30		<u>\$ 15,300,541</u>	

## POLK COUNTY, NORTH CAROLINA

REVALUATION FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ 260	\$ 260
<b>Expenditures:</b>			
General government:			
Revaluation	<u>172,577</u>	<u>72,732</u>	<u>99,845</u>
Revenues over (under) expenditures	(172,577)	(72,472)	100,105
<b>Other Financing Sources (Uses):</b>			
Transfers from other funds	<u>172,577</u>	<u>172,577</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	100,105	<u>\$ 100,105</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>74,131</u>	
End of year - June 30		<u>\$ 174,236</u>	



## POLK COUNTY, NORTH CAROLINA

**MAJOR CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022**

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
<b>Revenues:</b>					
Restricted intergovernmental:					
Investment earnings	\$ -	\$ 4,442	\$ 204	\$ 4,646	\$ 4,646
Miscellaneous	2,934,733	4,273	424,768	429,041	(2,505,692)
Total revenues	<u>2,934,733</u>	<u>8,715</u>	<u>424,972</u>	<u>433,687</u>	<u>(2,501,046)</u>
<b>Expenditures:</b>					
General government:					
Fuel tank upgrade	-	30,711	-	30,711	(30,711)
Public safety:					
Detention facility	127,412	40,662	-	40,662	86,750
Communications equipment	5,057,953	156,217	599,141	755,358	4,302,595
Education:					
Polk County High School HVAC	5,891,333	452,214	4,090,649	4,542,863	1,348,470
Recreation:					
Cooperative Extension 4H	311,412	-	170,858	170,858	140,554
YMCA	110,000	-	10,271	10,271	99,729
Library	210,357	-	158,033	158,033	52,324
Wastewater treatment plant	116,640	123,104	9,822	132,926	(16,286)
Total expenditures	<u>11,825,107</u>	<u>802,908</u>	<u>5,038,774</u>	<u>5,841,682</u>	<u>5,983,425</u>
Revenues over (under) expenditures	<u>(8,890,374)</u>	<u>(794,193)</u>	<u>(4,613,802)</u>	<u>(5,407,995)</u>	<u>3,482,379</u>
<b>Other Financing Sources (Uses):</b>					
Transfers to other funds	-	(163,318)	-	(163,318)	(163,318)
Transfers from other funds	2,193,277	981,026	2,193,277	3,174,303	981,026
Issuance of long-term debt	-	6,200,000	-	6,200,000	6,200,000
Appropriated fund balance	6,697,097	-	-	-	(6,697,097)
Total other financing sources (uses)	<u>8,890,374</u>	<u>7,017,708</u>	<u>2,193,277</u>	<u>9,210,985</u>	<u>320,611</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 6,223,515</u>	<u>(2,420,525)</u>	<u>\$ 3,802,990</u>	<u>\$ 3,802,990</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>7,354,901</u>		
End of year - June 30			4,934,376		
Amounts reported on the Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit E) are different from the Budget/Actual schedule due to consolidation of the Capital Reserve Fund (Schedule 15):					
Investment earnings			15		
Transfers from other funds			532,401		
Transfers to other funds			(337,103)		
Fund balance, beginning - Capital Reserve Fund			<u>2,495,411</u>		
Fund balance, ending - Combined Capital Projects Fund			<u>\$ 7,625,100</u>		

## POLK COUNTY, NORTH CAROLINA

**SOLID WASTE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL - (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Charges for services	\$ 1,845,978	\$ 1,934,969	\$ 88,991
Solid waste taxes	42,200	59,462	17,262
Total revenues	<u>1,888,178</u>	<u>1,994,431</u>	<u>106,253</u>
<b>Expenditures:</b>			
<b>Current:</b>			
Operating	1,864,551	1,806,772	57,779
Closure and post-closure	86,000	65,134	20,866
Capital outlay	43,900	15,433	28,467
Debt service:			
Principal retirement	7,470	7,469	1
Lease principal retirement	-	185	(185)
Interest and fees	7,962	7,967	(5)
Total expenditures	<u>2,009,883</u>	<u>1,902,960</u>	<u>106,923</u>
Revenues over (under) expenditures	(121,705)	91,471	213,176
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	<u>121,705</u>	<u>-</u>	<u>(121,705)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	91,471	<u>\$ 91,471</u>
Reconciliation from modified accrual to full accrual basis:			
Lease liability payments		185	
Capital outlay		15,433	
Depreciation and amortization		(101,467)	
Right to use asset capitalized		797	
Lease liability issued		(797)	
Increase in compensated absences		(1,836)	
Principal retirement		<u>7,469</u>	
Change in net position		<u>\$ 11,255</u>	

## POLK COUNTY, NORTH CAROLINA

**WATER FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL - (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Charges for services	\$ -	\$ 18,000	\$ 18,000
Revenues over (under) expenditures	<u>\$ -</u>	18,000	<u>\$ 18,000</u>
 <b>Reconciliation of Modified Accrual to Full Accrual Basis:</b>			
Depreciation		(233,205)	
From Water Capital Projects Fund:			
Non-capital expenditures		(47,902)	
Water participation fees		13,652	
Transfers from other funds		<u>236,381</u>	
Change in net position		<u>\$ (13,074)</u>	

## POLK COUNTY, NORTH CAROLINA

WATER CAPITAL PROJECTS FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (NON-GAAP)  
 FROM INCEPTION AND OR THE YEAR ENDED JUNE 30, 2022

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>		
<b>Revenues:</b>					
Operating revenues:					
Other fees	\$ 15,652	\$ -	\$ 13,652	\$ 13,652	\$ (2,000)
<b>Expenditures:</b>					
Capital outlay:					
General	429,607	238,246	386,975	625,221	(195,614)
Revenues over (under) expenditures	(413,955)	(238,246)	(373,323)	(611,569)	(197,614)
<b>Other Financing Sources (Uses):</b>					
Interfund transfer in	413,955	478,032	236,381	714,413	300,458
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 239,786	\$ (136,942)	\$ 102,844	\$ 102,844

## POLK COUNTY, NORTH CAROLINA

**MAJOR GRANT PROJECT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
<b>Revenues:</b>					
Restricted intergovernmental:					
Federal grants	\$ 4,259,746	\$ 1,081,044	\$ 2,141,033	\$ 3,222,077	\$ (1,037,669)
State grants	7,336,052	-	-	-	(7,336,052)
Miscellaneous	10,000	-	-	-	(10,000)
Total revenues	<u>11,605,798</u>	<u>1,081,044</u>	<u>2,141,033</u>	<u>3,222,077</u>	<u>(8,383,721)</u>
<b>Expenditures:</b>					
Public safety:					
SCIF Grant-Dam project	6,500,000	-	-	-	6,500,000
CARES Act	1,797,642	1,076,115	4,929	1,081,044	716,598
Streamflow rehab assistance	400,052	-	-	-	400,052
Little White Oak Mountain - trails	<u>772,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>772,000</u>
Total expenditures	<u>9,469,694</u>	<u>1,076,115</u>	<u>4,929</u>	<u>1,081,044</u>	<u>8,388,650</u>
Revenues over (under) expenditures	<u>2,136,104</u>	<u>4,929</u>	<u>2,136,104</u>	<u>2,141,033</u>	<u>4,929</u>
<b>Other Financing Sources (Uses):</b>					
Intrafund transfer in	4,929	33,903	-	33,903	28,974
Intrafund transfer out	<u>(2,141,033)</u>	<u>-</u>	<u>(2,141,033)</u>	<u>(2,141,033)</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,136,104)</u>	<u>33,903</u>	<u>(2,141,033)</u>	<u>(2,107,130)</u>	<u>28,974</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 38,832</u>	<u>(4,929)</u>	<u>\$ 33,903</u>	<u>\$ 33,903</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>38,832</u>		
End of year - June 30			<u>\$ 33,903</u>		



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## NONMAJOR GOVERNMENTAL FUNDS

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### Special Revenue Funds:

- **Fire District Fund** – This fund is established to account for the ad valorem tax levies of the six fire districts in Polk County.
- **Tourism Development Fund** – This fund is established to account for the occupancy taxes collected from hotels in the County.
- **Emergency Telephone System Fund** – This fund is established to account for the accumulation of funds used to operate the 911 Emergency Service operations.
- **Other Miscellaneous Governmental Activities Fund** – This fund is established to account for the accumulation of funds used to operate Representative Payee, Deed of Trust, Fines and Forfeiture and Miscellaneous other agency operations.
- **Opioid Settlement Fund** – This fund is established to account for the accumulation of funds to be used specifically for expenditures related to opioid remediation activities.

### Debt Service Fund:

- **Debt Service Fund** – This fund is established to set aside resources to pay principal on the “Qualified Zone Academy Bond” (QZAB) agreement.

### Capital Projects Fund:

- **Capital Reserve Fund** – This fund was established to account for revenues set aside to finance County-wide building improvements. The Capital Reserve Fund is a legally budgeted fund under North Carolina General Statutes; however, for financial statement presentation in accordance with GASB Statement No. 54, it is consolidated into the Capital Projects Fund.
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POLK COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2022

	<u>Fire District Fund</u>	<u>Tourism Development Fund</u>	<u>Emergency Telephone System Fund</u>	<u>Other Misc Govt Activities Fund</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 22,361	\$ 754,759	\$ 250,515	\$ 249,898
Ad valorem taxes receivable, net	43,527	-	-	-
Accounts receivable	17,383	27,435	22,474	-
Prepays	-	2,044	-	-
Restricted cash	-	-	-	-
Total assets	<u>\$ 83,271</u>	<u>\$ 784,238</u>	<u>\$ 272,989</u>	<u>\$ 249,898</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 41,123	\$ 5,976	\$ 22,787	\$ 222,996
Unearned revenue	-	-	-	-
Total liabilities	<u>41,123</u>	<u>5,976</u>	<u>22,787</u>	<u>222,996</u>
<b>Deferred Inflows of Resources:</b>				
Unavailable taxes	<u>43,527</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>				
Non-spendable:				
Prepays	-	2,044	-	-
Restricted:				
Stabilization by state statute	17,383	27,435	22,474	-
Public safety	-	-	227,728	-
Tourism	-	748,783	-	-
School debt service	-	-	-	-
General government	-	-	-	26,902
Unassigned	<u>(18,762)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>(1,379)</u>	<u>778,262</u>	<u>250,202</u>	<u>26,902</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 83,271</u>	<u>\$ 784,238</u>	<u>\$ 272,989</u>	<u>\$ 249,898</u>



POLK COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2022

	<b>Opioid Settlement Fund</b>	<b>Total Special Revenue Funds</b>	<b>Debt Service Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ -	\$ 1,277,533	\$ 7,252	\$ 1,284,785
Ad valorem taxes receivable, net	-	43,527	-	43,527
Accounts receivable	-	67,292	-	67,292
Prepays	-	2,044	-	2,044
Restricted cash	65,851	65,851	-	65,851
	<u>65,851</u>	<u>65,851</u>	<u>-</u>	<u>65,851</u>
Total assets	<u>\$ 65,851</u>	<u>\$ 1,456,247</u>	<u>\$ 7,252</u>	<u>\$ 1,463,499</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ -	\$ 292,882	\$ -	\$ 292,882
Unearned revenue	65,851	65,851	-	65,851
Total liabilities	<u>65,851</u>	<u>358,733</u>	<u>-</u>	<u>358,733</u>
<b>Deferred Inflows of Resources:</b>				
Unavailable taxes	-	43,527	-	43,527
	<u>-</u>	<u>43,527</u>	<u>-</u>	<u>43,527</u>
<b>Fund Balances:</b>				
Non-spendable:				
Prepays	-	2,044	-	2,044
Restricted:				
Stabilization by state statute	-	67,292	-	67,292
Public safety	-	227,728	-	227,728
Tourism	-	748,783	-	748,783
School debt service	-	-	7,252	7,252
General government	-	26,902	-	26,902
Unassigned	-	(18,762)	-	(18,762)
Total fund balances	<u>-</u>	<u>1,053,987</u>	<u>7,252</u>	<u>1,061,239</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 65,851</u>	<u>\$ 1,456,247</u>	<u>\$ 7,252</u>	<u>\$ 1,463,499</u>

POLK COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Fire District Fund</u>	<u>Tourism Development Fund</u>	<u>Emergency Telephone System Fund</u>	<u>Other Misc Govt Activities Fund</u>
<b>Revenues:</b>				
Ad valorem taxes	\$ 2,749,226	\$ -	\$ -	\$ -
Occupancy taxes	-	464,046	-	-
Restricted intergovernmental revenues	-	-	269,685	346,827
Investment earnings	13,971	-	14	-
Miscellaneous revenues	-	-	-	128,708
Total revenues	<u>2,763,197</u>	<u>464,046</u>	<u>269,699</u>	<u>475,535</u>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	471,326
Public safety	2,764,576	-	160,198	-
Economic and physical development	-	284,173	-	-
Principal retirement	-	2,560	-	-
Interest and fees	-	17	-	-
Total expenditures	<u>2,764,576</u>	<u>286,750</u>	<u>160,198</u>	<u>471,326</u>
Revenues over (under) expenditures	<u>(1,379)</u>	<u>177,296</u>	<u>109,501</u>	<u>4,209</u>
<b>Other Financing Sources (Uses):</b>				
Lease liability issued	-	4,166	-	-
Transfers in/out	-	7,267	-	-
Total other financing sources (uses)	<u>-</u>	<u>11,433</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,379)	188,729	109,501	4,209
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>-</u>	<u>589,533</u>	<u>140,701</u>	<u>22,693</u>
End of year - June 30	<u>\$ (1,379)</u>	<u>\$ 778,262</u>	<u>\$ 250,202</u>	<u>\$ 26,902</u>

## POLK COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Opioid Settlement Fund</b>	<b>Total Special Revenue Funds</b>	<b>Debt Service Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>				
Ad valorem taxes	\$ -	\$ 2,749,226	\$ -	\$ 2,749,226
Occupancy taxes	-	464,046	-	464,046
Restricted intergovernmental revenues	-	616,512	-	616,512
Investment earnings	-	13,985	-	13,985
Miscellaneous revenues	-	128,708	-	128,708
Total revenues	<u>-</u>	<u>3,972,477</u>	<u>-</u>	<u>3,972,477</u>
<b>Expenditures:</b>				
Current:				
General government	-	471,326	-	471,326
Public safety	-	2,924,774	-	2,924,774
Economic and physical development	-	284,173	-	284,173
Principal retirement	-	2,560	-	2,560
Interest and fees	-	17	-	17
Total expenditures	<u>-</u>	<u>3,682,850</u>	<u>-</u>	<u>3,682,850</u>
Revenues over (under) expenditures	<u>-</u>	<u>289,627</u>	<u>-</u>	<u>289,627</u>
<b>Other Financing Sources (Uses):</b>				
Lease liability issued	-	4,166	-	4,166
Transfers in/out	-	7,267	-	7,267
Total other financing sources (uses)	<u>-</u>	<u>11,433</u>	<u>-</u>	<u>11,433</u>
Net change in fund balances	-	301,060	-	301,060
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>-</u>	<u>752,927</u>	<u>7,252</u>	<u>760,179</u>
End of year - June 30	<u>\$ -</u>	<u>\$ 1,053,987</u>	<u>\$ 7,252</u>	<u>\$ 1,061,239</u>

## POLK COUNTY, NORTH CAROLINA

**FIRE DISTRICT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Ad valorem taxes	\$ 2,814,000	\$ 2,749,226	\$ (64,774)
Penalties and interest	-	13,971	13,971
Total revenues	<u>2,814,000</u>	<u>2,763,197</u>	<u>(50,803)</u>
<b>Expenditures:</b>			
Public safety:			
Sunny View Fire Department	405,000	401,586	3,414
Green Creek Fire Department	666,000	653,716	12,284
Tryon Fire Department	350,500	349,572	928
Saluda Fire Department	255,000	249,462	5,538
Mill Springs Fire Department	380,000	358,996	21,004
Columbus Fire Department	740,000	736,437	3,563
Edneyville Fire Department	5,000	4,343	657
Blue Ridge Fire Department	7,000	5,331	1,669
Dana Fire Department	5,500	5,133	367
Total expenditures	<u>2,814,000</u>	<u>2,764,576</u>	<u>49,424</u>
Net change in fund balance	<u>\$ -</u>	<u>(1,379)</u>	<u>\$ (1,379)</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u>\$ (1,379)</u>	

## POLK COUNTY, NORTH CAROLINA

**TOURISM DEVELOPMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Occupancy tax	\$ 375,000	\$ 464,046	\$ 89,046
<b>Expenditures:</b>			
Economic and physical development:			
Salaries and employee benefits	188,362	178,089	10,273
Operating expenditures	202,376	101,481	100,895
Capital outlay	437	4,603	(4,166)
Principal retirement	2,561	2,560	1
Interest and fees	16	17	(1)
Total expenditures	<u>393,752</u>	<u>286,750</u>	<u>107,002</u>
Revenues over (under) expenditures	<u>(18,752)</u>	<u>177,296</u>	<u>196,048</u>
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	11,485	-	(11,485)
Lease liability issued	-	4,166	4,166
Transfers from other funds	7,267	7,267	-
Total other financing sources (uses)	<u>18,752</u>	<u>11,433</u>	<u>(7,319)</u>
Net change in fund balance	<u>\$ -</u>	<u>188,729</u>	<u>\$ 188,729</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>589,533</u>	
End of year - June 30		<u>\$ 778,262</u>	

## POLK COUNTY, NORTH CAROLINA

**EMERGENCY TELEPHONE SYSTEM FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Restricted intergovernmental	\$ 269,685	\$ 269,685	\$ -
Interest earned	<u>-</u>	<u>14</u>	<u>14</u>
Total revenues	<u>269,685</u>	<u>269,699</u>	<u>14</u>
<b>Expenditures:</b>			
Public safety:			
Operating expenses	222,408	150,550	71,858
Capital outlay	<u>47,277</u>	<u>9,648</u>	<u>37,629</u>
Total expenditures	<u>269,685</u>	<u>160,198</u>	<u>109,487</u>
Net change in fund balance	<u>\$ -</u>	109,501	<u>\$ 109,501</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>140,701</u>	
End of year - June 30		<u>\$ 250,202</u>	

## POLK COUNTY, NORTH CAROLINA

**OTHER MISCELLANEOUS GOVERNMENTAL ACTIVITIES FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Restricted intergovernmental	\$ 180,000	\$ 209,492	\$ 29,492
Permits and fees - Register of Deeds	20,000	10,485	(9,515)
Sales and services - Penalties, fines and forfeitures	150,000	126,850	(23,150)
Miscellaneous	<u>125,000</u>	<u>128,708</u>	<u>3,708</u>
Total revenues	<u>475,000</u>	<u>475,535</u>	<u>535</u>
<b>Expenditures:</b>			
Human services:			
Payments made for the benefit of beneficiaries	180,000	215,726	(35,726)
General government:			
Payments of fees collected to the State of North Carolina	20,000	11,951	8,049
Payments of penalties, fines and forfeitures to the BOE	150,000	126,850	23,150
Miscellaneous	<u>125,000</u>	<u>116,799</u>	<u>8,201</u>
Total expenditures	<u>475,000</u>	<u>471,326</u>	<u>3,674</u>
Net change in fund balance	<u>\$ -</u>	4,209	<u>\$ 4,209</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>22,693</u>	
End of year - June 30		<u>\$ 26,902</u>	

## POLK COUNTY, NORTH CAROLINA

**OPIOID SETTLEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Opioid Settlement Payments	\$ 65,851	\$ -	\$ (65,851)
<b>Expenditures:</b>			
Economic and physical development:			
Operating expenditures	65,851	-	65,851
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		-	
End of year - June 30		<u>\$ -</u>	



## POLK COUNTY, NORTH CAROLINA

**CAPITAL RESERVE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ 15	\$ 15
Revenues over (under) expenditures	-	15	15
<b>Other Financing Sources (Uses):</b>			
Transfers from other funds	801,660	532,401	(269,259)
Transfers to other funds	<u>(801,660)</u>	<u>(337,103)</u>	<u>464,557</u>
Total other financing sources (uses)	<u>-</u>	<u>195,298</u>	<u>195,298</u>
Net change in fund balance	<u>\$ -</u>	195,313	<u>\$ 195,313</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>2,495,411</u>	
End of year - June 30		<u>\$ 2,690,724</u>	

## POLK COUNTY, NORTH CAROLINA

**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures:</b>			
<b>Debt Service:</b>			
Principal retirement	\$ 1,748,294	\$ -	\$ 1,748,294
Revenues over (under) expenditures	(1,748,294)	-	1,748,294
<b>Other Financing Sources (Uses):</b>			
Transfers from other funds	<u>1,748,294</u>	<u>-</u>	<u>(1,748,294)</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>7,252</u>	
End of year - June 30		<u>\$ 7,252</u>	

## **CUSTODIAL FUNDS**

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Custodial Funds are used to account for the assets held by the County as an agent for individuals and/or other governmental entities.

- The County's Custodial Funds are used to account for funds deposited with the Property Tax Fund and the Inmate Commissary Fund.
-

## POLK COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 CUSTODIAL FUNDS  
 JUNE 30, 2022

	<b>Property Tax Fund</b>	<b>Inmate Commissary Fund</b>	<b>Total</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 33,285	\$ 32,326	\$ 65,611
Receivable for others, net	<u>56,952</u>	<u>528</u>	<u>57,480</u>
Total assets	<u>90,237</u>	<u>32,854</u>	<u>123,091</u>
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	<u>20,438</u>	<u>-</u>	<u>20,438</u>
<b>Net Position:</b>			
<b>Restricted For:</b>			
Individuals, organizations, and other governments	<u>69,799</u>	<u>32,854</u>	<u>102,653</u>
Total net position	<u>\$ 69,799</u>	<u>\$ 32,854</u>	<u>\$ 102,653</u>

## POLK COUNTY, NORTH CAROLINA

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
CUSTODIAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Property Tax Fund</b>	<b>Inmate Commissary Fund</b>	<b>Total</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Additions:</b>			
Collections for other governments	\$ 2,141,674	\$ -	\$ 2,141,674
Collections on behalf of inmates	-	112,988	112,988
Total additions	<u>2,141,674</u>	<u>112,988</u>	<u>2,254,662</u>
<b>Deductions:</b>			
Tax distributions to other governments	2,128,187	-	2,128,187
Payments on behalf of inmates	-	102,503	102,503
Total deductions	<u>2,128,187</u>	<u>102,503</u>	<u>2,230,690</u>
Net increase (decrease) in fiduciary net position	13,487	10,485	23,972
Net position, beginning of year	<u>56,312</u>	<u>22,369</u>	<u>78,681</u>
Net position, end of year	<u>\$ 69,799</u>	<u>\$ 32,854</u>	<u>\$ 102,653</u>

## POLK COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
JUNE 30, 2022

Fiscal Year	Uncollected Balance July 1, 2021	Additions	Collections and Credits	Uncollected Balance June 30, 2022
2021-2022	\$ -	\$ 18,240,507	\$ 18,057,017	\$ 183,490
2020-2021	206,013	-	142,749	63,264
2019-2020	88,607	-	56,397	32,210
2018-2019	33,856	-	11,038	22,818
2017-2018	14,993	-	2,637	12,356
2016-2017	8,295	-	267	8,028
2015-2016	5,733	-	192	5,541
2014-2015	5,410	-	26	5,384
2013-2014	6,214	-	155	6,059
2012-2013	7,773	-	188	7,585
2011-2012	14,806	-	14,806	-
Total	\$ 391,700	\$ 18,240,507	\$ 18,285,473	346,734
Less: Allowance for uncollectible ad valorem taxes receivable:				
General Fund				(70,000)
Ad valorem taxes receivable, net				\$ 276,734
<b>Reconciliation with Revenues:</b>				
General Fund				\$ 18,166,692
Reconciling items:				
Discounts allowed				(218,321)
Garnishment fees				2,128
Foreclosure fees				13
Taxes written off				14,806
Penalties and interest				110,366
Other adjustments				209,789
Total collections and credits				\$ 18,285,473

## POLK COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT PROPERTY TAX LEVY - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2022

	County-Wide			Total Levy	
				Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Amount of Levy		
<b>Original Levy:</b>					
Property taxed at current year's rate					
Property taxed at current year's rate	\$ 3,532,966,660	\$ 0.5143	\$ 18,170,048	\$ 16,874,870	\$ 1,295,177
Penalties	131,602	0.5143	677	677	-
Total	<u>3,533,098,262</u>		<u>18,170,724</u>	<u>16,875,547</u>	<u>1,295,177</u>
<b>Discoveries:</b>					
Current year taxes	2,675,207	\$ 0.5143	13,759	13,759	-
Prior year taxes	<u>15,075,874</u>	0.5494	<u>82,827</u>	<u>82,827</u>	-
Total	<u>17,751,081</u>		<u>96,585</u>	<u>96,585</u>	-
<b>Abatements</b>					
Current year abatements	(3,684,828)	\$ 0.5143	(18,951)	(18,951)	-
Prior year abatements	<u>(1,429,194)</u>	0.5494	<u>(7,852)</u>	<u>(7,852)</u>	-
Total	<u>(5,114,022)</u>		<u>(26,803)</u>	<u>(26,803)</u>	-
Total property valuation	<u>\$ 3,547,164,515</u>				
<b>Net Levy</b>			18,240,507	16,945,329	1,295,177
Uncollected taxes at June 30, 2022 (General Fund)			<u>183,490</u>	<u>183,490</u>	-
<b>Current Year Taxes Collected</b>			<u>\$ 18,057,017</u>	<u>\$ 16,761,839</u>	<u>\$ 1,295,177</u>
<b>Current Levy Collection Percentage</b>			<u>98.99%</u>	<u>98.92%</u>	<u>100.00%</u>
<b>Prior Year Levy Collection Percentage</b>			<u>98.81%</u>	<u>98.71%</u>	<u>100.00%</u>
<b>Secondary Market Disclosures:</b>					
<b>Assessed Valuation:</b>					
Assessment ratio*				<u>100.00%</u>	
Real property				\$ 3,068,366,759	
Personal property				78,517,881	
Public service companies**				148,446,832	
Registered motor vehicles				<u>251,833,043</u>	
Total assessed valuation				<u>\$ 3,547,164,515</u>	
Tax rate per \$100				0.5143	
Levy (includes discoveries, releases, and abatements, excludes penalties)***				<u>\$ 18,240,507</u>	
In addition to the County-wide rate, the following table lists the levy by the County on behalf of Harmon Field, school districts, towns, and fire protection districts for the fiscal year ended June 30:					
School Districts				\$ 317,335	
Fire Protection Districts				<u>2,592,453</u>	
Total assessed valuation				<u>\$ 2,909,788</u>	

\* Percentage of appraised value has been established by statute.

\*\* Valuation of railroads, telephone companies, and other utilities as determined by North Carolina Property Tax Commission

\*\*\* The levy includes interest and penalties.



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## STATISTICAL SECTION

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This part of Polk County's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

**Financial Trends** – These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

**Revenue Capacity** – These schedules contain information to help the reader assess the factors affecting the County's ability to generate property taxes.

**Debt Capacity** – These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

**Demographic and Economic Information** – These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.

**Operating Information** – These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.

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POLK COUNTY, NORTH CAROLINA

Net Position by Category  
Last Ten Fiscal Years

	2013	2014 <sup>(1)</sup>	2015	2016
<b>Governmental activities:</b>				
Net investment in capital assets	\$ 16,924,056	\$ 16,823,252	\$ 16,778,656	\$ 17,116,720
Restricted	2,357,260	2,513,727	3,408,680	3,418,452
Unrestricted	1,488,679	2,508,175	2,189,288	2,718,297
Total governmental activities net position	<u>\$ 20,769,995</u>	<u>\$ 21,845,154</u>	<u>\$ 22,376,624</u>	<u>\$ 23,253,469</u>
<b>Business-type activities:</b>				
Net investment in capital assets	\$ 9,708,668	\$ 10,958,504	\$ 12,699,586	\$ 13,477,068
Unrestricted	2,043,592	649,402	784,618	1,068,528
Total business-type activities net position	<u>\$ 11,752,260</u>	<u>\$ 11,607,906</u>	<u>\$ 13,484,204</u>	<u>\$ 14,545,596</u>
<b>Primary government:</b>				
Net investment in capital assets	\$ 26,632,724	\$ 27,781,756	\$ 29,478,242	\$ 30,593,788
Restricted	2,357,260	2,513,727	3,408,680	3,418,452
Unrestricted	3,532,271	3,157,577	2,973,906	3,786,825
Total primary government net position	<u>\$ 32,522,255</u>	<u>\$ 33,453,060</u>	<u>\$ 35,860,828</u>	<u>\$ 37,799,065</u>

NOTES:

<sup>(1)</sup> 2015 was the first year of implementation for GASB Statement No. 68 and 2014 was retroactively restated as a result of implementation. 2008 - 2013 were not restated.

Source: Polk County Financial Statements

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
\$	19,222,539	\$ 19,705,853	\$ 21,497,816	\$ 20,436,021	\$ 22,997,270	\$ 28,463,258
	3,320,069	4,183,324	4,309,526	4,926,860	3,453,641	4,280,097
	3,643,334	5,251,178	7,006,374	8,978,881	11,621,887	10,900,716
\$	<u>26,185,942</u>	<u>\$ 29,140,355</u>	<u>\$ 32,813,716</u>	<u>\$ 34,341,762</u>	<u>\$ 38,072,798</u>	<u>\$ 43,644,071</u>
\$	13,391,365	\$ 13,335,905	\$ 13,209,319	\$ 13,039,405	\$ 12,829,828	\$ 12,857,316
	1,261,377	1,384,089	1,495,833	1,430,561	1,558,640	1,529,333
\$	<u>14,652,742</u>	<u>\$ 14,719,994</u>	<u>\$ 14,705,152</u>	<u>\$ 14,469,966</u>	<u>\$ 14,388,468</u>	<u>\$ 14,386,649</u>
\$	32,613,904	\$ 33,041,758	\$ 34,707,135	\$ 33,475,426	\$ 35,827,098	\$ 41,320,574
	3,320,069	4,183,324	4,309,526	4,926,860	3,453,641	4,280,097
	4,904,711	6,635,267	8,502,207	10,409,442	13,180,527	12,430,049
\$	<u>40,838,684</u>	<u>\$ 43,860,349</u>	<u>\$ 47,518,868</u>	<u>\$ 48,811,728</u>	<u>\$ 52,461,266</u>	<u>\$ 58,030,720</u>

**POLK COUNTY, NORTH CAROLINA**

*Revenues, Expenses, and Changes in Net Position*  
Last Ten Fiscal Years

	<u>2013</u>	<u>2014<sup>(1)</sup></u>	<u>2015</u>	<u>2016</u>
<b>Governmental activities</b>				
Program revenues:				
Charges for services:				
General government	\$ 370,476	\$ 418,126	\$ 489,951	\$ 295,730
Public safety	429,208	709,506	767,946	1,017,988
Human services	265,407	245,308	246,271	144,715
Cultural and recreational	114,765	118,479	136,669	201,323
Operating grants and contributions	2,952,339	3,377,349	3,354,029	3,550,592
Capital grants and contributions	181,457	531,932	632,886	95,705
Total program revenues	<u>4,313,652</u>	<u>5,400,700</u>	<u>5,627,752</u>	<u>5,306,053</u>
Expenses:				
General government	2,773,817	2,944,270	2,742,665	3,108,920
Public safety	5,704,927	6,233,081	6,696,025	7,200,671
Economic and physical development	811,129	1,577,119	1,092,014	762,832
Human services	4,873,307	4,445,455	4,539,628	4,406,543
Cultural and recreational	1,524,910	1,559,705	1,573,950	1,773,442
Education	5,238,727	5,937,254	5,786,491	5,539,826
Interest on long-term debt	381,823	337,287	305,706	122,188
Total program expenses	<u>21,308,640</u>	<u>23,034,171</u>	<u>22,736,479</u>	<u>22,914,422</u>
Net expenses	<u>(16,994,988)</u>	<u>(17,633,471)</u>	<u>(17,108,727)</u>	<u>(17,608,369)</u>
General revenues and transfers:				
Taxes:				
Property taxes	15,603,425	15,888,653	15,806,434	15,949,683
Local option sales tax	3,247,594	3,232,234	3,344,092	3,211,303
Other taxes	287,912	280,937	317,665	149,841
Investment earnings, unrestricted	39,917	34,432	36,268	62,988
Miscellaneous, unrestricted	125,016	124,889	127,758	140,720
Transfers	(1,819,857)	(135,490)	(1,992,020)	(1,083,315)
Total general revenues and transfers	<u>17,484,007</u>	<u>19,425,655</u>	<u>17,640,197</u>	<u>18,431,220</u>
Change in net position	<u>489,019</u>	<u>1,792,184</u>	<u>531,470</u>	<u>822,851</u>

NOTES:

(1) 2015 was the first year of implementation for GASB Statement No. 68 and 2014 was retroactively restated as a result of implementation. 2008 - 2013 were not restated.

	2017	2018	2019	2020	2021	2022
\$	352,739	\$ 359,290	\$ 369,492	\$ 416,560	\$ 1,179,639	\$ 1,464,410
	1,092,754	1,184,666	1,263,867	1,379,314	1,309,092	1,558,462
	165,618	145,281	98,719	333,079	598,140	919,281
	199,738	135,678	121,817	99,170	32,833	240
	3,713,449	3,428,648	4,505,063	3,773,834	4,040,318	4,988,334
	244,527	145,705	1,104,185	142,585	633,283	695,193
	5,768,825	5,399,268	7,463,143	6,144,542	7,793,305	9,625,920
	4,402,630	3,127,258	4,124,498	3,846,919	4,543,328	5,234,494
	6,297,154	7,952,358	9,445,809	10,809,062	12,047,218	11,842,219
	647,755	851,477	1,006,404	869,522	528,035	977,960
	4,927,167	4,282,258	4,243,382	4,923,381	4,814,256	5,196,267
	1,758,546	1,780,219	1,965,129	1,869,893	1,849,723	1,601,495
	5,765,217	5,685,884	6,202,220	6,925,004	6,441,594	6,566,852
	323,545	409,921	342,910	347,575	297,845	333,418
	24,122,014	24,089,375	27,330,352	29,591,356	30,521,999	31,752,705
	(18,353,189)	(18,690,107)	(19,867,209)	(23,446,814)	(22,728,694)	(22,126,785)
	16,772,188	16,840,050	17,721,888	19,355,973	19,846,984	20,867,723
	4,090,672	4,332,174	4,973,439	5,089,642	6,083,842	6,556,319
	201,098	245,521	289,107	238,824	469,788	464,046
	125,981	246,235	389,495	285,586	21,230	46,351
	198,271	75,540	261,641	149,832	-	-
	(76,190)	(95,000)	(95,000)	(145,000)	37,886	(236,381)
	21,312,020	21,644,520	23,540,570	24,974,857	26,459,730	27,698,058
	2,958,831	2,954,413	3,673,361	1,528,043	3,731,036	5,571,273

**POLK COUNTY, NORTH CAROLINA**

*Revenues, Expenses, and Changes in Net Position*  
Last Ten Fiscal Years

	<u>2013</u>	<u>2014<sup>(1)</sup></u>	<u>2015</u>	<u>2016</u>
<b>Business-type activities</b>				
Program revenues:				
Charges for services:				
Solid waste	\$ 1,261,698	\$ 1,323,063	\$ 1,411,327	\$ 1,393,764
Water	34,857	17,858	4,500	5,099
Operating grants and contributions	15,458	-	-	-
Total program revenues	<u>1,312,013</u>	<u>1,340,921</u>	<u>1,415,827</u>	<u>1,398,863</u>
Expenses:				
Solid waste	1,359,559	1,416,362	1,370,127	1,220,455
Water	221,170	249,315	207,665	250,737
Total program expenses	<u>1,580,729</u>	<u>1,665,677</u>	<u>1,577,792</u>	<u>1,471,192</u>
Net revenues (expenses)	<u>(268,716)</u>	<u>(324,756)</u>	<u>(161,965)</u>	<u>(72,329)</u>
General revenues and transfers:				
Other taxes	44,138	44,912	46,243	50,406
Transfers	1,819,857	135,490	1,992,020	1,083,315
	<u>1,895,024</u>	<u>180,402</u>	<u>2,038,263</u>	<u>1,133,721</u>
Change in net position	<u>1,626,308</u>	<u>(144,354)</u>	<u>1,876,298</u>	<u>1,061,392</u>
<b>Primary government</b>				
Program revenues	5,625,665	6,741,621	7,043,579	6,704,916
Expenses	<u>22,889,369</u>	<u>24,699,848</u>	<u>24,314,271</u>	<u>24,385,614</u>
Net expenses	<u>(17,263,704)</u>	<u>(17,958,227)</u>	<u>(17,270,692)</u>	<u>(17,680,698)</u>
General revenues and transfers	<u>19,379,031</u>	<u>19,606,057</u>	<u>19,678,460</u>	<u>19,564,941</u>
Change in net position	<u>\$ 2,115,327</u>	<u>\$ 1,647,830</u>	<u>\$ 2,407,768</u>	<u>\$ 1,884,243</u>

NOTES:

<sup>(1)</sup> 2015 was the first year of implementation for GASB Statement No. 68 and 2014 was retroactively restated as a result of implementation. 2008 - 2013 were not restated.

Source: Polk County Financial Statements

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
\$	1,471,321	\$ 1,557,156	\$ 1,668,510	\$ 1,480,658	\$ 1,744,588	\$ 1,934,969
	9,000	85,500	1,500	4,500	25,500	31,652
	-	-	-	-	-	-
	<u>1,480,321</u>	<u>1,642,656</u>	<u>1,670,010</u>	<u>1,485,158</u>	<u>1,770,088</u>	<u>1,966,621</u>
	1,273,902	1,447,256	1,560,499	1,637,101	1,643,032	1,983,176
	227,571	274,585	276,241	276,897	231,711	281,107
	<u>1,501,473</u>	<u>1,721,841</u>	<u>1,836,740</u>	<u>1,913,998</u>	<u>1,874,743</u>	<u>2,264,283</u>
	(21,152)	(79,185)	(166,730)	(428,840)	(104,655)	(297,662)
	52,108	51,437	56,888	48,652	61,045	59,462
	76,190	95,000	95,000	145,000	(37,886)	236,381
	<u>128,298</u>	<u>146,437</u>	<u>151,888</u>	<u>193,652</u>	<u>23,159</u>	<u>295,843</u>
	107,146	67,252	(14,842)	(235,188)	(81,496)	(1,819)
	7,249,146	7,041,924	9,133,153	7,629,700	9,563,393	11,592,541
	25,623,487	25,811,216	29,167,092	31,505,354	32,396,742	34,016,988
	<u>(18,374,341)</u>	<u>(18,769,292)</u>	<u>(20,033,939)</u>	<u>(23,875,654)</u>	<u>(22,833,349)</u>	<u>(22,424,447)</u>
	<u>21,440,318</u>	<u>21,790,957</u>	<u>23,692,458</u>	<u>25,168,509</u>	<u>26,482,889</u>	<u>27,993,901</u>
\$	<u>3,065,977</u>	<u>\$ 3,021,665</u>	<u>\$ 3,658,519</u>	<u>\$ 1,292,855</u>	<u>\$ 3,649,540</u>	<u>\$ 5,569,454</u>

POLK COUNTY, NORTH CAROLINA

Fund Balances - Governmental Funds  
Last Ten Fiscal Years

	2013	2014	2015	2016
<b>General fund:</b>				
Nonspendable:				
Prepays	\$ -	\$ -	\$ -	\$ 170,561
Restricted:				
Stabilization by State Statute	785,210	1,047,125	1,163,570	1,633,744
Public safety	-	-	-	-
Committed:				
Tax Revaluation	973,254	938,082	919,154	708,468
Assigned:				
Subsequent year's expenditure	445,542	474,719	888,900	-
Unassigned	5,738,575	7,047,387	5,906,286	6,534,837
<b>Total General Fund</b>	<b>\$ 7,942,581</b>	<b>\$ 9,507,313</b>	<b>\$ 8,877,910</b>	<b>\$ 9,047,610</b>
<b>Other governmental funds:</b>				
Nonspendable:				
Prepays	\$ -	\$ -	\$ -	\$ 3,266
Restricted:				
Stabilization by State Statute	-	-	-	44,120
Public safety	437,439	431,493	445,577	400,698
Construction of new buildings	134,921	-	-	-
Tourism	24,372	43,373	99,671	88,809
Economic and physical development	118,852	15,227	25,691	27,690
School debt service	856,466	976,509	1,099,051	1,223,391
General government	-	-	-	-
Committed:				
Future projects	-	-	-	-
Waterline extension	-	-	-	-
Assigned:				
Subsequent year's expenditures	-	-	-	-
Capital projects	1,099,551	634,512	1,251,150	777,107
Future school projects	-	-	-	-
Public safety	-	-	-	-
Unassigned (deficit)	-	-	-	(8,543)
<b>Total other funds</b>	<b>\$ 2,671,601</b>	<b>\$ 2,101,114</b>	<b>\$ 2,921,140</b>	<b>\$ 2,556,538</b>

Note: GASB Statement No. 54 established new fund balance classifications effective in 2011.

Source: Polk County Financial Statements



<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
\$ 168,196	\$ 182,215	\$ 188,873	\$ 489,695	\$ 108,273	\$ 517,035
1,552,457	2,005,617	2,100,974	2,536,891	2,608,946	3,133,846
16,461	16,657	17,011	17,235	17,238	17,265
515,224	490,638	468,810	224,328	74,131	174,236
546,676	408,240	323,925	-	403,621	835,293
6,225,687	6,710,905	8,530,347	8,987,531	10,747,187	10,797,102
<b>\$ 9,024,701</b>	<b>\$ 9,814,272</b>	<b>\$ 11,629,940</b>	<b>\$ 12,255,680</b>	<b>\$ 13,959,396</b>	<b>\$ 15,474,777</b>
\$ 479	\$ 1,047	\$ 1,984	\$ 1,697	\$ 7,252	\$ 2,044
46,260	102,091	82,820	92,442	105,929	67,292
8,787,238	1,662,015	516,157	519,966	6,442,470	355,328
-	-	-	-	-	-
107,185	160,079	256,846	290,122	523,284	748,783
27,486	-	-	-	-	-
1,350,067	1,478,019	1,612,982	1,760,025	7,252	2,695,804
-	-	-	-	22,693	26,902
-	-	-	-	33,903	33,903
-	-	-	-	-	-
-	-	-	-	-	-
1,477,203	1,568,815	2,019,315	2,212,865	2,754,795	3,796,650
-	-	-	97,066	768,122	1,012,298
-	-	12,729	-	-	-
-	(8,485)	-	(6,413)	(16,377)	(18,762)
<b>\$ 11,795,918</b>	<b>\$ 4,963,581</b>	<b>\$ 4,502,833</b>	<b>\$ 4,967,770</b>	<b>\$ 10,649,323</b>	<b>\$ 8,720,242</b>

**POLK COUNTY, NORTH CAROLINA**

*Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds*  
Last Ten Fiscal Years

	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Revenues:</b>				
Property taxes	\$ 15,530,011	\$ 15,876,129	\$ 15,671,820	\$ 16,150,390
Local option sales taxes	3,247,594	3,232,234	3,344,092	3,513,262
Other taxes	69,564	76,154	117,868	149,841
Restricted intergovernmental	3,353,992	4,020,364	3,399,130	3,646,295
Restricted contributions	-	93,725	787,857	-
Permits and fees	297,483	340,563	406,966	365,658
Sales and services	1,165,089	1,158,433	1,301,164	1,294,100
Investment earnings	39,917	34,432	36,268	62,988
Miscellaneous	125,016	124,889	127,758	140,720
Total revenues	<u>23,828,666</u>	<u>24,956,923</u>	<u>25,192,923</u>	<u>25,323,254</u>
<b>Expenditures:</b>				
Current:				
General government	2,261,154	2,595,845	2,489,437	2,832,665
Public safety	5,636,335	5,849,037	6,410,486	6,848,449
Economic and physical development	806,231	1,562,525	1,097,371	763,494
Human services	4,305,639	4,248,054	4,461,551	4,258,143
Cultural and recreational	1,190,189	1,293,759	1,301,417	1,487,901
Intergovernmental:				
Education	5,238,727	5,937,254	5,786,491	5,539,826
Capital outlay	589,734	656,314	628,586	1,163,108
Debt service:				
Principal	1,345,878	1,336,449	1,338,613	1,395,210
Interest	392,790	348,255	296,328	156,377
Total expenditures	<u>21,766,677</u>	<u>23,827,492</u>	<u>23,810,280</u>	<u>24,445,173</u>
<b>Other financing sources (uses):</b>				
Proceeds from sales of assets	54,579	304	-	6,425
Proceeds from capital lease	282,031	-	-	-
Lease liability issued	-	-	-	-
Refinanced debt issued	-	-	-	-
Payment on refinanced debt	-	-	-	-
Proceeds from installment purchase contracts	-	-	800,000	-
Transfers from other funds	495,878	233,089	208,281	290,781
Transfers to other funds	(2,315,735)	(368,579)	(2,200,301)	(1,374,096)
Total other financing sources (uses):	<u>(1,483,247)</u>	<u>(135,186)</u>	<u>(1,192,020)</u>	<u>(1,076,890)</u>
Net change in fund balances	<u>\$ 578,742</u>	<u>\$ 994,245</u>	<u>\$ 190,623</u>	<u>\$ (198,809)</u>
Debt service as a percentage of non-capital expenditures	<u>8.2%</u>	<u>7.3%</u>	<u>7.1%</u>	<u>6.7%</u>

Source: Polk County Financial Statements

**Table 4**  
**Page 2 of 2**

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
\$	16,686,794	\$ 16,614,744	\$ 18,328,355	\$ 19,266,873	\$ 19,892,858	\$ 20,915,918
	4,090,672	4,332,174	4,973,439	5,089,642	6,083,842	6,556,319
	201,098	245,521	289,107	238,824	469,788	464,046
	3,957,976	3,551,533	4,879,248	3,783,967	5,193,073	6,314,620
	-	22,800	730,000	-	-	-
	439,525	603,219	475,199	489,393	680,507	738,458
	1,371,324	1,221,716	1,378,696	1,871,182	1,727,869	1,817,306
	125,981	246,235	389,495	285,586	21,230	46,351
	198,271	75,540	261,641	149,832	191,856	755,536
	<u>27,071,641</u>	<u>26,913,482</u>	<u>31,705,180</u>	<u>31,175,299</u>	<u>34,261,023</u>	<u>37,608,554</u>
	4,060,235	2,825,501	3,841,536	3,489,065	4,458,894	5,401,745
	5,893,817	7,368,662	8,690,664	9,635,647	11,828,012	12,475,980
	644,324	838,107	997,507	830,153	911,313	984,007
	4,758,052	4,050,988	4,001,694	4,523,232	4,736,247	5,205,098
	1,501,409	1,511,277	1,704,075	1,531,886	1,590,508	1,831,847
	5,765,217	5,685,884	6,202,220	6,925,004	6,441,594	10,205,287
	6,658,814	8,029,631	2,342,214	1,488,562	-	-
	1,768,942	2,142,457	2,114,551	1,221,391	2,839,420	1,470,213
	246,192	421,540	376,583	334,660	307,651	340,279
	<u>31,297,002</u>	<u>32,874,047</u>	<u>30,271,044</u>	<u>29,979,600</u>	<u>33,113,639</u>	<u>37,914,456</u>
	18,022	9,173	11,907	37,877	-	-
	-	-	-	-	-	-
	-	-	-	-	-	128,583
	-	-	-	-	9,979,742	-
	-	-	-	-	(9,979,742)	-
	13,500,000	-	-	-	6,200,000	-
	366,221	273,156	104,450	659,823	2,221,521	5,045,034
	(442,411)	(364,530)	(195,573)	(802,724)	(2,183,636)	(5,281,415)
	<u>13,441,832</u>	<u>(82,201)</u>	<u>(79,216)</u>	<u>(105,024)</u>	<u>6,237,885</u>	<u>(107,798)</u>
\$	<u>9,216,471</u>	\$ <u>(6,042,766)</u>	\$ <u>1,354,920</u>	\$ <u>1,090,675</u>	\$ <u>7,385,269</u>	\$ <u>(413,700)</u>
	8.2%	10.3%	8.9%	5.5%	9.5%	4.8%

**POLK COUNTY, NORTH CAROLINA**

*Assessed Value and Estimated Actual Value of Taxable Property*  
Last Ten Fiscal Years  
(in thousands)

	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Real property	\$ 2,723,284	\$ 2,582,280	\$ 2,694,037	\$ 2,722,705
Personal property	171,863	363,642	227,145	237,507
Public service companies	76,478	82,533	80,835	78,842
Less tax exempt property	(220,313)	(223,908)	(228,599)	(230,862)
<b>Total taxable assessed value</b>	<b>\$ 2,751,312</b>	<b>\$ 2,804,547</b>	<b>\$ 2,773,418</b>	<b>\$ 2,808,192</b>
<b>Total direct tax rate</b>	<b>0.5200</b>	<b>0.5175</b>	<b>0.5175</b>	<b>0.5175</b>

NOTE: Assesseed valuations are established by the Board of County Comissioners at 100% of estimated market value. A revaluation of real property is required by the NC General Statutes at leastevery eight years. Revaluation were

Source: Polk County Tax Department

<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
\$ 2,778,171	\$ 2,838,747	\$ 2,895,896	\$ 2,969,231	\$ 2,988,580	\$ 3,318,665
265,243	275,372	288,791	332,400	352,831	501,346
72,695	86,418	110,492	116,652	146,073	155,738
(233,111)	(316,061)	(341,320)	(349,526)	(347,104)	(428,584)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 2,882,998	\$ 2,884,476	\$ 2,953,859	\$ 3,068,757	\$ 3,140,380	\$ 3,547,165
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
0.5375	0.5294	0.5294	0.5494	0.5494	0.5143
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

## POLK COUNTY, NORTH CAROLINA

*Direct and Overlapping Property Tax Rates*  
Last Ten Fiscal Years (rate per \$100 of assessed value)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b>County direct rate:</b>										
General Fund	0.5200	0.5175	0.5175	0.5175	0.5375	0.5294	0.5294	0.5494	0.5494	0.5143
<b>Harmon Field rate</b>	0.0350	0.0350	0.0350	0.0350	0.0350	0.0334	0.0334	0.045	0.045	0.0385
<b>City/town rates:</b>										
Saluda	0.6050	0.6050	0.6050	0.6050	0.6050	0.6050	0.6450	0.665	0.675	0.675
Columbus	0.4000	0.4000	0.4000	0.4150	0.4200	0.4246	0.4446	0.5246	0.515	0.515
Tryon	0.5258	0.5508	0.5508	0.5708	0.5708	0.5663	0.6088	0.6088	0.5696	0.5696
<b>Fire district rates:</b>										
Saluda	0.0650	0.0750	0.0750	0.0850	0.0950	0.0940	0.1050	0.1150	0.1150	0.1130
Sunnyview	0.0600	0.0600	0.0600	0.0600	0.0600	0.0759	0.0759	0.1059	0.1059	0.1085
Mill Spring	0.0500	0.0650	0.0650	0.0650	0.0700	0.0663	0.0813	0.0813	0.0813	0.0754
Green Creek	0.0410	0.0410	0.0410	0.0410	0.0560	0.0446	0.0646	0.0846	0.0846	0.0839
Tryon	0.0480	0.0480	0.0480	0.0680	0.0680	0.0635	0.1035	0.1035	0.1035	0.0886
Columbus	0.0500	0.0500	0.0650	0.0650	0.0700	0.0746	0.0746	0.1046	0.1046	0.0950
Edneyville	-	-	-	-	-	0.1050	0.1050	0.1050	0.1050	0.0945
Blue Ridge	-	-	-	-	-	0.1200	0.1200	0.1200	0.1200	0.1166
Dana	-	-	-	-	-	0.1300	0.1300	0.1300	0.1300	0.1132
<b>School district rate:</b>										
Saluda	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300
<b>Total Direct and Overlapping Rates</b>	<u>2.4298</u>	<u>2.4773</u>	<u>2.4923</u>	<u>2.5573</u>	<u>2.6173</u>	<u>2.9626</u>	<u>3.1511</u>	<u>3.3727</u>	<u>3.3339</u>	<u>3.2311</u>

## POLK COUNTY, NORTH CAROLINA

Principal Property Taxpayers  
Current Year and Nine Years Ago

<u>Taxpayer</u>	2022			2013		
	<u>Taxable assessed value</u>	<u>Rank</u>	<u>Percentage of total County taxable assessed value</u>	<u>Taxable assessed value</u>	<u>Rank</u>	<u>Percentage of total County taxable assessed value</u>
Tryon Equestrian Properties <sup>(1)</sup>	\$ 78,376,090	1	2.21%	\$ 10,554,394	6	0.38%
Public Service Co., of NC	64,422,440	2	1.82%	N/A		
Adult Communities Total						
Services	45,385,631	3	1.28%	49,056,758	2	1.78%
Tryon Showgrounds	35,510,138	4	1.00%	N/A		
Duke Energy	16,880,735	5	0.48%	23,866,280	3	0.87%
Green River Farm LLC	11,354,045	5	0.32%	9,015,053	7	0.33%
Tryon Arena LLC	10,643,697	6	0.30%			
Clary Hood & Associates	8,487,114	8	0.24%			
1986 Sandy Plains Rd., LLC	8,482,849	9	0.24%			
Brights Creek Partners	8,099,813	10	0.23%	N/A		
PAR Investments, LLC				50,542,210	1	1.84%
Rutherford Electric Membership Corp				11,537,609	5	0.42%
Tryon Investment Properties				11,544,414	4	0.42%
Byana LLC				8,372,059	8	0.30%
Travis Oates LLC				7,590,241	9	0.28%
Hidden Springs Holdings				6,533,183	10	0.24%
<b>Total</b>	<b>\$ 287,642,552</b>		<b>8.11%</b>	<b>\$ 188,612,201</b>		<b>6.86%</b>

<sup>(1)</sup> Previously White Oak Development<sup>(2)</sup> Previously Bright's Creek

Source: Polk County Tax Department

**POLK COUNTY, NORTH CAROLINA**

*Property Tax Levies and Collections*  
Last Ten Fiscal Years  
(In thousands)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Taxes levied for the year	\$ 14,307	\$ 14,514	\$ 14,352	\$ 14,538
Collected within the fiscal year of the levy:				
Amount	13,875	14,145	13,886	14,149
Percentage	97%	97%	97%	97%
Current uncollected balance	9	7	6	7
Collection in subsequent years	423	362	460	382
Total collections to date:				
Amount	14,298	14,507	14,346	14,531
Percentage	99.94%	99.95%	99.96%	99.95%

Source: Polk County Financial Statements



	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
\$	15,501	\$ 15,283	\$ 15,671	\$ 16,864	\$ 17,293	\$ 18,241
	15,115	14,907	15,464	16,599	17,087	18,057
	98%	98%	99%	98%	99%	99%
	15	55	207	266	206	183
	371	321	-	-	-	-
	15,486	15,228	15,464	16,599	17,087	18,057
	99.90%	99.64%	98.68%	98.43%	98.81%	98.99%

**POLK COUNTY, NORTH CAROLINA**

*Ratios of Outstanding Debt by Type*  
Last Ten Fiscal Years

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Governmental activities:</b>				
General obligation bonds	\$ -	\$ -	\$ -	\$ -
Direct placement installment purchases	10,654,001	9,370,668	8,887,335	7,549,657
Capital leases	273,370	220,254	164,974	107,442
Total governmental activities	<u>10,927,371</u>	<u>9,590,922</u>	<u>9,052,309</u>	<u>7,657,099</u>
<b>Business-type activities:</b>				
Direct placement installment purchases	182,197	177,570	172,657	167,441
<b>Total government-wide</b>	<u>\$ 11,109,568</u>	<u>\$ 9,768,492</u>	<u>\$ 9,224,966</u>	<u>\$ 7,824,540</u>
Total debt as a percent of personal income	1.45%	1.20%	1.09%	0.90%
Total debt per capita	\$ 544	\$ 474	\$ 444	\$ 376
Percentage of bonded debt to estimated actual property value	0.00%	0.00%	0.00%	0.00%
Bonded debt per capita	\$ -	\$ -	\$ -	\$ -

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19,340,591	17,245,700	15,131,149	13,909,759	17,270,340	15,839,685
47,566	-	-	-	-	-
<u>19,388,157</u>	<u>17,245,700</u>	<u>15,131,149</u>	<u>13,909,759</u>	<u>17,270,340</u>	<u>15,839,685</u>
161,903	156,024	149,782	143,155	136,120	128,651
<u>\$ 19,550,060</u>	<u>\$ 17,401,724</u>	<u>\$ 15,280,931</u>	<u>\$ 14,052,914</u>	<u>\$ 17,406,460</u>	<u>\$ 15,968,336</u>
2.20%	N/A	N/A	N/A	N/A	N/A
\$ 930	\$ 818	\$ 707	\$ 643	\$ 791	\$ 850
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

## POLK COUNTY, NORTH CAROLINA

*Direct and Overlapping Governmental Activities Debt*  
As of June 30, 2022

<u>Governmental Unit:</u>	<u>Debt Outstanding <sup>(1)</sup></u>	<u>Estimated Percentage Applicable</u>	<u>Applicable to Primary Government</u>
Town of Columbus <sup>(1)</sup>	\$ 358,458	100%	\$ 358,458
Town of Tryon <sup>(1)</sup>	2,244,226	100%	2,244,226
City of Saluda <sup>(1)</sup>	2,448,783	100%	<u>2,448,783</u>
		Subtotal, overlapping debt	5,051,467
		Polk County direct debt	<u>15,839,685</u>
		Total direct and overlapping debt	<u><u>\$ 20,891,152</u></u>

<sup>(1)</sup> Municipalities' information provided by the individual municipalities within Polk County.



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**POLK COUNTY, NORTH CAROLINA**

*Legal Debt Margin Information*  
 Last Ten Fiscal Years

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt limit	\$ 220,105,015	\$ 224,363,764	\$ 221,873,438	\$ 224,655,361
Total debt applicable to limit	<u>10,927,371</u>	<u>9,590,922</u>	<u>9,052,309</u>	<u>7,824,540</u>
Legal debt margin	<u>\$ 209,177,644</u>	<u>\$ 214,772,842</u>	<u>\$ 212,821,129</u>	<u>\$ 216,830,821</u>
Total debt applicable to the limit as a percentage of debt limit	5.44%	4.96%	4.27%	4.08%

Source: Polk County Financial Statements

<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
\$ 230,639,810	\$ 230,758,117	\$ 236,308,778	\$ 245,539,130	\$ 251,230,420	\$ 283,773,161
19,550,060	17,401,724	15,280,931	13,909,759	17,406,460	15,968,336
<b>\$ 211,089,750</b>	<b>\$ 213,356,393</b>	<b>\$ 221,027,847</b>	<b>\$ 231,629,371</b>	<b>\$ 233,823,960</b>	<b>\$ 267,804,825</b>
3.48%	8.48%	6.47%	5.66%	6.93%	5.63%

**Legal Debt Margin Calculation for Fiscal Year 2022**

Assessed value	<u>\$ 3,547,164,515</u>
Debt limit (8% of assessed value)	\$ 283,773,161
Debt applicable to limit:	
Installment purchase contracts	<u>15,968,336</u>
Legal debt margin	<u>\$ 267,804,825</u>

## POLK COUNTY, NORTH CAROLINA

*Demographic and Economic Statistics*  
Last Ten Fiscal Years

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (000's) (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Median Age (1)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
2013	20,422	764,328	37,485	49.68	2,294	6.9%
2014	20,603	816,016	40,125	50.01	2,246	4.7%
2015	20,755	844,715	41,477	50.36	2,276	5.7%
2016	20,828	866,459	42,611	51.06	2,167	4.9%
2017	21,020	889,704	43,278	51.29	2,147	4.0%
2018	21,275	933,484	45,291	51.80	2,098	4.1%
2019	21,614	942,090	45,459	52.10	2,099	4.5%
2020	21,852	1,012,074	48,125	52.40	2,112	6.3%
2021	21,999	N/A	N/A	50.80	2,057	4.6%
2022	18,780	N/A	N/A	50.80	2,035	4.1%

## Source:

- (1) N.C. Office of State Budget Management
- (2) Bureau of Economic Analysis, U. S. Department of Commerce
- (3) N.C. Department of Public Instruction, First Month Average Daily Membership
- (4) Bureau of Labor Statistics
- N/A Information not yet available



## POLK COUNTY, NORTH CAROLINA

Principal Employers  
Current Year and Nine Years Ago

<u>Employer</u>	<u>2022</u>			<u>2013</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Polk County Public Schools	250-499	1	2.8% - 5.7%	450	1	4.79%
Acts Inc	250-499	2	2.8% - 5.7%	225	4	2.39%
Polk County Government	250-499	3	2.8% - 5.7%	227	3	2.42%
St. Luke's Hospital Inc	250-499	4	2.8% - 5.7%	325	2	3.46%
Tryon International Equestrian Ctr	100-249	5	1.1% - 2.8%	N/A	N/A	0.00%
Cooper Riis Inc	100-249	6	1.1% - 2.8%	190	5	2.02%
White Oak Management Inc	100-249	7	1.1% - 2.8%	140	6	1.49%
Pure Country	50-99	8	.06% - 1.1%	N/A	N/A	0.00%
Pavillon International (A Corp)	50-99	9	.06% - 1.1%	N/A	N/A	0.00%
Autumn Corporation	50-99	10	.06% - 1.1%	110	7	1.17%
Polk Vocational Services	50-99	11	.06% - 1.1%	N/A	N/A	0.00%
Milliken & Co Inc	50-99	12	.06% - 1.1%	N/A	N/A	0.00%
Community Choices Inc	50-99	13	.06% - 1.1%	N/A	N/A	0.00%
Fishin Machine LLC	50-99	14	.06% - 1.1%	N/A	N/A	0.00%
Food Lion	Below 50	14	.06% - 1.1%	N/A	N/A	0.00%
Carolina Yarn Processors	N/A		0.00%	78	8	0.83%
Laurel Hurst	N/A		0.00%	66	9	0.70%
Hatch Plant	N/A		0.00%	60	10	0.64%
Timken Inc	N/A		0.00%	37	11	0.39%
Total Workforce & % of:	<u>9,400</u>		<u>14.9% - 38.9%</u>	<u>9,399</u>		<u>20.30%</u>

NOTE: Percent range for 2021 &amp; as shown for 2012

N/A Information not available.

Source: d4ncommerce.com for 2021 &amp; Local Business Survey for 2012

## POLK COUNTY, NORTH CAROLINA

*Full-time Equivalent County Government Employees by Function*  
Last Ten Fiscal Years

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b>General government:</b>										
Governing Body	-	-	-	1.0	1.0	0.5	0.5	0.5	0.5	0.5
Administration - Co Mgr	3.0	3.0	4.0	4.0	3.5	4.0	3.5	2.5	2.5	3.5
Finance	4.0	4.0	4.0	4.0	4.5	4.0	4.0	4.0	4.0	4.0
Human Resources								1.0	1.0	1.0
Tax - collections	7.5	8.0	7.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Tag Office			1.5	1.4	2.4	2.4	2.4	2.4	2.4	2.4
Board of elections	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Register of deeds	2.9	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8
Public buildings	6.9	6.9	6.9	6.9	6.9	6.9	6.9	7.2	7.2	7.2
Management info systems	2.5	2.8	3.0	2.5	2.5	2.5	2.5	3.0	3.0	4.0
Revaluation								1.0	1.0	1.0
<b>Public safety:</b>										
Sheriff's department	30.0	32.0	33.0	33.0	34.0	34.0	36.0	36.0	36.0	37.0
Jail	10.5	11.0	10.0	11.0	11.0	24.0	24.5	28.0	28.0	29.0
Communications	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	11.0
Emergency management	-	-	1.0	1.0	1.0	1.0	1.5	1.5	1.5	1.5
Animal control	1.0	1.0	1.0	1.0	1.0	1.0	1.8	1.8	2.0	2.0
Community development	3.0	3.0	4.0	4.0	5.0	6.0	6.0	5.0	4.0	4.0
Emergency medical services	18.0	18.0	17.0	18.0	19.0	20.0	20.0	22.4	22.4	32.0
<b>Economic and physical development:</b>										
Planning and zoning	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Cooperative extension	5.0	5.0	5.0	5.0	4.0	4.0	4.0	4.0	4.0	4.0
Soil and water conservation	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Economic and development	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
<b>Human services:</b>										
Public health								6.5	7.0	9.0
Public transportation	17.5	17.5	17.5	17.5	15.0	17.0	14.5	15.5	15.4	15.5
Social service administration	30.0	30.0	31.0	32.0	33.0	34.5	38.1	38.1	39.0	39.0
Veteran's administration	0.8	0.8	0.85	0.9	1.0	1.0	1.0	1.0	1.0	1.0
<b>Cultural and recreational:</b>										
Senior Centers	6.3	6.3	6.9	6.9	6.9	6.9	6.9	7.9	6.7	6.7
Library	9.5	9.5	10.7	10.7	10.7	10.7	10.7	10.7	10.7	10.7
Recreation	5.2	5.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2
<b>Total</b>	<u>171.0</u>	<u>179.9</u>	<u>183.1</u>	<u>194.1</u>	<u>195.7</u>	<u>213.7</u>	<u>218.1</u>	<u>233.3</u>	<u>232.6</u>	<u>249.8</u>

Source: Various County Departments.



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**POLK COUNTY, NORTH CAROLINA**

*Operating Indicators by Function*  
Last Ten Fiscal Years

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>General Government:</b>				
Percentage of registered voters participating in General Election	N/A	49.00%	N/A	68.41%
<b>Public Safety:</b>				
Number of inmates processed	687	926	1,119	910
Number of inmate days	11,392	10,274	10,760	10,409
Number of building permits issued	44	59	72	59
Number of EMS calls dispatched	2,790	2,725	3,237	3,190
<b>Human Services:</b>				
Public transportation total route miles	371,596	332,025	356,307	368,690
Public transportation passengers	46,059	40,420	39,520	40,597
Number of children in Foster Care	21	17	33	30
<b>Economic &amp; Physical Development:</b>				
Number of plats recorded	128	169	175	141
<b>Culture and Recreation - Library:</b>				
Volumes in collection	59,450	63,636	57,368	53,191
Circulation	110,834	110,954	143,291	157,858
<b>Education:</b>				
Current expense per ADM	\$ 2,086	\$ 2,130	\$ 2,168	\$ 2,323
<b>Enterprise Fund- Landfill:</b>				
Tons of waste received	20,894	22,653	21,440	21,009

N/A Information not available

Source: Various County Departments

<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
N/A	57.73%	23.66%	75.88%	N/A	N/A
992	965	1,122	955	1,002	1,061
9,269	8,816	17,949	17,252	12,675	15,128
85	90	78	91	109	174
3,105	3,154	3,320	3,056	3,536	4,299
381,076	389,799	434,257	308,928	233,911	187,255
39,448	39,603	39,662	29,713	14,815	19,173
51	51	39	24	50	45
194	141	173	205	248	275
52,304	53,830	54,846	50,126	51,643	49,380
158,968	149,662	152,273	130,441	155,017	160,553
\$ 2,389	\$ 2,445	\$ 2,444	\$ 2,429	\$ 2,494	\$ 2,475
19,156	23,495	23,121	20,876	22,407	24,342

## POLK COUNTY, NORTH CAROLINA

*Capital Asset Statistics by Function*  
Last Ten Fiscal Years

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b>Public Safety:</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Vehicles	38	37	37	43	39	35	39	53	52	57
<b>Culture and Recreation:</b>										
Libraries	2	2	2	2	2	2	2	2	2	2
Recreation acreage	140	140	140	140	140	140	613	613	613	613
Baseball/softball fields	5	5	5	5	5	5	5	5	5	5
Senior Centers	3	3	3	3	3	3	3	3	1	1
<b>Human Services:</b>										
Transit-Vans	<u>14</u>	<u>15</u>	<u>15</u>	<u>15</u>	<u>15</u>	<u>17</u>	<u>20</u>	<u>18</u>	<u>19</u>	<u>19</u>
	<u>203</u>	<u>203</u>	<u>203</u>	<u>209</u>	<u>205</u>	<u>203</u>	<u>683</u>	<u>695</u>	<u>693</u>	<u>698</u>

Source: Various County Departments

## COMPLIANCE SECTION

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The compliance section contains other reporting required by *Government Auditing Standards*, Uniform Guidance, and the State Single Audit Implementation Act.

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# MARTIN STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

## **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**

To the Board of Commissioners  
Polk County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable of the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Polk County, North Carolina, 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, and have issued our report thereon dated November 4, 2022.

### **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 the County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## **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, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
November 4, 2022

# MARTIN STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

## **Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit Implementation Act**

### **Independent Auditor's Report**

To the Board of Commissioners  
Polk County, North Carolina

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

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

We have audited Polk County, North Carolina's, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission 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, Responses, and Questioned Costs.

In our opinion, Polk County complied, in all material respects, with the 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*); 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), and the State Single Audit Implementation Act. 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 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, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Polk County's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material non-compliance 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*, the Uniform Guidance and the State Single Audit Implementation Act will always detect material non-compliance 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. Non-compliance 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 judgement 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*, the Uniform Guidance, and the State Single Audit Implementation Act, 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 and the State Single Audit Implementation Act, 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, non-compliance 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 reasonable possibility

that material non-compliance 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 were not 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.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
November 4, 2022



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# MARTIN STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

## **Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit Implementation Act**

### **Independent Auditor's Report**

To the Board of Commissioners  
Polk County, North Carolina

#### **Report on Compliance for Each Major State Program**

##### ***Opinion on Each Major State Program***

We have audited Polk County, North Carolina's, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Polk County's major state programs for the year ended June 30, 2022. Polk County's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

In our opinion, Polk County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2022.

##### ***Basis for Opinion on Each Major State 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*); 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), and the State Single Audit Implementation Act. 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 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 state 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, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Polk County's state programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material non-compliance 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*, the Uniform Guidance and the State Single Audit Implementation Act will always detect material non-compliance 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. Non-compliance 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 judgement made by a reasonable user of the report on compliance about Polk County's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act, 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 and the State Single Audit Implementation Act, 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, non-compliance with a type of compliance requirement of a state 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 non-compliance with a type of compliance requirement of a state 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 state 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 were not 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.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
November 4, 2022



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**POLK COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**1. Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued on whether the financial statements audited were prepared in accordance to GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?                    \_\_\_\_\_ Yes      X   No
- Significant deficiency(ies) identified?                \_\_\_\_\_ Yes      X   None reported

Non-compliance material to financial statements noted?

\_\_\_\_\_ Yes      X   No

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified?                    \_\_\_\_\_ Yes      X   No
- Significant deficiency(ies) identified?                \_\_\_\_\_ Yes      X   None reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

\_\_\_\_\_ Yes      X   No

Identification of major federal programs:

**Program Title**

**AL#**

Coronavirus State and Local Fiscal Recovery Funds

21.027

Dollar threshold used to distinguish between Type A and Type B programs

\$750,000

Auditee qualified as low-risk auditee?

\_\_\_\_\_ Yes      X   No



**POLK COUNTY, NORTH CAROLINA**  
**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

No prior year findings.



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## POLK COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022

Grantor/Pass-Through Grantor/Program Title	Federal AL Number	State / Pass-through Grantor's Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
<b>FEDERAL AWARDS:</b>						
<u>U. S. Department of Agriculture</u>						
Passed-through the N. C. Department of Health and Human Services:						
<u>Division of Social Services:</u>						
<u>SNAP Cluster:</u>						
<u>Supplemental Nutrition Assistance Program (SNAP) Cluster:</u>						
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	205NC406S2514	\$ 124,982	\$ -	\$ -	\$ -
AK+FA Supplemental Nutrition Assistance Program	10.561	205NC406S2514	16,372	-	-	-
Total SNAP Cluster			<u>141,354</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Division of Public Health:</u>						
<u>Administration:</u>						
WIC Special Supplemental Nutrition Program for Women, Infants, and Children		13A25403 (GB, GC), 13A25404 (GB, GC), 13A25405 (GB, GC), 13A25409 (GB, GC)	59,640	-	-	-
Total Division of Public Health			<u>59,640</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>200,994</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>U.S. Department of Transportation</u>						
<u>Federal Transit Administration:</u>						
Passed-through the N.C. Department of Transportation:						
<u>Rural Area Program:</u>						
Formula Grants for Rural Areas and Tribal Transit Program - Administration	20.509	36233.83.21.1, 36233.83.22.1, 36233.83.23.1	111,140	6,946	-	-
Formula Grants for Rural Areas and Tribal Transit Program - Operating - Transit	20.509	49233.51.1.2	158,183	-	-	-
Formula Grants for Rural Areas and Tribal Transit Program - Capital	20.509	36233.83.21.3, 51081.2.3.3	116,469	14,559	-	-
Formula Grants for Rural Areas and Tribal Transit Program - CARES	20.509	49233.51.1.2	38,866	-	-	-
Total Rural Area Program			<u>424,658</u>	<u>21,505</u>	<u>-</u>	<u>-</u>
<u>Federal Transit Cluster:</u>						
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526	44637.69.1.4	1,780	222	-	-
Total Federal Transit Cluster			<u>1,780</u>	<u>222</u>	<u>-</u>	<u>-</u>
Total US Department of Transportation			<u>426,438</u>	<u>21,727</u>	<u>-</u>	<u>-</u>
<u>U. S. Department of the Treasury</u>						
<u>Department of the Treasury</u>						
Direct Program						
Coronavirus State and Local Fiscal Recovery Funds	21.027		2,141,033	-	-	-
Total U.S. Department of the Treasury			<u>2,141,033</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Institute of Museum and Library Services</u>						
Grants to States	45.310		152,801	-	-	3,300
Total Institute of Museum and Library Services			<u>152,801</u>	<u>-</u>	<u>-</u>	<u>3,300</u>
<u>Administration for Children and Families</u>						
Passed-through the N. C. Department of Health and Human Services:						
<u>Division of Social Services:</u>						
Foster Care, Adoption, and Guardianship Assistance Program Cluster (Note 4):						
<u>Administration:</u>						
Foster Care Title IV-E	93.658	2201NCFOST	24,610	-	-	-
Foster Care Title IV-E CPS	93.658	2201NCFOST	37,569	5,411	-	-
Foster Care Title IV-E Foster Care/Off Trn	93.658	2201NCFOST	94,418	-	-	-
Adoption Assistance Title IV-E Adoption/Off Trn	93.659	2201NCADPT	1,502	-	-	-
Adoption Assistance Title IV-E Optional Adopt Trn 5	93.659	2201NCADPT	9,765	-	-	-
<u>Direct Benefit Payments:</u>						
Foster Care Title IV-E Foster Care	93.658	2201NCFOST	196,188	39,694	-	-
Adoption Assistance Title IV-E Adopt & Vendor & Guardianship	93.659	2201NCADPT	175,863	32,902	-	-
Total Foster Care, Adoption and Guardianship Assistance Program Cluster (Note 4)			<u>539,915</u>	<u>78,007</u>	<u>-</u>	<u>-</u>
<u>Special Children Adoption Fund Cluster (Note 4):</u>						
Mary Lee Allen Promoting Safe and Stable Families Program						
Total Special Children Adoption Fund Cluster (Note 4)	93.556	2201NCFPSS	18,863	-	-	-
			<u>18,863</u>	<u>-</u>	<u>-</u>	<u>-</u>

## POLK COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022

Grantor/Pass-Through Grantor/Program Title	Federal AL Number	State / Pass-through Grantor's Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
TANF/Work First Administration	93.558	2201NCTANF	19,514	-	-	-
TANF/Work First Service	93.558	2201NCTANF	94,545	-	-	-
TANF Payments & Penalties - Direct Benefits	93.558	2201NCTANF	12,792	-	-	-
<u>Grantor/Pass-Through Grantor/Program Title</u>						
Child Support Enforcement:						
IV-D Offset-Fed	93.563	2201NCCES	382	-	-	-
IV-D Administration	93.563	2201NCCES	81,683	-	-	-
Total Child Support Enforcement			82,065	-	-	-
Low-Income Home Energy Assistance:						
ARPA Admin	93.568	2201NCLIEA	73	-	-	-
Crisis Intervention Payments	93.568	2201NCLIEA	62,364	-	-	-
Low Income Energy Assistance	93.568	2201NCLIEA	12,163	-	-	-
Low Income Energy Home Energy Assistance	93.568	2201NCLIEA	104,076	-	-	-
Low Income Household Water Assistance - Admin	93.568	2201NCLIEA	3,680	-	-	-
Low Income Household Water Assistance - CAA	93.568	2201NCLIEA	9,504	-	-	-
Total Low-Income Home Energy Assistance			191,860	-	-	-
Social Services Block Grant -						
Adult Protective Service	93.667	2201NCSOSR	29,337	1,788	-	-
Social Services Block Grant - CPS TANF to SSBG	93.667	2201NCSOSR	71,197	-	-	-
Social Services Block Grant	93.667	2201NCSOSR	79,838	-	-	-
Total Social Services Block Grant			180,372	1,788	-	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood						
John H. Chafee Foster Care Program for Successful Transition to Adulthood Direct Benefit Payments	93.674	2201NCC1LP	5,044	919	-	-
Total John H. Chafee Foster Care Program for Successful Transition to Adulthood			3,276	-	-	-
			8,320	919	-	-
Passed-through the N.C. Department of Health and Human Services: <u>Division of Child Development and Early Education:</u> <u>Subsidized Child Care Program Cluster (Note 4):</u> <u>Child Care Development Fund Cluster</u> <u>Division of Social Services:</u> Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Administration						
Total Child Care Development Fund Cluster	93.596	2201NCCCDF	18,323	-	-	-
Total Subsidized Child Care Cluster / Child Care Development Fund Cluster (Note 4)			18,323	-	-	-
Centers for Medicare and Medicaid Services: Passed-through the N.C. Department of Health and Human Services: <u>Medicaid Cluster:</u> <u>Division of Social Services:</u> Administration: Medical Assistance Program						
Total Medicaid Cluster	93.778	XIX-MAP22	613,624	855	-	-
			613,624	855	-	-
<u>Division of Health Resources and Services Administration:</u> COVID 19 - CARES Act Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution						
	93.498	566000333	3,500	-	-	-
<u>Division of Social Services:</u> Administration: Children's Health Insurance Program: N.C. Health Choice						
	93.767	CHIP22	17,596	-	-	-
Centers for Disease Control and Prevention: <u>Division of Public Health:</u> Public Health Emergency Preparedness Project Grants and Cooperative Agreements for Tuberculosis Control Programs						
	93.069	12641680ER	7,214	-	-	-
	93.116	14602720NF	29	-	-	-



## POLK COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022

Grantor/Pass-Through Grantor/Program Title	Federal AL Number	State / Pass-through Grantor's Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
Immunization Cooperation Agreements Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.268	13316315LD, 1331631CEJ, 1331639BP7	43,557	-	-	-
COVID-19 Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.323	1175878AHH, 1175883AP5, 1332892AL5	135,152	-	-	-
Preventive Health and Health Services Block Grant	93.391	11617955LZ	13,930	-	-	-
Total Centers for Disease Control and Prevention	93.991	12615503PH	<u>30,607</u>	-	-	-
			230,489	-	-	-
Maternal and Child Health Services Block Grant	93.994	12715351AR, 12715745AR	<u>5,358</u>	-	-	-
Total U.S. Department of Health and Human Services			<u>2,037,136</u>	<u>81,569</u>	-	-
<u>U. S. Department of Homeland Security</u>						
Passed-through N.C. Department of Crime Control and Public Safety:						
<u>Division of Emergency Management:</u>						
Emergency Management Performance Grants - ARPA	97.042	EMA-2021-EP-00014	29,298	-	-	2,000
Emergency Management Performance Grants - EMPG-S	97.042	EMA-2020-EP-00016	12,695	-	-	-
Emergency Management Performance Grants - EMPG	97.042	EMA-2021-EP-00015	<u>21,056</u>	-	-	-
Total U. S. Department of Homeland Security			<u>63,049</u>	-	-	<u>2,000</u>
<b>Total Federal awards</b>			<u>5,021,451</u>	<u>103,296</u>	-	<u>5,300</u>
<b>STATE AWARDS:</b>						
<u>N.C. Department of Health and Human Services (NCDHHS)</u>						
<u>Division of Social Services:</u>						
Administration:						
State Child Welfare/CPS			-	19,892	-	-
State Foster Care Program - Direct Benefits:						
State Foster Home			-	38,240	-	-
Foster Care At Risk Max			-	2,930	-	-
SFH Maximization			-	42,893	-	-
Total State Foster Care Program - Direct Benefits			-	<u>84,063</u>	-	-
Total Division of Social Services			-	<u>103,955</u>	-	-
<u>Division of Public Health:</u>						
Food and Lodging Health		11534752SZ	-	5,235	-	-
Aid-to-Counties		1161411000	-	30,580	-	-
General Communicable Disease Control		1175451000	-	7,029	-	-
Healthy Communities		1261550300	-	3,747	-	-
Child Health		1271574500	-	2,799	-	-
School Nursing Funding Initiative		1332535800	-	150,000	-	-
Tuberculosis Control		1331631CEJ	-	1,385	-	-
Total Division of Public Health			-	<u>200,775</u>	-	-
Total NCDHHS			-	<u>304,730</u>	-	-
<u>N.C. Department of Juvenile Justice and Delinquency Prevention</u>						
Juvenile Crime Prevention Programs			-	83,331	-	-
Total N.C. Department of Juvenile Justice and Delinquency Prevention			-	<u>83,331</u>	-	-
<u>N.C. Department of Environmental Quality</u>						
<u>Division of Water Resources</u>						
Water Resources Development Project Grant Program - NC Wildlife Resources Dredging Grant			-	257,950	-	-
Total N.C. Department of Environmental Quality Division of Water Resources			-	<u>257,950</u>	-	-

## POLK COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022

Grantor/Pass-Through Grantor/Program Title	Federal AL Number	State / Pass-through Grantor's Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
<b><u>N.C. Department of Public Safety</u></b>						
Sheriffs Office Grant			-	17,400	-	-
Total N.C. Department of Public Safety			-	17,400	-	-
<b><u>N.C. Department of Transportation (NCDOT)</u></b>						
Rural Operating Assistance Program (ROAP):						
ROAP Elderly and Disabled Transportation Assistance Program		DOT-16CL	-	3,375	-	-
ROAP Work First Transitional - Employment		DOT-16CL	-	2,845	-	-
Total ROAP			-	6,220	-	-
Total NCDOT			-	6,220	-	-
Total State awards			-	669,631	-	-
Total Federal and State awards			\$ 5,021,451	\$ 772,927	\$ -	\$ 5,300

**Notes to the Schedule of Expenditures of Federal and State Financial Awards:****1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and state grant activity of Polk County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2022. The information in this SEFSA is presented in accordance with the 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) and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Polk County, it is not intended to and does not present the financial position, changes in net position or cash flows of Polk County.

**2. Summary of Significant Accounting Policies**

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**3. Indirect Cost Rate**

Polk County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**4. Cluster of Programs**

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes:

Subsidized Child Care Program Cluster  
Foster Care, Adoption, and Guardianship Assistance Program Cluster  
Special Children Adoption Fund Cluster