POLK COUNTY
NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2024

PREPARED BY: FINANCE DEPARTMENT

POLK COUNTY
NORTH CAROLINA

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INTRODUCTORY SECTION
(Unaudited)

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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Polk County
GOVERNMENT

November 27, 2024

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, 2024. 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, 2024, 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, 2024 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 Juvenile Crime Prevention Councils for juvenile community programs.

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 slightly from the previous year. The present unemployment rate is 3.8% (up from 3.5% the previous year) but lower than the State unemployment rate of 4.1%. 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 agriculture and equine industries are continuing to grow. Per capita income increased 4.8% from last year to this year. The median age is slowly increasing since the drop in 2021.

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).

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, 2023. This marks the twenty-eighth 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

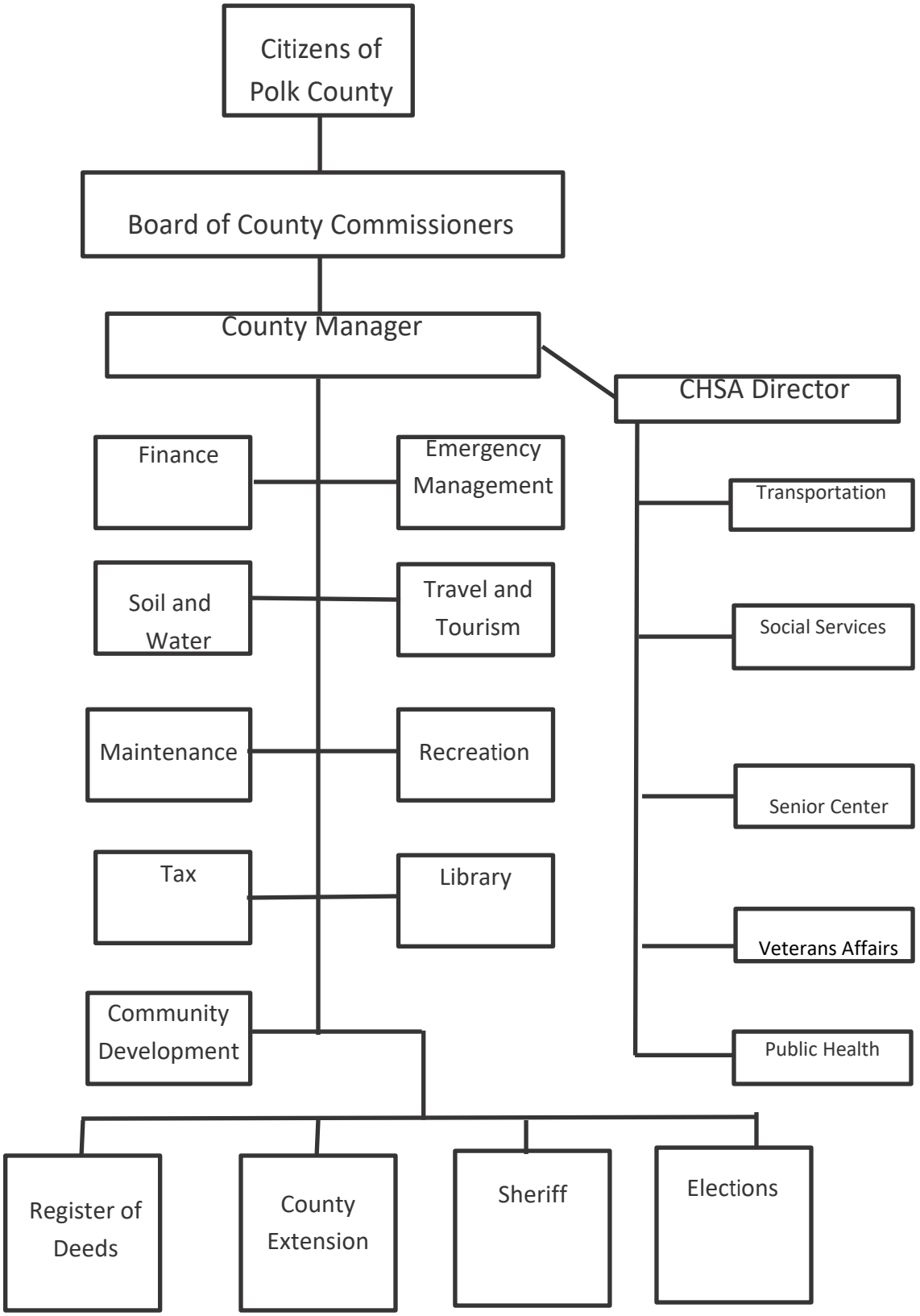
Sandra Q Hughes

Finance Director

POLK COUNTY, NORTH CAROLINA

Organization Chart

June 30, 2024



POLK COUNTY, NORTH CAROLINA

List of Principal Officials

June 30, 2024

BOARD OF COUNTY COMMISSIONERS

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

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
Patrick Rimer	Building Inspections Director
Melinda Massey	Tourism Director
Jeremy Gregg	Communications Director
Kelly Gay	Soil and Water Director
Mickey Edwards	Facilities Director
Dawn Jordan	Agriculture Economic Development Director
Travis Ballard	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, 2023

Christopher P. Morrill

Executive Director/CEO

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FINANCIAL SECTION

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, 2024, 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, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Opioid Settlement 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.

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 27, 2024, 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 27, 2024

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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, 2024. 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

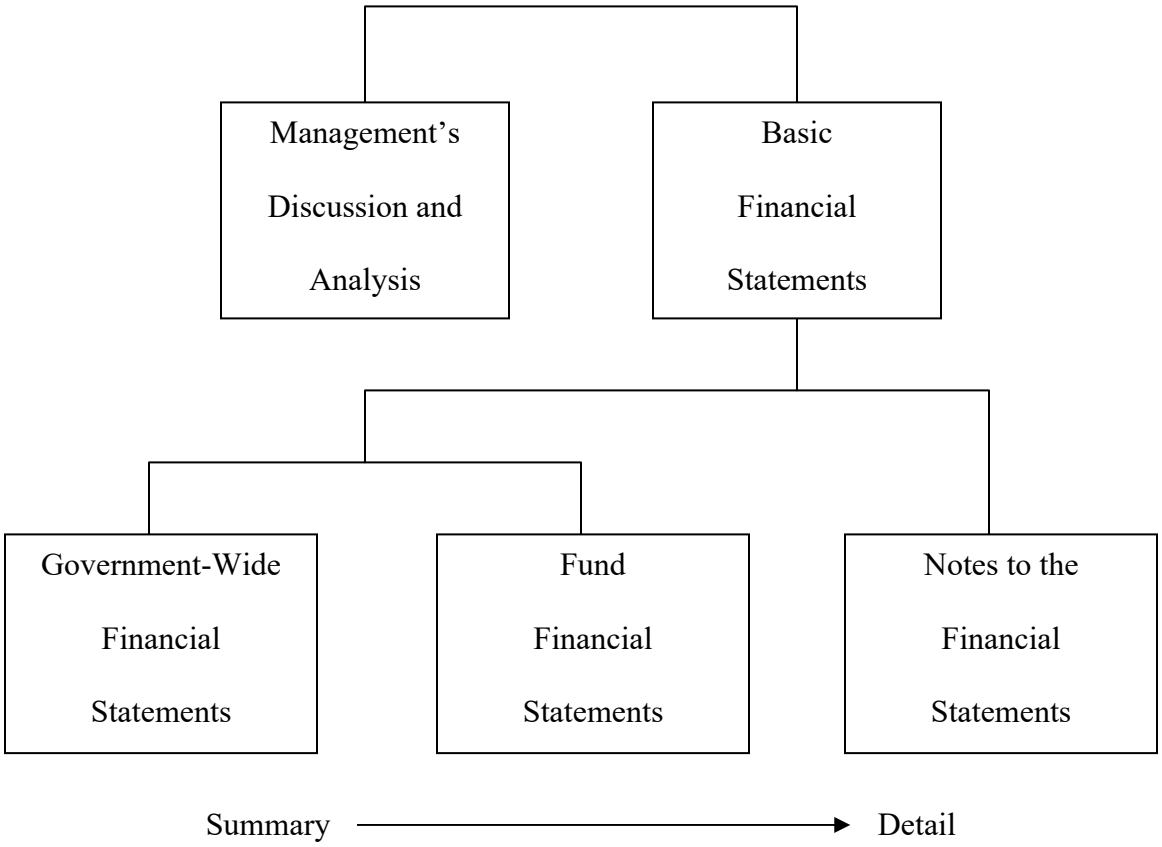
- The assets and deferred outflows of resources of Polk County exceeded its liabilities and deferred inflows of resources at the end of the fiscal year by $60,409,598 (net position).
- The County's net position increased by $3,619,969, primarily due to operational efficiencies. Revenues came in higher than budgeted while expenditures came in less than budgeted.
- As of June 30, 2024, Polk County's governmental funds reported combined ending fund balances of $26,146,699, an increase of $3,448,006. Approximately 25% of this total amount, or $6,502,663, is restricted or non-spendable.
- At the end of the current fiscal year, available fund balance for the General Fund was $14,849,742, or 40%, of total General Fund expenditures and transfers to other funds for the fiscal year.
- Polk County's total installment debt decreased by $1,403,759 during the current fiscal year due to continued annual payments and no new debt issued.
- The capital assets of the County increased overall by $699,764 in the current fiscal year. Building and improvements and equipment increased due to the fact that there were new purchases.

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 M) 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 came 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 73 of this report.

Interdependence with Other Entities: The County depends on financial resources flowing from, or associated with, both the federal government and the state of North Carolina. Because of this dependency, the County is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and state laws and federal and state appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

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 $60,409,598 as of June 30, 2024. The County's net position increased by $3,619,969 for the fiscal year ended June 30, 2024, which represents an increase of $4,102,762 for governmental activities and a decrease of ($482,793) for business-type activities.

Polk County's Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Assets:						
Current and other assets	$ 37,553,712	$ 35,480,140	$ 1,589,841	$ 1,767,068	$ 39,143,553	$ 37,247,208
Capital & right to use assets	36,806,027	35,883,314	12,395,936	12,714,641	49,201,963	48,597,955
Total assets	74,359,739	71,363,454	13,985,777	14,481,709	88,345,516	85,845,163
Deferred Outflows of Resources	5,818,294	4,987,922	-	-	5,818,294	4,987,922
Liabilities:						
Long-term liabilities outstanding	21,748,054	21,017,109	115,742	121,630	21,863,796	21,138,739
Other liabilities	11,003,340	11,908,571	352,145	359,396	11,355,485	12,267,967
Total liabilities	32,751,394	32,925,680	467,887	481,026	33,219,281	33,406,706
Deferred Inflows of Resources	534,931	636,750	-	-	534,931	636,750
Net Position:						
Net investment in capital assets	28,988,963	27,102,675	12,283,446	12,593,494	41,272,409	39,696,169
Restricted	5,947,169	5,089,008	-	-	5,947,169	5,089,008
Unrestricted	11,955,576	10,597,263	1,234,444	1,407,189	13,190,020	12,004,452
Total net position	$ 46,891,708	$ 42,788,946	$ 13,517,890	$ 14,000,683	$ 60,409,598	$ 56,789,629

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

- no new large investments in facilities while maintaining our current projects.
- continued 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

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	$ 3,830,887	$ 3,889,907	$ 2,152,127	$ 1,995,284	$ 5,983,014	$ 5,885,191
Operating grants and contributions	5,774,766	5,422,606	-	-	5,774,766	5,422,606
Capital grants and contributions	2,449,388	807,683	-	-	2,449,388	807,683
General revenues:						
Property taxes	23,315,743	20,970,252	-	-	23,315,743	20,970,252
Other taxes	7,090,988	7,107,360	-	-	7,090,988	7,107,360
Other	2,112,415	1,594,089	66,978	65,857	2,179,393	1,659,946
Total revenues	44,574,187	39,791,897	2,219,105	2,061,141	46,793,292	41,853,038
Expenses:						
General government	5,715,432	8,847,469	-	-	5,715,432	8,847,469
Public safety	15,394,791	14,685,631	-	-	15,394,791	14,685,631
Economic and physical development	1,257,669	1,241,225	-	-	1,257,669	1,241,225
Human services	6,504,612	6,770,973	-	-	6,504,612	6,770,973
Cultural and recreational	1,859,581	1,838,226	-	-	1,859,581	1,838,226
Education	9,407,722	8,160,986	-	-	9,407,722	8,160,986
Interest on long-term debt	286,618	331,036	-	-	286,618	331,036
Solid waste	-	-	2,437,172	2,218,864	2,437,172	2,218,864
Water	-	-	309,726	318,243	309,726	318,243
Total expenses	40,426,425	41,875,546	2,746,898	2,537,107	43,173,323	44,412,653
Change in net position before transfers	4,147,762	(2,083,649)	(527,793)	(475,966)	3,619,969	(2,559,615)
Transfers	(45,000)	(90,000)	45,000	90,000	-	-
Change in net position	4,102,762	(2,173,649)	(482,793)	(385,966)	3,619,969	(2,559,615)
Net Position:						
Beginning of year - July 1	42,788,946	43,644,071	14,000,683	14,386,649	56,789,629	58,030,720
Restatement	-	1,318,524	-	-	-	1,318,524
Beginning of year - restated	42,788,946	44,962,595	14,000,683	14,386,649	56,789,629	59,349,244
End of year - June 30	$ 46,891,708	$ 42,788,946	$ 13,517,890	$ 14,000,683	$ 60,409,598	$ 56,789,629

Governmental Activities. Net position increased $4,102,762, due primarily to an increase in tax revenue and operating grants. Property tax revenue grew as a result of a 2 cent per $100 tax increase on all classes of property, as well as, an average increase of 3 percent in taxable property values, due to growth. The county recorded approximately $1.5 million ARP/CSLFRF grant funds for the provision of government services. Overall revenues were approximately 16 percent higher. Expenditures, overall, increased slightly by 2.8 percent. Public safety increased approximately 12 percent due primarily to capital and personnel costs, while Education grew approximately 15 percent due to capital spending. Most other categories of expenditures decreased.

Business-Type Activities. Net position decreased $482,793, 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 $26,146,699, an increase of $3,448,006 in comparison with the prior year. The increase in total fund balance is due primarily to the ARP grant combined with 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 $14,849,742, while total fund balance reached $18,533,330. The County currently has an available fund balance of 40% of General Fund expenses and transfers to other funds, while total fund balance represents 50% of the same amount. The available fund balance increased from the prior year due to the increased net position as a result of operating efficiencies and good budget practices.

The fund balance of other governmental funds was $7,613,369 at the close of the current fiscal year, an increase of $484,556. The fund balance of the Capital Projects Fund decreased $673,987 mainly due to the completion of ongoing projects. The fund balance of the Grant Projects Fund increased $247,803 due to new grant projects. The fund balance of the Opioid Settlement Fund increased by $478,320 due to payments not yet allocated.

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 $2,797,609 or 8.12 percent, of the original budget. The increase in the final budgeted revenues is primarily due to additional grants, including ARPA funds, received by the County. Total amendments to the General Fund increased expenditures by $4,772,025, or 14.1 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 $2,288,073 under budgeted expenditures.

Capital Asset and Debt Administration

Capital Assets. Polk County's capital assets for its governmental-type activities as of June 30, 2024 total $36,806,027 (net of accumulated depreciation), an increase of $1,018,469 as compared to the previous year. Leased assets and vehicles increased due to new purchases and replacements. Construction in progress decreased primarily due to the completion of minor projects.

Polk County's capital assets for its business-type activities as of June 30, 2024 total $12,395,936 (net of accumulated depreciation), a decrease of $318,705 compared to the previous year, primarily due to depreciation.

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

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Land and easements	$ 9,703,290	$ 9,703,290	$ 2,708,350	$ 2,708,350	$ 12,411,640	$ 12,411,640
Buildings and improvements	20,057,435	20,749,524	827,617	860,981	20,885,052	21,610,505
Equipment	1,441,888	1,443,969	300,430	330,565	1,742,318	1,774,534
Right-to-use leased equipments	211,808	55,496	246	430	212,054	55,926
Right-to-use subscriptions	160,177	231,833	-	-	160,177	231,833
Waterlines and related assets	-	-	8,135,681	8,376,932	8,135,681	8,376,932
Vehicles and motorized equipment	3,189,486	2,498,992	(131,620)	(117,849)	3,057,866	2,381,143
Construction in progress	2,041,943	1,104,454	555,232	555,232	2,597,175	1,659,686
Total	$ 36,806,027	$ 35,787,558	$ 12,395,936	$ 12,714,641	$ 49,201,963	$ 48,502,199

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, 2024, Polk County's outstanding balance on direct placement installment purchase contracts, leases, and subscriptions was $13,225,453. The County's total debt decreased by $1,403,759 due to regular principal payments made by the County throughout the year and no new debt.

Polk County's Outstanding Debt
Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Direct placement installment purchase contracts	$ 12,912,457	$ 14,387,246	$ 112,252	$ 120,721	$ 13,024,709	$ 14,507,967
Leases	212,729	55,377	238	426	212,967	55,803
Subscriptions	100,267	177,932	-	-	100,267	177,932
Total	$ 13,225,453	$ 14,620,555	$ 112,490	$ 121,147	$ 13,337,943	$ 14,741,702

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 $285,601,593.

Additional information regarding the County's long-term debt can be found beginning on page 59 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 3.8 percent, slightly lower than the state average of 4.1 percent;
- Overall, General Fund revenues are up 15.5%, and expenditures are up 3%;
- The property tax revenue increased due to a tax increase, as well as, 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. New construction of buildings and amenities are ongoing.

Budget Highlights for the Fiscal Year Ending June 30, 2025

Governmental Activities – Property taxes are budgeted with no tax increase, just a growth in the tax value of approximately 3 percent. Revenues from permits and fees are expected to increase based on expected local market conditions. Sales tax revenues are budgeted to increase at 3 percent. Overall, total budgeted revenue is expected to increase approximately 4 percent without the consideration of appropriated fund balance. Fund balance was used to balance the fiscal year 2025 budget in the amount of $749,555 primarily for one-time capital purchases.

The County's largest expenditures are for salaries, which are budgeted at a 2.5 percent salary increase to begin in January. 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 3 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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BASIC FINANCIAL STATEMENTS

POLK COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities	Business-Type Activities	Total Primary Government
Assets:			
Current assets:			
Cash and cash equivalents	$ 23,596,372	$ 1,145,022	$ 24,741,394
Ad valorem taxes receivable, net	296,742	-	296,742
Accounts receivable, net	3,429,765	462,740	3,892,505
Lease receivable	2,400	-	2,400
Internal balances	21,659	(21,659)	-
Prepaid items	445,213	3,738	448,951
Restricted cash and cash equivalents	7,983,323	-	7,983,323
Total current assets	35,775,474	1,589,841	37,365,315
Non-current assets:			
Accounts receivable, net	1,746,625	-	1,746,625
Lease receivable, non-current	2,400	-	2,400
Net pension asset - ROD	29,213	-	29,213
Capital assets:			
Right to use leased assets, net of amortization	211,808	246	212,054
Subscription assets, net of amortization	160,177	-	160,177
Capital assets not being depreciated/amortized	11,745,233	3,263,582	15,008,815
Capital assets, net of accumulated depreciation/amortization	24,688,809	9,132,108	33,820,917
Total capital assets	36,806,027	12,395,936	49,201,963
Total non-current assets	38,584,265	12,395,936	50,980,201
Total assets	74,359,739	13,985,777	88,345,516
Deferred Outflows of Resources:			
Pension deferrals	5,818,294	-	5,818,294
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	1,955,470	333,017	2,288,487
Advance from grantor	6,688,417	-	6,688,417
Accrued interest payable	61,744	-	61,744
Prepaid fees	284,607	-	284,607
Due in less than one year	2,013,102	19,128	2,032,230
Total current liabilities	11,003,340	352,145	11,355,485

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

POLK COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities	Business-Type Activities	Total Primary Government
Long-term liabilities:			
Net pension liability - LGERS	8,911,761	-	8,911,761
Total pension liability - LEOSSA	758,402	-	758,402
Due in more than one year	12,077,891	115,742	12,193,633
Total long-term liabilities	21,748,054	115,742	21,863,796
Total liabilities	32,751,394	467,887	33,219,281
Deferred Inflows of Resources:			
Pension deferrals	416,674	-	416,674
Prepaid taxes	118,257	-	118,257
Total deferred inflows of resources	534,931	-	534,931
Net Position:			
Net investment in capital assets	28,988,963	12,283,446	41,272,409
Restricted net position:			
Stabilization by state statute	3,627,545	-	3,627,545
Human services	700,531	-	700,531
Public safety	353,877	-	353,877
Tourism	989,176	-	989,176
General government	239,575	-	239,575
School debt service	7,252	-	7,252
Register of Deeds - pension plan	29,213	-	29,213
Unrestricted net position	11,955,576	1,234,444	13,190,020
Total net position	$ 46,891,708	$ 13,517,890	$ 60,409,598

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

POLK COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	$ 5,715,432	$ 1,225,363	$ 3,618,372	$ -
Public safety	15,394,791	1,958,003	-	-
Economic and physical development	1,257,669	-	2,009,916	-
Human services	6,504,612	645,999	146,478	2,449,388
Cultural and recreational	1,859,581	1,522	-	-
Education	9,407,722	-	-	-
Interest expense and fees	286,618	-	-	-
Total governmental activities	40,426,425	3,830,887	5,774,766	2,449,388
Business-Type Activities:				
Solid waste	2,437,172	2,152,127	-	-
Water	309,726	-	-	-
Total business-type activities	2,746,898	2,152,127	-	-
Total primary government	$ 43,173,323	$ 5,983,014	$ 5,774,766	$ 2,449,388

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

POLK COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Functions/Programs:			
Primary Government:			
Governmental Activities:			
General government	$ (871,697)	$ -	$ (871,697)
Public safety	(13,436,788)	-	(13,436,788)
Economic and physical development	752,247	-	752,247
Human services	(3,262,747)	-	(3,262,747)
Cultural and recreational	(1,858,059)	-	(1,858,059)
Education	(9,407,722)	-	(9,407,722)
Interest expense and fees	(286,618)	-	(286,618)
Total governmental activities	(28,371,384)	-	(28,371,384)
Business-Type Activities:			
Solid waste	-	(285,045)	(285,045)
Water	-	(309,726)	(309,726)
Total business-type activities	-	(594,771)	(594,771)
Total primary government	(28,371,384)	(594,771)	(28,966,155)
General Revenues:			
Taxes:			
Ad valorem taxes	23,315,743	-	23,315,743
Sales tax	7,090,988	-	7,090,988
Real estate transfer taxes	433,695	-	433,695
Investment earnings	1,678,720	-	1,678,720
Other taxes	-	66,978	66,978
Total general revenues, excluding transfers	32,519,146	66,978	32,586,124
Total transfers	(45,000)	45,000	-
Total general revenues and transfers	32,474,146	111,978	32,586,124
Change in net position	4,102,762	(482,793)	3,619,969
Net Position:			
Beginning of year - July 1	42,788,946	14,000,683	56,789,629
End of year - June 30	$ 46,891,708	$ 13,517,890	$ 60,409,598

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

POLK COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024

	Major				Nonmajor	
	General Fund	Capital Projects Fund	Grant Projects Fund	Opioid Settlement Fund	Other Governmental Funds	Total Governmental Funds
Assets:						
Cash and cash equivalents	$ 16,896,852	$ 4,752,600	$ -	$ -	$ 1,838,036	$ 23,487,488
Ad valorem taxes receivable, net	246,406	-	-	-	50,336	296,742
Accounts receivable	2,863,921	-	298,533	1,925,423	88,513	5,176,390
Lease receivable	4,800					4,800
Due from other funds	92,222	-	-	-	-	92,222
Prepaid items	443,089	-	-	-	2,124	445,213
Restricted cash and cash equivalents	279,795	139,494	6,863,503	700,531	-	7,983,323
Total assets	$ 20,827,085	$ 4,892,094	$ 7,162,036	$ 2,625,954	$ 1,979,009	$ 37,486,178
Liabilities, Deferred Inflows of Resources, and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	$ 1,644,485	$ 14,903	$ 5,649	$ -	$ 290,433	$ 1,955,470
Due to other funds	-	-	70,563	-	-	70,563
Advance from grantor	-	-	6,688,417	-	-	6,688,417
Unearned revenue	284,607	-	-	-	-	284,607
Total liabilities	1,929,092	14,903	6,764,629	-	290,433	8,999,057
Deferred Inflows of Resources:						
Prepaid taxes	113,457	-	-	-	-	113,457
Unavailable taxes	246,406	-	-	-	50,336	296,742
Leases	4,800					4,800
Unavailable revenue	-	-	-	1,925,423	-	1,925,423
Total deferred inflows of resources	364,663	-	-	1,925,423	50,336	2,340,422
Fund Balances:						
Non-spendable:						
Prepaids	443,089	-	-	-	2,124	445,213
Restricted:						
Stabilization by state statute	3,240,499	-	298,533	-	88,513	3,627,545
Public safety	18,875	139,494	-	-	335,002	493,371
School debt service	-	-	-	-	7,252	7,252
Tourism	-	-	-	-	989,176	989,176
Human services	-	-	-	700,531	-	700,531
General government	-	-	-	-	239,575	239,575
Committed:						
Tax revaluation	258,870	-	-	-	-	258,870
Assigned:						
Subsequent year's expenditures	596,651	-	-	-	-	596,651
Capital projects	-	4,737,697	-	-	-	4,737,697
Public safety	-	-	98,874	-	-	98,874
Unassigned	13,975,346	-	-	-	(23,402)	13,951,944
Total fund balances	18,533,330	4,877,191	397,407	700,531	1,638,240	26,146,699
Total liabilities, deferred inflows of resources, and fund balances	$ 20,827,085	$ 4,892,094	$ 7,162,036	$ 2,625,954	$ 1,979,009	$ 37,486,178

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, 2024

Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total fund balances, per Exhibit C	$	26,146,699
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		36,434,042
Right-to-use assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		371,985
Net pension asset - ROD		29,213
Net pension liability - LGERS		(8,911,761)
Total pension liability - LEOSSA		(758,402)
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.		108,884
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.		2,222,165
Deferred outflows of resources related to pension are not reported in the funds.		5,818,294
Deferred inflows of resources related to pension are not reported in the funds.		(416,674)
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.		(14,152,737)
Net position of governmental activities, per Exhibit A	$	46,891,708

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, 2024

	Major				Nonmajor	
	General Fund	Capital Projects Fund	Grant Project Fund	Opioid Settlement Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Ad valorem taxes	$ 19,921,857	$ -	$ -	$ -	$ 3,432,013	$ 23,353,870
Other taxes and licenses	7,090,988	-	-	-	433,695	7,524,683
Restricted intergovernmental revenues	6,081,105	50,555	2,009,916	470,506	426,145	9,038,227
Fees, licenses, and permits	690,752	-	-	-	-	690,752
Sales and services	2,432,410	-	-	-	-	2,432,410
Investment earnings	1,399,425	7,617	247,802	7,814	16,062	1,678,720
Miscellaneous revenues	73,289	30,596	-	-	164,350	268,235
Total revenues	37,689,826	88,768	2,257,718	478,320	4,472,265	44,986,897
Expenditures:						
Current:						
General government	5,105,821	121,663	-	-	343,596	5,571,080
Public safety	10,914,142	219,915	467,202	-	3,603,742	15,205,001
Economic and physical development	832,990	-	-	-	344,527	1,177,517
Human services	6,444,490	-	-	-	-	6,444,490
Cultural and recreational	1,871,231	72,444	-	-	-	1,943,675
Education	9,462,513	-	-	-	-	9,462,513
Debt service:						
Principal retirement	1,622,171	-	-	-	6,119	1,628,290
Interest and fees	295,035	-	-	-	118	295,153
Total expenditures	36,548,393	414,022	467,202	-	4,298,102	41,727,719
Revenues over (under) expenditures	1,141,433	(325,254)	1,790,516	478,320	174,163	3,259,178
Other Financing Sources (Uses):						
Lease liability issued	170,660	-	-	-	28,066	198,726
Subscription liabilities issued	33,749	-	-	-	713	34,462
Transfers in	2,434,739	542,653	-	-	7,267	2,984,659
Transfers out	(594,920)	(891,386)	(1,542,713)	-	-	(3,029,019)
Total other financing sources (uses)	2,044,228	(348,733)	(1,542,713)	-	36,046	188,828
Net change in fund balances	3,185,661	(673,987)	247,803	478,320	210,209	3,448,006
Fund Balances:						
Beginning of year - July 1	15,347,669	5,551,178	149,604	222,211	1,428,031	22,698,693
End of year - June 30	$ 18,533,330	$ 4,877,191	$ 397,407	$ 700,531	$ 1,638,240	$ 26,146,699

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, 2024

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances - total governmental funds (Exhibit E)	$	3,448,006
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;		2,428,166
Right to use lease & subscription asset capital outlay expenditures which were capitalized		233,252
Depreciation and amortization expense recorded during the current year; and		(1,636,587)
Net book value of capital assets disposed during the current year		(72,405)
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		1,628,290
Adjustment of the internal service fund's net expenses to the governmental activities in the Statement of Net Position.		(640)
Proceeds from issuance of debt are reported as revenues in the governmental funds statement. However, in the Statement of Activities, it is not a revenue, rather it is an increase in liabilities.		(233,188)
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)		8,535
Compensated absences		(53,839)
Pension expense		(1,234,118)
Revenues reported in the Statement of Activities that do not provide current resources are not recorded as revenues in the fund statements:		
Opioid Settlement Funds		(374,583)
Net change in taxes receivable		(38,127)
Change in net position of governmental activities - Exhibit B	$	4,102,762

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, 2024

	General Fund			
	Original Budget	Final Budget	Actual	Variance Over/Under
Revenues:				
Ad valorem taxes	$ 19,599,383	$ 19,599,383	$ 19,921,857	$ 322,474
Other taxes and licenses	6,927,361	6,996,407	7,090,988	94,581
Restricted intergovernmental revenues	4,312,984	6,844,448	6,081,105	(763,343)
Permits and fees	669,175	669,175	690,752	21,577
Sales and services	2,061,840	2,252,860	2,432,410	179,550
Investment earnings	808,963	808,963	1,390,396	581,433
Miscellaneous	68,270	74,349	73,289	(1,060)
Total revenues	34,447,976	37,245,585	37,680,797	435,212
Expenditures:				
General government	5,135,638	5,680,997	4,908,808	772,189
Public safety	10,871,710	11,314,383	10,914,142	400,241
Economic and physical development	940,044	969,211	832,990	136,221
Human services	6,713,329	7,355,422	6,444,490	910,932
Cultural and recreational	1,712,313	1,952,248	1,871,231	81,017
Education	6,736,846	9,463,662	9,462,513	1,149
Principal retirement	1,476,191	1,622,173	1,622,171	2
Interest and fees	281,357	281,357	295,035	(13,678)
Total expenditures	33,867,428	38,639,453	36,351,380	2,288,073
Revenues over (under) expenditures	580,548	(1,393,868)	1,329,417	2,723,285
Other Financing Sources (Uses):				
Appropriated fund balance	30,000	1,076,838	-	(1,076,838)
Lease liability issued	-	136,489	170,660	34,171
Subscription liabilities issued	-	33,749	33,749	-
Transfers in	42,626	934,012	2,434,739	1,500,727
Transfers (out)	(653,174)	(787,220)	(765,732)	21,488
Total other financing sources (uses)	(580,548)	1,393,868	1,873,416	479,548
Net change in fund balances	$ -	$ -	3,202,833	$ 3,202,833
Fund Balances:				
Beginning of year - July 1			15,071,627	
End of year - June 30 - General Fund			18,274,460	
A legally budgeted Revaluation Fund is consolidated into the General Fund for reporting purposes:				
Revenue			9,029	
Expenditures			(197,013)	
Transfer from other funds			170,812	
Fund balance, beginning of year - Revaluation Fund			276,042	
Fund balance, end of year - Combined General Fund			$ 18,533,330	

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

POLK COUNTY, NORTH CAROLINA

OPIOID SETTLEMENT FUND - MAJOR FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

	Original Budget	Final Budget	Actual	Variance Over/Under
Revenues:				
Opioid settlement payments	$ -	$ 423,559	$ 470,506	$ 46,947
Investment earnings	-	-	7,814	7,814
Total revenues	-	423,559	478,320	54,761
Expenditures:				
Human services:				
Operating expenditures	-	423,559	-	423,559
Net change in fund balance	$ -	$ -	478,320	$ 478,320
Fund Balance:				
Beginning of year - July 1			222,211	
End of year - June 30			$ 700,531	

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

POLK COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024

	Enterprise Funds			Governmental Activities
	Solid Waste Fund	Water Fund	Total Business-Type Activities	Internal Service Fund
Assets:				
Current assets:				
Cash and cash equivalents	$ 954,744	$ 190,278	$ 1,145,022	$ 108,884
Accounts receivable, net	236,850	225,890	462,740	-
Prepaids	3,738	-	3,738	-
Total current assets	1,195,332	416,168	1,611,500	108,884
Non-current assets:				
Capital assets not being depreciated/amortized	790,805	2,472,777	3,263,582	-
Right to use assets, net of amortization	246	-	246	-
Capital assets, net of accumulated depreciation/amortization	996,427	8,135,681	9,132,108	-
Total non-current assets	1,787,478	10,608,458	12,395,936	-
Total assets	2,982,810	11,024,626	14,007,436	108,884
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	102,394	230,623	333,017	-
Compensated absences	10,000	-	10,000	-
Current portion of notes payable and leases	9,128	-	9,128	-
Due to other funds	21,659	-	21,659	-
Total current liabilities	143,181	230,623	373,804	-
Non-current liabilities:				
Compensated absences	12,380	-	12,380	-
Notes payable and leases	103,362	-	103,362	-
Total non-current liabilities	115,742	-	115,742	-
Total liabilities	258,923	230,623	489,546	-
Net Position:				
Net investment in capital assets	1,674,988	10,608,458	12,283,446	-
Unrestricted net position	1,048,899	185,545	1,234,444	108,884
Total net position	$ 2,723,887	$ 10,794,003	$ 13,517,890	$ 108,884

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, 2024

	Enterprise Funds			Governmental Activities
	Solid Waste Fund	Water Fund	Total Business-Type Activities	Internal Service Fund
Operating Revenues:				
Charges for services	$ 2,152,127	$ -	$ 2,152,127	$ -
Operating Expenses:				
Operating expenses	2,280,308	68,475	2,348,783	-
Closure and post-closure care	70,921	-	70,921	-
Depreciation and amortization	78,978	241,251	320,229	-
Total operating expenses	2,430,207	309,726	2,739,933	-
Operating income (loss)	(278,080)	(309,726)	(587,806)	-
Non-Operating Revenues (Expenses):				
Solid waste taxes	66,978	-	66,978	-
Interest expense	(6,965)	-	(6,965)	-
Total non-operating revenues (expenses)	60,013	-	60,013	-
Income (loss) before transfers	(218,067)	(309,726)	(527,793)	-
Transfers out	-	-	-	(640)
Transfers in	-	45,000	45,000	-
Total transfers	-	45,000	45,000	(640)
Change in net position	(218,067)	(264,726)	(482,793)	(640)
Net Position:				
Beginning of year - July 1	2,941,954	11,058,729	14,000,683	109,524
End of year - June 30	$ 2,723,887	$ 10,794,003	$ 13,517,890	$ 108,884

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, 2024

	Enterprise Funds			Governmental Activities
	Solid Waste Fund	Water Fund	Total Business-Type Activities	Internal Service Fund
Cash Flows from Operating Activities:				
Cash received from customers	$ 2,119,110	$ (15,553)	$ 2,103,557	$ -
Cash paid for goods and services	(2,342,227)	(60,109)	(2,402,336)	-
Net cash provided (used) by operating activities	(223,117)	(75,662)	(298,779)	-
Cash Flows From Non-Capital Financing Activities:				
Transfer in (out)	-	45,000	45,000	(640)
Solid waste taxes	66,978	-	66,978	-
Net cash (used) provided by non-capital financing activities	66,978	45,000	111,978	(640)
Cash Flows from Capital and Related Financing Activities:				
Principal payments	(8,657)	-	(8,657)	-
Acquisition of capital assets	(1,524)	-	(1,524)	-
Interest expense	(6,965)	-	(6,965)	-
Net cash provided (used) by capital and related financing activities	(17,146)	-	(17,146)	-
Net increase (decrease) in cash and cash equivalents	(173,285)	(30,662)	(203,947)	(640)
Cash and Cash Equivalents:				
Beginning of year - July 1	1,128,029	220,940	1,348,969	109,524
End of year - June 30	$ 954,744	$ 190,278	$ 1,145,022	$ 108,884
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	$ (278,080)	$ (309,726)	$ (587,806)	$ -
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation and amortization	78,978	241,251	320,229	-
Changes in Assets and Liabilities:				
Increase (decrease) in unearned revenue	(850)	-	(850)	-
Pension expense	4	-	4	-
(Increase) decrease in accounts receivable	(33,013)	(15,553)	(48,566)	-
Increase (decrease) in prepaid fees	187	-	187	-
Increase (decrease) in accounts payable	(17,292)	8,366	(8,926)	-
Increase (decrease) in due to other funds	21,659	-	21,659	-
Increase (decrease) in accrued payroll and other liabilities	5,290	-	5,290	-
Net cash provided (used) by operating activities	$ (223,117)	$ (75,662)	$ (298,779)	$ -

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

POLK COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2024

	Custodial Funds
Assets:	
Cash and cash equivalents	$ 86,212
Receivable for other governments, net	59,569
Total assets	145,781
Liabilities:	
Accounts payable and accrued liabilities	30,448
Net Position:	
Restricted for:	
Individuals, organizations, and other governments	115,333
Total net position	$ 115,333

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, 2024

	Custodial Funds
Additions:	
Ad valorem taxes collected for other governments	$ 2,275,695
Collections on behalf of inmates	95,537
Total additions	2,371,232
Deductions:	
Tax distributions to other governments	2,275,694
Payments on behalf of inmates	85,303
Total deductions	2,360,997
Net increase (decrease) in fiduciary net position	10,235
Net position - beginning of year	105,098
Net position - end of year	$ 115,333

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

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, 2024.

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.

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.

Opioid Settlement Fund. The Opioid Settlement Fund is a Special Revenue Fund used to account for settlement proceeds that are restricted for use for a particular purpose. This fund tracks the activities of that funding which will occur at least over 18 years.

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 a special revenue fund and 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 and Other Miscellaneous Governmental Activities 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.

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 amortization 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 leases and subscriptions 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 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.

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 $10,000 within any department and $10,000 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.

E. Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant areas where estimates are made are allowances for doubtful accounts and depreciation lives.

F. 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] 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 2a-7 money market mutual 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. 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. Opioid Settlement Fund unspent settlement awards are classified as restricted cash because they must be expended in accordance with their respective agreements.

Restricted Cash	Amount
General Fund:	
Tax Revaluation Fund	$ 260,920
Drug fund	18,875
Total General Fund	279,795
Capital Projects Fund:	
Unspent loan proceeds	139,494
Grant Projects Fund:	
State grants - SCIF	6,863,503
Opioid Settlement Fund:	
Unexpended settlement proceeds	700,531
Total restricted cash	$ 7,983,323

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, 2023. 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.

Lease Receivable

The County's lease receivable is measured at the present value of lease payments expected to be received during the lease term. There are no variable components under the lease agreement. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at initiation of the lease in an amount equal to the initial recorded of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

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.

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:

Assets	Estimated Useful Lives
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 in accordance with 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.

The County has recorded the right-to-use subscription assets related to subscription-based information technology arrangements (SBITAs) in accordance with GASB 96. The right to use subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus payments made to the SBITA vendor before commencement of the subscription term, plus capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The right-to-use subscription assets are amortized on a straight-line basis over the life of the related SBITA.

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 one item that meets this criteria – 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*, 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, unavailable revenue, 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.

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. 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.

Prepaids – 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.

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 for *Human Services* – portion of fund balance restricted by revenue source for Opioid Settlement funds.

Restricted net position on Exhibit A varies from restricted fund balance on Exhibit C by the amount of unspent loan proceeds of $139,494 and restricted for Register of Deeds pension plan of $29,213, for a net difference of $110,281, as of June 30, 2024.

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.

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

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 Public Safety – portion of fund balance that is appropriated by the governing body for public safety grant projects.

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.

G. 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 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, 2024, the carrying amount of the County's deposits was $8,954,194, and the related bank balance was $9,710,940. Of the bank balance, $500,000 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, 2024 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.

At June 30, 2024, the County had the following investments and maturities:

Investment Type	Valuation Measurement Method	Fair Value	Less Than Six Months
NC Capital Management Trust - Government Portfolio	Fair Value - Level 1	$ 23,854,185	$ 23,854,185

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 six 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, 2024.

Receivables

Receivables at the government-wide level at June 30, 2024 were as follows:

	General	Other	Total
Governmental Activities:			
Accounts receivable	$ 1,844,771	$ 2,296,388	$ 4,141,159
Taxes	316,406	50,336	366,742
Due from other governments	2,248,206	16,081	2,264,287
Lease Receivable	4,800	-	4,800
Less: allowance	(1,299,056)	-	(1,299,056)
Total receivables (net)	$ 3,115,127	$ 2,362,805	$ 5,477,932
Business-Type Activities:			
Accounts receivable	$ -	$ 465,504	$ 465,504
Less: allowance	-	(2,764)	(2,764)
Total receivables (net)	$ -	$ 462,740	$ 462,740

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

Sales tax refund	$ 618,043
State/Federal entities	1,646,244
Due from other governments	$ 2,264,287

Lease Receivable

On 7/1/2023, Polk County, NC entered into a 35-month lease as lessor for the use of Forestry Revenue Lease. An initial lease receivable was recorded in the amount of $7,200. As of 6/30/2024, the value of the lease receivable is $4,800 and the value of the short-term lease receivable is $2,400. The lessee is required to make monthly fixed payments of $200. The lease has an interest rate of $0%. The other estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 6/30/2024 was $4,800, and Polk County, NC recognized $2,400 during the fiscal year.

The future minimum lease receivable payments as of June 30, 2024, were as follows:

Year Ending June 30	Principal	Interest	Total
2025	$ 2,400	$ -	$ 2,400
2026	2,400	-	2,400
	$ 4,800	$ -	$ 4,800

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.

Year Levied	Tax	Interest	Total
2021	$ 1,608,303	$ 381,972	$ 1,990,275
2022	1,599,917	235,988	1,835,905
2023	1,607,315	92,421	1,699,736
2024	1,681,525	-	1,681,525
Total	$ 6,497,060	$ 710,381	$ 7,207,441

Capital Assets

Capital asset activity for the year ended June 30, 2024 was as follows:

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Governmental Activities:				
Capital Assets Not Being Depreciated/Amortized:				
Land	$ 9,703,290	$ -	$ -	$ 9,703,290
Construction in progress	1,104,454	937,489	-	2,041,943
Total capital assets not being depreciated/amortized	10,807,744	937,489	-	11,745,233
Capital Assets Being Depreciated/Amortized:				
Buildings and improvements	31,780,683	-	-	31,780,683
Equipment	6,372,796	305,811	(80,889)	6,597,718
Vehicles and motorized equipment	5,638,759	1,184,866	(13,700)	6,809,925
Right-to-use leased equipments	126,969	198,387	(32,404)	292,952
Right-to-use subscriptions	308,937	34,865	(49,614)	294,188
Total capital assets being depreciated/amortized	44,228,144	1,723,929	(176,607)	45,775,466
Less Accumulated Depreciation/Amortization:				
Buildings and improvements	11,031,159	692,089	-	11,723,248
Equipment	4,928,827	301,530	(74,527)	5,155,830
Vehicles and motorized equipment	3,139,767	494,372	(13,700)	3,620,439
Right-to-use leased equipments	71,473	42,075	(32,404)	81,144
Right-to-use subscriptions	77,104	106,521	(49,614)	134,011
Total accumulated depreciated/amortization	19,248,330	1,636,587	(170,245)	20,714,672
Total capital assets being depreciated/amortized, net	24,979,814			25,060,794
Governmental activities capital assets, net	$ 35,787,558			$ 36,806,027

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

General government	$ 373,797
Public safety	805,952
Economic and physical development	22,245
Human services	227,677
Cultural and recreational	206,916
Total depreciation expense	$ 1,636,587

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Business-Type Activities:				
Solid Waste				
Non-Depreciable Capital Assets:				
Land	$ 790,805	$ -	$ -	$ 790,805
Depreciable Capital Assets:				
Buildings and improvements	1,436,198	-	-	1,436,198
Equipment	882,722	1,524	-	884,246
Vehicles and motorized equipment	165,205	-	-	165,205
Right-to-use leased assets	797	-	-	797
Total depreciable capital assets	2,484,922	1,524	-	2,486,446
Less Accumulated Depreciation:				
Buildings and improvements	575,217	33,364	-	608,581
Equipment	552,157	31,659	-	583,816
Vehicles and motorized equipment	283,054	13,771	-	296,825
Right-to-use leased equipments	367	184	-	551
Total accumulated depreciation	1,410,795	78,978	-	1,489,773
Total depreciable capital assets, net	1,074,127			996,673
Solid Waste capital assets, net	1,864,932			1,787,478
Water				
Non-Depreciable Capital Assets:				
Land	1,917,545	-	-	1,917,545
Construction in progress	555,232	-	-	555,232
Total non-depreciable capital assets	2,472,777	-	-	2,472,777
Depreciable Capital Assets:				
Water lines and related assets	11,272,219	-	-	11,272,219
Total depreciable capital assets	11,272,219	-	-	11,272,219
Less Accumulated Depreciation:				
Water lines and related assets	2,895,287	241,251	-	3,136,538
Total accumulated depreciation	2,895,287	241,251	-	3,136,538
Total depreciable capital assets, net	8,376,932			8,135,681
Water capital assets, net	10,849,709			10,608,458
Business-type activities capital assets, net	$ 12,714,641			$ 12,395,936

B. Liabilities

Payables

Payables at June 30, 2024 were as follows:

	Governmental Funds				
	General	Capital Projects	Other	Governmental Activities	Business-Type Activities
Accounts payable	$ 1,540,643	$ 14,903	$ 289,240	$ 1,844,786	$ 319,793
Accrued wages	-	-	6,842	6,842	13,224
Due to other governments	103,842	-	-	103,842	-
Total accounts payable and accrued liabilites	$ 1,644,485	$ 14,903	$ 296,082	$ 1,955,470	$ 333,017

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 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.

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, 2024, was 14.10% of compensation for law enforcement officers and 12.85% 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 $1,512,636 for the year ended June 30, 2024.

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, 2024, the County reported a liability of $8,911,761 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023, 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, 2024, the County's proportion was 0.13456%, (measured as of June 30, 2023), which was an increase of 0.01205% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the County recognized pension expense of $2,670,770. At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 993,034	$ 21,378
Changes of assumptions	378,698	-
Net difference between projected and actual earnings on pension plan investments	2,385,177	-
Changes in proportion and differences between County contributions and proportionate share of contributions	308,957	48,534
County's contributions subsequent to the measurement date	1,512,636	-
Total	$ 5,578,502	$ 69,912

$1,512,636 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, 2025. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Total
2025	$ 1,459,095
2026	755,116
2027	1,680,885
2028	100,858
2029	-
Thereafter	-
Total	$ 3,995,954

Actuarial Assumptions. The total pension liability in the December 31, 2022 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 tables that vary by age, gender, employee group (i.e., general and 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. public plan population. The mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions and methods used in the December 31, 2022 actuarial valuation were based on the results of an actuarial experience study prepared as of December 31, 2019 and adopted by the Board of Trustees on January 28, 2021.

Future and ad hoc cost of living adjustment 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.

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, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	33.0%	0.9%
Global equity	38.0%	6.5%
Real estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Opportunistic fixed income	7.0%	5.0%
Inflation sensitive	6.0%	2.7%
Total	100%	

The information above is based on 30-year expectations developed with an investment consulting firm as part of a study that was completed in early 2022, 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 2.25%. 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%. This discount rate is in line with the long-term nominal expected return on pension plan investments. The calculation of the net pension liability is a present value calculation of the future net pension payments. These net pension payments assume that contributions from plan members will be made at the current statutory contribution rate and that contributions from employers will be made at the contractually required rates, actuarially determined. Based on those 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 benefits 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:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
County's proportionate share of the net pension liability (asset)	$ 15,439,276	$ 8,911,761	$ 3,537,699

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, 2021, the Separation Allowance's membership consisted of:

	Law Enforcement Officers' Special Separation Allowance
Retirees receiving benefits	-
Active plan members	37
Total	37

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, 2021 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	4.00 percent

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, 2022 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.

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

At June 30, 2024, the County reported a total pension liability of $758,402. The total pension liability was measured as of December 31, 2023 based on a December 31, 2022 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2023 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2024, the County recognized pension expense of $72,740.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 103,776	$ 233,644
Changes of assumptions and other inputs	118,403	109,421
County plan administrative expenditures subsequent to the measurement date	680	-
Total	$ 222,859	$ 343,065

The County paid $0 in benefit payments and $680 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, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Total
2025	$ (12,201)
2026	(23,738)
2027	(41,247)
2028	(29,656)
2029	(21,293)
Thereafter	7,249
Total	$ (120,886)

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 4.00%, 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 (3.00%) or 1-percentage-point higher (5.00%) than the current rate:

	1% Decrease (3.00%)	Discount Rate (4.00%)	1% Increase (5.00%)
Total pension liability	$ 830,864	$ 758,402	$ 693,219

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

Beginning balance	$ 610,253
Service cost	47,674
Interest on the total pension liability	26,302
Difference between expected and actual experience	54,917
Changes of assumptions and other inputs	19,256
Net change in total pension liability	148,149
Ending balance of the total pension liability	$ 758,402

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 4.31% at December 30, 2022 (measurement date) to 4.00% at December 31, 2023 (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.

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 $107,658 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 $1,993 for the year ended June 30, 2024.

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

At June 30, 2024, the County reported an asset of $29,213 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2023. The total pension liability used to calculate the net pension asset was determined by an actuarial valuations as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023 utilizing update procedures incorporating the actuarial assumptions. The County's 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, 2024, the County's proportion was 0.24310%, which was an increase of 0.01868% from its proportion as of June 30, 2023 (measured as of June 30, 2022).

For the year ended June 30, 2024, the County recognized pension expense of $5,915. At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,293
Net difference between projected and actual earnings on pension plan investments	14,839	-
Changes in proportion and differences between County contributions and proportionate share of contributions	101	2,404
County's contributions subsequent to the measurement date	1,993	-
Total	$ 16,933	$ 3,697

$1,993 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, 2025. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Total
2025	$ 2,304
2026	3,695
2027	4,308
2028	936
2029	-
Thereafter	-
Total	$ 11,243

Actuarial Assumptions. The total pension liability in the December 31, 2022 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, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

Future and ad hoc cost of living adjustment 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 returns 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. 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 99.9% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2023 is 0.9%.

The information above is based on 30-year expectations developed with an investment consulting firm as part of a study that was completed in early 2022, 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 2.25%. 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 3.00%. This discount rate is in line with the long-term nominal expected return on pension plan investments. The calculation of the net pension asset is a present value calculation of the future net pension payments. These net pension payments assume that contributions from plan members will be made at the current statutory contribution rate and that contributions from employers will be made at the contractually required rates, actuarially determined. Based on those 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 benefits payments to determine the total pension liability.

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:

	1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
County's proportionate share of the net pension liability (asset)	$ (19,941)	$ (29,213)	$ (37,031)

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, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2022. The total pension liability for LEOSSA was measured as of December 31, 2023, with an actuarial valuation date of December 31, 2022. 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:

	LGERS	LEOSSA	ROD	Total
Proportionate share of net pension liability (asset)	$ 8,911,761	NA	$ (29,213)	$ 8,882,548
Proportion of the net pension liability (asset)	0.13456%	NA	0.24310%	-
Total pension liability	NA	758,402	NA	758,402
Pension expense	2,670,770	72,740	5,915	2,749,425

At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources	LGERS	LEOSSA	ROD	Total
Differences between expected and actual experience	$ 993,034	$ 103,776	$ -	$ 1,096,810
Changes of assumptions	378,698	118,403	-	497,101
Net difference between projected and actual earnings on pension plan investments	2,385,177	-	14,839	2,400,016
Changes in proportion and differences between County contributions and proportionate share of contributions	308,957	-	101	309,058
County contributions (LGERS, ROD) and benefit payments and administration (LEOSSA) subsequent to the measurement date	1,512,636	680	1,993	1,515,309
Total deferred outflows of resources	$ 5,578,502	$ 222,859	$ 16,933	$ 5,818,294
Deferred Inflows of Resources				
Differences between expected and actual experience	$ 21,378	$ 233,644	$ 1,293	$ 256,315
Changes of assumptions	-	109,421	-	109,421
Changes in proportion and differences between County contributions and proportionate share of contributions	48,534	-	2,404	50,938
Total deferred inflows of resources	$ 69,912	$ 343,065	$ 3,697	$ 416,674

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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension deferrals (LGERS)	$ 5,578,502	$ 69,912
Pension deferrals (ROD)	16,933	3,697
Pension deferrals (LEOSSA)	222,859	343,065
Prepaid taxes not yet earned (General Fund)	-	113,457
Taxes receivable, net (Special Revenue)	-	50,336
Unavailable revenue (Opioid Settlement)	-	1,925,423
Ad valorem taxes receivable, net (General Fund)	-	246,406
Total	$ 5,818,294	$ 2,752,296

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 $250,0000 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.

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 $1,000,000. 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.

Our Liability includes "Privacy and Security" coverage 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 04/4/2023, Polk County, NC entered into a 63-month lease as Lessee for the use of IT GIS Canon Printer for Maps. An initial lease liability was recorded in the amount of $4,926. As of 06/30/2024, the value of the lease liability is $3,827. Polk County, NC is required to make monthly fixed payments of $81. 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 06/30/2024 is $4,926 with accumulated amortization of $1,165.

On 07/01/2021, Polk County, NC 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 06/30/2024, the value of the lease liability is $711. Polk County, NC 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 06/30/2024 is $2,996 with accumulated amortization of $2,287.

On 07/01/2021, Polk County, NC 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 06/30/2024, the value of the lease liability is $299. Polk County, NC 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 06/30/2024 is $2,425 with accumulated amortization of $2,102.

On 07/01/2021, Polk County, NC 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 06/30/2024, the value of the lease liability is $781. Polk County, NC 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 06/30/2024 is $4,234 with accumulated amortization of $3,454.

On 07/01/2021, Polk County, NC 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 06/30/2024, the value of the lease liability is $3,694. Polk County, NC 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 06/30/2023 is $9,079 with accumulated amortization of $5,390.

On 07/01/2021, Polk County, NC 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 06/30/2024, the value of the lease liability is $3,317. Polk County, NC 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 06/30/2024 is $11,127 with accumulated amortization of $7,699.

On 07/01/2021, Polk County, NC 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 06/30/2024, the value of the lease liability is $3,128. Polk County, NC is required to make monthly fixed payments of $242.00. 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 06/30/2024 is $11,614 with accumulated amortization of $8,401.

On 07/01/2021, Polk County, NC 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 06/30/2024, the value of the lease liability is $386. Polk County, NC 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 06/30/2024 is $4,963 with accumulated amortization of $4,523.

On 10/15/2021, Polk County, NC 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 06/30/2024, the value of the lease liability is $3,899. Polk County, NC 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 06/30/2024 is $8,092 with accumulated amortization of $4,388.

On 07/01/2021, Polk County, NC 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 06/30/2024, the value of the lease liability is $505. Polk County, NC 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 06/30/2024 is $2,737 with accumulated amortization of $2,232.

On 07/01/2021, Polk County, NC 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 06/30/2024, the value of the lease liability is $2,198. Polk County, NC 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 06/30/2024 is $7,734 with accumulated amortization of $5,485.

On 07/01/2021, Polk County, NC 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 06/30/2024, the value of the lease liability is $1,809. Polk County, NC 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 06/30/2024 is $6,364 with accumulated amortization of $4,576.

On 07/01/2023, Polk County, NC entered into a 63-month lease as Lessee for the use of Toshiba E-Studio Copier Copy. An initial lease liability was recorded in the amount of $28,066. As of 06/30/2024, the value of the lease liability is $22,847. Polk County, NC is required to make monthly fixed payments of $444. 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 06/30/2024 is $28,066 with accumulated amortization of $5,293.

On 04/04/2023, Polk County, NC entered into a 63-month lease as Lessee for the use of HHSA-Public Health BLDG FY 23 Copier. An initial lease liability was recorded in the amount of $18,732. As of 06/30/2024, the value of the lease liability is $14,579. Polk County, NC is required to make monthly fixed payments of $309. 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 06/30/2024 is $18,732 with accumulated amortization of $4,430.

On 07/01/2023, Polk County, NC entered into a 38-month lease as Lessee for the use of Library Copier 7.1.2024. An initial lease liability was recorded in the amount of $4,674. As of 06/30/2024, the value of the lease liability is $3,213. Polk County, NC is required to make monthly fixed payments of $125. 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 06/30/2024 is $4,674 with accumulated amortization of $1,476.

On 07/01/2023, Polk County, NC entered into a 54-month lease as Lessee for the use of Master Agreement FY 23 (7 Depts) Copiers 7.1.2024. An initial lease liability was recorded in the amount of $40,098. As of 06/30/2024, the value of the lease liability is $31,255. Polk County, NC is required to make monthly fixed payments of $750. 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 06/30/2024 is $40,098 with accumulated amortization of $8,911.

On 02/25/2024, Polk County, NC entered into a 63-month lease as Lessee for the use of Recreation 450-0113332-000 2.25.24. An initial lease liability was recorded in the amount of $9,267. As of 06/30/2024, the value of the lease liability is $8,684. Polk County, NC is required to make monthly fixed payments of $149. The lease has an interest rate of 0.3560%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2024 is $9,267 with accumulated amortization of $618.

On 01/25/2024, Polk County, NC entered into a 63-month lease as Lessee for the use of HHSA-Meeting Place 450-0119798-000 1.25.24. An initial lease liability was recorded in the amount of $5,662. As of 06/30/2024, the value of the lease liability is $5,218. Polk County, NC 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 06/30/2024 is $5,662 with accumulated amortization of $467.

On 03/25/2024, Polk County, NC entered into a 63-month lease as Lessee for the use of Sheriff's Office 450-0124933-000 3.25.24. An initial lease liability was recorded in the amount of $31,380. As of 06/30/2024, the value of the lease liability is $29,907. Polk County, NC 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 06/30/2024 is $31,380 with accumulated amortization of $1,594.

On 03/25/2024, Polk County, NC entered into a 63-month lease as Lessee for the use of HHSA-DSS 450-8093159-009 3.25.24. An initial lease liability was recorded in the amount of $51,060. As of 06/30/2024, the value of the lease liability is $48,678. Polk County, NC is required to make monthly fixed payments of $829. 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 06/30/2024 is $51,060 with accumulated amortization of $2,594.

On 03/25/2024, Polk County, NC entered into a 63-month lease as Lessee for the use of Jail 450-8093159-010 3.25.2024. An initial lease liability was recorded in the amount of $14,313. As of 06/30/2024, the value of the lease liability is $13,641. Polk County, NC 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 06/30/2024 is $14,313 with accumulated amortization of $727.

On 02/25/2024, Polk County, NC entered into a 63-month lease as Lessee for the use of HR/Emergency Mgmt 450-0123861-000 2.25.2024. An initial lease liability was recorded in the amount of $7,426. As of 06/30/2024, the value of the lease liability is $6,959. Polk County, NC is required to make monthly fixed payments of $119. The lease has an interest rate of 0.3560%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2024 is $7,426 with accumulated amortization of $495.

On 07/01/2023, Polk County, NC entered into a 24-month lease as Lessee for the use of Jail Dishwasher EcoLab. An initial lease liability was recorded in the amount of $6,780. As of 06/30/2024, the value of the lease liability is $3,432. Polk County, NC is required to make monthly fixed payments of $290. The lease has an interest rate of 2.6390%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2024 of $6,780 with accumulated amortization of $3,388.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2024 were as follows:

Governmental Activities:

Year Ending June 30	Principal	Interest	Total
2025	$ 60,984	$ 1,258	$ 62,242
2026	47,841	828	48,669
2027	42,256	532	42,788
2028	37,315	280	37,595
2029	24,333	83	24,416
	$ 212,729	$ 2,981	$ 215,710

Business-Type Activities:

Year Ending June 30	Principal	Interest	Total
2025	$ 190	$ 2	$ 192
2026	48	-	48
	$ 238	$ 2	$ 240

Subscriptions

On 05/09/2023, Polk County, NC entered into a 36 month subscription for the use of EverBridge Software/Emerg Mgmt. An initial subscription liability was recorded in the amount of $60,810. As of 06/30/2024, the value of the subscription liability is $20,266. Polk County, NC is required to make annual fixed payments of $20,773. The subscription has an interest rate of 2.5030%. The value of the right to use asset as of 06/30/2024 is $60,810 with accumulated amortization of $23,198.

On 07/01/2023, Polk County, NC entered into a 12 month subscription for the use of Grammarly Platform/Gov Body FY 24. An initial subscription liability was recorded in the amount of $144. As of 06/30/2024, the value of the subscription liability is $0. Polk County, NC is required to make annual fixed payments of $144. The subscription has an interest rate of 1.8500%. The value of the right to use asset as of 06/30/2024 is $144 with accumulated amortization of $138.

On 01/01/2023, Polk County, NC entered into a 36 month subscription for the use of OpenGov - Budgeting & Planning/Finance. An initial subscription liability was recorded in the amount of $71,519. As of 06/30/2024, the value of the subscription liability is $23,834. Polk County, NC is required to make annual fixed payments of $24,500. The subscription has an interest rate of 2.7960%. The value of the right to use asset as of 06/30/2024 is $106,669 with accumulated amortization of $53,334.

On 07/01/2022, Polk County, NC entered into a 27 month subscription for the use of Power DMS Software/Jail. An initial subscription liability was recorded in the amount of $14,595. As of 06/30/2024, the value of the subscription liability is $0. Polk County, NC is required to make annual fixed payments of $6,192. The subscription has an interest rate of 2.1940%. The value of the right to use asset as of 06/30/2024 is $14,988 with accumulated amortization of $13,323.

On 09/21/2022, Polk County, NC entered into a 60 month subscription for the use of Kinetic SD WAN Software/IT. An initial subscription liability was recorded in the amount of $25,713. As of 06/30/2024, the value of the subscription liability is $16,925. Polk County, NC is required to make monthly fixed payments of $464. The subscription has an interest rate of 2.5360%. The value of the right to use asset as of 06/30/2024 is $25,713 with accumulated amortization of $9,142.

On 07/01/2022, Polk County, NC entered into a 41 month subscription for the use of Wix Software/Recreation. An initial subscription liability was recorded in the amount of $339. As of 06/30/2024, the value of the subscription liability is $0. Polk County, NC is required to make annual fixed payments of $342. The subscription has an interest rate of 2.3540%. The value of the right to use asset as of 06/30/2024 is $339 with accumulated amortization of $197.

On 07/01/2022, Polk County, NC entered into a 60 month subscription for the use of Cott Systems Software/ROD. An initial subscription liability was recorded in the amount of $55,851. As of 06/30/2024, the value of the subscription liability is $34,283. Polk County, NC is required to make monthly fixed payments of $990. The subscription has an interest rate of 2.5360%. The value of the right to use asset as of 06/30/2024 is $56,451 with accumulated amortization of $22,580. Polk County, NC has 3 extension option(s), each for 12 months.

On 09/07/2023, Polk County, NC entered into a 12 month subscription for the use of Tryon Daily Bulletin Admin/Gov Body 9.7.2023. An initial subscription liability was recorded in the amount of $59. As of 06/30/2024, the value of the subscription liability is $15. Polk County, NC is required to make monthly fixed payments of $5. The subscription has an interest rate of 1.8500%. The value of the right to use asset as of 06/30/2024 is $59 with accumulated amortization of $48. County, NC has 1 extension option(s), each for 12 months. Polk County, NC had a termination period of 1 month as of the subscription commencement.

On 03/08/2024, Polk County, NC entered into a 15 month subscription for the use of CivicPlus Software Gov Body 6.30.2024. An initial subscription liability was recorded in the amount of $18,241. As of 06/30/2024, the value of the subscription liability is $4,944. Polk County, NC is required to make annual fixed payments of $5,036. Additionally, there are one-time other reasonably certain payments of $8,289. The subscription has an interest rate of 1.8500%. The value of the right to use asset as of 06/30/2024 of $20,741 with accumulated amortization of $5,208.

On 07/01/2023, Polk County, NC entered into a 12 month subscription for the use of Tryon Daily Bulletin Software/Tourism FY 24. An initial subscription liability was recorded in the amount of $308. As of 06/30/2024, the value of the subscription liability is $0. Polk County, NC is required to make monthly fixed payments of $26. The subscription has an interest rate of 1.8500%. The value of the right to use asset as of 06/30/2024 of $308 with accumulated amortization of $307. Polk County, NC has 1 extension option(s), each for 12 months. Polk County, NC had a termination period of 1 month as of the subscription commencement.

On 08/30/2023, Polk County, NC entered into a 12 month subscription for the use of Granicus Software/Gov Body FY 24. An initial subscription liability was recorded in the amount of $7,500. As of 06/30/2024, the value of the subscription liability is $0. Polk County, NC is required to make annual fixed payments of $7,500. The subscription has an interest rate of 1.8500%. The value of the right to use asset as of 06/30/2024 of $7,500 with accumulated amortization of $6,271. Polk County, NC has 2 extension option(s), each for 12 months.

On 07/01/2023, Polk County, NC entered into a 12 month subscription for the use of Dropbox Plus - 2TB/Tourism FY 24. An initial subscription liability was recorded in the amount of $120. As of 06/30/2024, the value of the subscription liability is $0. Polk County, NC is required to make annual fixed payments of $120. The subscription has an interest rate of 1.8500%. The value of the right to use asset as of 06/30/2024 is $120 with accumulated amortization of $117. Polk County, NC has 1 extension option(s), each for 12 months.

On 07/01/2023, Polk County, NC entered into a 12 month subscription for the use of Constant Contact/Recreation FY 24. An initial subscription liability was recorded in the amount of $535. As of 06/30/2024, the value of the subscription liability is $0. Polk County, NC is required to make monthly fixed payments of $45. The subscription has an interest rate of 1.8500%. The value of the right to use asset as of 06/30/2024 of $535 with accumulated amortization of $528. Polk County, NC has 1 extension option(s), each for 12 months.

On 02/28/2024, Polk County, NC entered into a 12 month subscription for the use of Canva -/Co-Op & Rec (50%) FY 24. An initial subscription liability was recorded in the amount of $119. As of 06/30/2024, the value of the subscription liability is $0, and the value of the short-term subscription liability is $0. Polk County, NC is required to make annual fixed payments of $119. The subscription has an interest rate of 3.0040%. The value of the right to use asset as of 06/30/2024 of $119 with accumulated amortization of $44. Polk County, NC has 1 extension option(s), each for 12 months.

Governmental Activities:

Year Ending June 30	Principal	Interest	Total
2025	$ 65,397	$ 2,375	$ 67,772
2026	16,757	690	17,447
2027	17,188	260	17,448
2028	925	3	928
Total	$ 100,267	$ 3,328	$ 103,595

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, 2024 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.	$ 4,958,000
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.	246,667
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.	310,895
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.	7,396,895
Total	$ 12,912,457

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.	$ 112,252

For the County, the future minimum payments as of June 30, 2024, including interest, are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2025	$ 1,497,721	$ 248,973	$ 8,938	$ 6,492
2026	1,521,248	219,271	9,490	5,941
2027	1,421,052	189,178	10,075	5,355
2028	1,445,816	161,815	10,696	4,734
2029	1,471,224	134,023	11,356	4,074
2030-2034	4,729,396	296,314	61,697	9,025
2035-2039	826,000	27,085	-	-
Total	$ 12,912,457	$ 1,276,659	$ 112,252	$ 35,621

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.

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, 2024:

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024	Due Within One Year
Governmental Activities:					
Installment purchases payable - direct placement	$ 14,387,246	$ -	$ (1,474,789)	$ 12,912,457	$ 1,497,721
Leases	55,377	198,726	(41,374)	212,729	60,984
Subscriptions	177,932	34,462	(112,127)	100,267	65,397
Compensated absences	811,701	231,651	(177,812)	865,540	389,000
Net pension liability (LGERS)	6,911,313	2,000,448	-	8,911,761	-
Total pension liability (LEOSSA)	610,253	148,149	-	758,402	-
Total governmental activities	$ 22,953,822	$ 2,613,436	$ (1,806,102)	$ 23,761,156	$ 2,013,102
Business-Type Activities:					
Solid Waste					
Installment purchases - direct placement	$ 120,721	$ -	$ (8,469)	$ 112,252	$ 8,938
Leases	426	-	(188)	238	190
Compensated absences	17,090	17,969	(12,679)	22,380	10,000
Total business-type activities	$ 138,237	$ 17,969	$ (21,336)	$ 134,870	$ 19,128

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, 2024, the legal debt margin for Polk County is $285,601,593.

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2024 is composed of the following elements:

	Governmental Activities	Business-Type Activities
Capital assets	$ 36,806,027	$ 12,395,936
Less:		
Gross debt	(13,225,453)	(112,490)
Add:		
School-related debt	5,268,895	-
Unspent debt proceeds related to debt for assets owned by the County	139,494	-
Total	(7,817,064)	(112,490)
Net investment in capital assets	$ 28,988,963	$ 12,283,446

Interfund Balances and Activity

The composition of interfund transfers during the year ended June 30, 2024 is as follows:

Transfer from General Fund to:		
Tourism Development Fund	To promote tourism	$ 7,267
Capital Reserve Fund	To fund future capital projects	477,653
Capital Projects Fund	To fund capital projects	65,000
Water Capital Projects Fund	To fund capital projects	45,000
		$ 594,920
Transfer from Grant Fund to:		
General Fund	For ARPA expenditures	$ 1,542,713
Transfer from Capital Reserve Fund to:		
General Fund	For capital outlay	891,386
Transfer from Internal Service Fund to:		
General Fund	To fund health insurance	640
		$ 2,434,739

The due to/from other funds at June 30, 2024 consist of the following:

Receivable Fund	Payable Fund	Amount
General Fund	Grant Projects	$ 70,563
General Fund	Solid Waste	21,659
		$ 92,222

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

These balances include the amount of working capital loans made to the Grant Project and Solid Waste Capital funds that the General Fund expects to collect in the subsequent year. The Grant Fund is for a trails project and the Solid Waste Fund is for a soil erosion project.

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	$ 18,533,330
Less:	
Prepaids	443,089
Stabilization by state statute	3,240,499
Fund balance available for appropriation	$ 14,849,742

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, 2024 consisted of the following:

	General Fund
Encumbrances	$ 284,356

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 on additional appointee us 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 conjunctions 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 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, 2024. 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 Ridgefield 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 $195,132 to the Community College for operating purposes during the fiscal year ended June 30, 2024. 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, 2024. 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 $12,731 to the Commission during the fiscal year ended June 30, 2024.

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.

At June 30, 2024, 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. Subsequent Events

Damage in certain areas of the State of North Carolina resulting from Hurricane Helene beginning on September 26, 2024, and continuing, was of sufficient severity and magnitude to warrant a major disaster declaration by the President. Hurricane Helene struck North Carolina and caused serious

flooding and wind damage in several counties including Polk County. While there has been damage to buildings and other assets, as of the date of this report, it is unknown as to the extent of that damage.

9. Opioid Settlement Funds

In April 2022, drug manufacturer Johnson & Johnson, and three drug distributors, McKesson, AmerisouceBergen, 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 has received $222,211 in fiscal year 2023 and $470,506 in fiscal year 2024 as part of this settlement. 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, 2024.

The MOA offered the County two options of expending the funds. The County opted for Option B which allows a wide array of strategies to address the impact of the opioid epidemic.

10. 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 $91,648 for a Vaccine clinic in the 2021 fiscal year and transfer $2,141,033 of the ARPA funds for revenue replacement to the General Fund in the 2022 fiscal year. The County has spent $125,000 on the GREAT Grant – Broadband Project as of June 30, 2023. The Board of Commissioners elected to transfer $1,542,713 of the ARPA funds for revenue replacement to the General Fund in the 2024 fiscal year. Of the remaining funds, an additional $125,000 has been allocated to the GREAT Grant – Broadband Project.

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REQUIRED SUPPLEMENTAL FINANCIAL DATA

- 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

POLK COUNTY, NORTH CAROLINA

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

	Law Enforcement Officers' Special Separation Allowance			
	2024	**2023**	**2022**	**2021**
Beginning balance	$ 610,253	$ 794,626	$ 718,423	$ 766,223
Service cost	47,674	53,942	62,720	36,070
Interest on the total pension liability	26,302	17,879	13,866	24,979
Difference between expected and actual experience	54,917	(126,401)	26,843	(322,421)
Changes in assumptions or other inputs	19,256	(129,793)	(27,226)	213,572
Ending balance of the total pension liability	$ 758,402	$ 610,253	$ 794,626	$ 718,423

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 CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST EIGHT FISCAL YEARS

	Law Enforcement Officers' Special Separation Allowance			
	2020	2019	2018	2017
Beginning balance	$ 528,954	$ 437,922	$ 314,014	$ 284,430
Service cost	41,296	38,755	32,284	28,540
Interest on the total pension liability	19,254	13,838	12,121	10,154
Difference between expected and actual experience	150,108	62,074	47,602	-
Changes in assumptions or other inputs	26,611	(23,635)	31,901	(9,110)
Ending balance of the total pension liability	$ 766,223	$ 528,954	$ 437,922	$ 314,014

POLK COUNTY, NORTH CAROLINA

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

	Law Enforcement Officers' Special Separation Allowance			
	2024	2023	2022	2021
Total pension liability	$ 758,402	$ 610,253	$ 794,626	$ 718,423
Covered-employee payroll	2,012,161	1,521,094	1,569,090	1,377,431
Total pension liability as a percentage of covered-employee payroll	37.69%	40.12%	50.64%	52.16%

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.

POLK COUNTY, NORTH CAROLINA

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

	Law Enforcement Officers' Special Separation Allowance			
	2020	2019	2018	2017
Total pension liability	$ 766,223	$ 528,954	$ 437,922	$ 314,014
Covered-employee payroll	1,651,174	1,560,107	1,510,245	1,255,857
Total pension liability as a percentage of covered-employee payroll	46.40%	33.90%	29.00%	25.00%

POLK COUNTY, NORTH CAROLINA

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

Local Governmental Employees' Retirement System	2024	2023	2022	2021	2020
County's proportion of the net pension liability (asset) (%)	0.13456%	0.12251%	0.12678%	0.12211%	0.11817%
County's proportion of the net pension liability (asset) ($)	$ 8,911,761	$ 6,911,313	$ 1,944,293	$ 4,363,510	$ 3,227,131
County's covered payroll*	$ 11,133,974	$ 9,656,461	$ 8,975,953	$ 8,459,379	$ 7,849,908
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	80.04%	71.57%	21.66%	51.58%	41.11%
Plan fiduciary net position as a percentage of the total pension liability**	82.49%	84.14%	95.51%	88.61%	90.86%

* 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.

POLK COUNTY, NORTH CAROLINA

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

Local Governmental Employees' Retirement System	2019	2018	2017	2016	2015
County's proportion of the net pension liability (asset) (%)	0.10768%	0.11001%	0.09673%	0.09766%	0.09752%
County's proportion of the net pension liability (asset) ($)	$ 2,554,538	$ 1,680,648	$ 2,052,935	$ 438,292	$ (575,120)
County's covered payroll*	$ 7,125,615	$ 6,823,860	$ 5,951,154	$ 5,709,585	$ 5,577,537
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	35.85%	24.63%	34.50%	7.68%	-10.31%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	102.64%

POLK COUNTY, NORTH CAROLINA

POLK COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS

Local Governmental Employees' Retirement System	2024	2023	2022	2021	2020
Contractually required contribution	$ 1,512,636	$ 1,371,597	$ 1,113,756	$ 928,312	$ 775,084
Contributions in relation to the contractually required contribution	1,512,636	1,371,597	1,113,756	928,312	775,084
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
County's covered payroll	$ 11,535,079	$ 11,133,974	$ 9,656,461	$ 8,975,953	$ 8,459,379
Contributions as a percentage of covered payroll	13.11%	12.32%	11.53%	10.34%	9.16%

POLK COUNTY, NORTH CAROLINA

POLK COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS

Local Governmental Employees' Retirement System	2019	2018	2017	2016	2015
Contractually required contribution	$ 626,472	$ 551,335	$ 512,665	$ 409,164	$ 407,190
Contributions in relation to the contractually required contribution	626,472	551,335	512,665	409,164	407,190
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
County's covered payroll	$ 7,849,908	$ 7,125,615	$ 6,823,860	$ 5,951,154	$ 5,709,585
Contributions as a percentage of covered payroll	7.98%	7.74%	7.51%	6.88%	7.13%

POLK COUNTY, NORTH CAROLINA

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

	Register of Deeds' Supplemental Pension Fund				
	2024	**2023**	**2022**	**2021**	**2020**
County's proportion of the net pension liability (asset) (%)	0.24310%	0.22442%	0.22589%	0.22509%	0.21887%
County's proportion of the net pension liability (asset) ($)	$ (29,213)	$ (29,713)	$ (43,400)	$ (51,586)	$ (43,209)
Plan fiduciary net position as a percentage of the total pension liability **	135.74%	139.04%	156.53%	173.62%	164.11%

* 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.

POLK COUNTY, NORTH CAROLINA

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

	Register of Deeds' Supplemental Pension Fund				
	2019	**2018**	**2017**	**2016**	**2015**
County's proportion of the net pension liability (asset) (%)	0.27234%	0.23396%	0.22654%	0.24054%	0.22095%
County's proportion of the net pension liability (asset) ($)	$ (45,108)	$ (39,935)	$ (42,354)	$ (55,743)	$ (50,087)
Plan fiduciary net position as a percentage of the total pension liability **	153.31%	153.77%	160.17%	197.29%	193.88%

POLK COUNTY, NORTH CAROLINA

POLK COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS

	Register of Deeds' Supplemental Pension Fund				
	2024	**2023**	**2022**	**2021**	**2020**
Contractually required contribution	$ 1,993	$ 2,899	$ 2,573	$ 2,711	$ 2,155
Contributions in relation to the contractually required contribution	1,993	2,899	2,573	2,711	2,155
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -

POLK COUNTY, NORTH CAROLINA

POLK COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS

	Register of Deeds' Supplemental Pension Fund				
	2019	2018	2017	2016	2015
Contractually required contribution	$ 2,080	$ 2,331	$ 2,033	$ 1,851	$ 1,925
Contributions in relation to the contractually required contribution	2,080	2,331	2,033	1,851	1,925
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -

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SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

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MAJOR FUNDS

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.

OPIOID SETTLEMENT FUND

The Opioid Settlement Fund is established to account for the accumulation of funds to be used specifically for expenditures related to opioid remediation activities.

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, 2024

	Final Budget	Actual	Variance Over/Under
Revenues:			
Ad Valorem Taxes:			
Taxes	$ 19,489,011	$ 19,797,378	$ 308,367
Penalties and interest	110,372	124,479	14,107
Total	19,599,383	19,921,857	322,474
Other Taxes and Licenses:			
Local option sales taxes	6,398,008	6,723,379	325,371
Article 44 sales tax	598,399	367,609	(230,790)
Total	6,996,407	7,090,988	94,581
Restricted Intergovernmental Revenues:			
Federal grants	4,402,252	3,618,372	(783,880)
State grants	2,436,621	2,449,388	12,767
Local grants	5,575	13,345	7,770
Total	6,844,448	6,081,105	(763,343)
Fees, Licenses, and Permits:			
Register of Deeds' fees	392,065	351,917	(40,148)
Building, other permits, inspection fees	277,110	338,835	61,725
Total	669,175	690,752	21,577
Sales and Services:			
Rents, concessions, and fees	155,401	168,290	12,889
Health department	559,680	615,403	55,723
EMS fees	1,074,635	1,269,940	195,305
Transportation fees	135,000	73,760	(61,240)
Recreation department	3,000	1,522	(1,478)
Court costs, fees, and charges	57,009	63,798	6,789
Other charges for services	268,135	239,697	(28,438)
Total	2,252,860	2,432,410	179,550
Investment Earnings	808,963	1,390,396	581,433
Miscellaneous Revenue:			
Other	74,349	73,289	(1,060)
Total revenues	37,245,585	37,680,797	435,212

POLK COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

	Final Budget	Actual	Variance Over/Under
Expenditures:			
General Government:			
Governing Body:			
Salaries and employee benefits	233,390	228,272	5,118
Operating expenses	163,204	105,339	57,865
Capital outlay	94,564	98,976	(4,412)
Total governing body	491,158	432,587	58,571
Manager:			
Salaries and employee benefits	404,468	371,936	32,532
Operating expenses	52,000	35,817	16,183
Capital outlay	29	2,893	(2,864)
Total manager	456,497	410,646	45,851
Human Resources:			
Salaries and employee benefits	93,991	93,704	287
Operating expenses	23,900	12,744	11,156
Capital outlay	3,713	4,827	(1,114)
Total human resources	121,604	111,275	10,329
Board of Elections:			
Salaries and employee benefits	177,395	179,002	(1,607)
Operating expenses	108,070	107,109	961
Capital outlay	8,500	1,524	6,976
Total Board of Elections	293,965	287,635	6,330
Personnel:			
Salaries and employee benefits	150,358	58,600	91,758
Operating expenses	34,557	28,665	5,892
Total personnel	184,915	87,265	97,650
Finance:			
Salaries and employee benefits	327,327	328,278	(951)
Operating expenses	123,679	85,991	37,688
Capital outlay	3,950	939	3,011
Total finance	454,956	415,208	39,748
Tax Collections:			
Salaries and employee benefits	600,522	568,669	31,853
Operating expenses	146,487	153,056	(6,569)
Capital outlay	46,046	13,171	32,875
Total tax collections	793,055	734,896	58,159

POLK COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

	Final Budget	Actual	Variance Over/Under
Legal:			
Salaries and employee benefits	9,940	4,833	5,107
Operating expenses	70,481	67,484	2,997
Total legal	80,421	72,317	8,104
Register of Deeds:			
Salaries and employee benefits	192,770	200,018	(7,248)
Operating expenses	69,272	23,786	45,486
Capital outlay	-	3,724	(3,724)
Total Register of Deeds	262,042	227,528	34,514
Public Buildings:			
Salaries and employee benefits	511,665	502,088	9,577
Operating expenses	709,003	660,999	48,004
Capital outlay	583,828	329,857	253,971
Total public buildings	1,804,496	1,492,944	311,552
Court Facilities:			
Operating expenses	74,945	75,416	(471)
Capital outlay	3,705	3,173	532
Total court facilities	78,650	78,589	61
Non-Departmental:			
Salaries and employee benefits	171,784	121,838	49,946
Operating expenses	487,454	436,080	51,374
Total non-departmental	659,238	557,918	101,320
Total general government	5,680,997	4,908,808	772,189
Public Safety:			
Sheriff's Department:			
Salaries and employee benefits	2,911,584	2,803,696	107,888
Operating expenses	481,793	556,159	(74,366)
Capital outlay	538,108	557,992	(19,884)
Total sheriff's department	3,931,485	3,917,847	13,638
Jail:			
Salaries and employee benefits	592,593	502,046	90,547
Operating expenses	2,019,646	2,042,146	(22,500)
Capital outlay	21,368	28,093	(6,725)
Total jail	2,633,607	2,572,285	61,322

POLK COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

	Final Budget	Actual	Variance Over/Under
Emergency Medical Services:			
Salaries and employee benefits	2,184,968	2,131,073	53,895
Operating expenses	443,983	287,479	156,504
Capital outlay	362,596	353,245	9,351
Total emergency medical services	2,991,547	2,771,797	219,750
Emergency Management:			
Salaries and employee benefits	128,970	116,037	12,933
Operating expenses	34,553	2,722	31,831
Capital outlay	33,798	33,798	-
Total emergency management	197,321	152,557	44,764
Communications:			
Salaries and employee benefits	801,916	785,317	16,599
Operating expenses	75,500	65,183	10,317
Capital outlay	6,826	10,464	(3,638)
Total communications	884,242	860,964	23,278
Building Inspections:			
Salaries and employee benefits	350,859	330,429	20,430
Operating expenses	26,299	22,842	3,457
Capital outlay	1,600	1,438	162
Total building inspections	378,758	354,709	24,049
Animal Control:			
Salaries and employee benefits	121,423	120,103	1,320
Operating expenses	174,500	163,880	10,620
Capital outlay	1,500	-	1,500
Total animal control	297,423	283,983	13,440
Total public safety	11,314,383	10,914,142	400,241
Economic and Physical Development:			
Cooperative Extension:			
Salaries and employee benefits	245,756	186,147	59,609
Operating expenses	20,265	14,132	6,133
Capital outlay	59	59	-
Total cooperative extension	266,080	200,338	65,742
Planning and Zoning:			
Salaries and employee benefits	160,808	161,224	(416)
Operating expenses	14,412	7,561	6,851
Capital outlay	3,149	2,987	162
Total planning and zoning	178,369	171,772	6,597

POLK COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

	Final Budget	Actual	Variance Over/Under
Soil and Water Conservation:			
Salaries and employee benefits	152,881	139,651	13,230
Operating expenses	34,552	19,501	15,051
Total soil and water conservation	187,433	159,152	28,281
Agriculture:			
Salaries and employee benefits	134,557	139,724	(5,167)
Operating expenses	44,435	34,751	9,684
Capital outlay	469	469	-
Total agriculture	179,461	174,944	4,517
Forestry:			
Operating expenses	82,036	55,300	26,736
Capital outlay	4,600	4,811	(211)
Total forestry	86,636	60,111	26,525
Economic Development:			
Salaries and employee benefits	60,333	59,959	374
Operating expenses	10,899	6,714	4,185
Total economic development	71,232	66,673	4,559
Total Economic and Physical Development	969,211	832,990	136,221
Human Services:			
Mental Health:			
Operating expenses	80,816	80,077	739
Veteran's Administration:			
Salaries and employee benefits	64,619	55,281	9,338
Operating expenses	13,601	421	13,180
Total veteran's administration	78,220	55,702	22,518
Social Services Administration:			
Salaries and employee benefits	2,716,389	2,491,710	224,679
Operating expenses	97,438	108,822	(11,384)
Total social services administration	2,813,827	2,600,532	213,295
Social Services Programs:			
Salaries and employee benefits			
Operating expenses	1,371,866	1,171,401	200,465
Capital outlay	99,584	66,618	32,966
Total social services	1,471,450	1,238,019	233,431

POLK COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

	Final Budget	Actual	Variance Over/Under
Public Transportation:			
Salaries and employee benefits	600,405	446,745	153,660
Operating expenses	180,096	157,313	22,783
Capital outlay	312,335	363,164	(50,829)
Total public transportation	1,092,836	967,222	125,614
Community-Based Alternatives:			
Operating expenses	99,545	98,999	546
Health Department:			
Salaries and employee benefits	701,314	683,787	17,527
Operating expenses	1,012,569	715,637	296,932
Capital outlay	4,845	4,515	330
Total health department	1,718,728	1,403,939	314,789
Total Human Services	7,355,422	6,444,490	910,932
Cultural and Recreational:			
Recreation:			
Salaries and employee benefits	259,463	241,705	17,758
Operating expenses	200,737	180,392	20,345
Capital outlay	14,267	12,737	1,530
Total cultural and recreational	474,467	434,834	39,633
Library:			
Salaries and employee benefits	569,054	553,012	16,042
Operating expenses	207,164	203,106	4,058
Capital outlay	115,124	119,797	(4,673)
Total library	891,342	875,915	15,427
Senior Centers:			
Salaries and employee benefits	308,094	291,611	16,483
Operating expenses	268,130	258,775	9,355
Capital outlay	10,215	10,096	119
Total senior centers	586,439	560,482	25,957
Total Cultural and Recreational	1,952,248	1,871,231	81,017
Education:			
Public schools - current	7,074,686	7,074,685	1
Public schools - capital outlay	312,000	312,000	-
Public schools - local supplement	1,835,430	1,834,282	1,148
Community colleges - current	241,546	241,546	-
Total education	9,463,662	9,462,513	1,149

POLK COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

	Final Budget	Actual	Variance Over/Under
Debt Service:			
Principal retirement	1,474,791	1,474,789	2
Lease principal retirement	35,968	35,968	-
Subscription principal retirement	111,414	111,414	-
Interest and fees	281,357	295,035	(13,678)
Total	1,903,530	1,917,206	(13,676)
Total expenditures	38,639,453	36,351,380	2,288,073
Revenues over (under) expenditures	(1,393,868)	1,329,417	2,723,285
Other Financing Sources (Uses):			
Appropriated fund balance	1,076,838	-	(1,076,838)
Lease liability issued	136,489	170,660	34,171
Subscription liability issued	33,749	33,749	-
Transfers from other funds	934,012	2,434,739	1,500,727
Transfers to other funds	(787,220)	(765,732)	21,488
Total other financing sources (uses)	1,393,868	1,873,416	479,548
Net change in fund balance	$ -	3,202,833	$ 3,202,833
Fund Balance:			
Beginning of year - July 1		15,071,627	
End of year - June 30		$ 18,274,460	

POLK COUNTY, NORTH CAROLINA

REVALUATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

	Final Budget	Actual	Variance Over/Under
Revenues:			
Investment earnings	$ -	$ 9,029	$ 9,029
Expenditures:			
General government:			
Revaluation	319,547	197,013	122,534
Revenues over (under) expenditures	(319,547)	(187,984)	131,563
Other Financing Sources (Uses):			
Appropriated fund balance	148,735	-	(148,735)
Transfers from other funds	170,812	170,812	-
Total other financing sources (uses)	319,547	170,812	(148,735)
Net change in fund balance	$ -	(17,172)	$ (17,172)
Fund Balance:			
Beginning of year - July 1		276,042	
End of year - June 30		$ 258,870	

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, 2024

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental	$ 2,412,964	$ 24,155	$ 50,555	$ 74,710	$ (2,338,254)
Investment earnings	127,412	9,436	7,104	16,540	(110,872)
Miscellaneous	525,757	550,983	30,596	581,579	55,822
Total	3,066,133	584,574	88,255	672,829	(2,393,304)
Expenditures:					
General government:					
Fuel tank upgrade	30,711	30,711	-	30,711	-
Election building renovation	214,289	84,063	121,663	205,726	8,563
Public safety:					
Detention facility	127,412	-	4,985	4,985	122,427
Public building - old jail	100,000	8,531	409	8,940	91,060
Communications equipment	5,214,170	1,165,205	214,521	1,379,726	3,834,444
Education:					
Polk County High School HVAC	6,345,387	6,345,386	-	6,345,386	1
Recreation:					
Cooperative extension 4H	311,412	305,064	-	305,064	6,348
YMCA	187,023	82,559	72,444	155,003	32,020
Library	212,505	212,504	0	212,504	1
Laughter pond	259,400	209,260	-	209,260	50,140
Total expenditures	13,002,309	8,443,283	414,022	8,857,305	4,145,004
Revenues over (under) expenditures	(9,936,176)	(7,858,709)	(325,767)	(8,184,476)	1,751,700
Other Financing Sources (Uses):					
Transfers to other funds	(163,318)	(163,318)	-	(163,318)	-
Transfers from other funds	3,899,494	3,480,320	65,000	3,545,320	(354,174)
Issuance of long-term debt	6,200,000	6,200,000	-	6,200,000	-
Total other financing sources (uses)	9,936,176	9,517,002	65,000	9,582,002	(354,174)
Net change in fund balance	$ -	$ 1,658,293	(260,767)	$ 1,397,526	$ 1,397,526
Fund Balance:					
Beginning of year - July 1			2,789,679		
End of year - June 30			2,528,912		
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			513		
Transfers from other funds			477,653		
Transfers to other funds			(891,386)		
Fund balance, beginning - Capital Reserve Fund			2,761,499		
Fund balance, ending - Combined Capital Projects Fund			$ 4,877,191		

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, 2024

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental:					
Federal grants	$ 4,025,394	$ 3,347,077	$ 1,562,713	$ 4,909,790	$ 884,396
State grants	9,627,085	277,635	447,203	724,838	(8,902,247)
Miscellaneous	411,000	75,000	-	75,000	(336,000)
Total	14,063,479	3,699,712	2,009,916	5,709,628	(8,353,851)
Investment earnings	-	115,701	247,802	363,503	363,503
Total revenues	14,063,479	3,815,413	2,257,718	6,073,131	(7,990,348)
Expenditures:					
Public safety:					
SCIF Grant-Dam project	6,500,000	-	54,792	54,792	6,445,208
Miscellaneous	75,000	75,000	-	75,000	-
CARES Act (ARPA)	3,775,394	1,081,044	-	1,081,044	2,694,350
OSBM Directed Grant	150,000	-	34,189	34,189	115,811
GREAT Grant-Broadband	250,000	125,000	-	125,000	125,000
Streamflow rehab assistance	400,052	146,974	204,560	351,534	48,518
Little White Oak Mountain-trails	772,000	130,661	173,661	304,322	467,678
Total expenditures	11,922,446	1,558,679	467,202	2,025,881	9,896,565
Revenues over (under) expenditures	2,141,033	2,256,734	1,790,516	4,047,250	1,906,217
Other Financing Sources (Uses):					
Intrafund transfer in	-	33,903	-	33,903	33,903
Intrafund transfer out	(2,141,033)	(2,141,033)	(1,542,713)	(3,683,746)	(1,542,713)
Total other financing sources (uses)	(2,141,033)	(2,107,130)	(1,542,713)	(3,649,843)	(1,508,810)
Net change in fund balance	$ -	$ 149,604	247,803	$ 397,407	$ 397,407
Fund Balance:					
Beginning of year - July 1			149,604		
End of year - June 30			$ 397,407		

POLK COUNTY, NORTH CAROLINA

SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2024

	Final Budget	Actual	Variance Over/Under
Revenues:			
Charges for services	$ 2,037,721	$ 2,152,127	$ 114,406
Solid waste taxes	66,238	66,978	740
Total revenues	2,103,959	2,219,105	115,146
Expenditures:			
Current:			
Operating	2,048,441	1,875,206	173,235
Closure and post-closure	65,000	70,921	(5,921)
Capital outlay	1,700	1,524	176
Debt service:			
Principal retirement	8,420	8,469	(49)
Lease principal retirement	-	188	(188)
Interest and fees	7,012	6,965	47
Total expenditures	2,130,573	1,963,273	167,300
Revenues over (under) expenditures	(26,614)	255,832	282,446
Other Financing Sources (Uses):			
Appropriated fund balance	398,173	-	(398,173)
Intrafund transfer out	(371,559)	(371,559)	-
Total other financing sources (uses)	26,614	(371,559)	(398,173)
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	(115,727)	$ (115,727)
Reconciliation from modified accrual to full accrual basis:			
Lease liability payments		188	
Capital outlay		1,524	
Depreciation and amortization		(78,978)	
Capital project expenditures not capitalized		(399,812)	
Capital projects - transfers from (to) other funds		371,559	
Decrease in compensated absences		(5,290)	
Principal retirement		8,469	
Change in net position		$ (218,067)	

POLK COUNTY, NORTH CAROLINA

SOLID WASTE CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND OR THE YEAR ENDED JUNE 30, 2024

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Expenditures:					
Capital outlay:					
General	$ 632,809	$ 113,406	$ 399,812	$ 513,218	$ 119,591
Revenues over (under) expenditures	(632,809)	(113,406)	(399,812)	(513,218)	119,591
Other Financing Sources (Uses):					
Interfund transfer in	626,215	120,000	371,559	491,559	(134,656)
Appropriated fund balance	6,594	-	-	-	(6,594)
Total other financing sources (uses)	632,809	120,000	371,559	491,559	(141,250)
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	$ 6,594	$ (28,253)	$ (21,659)	$ (21,659)

POLK COUNTY, NORTH CAROLINA

WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2024

	Final Budget	Actual	Variance Over/Under
Revenues over (under) expenditures	$ -	$ -	$ -
Reconciliation of Modified Accrual to Full Accrual Basis:			
Depreciation		(241,251)	
From Water Capital Projects Fund:			
Non-capital expenditures		(68,475)	
Transfers from other funds		45,000	
Change in net position		$ (264,726)	

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, 2024

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Operating revenues:					
Other fees	$ -	$ 13,652	$ -	$ 13,652	$ 13,652
Expenditures:					
Capital outlay:					
General	771,347	702,872	68,475	771,347	-
Revenues over (under) expenditures	(771,347)	(689,220)	(68,475)	(757,695)	13,652
Other Financing Sources (Uses):					
Interfund transfer in	771,347	804,413	45,000	849,413	78,066
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	$ 115,193	$ (23,475)	$ 91,718	$ 91,718

NONMAJOR GOVERNMENTAL FUNDS

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.

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.

POLK COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2024

	Fire District Fund	Tourism Development Fund	Emergency Telephone System Fund	Other Misc. Govt Activities Fund
Assets:				
Cash and cash equivalents	$ 27,281	$ 997,082	$ 335,002	$ 471,419
Ad valorem taxes receivable, net	50,336	-	-	-
Accounts receivable	23,405	40,477	16,081	8,550
Prepaids	-	2,124	-	-
Total assets	$ 101,022	$ 1,039,683	$ 351,083	$ 479,969
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	$ 50,683	$ 7,906	$ -	$ 231,844
Deferred Inflows of Resources:				
Unavailable taxes	50,336	-	-	-
Fund Balances:				
Non-spendable:				
Prepaids	-	2,124	-	-
Restricted:				
Stabilization by state statute	23,405	40,477	16,081	8,550
Public safety	-	-	335,002	-
Tourism	-	989,176	-	-
School debt service	-	-	-	-
General government	-	-	-	239,575
Unassigned	(23,402)	-	-	-
Total fund balances	3	1,031,777	351,083	248,125
Total liabilities, deferred inflows of resources, and fund balances	$ 101,022	$ 1,039,683	$ 351,083	$ 479,969

POLK COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2024

	Total Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
Assets:			
Cash and cash equivalents	$ 1,830,784	$ 7,252	$ 1,838,036
Ad valorem taxes receivable, net	50,336	-	50,336
Accounts receivable	88,513	-	88,513
Prepaids	2,124	-	2,124
Total assets	$ 1,971,757	$ 7,252	$ 1,979,009
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	$ 290,433	$ -	$ 290,433
Deferred Inflows of Resources:			
Unavailable taxes	50,336	-	50,336
Fund Balances:			
Non-spendable:			
Prepaids	2,124	-	2,124
Restricted:			
Stabilization by state statute	88,513	-	88,513
Public safety	335,002	-	335,002
Tourism	989,176	-	989,176
School debt service	-	7,252	7,252
General government	239,575	-	239,575
Unassigned	(23,402)	-	(23,402)
Total fund balances	1,630,988	7,252	1,638,240
Total liabilities, deferred inflows of resources, and fund balances	$ 1,971,757	$ 7,252	$ 1,979,009

POLK COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024

	Fire District Fund	Tourism Development Fund	Emergency Telephone System Fund	Other Misc Govt Activities Fund
Revenues:				
Ad valorem taxes	$ 3,432,013	$ -	$ -	$ -
Occupancy taxes	-	433,695	-	-
Restricted intergovernmental revenues	-	-	192,971	233,174
Investment earnings	15,748	-	314	-
Miscellaneous revenues	-	-	-	164,350
Total revenues	3,447,761	433,695	193,285	397,524
Expenditures:				
Current:				
General government	-	-	-	343,596
Public safety	3,447,758	-	155,984	-
Economic and physical development	-	344,527	-	-
Principal retirement	-	6,119	-	-
Interest and fees	-	118	-	-
Total expenditures	3,447,758	350,764	155,984	343,596
Revenues over (under) expenditures	3	82,931	37,301	53,928
Other Financing Sources (Uses):				
Lease liability issued	-	28,066	-	-
Subscription liability issued	-	713	-	-
Transfers in/out	-	7,267	-	-
Total other financing sources (uses)	-	36,046	-	-
Net change in fund balances	3	118,977	37,301	53,928
Fund Balances:				
Beginning of year - July 1	-	912,800	313,782	194,197
End of year - June 30	$ 3	$ 1,031,777	$ 351,083	$ 248,125

POLK COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024

	Total Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues:			
Ad valorem taxes	$ 3,432,013	$ -	$ 3,432,013
Occupancy taxes	433,695	-	433,695
Restricted intergovernmental revenues	426,145	-	426,145
Investment earnings	16,062	-	16,062
Miscellaneous revenues	164,350	-	164,350
Total revenues	4,472,265	-	4,472,265
Expenditures:			
Current:			
General government	343,596	-	343,596
Public safety	3,603,742	-	3,603,742
Economic and physical development	344,527	-	344,527
Principal retirement	6,119	-	6,119
Interest and fees	118	-	118
Total expenditures	4,298,102	-	4,298,102
Revenues over (under) expenditures	174,163	-	174,163
Other Financing Sources (Uses):			
Lease liability issued	28,066	-	28,066
Subscription liability issued	713	-	713
Transfers in/out	7,267	-	7,267
Total other financing sources (uses)	36,046	-	36,046
Net change in fund balances	210,209	-	210,209
Fund Balances:			
Beginning of year - July 1	1,420,779	7,252	1,428,031
End of year - June 30	$ 1,630,988	$ 7,252	$ 1,638,240

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, 2024

	Final Budget	Actual	Variance Over/Under
Revenues:			
Ad valorem taxes	$ 3,451,450	$ 3,432,013	$ (19,437)
Penalties and interest	-	15,748	15,748
Total revenues	3,451,450	3,447,761	(3,689)
Expenditures:			
Public safety:			
Sunny View Fire Department	445,000	443,650	1,350
Green Creek Fire Department	841,250	841,230	20
Tryon Fire Department	484,300	484,269	31
Saluda Fire Department	300,400	300,384	16
Mill Springs Fire Department	532,200	532,137	63
Columbus Fire Department	828,800	828,756	44
Edneyville Fire Department	7,000	6,292	708
Blue Ridge Fire Department	6,500	5,541	959
Dana Fire Department	6,000	5,499	501
Total expenditures	3,451,450	3,447,758	3,692
Net change in fund balance	$ -	3	$ 3
Fund Balance:			
Beginning of year - July 1		-	
End of year - June 30		$ 3	

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, 2024

	Final Budget	Actual	Variance Over/Under
Revenues:			
Occupancy tax	$ 369,390	$ 433,695	$ 64,305
Expenditures:			
Economic and physical development:			
Salaries and employee benefits	218,039	198,290	19,749
Operating expenditures	158,618	117,458	41,160
Capital outlay	28,345	28,779	(434)
Principal retirement	-	6,119	(6,119)
Interest and fees	-	118	(118)
Total expenditures	405,002	350,764	54,238
Revenues over (under) expenditures	(35,612)	82,931	118,543
Other Financing Sources (Uses):			
Lease liability issued	27,632	28,066	434
Subscription liability issued	713	713	
Transfers from other funds	7,267	7,267	-
Total other financing sources (uses)	35,612	36,046	434
Net change in fund balance	$ -	118,977	$ 118,977
Fund Balance:			
Beginning of year - July 1		912,800	
End of year - June 30		$ 1,031,777	

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, 2024

	Final Budget	Actual	Variance Over/Under
Revenues:			
Restricted intergovernmental	$ 214,967	$ 192,971	$ (21,996)
Interest earned	-	314	314
Total revenues	214,967	193,285	(21,682)
Expenditures:			
Public safety:			
Operating expenses	144,743	149,927	(5,184)
Capital outlay	71,796	6,057	65,739
Total expenditures	216,539	155,984	60,555
Revenues over (under) expenditures	(1,572)	37,301	38,873
Other Financing Sources (Uses):			
Fund balance appropriated	1,572	-	(1,572)
Net change in fund balance	$ -	37,301	$ 37,301
Fund Balance:			
Beginning of year - July 1		313,782	
End of year - June 30		$ 351,083	

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, 2024

	Final Budget	Actual	Variance Over/Under
Revenues:			
Restricted intergovernmental	$ 210,000	$ 98,123	$ (111,877)
Permits and fees - Register of Deeds	20,000	17,441	(2,559)
Sales and services - penalties, fines and forfeitures	150,000	117,610	(32,390)
Miscellaneous	130,000	164,350	34,350
Total revenues	510,000	397,524	(112,476)
Expenditures:			
Human services:			
Payments made for the benefit of beneficiaries	210,000	101,421	108,579
General government:			
Payments of fees collected to the state of North Carolina	20,000	18,104	1,896
Payments of penalties, fines and forfeitures to the BOE	150,000	124,296	25,704
Miscellaneous	130,000	99,775	30,225
Total expenditures	510,000	343,596	166,404
Net change in fund balance	$ -	53,928	$ 53,928
Fund Balance:			
Beginning of year - July 1		194,197	
End of year - June 30		$ 248,125	

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, 2024

	Final Budget	Actual	Variance Over/Under
Revenues:			
Investment earnings	$ -	$ 513	$ 513
Revenues over (under) expenditures	-	513	513
Other Financing Sources (Uses):			
Transfers from other funds	1,321,481	477,653	(843,828)
Transfers to other funds	(1,321,481)	(891,386)	430,095
Total other financing sources (uses)	-	(413,733)	(413,733)
Net change in fund balance	$ -	(413,220)	$ (413,220)
Fund Balance:			
Beginning of year - July 1		2,761,499	
End of year - June 30		$ 2,348,279	

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, 2024

	Final Budget	Actual	Variance Over/Under
Net change in fund balance	$ -	$ -	$ -
Fund Balance:			
Beginning of year - July 1		7,252	
End of year - June 30		$ 7,252	

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CUSTODIAL FUNDS

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.

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POLK COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2024

	Property Tax Fund	Inmate Commissary Fund	Total
Assets:			
Cash and cash equivalents	$ 41,206	$ 45,006	$ 86,212
Receivable for others, net	59,041	528	59,569
Total assets	100,247	45,534	145,781
Liabilities:			
Accounts payable and accrued liabilities	30,448	-	30,448
Net Position:			
Restricted For:			
Individuals, organizations, and other governments	69,799	45,534	115,333
Total net position	$ 69,799	$ 45,534	$ 115,333

POLK COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Property Tax Fund	Inmate Commissary Fund	Total
Additions:			
Collections for other governments	$ 2,275,695	$ -	$ 2,275,695
Collections on behalf of inmates	-	95,537	95,537
Total additions	2,275,695	95,537	2,371,232
Deductions:			
Tax distributions to other governments	2,275,694	-	2,275,694
Payments on behalf of inmates	-	85,303	85,303
Total deductions	2,275,694	85,303	2,360,997
Net increase (decrease) in fiduciary net position	1	10,234	10,235
Net position, beginning of year	69,798	35,300	105,098
Net position, end of year	$ 69,799	$ 45,534	$ 115,333

POLK COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2024

Fiscal Year	Uncollected Balance July 1, 2023	Additions	Collections and Credits	Uncollected Balance June 30, 2024
2023-2024	$ -	$ 19,946,505	$ 19,727,571	$ 218,934
2022-2023	217,794	-	172,301	45,493
2021-2022	43,819	-	32,732	11,087
2020-2021	29,080	-	20,882	8,198
2019-2020	20,708	-	14,719	5,989
2018-2019	15,152	-	9,026	6,126
2017-2018	8,364	-	1,671	6,693
2016-2017	7,660	-	1,103	6,557
2015-2016	5,250	-	1,166	4,084
2014-2015	4,607	-	1,362	3,245
2013-2014	4,792	-	4,792	-
Total	$ 357,226	$ 19,946,505	$ 19,987,325	316,406

Less: Allowance for uncollectible ad valorem taxes receivable:	
General Fund	(70,000)
Ad valorem taxes receivable, net	$ 246,406
Reconciliation with Revenues:	
General Fund	$ 19,921,857
Reconciling items:	
Discounts allowed	(207,221)
Garnishment fees	1,234
Foreclosure fees	27
Taxes written off	4,792
Penalties and interest	124,479
Other adjustments	142,157
Total collections and credits	$ 19,987,325

POLK COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT PROPERTY TAX LEVY - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	$ 3,721,936,365	$ 0.5343	$ 19,886,306	$ 18,414,808	$ 1,471,498
Penalties	8,609	0.5343	46	46	-
Total	3,721,944,974		19,886,352	18,414,854	1,471,498
Discoveries:					
Current year taxes	1,803,668	$ 0.5343	9,637	9,637	-
Prior year taxes	13,657,080	0.5494	75,032	75,032	-
Total	15,460,748		84,669	84,669	-
Abatements					
Current year abatements	(4,170,691)	$ 0.5343	(22,284)	(22,284)	-
Prior year abatements	(406,261)	0.5494	(2,232)	(2,232)	-
Total	(4,576,952)		(24,516)	(24,516)	-
Total property valuation	$ 3,732,828,770				
Net Levy			19,946,505	18,475,007	1,471,498
Uncollected taxes at June 30, 2024 (General Fund)			218,934	218,934	-
Current Year Taxes Collected			$ 19,727,571	$ 18,256,073	$ 1,471,498
Current Levy Collection Percentage			98.90%	98.81%	100.00%
Prior Year Levy Collection Percentage			98.83%	98.74%	100.00%
Secondary Market Disclosures:					
Assessed Valuation:					
Assessment ratio*				100.00%	
Real property				$ 3,199,798,943	
Personal property				84,364,595	
Public service companies**				173,258,543	
Registered motor vehicles				275,406,689	
Total assessed valuation				$ 3,732,828,770	
Tax rate per $100				0.5343	
Levy (includes discoveries, releases, and abatements, excludes penalties)***				$ 19,946,505	
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				$ 328,612	
Fire protection districts				3,229,758	
Total assessed valuation				$ 3,558,370	

* 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.

STATISTICAL SECTION

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.

POLK COUNTY, NORTH CAROLINA

Net Position by Category
Last Ten Fiscal Years

	2015	2016	2017	2018
Governmental activities:				
Net investment in capital assets	$ 16,778,656	$ 17,116,720	$ 19,222,539	$ 19,705,853
Restricted	3,408,680	3,418,452	3,320,069	4,183,324
Unrestricted	2,189,288	2,718,297	3,643,334	5,251,178
Total governmental activities net position	$ 22,376,624	$ 23,253,469	$ 26,185,942	$ 29,140,355
Business-type activities:				
Net investment in capital assets	$ 12,699,586	$ 13,477,068	$ 13,391,365	$ 13,335,905
Unrestricted	784,618	1,068,528	1,261,377	1,384,089
Total business-type activities net position	$ 13,484,204	$ 14,545,596	$ 14,652,742	$ 14,719,994
Primary government:				
Net investment in capital assets	$ 29,478,242	$ 30,593,788	$ 32,613,904	$ 33,041,758
Restricted	3,408,680	3,418,452	3,320,069	4,183,324
Unrestricted	2,973,906	3,786,825	4,904,711	6,635,267
Total primary government net position	$ 35,860,828	$ 37,799,065	$ 40,838,684	$ 43,860,349

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.

Source: Polk County Financial Statements

2019	2020	2021	2022	2023	2024
$ 21,497,816	$ 20,436,021	$ 22,997,270	$ 28,463,258	$ 27,102,675	$ 28,988,963
4,309,526	4,926,860	3,453,641	4,280,097	5,089,008	5,947,169
7,006,374	8,978,881	11,621,887	10,900,716	10,597,263	11,955,576
$ 32,813,716	$ 34,341,762	$ 38,072,798	$ 43,644,071	$ 42,788,946	$ 46,891,708
$ 13,209,319	$ 13,039,405	$ 12,829,828	$ 12,857,316	$ 12,593,494	$ 12,283,446
1,495,833	1,430,561	1,558,640	1,529,333	1,407,189	1,234,444
$ 14,705,152	$ 14,469,966	$ 14,388,468	$ 14,386,649	$ 14,000,683	$ 13,517,890
$ 34,707,135	$ 33,475,426	$ 35,827,098	$ 41,320,574	$ 39,696,169	$ 41,272,409
4,309,526	4,926,860	3,453,641	4,280,097	5,089,008	5,947,169
8,502,207	10,409,442	13,180,527	12,430,049	12,004,452	13,190,020
$ 47,518,868	$ 48,811,728	$ 52,461,266	$ 58,030,720	$ 56,789,629	$ 60,409,598

POLK COUNTY, NORTH CAROLINA

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

	2015	2016	2017	2018
Governmental activities				
Program revenues:				
Charges for services:				
General government	$ 489,951	$ 295,730	$ 352,739	$ 359,290
Public safety	767,946	1,017,988	1,092,754	1,184,666
Human services	246,271	144,715	165,618	145,281
Cultural and recreational	136,669	201,323	199,738	135,678
Operating grants and contributions	3,354,029	3,550,592	3,713,449	3,428,648
Capital grants and contributions	632,886	95,705	244,527	145,705
Total program revenues	5,627,752	5,306,053	5,768,825	5,399,268
Expenses:				
General government	2,742,665	3,108,920	4,402,630	3,127,258
Public safety	6,696,025	7,200,671	6,297,154	7,952,358
Economic and physical development	1,092,014	762,832	647,755	851,477
Human services	4,539,628	4,406,543	4,927,167	4,282,258
Cultural and recreational	1,573,950	1,773,442	1,758,546	1,780,219
Education	5,786,491	5,539,826	5,765,217	5,685,884
Interest on long-term debt	305,706	122,188	323,545	409,921
Total program expenses	22,736,479	22,914,422	24,122,014	24,089,375
Net expenses	(17,108,727)	(17,608,369)	(18,353,189)	(18,690,107)
General revenues and transfers:				
Taxes:				
Property taxes	15,806,434	15,949,683	16,772,188	16,840,050
Local option sales tax	3,344,092	3,211,303	4,090,672	4,332,174
Other taxes	317,665	149,841	201,098	245,521
Investment earnings, unrestricted	36,268	62,988	125,981	246,235
Miscellaneous, unrestricted	127,758	140,720	198,271	75,540
Transfers	(1,992,020)	(1,083,315)	(76,190)	(95,000)
Total general revenues and transfers	17,640,197	18,431,220	21,312,020	21,644,520
Change in net position	531,470	822,851	2,958,831	2,954,413

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.

2019	2020	2021	2022	2023	2024
$ 369,492	$ 416,560	$ 1,179,639	$ 1,464,410	$ 1,293,295	$ 1,225,363
1,263,867	1,379,314	1,309,092	1,558,462	1,779,912	1,958,003
98,719	333,079	598,140	919,281	815,725	645,999
121,817	99,170	32,833	240	975	1,522
4,505,063	3,773,834	4,040,318	4,988,334	5,422,606	5,774,766
1,104,185	142,585	633,283	695,193	807,683	2,449,388
7,463,143	6,144,542	7,793,305	9,625,920	10,120,196	12,055,041
4,124,498	3,846,919	4,543,328	5,234,494	8,847,469	5,715,432
9,445,809	10,809,062	12,047,218	11,842,219	14,685,631	15,394,791
1,006,404	869,522	528,035	977,960	1,241,225	1,257,669
4,243,382	4,923,381	4,814,256	5,196,267	6,770,973	6,504,612
1,965,129	1,869,893	1,849,723	1,601,495	1,838,226	1,859,581
6,202,220	6,925,004	6,441,594	6,566,852	8,160,986	9,407,722
342,910	347,575	297,845	333,418	331,036	286,618
27,330,352	29,591,356	30,521,999	31,752,705	41,875,546	40,426,425
(19,867,209)	(23,446,814)	(22,728,694)	(22,126,785)	(31,755,350)	(28,371,384)
17,721,888	19,355,973	19,846,984	20,867,723	20,970,252	23,315,743
4,973,439	5,089,642	6,083,842	6,556,319	7,107,360	7,090,988
289,107	238,824	469,788	464,046	518,452	433,695
389,495	285,586	21,230	46,351	1,075,637	1,678,720
261,641	149,832	-	-	-	-
(95,000)	(145,000)	37,886	(236,381)	(90,000)	(45,000)
23,540,570	24,974,857	26,459,730	27,698,058	29,581,701	32,474,146
3,673,361	1,528,043	3,731,036	5,571,273	(2,173,649)	4,102,762

POLK COUNTY, NORTH CAROLINA

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

	2015	2016	2017	2018
Business-type activities				
Program revenues:				
Charges for services:				
Solid waste	$ 1,411,327	$ 1,393,764	$ 1,471,321	$ 1,557,156
Water	4,500	5,099	9,000	85,500
Total program revenues	1,415,827	1,398,863	1,480,321	1,642,656
Expenses:				
Solid waste	1,370,127	1,220,455	1,273,902	1,447,256
Water	207,665	250,737	227,571	274,585
Total program expenses	1,577,792	1,471,192	1,501,473	1,721,841
Net revenues (expenses)	(161,965)	(72,329)	(21,152)	(79,185)
General revenues and transfers:				
Other taxes	46,243	50,406	52,108	51,437
Transfers	1,992,020	1,083,315	76,190	95,000
	2,038,263	1,133,721	128,298	146,437
Change in net position	1,876,298	1,061,392	107,146	67,252
Primary government				
Program revenues	7,043,579	6,704,916	7,249,146	7,041,924
Expenses	24,314,271	24,385,614	25,623,487	25,811,216
Net expenses	(17,270,692)	(17,680,698)	(18,374,341)	(18,769,292)
General revenues and transfers	19,678,460	19,564,941	21,440,318	21,790,957
Change in net position	$ 2,407,768	$ 1,884,243	$ 3,065,977	$ 3,021,665

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.

Source: Polk County Financial Statements

2019	2020	2021	2022	2023	2024
$ 1,668,510	$ 1,480,658	$ 1,744,588	$ 1,934,969	$ 1,995,284	$ 2,152,127
1,500	4,500	25,500	31,652	-	-
1,670,010	1,485,158	1,770,088	1,966,621	1,995,284	2,152,127
1,560,499	1,637,101	1,643,032	1,983,176	2,218,864	2,437,172
276,241	276,897	231,711	281,107	318,243	309,726
1,836,740	1,913,998	1,874,743	2,264,283	2,537,107	2,746,898
(166,730)	(428,840)	(104,655)	(297,662)	(541,823)	(594,771)
56,888	48,652	61,045	59,462	65,857	66,978
95,000	145,000	(37,886)	236,381	90,000	45,000
151,888	193,652	23,159	295,843	155,857	111,978
(14,842)	(235,188)	(81,496)	(1,819)	(385,966)	(482,793)
9,133,153	7,629,700	9,563,393	11,592,541	12,115,480	14,207,168
29,167,092	31,505,354	32,396,742	34,016,988	44,412,653	43,173,323
(20,033,939)	(23,875,654)	(22,833,349)	(22,424,447)	(32,297,173)	(28,966,155)
23,692,458	25,168,509	26,482,889	27,993,901	29,737,558	32,586,124
$ 3,658,519	$ 1,292,855	$ 3,649,540	$ 5,569,454	$ (2,559,615)	$ 3,619,969

POLK COUNTY, NORTH CAROLINA

Fund Balances - Governmental Funds
Last Ten Fiscal Years

	2015	2016	2017	2018
General fund:				
Nonspendable:				
Prepaids	$ -	$ 170,561	$ 168,196	$ 182,215
Restricted:				
Stabilization by state statute	1,163,570	1,633,744	1,552,457	2,005,617
Public safety	-	-	16,461	16,657
Committed:				
Tax revaluation	919,154	708,468	515,224	490,638
Assigned:				
Subsequent year's expenditure	888,900	-	546,676	408,240
Unassigned	5,906,286	6,534,837	6,225,687	6,710,905
Total General Fund	$ 8,877,910	$ 9,047,610	$ 9,024,701	$ 9,814,272
Other governmental funds:				
Nonspendable:				
Prepaids	$ -	$ 3,266	$ 479	$ 1,047
Restricted:				
Stabilization by state statute	-	44,120	46,260	102,091
Public safety	445,577	400,698	8,787,238	1,662,015
Tourism	99,671	88,809	107,185	160,079
Human services	-	-	-	-
Economic and physical development	25,691	27,690	27,486	-
School debt service	1,099,051	1,223,391	1,350,067	1,478,019
General government	-	-	-	-
Committed:				
Future projects	-	-	-	-
Assigned:				
Capital projects	1,251,150	777,107	1,477,203	1,568,815
Future school projects	-	-	-	-
Public safety	-	-	-	-
Unassigned (deficit)	-	(8,543)	-	(8,485)
Total other funds	$ 2,921,140	$ 2,556,538	$ 11,795,918	$ 4,963,581

Note: GASB Statement No. 54 established new fund balance classifications effective in 2011.
Source: Polk County Financial Statements

2019	2020	2021	2022	2023	2024
$ 188,873	$ 489,695	$ 108,273	$ 517,035	$ 674,497	$ 443,089
2,100,974	2,536,891	2,608,946	3,133,846	3,140,659	3,240,499
17,011	17,235	17,238	17,265	17,913	18,875
468,810	224,328	74,131	174,236	276,042	258,870
323,925	-	403,621	835,293	178,735	596,651
8,530,347	8,987,531	10,747,187	10,797,102	11,059,823	13,975,346
$ 11,629,940	$ 12,255,680	$ 13,959,396	$ 15,474,777	$ 15,347,669	$ 18,533,330
$ 1,984	$ 1,697	$ 7,252	$ 2,044	$ 1,855	$ 2,124
82,820	92,442	105,929	67,292	328,735	387,046
516,157	519,966	6,442,470	355,328	424,198	474,496
256,846	290,122	523,284	748,783	847,546	989,176
-	-	-	-	222,211	700,531
-	-	-	-	-	-
1,612,982	1,760,025	7,252	2,695,804	7,252	7,252
-	-	22,693	26,902	186,511	239,575
-	-	33,903	33,903	-	-
2,019,315	2,212,865	2,754,795	3,796,650	4,089,884	4,737,697
-	97,066	768,122	1,012,298	1,304,750	-
12,729	-	-	-	-	98,874
-	(6,413)	(16,377)	(18,762)	(61,918)	(23,402)
$ 4,502,833	$ 4,967,770	$ 10,649,323	$ 8,720,242	$ 7,351,024	$ 7,613,369

POLK COUNTY, NORTH CAROLINA

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

	2015	2016	2017	2018
Revenues:				
Property taxes	$ 15,671,820	$ 16,150,390	$ 16,686,794	$ 16,614,744
Local option sales taxes	3,344,092	3,513,262	4,090,672	4,332,174
Other taxes	117,868	149,841	201,098	245,521
Restricted intergovernmental	3,399,130	3,646,295	3,957,976	3,551,533
Restricted contributions	787,857	-	-	22,800
Permits and fees	406,966	365,658	439,525	603,219
Sales and services	1,301,164	1,294,100	1,371,324	1,221,716
Investment earnings	36,268	62,988	125,981	246,235
Miscellaneous	127,758	140,720	198,271	75,540
Total revenues	25,192,923	25,323,254	27,071,641	26,913,482
Expenditures:				
Current:				
General government	2,489,437	2,832,665	4,060,235	2,825,501
Public safety	6,410,486	6,848,449	5,893,817	7,368,662
Economic and physical development	1,097,371	763,494	644,324	838,107
Human services	4,461,551	4,258,143	4,758,052	4,050,988
Cultural and recreational	1,301,417	1,487,901	1,501,409	1,511,277
Intergovernmental:				
Education	5,786,491	5,539,826	5,765,217	5,685,884
Capital outlay	628,586	1,163,108	6,658,814	8,029,631
Debt service:				
Principal	1,338,613	1,395,210	1,768,942	2,142,457
Interest	296,328	156,377	246,192	421,540
Total expenditures	23,810,280	24,445,173	31,297,002	32,874,047
Other financing sources (uses):				
Proceeds from sales of assets	-	6,425	18,022	9,173
Lease liability issued	-	-	-	-
Subscription liability issued	-	-	-	-
Refinanced debt issued	-	-	-	-
Payment on refinanced debt	-	-	-	-
Proceeds from installment purchase contracts	800,000	-	13,500,000	-
Transfers from other funds	208,281	290,781	366,221	273,156
Transfers to other funds	(2,200,301)	(1,374,096)	(442,411)	(364,530)
Total other financing sources (uses):	(1,192,020)	(1,076,890)	13,441,832	(82,201)
Net change in fund balances	$ 190,623	$ (198,809)	$ 9,216,471	$ (6,042,766)
Debt service as a percentage of non-capital expenditures	7.1%	6.7%	8.2%	10.3%

Source: Polk County Financial Statements

2019	2020	2021	2022	2023	2024
$ 18,328,355	$ 19,266,873	$ 19,892,858	$ 20,915,918	$ 20,955,644	$ 23,353,870
4,973,439	5,089,642	6,083,842	6,556,319	7,107,360	7,090,988
289,107	238,824	469,788	464,046	518,452	433,695
4,879,248	3,783,967	5,193,073	6,314,620	5,955,421	9,038,227
730,000	-	-	-	-	-
475,199	489,393	680,507	738,458	616,120	690,752
1,378,696	1,871,182	1,727,869	1,817,306	2,238,773	2,432,410
389,495	285,586	21,230	46,351	1,075,637	1,678,720
261,641	149,832	191,856	755,536	328,399	268,235
31,705,180	31,175,299	34,261,023	37,608,554	38,795,806	44,986,897
3,841,536	3,489,065	4,458,894	5,401,745	6,214,163	5,571,080
8,690,664	9,635,647	11,828,012	12,475,980	14,147,225	15,205,001
997,507	830,153	911,313	984,007	1,209,124	1,177,517
4,001,694	4,523,232	4,736,247	5,205,098	6,648,433	6,444,490
1,704,075	1,531,886	1,590,508	1,831,847	2,195,300	1,943,675
6,202,220	6,925,004	6,441,594	10,205,287	8,160,986	9,462,513
2,342,214	1,488,562	-	-	3,503,712	2,661,418
2,114,551	1,221,391	2,839,420	1,470,213	1,584,484	1,628,290
376,583	334,660	307,651	340,279	318,746	295,153
30,271,044	29,979,600	33,113,639	37,914,456	43,982,173	44,389,137
11,907	37,877	-	-	-	-
-	-	-	128,583	4,845	198,726
-	-	-	-	271,484	34,462
-	-	9,979,742	-	-	-
-	-	(9,979,742)	-	-	-
-	-	6,200,000	-	-	-
104,450	659,823	2,221,521	5,045,034	1,066,782	2,984,659
(195,573)	(802,724)	(2,183,636)	(5,281,415)	(1,156,782)	(3,029,019)
(79,216)	(105,024)	6,237,885	(107,798)	186,329	188,828
$ 1,354,920	$ 1,090,675	$ 7,385,269	$ (413,700)	$ (5,000,038)	$ 786,588
8.9%	5.5%	10.2%	5.6%	4.7%	4.6%

POLK COUNTY, NORTH CAROLINA

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

	2015	2016	2017	2018
Real property	$ 2,694,037	$ 2,722,705	$ 2,778,171	$ 2,838,747
Personal property	227,145	237,507	265,243	275,372
Public service companies	80,835	78,842	72,695	86,418
Less tax exempt property	(228,599)	(230,862)	(233,111)	(316,061)
Total taxable assessed value	$ 2,773,418	$ 2,808,192	$ 2,882,998	$ 2,884,476
Total direct tax rate	0.5175	0.5175	0.5375	0.5294

NOTE: Assessed valuations are established by the Board of County Commissioners at 100% of estimated market value. A revaluation of real property is required by the NC General Statutes at least every eight years. Revaluation were completed in 2009 and 2017. Tax rates are per $100 of assessed value.

Source: Polk County Tax Department

2019	2020	2021	2022	2023	2024
$ 2,895,896	$ 2,969,231	$ 2,988,580	$ 3,318,665	$ 3,116,727	$ 3,199,799
288,791	332,400	352,831	501,346	773,100	786,394
110,492	116,652	146,073	155,738	161,738	173,259
(341,320)	(349,526)	(347,104)	(428,584)	(427,183)	(426,623)
$ 2,953,859	$ 3,068,757	$ 3,140,380	$ 3,547,165	$ 3,624,382	$ 3,732,829
0.5294	0.5494	0.5494	0.5143	0.5143	0.5343

POLK COUNTY, NORTH CAROLINA

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
County direct rate:										
General Fund	0.5175	0.5175	0.5375	0.5294	0.5294	0.5494	0.5494	0.5143	0.5143	0.5343
Harmon Field rate	0.0350	0.0350	0.0350	0.0334	0.0334	0.045	0.045	0.0385	0.0385	0.0385
City/town rates:										
Saluda	0.6050	0.6050	0.6050	0.6050	0.6450	0.665	0.675	0.675	0.68	0.690
Columbus	0.4000	0.4150	0.4200	0.4246	0.4446	0.5246	0.5246	0.515	0.515	0.5225
Tryon	0.5508	0.5708	0.5708	0.5663	0.6088	0.6088	0.5696	0.5696	0.5896	0.6496
Fire district rates:										
Saluda	0.0750	0.0850	0.0950	0.0940	0.1050	0.1150	0.1150	0.1130	0.1200	0.1300
Sunnyview	0.0600	0.0600	0.0600	0.0759	0.0759	0.1059	0.1059	0.1085	0.1085	0.1085
Mill Spring	0.0650	0.0650	0.0700	0.0663	0.0813	0.0813	0.0813	0.0754	0.0754	0.1054
Green Creek	0.0410	0.0410	0.0560	0.0446	0.0646	0.0846	0.0846	0.0839	0.1039	0.1039
Tryon	0.0480	0.0680	0.0680	0.0635	0.1035	0.1035	0.1035	0.0886	0.1086	0.1186
Columbus	0.0650	0.0650	0.0700	0.0746	0.0746	0.1046	0.1046	0.0950	0.0950	0.1025
Edneyville	-	-	-	0.1050	0.1050	0.1050	0.1050	0.0945	0.0945	0.0945
Blue Ridge	-	-	-	0.1200	0.1200	0.1200	0.1200	0.1166	0.1166	0.1166
Dana	-	-	-	0.1300	0.1300	0.1300	0.1300	0.1132	0.1132	0.1132
School district rate:										
Saluda	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300
Total Direct and Overlapping Rates	2.4923	2.5573	2.6173	2.9626	3.1511	3.3727	3.3435	3.2311	3.3031	3.4581

Source: Polk County Tax Department

POLK COUNTY, NORTH CAROLINA

Principal Property Taxpayers
Current Year and Nine Years Ago

	2024			2015		
Taxpayer	**Taxable assessed value**	**Rank**	**Percentage of total County taxable assessed value**	**Taxable assessed value**	**Rank**	**Percentage of total County taxable assessed value**
Public Service Co., of NC	$ 73,642,679	1	1.97%	N/A		
Adult Communities Total Svc	45,491,378	2	1.22%	$ 49,056,758	1	1.77%
Duke Energy	44,623,980	3	1.20%	26,645,894	6	0.96%
Tryon Showgrounds	39,870,971	4	1.07%	N/A		
Tryon Equestrian Properties	33,381,233	5	0.89%	14,473,349	3	0.52%
Green River Farm LLC	11,319,911	6	0.30%	8,045,121	7	0.29%
Tryon Arena LLC	11,210,395	7	0.30%	N/A		
Brights Creek Partners	10,290,550	8	0.28%	N/A		
1986 Sandy Plains Rd., LLC	8,508,003	9	0.23%	N/A		
Tryon Lodging 1 LLC	8,269,309	10	0.22%	N/A		
Alianza Trinity (1)				40,954,017	2	1.48%
Rutherford Electric Membership Corp				11,694,238	5	0.42%
RL REGI-NC Little Wing LLC (2)				11,100,599	4	0.40%
Byana LLC				7,674,575	8	0.28%
Travis Oates LLC				7,362,470	9	0.27%
Hidden Springs Holdings				7,429,367	10	0.27%
Total	$ 286,608,409		7.68%	$ 184,436,388		6.65%

(1) Previously White Oak Development

(2) Previously Bright's Creek Holdings

Source: Polk County Tax Department

POLK COUNTY, NORTH CAROLINA

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

	2015	2016	2017	2018
Taxes levied for the year	$ 14,352	$ 14,538	$ 15,501	$ 15,283
Collected within the fiscal year of the levy:				
Amount	13,886	14,149	15,115	14,907
Percentage	97%	97%	98%	98%
Current uncollected balance	6	7	15	55
Collection in subsequent years	460	382	371	321
Total collections to date:				
Amount	14,346	14,531	15,486	15,228
Percentage	99.96%	99.95%	99.90%	99.64%

Source: Polk County Financial Statements

2019	2020	2021	2022	2023	2024
$ 15,671	$ 16,864	$ 17,293	$ 18,241	$ 18,641	$ 19,947
15,464	16,599	17,087	18,057	18,423	19,728
99%	98%	99%	99%	99%	99%
207	266	206	183	218	219
-	-	-	-	-	-
15,464	16,599	17,087	18,057	18,423	19,728
98.68%	98.43%	98.81%	98.99%	98.83%	98.90%

POLK COUNTY, NORTH CAROLINA

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	2015	2016	2017	2018
Governmental activities:				
Direct placement installment purchases	$ 8,887,335	$ 7,549,657	$ 19,340,591	$ 17,245,700
Lease liabilities	-	-	-	-
Subscription liabilities	-	-	-	-
Capital leases	164,974	107,442	47,566	-
Total governmental activities	9,052,309	7,657,099	19,388,157	17,245,700
Business-type activities:				
Direct placement installment purchases	172,657	167,441	161,903	156,024
Lease liabilities	-	-	-	-
Total governmental activities	172,657	167,441	161,903	156,024
Total government-wide	$ 9,224,966	$ 7,824,540	$ 19,550,060	$ 17,401,724
Total debt as a percent of personal income	1.09%	0.90%	2.20%	N/A
Total debt per capita	$ 444	$ 376	$ 930	$ 818
Percentage of bonded debt to estimated actual property value	0.00%	0.00%	0.00%	0.00%
Bonded debt per capita	$ -	$ -	$ -	$ -

2019	2020	2021	2022	2023	2024
$ 15,131,149	$ 13,909,759	$ 17,270,340	$ 15,839,685	$ 14,387,246	$ 12,912,457
-	-	-	89,025	55,377	212,729
-	-	-	-	177,932	100,267
-	-	-	-	-	-
15,131,149	13,909,759	17,270,340	15,928,710	14,620,555	13,225,453
149,782	143,155	136,120	128,651	120,721	112,252
-	-	-	612	426	238
149,782	143,155	136,120	129,263	121,147	112,490
$ 15,280,931	$ 14,052,914	$ 17,406,460	$ 16,057,973	$ 14,741,702	$ 13,337,943
N/A	N/A	N/A	N/A	N/A	N/A
$ 707	$ 643	$ 791	$ 855	$ 753	$ 678
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, 2024

Governmental Unit:	Debt Outstanding [1]	Estimated Percentage Applicable	Applicable to Primary Government
Town of Columbus [1]	$ 186,159	100%	$ 186,159
Town of Tryon [1]	1,992,644	100%	1,992,644
City of Saluda [1]	2,283,916	100%	2,283,916
		Subtotal, overlapping debt	4,462,719
		Polk County direct debt	14,127,863
		Total direct and overlapping debt	$ 18,590,582

[1] 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

	2015	2016	2017	2018
Debt limit	$ 221,873,438	$ 224,655,361	$ 230,639,810	$ 230,758,117
Total debt applicable to limit	9,052,309	7,824,540	19,550,060	17,401,724
Legal debt margin	$ 212,821,129	$ 216,830,821	$ 211,089,750	$ 213,356,393
Total debt applicable to the limit as a percentage of debt limit	4.27%	4.08%	3.48%	8.48%

Source: Polk County Financial Statements

2019	2020	2021	2022	2023	2024
$ 236,308,778	$ 245,539,130	$ 251,230,420	$ 283,773,161	$ 289,950,596	$ 298,626,302
15,280,931	13,909,759	17,406,460	15,968,336	14,507,967	13,024,709
$ 221,027,847	$ 231,629,371	$ 233,823,960	$ 267,804,825	$ 275,442,629	$ 285,601,593
6.47%	5.66%	6.93%	5.63%	5.00%	4.36%

Legal Debt Margin Calculation for Fiscal Year 2024

Assessed value	$ 3,732,828,770
Debt limit (8% of assessed value)	$ 298,626,302
Debt applicable to limit:	
Installment purchase contracts	13,024,709
Legal debt margin	$ 285,601,593

POLK COUNTY, NORTH CAROLINA

Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population (1)	Personal Income (000's) (2)	Per Capita Personal Income (2)	Median Age (1)	School Enrollment (3)	Unemployment Rate (4)
2015	20,755	$ 844,715	42,690	50.36	2,276	5.7%
2016	20,828	866,459	44,247	51.06	2,167	4.9%
2017	21,020	889,704	46,044	51.29	2,147	4.0%
2018	21,275	933,484	47,268	51.80	2,098	4.1%
2019	21,614	942,090	51,632	52.10	2,099	4.5%
2020	21,852	1,012,074	54,915	52.40	2,112	6.3%
2021	21,999	$1,169,185	58,680	50.80	2,057	4.6%
2022	18,780	$1,229,020	61,494	51.10	2,035	4.1%
2023	19,585	N/A	N/A	51.20	2,043	3.5%
2024	19,660	N/A	N/A	51.30	2,027	3.8%

Source:
(1) N.C. Office of State Budget Management
(2) Bureau of Economic Analysis, CAINC1 County and MSA personal income summary
(3) N.C. Department of Public Instruction, First Month Average Daily Membership
(4) Bureau of Labor Statistics
(5) NCACC Map Book, 2024|11
N/A Information not yet available

POLK COUNTY, NORTH CAROLINA

Principal Employers
Current Year and Nine Years Ago

	2024			2015		
Employer	**Employees**	**Rank**	**Percentage of Total County Employment**	**Employees**	**Rank**	**Percentage of Total County Employment**
Polk County Public Schools	250-499	1	2.6% - 5.2%	380	1	4.41%
Polk County Government	250-499	2	2.6% - 5.2%	223	5	2.59%
St. Luke's Hospital Inc	250-499	3	2.6% - 5.2%	324	2	3.76%
Tryon International Equestrian Ctr	100-249	4	1.0% - 2.6%	300	3	3.48%
Acts Inc	100-249	5	1.0% - 2.6%	229	4	2.66%
Cooper Riis Inc	100-249	6	1.0% - 2.6%	202	6	2.34%
White Oak Management Inc	100-249	7	1.0% - 2.6%	140	7	1.62%
Pavillon International (A Corp)	100-249	8	1.0% - 2.6%	N/A	N/A	0.00%
Pure Country	50-99	9	.5% - 1.0%	N/A	N/A	0.00%
Milliken & Co Inc	50-99	10	.5% - 1.0%	N/A	N/A	0.00%
Autumn Corporation	50-99	11	.5% - 1.0%	99	8	1.15%
Polk Vocational Services	50-99	12	.5% - 1.0%	N/A	N/A	0.00%
Food Lion	50-99	13	.5% - 1.0%	N/A	N/A	0.00%
Community Choices Inc	50-99	14	.5% - 1.0%	N/A	N/A	0.00%
Town of Tryon	50-99	15	.5% - 1.0%	N/A	N/A	0.00%
Carolina Yarn Processors	N/A		0.00%	60	9	0.70%
Laurel Hurst	N/A		0.00%	67	10	0.78%
Hatch Plant	N/A		0.00%	55	11	0.64%
Timken Inc	N/A		0.00%	37	12	0.43%
Total Workforce & % of:	9,528		16.3% - 35.6%	8,623		25.59%

NOTE: Percent range for 2023 & as shown for 2014
N/A Information not available.

Source: d4nccommerce.com for 2023 & Local Business Survey for 2014

POLK COUNTY, NORTH CAROLINA

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Government										
Governing body	-	1.0	1.0	0.5	0.5	0.5	0.5	0.5	1.0	1.0
Administration - Co Mgr	4.0	3.5	3.5	4.0	3.5	2.5	2.5	3.5	3.0	3.0
Finance	4.0	4.5	4.5	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Human resources	-	-	-	-	-	1.0	1.0	1.0	1.0	1.0
Tax	7.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.2	8.2
Tag office	1.5	2.4	2.4	2.4	2.4	2.4	2.4	2.4	1.8	1.8
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	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8
Buildings/Grounds maintenance	6.9	6.9	6.9	6.9	6.9	6.9	7.2	7.2	3.5	3.5
Management info systems	3.0	2.5	2.5	2.5	2.5	3.0	3.0	4.0	4.0	4.0
Revaluation	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0	1.0	1.0
Public safety										
Sheriff's department	30.0	30.0	31.0	31	32.0	32.0	32.0	33.0	33.0	30.0
SRO	3.0	3.0	3.0	3.0	4.0	4.0	5.0	5.0	6.0	6.0
Jail	10.0	11.0	11.0	24.0	24.5	28.0	28.0	29.0	29.0	29.0
Communications	9.5	9.5	9.5	9.5	9.5	9.5	9.5	11.0	11.0	11.0
Emergency management	1.0	1.0	1.0	1.0	1.5	1.5	1.5	1.5	1.5	2.0
Animal control	1.0	1.0	1.0	1.0	1.8	1.8	2.0	2.0	2.0	2.0
Building inspections	4.0	4.0	5.0	6.0	6.0	5.0	4.0	4.0	4.0	4.0
Emergency medical services	17.0	18.0	19.0	19.0	19.0	19.0	19.0	27.0	27.0	27.0
Economic and physical development										
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	4.0	4.0	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
Human Services										
Public health department	-	-	-	-	-	6.5	7.0	9.0	9.0	9.0
Public transportation	17.5	17.5	17.0	17.0	14.5	15.5	15.4	15.5	14.0	14.0
Social service administration	31.0	32.0	34.5	34.5	38.1	38.1	39.0	39.0	40.8	46.8
Veteran's administration	0.85	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Cultural and recreational										
Senior centers	6.9	6.9	6.9	6.9	6.9	7.9	6.7	6.7	6.7	7.3
Library	10.7	10.7	10.7	10.7	10.7	10.7	10.7	10.7	10.7	10.7
Recreation	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	4.5	4.5
	189.7	194.0	199.2	212.7	217.1	228.5	230.2	245.8	241.2	245.4

Source: Various County Departments.

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POLK COUNTY, NORTH CAROLINA

Operating Indicators by Function
Last Ten Fiscal Years

	2014	2015	2016	2017
General Government:				
Percentage of registered voters participating in general election	49.00%	N/A	68.41%	N/A
Public Safety:				
Number of inmates processed	926	1,119	910	992
Number of inmate days	10,274	10,760	10,409	9,269
Number of building permits issued	59	72	59	85
Number of EMS calls dispatched	2,725	3,237	3,190	3,105
Human Services:				
Public transportation total route miles	332,025	356,307	368,690	381,076
Public transportation passengers	40,420	39,520	40,597	39,448
Number of children in foster care	17	33	30	51
Economic & Physical Development:				
Number of plats recorded	169	175	141	194
Culture and Recreation - Library:				
Volumes in collection	63,636	57,368	53,191	52,304
Circulation	110,954	143,291	157,858	158,968
Education:				
Current expense per ADM	$ 2,130	$ 2,168	$ 2,323	$ 2,389
Enterprise Fund- Landfill:				
Tons of waste received	22,653	21,440	21,009	19,156

N/A Information not available

Source: Various County departments

2018	2019	2020	2021	2022	2023	2024
57.73%	23.66%	75.88%	N/A	58.29%	N/A	N/A
965	1,122	955	1,002	1,061	942	988
8,816	17,949	17,252	12,675	15,128	15,082	15,526
90	78	91	109	174	130	150
3,154	3,320	3,056	3,536	4,299	4,165	4,052
389,799	434,257	308,928	233,911	187,255	239,316	246,966
39,603	39,662	29,713	14,815	19,173	21,284	22,072
51	39	24	50	45	51	54
141	173	205	248	275	235	199
53,830	54,846	50,126	51,643	49,380	66,055	70,914
149,662	152,273	130,441	155,017	160,553	162,355	172,966
$ 2,445	$ 2,444	$ 2,429	$ 2,494	$ 2,521	$ 2,658	$ 3,038
23,495	23,121	20,876	22,407	24,342	26,166	26,043

POLK COUNTY, NORTH CAROLINA

Capital Asset Statistics by Function
Last Ten Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public Safety:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol vehicles	37	43	39	35	39	53	52	57	71	72
Culture and Recreation:										
Libraries	2	2	2	2	2	2	2	2	2	2
Recreation acreage	140	140	140	140	613	613	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	1	1	1	1
Human Services:										
Transit-Vans	15	15	15	17	20	18	19	19	18	19
	203	209	205	203	683	695	693	698	711	713

Source: Various County departments

COMPLIANCE SECTION

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
Columbus, 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, 2024, 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 27, 2024.

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 County'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 County'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 27, 2024

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
Columbus, 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, 2024. 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, 2024.

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 27, 2024

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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
Columbus, 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, 2024. 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, 2024.

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 non-compliance, 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 27, 2024

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POLK COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

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#**
COVID-19 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?	X	Yes	_____	No

POLK COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

1. Summary of Auditor's Results (continued)

State Awards

Internal control over major state 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 state programs: Unmodified

Any findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act?	_____	Yes	X	No

Identification of major state programs:

Public School Building Capital Fund

Auditee qualified as low-risk auditee?	X	Yes	_____	No

2. Financial Statements Findings

None reported.

3. Federal Award Findings and Questioned Costs

None reported.

4. State Award Findings and Questioned Costs

None reported.

POLK COUNTY, NORTH CAROLINA

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024

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, 2024

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
FEDERAL AWARDS:						
U. S. Department of Agriculture						
Passed-through the N. C. Department of Health and Human Services:						
Division of Social Services:						
SNAP Cluster:						
Supplemental Nutrition Assistance Program (SNAP) Cluster:						
ARPA State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	205NC406S2514	$ 5,046	$ -	$ -	$ -
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	205NC406S2514	119,114	-	-	-
Total SNAP Cluster			124,160	-	-	-
Division of Public Health:						
Administration:						
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	13A25403 (GB, GC), 13A25404 (GB, GC), 13A25405 (GB, GC), 13A25409 (GB, GC)	67,231	-	-	-
Total Division of Public Health			67,231	-	-	-
Total U.S. Department of Agriculture			191,391	-	-	-
U.S. Department of Transportation						
Federal Transit Administration:						
Passed-through the N.C. Department of Transportation:						
Rural Area Program:						
Formula Grants for Rural Areas and Tribal Transit Program - Administration	20.509	36233.83.23.1, 36233.83.24.1, 36233.83.25.1	173,963	-	-	-
Total Rural Area Program			173,963	-	-	-
Recreational Trails Program	20.219		20,000	-	-	-
Total US Department of Transportation			193,963	-	-	-
U. S. Department of the Treasury						
Department of the Treasury						
Direct Program						
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		106	-	-	-
Total Coronavirus Relief Fund			106	-	-	-
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		1,542,713			
Total U.S. Department of the Treasury			1,542,819	-	-	-
Institute of Museum and Library Services						
Grants to States - LSTA	45.310		75,561	-	-	-
Total Institute of Museum and Library Services			75,561	-	-	-
U. S. Department of Health and Human Services						
Administration for Children and Families						
Passed-through the N. C. Department of Health and Human Services:						
Division of Social Services:						
Foster Care, Adoption, and Guardianship Assistance Program Cluster (Note 4):						
Administration:						
Foster Care - Title IV-E	93.658	2201NCFOST	227,785	5,593	-	-
Foster Care Title IV-E CPS	93.658	2201NCFOST	214,783	74,672	-	-
Adoption Assistance	93.659	2201NCADPT	6,208	-	-	-
Total Foster Care, Adoption and Guardianship Assistance Program Cluster			448,776	80,265	-	-
Temporary Assistance for Needy Families						
TANF - Work First	93.558	2201NCTANF	122,114	-	-	-
Total Temporary Assistance for Needy Families			122,114	-	-	-
Special Children Adoption Fund Cluster (Note 4):						
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2201NCCWSS	705	3,535	-	-
Mary Lee Allen Promoting Safe and Stable Families Program	93.556	2201NCFPSS	9,927	-	-	-
Total Special Children Adoption Fund Cluster			10,632	3,535	-	-

POLK COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

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
Refugee and Entrant Assistance Cluster (Note 4):						
Refugee and Entrant Assistance State / Replacement Designee Administered Program	93.566	2201NCRCMA	-	-	-	-
Total Refugee and Entrant Assistance Cluster			-	-	-	-
Child Support Services:						
IV-D Offset-Fed	93.563	2201NCCES	28	-	-	-
IV-D Administration	93.563	2201NCCES	153,150	-	-	-
Total Child Support Services			153,178	-	-	-
Low-Income Home Energy Assistance:						
Crisis Intervention Program	93.568	2201NCLIEA	-	300	-	-
Weatherization Assistance and Heating and Air Repair	93.568	2201NCLIEA	13,220	-	-	-
COVID - 19 Weatherization Assistance and Heating and Air Repair	93.568	2201NCLIEA	7,200	-	-	-
Total Low-Income Home Energy Assistance			20,420	300	-	-
Social Services Block Grant:						
Social Services Block Grant - Other Service and Training	93.667	2201NCSOSR G1801NCSOSR,	82,873	-	-	-
State In Home Service Fund	93.667	G1901NCSOSR	2,087	-	-	-
State Adult Day Care	93.667	2201NCSOSR	20,576	-	-	-
State Child Protective Services	93.667	2201NCSOSR	78,700	-	-	-
Total Social Services Block Grant			184,236	-	-	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2201NCC1LP	5,443	1,361	-	-
Direct Benefit Payments	93.674	2201NCC1LP	500	-	-	-
Total John H. Chafee Foster Care Program for Successful Transition to Adulthood			5,943	1,361	-	-
Passed-through the N.C. Department of Health and Human Services:						
Division of Child Development and Early Education:						
Subsidized Child Care Program Cluster (Note 4)						
Child Care Development Fund Cluster						
Division of Social Services:						
Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Administration	93.596	2201NCCCDF	38,115	-	-	-
Total Subsidized Child Care Program Cluster/Child Care Development Fund Cluster			38,115	-	-	-
Centers for Medicare and Medicaid Services:						
Passed-through the N.C. Department of Health and Human Services:						
Medicaid Cluster:						
Division of Social Services:						
Administration:						
Medical Assistance Program	93.778	XIX-MAP22	605,996	41,618	-	-
Total Medicaid Cluster			605,996	41,618	-	-
Division of Social Services:						
Administration:						
Children's Health Insurance Program:						
N.C. Health Choice	93.767	CHIP22	99,817	1,230	-	-
Centers for Disease Control and Prevention:						
Division of Public Health:						
Public Health Emergency Preparedness	93.069	12642680EU	25,986	-	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	14602720NF	50	-	-	-
Immunization Cooperation Agreements	93.268	13316315LD, 1331631DEJ, 13316315LD	5,909	-	-	-
COVID-19 Immunization Cooperation Agreements	93.268	13316315LD, 1331631DEJ, 13316315LD	16,335	-	-	-
Total Immunization Cooperation Agreements			22,244	-	-	-

POLK COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

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
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	1175883AP5, 1332892AL5	32,347	-	-	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	1175883AP5, 1332892AL5	3,114	-	-	-
Total Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)			35,461	-	-	-
COVID-19 - Public Health Emergency Response:						
Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	1332535AYM	156,940	-	-	-
HIV Care Formula Grants - Ryan White Care Act	93.917		100	-	-	-
Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.967	NE11O000015	7,499	-	-	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	NH25PS005152	59	-	-	-
Preventive Health and Health Services Block Grant	93.991	12615503PH	30,431	-	-	-
Total Centers for Disease Control and Prevention			278,770	-	-	-
Maternal and Child Health Services Block Grant to the States	93.994	12715351AR, 12715745AR	5,385	-	-	-
Total U.S. Department of Health and Human Services			1,973,382	128,309	-	-
U. S. Department of Homeland Security						
Passed-through N.C. Department of Crime Control and Public Safety:						
Division of Emergency Management:						
Emergency Management Performance Grants	97.042	EMA-2022-EP-00005-2220075	39,698	-	-	-
Total U. S. Department of Homeland Security			39,698	-	-	-
Total Federal awards			$ 4,016,814	$ 128,309	$ -	$ -
STATE AWARDS:						
N.C. Office of State Budget and Management						
State Capital Infrastructure Fund			$ -	$ 54,792	$ -	$ -
Office of State Budget and Management - Directed Grants			-	34,189	-	-
Total Office of State Budget and Managemeent			-	88,981	-	-
N.C. Department of Natural and Cultural Resources						
Division of State Library						
State Aid for Public Libraries			-	95,589	-	-
Total Division of State Library			-	95,589	-	-
Division of Parks and Recreation						
Parks and Recreation Trust Fund			-	153,661	-	-
Total Division of Parks and Recreation			-	153,661	-	-
Total N.C. Department of Natural and Cultural Resources			-	249,250	-	-
N.C. Department of Agriculture and Consumer Services						
Division of Soil and Water Conservation						
Streamflow Rehabilitation Assistance Program		22-080-4119	-	204,561	-	-
Total N.C. Department of Agriculture and Consumer Services			-	204,561	-	-
N.C. Department of Health and Human Services (NCDHHS)						
Division of Social Services:						
Administration:						
Smart Start			-	99	-	-
State Child Welfare - State Protective Services			-	13,253	-	-
State Foster Care Program - Direct Benefits:						
State Foster Home			-	73,302	-	-
State Foster Home Fund (SFHF) Maximization			-	177,803	-	-
Foster Care at Risk Maximization				8,669		
Foster Care Kinship			-	9,745	-	-
Total State Foster Care Program - Direct Benefits			-	269,519	-	-
Total Division of Social Services			-	282,871	-	-
Division of Public Health:						
Child Health		1271535100	-	2,772	-	-
DPH Aid-to-Counties		1161411000	-	30,580	-	-
Food and Lodging Fees		11534752SZ	-	6,223	-	-
General Communicable Disease Control		1175451000	-	7,029	-	-
Healthy Communities		1261550300	-	3,747	-	-
HIV/STD State		NU62PS924527	-	400	-	-
School Nursing Funding Initiative		1332535800	-	150,000	-	-
State Fiscal Recovery Funds			-	47,357	-	-
Tuberculosis Control		1460455100, 1460455400	-	1,949	-	-
Total Division of Public Health			-	250,057	-	-
Total NCDHHS			-	532,928	-	-

POLK COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

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
N.C. Department of Juvenile Justice and Delinquency Prevention						
Juvenile Crime Prevention Programs			-	73,819	-	-
Total N.C. Department of Juvenile Justice and Delinquency Prevention			-	73,819	-	-
N.C. Department of Public Instruction (NCDPI)						
Public School Building Capital Fund:						
Lottery Proceeds		Lottery 2024	-	1,834,282	-	-
Total N.C. Department of Public Instruction (NCDPI)			-	1,834,282	-	-
N.C. Department of Public Safety						
Sheriffs Office Grant			-	10,678	-	-
Total N.C. Department of Public Safety			-	10,678	-	-
N.C. Department of Transportation (NCDOT)						
Rural Operating Assistance Program (ROAP):						
ROAP Elderly and Disabled Transportation Assistance Program		DOT-16CL	-	20,298	-	-
ROAP Rural General Public Program		DOT-16CL	-	217	-	-
ROAP Work First Transitional - Employment		DOT-16CL	-	7,580	-	-
Total ROAP			-	28,095	-	-
Rideshare/Transportation Demand Management Program		DOT-11	-	10,872	-	-
Total Rideshare/Transportation Demand Management Program			-	10,872	-	-
Total NCDOT			-	38,967	-	-
Total State awards			-	3,033,466	-	-
Total Federal and State awards			$ 4,016,814	$ 3,161,775	$ -	$ -

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, 2024. 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
Refugee and Entrant Assistance Cluster