

COMPREHENSIVE ANNUAL FINANCIAL REPORT
Of

POLK COUNTY,
NORTH CAROLINA

Columbus, North Carolina
For the Fiscal Year Ended June 30, 2016



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



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INTRODUCTORY SECTION

(Unaudited)

This section of Polk County's comprehensive annual 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 comprehensive annual financial report for the previous fiscal year.



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October 12, 2016

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

Ladies and Gentlemen:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of Polk County (the "County") for the fiscal year ended June 30, 2016. 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 Gould Killian, CPA Group, 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, 2016, are free of material misstatements. The audit involved examining, on a test basis, evidence supporting the amounts and

Polk County for the fiscal year ended June 30, 2016, 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, 2016 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 Western Highlands Regional Mental Health and Rutherford-Polk-McDowell District Health Department.

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.

FACTORS AFFECTING FINANCIAL CONDITION

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

Local economy – The labor force increased approximately 2% from the previous year. The present unemployment rate is 4.9% (down from 5.7% the previous year) and lower than the State unemployment rate of 5.1%. 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 and median age is increasing every year. However, the agriculture and equine industries are continuing to grow. Per capita income is higher than the State average.

Long-term financial planning – The County develops and maintains a five-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 – Water is a key issue facing our County. The County purchased Lake Adger in fiscal year 2010. The County is slowly adding to the waterline infrastructure. It is

expected to be the future water source for the County. The County spent approximately \$1M during the fiscal year for the construction of waterlines, one that connects all of the County's waterlines with the ability to tie onto adjoining County waterlines.

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 Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended June 30, 2015. This marks the twentieth 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 CAFR, 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 Dixon Hughes Goodman LLP 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,

A handwritten signature in black ink, appearing to read "D.M.P.", with a long horizontal stroke extending to the right.

Marche Pittman
Interim County Manager

A handwritten signature in blue ink, appearing to read "Sandra Hughes", with a large, stylized initial "S".

Sandra Hughes
Finance Director

POLK COUNTY, NORTH CAROLINA

List of Principal Officials

June 30, 2016

BOARD OF COUNTY COMMISSIONERS

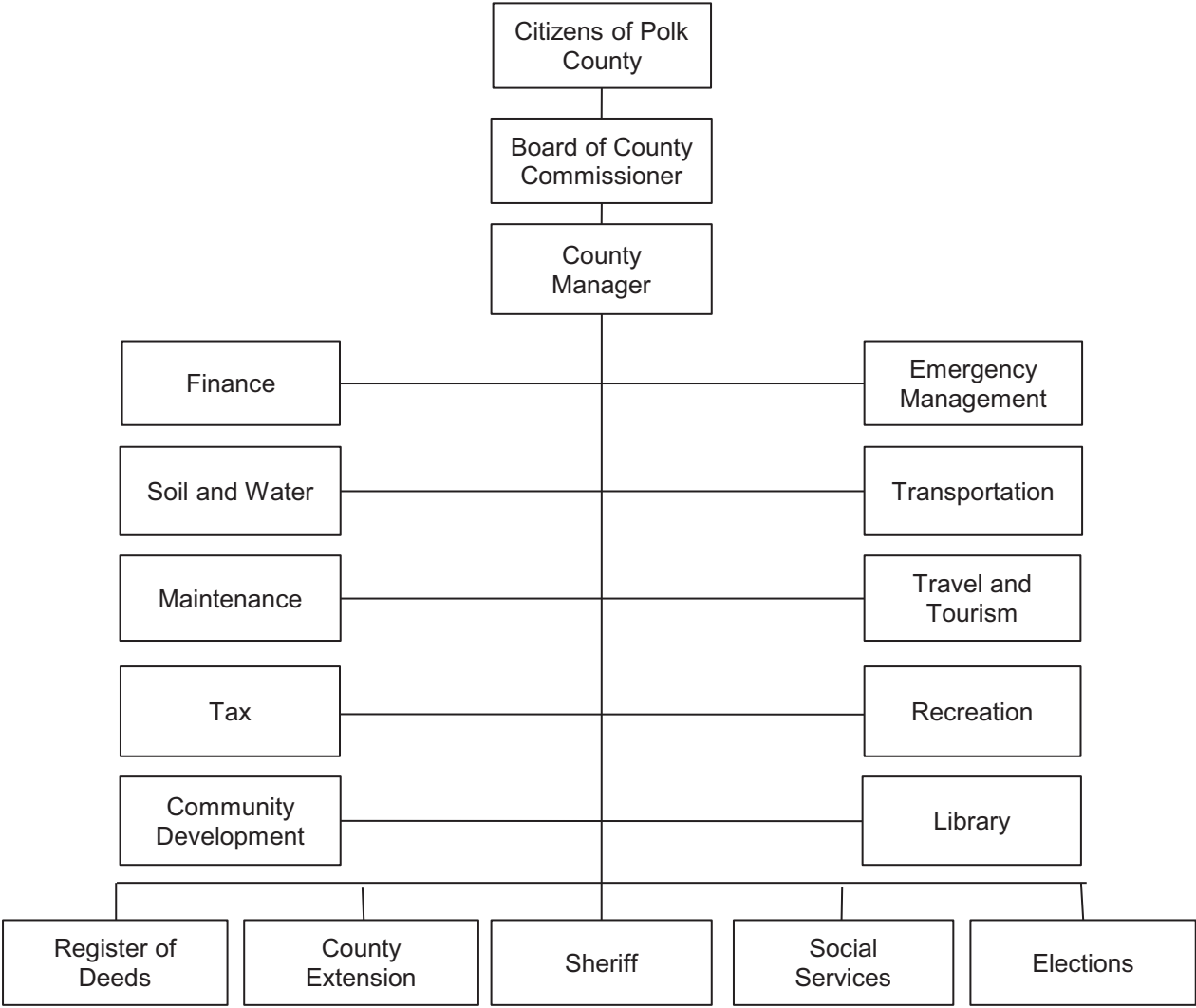
Michael Gage, Chairman
Keith Holbert, Vice Chairman
Ray Gasperson
Shane Bradley
Ted Owens

County Officials

Marche Pittman	County Manager
Jana Berg	County Attorney
Vacant	Consolidated Human Services Agency Director
Lou Parton	Social Services
Sandra Hughes	Finance Director
Sheila Whitmire	Register of Deeds
Donald Hill	Sheriff
Cliff Marr	Director, Election Board
Melissa Bowlin	Tax Collector/Assessor
Jerry Stensland	Director, Parks and Recreation
Pamela Hyder	Clerk of Court
Bruce Yelton	MIS Director
Cathy Ruth	Planning
Scott Wellborn	Cooperative Extension
Brian Rogers	Forest Ranger
Rishara Finsel	County Librarian
Darrell Moore	Veterans Service Officer
Bobby Arledge	Emergency Preparedness/EMS Director
Steve Jones	Building Inspections Director
Dianne Timberlake	Transportation
Melinda Young	Director of Tourism
James McGuinn	Communications Director
Mickey Edwards	Ground and Building Maintenance Director

POLK COUNTY, NORTH CAROLINA

Organization Chart





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Polk County
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO



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FINANCIAL SECTION

This section of Polk County's comprehensive annual 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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Independent Auditors' Report

Board of Commissioners
Polk County, North Carolina
Columbus, North Carolina

Report on the Financial Statements

We have audited 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, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, based on our audit, the 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, 2016, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-11, the Law Enforcement Officers' Special Separation Allowance Schedule of Funding Progress on page 53, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Liability (Asset) and County Contributions on pages 54-55, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions on pages 56-57, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Polk County, North Carolina. The introductory section, combining and individual fund statements, budgetary schedules, other schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

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

Donald Killian CPA Group, P.A.

Asheville, North Carolina
October 12, 2016

POLK COUNTY, NORTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Polk County (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of Polk County for the fiscal year ended June 30, 2016. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

Government-wide level:

- As of the end of the current fiscal year, the County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$37,799,065 (net position).
- The County's net position increased \$1,884,243 this year. This is primarily driven by continued operating efficiencies, including an increase in the County's property tax collection rate and limited increases in operating expenses of only 1 percent.
- Capital assets of the County increased overall by \$775,621 after depreciation. This net increase was mostly due to ongoing waterline construction and preliminary costs incurred on the new detention facility.
- The County's total debt decreased by \$1,400,426 due to regular principal payments. No new debt was issued during the year.

Fund level:

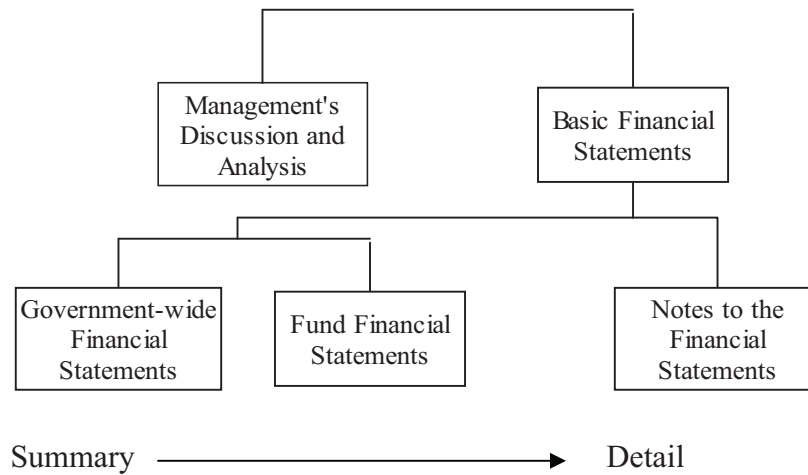
- As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$11,604,148, a decrease of \$198,809. Approximately 31 percent, or \$3,592,279 is restricted or nonspendable.
- At the end of the current fiscal year, fund balance available for appropriation in the General Fund was \$7,243,305, or 31.1 percent of total General Fund expenditures (and transfers out) for the fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as 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 1 and 2) 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 3 through 9) are Fund Financial Statements. These statements focus on the activities of the individual parts of the County's 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. Following the notes is the required supplemental information, which contains information about the County's participation in pension plans. After the required supplemental information, supplemental information is provided to show details about the County's nonmajor governmental funds and internal service fund, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

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 status as a whole.

The two government-wide statements report the County's net position and how it has changed. Net position is the difference between the County's total assets, deferred outflows of resources, total 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 state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide.

The government-wide financial statements are on Exhibits 1 and 2 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 fiduciary 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 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 resources 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 government 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 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. 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. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Proprietary Funds - Polk County only has two different 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 enterprise funds to account for its solid waste transfer station operations and its water operations. These funds are the same as the separate activities shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.
- *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the functions of Polk County. The County uses an internal service fund to account for one activity--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 resources held for the benefit of parties outside the government. 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 24 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 53 of this report.

Government-Wide Financial Analysis

The following is a summary of the government-wide Statements of Net Position:

Polk County's Net Assets
Figure 2

	Governmental Activities		Business-type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Assets:						
Current and						
other assets	\$ 13,724,628	\$ 14,765,143	\$ 1,475,636	\$ 1,077,301	\$ 15,200,264	\$ 15,842,444
Capital assets	<u>19,578,600</u>	<u>19,575,245</u>	<u>13,644,509</u>	<u>12,872,243</u>	<u>33,223,109</u>	<u>32,447,488</u>
Total assets	<u>33,303,228</u>	<u>34,340,388</u>	<u>15,120,145</u>	<u>13,949,544</u>	<u>48,423,373</u>	<u>48,289,932</u>
Deferred outflows of						
resources	<u>470,083</u>	<u>465,966</u>	<u>-</u>	<u>-</u>	<u>470,083</u>	<u>465,966</u>
Liabilities:						
Long-term liabilities						
outstanding	8,236,274	9,815,070	167,441	172,657	8,403,715	9,987,727
Other liabilities	<u>1,932,307</u>	<u>1,069,136</u>	<u>407,108</u>	<u>292,683</u>	<u>2,339,415</u>	<u>1,361,819</u>
Total liabilities	<u>10,168,581</u>	<u>10,884,206</u>	<u>574,549</u>	<u>465,340</u>	<u>10,743,130</u>	<u>11,349,546</u>
Deferred inflows of						
resources	<u>351,261</u>	<u>1,491,530</u>	<u>-</u>	<u>-</u>	<u>351,261</u>	<u>1,491,530</u>
Net position:						
Net investment in						
capital assets	17,116,720	16,778,656	13,477,068	12,699,586	30,593,788	29,478,242
Restricted	3,418,452	3,408,680	-	-	3,418,452	3,408,680
Unrestricted	<u>2,718,297</u>	<u>2,243,282</u>	<u>1,068,528</u>	<u>784,618</u>	<u>3,786,825</u>	<u>3,027,900</u>
Total net position	<u>\$ 23,253,469</u>	<u>\$ 22,430,618</u>	<u>\$ 14,545,596</u>	<u>\$ 13,484,204</u>	<u>\$ 37,799,065</u>	<u>\$ 35,914,822</u>

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 liabilities and deferred inflows of resources by \$37,799,065 as of June 30, 2016. The County's net position increased by \$1,884,243 for the fiscal year ended June 30, 2016, of which an increase of \$822,851 was for governmental activities and an increase of \$1,061,392 was for business-type activities.

The following is a summary of the government-wide statement of activities:

Polk County Changes in Net Position

Figure 3

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 1,659,756	\$ 1,640,837	\$ 1,398,863	\$ 1,415,827	\$ 3,058,619	\$ 3,056,664
Operating grants and contributions	3,550,592	3,354,029	-	-	3,550,592	3,354,029
Capital grants and contributions	95,705	632,886	-	-	95,705	632,886
General revenues:						
Property taxes	15,949,683	15,806,434	-	-	15,949,683	15,806,434
Other taxes	3,361,144	3,661,757	50,406	46,243	3,411,550	3,708,000
Other	203,708	164,026	-	-	203,708	164,026
Total revenues	<u>24,820,588</u>	<u>25,259,969</u>	<u>1,449,269</u>	<u>1,462,070</u>	<u>26,269,857</u>	<u>26,722,039</u>
Expenses:						
General government	3,108,920	2,742,665	-	-	3,108,920	2,742,665
Public safety	7,200,671	6,696,025	-	-	7,200,671	6,696,025
Economic and physical development	762,832	1,092,014	-	-	762,832	1,092,014
Human services	4,406,543	4,539,628	-	-	4,406,543	4,539,628
Cultural and recreation	1,773,442	1,573,950	-	-	1,773,442	1,573,950
Education	5,539,826	5,786,491	-	-	5,539,826	5,786,491
Interest on long-term debt	122,188	305,706	-	-	122,188	305,706
Solid waste	-	-	1,220,455	1,370,127	1,220,455	1,370,127
Water	-	-	250,737	207,665	250,737	207,665
Total expenses	<u>22,914,422</u>	<u>22,736,479</u>	<u>1,471,192</u>	<u>1,577,792</u>	<u>24,385,614</u>	<u>24,314,271</u>
Increase in net position before transfers	1,906,166	2,523,490	(21,923)	(115,722)	1,884,243	2,407,768
Transfers	<u>(1,083,315)</u>	<u>(1,992,020)</u>	<u>1,083,315</u>	<u>1,992,020</u>	<u>-</u>	<u>-</u>
Change in net position	822,851	531,470	1,061,392	1,876,298	1,884,243	2,407,768
Net position, July 1	22,430,618	21,845,154	13,484,204	11,607,906	35,914,822	33,453,060
Adjustment	<u>-</u>	<u>53,994</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,994</u>
Net position, June 30	<u>\$23,253,469</u>	<u>\$22,430,618</u>	<u>\$14,545,596</u>	<u>\$13,484,204</u>	<u>\$37,799,065</u>	<u>\$35,914,822</u>

Governmental Activities - Property tax revenue is the County's largest source of revenue, accounting for 64.3 percent of total revenue. Current year property tax base was approximately \$2.8 billion at a rate of .5175 per \$100. While the tax rate remained the same, property tax revenue increased approximately 1 percent due to the increase of tax collections. The County collected approximately 97.3 percent of this year's levy, up from 96.75 percent the previous year. The revenues in the governmental activities have decreased 1.7 percent from the prior year. Other taxes, which include sales taxes, are down 8.2 percent and the decrease of Capital Grants by 100 percent. All other revenue sources increased slightly. Expenses increased by only 0.8 percent.

Business-type Activities - Net assets increased primarily due to the construction of water lines. Transfers from governmental activities to business-type activities were for waterline construction and related assets.

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.

As of the close of the current fiscal year, Polk County's governmental funds reported a combined ending fund balances of \$11,604,148, an decrease of \$198,809 in comparison with the prior year. The decrease in total fund balance is due to transfers to the Water Fund for waterline construction and preliminary costs for a capital project relating to a new detention facility.

The general fund is the chief operating fund of Polk County. At the end of the current fiscal year, the County's fund balance available in the General Fund was \$7,243,305 while total fund balance reached \$9,047,610. The County currently has an available fund balance of 31.1 percent of general fund expenditures (and transfers out), while total fund balance represents 38.9 percent of that same amount.

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 \$137,179, or 1 percent of the original budget. The increase in the final budgeted revenues is primarily due to anticipated grant revenues. Appropriation of fund balance increased \$941,011 in order to transfer funds for waterline capital projects.

Capital Asset and Debt Administration

Capital Assets - Polk County's capital assets for its governmental type activities as of June 30, 2016, totals \$19,578,600 (net of accumulated depreciation), an increase of \$3,355 as compared to the previous year. The following major capital projects were completed at June 30, 2016:

- New vehicles for Tax, Transportation and Sheriff
- New sound system for the Courthouse

Polk County's capital assets for its business-type activities as of June 30, 2016, totals \$13,644,509 (net of accumulated depreciation), an increase of \$772,266, as compared to the previous year primarily due to the construction of waterlines.

Polk County's Capital Assets

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land and easements	\$ 4,742,519	\$ 4,742,519	\$ 2,565,735	\$ 2,565,735	\$ 7,308,254	\$ 7,308,254
Construction in progress	439,404	-	2,433,267	1,551,554	2,872,671	1,551,554
Buildings and improvements	12,037,257	12,506,517	1,085,301	1,079,343	13,122,558	13,585,860
Waterlines and related assets	-	-	7,324,746	7,396,503	7,324,746	7,396,503
Equipment	962,776	1,001,221	230,326	269,416	1,193,102	1,270,637
Vehicles and motor equipment	1,396,644	1,324,988	5,134	9,692	1,401,778	1,334,680
	<u>\$ 19,578,600</u>	<u>\$ 19,575,245</u>	<u>\$ 13,644,509</u>	<u>\$ 12,872,243</u>	<u>\$ 33,223,109</u>	<u>\$ 32,447,488</u>

Additional information regarding Polk County's capital assets can be found in Note 2(E) to the financial statements.

Long-Term Debt - As of June 30, 2016, Polk County's outstanding balance on installment purchase contracts and capital leases was \$7,549,657. The County's total debt decreased \$1,400,426 due to the scheduled debt payments. There was no new debt issued during the year.

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Installment purchase contracts	\$ 7,549,657	\$ 8,887,335	\$ 167,441	\$ 172,657	\$ 7,717,098	\$ 9,059,992
Capital leases	107,442	164,974	-	-	107,442	164,974
	<u>\$ 7,657,099</u>	<u>\$ 9,052,309</u>	<u>\$ 167,441</u>	<u>\$ 172,657</u>	<u>\$ 7,824,540</u>	<u>\$ 9,224,966</u>

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Polk County is \$217,000,000.

Additional information regarding Polk County's long-term debt can be found in Note 3(E) to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the County.

- The County has a slightly lower unemployment rate of 4.9 percent than the state average of 5.1 percent;
- Overall revenues and expenditures remain relatively constant;
- The property revenue increased approximately 1% due to a higher collection rate;
- Tryon International Equestrian Center located in Mill Spring has significantly changed the landscape of Polk County. It has and will continue to increase occupancy, sales and property taxes. The arena seats 6,000 and is 3 stories high with attendance ranging from 6,000-10,000 on weekends during the season. Two new restaurants have been added, as well as several rental cabins. A resort is expected to be constructed in the near future.

Budget Highlights for the Fiscal Year Ending June 30, 2017

Governmental Activities - Property taxes are budgeted with a 2 cent tax rate increase to fund the first debt service payment on a new Law Enforcement Complex expected to cost a maximum of \$13.5 million. Revenues from permits and fees are expected to increase slightly based on economic projections. Sales tax revenues are budgeted to increase 17 percent due to a change in the law that positively impacts Polk County. Property tax revenue is budgeted to increase by 6.9 percent due to added valuation and the tax increase. Overall, total budgeted revenue is expected to increase approximately 6 percent without the consideration of appropriated fund balance (\$1.8 million in the FY16 budget). Fund balance was not used to balance the General Fund fiscal year 2017 budget. \$296,050 of fund balance committed for

The County's largest expenditures are for salaries which are budgeted with no salary increases; however, there is a merit bonus budgeted. The County joined the State Health Plan that lowered the benefit cost significantly. Overall, budgeted expenditures in the General Fund are expected to decrease approximately 1.68 percent. The county anticipates borrowing \$13.5 million for the construction of a new Jail and Sheriff's office by late December of 2016.

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, Polk County, P.O. Box 308, Columbus, NC 28722.

POLK COUNTY, NORTH CAROLINA

Statement of Net Assets

June 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 9,231,248	\$ 1,081,150	\$ 10,312,398
Restricted cash	1,966,136	-	1,966,136
Receivables (net)	2,297,674	390,640	2,688,314
Prepays	173,827	3,846	177,673
Net pension asset	55,743	-	55,743
Capital assets:			
Land and construction in progress	5,181,923	4,999,002	10,180,925
Other capital assets, net of depreciation	14,396,677	8,645,507	23,042,184
Capital assets, net	19,578,600	13,644,509	33,223,109
Total assets	33,303,228	15,120,145	48,423,373
DEFERRED OUTFLOWS OF RESOURCES	470,083	-	470,083
LIABILITIES			
Accounts payable and accrued expenses	1,169,662	407,108	1,576,770
Accrued interest payable	48,800	-	48,800
Unearned revenue	17,481	-	17,481
Long-term liabilities:			
Net pension liability - LGERS	438,292	-	438,292
Net pension liability - LEOSSA	258,072	-	258,072
Due within one year	1,747,554	5,538	1,753,092
Due in more than one year	6,488,720	161,903	6,650,623
Total liabilities	10,168,581	574,549	10,743,130
DEFERRED INFLOWS OF RESOURCES	351,261	-	351,261
NET POSITION			
Net investment in capital assets	17,116,720	13,477,068	30,593,788
Restricted for:			
Stabilization by State Statute	1,677,864	-	1,677,864
Public safety	400,698	-	400,698
Tourism	88,809	-	88,809
Economic and physical development	27,690	-	27,690
School debt service	1,223,391	-	1,223,391
Unrestricted	2,718,297	1,068,528	3,786,825
Total net position	\$ 23,253,469	\$ 14,545,596	\$ 37,799,065

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

POLK COUNTY, NORTH CAROLINA

Statement of Activities

For the year ended June 30, 2016

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Total Business-type Activities	Total
Governmental Activities:						
General government	\$ 3,108,920	\$ 295,730	\$ 13,318	\$ -	\$ -	\$ (2,799,872)
Public safety	7,200,671	1,017,988	326,494	-	-	(5,856,189)
Economic and physical development	762,832	-	51,704	-	-	(711,128)
Human services	4,406,543	144,715	3,035,272	-	-	(1,226,556)
Cultural and recreational	1,773,442	201,323	123,804	-	-	(1,448,315)
Education	5,539,826	-	-	95,705	-	(5,444,121)
Interest on long-term debt	122,188	-	-	-	-	(122,188)
Total governmental activities	22,914,422	1,659,756	3,550,592	95,705	-	(17,608,369)
Business-type activities:						
Solid waste	1,220,455	1,393,764	-	-	173,309	173,309
Water	250,737	5,099	-	-	(245,638)	(245,638)
Total business-type activities	1,471,192	1,398,863	-	-	(72,329)	(72,329)
Total government-wide	\$ 24,385,614	\$ 3,058,619	\$ 3,550,592	\$ 95,705	(72,329)	(17,680,698)
General revenues:						
Taxes:						
Property taxes, levied for general purpose				15,949,683	-	15,949,683
Local option sales tax				3,211,303	-	3,211,303
Other taxes				149,841	50,406	200,247
Investment earnings, unrestricted				62,988	-	62,988
Miscellaneous, unrestricted				140,720	-	140,720
Total general revenues				19,514,535	50,406	19,564,941
Transfers				(1,083,315)	1,083,315	-
Total general revenues and transfers				18,431,220	1,133,721	19,564,941
Changes in net position				822,851	1,061,392	1,884,243
Net position, beginning, as previously stated				22,376,624	13,484,204	35,860,828
Prior period adjustment (Note 12)				53,994	-	53,994
Net position, beginning, as restated				22,430,618	13,484,204	35,914,822
Net position, end of year				\$ 23,253,469	\$ 14,545,596	\$ 37,799,065

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

POLK COUNTY, NORTH CAROLINA

Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and investments	\$ 7,654,476	\$ 1,457,646	\$ 9,112,122
Restricted cash and investments	742,745	1,223,391	1,966,136
Receivables, net	2,145,601	105,303	2,250,904
Prepays	170,561	3,266	173,827
Total assets	<u>\$ 10,713,383</u>	<u>\$ 2,789,606</u>	<u>\$ 13,502,989</u>
Liabilities			
Accounts payable and accrued expenses	\$ 996,909	\$ 172,753	\$ 1,169,662
Unearned revenue	15,083	2,398	17,481
Total liabilities	<u>1,011,992</u>	<u>175,151</u>	<u>1,187,143</u>
Deferred inflows of resources	<u>653,781</u>	<u>57,917</u>	<u>711,698</u>
Fund balances			
Nonspendable:			
Prepays	170,561	3,266	173,827
Restricted:			
Stabilization by State statute	1,633,744	44,120	1,677,864
Public safety	-	400,698	400,698
Tourism	-	88,809	88,809
Economic and physical development	-	27,690	27,690
School debt service	-	1,223,391	1,223,391
Committed:			
Tax revaluation	708,468	-	708,468
Assigned:			
Capital projects	-	777,107	777,107
Unassigned (deficit)	6,534,837	(8,543)	6,526,294
Total fund balances	<u>9,047,610</u>	<u>2,556,538</u>	<u>11,604,148</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,713,383</u>	<u>\$ 2,789,606</u>	<u>\$ 13,502,989</u>

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

POLK COUNTY, NORTH CAROLINA

Balance Sheet
Governmental Funds
June 30, 2016

Total fund balances for governmental funds	\$ 11,604,148
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:	
Original cost and/or donated value	31,074,070
Less accumulated depreciation	(11,495,470)
Net pension asset restricted for employees' pension is not a financial resource and therefore not reported in the governmental funds	55,743
Deferred outflows of resources are not available to satisfy current obligations in the fund statements; however, they are considered a consumption of net position that applies to a future period and are included in the statement of net position:	
Contributions to the pension plan in the current fiscal year	411,015
Pension related deferrals	59,068
Accrued interest receivable is not available to pay current-period expenditures and therefore not recognized as revenue in the fund statements.	46,770
Deferred inflows of resources are not available to satisfy current obligations in the fund statements; however, they are considered economic resources and recognized as revenue in the government-wide statements.	
Pension deferrals	(232,893)
Ad valorem taxes (net)	593,330
The internal service fund is used by management to allocate self-insurance costs to individual funds and departments. The assets and liabilities are included in governmental activities in the statement of net position.	119,126
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Installment purchase contracts	(7,549,657)
Capital leases	(107,442)
Compensated absences	(579,175)
Net pension obligations	(696,364)
Accrued interest payable	(48,800)
Net position of governmental activities	<u>\$ 23,253,469</u>

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

POLK COUNTY, NORTH CAROLINA

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the year ended June 30, 2016

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Ad valorem taxes	\$ 14,680,868	\$ 1,469,522	\$ 16,150,390
Local option sales taxes	3,513,262	-	3,513,262
Other taxes	-	149,841	149,841
Restricted intergovernmental	3,417,872	228,423	3,646,295
Permits and fees	365,658	-	365,658
Sales and services	1,294,100	-	1,294,100
Investment earnings	34,293	28,695	62,988
Miscellaneous	84,449	56,271	140,720
Total revenues	<u>23,390,502</u>	<u>1,932,752</u>	<u>25,323,254</u>
Expenditures			
Current:			
General government	2,960,266	-	2,960,266
Public safety	5,497,371	2,078,175	7,575,546
Economic and physical development	607,212	160,872	768,084
Human services	4,469,568	13,354	4,482,922
Cultural and recreational	1,566,942	-	1,566,942
Intergovernmental:			
Education	5,539,826	-	5,539,826
Debt service:			
Principal	1,337,678	57,532	1,395,210
Interest and fees	150,825	5,552	156,377
Total expenditures	<u>22,129,688</u>	<u>2,315,485</u>	<u>24,445,173</u>
Revenues over (under) expenditures	<u>1,260,814</u>	<u>(382,733)</u>	<u>878,081</u>
Other Financing Sources (Uses)			
Proceeds from sale of assets	6,425	-	6,425
Transfers from (to) other funds	(1,101,446)	18,131	(1,083,315)
Total other financing sources (uses)	<u>(1,095,021)</u>	<u>18,131</u>	<u>(1,076,890)</u>
Net changes in fund balances	<u>165,793</u>	<u>(364,602)</u>	<u>(198,809)</u>
Fund balance, beginning, as previously stated	8,877,910	2,921,140	11,799,050
Prior period adjustment (Note 12)	3,907	-	3,907
Fund balance, beginning, as restated	<u>8,881,817</u>	<u>2,921,140</u>	<u>11,802,957</u>
Fund balance, end of year	<u>\$ 9,047,610</u>	<u>\$ 2,556,538</u>	<u>\$ 11,604,148</u>

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

POLK COUNTY, NORTH CAROLINA

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2016

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

Net change in fund balances--total governmental funds	\$ (198,809)
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;	1,163,108
Depreciation expense recorded during the current year; and	(1,139,638)
Net book value of capital assets disposed during the current year	(20,115)
Principal payments on long-term debt are recorded as expenditures in the fund statements, but are recorded as a reduction of long-term debt in the Statement of Net Position.	1,395,210
Contributions to pension plans in the current fiscal year are not included on the Statement of Activities	411,015
Adjustment of the internal service fund's net expenses to the governmental activities in the Statement of Net Position.	880
Expenses reported in the Statement of Activities that do not require the use of 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)	34,189
Compensated absences	(44,146)
Pension expense	(276,177)
Revenues reported in the Statement of Activities that do not provide current resources are not recorded as revenues in the fund statements:	
Net change in accrued interest receivable on property taxes; and	(6,877)
Net change in taxes receivable	<u>(495,789)</u>
Change in net position, governmental activities	<u>\$ 822,851</u>

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

POLK COUNTY, NORTH CAROLINA

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund

For the year ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues				
Ad valorem taxes	\$ 14,254,037	\$ 14,254,037	\$ 14,680,868	\$ 426,831
Local option sales taxes	3,311,554	3,311,554	3,513,262	201,708
Restricted intergovernmental	3,595,132	3,689,477	3,417,872	(271,605)
Permits and fees	394,700	394,700	365,658	(29,042)
Sales and services	1,150,003	1,192,837	1,294,100	101,263
Investment earnings	10,050	10,050	33,956	23,906
Miscellaneous	95,353	95,353	84,449	(10,904)
Total revenues	<u>22,810,829</u>	<u>22,948,008</u>	<u>23,390,165</u>	<u>442,157</u>
Expenditures				
Current:				
General government	3,458,197	3,340,576	2,749,243	591,333
Public safety	5,528,494	5,638,975	5,497,371	141,604
Economic and physical development	785,068	800,557	607,212	193,345
Human services	4,986,165	5,115,662	4,469,568	646,094
Cultural and recreational	1,518,737	1,621,410	1,566,942	54,468
Intergovernmental:				
Education	5,493,070	5,553,070	5,539,826	13,244
Debt service:				
Principal retirement	1,336,668	1,337,680	1,337,678	2
Interest and other charges	151,574	151,088	150,825	263
Total expenditures	<u>23,257,973</u>	<u>23,559,018</u>	<u>21,918,665</u>	<u>1,640,353</u>
Revenues over (under) expenditures	<u>(447,144)</u>	<u>(611,010)</u>	<u>1,471,500</u>	<u>2,082,510</u>
Other Financing Sources (Uses)				
Appropriated fund balance	592,850	1,533,861	-	(1,533,861)
Proceeds from sale of assets	-	-	6,425	6,425
Transfers from other funds	-	228,670	50,075	(178,595)
Transfers from (to) other funds	<u>(145,706)</u>	<u>(1,151,521)</u>	<u>(1,151,521)</u>	<u>-</u>
Total other financing sources (uses)	<u>447,144</u>	<u>611,010</u>	<u>(1,095,021)</u>	<u>(1,706,031)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>376,479</u>	<u>\$ 376,479</u>
Fund balance, beginning, as restated			<u>7,962,663</u>	
Fund balance, end of year - General Fund			8,339,142	
A legally budgeted Revaluation Fund is consolidated into the General Fund for reporting purposes:				
Revenue			337	
Expenditures			(211,023)	
Fund balance, beginning of year - Revaluation Fund			<u>919,154</u>	
Fund balance, end of year - Combined General Fund			<u>\$ 9,047,610</u>	

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

POLK COUNTY, NORTH CAROLINA

Statement of Net Position
Proprietary Funds
June 30, 2016

	Enterprise Funds			Internal Service Fund
	Solid Waste Fund	Water Fund	Total	Self- Insurance Fund
Assets				
Current assets:				
Cash and cash equivalents	\$ 671,490	\$ 409,660	\$ 1,081,150	\$ 119,126
Receivables (net)	214,600	176,040	390,640	-
Prepays	3,846	-	3,846	-
Total current assets	<u>889,936</u>	<u>585,700</u>	<u>1,475,636</u>	<u>119,126</u>
Capital assets:				
Land and construction in progress	648,190	4,350,812	4,999,002	-
Other capital assets, net of depreciation	1,320,761	7,324,746	8,645,507	-
Total capital assets	<u>1,968,951</u>	<u>11,675,558</u>	<u>13,644,509</u>	<u>-</u>
Total assets	<u>2,858,887</u>	<u>12,261,258</u>	<u>15,120,145</u>	<u>119,126</u>
Liabilities				
Current liabilities:				
Accounts payable and accrued expenses	100,711	306,397	407,108	-
Long term debt, current portion	5,538	-	5,538	-
Total current liabilities	<u>106,249</u>	<u>306,397</u>	<u>412,646</u>	<u>-</u>
Noncurrent liabilities:				
Long-term debt, net of current portion	161,903	-	161,903	-
Total liabilities	<u>268,152</u>	<u>306,397</u>	<u>574,549</u>	<u>-</u>
Net Position				
Net investment in capital assets	1,801,510	11,675,558	13,477,068	-
Unrestricted	789,225	279,303	1,068,528	119,126
Total net position	<u>\$ 2,590,735</u>	<u>\$ 11,954,861</u>	<u>\$ 14,545,596</u>	<u>\$ 119,126</u>

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

POLK COUNTY, NORTH CAROLINA

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

For the year ended June 30, 2016

	Enterprise Funds			Internal Service Fund
	Solid Waste Fund	Water Fund	Total	Self- Insurance Fund
Operating Revenues				
Charges for services	\$ 1,393,764	\$ 3,407	\$ 1,397,171	\$ -
Miscellaneous	-	1,692	1,692	1,790
Total operating revenues	<u>1,393,764</u>	<u>5,099</u>	<u>1,398,863</u>	<u>1,790</u>
Operating Expenses				
Operations	1,056,011	37,706	1,093,717	910
Closure and postclosure care	63,966	-	63,966	-
Depreciation	<u>90,263</u>	<u>213,031</u>	<u>303,294</u>	<u>-</u>
Total operating expenses	<u>1,210,240</u>	<u>250,737</u>	<u>1,460,977</u>	<u>910</u>
Operating income (loss)	<u>183,524</u>	<u>(245,638)</u>	<u>(62,114)</u>	<u>880</u>
Non-Operating Revenues (Expenses)				
Solid waste taxes	50,406	-	50,406	-
Interest expense	<u>(10,215)</u>	<u>-</u>	<u>(10,215)</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>40,191</u>	<u>-</u>	<u>40,191</u>	<u>-</u>
Income (loss) before transfers	223,715	(245,638)	(21,923)	880
Transfers from other funds	<u>-</u>	<u>1,083,315</u>	<u>1,083,315</u>	<u>-</u>
Change in net position	223,715	837,677	1,061,392	880
Net position, beginning of year	<u>2,367,020</u>	<u>11,117,184</u>	<u>13,484,204</u>	<u>118,246</u>
Net position, end of year	<u>\$ 2,590,735</u>	<u>\$ 11,954,861</u>	<u>\$ 14,545,596</u>	<u>\$ 119,126</u>

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

POLK COUNTY, NORTH CAROLINA

Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2016

	Enterprise Funds			Internal Service Fund
	Solid Waste Fund	Water Fund	Total	Self- Insurance Fund
Cash flows from operating activities:				
Cash received from customers	\$ 1,350,689	\$ 5,099	\$ 1,355,788	\$ -
Cash paid for goods and services	(1,081,901)	(120,285)	(1,202,186)	
Insurance (claims) recoupments	-	-	-	13,889
Net cash provided (used) by operating activities	<u>268,788</u>	<u>(115,186)</u>	<u>153,602</u>	<u>13,889</u>
Cash flows from noncapital and related financing activities:				
Solid waste taxes	50,406	-	-	-
Transfers from (to) other funds	-	1,083,315	1,083,315	-
Net cash provided by noncapital and related financing activities	<u>50,406</u>	<u>1,083,315</u>	<u>1,083,315</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(52,573)	(892,638)	(945,211)	-
Principal paid on debt	(5,216)	-	(5,216)	-
Interest paid on debt	(10,215)	-	(10,215)	-
		<u>(892,638)</u>	<u>(960,642)</u>	<u>-</u>
Net increase in cash and cash equivalents	251,190	75,491	276,275	13,889
Cash and cash equivalents:				
Beginning of year	<u>420,300</u>	<u>334,169</u>	<u>754,469</u>	<u>105,237</u>
End of year	<u>\$ 671,490</u>	<u>\$ 409,660</u>	<u>\$ 1,081,150</u>	<u>\$ 119,126</u>

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

POLK COUNTY, NORTH CAROLINA

Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2016

	Enterprise Funds			Internal Service Fund
	Solid Waste Fund	Water Fund	Total	Self- Insurance Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 183,524	\$ (245,638)	\$ (62,114)	\$ 880
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	90,263	213,031	303,294	-
Changes in assets and liabilities:				
Decrease (increase) in receivables	(28,314)	(39,494)	(67,808)	-
Decrease (increase) in prepaids	(3,846)	-	(3,846)	14,137
Increase (decrease) in accounts payable and accrued expenses	41,922	(43,085)	(1,163)	-
Decrease in estimated claims payable	-	-	-	(1,128)
Decrease in unearned revenue	(14,761)	-	(14,761)	-
Net cash provided (used) by operating activities	<u>\$ 268,788</u>	<u>\$ (115,186)</u>	<u>\$ 153,602</u>	<u>\$ 13,889</u>
Supplemental cash flow information:				
Construction of waterlines included in accounts payable at year-end	<u>\$ -</u>	<u>\$ 130,349</u>	<u>\$ -</u>	<u>\$ -</u>

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

POLK COUNTY, NORTH CAROLINA*Statement of Fiduciary Net Position*

June 30, 2016

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ <u>178,728</u>
Liabilities	
Due to others	145,514
Due to other governments	23,829
Due to State of North Carolina	<u>9,385</u>
	<u>\$ 178,728</u>

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

POLK COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2016

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Polk County (the “County”) conform to generally accepted accounting principles as applicable to governments. 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, 2016.

(B) Basis of Presentation – Basis of Accounting

Basis of Presentation, Measurement Focus - Basis of Accounting

Government-wide Statements: The statement of net position and the statement of activities display information about the County’s 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. 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 (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) 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. 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 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. This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. 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.

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 waterlines and related assets, as well as user fees and expenses associated with County water service.

The County also 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' health care. The County was self-insured until June 30, 2014. During the fiscal year ended June 30, 2016, the County joined the State Health Plan.

Agency Funds. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals; the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to the Polk County Board of Education; the Property Tax Fund, which accounts for property taxes that are billed and collected by the County for various municipalities and special districts within the County; and another fund for various individual and private organizations.

Nonmajor Funds. The County maintains six legally budgeted nonmajor funds. The Fire District Fund, the Tourism Development Fund, and the Emergency Telephone System Fund are reported as nonmajor special revenue funds. The Debt Service Fund is reported as a debt service fund. The County has one Capital Projects Fund and one Grants Projects Fund. The Capital Reserve Fund is consolidated in the Capital Projects Fund in accordance with GASB Statement No. 54.

Measurement Focus, Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the County 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 agency funds have no measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when 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 general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as 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, Polk County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles, 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 during the period 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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Under the 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 assets 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.

(C) 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 Debt Service Fund, the Solid Waste Fund, and the Water Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Capital Projects Fund, the Grants 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 and/or grouped function level for all annually budgeted funds and at the project level for multi-year budgets. Board approval is required for all amendments exceeding \$7,500 within any department and \$7,500 between departments. During the year, several 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.

(D) Assets, Liabilities, and Fund Equity

(1) Deposits and Investments

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

State law (G.S. 159-30(c)) 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 Cash Portfolio, a SEC-registered 2a-7 external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

(2) Cash and Cash Equivalents

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

(3) Restricted Assets

Cash paid into an escrow account yearly for the Qualified Zone Academy Bonds ("QZAB"), non-interest bearing installment financing agreement is restricted for the balloon payment due in June 2020. Money in the Tax Revaluation Fund is also classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150.

(4) 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); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2015. 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 reported net of such discounts.

(5) 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.

(6) 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.

(7) Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 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 installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for 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 a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Buildings	50
Improvements	20
Furniture and equipment	5-10
Vehicles	8

(8) Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The County has two items that meet this criterion: pension related deferrals and contributions made to the pension plan in the current fiscal year.

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 represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as revenue until then. The County has three items that meet this criterion – prepaid taxes, ad valorem taxes receivable, and pension related deferrals.

(9) 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 assets.

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

(10) Compensated Absences

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

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 none of the entities have any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the County.

(11) Net Position

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

(12) 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:

Nonspendable Fund Balance-This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

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

Restricted Fund Balance-This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State Statute - portion of fund balance that is restricted by State Statute [G.S. 159-8(a)]. This amount represents additions to fund balance that have not been converted to cash and the amounts cannot be appropriated or expended by the County until the amounts have been converted to cash.

Restricted for Public Safety - portion of fund balance that is restricted by revenue source for certain emergency telephone system expenditures.

Restricted for Tourism - portion of fund balance that is restricted by revenue source for tourism expenditures.

Restricted for Economic and Physical Development - portion of fund balance that is restricted by revenue source for economic and physical development expenditures.

Restricted for School Debt Service - portion of fund balance that is restricted by revenue source for school debt service.

Committed Fund Balance- Portion of fund balance that can only be used for specific purpose 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 Polk County 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. The Board has committed fund balance for tax revaluation.

Assigned Fund Balance- This classification represents the portions of fund balance that Polk County intends to use for specific purposes but do not meet the criteria to be classified as committed. Assignments of fund balance are generally created by action of the County's governing body, such as the adoption of an annual budget or project ordinance. However, an additional board action is not required for the removal of an assignment.

Assigned for subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to \$5,000. The County did not appropriate fund balance for the fiscal year ending June 30, 2017.

Assigned for capital projects – portion of fund balance that has been appropriated by the governing body for construction 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 for specific purposes within the General Fund. Only the General Fund can report positive unassigned fund balance. However, other governmental funds may report negative unassigned fund balance if expenditures exceed amounts that are restricted, committed or assigned for 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 to report 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.

(13) **Defined Benefit Pension 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, 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 and additions to/deductions from 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.

Note 2 – Assets

(A) Deposits

All of the County’s deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County’s agents in the unit’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 their agents in the entity’s name. The amount of the pledged 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 with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for under-collateralization; and 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 State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designation official depositories and verifying that deposits are properly secured. The County has no formal policy regarding custodial credit risk for deposits.

At June 30, 2016, the County's deposits had a carrying amount of \$2,068,841 and a bank balance of \$2,384,162. Of the bank balance, \$1,046,546 was covered by federal depository insurance, and \$1,337,616 in interest bearing deposits were covered by collateral held under the Pooling Method. The County also had petty cash on hand at June 30, 2016 of \$1,850.

(B) Investments

At June 30, 2016, the County had the following investments and maturities:

<u>Investment type</u>	<u>Valuation Measurement Method</u>	<u>Fair Value</u>	<u>Less Than Six Months</u>
NC Capital Management Trust - Cash Portfolio	Amortized cost	\$ 7,147,811	N/A
NC Capital Management Trust - Term Portfolio	Fair Value - Level 1	2,015,378	2,015,378
Commercial paper	Fair Value - Level 2	<u>1,223,382</u>	<u>1,223,382</u>
Total		<u>\$ 10,386,571</u>	<u>\$ 3,238,760</u>

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' relationship to benchmark quoted prices.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County 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 policy also limits the County to investing funds 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 ("NRSRO"). In order to mitigate against credit risk, the County's investment policy states that investments are limited to the safest type 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. As of June 30, 2016, the County's investments in commercial paper were rated A-1 by Standard & Poor's, F1 by Fitch Ratings and P-1 by Moody's Investors Service. The County's investments in the NC Capital Management Trust's Cash Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2016.

Concentration of Credit Risk. The County places no limit on the amount that the County may invest in any one issuer.

(C) Receivables

Receivables at the fund and government-wide level at June 30, 2016 were as follows:

	<u>Governmental Funds</u>		Accrual Adjustment	Governmental Activities	Business-
	<u>General</u>	<u>Other</u>			Type Activities
Receivables:					
Accounts	\$ 663,736	\$ 21,804	\$ -	\$ 685,540	\$ 219,987
Taxes	615,413	66,460	-	681,873	-
Due from other governments	1,266,711	17,038	-	1,283,749	176,040
Interest on taxes	-	-	46,770	46,770	-
Less: allowance	<u>(400,259)</u>	<u>-</u>	<u>-</u>	<u>(400,259)</u>	<u>(5,387)</u>
Total receivables (net)	<u>\$ 2,145,601</u>	<u>\$ 105,303</u>	<u>\$ 46,770</u>	<u>\$ 2,297,674</u>	<u>\$ 390,640</u>

(D) Property Tax – Use-Value Assessment on Certain Lands

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

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 972,733	\$ 231,024	\$ 1,203,757
2014	999,559	147,435	1,146,994
2015	1,009,167	58,029	1,067,196
2016	<u>1,069,881</u>	<u>-</u>	<u>1,069,881</u>
	<u>\$ 4,051,340</u>	<u>\$ 436,488</u>	<u>\$ 4,487,828</u>

(E) Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 4,742,519	\$ -	\$ -	\$ 4,742,519
Construction in progress	-	439,404	-	439,404
Total capital assets not being depreciated	<u>4,742,519</u>	<u>439,404</u>	<u>-</u>	<u>5,181,923</u>
Capital assets being depreciated:				
Buildings and improvements	18,652,265	12,083	-	18,664,348
Equipment	3,893,584	322,671	(100,388)	4,115,867
Vehicles and motor equipment	2,837,405	388,950	(114,423)	3,111,932
Total capital assets being depreciated	<u>25,383,254</u>	<u>723,704</u>	<u>(214,811)</u>	<u>25,892,147</u>
Less accumulated depreciation for:				
Buildings and improvements	6,145,748	481,343	-	6,627,091
Equipment	2,892,363	352,870	(92,142)	3,153,091
Vehicles and motor equipment	1,512,417	305,425	(102,554)	1,715,288
Total accumulated depreciation	<u>10,550,528</u>	<u>1,139,638</u>	<u>(194,696)</u>	<u>11,495,470</u>
Capital assets being depreciated, net	<u>14,832,726</u>	<u>(415,934)</u>	<u>(20,115)</u>	<u>14,396,677</u>
Governmental activities capital assets, net	<u>\$ 19,575,245</u>	<u>\$ (415,934)</u>	<u>\$ (20,115)</u>	<u>\$ 19,578,600</u>

Depreciation was charged to expense as follows:

General government	\$ 285,780
Public safety	374,986
Economic and physical development	4,740
Human services	176,586
Cultural and recreational	297,546
Total depreciation expenses	<u>\$ 1,139,638</u>

	Beginning Balance	Increase	Decrease	Ending Balance
Business-type activities:				
Solid Waste				
Capital assets not being depreciated:				
Land	\$ 648,190	\$ -	\$ -	\$ 648,190
Capital assets being depreciated:				
Buildings and improvements	1,384,984	38,879	-	1,423,863
Equipment	638,255	13,694	(1,422)	650,527
Vehicles and motor equipment	36,462	-	-	36,462
Total capital assets being depreciated	2,059,701	52,573	(1,422)	2,110,852
Less accumulated depreciation for:				
Buildings and improvements	305,641	32,921	-	338,562
Equipment	368,839	52,784	(1,422)	420,201
Vehicles and motor equipment	26,770	4,558	-	31,328
Total accumulated depreciation	701,250	90,263	(1,422)	790,091
Capital assets being depreciated, net	1,358,451	(37,690)	-	1,320,761
Solid waste capital assets, net	2,006,641	(37,690)	-	1,968,951
Water				
Capital assets not being depreciated:				
Land and easements	\$ 1,917,545	\$ -	\$ -	\$ 1,917,545
Construction in progress	1,551,554	1,022,987	(141,274)	2,433,267
	3,469,099	1,022,987	(141,274)	4,350,812
Capital assets being depreciated:				
Water lines and related assets	8,453,428	141,274	-	8,594,702
Less accumulated depreciation for:				
Water lines and related assets	1,056,925	213,031	-	1,269,956
Capital assets being depreciated, net	7,396,503	(71,757)	-	7,324,746
Water capital assets, net	10,865,602	951,230	(141,274)	11,675,558
Business-type capital assets, net	\$ 12,872,243	\$ 913,540	\$ (141,274)	\$ 13,644,509

The government has an active construction project as of June 30, 2016. At year-end, the government's commitments with contractors are approximately \$111,386 for the Sunny View waterline extension project.

Note 3 – Liabilities**(A) Payables**

Payables at the fund and government-wide level at June 30, 2016, were as follows:

	Governmental Funds		Governmental Activities	Business- Type Activities
	General	Other		
Accounts payable	\$ 444,134	\$ 172,753	\$ 616,887	\$ 405,009
Accrued wages	437,592	-	437,592	2,099
Due to other governments	115,183	-	115,183	-
Total accounts payable and accrued expenses	<u>\$ 996,909</u>	<u>\$ 172,753</u>	<u>\$ 1,169,662</u>	<u>\$ 407,108</u>

(B) Pension Plan Obligations*Local Governmental Employees' Retirement System*

Plan Description. The County is a participating employer in the statewide 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 Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR 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, 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, 2016, was 7.15% of compensation for law enforcement officers and 6.81% 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 \$409,164 for the year ended June 30, 2016.

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, 2016, the County reported a liability of \$438,292 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 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, 2015, the County's proportion was .09766%, which was an increase of .00014% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of \$249,354. At June 30, 2016, 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	\$ -	\$ 103,024
Net difference between projected and actual earnings on pension plan investments	-	124,780
Changes in proportion and difference between County contributions and proportionate share of contributions	56,031	-
County contributions subsequent to the measurement date	409,164	-
	<u>\$ 465,195</u>	<u>\$ 227,804</u>

\$409,164 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 ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2017	\$ (127,522)
2018	(127,522)
2019	(127,512)
2020	210,783
2021	-
Thereafter	-
	<u>\$ (171,773)</u>

Actuarial Assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 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, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. 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, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term
		Real Rate of Return
Fixed Income	29.0%	2.2%
Global Equity	42.0%	5.8%
Real Estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation Protection	6.0%	3.4%
Total	100.0%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension 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 7.25 percent, 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 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension liability (asset)	\$ 3,056,271	\$ 438,292	\$ (1,767,298)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

Law Enforcement Officers Special Separation Allowance

Plan Description: The 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. The Separation Allowance is equal to .85 percent 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.

All full-time law enforcement officers of the County are covered by the Separation Allowance. At December 31, 2015, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	32
Total	<u>32</u>

A separate report was not issued for the plan.

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 are 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 following criteria, which are outlined in GASB Statements 67 and 68:

- Contributions to the pension plan and earnings on those contributions are irrevocable
- Pension plan assets are dedicated to providing benefits to plan members
- Pension plan assets are legally protected from the creditors or employers

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.

The annual required contribution for the current year was determined as part of the December 31, 2014 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included: (a) 5.00% investment rate of return (net of administrative expenses); and (b) projected salary increases ranging from 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2014 was 16 years.

Annual Pension Cost and Net Pension Obligation: The County's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 38,965
Interest on net pension obligation	11,387
Adjustment to annual required contribution	<u>(20,012)</u>
Annual pension cost	30,340
Benefit payments made	<u>-</u>
Increase in net pension obligation	30,340
Net pension obligation, beginning of year	<u>227,732</u>
Net pension obligation, end of year	<u><u>\$ 258,072</u></u>

Funded Status and Funding Progress.

Three Year Trend Information			
For the Year Ended June 30,	Annual Pension Cost (APC)	% of APC Contributed	Net Pension Obligation
2014	\$ 16,784	0%	\$ 208,170
2015	19,562	0%	227,732
2016	30,340	0%	258,072

As of December 31, 2015, the most recent actuarial valuation date, the plan was 100% unfunded.

The actuarial accrued liability for benefits was \$284,430 and the actuarial value of assets was \$0, resulting in an unfunded actuarial liability (UAL) of \$284,430. The covered payroll (annual payroll of active employees covered by the plan) was \$1,255,857, and the ratio of UAL to the covered payroll was 22.65%.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR 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 five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2016 were \$66,765, which consisted of \$58,957 from the County and \$7,808 from the law enforcement officers.

Registers of Deeds' Supplemental Pension Fund

Plan Description. The County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, 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 Government 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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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 10 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 contribution this year 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 \$1,851 for the year ended June 30, 2016.

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

At June 30, 2016, the County reported an asset of \$55,743 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015. The total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014. The total pension asset was then rolled forward to the measurement date of June 30, 2015 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, 2015, the County's proportion was 0.24054%, which was a decrease of .01959% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension income of \$3,517. At June 30, 2016, 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	\$ 273	\$ 923
Net difference between projected and actual earnings on pension plan investments	2,764	-
Changes in proportion and difference between County contributions and proportionate share of contributions	-	4,166
County contributions subsequent to the measurement date	1,851	-
	<u>\$ 4,888</u>	<u>\$ 5,089</u>

\$1,851 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 ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2017	\$ (1,830)
2018	(1,278)
2019	310
2020	746
2021	-
Thereafter	-
	<u>\$ (2,052)</u>

Actuarial Assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 7.75 percent, including inflation and productivity factor
Investment rate of return	5.75 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, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2014 is 2.2%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 5.75 percent, 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 (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

	1% Decrease (4.75%)	Discount Rate (5.75%)	1% Increase (6.75%)
County's proportionate share of the net pension liability (asset)	\$ (50,292)	\$ (55,743)	\$ (60,433)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

(C) Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pensions - difference between expected and actual experience	\$ 273	\$ 103,947
Pensions - difference between projected and actual investment earnings	2,764	124,780
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	56,031	4,166
Contributions to pension plan subsequent to measurement date	411,015	-
Prepaid taxes not yet earned (General Fund)	-	118,368
Ad valorem taxes receivable, net (General Fund)	-	535,413
Taxes receivable, net (Special Revenue)	-	57,917
Total	<u>\$ 470,083</u>	<u>\$ 944,591</u>

(D) 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 subject to a limit of \$200 million 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 worker's compensation coverage up to statutory limits. The pools are audited annually by certified public accountants and the audited 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 limit for liability coverage, \$1,750,000 of each loss in excess of \$250,000 per occurrence for property and auto physical damage. For workers compensation, there is a per occurrence retention of \$750,000.

The County was self-insured for health until June 30, 2014. On July 1, 2014, the County began participating in a self-funded risk financing pool administered by the North Carolina League of Municipalities to provide medical, dental and vision benefits to its employees until February 29, 2016. Beginning March 1, 2016, the County joined the State Health Plan.

No county property is located in the 100-year Flood Zone as designated by the Federal Emergency Management Agency and is covered 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 \$50,000, the Register of Deeds for \$50,000, and the Tax Collector and Director of Finance for \$50,000. The Director of Soil and Water, department employees, and Directors are bonded under a blanket bond for \$40,000. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

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

(E) Long-Term ObligationsCapital Leases

The County has entered into agreements to lease certain equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The following summarizes capital lease activity for the fiscal year ended June 30, 2016:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Equipment lease purchase agreement, monthly payments of \$5,257, including interest at 4% through May 2018	\$ 164,974	\$ -	\$ 57,532	\$ 107,442

The capital assets acquired through capital leases are recorded in the governmental activities as follows:

Asset:	
Communications equipment	\$ 282,031
Accumulated depreciation	<u>(173,919)</u>
Total	<u>\$ 108,112</u>

The future minimum lease obligations as of June 30, 2016, including interest, were as follows:

	<u>Governmental Activities</u>	
Year ending June 30,	<u>Principal</u>	<u>Interest</u>
2017	\$ 59,876	\$ 3,208
2018	<u>47,566</u>	<u>814</u>
	<u>\$ 107,442</u>	<u>\$ 4,022</u>

Installment Purchases

As authorized by State law (G.S. 160A-20 and 153A-158.1), the County financed various property acquisitions, construction and improvements for use by Polk County, Polk County Board of Education, and Isothermal Community College during the fiscal year ended June 30, 2016 by installment purchase.

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities:				
2004 \$7.40 million installment purchase contract for county building projects, 30 semi-annual payments ranging from \$340,050 to \$534,833, including interest at 4.41% through November 2019.	\$ 2,220,001	\$ -	\$ 493,333	\$ 1,726,668
2004 \$10 million installment purchase contract for middle school construction, 30 semi-annual payments ranging from \$251,736 to \$402,480, including interest at 4.03% through March 2019.	2,666,666	-	666,667	1,999,999
2005 \$1.84 million QZAB, non-interest bearing installment financing agreement for school renovations, 15 annual payments of \$95,706 into escrow with a balloon payment in June 2020.	1,844,000	-	-	1,844,000
2010 \$1.85 million 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.	1,356,668	-	123,333	1,233,335
	-			
2015 \$800,000 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.	800,000	-	54,345	745,655
Total governmental activities	<u>\$ 8,887,335</u>	<u>\$ -</u>	<u>\$ 1,337,678</u>	<u>\$ 7,549,657</u>

	Beginning Balance	Additions	Retirements	Ending Balance
Business-type activities:				
Installment purchase contract, 360 monthly payments of \$1,286, including interest at 6% through January 2034	\$ 172,657	\$ -	\$ 5,216	\$ 167,441

For Polk County, the future minimum payments as of June 30, 2016, including interest are:

	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
Year ending June 30,				
2017	\$ 1,337,678	\$ 111,403	\$ 5,538	\$ 9,893
2018	1,337,678	86,863	5,879	9,551
2019	1,337,678	62,379	6,242	9,189
2020	2,268,346	40,630	6,627	8,804
2021	177,678	33,740	7,035	8,395
2022 - 2026	888,393	98,649	42,246	34,905
2027 - 2031	202,206	13,656	56,984	20,168
2032 - 2034	-	-	36,890	3,021
	<u>\$ 7,549,657</u>	<u>\$ 447,320</u>	<u>\$ 167,441</u>	<u>\$ 103,926</u>

Debt Related to Capital Activities

Of the total governmental activities debt listed only \$2,765,213 relates to assets the County holds title.

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, 2016:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental activities:					
Installment purchase contracts	\$ 8,887,335	\$ -	\$ 1,337,678	\$ 7,549,657	\$ 1,337,678
Capital leases	164,974	-	57,532	107,442	59,876
Compensated absences	535,029	527,580	483,434	579,175	350,000
Net pension liability (LGERS)	-	438,292	-	438,292	-
Net pension obligation (LEO)	227,732	30,340	-	258,072	-
Total governmental activities	<u>\$ 9,815,070</u>	<u>\$ 996,212</u>	<u>\$ 1,878,644</u>	<u>\$ 8,932,638</u>	<u>\$ 1,747,554</u>
Business-type activities:					
Installment purchase contracts	<u>\$ 172,657</u>	<u>\$ -</u>	<u>\$ 5,216</u>	<u>\$ 167,441</u>	<u>\$ 5,538</u>

Compensated absences are for governmental activities and typically have been liquidated in the general fund and are accounted for on a 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, 2016, Polk County had a legal debt margin of approximately \$217,000,000.

Note 4 – Net Investment in Capital Assets

The net investment in capital assets at June 30, 2016, consists of the following:

	Governmental Activities	Business-Type Activities
Capital assets, net of depreciation	\$ 19,578,600	\$ 13,644,509
Less:		
Installment purchase contracts	(7,549,657)	(167,441)
Capital leases	(107,442)	-
Add:		
School related debt	4,891,886	-
Solid waste debt	303,333	-
	<u>\$ 17,116,720</u>	<u>\$ 13,477,068</u>

Note 5 – Interfund Activities

Interfund transfers for the year ended June 30, 2016, consisted of the following:

Transfer to General Fund from:	
Non-major governmental funds	<u>\$ 50,075</u>
Total	<u>\$ 50,075</u>
Transfers to non-major governmental funds from:	
General Fund	<u>\$ 240,706</u>
Transfers to Water Fund from:	
General Fund	\$ 910,815
Non-major governmental funds	<u>172,500</u>
Total	<u>\$ 1,083,315</u>

Transfers are used to (1) move revenues from the fund that budget requires to collect them to them to the fund that budget requires to expend them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 6 – 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 the portion of General fund balance that is available for appropriation:

Total fund balance - General Fund	\$ 9,047,610
Less:	
Stabilization by State statute	1,633,744
Committed for tax revaluation	<u>708,468</u>
Remaining fund balance	<u>\$ 6,705,398</u>

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. General fund encumbrances at June 30, 2016 are \$23,554.

Note 7 – 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 one additional appointee is alternated between the County and the Town each year. Currently, the County has three appointees to the Harmon Field board. The County collects taxes on behalf of this organization, but does not have the authority to set the tax rates. The County's accountability for this organization does not extend beyond making the annual board appointments. The Harmon Field Commission is reported as a component unit of the Town.

Note 8 – Joint Ventures**(A) Mental Health**

The County, in conjunction with 22 other county governments, participates in a joint venture to operate the Smoky Mountain Local Management Entity (the "Center"), 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 Center's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Center, so no equity interest has been reflected in the financial statements at June 30, 2016. 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 the Center may be obtained from the Center's area offices at 44 Bonnie Lane, Sylva, North Carolina, 28779.

(B) Public Health

The County, in conjunction with Rutherford and McDowell Counties, established the Public Health District (District). The District was established to allocate the cost and coordinate the public health services between the counties. Each County appoints one member to the District Governing board.

These commissioner-members then appoint the other fifteen members jointly with six of these members being from Rutherford County, five being from McDowell County and four being from Polk County. All commissioner-members must agree on the appointments for the appointments to occur. None of the participating counties have any equity interest in the District, so no equity interest has been reflected in the financial statements at June 30, 2016. The County paid operating appropriations of \$175,145 to the District during fiscal year June 30, 2016. Complete financial statements for the District may be obtained from the District's offices at 203 Koone Rd., Spindale, NC 28160.

(C) Community College

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 thirteen-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 the 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 funding for the Community College's facilities. The County contributed \$132,771 to the Community College for operating purposes during the fiscal year ended June 30, 2016. 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, 2016. 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.

Note 9 – Jointly Governed Organizations

The County, in conjunction with four other counties and twenty-two municipalities, established the Isothermal Planning and Development Commission (Commission). The participating governments established the Commission to coordinated 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 \$5,507 to the Commission during the fiscal year ended June 30, 2016.

Note 10 – Summary Disclosure of Significant Commitments and Contingencies

Federal and State Assisted Programs

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.

Note 11 – Benefit Payments Issued by the State

Certain benefits are paid directly to individual recipients by the State from federal and State moneys. 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.

Note 12 – Prior Period Adjustments

During the year, the County determined that adjustments were required to the beginning balances of fund balance and net position as listed below:

General Fund:

Accrued salaries - understated	\$ (355,081)
Accrued sales tax - understated	283,988
Accounts receivable - understated	<u>75,000</u>
Total fund balance adjustment	3,907

Governmental Activities:

ROD pension asset - understated	<u>50,087</u>
Total net position adjustment	<u>\$ 53,994</u>

Note 13 – Subsequent Events

During the period from July to September 2016, the County settled over 100 property tax appeals involving improved and unimproved properties located within a subdivision know as Bright's Creek. The aggregate total of the Bright's Creek property tax appeal settlements amounts to approximately \$330,000. The County considers the appeals and settlements process to be materially complete and does not expect any further Bright's Creek tax appeal settlements.

As of October 10, 2016, the County is anticipating the issuance of a \$13,500,000 installment financing agreement to fund the construction of a new detention facility. If the County is able to obtain the necessary financing, the new facility will alleviate overcrowding, increase safety for staff and occupants, and increase operating efficiencies.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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- Law Enforcement Officers' Special Separation Allowance – Schedule of Funding Progress
 - Local Government Employees' Retirement System – Schedule of County's Proportionate Share of Net Pension Liability (Asset)
 - Local Government Employees' Retirement System – Schedule of County's Contributions
 - Registers of Deeds' Supplemental Pension Fund – Schedule of County's Proportionate Share of Net Pension Liability (Asset)
 - Registers of Deeds' Supplemental Pension Fund – Schedule of County's Contributions
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POLK COUNTY, NORTH CAROLINA

Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
 For the year ended June 30, 2016

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Funded Ratio (A/B)	Unfunded AAL (UAAL) (B-A)	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
12/31/2007	\$ -	\$ 91,515	0.00%	\$ 91,515	\$ 745,145	12.28%
12/31/2008	-	77,684	0.00%	77,684	758,188	10.25%
12/31/2009	-	97,333	0.00%	97,333	807,286	12.06%
12/31/2010	-	79,650	0.00%	79,650	648,816	12.28%
12/31/2011	-	84,024	0.00%	84,024	793,329	10.59%
12/31/2012	-	109,127	0.00%	109,127	1,013,523	10.77%
12/31/2013	-	122,994	0.00%	122,994	1,010,709	12.17%
12/31/2014	-	201,507	0.00%	201,507	1,237,848	16.28%
12/31/2015	-	284,430	0.00%	284,430	1,255,857	22.65%

POLK COUNTY, NORTH CAROLINA*County's Proportionate Share of the Net Pension Liability (Asset)**Required Supplementary Information*

Last Three Fiscal Years*

Local Government Employees' Retirement System

	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) (%)	0.09766%	0.09752%	0.09240%
County's proportion of the net pension liability (asset) (\$)	\$ 438,292	\$ (575,120)	\$ 1,113,775
County's covered-employee payroll	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-employee payroll	7.36%	(10.07%)	19.97%
Plan fiduciary net position as a percentage of the total pension liability (asset)	98.09%	102.64%	94.35%

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

POLK COUNTY, NORTH CAROLINA

Schedule of County's Contributions
Required Supplementary Information
 Last Three Fiscal Years

Local Government Employees' Retirement System

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 409,164	\$ 407,190	\$ 396,750
Contributions in relation to the contractually required contribution	<u>409,164</u>	<u>407,190</u>	<u>396,750</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	5,951,154	5,709,585	5,577,537
Contributions as a percentage of covered-employee payroll	6.88%	7.13%	7.11%

POLK COUNTY, NORTH CAROLINA

County's Proportionate Share of the Net Pension Liability (Asset)
Required Supplementary Information
 Last Three Fiscal Years*

Registers of Deeds' Supplemental Pension Fund

	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) (%)	0.24054%	0.22095%	0.20720%
County's proportion of the net pension liability (asset) (\$)	\$ (55,743)	\$ (50,087)	\$ (44,258)
County's covered-employee payroll	53,522	52,380	51,861
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(104.15%)	(95.62%)	(85.34%)
Plan fiduciary net position as a percentage of the total pension liability (asset)	197.29%	193.88%	190.50%

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

POLK COUNTY, NORTH CAROLINA

Schedule of County's Contributions
Required Supplementary Information
 Last Three Fiscal Years

Registers of Deeds' Supplemental Pension Fund

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,851	\$ 1,925	\$ 1,804
Contributions in relation to the contractually required contribution	<u>1,851</u>	<u>1,925</u>	<u>1,804</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	53,522	52,120	51,248
Contributions as a percentage of covered-employee payroll	3.46%	3.69%	3.52%



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MAJOR FUNDS

Governmental Fund-Type:

- 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 – This 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.

Proprietary Fund-Type:

Enterprise funds are used to account for revenues resulting primarily from charges 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 – This fund accounts for the revenues and expenses associated with operating the county's solid waste transfer station.
 - Water Fund – This 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

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund

For the year ended June 30, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Ad Valorem Taxes:			
Taxes	\$ 14,151,037	\$ 14,541,082	\$ 390,045
Penalties and interest	103,000	139,786	36,786
Total	<u>14,254,037</u>	<u>14,680,868</u>	<u>426,831</u>
Other Taxes:			
Local option sales taxes	2,834,097	2,952,443	118,346
Article 44 sales tax (hold harmless)	477,457	560,819	83,362
Total	<u>3,311,554</u>	<u>3,513,262</u>	<u>201,708</u>
Restricted Intergovernmental:			
Lottery revenue	95,705	95,705	-
Federal grants	3,185,360	2,944,396	(240,964)
State grants	364,107	335,542	(28,565)
Local grants	44,305	42,229	(2,076)
Total	<u>3,689,477</u>	<u>3,417,872</u>	<u>(271,605)</u>
Licenses and Permits:			
Register of Deeds fees	200,000	206,211	6,211
Building, other permit, inspection fees	194,700	159,447	(35,253)
Total	<u>394,700</u>	<u>365,658</u>	<u>(29,042)</u>
Sales and Services:			
Rents, concessions, and fees	69,264	89,520	20,256
EMS fees	670,050	775,085	105,035
Transportation fees	199,489	144,715	(54,774)
Recreation department	162,659	190,921	28,262
Court costs, fees, and charges	76,575	64,276	(12,299)
Other charges for services	14,800	29,583	14,783
Total	<u>1,192,837</u>	<u>1,294,100</u>	<u>101,263</u>
Investment Earnings	10,050	33,956	23,906
Miscellaneous	<u>95,353</u>	<u>84,449</u>	<u>(10,904)</u>
Total revenues	<u>22,948,008</u>	<u>23,390,165</u>	<u>442,157</u>

POLK COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund

For the year ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
Expenditures			
General Government:			
Governing body	\$ 154,744	\$ 125,620	\$ 29,124
Manager	329,044	317,409	11,635
Board of elections	290,110	199,804	90,306
Personnel	187,977	54,832	133,145
Finance	276,906	271,483	5,423
Tax collections	629,875	582,390	47,485
Legal	75,295	34,871	40,424
Register of Deeds	200,560	178,293	22,267
Public buildings	635,561	544,340	91,221
Court facilities	81,052	58,473	22,579
Non-departmental	479,452	381,728	97,724
Total general government	<u>3,340,576</u>	<u>2,749,243</u>	<u>591,333</u>
Public Safety:			
Sheriff's department	2,402,167	2,379,368	22,799
Jail	864,913	871,516	(6,603)
Emergency medical services	1,315,488	1,289,939	25,549
Emergency management	98,294	92,154	6,140
Communications	507,252	459,362	47,890
Building inspections	272,523	242,360	30,163
Animal control	178,338	162,672	15,666
Total public safety	<u>5,638,975</u>	<u>5,497,371</u>	<u>141,604</u>
Economic and physical development:			
Cooperative extension	156,159	131,306	24,853
Planning and zoning	130,529	103,426	27,103
Soil and water conservation	135,072	127,106	7,966
Agriculture	156,149	101,101	55,048
Forestry	75,093	59,876	15,217
Economic development	147,555	84,397	63,158
Total economic and physical development	<u>800,557</u>	<u>607,212</u>	<u>193,345</u>

POLK COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund

For the year ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
Expenditures (continued)			
Human Services:			
Health	\$ 175,145	\$ 175,145	\$ -
Mental health	78,506	78,316	190
Veteran's administration	42,759	41,223	1,536
Social services administration	1,632,055	1,483,774	148,281
Social services programs	2,202,839	1,775,302	427,537
Public transportation	907,606	845,685	61,921
Community based alternatives	76,752	70,123	6,629
Total human services	<u>5,115,662</u>	<u>4,469,568</u>	<u>646,094</u>
Cultural and recreational:			
Recreation	585,616	561,333	24,283
Library	634,950	621,469	13,481
Senior centers	400,844	384,140	16,704
Total cultural and recreational	<u>1,621,410</u>	<u>1,566,942</u>	<u>54,468</u>
Education:			
Public schools-current	5,034,788	5,034,788	-
Public schools-capital outlay	372,267	372,267	-
Community colleges-current	146,015	132,771	13,244
Total education	<u>5,553,070</u>	<u>5,539,826</u>	<u>13,244</u>
Debt Service:			
Principal retirement	1,337,680	1,337,678	2
Interest and fees	151,088	150,825	263
Total debt service	<u>1,488,768</u>	<u>1,488,503</u>	<u>265</u>
Total expenditures	<u>23,559,018</u>	<u>21,918,665</u>	<u>1,640,353</u>
Revenues over (under) expenditures	<u>(611,010)</u>	<u>1,471,500</u>	<u>2,082,510</u>

POLK COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund

For the year ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
Other Financing Sources (Uses)			
Appropriated fund balance	\$ 1,533,861	\$ -	\$ (1,533,861)
Proceeds from sale of assets	-	6,425	6,425
Transfers from other funds	228,670	50,075	(178,595)
Transfers to other funds	(1,151,521)	(1,151,521)	-
Total other financing sources (uses)	<u>611,010</u>	<u>(1,095,021)</u>	<u>(1,706,031)</u>
Net change in fund balance	<u>\$ -</u>	<u>376,479</u>	<u>\$ 376,479</u>
Fund balance, beginning, as previously stated		7,958,756	
Prior period adjustment (Note 12)		<u>3,907</u>	
Fund balance, beginning, as restated		<u>7,962,663</u>	
Fund balance, end of year		<u>\$ 8,339,142</u>	

POLK COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Revaluation Fund

For the year ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment earnings	\$ -	\$ 337	\$ 337
Expenditures			
General Government:			
Revaluation	296,050	211,023	85,027
Revenues under expenditures	(296,050)	(210,686)	85,364
Other Financing Sources			
Appropriated fund balance	296,050	-	(296,050)
Net change in fund balance	\$ -	(210,686)	\$ (210,686)
Fund balance, beginning of year		919,154	
Fund balance, end of year		\$ 708,468	

POLK COUNTY, NORTH CAROLINA

*Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**Solid Waste Fund*

For the year ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for services	\$ 1,351,000	\$ 1,393,764	\$ 42,764
Solid waste taxes	44,088	50,406	6,318
Total revenues	<u>1,395,088</u>	<u>1,444,170</u>	<u>49,082</u>
Expenditures			
Current:			
Operating	1,299,376	1,056,011	243,365
Closure and postclosure care	68,124	63,966	4,158
Capital outlay	74,919	52,573	22,346
Debt service:			
Principal retirement	5,216	5,216	-
Interest and fees	10,215	10,215	-
Total expenditures	<u>1,457,850</u>	<u>1,187,981</u>	<u>269,869</u>
Revenues over (under) expenditures	<u>(62,762)</u>	<u>256,189</u>	<u>318,951</u>
Other Financing Sources			
Appropriated fund balance	<u>62,762</u>	<u>-</u>	<u>(62,762)</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>256,189</u>	<u>\$ 256,189</u>
Reconciliation from modified accrual to full accrual basis:			
Capital outlay		52,573	
Depreciation		(90,263)	
Principal retirement		<u>5,216</u>	
Change in net assets		<u>\$ 223,715</u>	

POLK COUNTY, NORTH CAROLINA

*Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**Water Fund*

For the year ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for services	\$ -	\$ 3,407	\$ 3,407
Miscellaneous	-	1,692	1,692
Total revenues	-	5,099	5,099
Expenditures			
Current:			
Operating	-	-	-
Revenues over expenditures	-	5,099	5,099
Other Financing Sources (Uses)			
Appropriated fund balance	26,693	-	(26,693)
Transfers to other funds	(26,693)	(26,693)	-
Total other financing sources (uses)	-	(26,693)	(26,693)
Revenues and other financing sources under expenditures and other uses	\$ -	(21,594)	\$ (21,594)
Reconciliation from modified accrual to full accrual basis:			
Depreciation		(213,031)	
<u>From Water Capital Projects Fund:</u>			
Non-capital expenditures		(37,706)	
Transfers from other funds		1,110,008	
Change in net assets		\$ 837,677	

POLK COUNTY, NORTH CAROLINA

*Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**Water Capital Projects Fund*

From inception and for the year ended June 30, 2016

	Project Authorization	Reported In Prior Years	Current Year	Total	Variance Positive (Negative)
Expenditures					
Capital:					
Hwy 9/Ken Miller Rd	\$ 570,000	\$ -	\$ 543,838	\$ 543,838	\$ 26,162
Sunny View	2,000,815	1,444,357	445,072	1,889,429	111,386
Green River Church	100,000	89,201	7,073	96,274	3,726
General	199,193	17,996	64,710	82,706	116,487
Total expenditures	<u>2,870,008</u>	<u>1,551,554</u>	<u>1,060,693</u>	<u>2,612,247</u>	<u>257,761</u>
Other Financing Sources					
Transfers from other funds	<u>2,870,008</u>	<u>1,736,894</u>	<u>1,110,008</u>	<u>2,846,902</u>	<u>(23,106)</u>
Other financing sources over expenditures	<u>\$ -</u>	<u>\$ 185,340</u>	<u>\$ 49,315</u>	<u>\$ 234,655</u>	<u>\$ 234,655</u>

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.
- Grant Projects Fund – This fund is established to account for the expenditure of grant funds related to community projects.

Capital Projects Fund

- Capital Projects Fund – This fund is used to account for the acquisition or construction of major capital facilities of the County.
- 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 in the Capital Projects Fund.

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.
-

POLK COUNTY, NORTH CAROLINA

Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2016

	Fire District Fund	Tourism Development Fund	Emergency Telephone System Fund	Grant Projects Fund	Total Special Revenue Funds	Capital Projects Fund	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 12,283	\$ 108,059	\$ 406,267	\$ 30,088	\$ 556,697	\$ 900,949	\$ -	\$ 1,457,646
Restricted cash	-	-	-	-	-	-	1,223,391	1,223,391
Receivables, net	66,460	21,805	17,038	-	105,303	-	-	105,303
Prepays	-	3,034	232	-	3,266	-	-	3,266
Total assets	\$ 78,743	\$ 132,898	\$ 423,537	\$ 30,088	\$ 665,266	\$ 900,949	\$ 1,223,391	\$ 2,789,606
LIABILITIES								
Accounts payable and other current liabilities	\$ 20,826	\$ 22,284	\$ 5,801	\$ -	\$ 48,911	\$ 123,842	\$ -	\$ 172,753
Unearned revenues	-	-	-	2,398	2,398	-	-	2,398
Total liabilities	20,826	22,284	5,801	2,398	51,309	123,842	-	175,151
DEFERRED INFLOWS OF RESOURCES	57,917	-	-	-	57,917	-	-	57,917
FUND BALANCES								
Nonspendable:								
Prepays	-	3,034	232	-	3,266	-	-	3,266
Restricted:								
Stabilization by State statute	8,543	18,771	16,806	-	44,120	-	-	44,120
Public safety	-	-	400,698	-	400,698	-	-	400,698
Tourism	-	88,809	-	-	88,809	-	-	88,809
Economic and physical development	-	-	-	27,690	27,690	-	-	27,690
School debt service	-	-	-	-	-	-	1,223,391	1,223,391
Assigned	-	-	-	-	-	777,107	-	777,107
Unassigned (deficit)	(8,543)	-	-	-	(8,543)	-	-	(8,543)
Total fund balances	-	110,614	417,736	27,690	556,040	777,107	1,223,391	2,556,538
Total liabilities, deferred inflows of resources and fund balances	\$ 78,743	\$ 132,898	\$ 423,537	\$ 30,088	\$ 665,266	\$ 900,949	\$ 1,223,391	\$ 2,789,606

POLK COUNTY, NORTH CAROLINA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the year ended June 30, 2016

	Fire District Fund	Tourism Development Fund	Emergency Telephone System Fund	Grant Projects Fund	Total Special Revenue Funds	Capital Projects Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues								
Ad valorem taxes	\$ 1,469,522	\$ -	\$ -	\$ -	\$ 1,469,522	\$ -	\$ -	\$ 1,469,522
Other taxes	-	149,841	-	-	149,841	-	-	149,841
Restricted intergovernmental	-	-	204,450	23,973	228,423	-	-	228,423
Investment earnings	-	-	42	-	42	19	28,634	28,695
Miscellaneous	-	-	-	-	-	56,271	-	56,271
Total revenues	1,469,522	149,841	204,492	23,973	1,847,828	56,290	28,634	1,932,752
Expenditures								
Current:								
Public safety	1,469,522	-	169,249	-	1,638,771	439,404	-	2,078,175
Economic and physical development	-	138,898	-	21,974	160,872	-	-	160,872
Human services	-	-	-	-	-	13,354	-	13,354
Debt service:								
Principal retirement	-	-	57,532	-	57,532	-	-	57,532
Interest and fees	-	-	5,552	-	5,552	-	-	5,552
Total expenditures	1,469,522	138,898	232,333	21,974	1,862,727	452,758	-	2,315,485
Revenues over (under) expenditures	-	10,943	(27,841)	1,999	(14,899)	(396,468)	28,634	(382,733)
Other Financing Sources (Uses)								
Transfers from other funds	-	-	-	-	-	145,000	95,706	240,706
Transfers to other funds	-	-	-	-	-	(222,575)	-	(222,575)
Total other financing sources (uses)	-	-	-	-	-	(77,575)	95,706	18,131
Net change in fund balances	-	10,943	(27,841)	1,999	(14,899)	(474,043)	124,340	(364,602)
Fund balances, beginning of year	-	99,671	445,577	25,691	570,939	1,251,150	1,099,051	2,921,140
Fund balances, end of year	\$ -	\$ 110,614	\$ 417,736	\$ 27,690	\$ 556,040	\$ 777,107	\$ 1,223,391	\$ 2,556,538

POLK COUNTY, NORTH CAROLINA

*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**Fire District Fund*

For the year ended June 30, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Ad Valorem Taxes:			
Taxes	\$ 1,510,500	\$ 1,465,788	\$ (44,712)
Penalties and interest	<u>-</u>	<u>3,734</u>	<u>3,734</u>
Total revenues	<u>1,510,500</u>	<u>1,469,522</u>	<u>(40,978)</u>
Expenditures			
Public safety:			
Sunny View Fire Department	280,000	270,577	9,423
Green Creek Fire Department	208,000	201,490	6,510
Tryon Fire Department	206,000	199,380	6,620
Saluda Fire Department	160,500	150,019	10,481
Mill Springs Fire Department	223,000	219,752	3,248
Columbus Fire Department	<u>433,000</u>	<u>428,304</u>	<u>4,696</u>
Total expenditures	<u>1,510,500</u>	<u>1,469,522</u>	<u>40,978</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ -</u>	

POLK COUNTY, NORTH CAROLINA

*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**Tourism Development Fund*

For the year ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Occupancy tax	\$ 160,599	\$ 149,841	\$ (10,758)
Expenditures			
Economic and physical development:			
Tourism	160,599	138,898	21,701
Net change in fund balance	\$ -	10,943	\$ 10,943
Fund balance, beginning of year		99,671	
Fund balance, end of year		\$ 110,614	

POLK COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Emergency Telephone System Fund
 For the year ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Restricted intergovernmental	\$ 204,450	\$ 204,450	\$ -
Interest earned	-	42	42
Total revenues	<u>204,450</u>	<u>204,492</u>	<u>42</u>
Expenditures			
Public safety:			
Implementation functions		47,158	
Telephone and furniture		104,420	
Software maintenance		62,335	
Hardware maintenance		18,420	
Total expenditures	<u>250,797</u>	<u>232,333</u>	<u>18,464</u>
Revenues over (under) expenditures	<u>(46,347)</u>	<u>(27,841)</u>	<u>18,506</u>
Other Financing Sources			
Appropriated fund balance	<u>46,347</u>	<u>-</u>	<u>(46,347)</u>
Net change in fund balance	<u>\$ -</u>	<u>(27,841)</u>	<u>\$ (27,841)</u>
Fund balance, beginning of year		<u>445,577</u>	
Fund balance, end of year		<u>\$ 417,736</u>	

POLK COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Grant Projects Fund

From inception and for the year ended June 30, 2016

	<u>Project Authorization</u>	<u>Reported In Prior Years</u>	<u>Current Year</u>	<u>Total</u>	<u>Variance Positive (Negative)</u>
Revenues and Other Financing Sources					
Restricted intergovernmental revenue:					
Community development block grant:					
Scattered site housing	\$ 400,000	\$ 398,705	\$ 973	\$ 399,678	\$ (322)
Tryon Equestrian Properties water project	281,250	208,595	2,792	211,387	(69,863)
Rural economic development grant:					
Underserved and limited resources communities	23,200	-	20,208	20,208	(2,992)
Restricted contributions:					
Tryon Equestrian Properties water project	93,750	93,725	-	93,725	(25)
Other financing sources:					
Transfer from other funds (local match):					
Rural economic development grant	7,000	7,000	-	7,000	-
Total revenues and other financing sources	<u>805,200</u>	<u>708,025</u>	<u>23,973</u>	<u>731,998</u>	<u>(73,202)</u>
Expenditures					
Economic and physical development:					
Scattered site housing	400,000	398,705	973	399,678	322
Tryon Equestrian Properties water project	375,000	276,219	3,761	279,980	95,020
Rural economic development grant	30,200	7,378	17,240	24,618	5,582
Closed projects	-	32	-	32	(32)
Total expenditures	<u>805,200</u>	<u>682,334</u>	<u>21,974</u>	<u>704,308</u>	<u>100,892</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 25,691</u>	1,999	<u>\$ 27,690</u>	<u>\$ 27,690</u>
Fund balance, beginning of year			<u>25,691</u>		
Fund balance, end of year			<u>\$ 27,690</u>		

POLK COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Capital Projects Fund

From inception and for the year ended June 30, 2016

	<u>Project Authorization</u>	<u>Reported In Prior Years</u>	<u>Current Year</u>	<u>Total</u>	<u>Variance Positive (Negative)</u>
Revenues					
Miscellaneous	\$ 53,475	\$ 53,475	\$ 56,271	\$ 109,746	\$ 56,271
Expenditures					
General government:					
Court facilities	95,000	-	-	-	95,000
Public safety:					
Detention facility	2,408,282	-	439,404	439,404	1,968,878
Human services:					
DSS building	1,903,475	1,851,718	13,354	1,865,072	38,403
Total expenditures	<u>4,406,757</u>	<u>1,851,718</u>	<u>452,758</u>	<u>2,304,476</u>	<u>2,102,281</u>
Revenues over (under) expenditures	<u>(4,353,282)</u>	<u>(1,798,243)</u>	<u>(396,487)</u>	<u>(2,194,730)</u>	<u>2,158,552</u>
Other Financing Sources					
Installment purchase obligations issued	4,258,282	1,850,000	-	1,850,000	(2,408,282)
Transfers from other funds	95,000	-	95,000	95,000	-
Closed projects	-	388,342	-	388,342	388,342
Total other financing sources	<u>4,353,282</u>	<u>2,238,342</u>	<u>95,000</u>	<u>2,333,342</u>	<u>(2,019,940)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 440,099</u>	<u>(301,487)</u>	<u>\$ 138,612</u>	<u>\$ 138,612</u>
Fund balance, beginning of year			<u>440,099</u>		
Fund balance, end of year - Capital Projects Fund			138,612		
Amounts reported on the Statement of Revenues, Expenditures and Changes in Fund Balances (Schedule C-2) are difference from the Budget/Actual Schedule due to consolidation of the School Capital Reserve Fund (Schedule C-8):					
Investment earnings			19		
Transfers from other funds			50,000		
Transfers to other funds			(222,575)		
Fund balance, beginning - Capital Reserve Fund			<u>811,051</u>		
Fund balance, ending - Combined Capital Projects Fund			<u>\$ 777,107</u>		

POLK COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Capital Reserve Fund
 For the year ended June 30, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Investment earnings	\$ -	\$ 19	\$ 19
Other Financing Sources (Uses)			
Appropriated fund balance	218,250	-	(218,250)
Transfers from other funds	-	50,000	50,000
Transfers to other funds	<u>(218,250)</u>	<u>(222,575)</u>	<u>(4,325)</u>
Total other financing sources (uses)	<u>-</u>	<u>(172,575)</u>	<u>(172,575)</u>
Net change in fund balance	<u>\$ -</u>	(172,556)	<u>\$ (172,556)</u>
Fund balance, beginning of year		<u>811,051</u>	
Fund balance, end of year		<u>\$ 638,495</u>	

POLK COUNTY, NORTH CAROLINA

*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**Debt Service Fund*

For the year ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment earnings	\$ -	\$ 28,634	\$ 28,634
Expenditures			
Debt service:			
Principal retirement *	95,706	-	95,706
Revenues over (under) expenditures	(95,706)	28,634	124,340
Other Financing Sources			
Transfers from other funds	95,706	95,706	-
Net change in fund balance	\$ -	124,340	\$ 124,340
Fund balance, beginning of year		1,099,051	
Fund balance, end of year		\$ 1,223,391	

* Funds are moved and held in escrow by the County for the 2005 \$1.84 million QZAB installment agreement

INTERNAL SERVICE FUND

-
- The Self Insurance Fund accounts for the financing of health insurance coverage for all County employees.
-



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POLK COUNTY, NORTH CAROLINA

*Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**Self-Insurance Fund*

For the year ended June 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Employee contributions	\$ -	\$ -	\$ -
Expenditures			
Administration fees	1,000	910	90
Claims (recoupments)	368	(1,790)	2,158
Total expenditures	1,368	(880)	2,248
Revenues over (under) expenditures	(1,368)	880	2,248
Other Financing Sources			
Appropriated fund balance	1,368	-	(1,368)
Revenues and other financing sources over expenditures	\$ -	\$ 880	\$ 880



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AGENCY FUNDS

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

- The County's Agency Funds are used to account for funds deposited with the Social Services Fund, the Property Tax Fund, the Fines and Forfeitures Fund, and Other Agency Fund.
-



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POLK COUNTY, NORTH CAROLINA

Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds

For the year ended June 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
Social Services Fund:				
Cash and cash equivalents	\$ 54,931	\$ 180,543	\$ 185,410	\$ 50,064
Due to others	\$ 54,931	\$ 180,543	\$ 185,410	\$ 50,064
Property Tax Fund:				
Cash and cash equivalents	\$ 14,541	\$ 1,670,157	\$ 1,660,869	\$ 23,829
Due to other governments	\$ 14,541	\$ 1,670,157	\$ 1,660,869	\$ 23,829
Fines and Forfeitures Fund:				
Cash and cash equivalents	\$ 9,233	\$ 199,819	\$ 199,667	\$ 9,385
Due to Polk County Schools	\$ -	\$ 183,510	\$ 183,510	\$ -
Due to the State of North Carolina	9,233	16,309	16,157	9,385
	\$ 9,233	\$ 199,819	\$ 199,667	\$ 9,385
Other Agency Fund:				
Cash and cash equivalents	\$ 77,961	\$ 155,023	\$ 137,534	\$ 95,450
Due to others	\$ 77,961	\$ 155,023	\$ 137,534	\$ 95,450
Total:				
Cash and cash equivalents	\$ 156,666	\$ 2,205,542	\$ 2,183,480	\$ 178,728
Due to others	\$ 132,892	\$ 335,566	\$ 322,944	\$ 145,514
Due to other governments	14,541	1,670,157	1,660,869	23,829
Due to Polk County Schools	-	183,510	183,510	-
Due to the State of North Carolina	9,233	16,309	16,157	9,385
	\$ 156,666	\$ 2,205,542	\$ 2,183,480	\$ 178,728



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OTHER SUPPLEMENTARY INFORMATION

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- Schedule of Ad Valorem Taxes Receivable
 - Analysis of Current Tax Levy
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POLK COUNTY, NORTH CAROLINA

Schedule of Ad Valorem Taxes Receivable
General Fund
 June 30, 2016

Fiscal Year	Uncollected Balance July 1, 2015	Additions	Collections and Credits	Uncollected Balance June 30, 2016
2015-2016	\$ -	\$ 14,537,651	\$ 14,149,217	\$ 388,434
2014-2015	418,284	-	353,961	64,323
2013-2014	121,965	-	86,558	35,407
2012-2013	76,903	-	44,379	32,524
2011-2012	51,624	-	23,782	27,842
2010-2011	56,247	-	37,320	18,927
2009-2010	29,802	-	10,170	19,632
2008-2009	14,225	-	3,016	11,209
2007-2008	10,217	-	761	9,456
2006-2007	7,903	-	244	7,659
2005-2006	<u>7,387</u>	<u>-</u>	<u>7,387</u>	<u>-</u>
Total	<u>\$ 794,557</u>	<u>\$ 14,537,651</u>	<u>\$ 14,716,795</u>	615,413
Less allowance for uncollectible ad valorem taxes receivable				<u>(80,000)</u>
Ad valorem taxes receivable, net				<u>\$ 535,413</u>
Reconcilement with Revenues:				
Taxes - Ad valorem - General Fund				<u>\$ 14,680,868</u>
Reconciling items:				
Discounts allowed				(161,796)
Penalties and interest				139,786
Other adjustments				<u>57,937</u>
Total reconciling items				<u>35,927</u>
Total collections and credits				<u>\$ 14,716,795</u>

POLK COUNTY, NORTH CAROLINA

Analysis of Current Year County-Wide Tax Levy
June 30, 2016

	County Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$2,819,143,483	0.5175	\$ 14,589,075	\$ 13,635,713	\$ 953,362
Penalties	-		6,363	6,363	-
Total	<u>2,819,143,483</u>		<u>14,595,438</u>	<u>13,642,076</u>	<u>953,362</u>
Discoveries:					
Current year taxes	2,921,585	0.5175	15,130	15,130	-
Abatements	<u>(13,873,055)</u>	0.5175	<u>(72,917)</u>	<u>(72,917)</u>	<u>-</u>
Total property valuation	<u>\$ 2,808,192,013</u>				
Net levy			14,537,651	13,584,289	953,362
Current Year's Taxes Uncollected at 6/30/16			<u>388,434</u>	<u>388,434</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 14,149,217</u>	<u>\$ 13,195,855</u>	<u>\$ 953,362</u>
Current Levy Collection %			<u>97.33%</u>	<u>97.14%</u>	<u>100.00%</u>
Secondary Market Disclosures:					
Assessed Valuation					
Assessment Ratio ⁽¹⁾				100.00%	
Real Property				\$ 2,492,812,591	
Personal Property				52,313,128	
Public Service Companies ⁽²⁾				78,841,817	
Registered Motor Vehicles				<u>184,224,477</u>	
Total Assessed Valuation				2,808,192,013	
Tax Rate per \$100				<u>0.5175</u>	
Levy (includes discoveries, releases and abatements) ⁽³⁾				<u>\$ 14,537,651</u>	
In addition to the County-wide rate, the following table lists the levies by the County on behalf of Harmon Field, school districts, towns, and fire protection districts for the fiscal year ended June 30:					
Harmon Field				\$ 151,421	
School Districts				76,605	
Towns				1,042,273	
Fire Protection Districts				<u>1,330,408</u>	
Total				<u>\$ 2,600,707</u>	

⁽¹⁾ Percentage of appraised value has been established by statute.

⁽²⁾ Valuation of railroads, telephone companies, and other utilities as determined by the North Carolina Property Tax Commission.

⁽³⁾ The levy includes interest and penalties.

COMPLIANCE SECTION

The compliance section contains other reporting required by *Government Auditing Standards*.



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GOULD KILLIAN
CPA GROUP, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

**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 Auditors' Report

To the Board of County Commissioners
Polk County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2016, and the related notes to the financial statements, which collectively comprise Polk County's basic financial statements, and have issued our report thereon dated October 12, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Polk County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Polk County's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 the 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 material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Polk County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Donald Killian CPA Group, P.A.

Asheville, North Carolina
October 12, 2016

POLK COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
For the year ended June 30, 2016

I. Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐yes ☒no
- Significant deficiency(s) identified that are not considered to be material weakness? ☐yes ☒none reported

Noncompliance material to financial statements noted ☐yes ☒no

II. Financial Statement Findings

None reported.

POLK COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS
For the year ended June 30, 2016

There were no audit findings reported in the prior year.

STATISTICAL SECTION

This part of Polk County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information say 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 County's most significant local revenue source, the property tax.
 - Debt Capacity – These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the government'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.
 - Operating Information – These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.
-

POLK COUNTY, NORTH CAROLINA

Net Position by Category
Last Ten Fiscal Years

	<u>2007</u>		<u>2008</u>		<u>2009 ⁽¹⁾</u>		<u>2010</u>
Governmental activities:							
Net investment in capital assets	\$ 11,205,743	\$	14,896,379	\$	12,807,648	\$	19,242,095
Restricted	196,009		299,847		897,428		514,929
Unrestricted	(5,003,910)		(3,436,761)		(3,471,180)		(5,965,030)
Total governmental activities net position	<u>\$ 6,397,842</u>	<u>\$</u>	<u>11,759,465</u>	<u>\$</u>	<u>10,233,896</u>	<u>\$</u>	<u>13,791,994</u>
Business-type activities:							
Net investment in capital assets	\$ 1,648,808	\$	1,694,826	\$	7,035,005	\$	8,945,463
Restricted	-		-		-		-
Unrestricted	470,646		352,413		1,421,280		172,796
Total business-type activities net position	<u>\$ 2,119,454</u>	<u>\$</u>	<u>2,047,239</u>	<u>\$</u>	<u>8,456,285</u>	<u>\$</u>	<u>9,118,259</u>
Primary government:							
Net investment in capital assets	\$ 12,854,551	\$	16,591,205	\$	19,842,653	\$	28,187,558
Restricted	196,009		299,847		897,428		514,929
Unrestricted	(4,533,264)		(3,084,348)		(2,049,900)		(5,792,234)
Total primary government net position	<u>\$ 8,517,296</u>	<u>\$</u>	<u>13,806,704</u>	<u>\$</u>	<u>18,690,181</u>	<u>\$</u>	<u>22,910,253</u>

NOTES:

⁽¹⁾ 2009 was the first year for water activities.

⁽²⁾ 2015 was the first year of implementation for GASB Statement No. 68 and 2014 was retroactively restated as a result of implementation. 2007 - 2013 were not restated.

Source: Polk County Financial Statements

2011	2012	2013	2014 ⁽²⁾	2015	2016
\$ 16,076,619	\$ 17,491,725	\$ 16,924,056	\$ 16,823,252	\$ 16,778,656	\$ 17,116,720
3,359,835	2,343,502	2,357,260	2,513,727	3,408,680	3,418,452
(1,239,021)	445,749	1,488,679	2,508,175	2,189,288	2,718,297
\$ 18,197,433	\$ 20,280,976	\$ 20,769,995	\$ 21,845,154	\$ 22,376,624	\$ 23,253,469
\$ 9,027,773	\$ 9,283,387	\$ 9,708,668	\$ 10,958,504	\$ 12,699,586	\$ 13,477,068
-	-	-	-	-	-
673,949	842,565	2,043,592	649,402	784,618	1,068,528
\$ 9,701,722	\$ 10,125,952	\$ 11,752,260	\$ 11,607,906	\$ 13,484,204	\$ 14,545,596
\$ 25,104,392	\$ 26,775,112	\$ 26,632,724	\$ 27,781,756	\$ 29,478,242	\$ 30,593,788
3,359,835	2,343,502	2,357,260	2,513,727	3,408,680	3,418,452
(565,072)	1,288,314	3,532,271	3,157,577	2,973,906	3,786,825
\$ 27,899,155	\$ 30,406,928	\$ 32,522,255	\$ 33,453,060	\$ 35,860,828	\$ 37,799,065

POLK COUNTY, NORTH CAROLINA

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

	2007	2008	2009 ⁽¹⁾	2010
Governmental activities				
Program revenues:				
Charges for services:				
General government	\$ 462,656	\$ 1,356,198	\$ 864,488	\$ 832,957
Public safety	1,286,115	695,145	763,734	746,571
Economic and physical development	76,016	25,292	9,194	-
Human services	517,592	243,765	255,638	250,656
Cultural and recreational	133,995	92,965	92,667	131,766
Operating grants and contributions	2,814,944	2,888,791	3,029,342	3,250,918
Capital grants and contributions	538,727	71,008	956,449	25,000
Total program revenues	<u>5,830,045</u>	<u>5,373,164</u>	<u>5,971,512</u>	<u>5,237,868</u>
Expenses:				
General government	2,532,464	2,603,109	2,897,048	2,597,039
Public safety	4,926,153	4,703,673	5,000,699	5,130,053
Economic and physical development	785,382	669,407	733,884	1,016,720
Human services	5,108,467	4,772,975	4,687,695	4,259,428
Cultural and recreational	1,531,015	1,395,294	1,712,737	922,727
Education	5,733,765	4,933,837	7,957,032	4,663,770
Interest on long-term debt	940,279	839,020	754,146	663,762
Total program expenses	<u>21,557,525</u>	<u>19,917,315</u>	<u>23,743,241</u>	<u>19,253,499</u>
Net expenses	<u>(15,727,480)</u>	<u>(14,544,151)</u>	<u>(17,771,729)</u>	<u>(14,015,631)</u>
General revenues and transfers:				
Taxes:				
Property taxes	13,568,221	14,110,976	14,799,647	15,371,932
Local option sales tax	3,644,492	3,811,698	3,064,046	2,207,319
Other taxes	913,449	297,863	306,828	298,009
Investment earnings, unrestricted	705,771	690,768	287,194	56,921
Miscellaneous, unrestricted	661,264	809,899	434,348	263,917
Transfers	(166,669)	(15,430)	(2,645,903)	(624,369)
Total general revenues	<u>19,326,528</u>	<u>19,705,774</u>	<u>16,246,160</u>	<u>17,573,729</u>
Change in net position	<u>3,599,048</u>	<u>5,161,623</u>	<u>(1,525,569)</u>	<u>3,558,098</u>

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2011	2012	2013	2014 ⁽²⁾	2015	2016
\$ 1,180,459	\$ 369,453	\$ 370,476	\$ 418,126	\$ 489,951	\$ 295,730
655,485	688,868	429,208	709,506	767,946	1,017,988
-	-	-	-	-	-
230,731	272,605	265,407	245,308	246,271	144,715
104,203	118,711	114,765	118,479	136,669	201,323
3,210,156	3,003,690	2,952,339	3,377,349	3,354,029	3,550,592
1,395,348	232,219	181,457	531,932	632,886	95,705
6,776,382	4,685,546	4,313,652	5,400,700	5,627,752	5,306,053
2,564,394	2,758,095	2,773,817	2,944,270	2,742,665	3,108,920
5,400,531	5,899,783	5,704,927	6,233,081	6,696,025	7,200,671
919,265	760,672	811,129	1,577,119	1,092,014	762,832
4,366,981	4,604,527	4,873,307	4,445,455	4,539,628	4,406,543
1,414,145	1,814,164	1,524,910	1,559,705	1,573,950	1,773,442
4,759,096	5,079,611	5,238,727	5,937,254	5,786,491	5,539,826
526,997	540,693	381,823	337,287	305,706	122,188
19,951,409	21,457,545	21,308,640	23,034,171	22,736,479	22,914,422
(13,175,027)	(16,771,999)	(16,994,988)	(17,633,471)	(17,108,727)	(17,608,369)
15,293,427	15,698,882	15,603,425	15,888,653	15,806,434	15,949,683
2,050,123	3,220,416	3,247,594	3,232,234	3,344,092	3,211,303
294,499	270,301	287,912	280,937	317,665	149,841
42,466	36,751	39,917	34,432	36,268	62,988
152,021	343,726	125,016	124,889	127,758	140,720
(252,070)	(714,534)	(1,819,857)	(135,490)	(1,992,020)	(1,083,315)
17,580,466	18,855,542	17,484,007	19,425,655	17,640,197	18,431,220
4,405,439	2,083,543	489,019	1,792,184	531,470	822,851

continued on next page

POLK COUNTY, NORTH CAROLINA

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

	<u>2007</u>	<u>2008</u>	<u>2009 ⁽¹⁾</u>	<u>2010</u>
Business-type activities				
Program revenues:				
Charges for services:				
Solid waste	\$ 1,246,368	\$ 1,307,658	\$ 1,185,218	\$ 1,166,548
Water	N/A	N/A	19,200	255,825
Water capital projects	N/A	N/A	-	-
Operating grants and contributions	-	-	-	
Capital grants and contributions	-	-	4,030,000	21,667
Total program revenues	<u>1,246,368</u>	<u>1,307,658</u>	<u>5,234,418</u>	<u>1,444,040</u>
Expenses:				
Solid waste	1,161,466	1,395,303	1,367,129	1,194,725
Water	N/A	N/A	104,146	211,710
Total program expenses	<u>1,161,466</u>	<u>1,395,303</u>	<u>1,471,275</u>	<u>1,406,435</u>
Net revenues (expenses)	<u>84,902</u>	<u>(87,645)</u>	<u>3,763,143</u>	<u>37,605</u>
General revenues and transfers:				
Other taxes	-	-	-	-
Miscellaneous, unrestricted	-	-	-	-
Transfers	166,669	15,430	2,645,903	624,369
	<u>166,669</u>	<u>15,430</u>	<u>2,645,903</u>	<u>624,369</u>
Change in net position	<u>251,571</u>	<u>(72,215)</u>	<u>6,409,046</u>	<u>661,974</u>
Primary government				
Program revenues	7,076,413	6,680,822	11,205,930	6,681,908
Expenses	<u>22,718,991</u>	<u>21,312,618</u>	<u>25,214,516</u>	<u>20,659,934</u>
Net expenses	<u>(15,642,578)</u>	<u>(14,631,796)</u>	<u>(14,008,586)</u>	<u>(13,978,026)</u>
General revenues and transfers	<u>19,493,197</u>	<u>19,721,204</u>	<u>18,892,063</u>	<u>18,198,098</u>
Change in net position	<u>\$ 3,850,619</u>	<u>\$ 5,089,408</u>	<u>\$ 4,883,477</u>	<u>\$ 4,220,072</u>

NOTES:

(1) 2009 was the first year for water activities.

(2) 2015 was the first year of implementation for GASB Statement No. 68 and 2014 was retroactively restated as a result of implementation. 2007 - 2013 were not restated.

Source: Polk County Financial Statements

Continued

2011	2012	2013	2014 ⁽²⁾	2015	2016
\$ 1,185,595	\$ 1,252,841	\$ 1,261,698	\$ 1,323,063	\$ 1,411,327	\$ 1,393,764
59,545	30,521	34,857	17,858	4,500	5,099
135,753	-	-	-	-	-
-	-	15,458	-	-	-
267,995	-	-	-	-	-
1,648,888	1,283,362	1,312,013	1,340,921	1,415,827	1,398,863
1,172,556	1,253,339	1,359,559	1,416,362	1,370,127	1,220,455
144,939	320,327	221,170	249,315	207,665	250,737
1,317,495	1,573,666	1,580,729	1,665,677	1,577,792	1,471,192
331,393	(290,304)	(268,716)	(324,756)	(161,965)	(72,329)
-	-	44,138	44,912	46,243	50,406
-	-	31,029	-	-	-
252,070	714,534	1,819,857	135,490	1,992,020	1,083,315
252,070	714,534	1,895,024	180,402	2,038,263	1,133,721
583,463	424,230	1,626,308	(144,354)	1,876,298	1,061,392
8,425,270	5,968,908	5,625,665	6,741,621	7,043,579	6,704,916
21,268,904	23,031,211	22,889,369	24,699,848	24,314,271	24,385,614
(12,843,634)	(17,062,303)	(17,263,704)	(17,958,227)	(17,270,692)	(17,680,698)
17,832,536	19,570,076	19,379,031	19,606,057	19,678,460	19,564,941
\$ 4,988,902	\$ 2,507,773	\$ 2,115,327	\$ 1,647,830	\$ 2,407,768	\$ 1,884,243

POLK COUNTY, NORTH CAROLINA

Fund Balances - Governmental Funds Last Ten Fiscal Years

	2007	2008	2009	2010
General fund:				
Reserved	\$ 995,302	\$ 1,010,102	\$ 947,259	\$ 727,136
Unreserved	7,276,793	7,679,650	6,107,233	7,058,899
Nonspendable:				
Prepays	N/A	N/A	N/A	N/A
Restricted:				
Stabilization by State Statute	N/A	N/A	N/A	N/A
Committed:				
Tax Revaluation	N/A	N/A	N/A	N/A
Assigned:				
Subsequent year's expenditure	N/A	N/A	N/A	N/A
Unassigned	N/A	N/A	N/A	N/A
Total General Fund	\$ 8,272,095	\$ 8,689,752	\$ 7,054,492	\$ 7,786,035
Other governmental funds:				
Reserved	\$ 248,692	\$ 344,628	\$ 433,505	\$ 548,126
Unreserved, reported in:				
Special revenue funds	1,151,573	865,333	1,000,878	1,148,062
Capital projects fund	975,451	1,156,247	914,602	331,799
Nonspendable:				
Prepays	N/A	N/A	N/A	N/A
Restricted:				
Stabilization by State Statute	N/A	N/A	N/A	N/A
Public safety	N/A	N/A	N/A	N/A
Construction of new buildings	N/A	N/A	N/A	N/A
Tourism	N/A	N/A	N/A	N/A
Economic and physical development	N/A	N/A	N/A	N/A
School debt service	N/A	N/A	N/A	N/A
Committed:				
Dam repair	N/A	N/A	N/A	N/A
Vehicles	N/A	N/A	N/A	N/A
Communications	N/A	N/A	N/A	N/A
Waterline extension	N/A	N/A	N/A	N/A
Assigned:				
Subsequent year's expenditures	N/A	N/A	N/A	N/A
Capital projects	N/A	N/A	N/A	N/A
Unassigned (deficit)	N/A	N/A	N/A	N/A
Total other funds	\$ 2,375,716	\$ 2,366,208	\$ 2,348,985	\$ 2,027,987

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

Source: Polk County Financial Statements

2011	2012	2013	2014	2015	2016
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 170,561
1,137,887	1,075,768	785,210	1,047,125	1,163,570	1,633,744
682,465	838,533	973,254	938,082	919,154	708,468
79,820	-	445,542	474,719	888,900	-
6,044,488	6,011,199	5,738,575	7,047,387	5,906,286	6,534,837
\$ 7,944,660	\$ 7,925,500	\$ 7,942,581	\$ 9,507,313	\$ 8,877,910	\$ 9,047,610
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,266
395,670	25,460	-	-	-	44,120
414,260	376,989	437,439	431,493	445,577	400,698
775,150	107,665	134,921	-	-	-
10,496	17,926	24,372	43,373	99,671	88,809
-	-	118,852	15,227	25,691	27,690
626,372	739,694	856,466	976,509	1,099,051	1,223,391
210,000	-	-	-	-	-
54,000	-	-	-	-	-
112,713	-	-	-	-	-
-	852,206	-	-	-	-
192,301	-	-	-	-	-
-	-	1,099,551	634,512	1,251,150	777,107
(369,488)	-	-	-	-	(8,543)
\$ 2,421,474	\$ 2,119,940	\$ 2,671,601	\$ 2,101,114	\$ 2,921,140	\$ 2,556,538

POLK COUNTY, NORTH CAROLINA

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

	2007	2008	2009	2010
Revenues:				
Property taxes	\$ 13,594,600	\$ 13,957,504	\$ 14,882,777	\$ 15,124,648
Local option sales taxes		3,811,698	3,064,046	2,207,319
Other taxes	3,943,952	297,863	306,828	298,009
Unrestricted intergovernmental	362,634	687,581	415,750	458,065
Restricted intergovernmental	3,174,901	2,959,799	3,985,792	3,275,917
Restricted contributions	-	-	-	-
Permits and fees	705,528	529,134	321,011	275,786
Sales and services	1,101,903	1,196,650	1,248,960	1,228,099
Investment earnings	705,771	690,768	287,194	56,921
Miscellaneous	904,674	809,899	434,348	263,917
Total revenues	<u>24,493,963</u>	<u>24,940,896</u>	<u>24,946,706</u>	<u>23,188,681</u>
Expenditures:				
Current:				
General government	2,238,115	2,448,377	2,408,644	2,322,946
Public safety	4,892,700	4,807,317	5,043,502	5,021,443
Economic and physical development	739,736	675,773	738,915	1,026,375
Human services	4,804,274	4,701,856	4,766,281	4,098,286
Cultural and recreational	1,333,518	1,530,732	1,566,221	1,256,085
Intergovernmental:				
Education	4,214,508	4,933,837	6,052,088	4,736,505
Capital outlay	2,136,091	2,347,900	1,687,648	576,650
Debt service:				
Principal	2,419,773	2,222,443	2,633,357	2,945,425
Interest	952,892	849,082	756,632	663,610
Total expenditures	<u>23,731,607</u>	<u>24,517,317</u>	<u>25,653,288</u>	<u>22,647,325</u>
Other financing sources (uses):				
Proceeds from sales of assets	-	-	-	-
Proceeds from capital lease	-	-	-	-
Proceeds from installment purchase contracts	-	-	-	-
Transfers from other funds	1,310,811	4,594,492	729,117	410,261
Transfers to other funds	(1,477,480)	(4,609,922)	(3,375,020)	(541,074)
Debt issuance	-	-	1,700,000	-
Total other financing sources (uses):	<u>(166,669)</u>	<u>(15,430)</u>	<u>(945,903)</u>	<u>(130,813)</u>
Net change in fund balances	<u>\$ 595,687</u>	<u>\$ 408,149</u>	<u>\$ (1,652,485)</u>	<u>\$ 410,543</u>
Debt service as a percentage of non-capital expenditures	<u>15.6%</u>	<u>13.9%</u>	<u>14.1%</u>	<u>16.4%</u>

Source: Polk County Financial Statements

	2011		2012		2013		2014		2015		2016
\$	15,392,862	\$	15,437,492	\$	15,530,011	\$	15,876,129	\$	15,671,820	\$	16,150,390
	2,050,123		3,220,416		3,247,594		3,232,234		3,344,092		3,513,262
	294,499		67,713		69,564		76,154		117,868		149,841
	821,630		-		-		-		-		-
	4,605,504		3,438,497		3,353,992		4,020,364		3,399,130		3,646,295
	-		-		-		93,725		787,857		-
	248,561		309,603		297,483		340,563		406,966		365,658
	1,100,687		1,178,919		1,165,089		1,158,433		1,301,164		1,294,100
	42,466		36,751		39,917		34,432		36,268		62,988
	152,021		343,726		125,016		124,889		127,758		140,720
	24,708,353		24,033,117		23,828,666		24,956,923		25,192,923		25,323,254
	2,307,926		2,238,737		2,261,154		2,595,845		2,489,437		2,832,665
	5,413,393		5,641,523		5,636,335		5,849,037		6,410,486		6,848,449
	919,971		748,902		806,231		1,562,525		1,097,371		763,494
	4,599,715		4,238,766		4,305,639		4,248,054		4,461,551		4,258,143
	2,475,080		1,471,813		1,190,189		1,293,759		1,301,417		1,487,901
	4,759,096		5,079,611		5,238,727		5,937,254		5,786,491		5,539,826
	1,209,750		895,780		589,734		656,314		628,586		1,163,108
	3,540,000		2,818,743		1,345,878		1,336,449		1,338,613		1,395,210
	529,240		515,402		392,790		348,255		296,328		156,377
	25,754,171		23,649,277		21,766,677		23,827,492		23,810,280		24,445,173
	-		-		54,579		304		-		6,425
	-		-		282,031		-		-		-
	-		-		-		-		800,000		-
	514,194		339,706		495,878		233,089		208,281		290,781
	(766,264)		(1,054,240)		(2,315,735)		(368,579)		(2,200,301)		(1,374,096)
	1,850,000		-		-		-		-		-
	1,597,930		(714,534)		(1,483,247)		(135,186)		(1,192,020)		(1,076,890)
\$	552,112	\$	(330,694)	\$	578,742	\$	994,245	\$	190,623	\$	(198,809)
	16.6%		14.7%		8.2%		7.3%		7.1%		6.7%

POLK COUNTY, NORTH CAROLINA

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

	2007	2008	2009	2010
Real property	\$ 1,700,426	\$ 1,740,118	\$ 1,931,780	\$ 2,691,983
Personal property	254,994	301,994	180,435	161,911
Public service companies	46,072	47,030	42,825	71,821
Less tax exempt property	(143,697)	(144,517)	(150,225)	(189,654)
Total taxable assessed value	<u>\$ 1,857,795</u>	<u>\$ 1,944,625</u>	<u>\$ 2,004,815</u>	<u>\$ 2,736,061</u>
Total direct tax rate	<u>0.6800</u>	<u>0.6800</u>	<u>0.6800</u>	<u>0.5200</u>

NOTE: Assesseed valuations are established by the Board of County Comissioners at 100% of estimated market value. A revaluation of real property is required by the NC General Statutes at least every eight years. The last revaluation was completed in 2009. Tax rates are per \$100 of assessed value.

Source: Polk County Tax Department

2011	2012	2013	2014	2015	2016
\$ 2,731,694	\$ 2,732,468	\$ 2,723,284	\$ 2,582,280	\$ 2,694,037	\$ 2,722,705
155,922	172,627	171,863	363,642	227,145	237,507
64,304	65,814	76,478	82,533	80,835	78,842
(216,414)	(215,794)	(220,313)	(223,908)	(228,599)	(230,862)
<hr/>					
\$ 2,735,506	\$ 2,755,115	\$ 2,751,312	\$ 2,804,547	\$ 2,773,418	\$ 2,808,192
<hr/>					
0.5200	0.5200	0.5200	0.5175	0.5175	0.5175
<hr/>					

POLK COUNTY, NORTH CAROLINA

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
County direct rate:										
General Fund	0.6800	0.6800	0.6800	0.5200	0.5200	0.5200	0.5200	0.5175	0.5175	0.5175
Harmon Field rate	0.0426	0.0426	0.0426	0.0350	0.0350	0.0350	0.0350	0.0350	0.0350	0.0350
City/town rates:										
Saluda	0.5400	0.6200	0.6200	0.5050	0.5050	0.5050	0.6050	0.6050	0.6050	0.6050
Columbus	0.4500	0.4500	0.4500	0.3900	0.3900	0.3900	0.4000	0.4000	0.4000	0.4150
Tryon	0.6175	0.6175	0.6175	0.5258	0.5258	0.5258	0.5258	0.5508	0.5508	0.5708
Fire district rates:										
Saluda	0.0900	0.0900	0.0900	0.0650	0.0650	0.0650	0.0650	0.0750	0.0750	0.0850
Sunnyview	0.0875	0.0875	0.0875	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600
Mill Spring	0.0600	0.0700	0.0700	0.0500	0.0500	0.0500	0.0500	0.0650	0.0650	0.0650
Green Creek	0.0527	0.0527	0.0527	0.0410	0.0410	0.0410	0.0410	0.0410	0.0410	0.0410
Tryon	0.0575	0.0575	0.0575	0.0480	0.0480	0.0480	0.0480	0.0480	0.0480	0.0680
Columbus	0.0420	0.0420	0.0420	0.0400	0.0400	0.0400	0.0500	0.0500	0.0650	0.0650
School district rate:										
Saluda	<u>0.0300</u>	<u>0.0300</u>	<u>0.0300</u>	<u>0.0300</u>	<u>0.0300</u>	<u>0.0300</u>	<u>0.0300</u>	<u>0.0300</u>	<u>0.0300</u>	<u>0.0300</u>
Total Direct and Overlapping Rates	<u>2.7498</u>	<u>2.8398</u>	<u>2.8398</u>	<u>2.3098</u>	<u>2.3098</u>	<u>2.3098</u>	<u>2.4298</u>	<u>2.4773</u>	<u>2.4923</u>	<u>2.5573</u>

POLK COUNTY, NORTH CAROLINA

Principal Property Taxpayers
Current Year and Nine Years Ago

<u>Taxpayer</u>	<u>2016</u>			<u>2007</u>		
	<u>Taxable assessed value</u>	<u>Rank</u>	<u>Percentage of total county taxable assessed value</u>	<u>Taxable assessed value</u>	<u>Rank</u>	<u>Percentage of total county taxable assessed value</u>
Adult Communities Total						
Services	\$ 49,056,758	1	17.49%	\$ 42,834,054	1	25.34%
Alianza Trinity ⁽¹⁾	40,076,307	2	14.29%	6,255,382	7	3.70%
Tryon Equestrian Properties ⁽²⁾	22,210,857	3	7.92%			
Duke Energy	17,728,813	4	6.32%	14,808,427	3	8.76%
Rutherford Electric Membership Corporation	11,816,106	5	4.21%	10,391,731	5	6.15%
RL REGI-NC Little Wing LLC ⁽³⁾	11,100,599	6	3.96%			
Green River Farm LLC	8,661,413	7	3.09%			
Hidden Springs Holdings	7,429,367	8	2.65%			
Travis Oates LLC	7,362,470	9	2.63%			
Byana LLC	6,357,060	10	2.27%			
Woodland Mills	-		-	15,858,862	2	9.38%
Alltel Carolina, Inc.	-		-	12,018,323	4	7.11%
Public Service Co. of NC	-		-	6,647,784	6	3.93%
Hatch Mill, Division of Milliken	-		-	6,023,401	8	3.56%
White Oak Manor Inc.	-		-	5,940,655	9	3.51%
Home Realty and Insurance Co.	-		-	4,227,413	10	2.50%
Total	<u>\$ 181,799,750</u>		<u>62.56%</u>	<u>\$ 125,006,032</u>		<u>73.96%</u>

⁽¹⁾ Previously PAR LLC Holdings

⁽²⁾ Previously White Oak Development

⁽³⁾ Previously Tryon Investment Properties

Source: Polk County Tax Department

POLK COUNTY, NORTH CAROLINA

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Taxes levied for the year	\$ 12,669	\$ 13,350	\$ 13,713	\$ 14,225
Collected within the fiscal year of the levy:				
Amount	\$ 12,376	\$ 12,999	\$ 13,284	\$ 13,700
Percentage	98%	97%	97%	96%
Current uncollected balance	\$ 8	\$ 9	\$ 11	\$ 20
Collection in subsequent years	\$ 285	\$ 342	\$ 418	\$ 505
Total collections to date:				
Amount	\$ 12,661	\$ 13,341	\$ 13,702	\$ 14,205
Percentage	99.94%	99.93%	99.92%	99.86%

Source: Polk County Financial Statements

2011	2012	2013	2014	2015	2016
\$ 14,234	\$ 14,327	\$ 14,307	\$ 14,514	\$ 14,352	\$ 14,538
\$ 13,759 97%	\$ 13,849 97%	\$ 13,875 97%	\$ 14,145 97%	\$ 13,886 97%	\$ 14,149 97%
\$ 19	\$ 28	\$ 33	\$ 35	\$ 64	\$ 388
\$ 456	\$ 450	\$ 399	\$ 334	\$ 402	\$ -
\$ 14,215 99.87%	\$ 14,299 99.80%	\$ 14,274 99.77%	\$ 14,479 99.76%	\$ 14,288 99.55%	\$ 14,149 97.32%

POLK COUNTY, NORTH CAROLINA

Ratios of Outstanding Debt by Type Last Ten Fiscal Years

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities:				
General obligation bonds	\$ 2,835,000	\$ 2,110,000	\$ 1,395,000	\$ -
Installment purchases	19,639,262	18,142,353	17,923,998	16,383,998
Capital leases	-	286,302	232,052	175,310
Total governmental activities	<u>22,474,262</u>	<u>20,538,655</u>	<u>19,551,050</u>	<u>16,559,308</u>
Business-type activities:				
Installment purchases	<u>204,781</u>	<u>201,550</u>	<u>197,920</u>	<u>194,290</u>
Total government-wide	<u>\$ 22,679,043</u>	<u>\$ 20,740,205</u>	<u>\$ 19,748,970</u>	<u>\$ 16,753,598</u>
Total debt as a percent of personal income	3.50%	2.72%	N/A	N/A
Total debt per capita	\$ 1,178	\$ 1,069	\$ 1,038	\$ 866
Percentage of bonded debt to estimated actual property value	0.12%	0.09%	0.05%	0.00%
Bonded debt per capita	\$ 147	\$ 109	\$ 73	\$ -

2011	2012	2013	2014	2015	2016
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14,694,000	11,937,334	10,654,001	9,370,668	8,887,335	7,549,657
115,961	53,884	273,370	220,254	164,974	107,442
14,809,961	11,991,218	10,927,371	9,590,922	9,052,309	7,657,099
190,661	186,556	182,197	177,570	172,657	167,441
\$ 15,000,622	\$ 12,177,774	\$ 11,109,568	\$ 9,768,492	\$ 9,224,966	\$ 7,824,540
N/A	N/A	N/A	N/A	N/A	N/A
\$ 729	\$ 596	\$ 544	\$ 474	\$ 444	\$ 376
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, 2016

Governmental Unit:	Debt Outstanding ⁽¹⁾	Estimated Percentage Applicable	Applicable to Primary Government
Town of Columbus ⁽¹⁾	\$ 4,473,801	100%	\$ 4,473,801
Town of Tryon ⁽¹⁾	3,688,190	100%	3,688,190
City of Saluda	802,496	100%	802,496
	Subtotal, overlapping debt		8,964,487
	Polk County direct debt		7,657,099
	Total direct and overlapping debt		\$ 16,621,586

⁽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

	2007	2008	2009	2010
Debt limit	\$ 148,623,578	\$ 155,569,990	\$ 160,385,230	\$ 218,884,896
Total debt applicable to limit	22,474,262	20,538,655	19,551,050	16,559,308
Legal debt margin	\$ 126,149,316	\$ 135,031,335	\$ 140,834,180	\$ 202,325,588
Total debt applicable to the limit as a percentage of debt limit	15.12%	13.20%	12.19%	7.57%

Source: Polk County Financial Statements

2011	2012	2013	2014	2015	2016
\$ 219,751,408	\$ 220,409,169	\$ 220,105,015	\$ 224,363,764	\$ 221,873,438	\$ 224,655,361
14,809,961	11,991,218	10,927,371	9,590,922	9,052,309	7,824,540
\$ 204,941,447	\$ 208,417,951	\$ 209,177,644	\$ 214,772,842	\$ 212,821,129	\$ 216,830,821
6.74%	5.44%	4.96%	4.27%	4.08%	3.48%

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed value	\$ 2,808,192,013
Debt limit (8% of assessed value)	\$ 224,655,361
Debt applicable to limit:	
Installment purchase contracts	7,717,098
Capital leases	107,442
Total	7,824,540
Legal debt margin	\$ 216,830,821

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)
2007	19,247	\$ 760,535	\$ 39,740	46.03	2,425	3.8%
2008	19,402	771,759	41,124	46.23	2,477	4.5%
2009	19,018	763,637	39,659	45.22	2,444	8.8%
2010	19,355	719,194	35,174	47.08	2,385	8.1%
2011	20,588	753,316	37,190	47.17	2,355	7.7%
2012	20,433	815,548	40,232	49.58	2,293	8.0%
2013	20,422	844,436	41,372	49.68	2,294	6.9%
2014	20,603	844,715	41,477	50.01	2,246	4.7%
2015	20,755	N/A	N/A	50.36	2,276	5.7%
2016	20,828	N/A	N/A	51.06	2,167	4.9%

Source:

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

POLK COUNTY, NORTH CAROLINA

Principal Employers Current Year and Nine Years Ago

<u>Employer</u>	<u>2016</u>			<u>2007</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Tryon International						
Equestrian Center	500	1	5.75%			
Polk County Schools	477	2	5.48%	400	1	3.77%
St. Luke's Hospital	325	3	3.74%	397	2	3.74%
Polk County Government	272	4	3.13%	192	4	1.81%
Tryon Estates	250	5	2.87%	350	3	3.30%
Cooper Riis	202	6	2.32%	N/A	N/A	0.00%
White Oak Manor	150	7	1.72%	100	8	0.94%
Autumn Care	103	8	1.18%	100	8	0.94%
Laurel Hurst	70	9	0.80%	60	10	0.57%
Carolina Yarn Processors	54	10	0.62%	90	9	0.85%
Hatch Plant	55	11	0.63%	180	5	1.70%
Timken Inc.	37	12	0.43%	50	9	0.47%
Kangaroo Products	30	13	0.34%	N/A	N/A	0.00%
Larkins Restaurant	27	14	0.31%	N/A	N/A	0.00%
Wayne Wire Company	22	15	0.25%	50	12	0.47%
Quality Textiles	-	-	0.00%	53	11	0.50%
Grover Industries	-	-	0.00%	100	8	0.94%
Milliken & Co.	-	-	0.00%	150	6	1.41%
Woodland Mills	-	-	0.00%	115	7	1.08%
Totals	<u>2,574</u>		<u>29.59%</u>	<u>2,387</u>		<u>22.50%</u>

NOTE: Percentages based on work force of 8,699 for 2016 and 10,608 for 2007

N/A Information not available.

Source: Local Business Survey

POLK COUNTY, NORTH CAROLINA

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General government:										
Governing Body										1.0
Administration - Co Mgr	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0
Finance	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Tax - collections	7.5	7.5	8.0	8.3	7.3	8.0	7.5	8.0	7.0	8.0
Tag Office									1.5	1.4
Board of elections	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Register of deeds	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.8	2.8	2.8
Public buildings	3.7	3.7	4.7	3.4	3.4	3.0	6.9	6.9	6.9	6.9
Management info systems	3.0	3.0	3.0	3.0	3.0	3.0	2.5	2.8	3.0	2.5
Public safety:										
Sheriff's department	28.3	28.0	24.4	22.5	23.5	27.0	30.0	32.0	33.0	33.0
Jail	8.0	10.0	10.5	10.5	10.0	10.5	10.5	11.0	10.0	11.0
Communications	7.3	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5
Emergency management									1.0	1.0
Animal control	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Community development	4.0	5.0	4.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0
Emergency medical services	16.0	18.5	18.5	18.5	17.0	17.0	18.0	18.0	17.0	18.0
Economic and physical development:										
Planning and zoning	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Cooperative extension	5.1	5.1	5.3	5.3	5.5	4.5	5.0	5.0	5.0	5.0
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	2.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0
Human services:										
Public transportation	13.5	14.5	15.5	15.0	15.0	16.0	17.5	17.5	17.5	17.5
Social service administration	26.5	29.5	31.5	31.5	32.0	30.0	30.0	30.0	31.0	32.0
Veteran's administration	0.6	0.6	0.6	0.6	0.8	0.8	0.8	0.8	0.85	0.9
Cultural and recreational:										
Senior Centers	5.7	5.7	5.7	5.7	5.7	6.3	6.3	6.3	6.9	6.9
Library	9.3	10.5	10.5	10.5	9.5	9.5	9.5	9.5	10.7	10.7
Recreation	4.3	4.0	4.0	4.0	5.0	5.2	5.2	5.2	6.2	6.2
Total	<u>160.5</u>	<u>172.8</u>	<u>174.4</u>	<u>170.0</u>	<u>167.9</u>	<u>171.0</u>	<u>179.9</u>	<u>183.1</u>	<u>189.7</u>	<u>194.1</u>

Source: Various County Departments.



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POLK COUNTY, NORTH CAROLINA

Operating Indicators by Function Last Ten Fiscal Years

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Government:				
Percentage of registered voters participating in General Election	N/A	71%	N/A	53%
Public Safety:				
Number of inmates processed	N/A	561	761	761
Number of inmate days	N/A	N/A	N/A	8,602
Number of building permits issued	180	127	60	54
Number of EMS calls dispatched	2,404	2,661	2,783	2,917
Human Services:				
Public transportation total route miles	335,044	386,082	394,279	403,153
Public transportation passengers	48,857	50,385	52,883	55,061
Number of children in Foster Care	64	25	31	22
Economic & Physical Development:				
Number of plats recorded	337	305	192	143
Culture and Recreation - Library:				
Volumes in collection	59,355	55,761	59,800	60,233
Circulation	111,733	105,104	101,374	101,406
Education:				
Current expense per ADM	\$ 1,611	\$ 1,639	\$ 1,733	\$ 1,866
Enterprise Fund- Landfill:				
Tons of waste received	23,595	22,061	19,473	17,892

N/A Information not available

Source: Various County Departments

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
N/A	72%	N/A	49%	N/A	N/A
715	757	687	926	1,119	910
7,397	10,581	11,392	10,274	10,760	10,409
34	44	44	59	72	59
2,639	2,617	2,790	2,725	3,237	3,190
410,156	414,106	371,596	332,025	356,307	368,690
56,081	57,707	46,059	40,420	39,520	40,597
24	20	21	17	33	30
157	149	128	169	175	141
60,509	60,939	59,450	63,636	57,368	53,191
103,761	104,502	110,834	110,954	143,291	157,858
\$ 1,862	\$ 2,021	\$ 2,086	\$ 2,130	\$ 2,168	\$ 2,323
17,775	18,808	20,894	22,653	21,440	21,009

POLK COUNTY, NORTH CAROLINA

Capital Asset Statistics by Function Last Ten Fiscal Years

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Public Safety:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Vehicles	39	35	31	31	31	35	38	37	37	43
Culture and Recreation:										
Libraries	2	2	2	2	2	2	2	2	2	2
Recreation acreage	145	140	140	140	140	140	140	140	140	140
Baseball/softball fields	3	6	6	5	5	5	5	5	5	5
Senior Centers	3	3	3	3	3	3	3	3	3	3
Human Services:										
Transit-Vans	11	11	13	11	14	14	14	15	15	15
	204	198	196	193	196	200	203	203	203	209

Source: Various County Departments