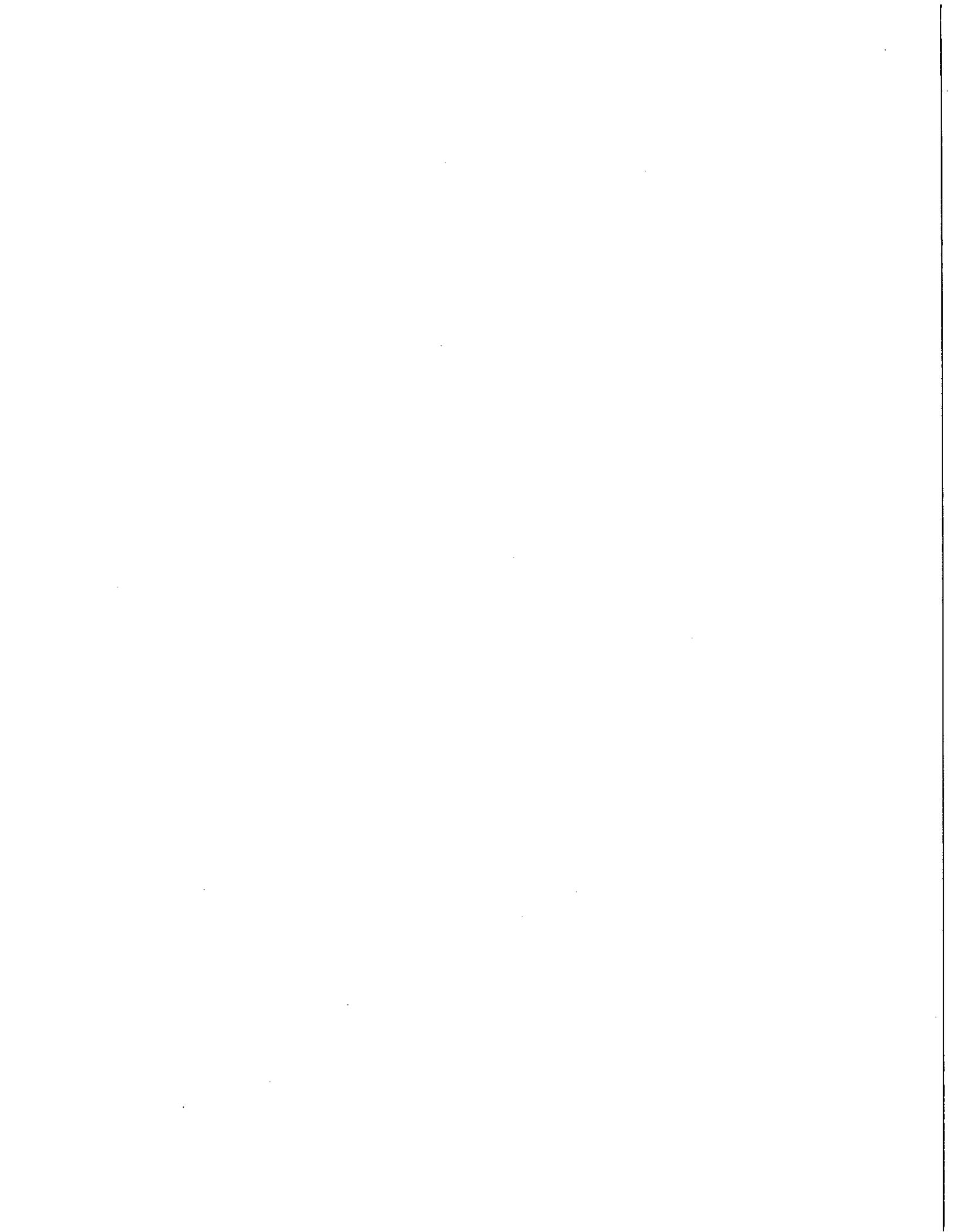


Statement of
SCOTLAND COUNTY
Laurinburg, North Carolina
June 30, 2021



SCOTLAND COUNTY, NORTH CAROLINA

BOARD OF COUNTY COMMISSIONERS

Carol H. McCall, Chair

Betty Blue Gholston, Vice Chair

John T. Alford, Commissioner

Whit Gibson, Commissioner

Darrell "BJ" Gibson, Commissioner

Tim Ivey, Commissioner

Clarence McPhatter, II, Commissioner

COUNTY OFFICIALS

Jason Robinson, Clerk to the Board

Kevin G. Patterson, County Manager

Edward H. Johnston, Jr., County Attorney

Page Pratt, Register of Deeds

Beth Hobbs, Finance Officer

Scotland County, North Carolina
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June 30, 2021

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FINANCIAL SECTION



Roche, Head & Associates, PLLC

• CERTIFIED PUBLIC ACCOUNTANTS •

Independent Auditor's Report

To the Board of County Commissioners
Scotland County, North Carolina

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Scotland County, North Carolina as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Scotland County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Scotland County ABC Board which represents 7.42 percent, 4.17 percent, and 78.04 percent of the assets, net position, and revenues, respectively, of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Scotland County ABC Board is based solely on the report of the other auditors. 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 *Governmental Auditing Standards*, issued by the Comptroller 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 of material misstatement. The financial statements of the Scotland County ABC Board, the Scotland County Tourism Development Authority, the Scotland County Historic Properties Commission, and the Scotland County Economic Development Corporation were not audited in accordance with Governmental Auditing Standards.

-1-

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

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

Opinions

In our opinion, based upon our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Scotland County, North Carolina as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 through 12, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Liability and County Contributions, pages 69 and 70, and the Register of Deeds' Supplemental Pension Fund Schedules of the County's Proportionate Share of the Net Pension Asset and County Contributions on pages 71 and 72, the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, pages 73 and 74, the Other Postemployment Benefits Schedule of Changes in the Total OPEB Liability and Related Ratios on page 75, 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 and other auditors 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 Scotland County, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules, and component unit schedules, as well as the accompanying Schedule of Expenditures of Federal and State Awards as required by *Title 2 U.S. Code of Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary schedules, other schedules, component unit schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relates 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the combining and individual fund financial statements, budgetary schedules, other schedules, component unit schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2022, on our consideration of Scotland County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 *Government Auditing Standards* in considering Scotland County's internal control over financial reporting and compliance.

Roche, Head & Associates, PLLC

ROCHE, HEAD & ASSOCIATES, PLLC
Laurinburg, North Carolina

February 4, 2022

Management's Discussion and Analysis

As management of Scotland County, we offer readers of Scotland County's financial statements this narrative overview and analysis of the financial activities of Scotland County for the fiscal year ended June 30, 2021. 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

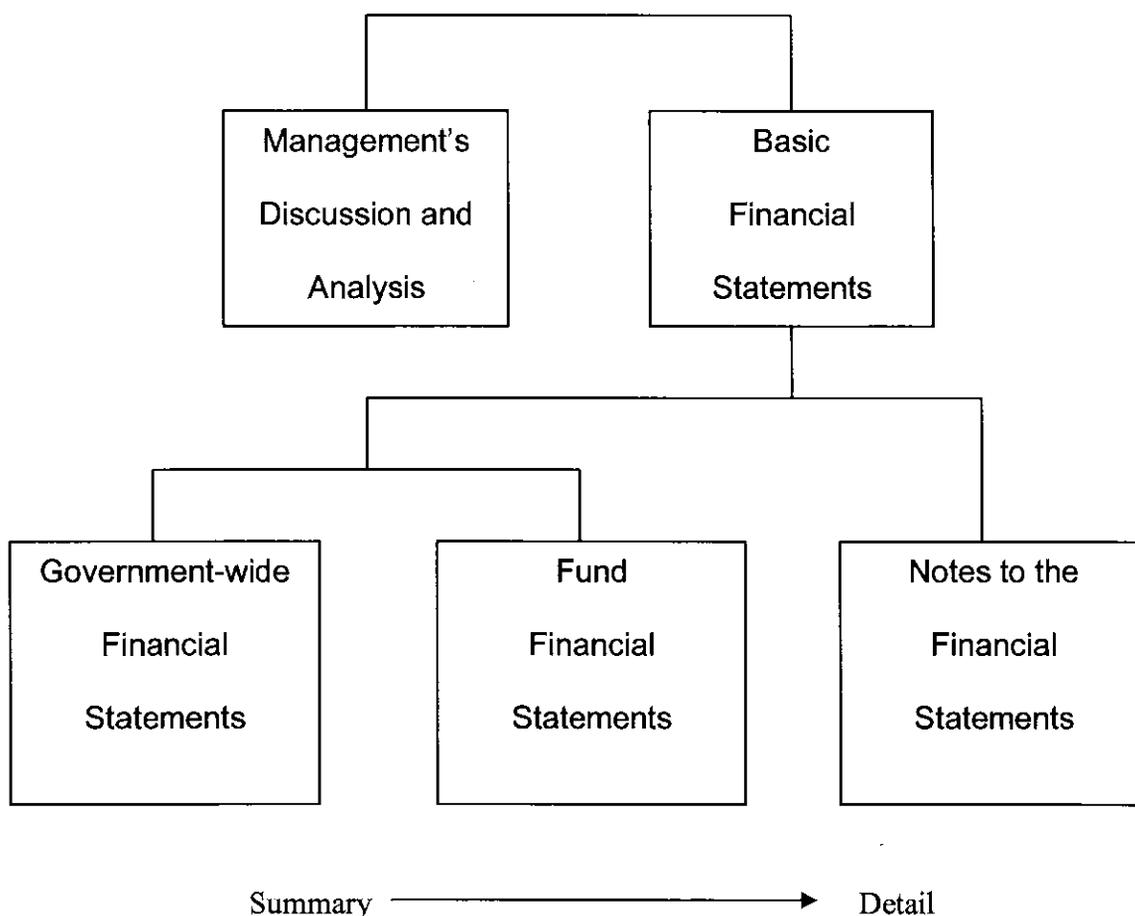
- The liabilities and deferred inflows of resources of Scotland County exceeded its assets and deferred outflows of resources at the close of the fiscal year by \$(8,308,797) (*net position, exhibit 1*).
- The government's total net position increased by \$2,649,252 primarily due to controlled expenditures and increased lease revenues as well as implementation of GASB Statement No. 84, Fiduciary Activities, which created four new special revenue funds that were once treated as agency funds.
- As of the close of the current fiscal year, Scotland County's governmental funds reported combined ending fund balances of \$20,605,255 (*exhibit 3*) an increase of \$1,667,100 in comparison with the prior year. Approximately 37.50 percent of this total amount, or \$7,725,951 is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7,831,438 or 17.47 percent of total General Fund expenditures for the fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Scotland 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 Scotland 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 10) 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. After the notes, **supplemental information** is provided to show details about the County's non-major governmental funds and internal service funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial 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 total of the County's assets and deferred outflows of resources and the 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 three categories: 1) governmental activities; 2) business-type activities; and 3) component units. 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. These include the water and sewer and landfill services offered by Scotland County. Scotland County Water Districts I and II (the Districts) exist to provide and maintain water systems for the County residents within the district. The Districts are reported as an enterprise fund in the County's financial statements.

The final category is the component units. Scotland County Industrial Facility and Pollution Control Financing Authority (the *Authority*) exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. Scotland County Historic Properties Commission and Scotland County Tourism Development Authority are legally separate entities from the County. However, the County appoints members to each of these Boards. Scotland County ABC Board is legally separate from the County, however the County is financially accountable for the board by appointing its members. Also, the ABC Board is required to distribute its profits to the County.

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. Scotland 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 Scotland 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 governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Scotland 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.

Proprietary Funds – Scotland County has one kind of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Scotland County uses enterprise funds to account for its water and sewer activity and for its landfill operations. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Fiduciary Funds – Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Scotland County has seven fiduciary funds. All seven are custodial 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 26 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Scotland County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 68 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$(8,308,797) as of June 30, 2021. The County's net position increased by \$2,649,252 for the fiscal year ended June 30, 2021. One of the largest portions \$16,770,768, (202)% reflects the County's net investments in capital assets (e.g. land, buildings, machinery, and equipment). Scotland County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Scotland County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Scotland County's net position \$8,426,352, (101)% represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(33,505,917), (403)% is unrestricted.

Scotland County's Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 50,604,720	\$ 25,420,495	\$ 3,144,344	\$ 2,973,499	\$ 53,749,064	\$ 28,393,994
Capital assets	14,480,697	13,916,015	8,478,770	8,379,817	22,959,467	22,295,832
Total assets	<u>65,085,417</u>	<u>39,336,510</u>	<u>11,623,114</u>	<u>11,353,316</u>	<u>76,708,531</u>	<u>50,689,826</u>
Total deferred outflows of resources	8,499,139	3,866,296	287,686	148,206	8,786,825	4,014,502
Long-term liabilities outstanding	71,495,129	66,918,863	8,068,668	7,969,163	79,563,797	74,888,026
Other liabilities	4,858,516	4,011,493	248,248	181,427	5,106,764	4,192,920
Total liabilities	<u>76,353,645</u>	<u>70,930,356</u>	<u>8,316,916</u>	<u>8,150,590</u>	<u>84,670,561</u>	<u>79,080,946</u>
Total deferred inflows of resources	8,535,094	9,570,249	598,498	639,953	9,133,592	10,210,202
Net position:						
Net investment in capital assets	13,629,779	13,009,301	3,140,989	2,889,138	16,770,768	15,898,439
Restricted	8,426,352	5,162,366	-	-	8,426,352	5,162,366
Unrestricted	(33,360,314)	(55,469,466)	(145,603)	(178,159)	(33,505,917)	(55,647,625)
Total net position	<u>\$ (11,304,183)</u>	<u>\$ (37,297,799)</u>	<u>\$ 2,995,386</u>	<u>\$ 2,710,979</u>	<u>\$ (8,308,797)</u>	<u>\$ (34,586,820)</u>

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

- Continued diligence in the collection of property taxes by keeping our collection percentage around 99.71% and striving to improve collectability.
- Management's proactive stance on monitoring spending across County departments to ensure compliance with the budget.

SCOTLAND COUNTY'S CHANGES IN NET POSITION

Figure 3

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 2,777,071	\$ 3,430,424	\$ 4,728,410	\$ 4,260,968	\$ 7,505,481	\$ 7,691,392
Operating grants and contributions	11,536,133	8,718,815	-	121,886	11,536,133	8,840,701
General revenues:						
Property taxes	24,071,853	23,267,267	-	-	24,071,853	23,267,267
Local option sales tax	8,961,676	7,707,612	-	-	8,961,676	7,707,612
Other taxes	745,404	687,747	83,186	78,978	828,590	766,725
Interest investment earnings	26,235	450,999	-	-	26,235	450,999
Other	2,021,015	2,060,906	10,551	88,724	2,031,566	2,149,630
Total revenues	50,139,387	46,323,770	4,822,147	4,550,556	54,961,534	50,874,326
Expenses:						
General government	3,410,410	3,032,740	-	-	3,410,410	3,032,740
Public safety	12,001,478	10,344,440	-	-	12,001,478	10,344,440
Economic and physical development	2,869,313	1,439,451	-	-	2,869,313	1,439,451
Central services	2,440,320	2,231,561	-	-	2,440,320	2,231,561
Human services	12,331,480	11,588,439	-	-	12,331,480	11,588,439
Cultural and recreation	1,326,262	1,319,111	-	-	1,326,262	1,319,111
Education	10,772,757	11,052,168	-	-	10,772,757	11,052,168
Contribution to local school (construction)	903,578	16,463,942	-	-	903,578	16,463,942
Interest on long-term debt	1,800,604	1,871,788	-	-	1,800,604	1,871,788
Public works-solid waste	-	-	2,973,781	2,612,797	2,973,781	2,612,797
Water district I	-	-	603,494	900,381	603,494	900,381
Water district II	-	-	878,805	641,473	878,805	641,473
Total expenses	47,856,202	59,343,640	4,456,080	4,154,651	52,312,282	63,498,291
Increase (decrease) in net position before transfers	2,283,185	(13,019,870)	366,067	395,905	2,649,252	(12,623,965)
Transfers	-	-	-	-	-	-
Insurance recoveries	-	-	-	77,000	-	77,000
Increase (decrease) in net position	2,283,185	(13,019,870)	366,067	472,905	2,649,252	(12,546,965)
Net position, beginning, previously reported	(37,297,799)	(23,615,351)	2,710,979	2,238,075	(34,586,820)	(21,377,276)
Restatement	23,710,431	(662,578)	(81,662)	-	23,628,769	(662,578)
Net position, beginning, restated	(13,587,368)	(24,277,929)	2,629,317	2,238,075	(10,958,050)	(22,039,854)
Net position ending	\$ (11,304,183)	\$ (37,297,799)	\$ 2,995,386	\$ 2,710,979	\$ (8,308,797)	\$ (34,586,819)

Governmental activities. Governmental activities increased the County's net position by \$2,283,185. The increase was due to controlled expenditures and an increase in lease revenue.

Business-type activities: Business-type activities increased Scotland County's net position by \$366,067. The Proprietary Funds had an increase in net position primarily due to controlled costs and increased revenues in the public works fund.

Financial Analysis of the County's Funds

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

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

The General Fund is the chief operating fund of Scotland County. At the end of the current fiscal year Scotland County's fund balance available in the General Fund was \$9,072,102, while total fund balance reached \$13,726,132. The Governing Body of Scotland County has determined that the County should maintain an available fund balance of 15% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 19.22% of general fund expenditures, while total fund balance represents 30.62% of that same amount.

At June 30, 2021, the governmental funds of Scotland County reported a combined fund balance of \$20,605,255 a 9.8 percent increase over last year. The primary reason for the increase is increased revenues in special revenue funds and lease income in the general fund.

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 budgeted revenues by \$203,266.

Proprietary Funds. Scotland County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Public Works-Solid Waste Fund at the end of the fiscal year amounted to \$(1,758,634) and those for the Water District I Fund equaled \$1,052,127, and those for the Water District II Fund equaled \$560,904. The total change in net position for these funds was \$278,314, \$215,913 and \$(128,160), respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of Scotland County's business-type activities.

Capital Asset and Debt Administration

Capital assets. Scotland County's capital assets for its governmental and business-type activities as of June 30, 2021 totals \$22,959,467 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include:

- Equipment upgrades.
- Paving of parking lots.
- Purchase of vehicles and heavy equipment.

SCOTLAND COUNTY'S CAPITAL ASSETS
(net of depreciation)
Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 562,295	\$ 472,765	\$ 329,590	\$ 329,590	\$ 891,885	\$ 802,355
Construction in progress	968,966	714,060	-	171,734	968,966	885,794
Buildings and system	8,036,399	8,431,683	7,102,750	6,992,387	15,139,149	15,424,070
Machinery and equipment	1,361,004	925,941	119,304	80,585	1,480,308	1,006,526
Vehicles and motorized equipment	3,552,033	3,371,566	927,126	805,523	4,479,159	4,177,086
Total	\$ 14,480,697	\$ 13,916,015	\$ 8,478,770	\$ 8,379,816	\$ 22,959,467	\$ 22,295,831

Additional information on the County's capital assets can be found in Note III.A.5. of the Basic Financial Statements.

Long-term Debt. As of June 30, 2021 Scotland County had total bonded debt outstanding of \$43,300,918 all of which is backed by the full faith and credit of the County.

Scotland County's Outstanding Debt
Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Limited obligation bonds	\$ 37,035,000	\$ 38,740,000	\$ 4,840,000	\$ 4,985,000	\$ 41,875,000	\$ 80,615,000
Installment purchases	1,425,918	1,781,714	-	-	1,425,918	3,207,632
Accrued landfill closure and postclosure care costs	-	-	2,182,111	2,123,314	2,182,111	2,182,111
Compensated absences	1,008,656	946,589	42,091	40,945	1,050,747	1,997,336
Net pension liability (LGRS)	6,273,335	4,651,394	261,388	193,807	6,534,723	11,186,117
Total pension liability (LEOSSA)	871,884	586,738	-	-	871,884	1,458,622
Net OPEB liability	24,880,336	20,212,428	743,077	625,127	25,623,413	45,835,841
Total	\$ 71,495,129	\$ 66,918,863	\$ 8,068,667	\$ 7,968,193	\$ 79,563,796	\$ 146,482,659

Currently, Scotland County has an A2 bond rating from Moody's Investor Service and an A+ rating from Standard and Poor's Corporation.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Scotland County is \$143,504,465.

Additional information regarding Scotland County's long-term debt can be found in Note 7a. beginning on Page 62 of of this audited financial report.

Economic Factors and Next Year's Budgets and Rates

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

- The County's unemployment rate of 7.0% is higher than the State average of 3.4% as of November 2021. However, this is a moderate decrease from last year's unemployment rates of 11.5% for the County and a moderate decrease of 6.3% for the State.
- Assisted Project ACOR in the creation of 43 jobs with an investment of \$650,000,000.
- Worked with State Legislators to assist Scotland County to receive \$1.675,000,000 in state appropriated funding, \$500,000 IEJ, \$500,000 LH Community Center, \$575,000 Infrastructure, \$100,000 Dam near Blue Farm Road.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities: Property taxes are expected to decrease to \$0.99 per \$100 valuation. The Fire Service tax is expected to remain at \$0.05 per \$100 valuation for properties outside the corporate limits of Wagram, Gibson, and Laurinburg.

Budgeted expenditures in the General Fund are expected to increase approximately 1.04% to \$46,065,035. The largest increments are in employee compensation, including funding compensation and benefits adjustments, debt service, and capital projects.

Business-type Activities: The water and sewer rates in the County will remain constant for fiscal year 2022

An availability fee of \$55 and \$85 for the City and County residents, respectively, will remain constant for FY 2022. The revenues from these fees will be used to cover costs associated with the future closing of the landfill and with equipment purchases necessary to operate the landfill.

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 Beth Hobbs, Finance Officer, Scotland County, PO Box 489, Laurinburg, NC 28353-0489. You may also call 910-277-2406, visit our website at www.scotlandcounty.org or send an email to bhobbs@scotlandcounty.org for more information.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Scotland County, North Carolina
Statement of Net Position
June 30, 2021

	Primary Government			Component Units			
	Governmental Activities	Business- type Activities	Total	Scotland County ABC Board	Scotland Co. Historic Properties Commission	Scotland Co. Tourism Development Authority	Scotland Co. Economic Development Corporation
ASSETS							
Cash and cash equivalents	13,799,157	2,699,376	16,498,533	243,198	46,016	313,842	412,809
Inventory	-	-	-	141,284	-	-	-
Receivables (net):							
Taxes	2,248,961	325,578	2,574,539	-	-	-	-
Accounts	174,020	-	174,020	-	-	42,301	-
Due from other governments	3,640,176	115,950	3,756,126	-	-	-	-
Prepaid expenses	88,709	3,440	92,149	2,904	5,750	4,170	-
Restricted cash	7,051,864	-	7,051,864	-	21,098	-	1,983
Due from local school board-lease receivable	23,540,000	-	23,540,000	-	-	-	-
Net pension asset (register of deeds)	61,833	-	61,833	-	-	-	-
Capital assets:							
Land, improvements and construction in progress	1,531,261	329,590	1,860,851	19,000	221,053	-	19,903
Other capital assets, net of depreciation	12,949,436	8,149,180	21,098,616	114,121	336,734	141,121	4,565,064
Total capital assets	14,480,697	8,478,770	22,959,467	133,121	557,787	501,434	4,584,967
Total assets	65,085,417	11,623,114	76,708,531	520,507	630,651	861,747	4,999,759
DEFERRED OUTFLOWS OF RESOURCES							
Pension deferrals	3,953,166	151,915	4,105,081	53,852	-	-	-
OPEB deferrals	4,545,973	135,771	4,681,744	9,151	-	-	-
Total deferred outflows of resources	8,499,139	287,686	8,786,825	63,003	-	-	-
LIABILITIES							
Accounts payable and accrued liabilities	1,476,536	248,248	1,724,784	130,650	-	1,838	12,328
Advance of ARPA COVID-19 funding	3,381,980	-	3,381,980	-	-	-	-
Long-term liabilities:							
Due within one year	1,838,296	155,000	1,993,296	-	-	3,171	390,687
Due in more than one year	69,656,833	7,913,668	77,570,501	237,830	-	24,005	946,234
Total long-term liabilities	71,495,129	8,068,668	79,563,797	237,830	-	27,176	1,336,921
Total liabilities	76,353,645	8,316,916	84,670,561	368,480	-	29,013	1,349,248
DEFERRED INFLOWS OF RESOURCES							
Prepaid taxes/rents	90,157	-	90,157	-	600	-	-
Pension deferrals	63,645	-	63,645	-	-	-	-
OPEB deferrals	3,372,347	100,718	3,473,065	7,950	-	-	-
Bond premium (net)	5,008,945	497,780	5,506,725	-	-	-	-
Total deferred inflows of resources	8,535,094	598,498	9,133,592	7,950	600	-	-
NET POSITION							
Net investment in capital assets	13,629,779	3,140,989	16,770,768	133,121	557,787	113,946	3,248,046
Restricted for:							
Fire protection	2,104,099	-	2,104,099	-	-	-	-
Coronavirus recovery	-	-	-	-	-	-	1,983
Cultural and recreation	1,559,785	-	1,559,785	-	21,098	-	-
ARPA	9	-	9	-	-	-	-
Health Services	50,515	-	50,515	-	-	-	-
Stabilization by State statute	4,711,944	-	4,711,944	-	-	42,301	-
Working capital	-	-	-	82,820	-	-	-
Unrestricted	(33,360,314)	(145,603)	(33,505,917)	(8,861)	51,166	316,174	400,481
Total net position	\$ (11,304,183)	\$ 2,995,386	\$ (8,308,797)	\$ 207,080	\$ 630,050	\$ 472,421	\$ 3,650,510

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

Scotland County, North Carolina
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position						
	Expenses	Charges for Services	Operating Grant	Capital Grants and Contributions	Primary Government			Component Units			
					Governmental Activities	Business-type Activities	Total	Scotland County ABC Board	Scotland County Historic Properties Commission	Scotland County Tourism Development Authority	Scotland County Economic Development Corporation
Primary government:											
Governmental activities:											
General government	3,410,410	765,979	-	-	(2,644,431)	-	(2,644,431)	-	-	-	-
Public safety	12,001,478	1,750,858	-	-	(10,250,620)	-	(10,250,620)	-	-	-	-
Economic and physical development	2,869,313	-	4,874,405	990,920	2,996,012	-	2,996,012	-	-	-	-
Central service	2,440,320	-	-	-	(2,440,320)	-	(2,440,320)	-	-	-	-
Human services	12,331,480	137,637	5,670,808	-	(6,523,035)	-	(6,523,035)	-	-	-	-
Cultural and recreational	1,326,262	122,597	-	-	(1,203,665)	-	(1,203,665)	-	-	-	-
Education	10,772,757	-	-	-	(10,772,757)	-	(10,772,757)	-	-	-	-
Contribution to local organizations (construction)	903,578	-	-	-	(903,578)	-	(903,578)	-	-	-	-
Interest on long-term debt	1,800,604	-	-	-	(1,800,604)	-	(1,800,604)	-	-	-	-
Total governmental activities	47,856,202	2,777,071	10,545,213	990,920	(33,542,998)	-	(33,542,998)	-	-	-	-
Business-type activities:											
Public Works	2,973,781	3,158,358	-	-	-	184,577	184,577	-	-	-	-
Water District Phase I	603,494	499,407	-	-	-	(104,087)	(104,087)	-	-	-	-
Water District Phase II	878,805	1,070,645	-	-	-	191,840	191,840	-	-	-	-
	4,456,080	4,728,410	-	-	-	272,330	272,330	-	-	-	-
Component units:											
ABC Board	2,780,362	2,780,294	-	-	-	-	-	(68)	-	-	-
Historic Properties	52,641	-	29,957	-	-	-	-	-	(22,684)	-	-
Scotland County Tourism Development	237,078	-	20,750	-	-	-	-	-	-	(216,328)	-
Scotland County Economic Development Corp.	305,361	211,776	-	200,000	-	-	-	-	-	-	106,415
Total component units	3,375,442	2,992,070	50,707	200,000	-	-	-	(68)	(22,684)	(216,328)	106,415

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

Scotland County, North Carolina
Statement of Activities
For the Year Ended June 30, 2021

	Net (Expense) Revenue and Changes in Net Position						
	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Scotland County ABC Board	Scotland County Historic Properties Commission	Scotland County Tourism Development Authority	Scotland County Economic Development Corporation
General revenues:							
Taxes:							
Property taxes, levied for general purpose	\$ 24,071,853	\$ -	\$ 24,071,853	\$ -	\$ -	\$ -	\$ -
Local option sales tax	8,961,676	-	8,961,676	-	-	-	-
Other taxes and licenses	745,404	83,186	828,590	-	-	310,656	-
Investment earnings, unrestricted	26,235	-	26,235	68	126	-	1,585
Rental/lease revenue	1,011,954	-	1,011,954	-	7,650	-	-
Miscellaneous, unrestricted	1,009,061	10,551	1,019,612	-	-	-	-
Total general revenues, special items, and transfers	<u>35,826,183</u>	<u>93,737</u>	<u>35,919,920</u>	<u>68</u>	<u>7,776</u>	<u>310,656</u>	<u>1,585</u>
Change in net position	2,283,185	366,067	2,649,252	-	(14,908)	94,328	108,000
Net position, beginning as previously reported	(37,297,799)	2,710,980	(34,586,819)	207,080	644,958	378,092	3,542,510
Restatement-change in accounting principal	170,431	-	170,431	-	-	-	-
Restatement-prior period adjustment (see note VII)	23,540,000	(81,662)	23,458,338	-	-	-	-
Net position, beginning as restated	<u>(13,587,368)</u>	<u>2,629,318</u>	<u>(10,958,050)</u>	<u>207,080</u>	<u>644,958</u>	<u>378,092</u>	<u>3,542,510</u>
Net position-ending	<u>\$ (11,304,183)</u>	<u>\$ 2,995,385</u>	<u>\$ (8,308,797)</u>	<u>\$ 207,080</u>	<u>\$ 630,050</u>	<u>\$ 472,421</u>	<u>\$ 3,650,510</u>

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

FUND FINANCIAL STATEMENTS

Scotland County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2021

Exhibit 3

	Major		Non-Major	Total	
	General	School Wings Construction	South Johnson School Construction Other Governmental Funds		
ASSETS					
Cash and cash equivalents	\$10,608,798	\$ -	\$ -	\$ 3,190,359	\$ 13,799,157
Restricted cash	-	594,327	965,458	5,492,079	7,051,864
Receivables (net)					
Taxes	2,183,076	-	-	65,885	2,248,961
Accounts	166,787	-	-	7,233	174,020
Due from other governments	3,487,048	-	64,788	88,340	3,640,176
Due from local school board	800,000	-	-	-	800,000
Due from other funds	111,486	-	-	(111,486)	-
Prepaid expense	88,709	-	-	-	88,709
Total assets	<u>\$17,445,904</u>	<u>\$ 594,327</u>	<u>\$ 1,030,246</u>	<u>\$ 8,732,410</u>	<u>\$ 27,802,887</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	1,446,539	-	-	4,314	1,450,853
Advance of ARPA -COVID-19 funding	-	-	-	3,381,980	3,381,980
Due to other governments	-	-	-	25,681	25,681
Due to other funds	-	-	-	-	-
Total liabilities	<u>1,446,539</u>	<u>-</u>	<u>-</u>	<u>3,411,975</u>	<u>4,858,514</u>
DEFERRED INFLOWS OF RESOURCES					
Property taxes receivable	2,183,076	-	-	65,885	2,248,961
Prepaid taxes	90,157	-	-	-	90,157
Total deferred inflows of resources	<u>2,273,233</u>	<u>-</u>	<u>-</u>	<u>65,885</u>	<u>2,339,118</u>
FUND BALANCES					
Nonspendable:					
Prepaid expenses	88,709	-	-	-	88,709
Restricted:					
Stabilization by State statute	4,565,321	-	64,788	81,835	4,711,944
Fire protection	-	-	-	2,104,099	2,104,099
Capital outlay	-	594,327	965,458	-	1,559,785
ARPA	-	-	-	9	9
Health Services	-	-	-	50,515	50,515
Committed:					
Land purchases	-	-	-	144,000	144,000
Tax revaluation	-	-	-	376,100	376,100
Assigned:					
Capital outlay	-	-	-	2,603,479	2,603,479
Subsequent year's appropriation	1,240,664	-	-	-	1,240,664
Unassigned:					
General Fund	7,831,438	-	-	-	7,831,438
Fire protection	-	-	-	(98,254)	(98,254)
Fines and forfeitures	-	-	-	(7,233)	(7,233)
Total fund balances	<u>13,726,132</u>	<u>594,327</u>	<u>1,030,246</u>	<u>5,254,550</u>	<u>20,605,255</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$17,445,904</u>	<u>\$ 594,327</u>	<u>\$ 1,030,246</u>	<u>\$ 8,732,410</u>	

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Total fund balance, governmental funds	20,605,255
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	14,480,697
Net pension liability (LGRS)	(6,273,335)
Net pension asset - register of deeds	61,833
Other retirement liabilities for (LEO)	(871,884)
Net OPEB liability	(24,880,336)
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	3,649,762
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	303,404
Contributions and pension administration costs for OPBB are deferred outflows of resources on the Statement of Net Position	4,545,973
Deferred inflows of resources for taxes and special assessments receivable	2,248,961
Pension related deferrals	(63,645)
OPEB related deferrals	(3,372,347)
Bond premium (deferred inflow of resources) net of accumulated amortization	(5,008,945)
Portion of lease receivable from local school board not reported in the fund statements	22,740,000
Some liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds	<u>(39,469,576)</u>
Net position of governmental activities	<u>\$ (11,304,183)</u>

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

Scotland County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	Major		Non-Major		Total
	General Fund	School Wings Project Fund	South Johnson School Project Fund	Other Governmental Funds	
REVENUES					
Ad valorem taxes	\$ 23,657,170	\$ -	\$ -	\$ 715,730	\$ 24,372,900
Local option sales taxes	8,798,075	-	-	163,601	8,961,676
Other taxes and licenses	48,695	-	-	402,236	450,931
Unrestricted intergovernmental	294,473	-	-	-	294,473
Restricted intergovernmental	9,477,232	-	-	134,017	9,611,249
Permits and fees	512,961	-	-	167,225	680,186
Sales and services	3,759,491	-	-	106,916	3,866,407
Investment earnings	17,476	306	715	7,738	26,235
Fines, forfeitures	2,988	-	-	-	2,988
Grants	-	-	-	2,483,345	2,483,345
Miscellaneous	412,497	-	-	-	412,497
Total revenues	46,981,058	306	715	4,180,808	51,162,887
EXPENDITURES					
Current:					
General government	2,941,304	-	-	274,141	3,215,445
Public safety	9,096,127	-	-	2,044,027	11,140,154
Economic & physical development	2,313,749	-	-	-	2,313,749
Central service	2,473,889	-	-	-	2,473,889
Human services	11,701,058	-	-	109,933	11,810,991
Cultural and recreational	1,329,074	-	-	-	1,329,074
School construction	-	13,442	235,663	-	249,105
Other expenditures	228,072	-	-	533,408	761,480
Intergovernmental:					
Education	10,874,868	-	-	-	10,874,868
Capital outlay	-	-	-	1,482,583	1,482,583
Debt service:					
Principal retirement	2,060,796	-	-	-	2,060,796
Interest	1,800,604	-	-	-	1,800,604
Total expenditures	44,819,541	13,442	235,663	4,444,092	49,512,738
Excess of revenues over (under) expenditures	2,161,517	(13,136)	(234,948)	(263,284)	1,650,149
OTHER FINANCING SOURCES (USES)					
Sale of property	16,950	-	-	-	16,950
Transfers (to) other funds	(2,378,054)	(633)	(363,411)	(153,612)	(2,895,710)
Transfers from other funds	364,105	-	-	2,531,605	2,895,710
Total other financing sources (uses)	(1,996,999)	(633)	(363,411)	2,377,993	16,950
Net change in fund balance	164,519	(13,769)	(598,359)	2,114,709	1,667,100
Fund balances - beginning as previously stated	13,561,613	608,096	1,628,605	2,969,410	18,767,724
Change in accounting principle	-	-	-	170,431	170,431
Fund balances - beginning as restated	13,561,613	608,096	1,628,605	3,139,841	18,938,155
Fund balances - ending	\$ 13,726,132	\$ 594,327	\$ 1,030,246	\$ 5,254,550	\$ 20,605,255

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

Scotland County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

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

Net changes in fund balances - total governmental funds	\$ 1,667,100
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	1,497,195
Transfer of school construction in process to local school authority	(248,462)
Transfer of water assets to local municipality	(637,002)
Transfer of capital project to other entity	(18,113)
Cost of capital assets disposed of during the year and other differences not recognized on the modified accrual basis	(28,940)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	1,374,857
Benefit payments and pension administration costs for LEOSA are deferred outflows of resources on the Statement of Net Position	69,179
Contribution and pension administration costs for OPEB are deferred outflows of resources on the Statement of Net Position	749,811
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(301,047)
Effects of lease receipts reported as revenues in the funds that are not revenues in the Statement of Activities.	(800,000)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	2,060,796
Effects of bond premium (net of amortization)	102,111
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(3,204,300)</u>
Total changes in net position of governmental activities	<u>\$ 2,283,185</u>

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

Scotland County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended June 30, 2021

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Ad valorem taxes	\$ 22,124,232	\$ 23,674,632	\$ 23,657,170	\$ (17,462)
Local option sales taxes	6,410,116	6,800,116	8,798,075	1,997,959
Other taxes and licenses	52,000	52,000	48,695	(3,305)
Unrestricted intergovernmental	185,000	190,020	294,473	104,453
Restricted intergovernmental	10,541,067	10,664,778	9,477,232	(1,187,546)
Permits and fees	481,200	503,000	512,961	9,961
Sales and services	1,625,200	4,046,646	3,759,491	(287,155)
Investment earnings	230,000	230,400	17,476	(212,924)
Fines, forfeitures	140,000	-	2,988	2,988
Miscellaneous	836,270	616,200	412,497	(203,703)
Total revenues	<u>42,625,085</u>	<u>46,777,792</u>	<u>46,981,058</u>	<u>203,266</u>
Expenditures:				
Current:				
General government	3,214,792	3,340,306	2,941,304	399,002
Public safety	9,521,165	10,381,337	9,096,127	1,285,210
Economic and physical development	908,254	2,540,955	2,313,749	227,206
Central services	2,630,351	2,804,949	2,473,889	331,060
Human services	11,034,664	13,233,267	11,701,058	1,532,209
Cultural and recreational	1,293,780	1,434,291	1,329,074	105,217
Other expenditures	1,344,388	231,569	228,072	3,497
Intergovernmental:				
Education	10,569,895	11,261,268	10,874,868	386,400
Debt service:				
Principal retirement	2,060,796	2,060,796	2,060,796	-
Interest	1,816,000	1,816,000	1,800,604	15,396
Total expenditures	<u>44,394,085</u>	<u>49,104,738</u>	<u>44,819,541</u>	<u>4,285,197</u>
Excess of revenues over (under) expenditures	(1,769,000)	(2,326,946)	2,161,517	4,488,463
Other financing sources (uses):				
Sale of capital assets	-	-	16,950	16,950
Transfers (to) other funds	-	(2,378,054)	(2,378,054)	-
Transfers from other funds	20,000	514,409	364,105	(150,304)
Total other financing sources (uses)	<u>20,000</u>	<u>(1,863,645)</u>	<u>(1,996,999)</u>	<u>(133,354)</u>
Appropriated fund balance	1,749,000	4,190,591	-	(4,190,591)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>164,519</u>	<u>\$ 164,519</u>
Fund balances - beginning			<u>13,561,613</u>	
Fund balances - ending			<u>\$ 13,726,132</u>	

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

Scotland County, North Carolina
Statement of Net Position
Proprietary Funds
June 30, 2021

	Enterprise Funds			Total
	Public Works Fund	Blended Component Units		
		Water District I Fund	Water District II Fund	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 981,527	\$ 1,285,608	\$ 432,241	\$ 2,699,376
Accounts receivable, net	188,338	53,969	83,271	325,578
Prepaid items	-	3,440	-	3,440
Due from other governments	-	45,126	70,824	115,950
Total current assets	<u>1,169,865</u>	<u>1,388,143</u>	<u>586,336</u>	<u>3,144,344</u>
Noncurrent assets:				
Capital assets:				
Land, improvements & const. in progress	329,590	-	-	329,590
Other capital assets, net of depreciation	1,564,914	1,919,231	4,665,035	8,149,180
Total capital assets	<u>1,894,504</u>	<u>1,919,231</u>	<u>4,665,035</u>	<u>8,478,770</u>
Total assets	<u>3,064,369</u>	<u>3,307,374</u>	<u>5,251,371</u>	<u>11,623,114</u>
Deferred outflows of resources				
Pension deferrals	113,936	37,979	-	151,915
OPEB deferrals	92,455	43,316	-	135,771
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	140,052	82,764	25,432	248,248
Limited obligation bonds payable	-	55,000	100,000	155,000
Total current liabilities	<u>140,052</u>	<u>137,764</u>	<u>125,432</u>	<u>403,248</u>
Noncurrent liabilities:				
Accrued landfill closure and postclosure costs	2,182,111	-	-	2,182,111
Compensated absences payable	42,091	-	-	42,091
Net pension liability	196,042	65,347	-	261,389
Net OPEB liability	506,009	237,068	-	743,077
Limited obligation bonds payable	-	1,105,000	3,580,000	4,685,000
Total noncurrent liabilities	<u>2,926,253</u>	<u>1,407,415</u>	<u>3,580,000</u>	<u>7,913,668</u>
Total liabilities	<u>3,066,305</u>	<u>1,545,179</u>	<u>3,705,432</u>	<u>8,316,916</u>
Deferred inflows of resources				
OPEB deferrals	68,586	32,132	-	100,718
Bond premium (net)	-	178,859	318,921	497,780
NET POSITION				
Net investment in capital assets	1,894,503	580,372	666,114	3,140,989
Unrestricted	<u>(1,758,634)</u>	<u>1,052,127</u>	<u>560,904</u>	<u>(145,603)</u>
Total net position	<u>\$ 135,869</u>	<u>\$ 1,632,499</u>	<u>\$ 1,227,018</u>	<u>\$ 2,995,386</u>

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

Scotland County, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2021

	Enterprise Funds			Total
	Blended Component Units			
	Public Works Fund	Water District I Fund	Water District II Fund	
Operating revenues:				
Charges for services	\$ 2,085,440	\$ 499,407	\$ 1,070,645	\$ 3,655,492
Availability fees	1,068,386	-	-	1,068,386
Other operating revenues	4,532	-	-	4,532
Total operating revenues	<u>3,158,358</u>	<u>499,407</u>	<u>1,070,645</u>	<u>4,728,410</u>
Operating expenses:				
Water purchases	-	201,567	333,174	534,741
Water operations	-	225,466	192,183	417,649
Landfill operations	2,728,950	-	-	2,728,950
Landfill closure and postclosure care costs	58,797	-	-	58,797
Depreciation	186,034	127,172	201,280	514,486
Total operating expenses	<u>2,973,781</u>	<u>554,205</u>	<u>726,637</u>	<u>4,254,623</u>
Operating income (loss)	184,577	(54,798)	344,008	473,787
Nonoperating revenues (expenses):				
Solid waste disposal tax	17,512	-	-	17,512
Scrap tire disposal tax	51,693	-	-	51,693
White goods disposal tax	13,981	-	-	13,981
Surplus property	10,471	-	-	10,471
Recycling	80	-	-	80
Bond premium amortization	-	5,642	2,257	7,899
Interest (expense)	-	(54,931)	(154,425)	(209,356)
Total nonoperating revenues (expenses)	<u>93,737</u>	<u>(49,289)</u>	<u>(152,168)</u>	<u>(107,720)</u>
Income (loss) before contributions transfers and recoveries	<u>278,314</u>	<u>(104,087)</u>	<u>191,840</u>	<u>366,067</u>
Contributions from capital projects	73,005	-	-	73,005
Transfers (to) from other funds	<u>(73,005)</u>	<u>320,000</u>	<u>(320,000)</u>	<u>(73,005)</u>
Change in net position	278,314	215,913	(128,160)	366,067
Net position - beginning as previously reported	(142,444)	1,457,329	1,396,095	2,710,980
Prior period adjustment	-	(40,745)	(40,917)	(81,662)
Net position - beginning as restated	<u>(142,444)</u>	<u>1,416,584</u>	<u>1,355,178</u>	<u>2,629,318</u>
Total net position - ending	<u>\$ 135,869</u>	<u>\$ 1,632,499</u>	<u>\$ 1,227,018</u>	<u>\$ 2,995,386</u>

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

Scotland County, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Business-type Activities Enterprise Funds			Total
	Public Works Fund	Water District I Fund	Water District II Fund	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 3,237,675	\$ 523,864	\$ 1,054,262	\$ 4,815,801
Cash paid for goods and services	(2,090,250)	(435,095)	(540,842)	(3,066,187)
Cash paid to or on behalf of employees for services	(606,443)	(14,316)	-	(620,759)
Net cash provided by operating activities	540,982	74,453	513,420	1,128,855
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Decreases in advances from other funds	121,886	-	-	121,886
Transfers (to) from other funds	(73,005)	320,000	(320,000)	(73,005)
Net cash flows provided by (used in) financing activities	48,881	320,000	(320,000)	48,881
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(613,440)	-	-	(613,440)
Capital contributions	73,005	-	-	73,005
Interest paid on bond maturities and equipment contracts	-	(54,931)	(154,425)	(209,356)
Principal paid on bond maturities and equipment contracts	-	(50,000)	(95,000)	(145,000)
Net cash (used in) capital and related financing activities	(540,435)	(104,931)	(249,425)	(894,791)
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash from surplus property	10,471	-	-	10,471
Net increase (decrease) in cash and cash equivalents	59,899	289,522	(56,005)	293,416
Balances - beginning of the year	921,628	996,086	488,246	2,405,960
Balances - end of the year	<u>\$ 981,527</u>	<u>\$ 1,285,608</u>	<u>\$ 432,241</u>	<u>\$ 2,699,376</u>

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

Scotland County, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Business-type Activities Enterprise Funds			Total
	Public Works Fund	Water District I Fund	Water District II Fund	
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ 184,577	\$ (54,798)	\$ 344,008	\$ 473,787
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	186,034	127,172	201,280	514,486
Provision for uncollectible accounts	572	77	286	935
Landfill closure and postclosure care costs	58,797	-	-	58,797
Changes in assets, liabilities and deferred outflows and inflows of resources:				
(Increase) decrease in accounts receivable	(4,522)	24,381	(16,669)	3,190
(Increase) in prepaid items	-	(3,440)	-	(3,440)
(Increase) in deferred outflows of resources - pensions	(23,590)	(7,864)	-	(31,454)
(Increase) in deferred outflows of resources - OPEB	(73,958)	(34,068)	-	(108,026)
Increase in net OPEB liability	89,258	28,692	-	117,950
Increase in net pension liability	50,686	16,895	-	67,581
(Decrease) in deferred inflows of resources-OPEB	(20,930)	(12,626)	-	(33,556)
Increase (decrease) in accounts payable and accrued liabilities	92,912	(9,968)	(15,485)	67,459
Increase in accrued vacation pay	1,146	-	-	1,146
Total adjustment	540,982	74,453	513,420	1,128,855
Net cash provided by operating activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Scotland County, North Carolina
Statement of Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

	Custodial Funds
Assets	
Cash and cash equivalents	152,324
Taxes receivable for other governments-net	5,162
Total assets	157,486
Liabilities	
Accounts payable and accrued liabilities	2,059
Due to other governments	7,083
	9,142
Net Position	
Restricted for:	
Individuals, organizations, and other governments	148,344
	148,344

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

Scotland County, North Carolina
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

	<u>Custodial Funds</u>
ADDITIONS	
Ad valorem taxes collected for other governments	1,116,455
Collections on behalf of inmates	268,646
Other collections	40,628
Total additions	<u>1,425,729</u>
 DEDUCTIONS	
Tax distributions to other governments	1,118,740
Payments on behalf of inmates	256,183
Other distributions	10,222
Total deductions	<u>1,385,145</u>
Net increase in fiduciary net position	40,584
Net position, beginning, as previously reported	-
Prior period restatement-change in accounting principle	107,760
Net position, beginning, as restated	<u>107,760</u>
Net position-ending	<u>\$ 148,344</u>

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

Scotland County, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2021

I. Summary of Significant Accounting Policies

The accounting policies of Scotland County and its component units 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 seven-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. Scotland County Water District I Fund and Scotland County Water District II Fund (*the Districts*) exists to provide and maintain water systems for the County residents within the districts. The Districts are reported as enterprise funds in the County's financial statements. Scotland County Industrial Facility and Pollution Control Financing Authority (*the Authority*) exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. Scotland County Historic Properties Commission (*the Commission*), Scotland County ABC Board (*the Board*), Scotland County Tourism Development Authority (*the TDA*), and Scotland County Economic Development Corporation (*the Corporation*), all of which have a June 30 year-end, are presented as if they are separate proprietary funds of the County (discrete presentation). The blended presentation method presents component units as a department or unit of the County, and offers no separate presentation as with the discrete method.

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
Scotland County Water District I	Blended	Under State law [NCGS 162A-89], the County's board of commissioners also serve as the governing board for the District.	None issued.
Scotland County Water District II	Blended	Under State law [NCGS 162A-89], the County's board of commissioners also serve as the governing board for the District.	None issued.
Scotland County Industrial Facility and Pollution Control Financing Authority	Discrete	The Authority is governed by a seven-member board of commissioners that is appointed by the county commissioners. The County can remove any commissioner of the Authority with or without cause.	None issued.
Scotland County Historic Properties Commission	Discrete	The County's governing board appoints the members of the commission and has the ability to impose its will on the organization.	Scotland County Historic Properties Commission c/o Beth Hobbs, Treasurer P. O. Box 152 Laurinburg, NC 28353-0152
Scotland County ABC Board	Discrete	The members of the ABC Boards' governing board are appointed by the County. The ABC Board is required by State Statute to distribute its surpluses to the General Fund of the County.	Scotland County ABC Board 224 Lauchwood Drive Laurinburg, NC 28352
Scotland County Tourism Development Authority	Discrete	The County's governing board appoints the members of the authority and the ability to impose its will on the organization.	Scotland County TDA 507 W. Covington Street Laurinburg, NC 28352 Cory Hughes, Executive Director
Scotland County Economic Development Corporation	Discrete	The County's governing board appoints the members of the authority and the ability to impose its will on the organization.	Scotland County Economic Development Corporation 517 Peden Street Laurinburg, NC 28352

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 primary government net position (the County) and its component units. 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 and blended component units. Separate statements for each fund category - *governmental, proprietary, and fiduciary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise 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. Nonoperating revenues, such as subsidies, result from non-exchange transactions. Other nonoperating items such as investment earnings are 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.

School Construction Funds. These funds account for the construction of school wings and a new school.

The County reports the following major enterprise funds:

Public Works Fund. This fund accounts for the operation, maintenance, and development of various landfills and disposal sites.

Scotland County Water District I Fund. This fund is used to account for the operations of the Water District I within the County.

Scotland County Water District II Fund. This fund is used to account for the operations of the Water District II within the County.

The County reports the following fund types:

Custodial Funds. Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Custodial funds are used to account for assets the County holds on behalf of others that meet certain criteria. The County maintains the following custodial funds: the Municipal Tax Fund, which accounts for ad valorem and vehicle property taxes that are billed and collected by the County for various municipalities within the County but that are not revenues to the County, the Scotland Place Fund which accounts for fees collected for the rental of the facility that is not owned by the County, the Library Fund which accounts for funds that were attached to the library when it was a separate entity from the County and are expended on items that benefit the library outside the scope of normal operating parameters, the Certified Retirement Community Fund which accounts for funds related to marketing the community, the Cooperative Extension Fund which accounts for funds related to programs offered by the Cooperative Extension Office, the 4H Fund which accounts for funds received and expended for the 4-H Program operated by the Cooperative Extension Office, and the Jail Inmate Pay Fund, which holds cash deposits made to inmates as payment for work performed while incarcerated as well as cash collections for the benefit of inmates from their friends and families.

Nonmajor Funds. The County maintains seventeen legally budgeted Nonmajor funds. Fire Service District Fund, Revaluation Fund, Emergency Telephone System Fund, ARPA Fund, Coronavirus Fund, Technology Fund, Economic Development Fund, Representative Payee Fund, Deed of Trust Fund, Fines and Forfeitures Fund and Concealed Weapon Fund are reported as nonmajor special revenue funds. Morgan Center Project Fund, Capital Reserve Fund, CDBG Mountaire Project Fund, North Carolina Housing Fund, Facilities Parking Lot and Covington Street School Project are reported as nonmajor capital project funds.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating 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. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water system. 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 nonoperating 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 90 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 for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

Under 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 is both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then 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 Emergency Telephone, Fire District, and Revaluation Special Revenue Funds, and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Special Revenue Fund, the Capital Projects Fund, and the Enterprise Capital Projects Funds. The Enterprise Capital Projects Funds are consolidated with the enterprise operating funds for reporting purposes.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$1,000. The governing board must approve all amendments. During the year, several immaterial amendments to the original budget were necessary. 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, Deferred Inflows and Outflows and Fund Equity

1. Deposits and Investments

All deposits of the County, Scotland County ABC Board, Scotland County Tourism Development Authority, Scotland County Economic Development Corporation, and Scotland County Historic Properties Commission are made in board-designated official depositories and are secured as required by G.S. 159-31. The County, the ABC Board, the Tourism Development Authority, the Economic Development Corporation, and the Historic Properties Commission may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also the County, the ABC Board, the Tourism Development Authority, the Economic Development Corporation, and the Historic Properties Commission 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, the ABC Board, the Tourism Development Authority, the Economic Development Corporation, and the Historic Properties Commission 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 majority of the County, the ABC Board, the Tourism Development Authority, the Economic Development Corporation, and the Historic Properties Commission's investments are carried at fair value. The securities of the NCCMT Government Portfolio, a SEC-registered 2a-7 external investment pool, are measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

2. Cash and Cash Equivalents

The County pools moneys from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are considered cash and cash equivalents. The ABC Board, Scotland County Tourism Development Authority, Scotland County Economic Development Corporation, and Scotland County Historic Properties Commission consider demand deposits and investments with a maturity date of three months or less, at the time of purchase, to be cash and cash equivalents.

2.a Restricted Assets

The unexpended bond proceeds of the Morgan Center Project Fund (nonmajor fund) and the School Construction Fund (major) are restricted for the purpose of construction in those funds. Cash in the Fire Service District Fund (nonmajor) is restricted for fire protection activities within the fire district. Cash in the Emergency Telephone System Fund (nonmajor) is restricted for emergency telecommunications.

Scotland County Restricted Cash

Governmental Activities:	
School Construction Funds	1,559,785
ARPA Fund	3,381,989
Representative Payee Fund	4,743
Fire Service District Fund	<u>2,105,347</u>
Total Restricted Cash	<u>7,051,864</u>

3. 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, 2018. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

4. 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.

5. Inventories and Prepaid Items

The inventories of the ABC Board are valued at cost (first-in, first-out), which approximates market. The County's General Fund inventory consists of expendable supplies that are recorded as expenditures when purchased. The inventory of the ABC Board consists of material and supplies held for consumption or resale. The cost of the inventory carried in the ABC Board is recorded as an expense as it is consumed or sold.

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.

6. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. Minimum capitalization costs are as follows: Land, \$10,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$15,000; infrastructure, \$20,000; equipment and furniture, \$5,000; vehicles and motorized equipment, \$10,000; and computer software and computer equipment, \$5,000. 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 Scotland 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 after 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 Scotland 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	20
Improvements	20
Furniture and equipment	10
Vehicles	5
Computer software	5
Computer equipment	3

Capital assets of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

	<u>Years</u>
Buildings	20
Furniture and equipment	10
Computers	3

Capital assets of the Historic Properties Commission are depreciated over their useful lives on a straight-line basis as follows:

	<u>Years</u>
Buildings	50
Improvements	30
Equipment and furniture	10
Vehicles	6
Computer Equipment	3

Capital assets of the Economic Development Corporation are depreciated over their useful lives on a straight-line basis as follows:

	<u>Years</u>
Buildings	40
Land Improvements	40
Furniture and equipment	5-20

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has several 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 financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has three items that meet the criterion for this category – prepaid taxes, property taxes receivable, and other pension related deferrals.

8. 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 on the statements of net position.

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

9. Compensated Absences

The vacation policies of the County and the ABC Board provide for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. 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, proprietary funds, and the ABC Board financial statements. The Scotland County Tourism Development Authority, the Scotland County Economic Development Corporation, and the Scotland County Historic Properties Commission have no employees.

The sick leave policies of the County and the ABC Board 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 neither the County nor the ABC Board has any obligation for accumulated sick leave until it is actually taken, no accruals for sick leave have been made.

10. Net Position/Fund Balances

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 represents 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.

Fund Balances

In the governmental fund financial statements, fund balance is composed of five 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.

Inventories-portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

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

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

-Restricted for Fire Protection and Rehabilitation - portion of fund balance that is restricted by revenue source for fire protection and rehabilitation services.

-Restricted for Emergency Telephone System Fund.

-Restricted for Mountaire Capital Project.

-Restricted for School Construction.

-Restricted for ARPA- portion restricted for coronavirus related expenditures.

-Restricted for Health Services.

Committed Fund Balance – Portion of fund balance that can only be used for specific purpose imposed by majority vote of Scotland County's governing body (highest level of decision-making authority). Any changes or removal of specific purposes requires majority action by the governing body.

Committed for Tax Revaluation - portion of fund balance that can only be used for Tax Revaluation.

Assigned Fund Balance – portion of fund balance that the Scotland County governing board has budgeted.

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 \$100,000.

Unassigned Fund Balance – portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

Scotland County has also adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is at least equal to or greater than 15% of budgeted expenditures. Any portion of the General Fund balance in excess of 24% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the County in a future budget.

11. Defined Benefit Pension Plans

The County participates in three cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employee's Retirement System (LGERS); the Registers of Deeds' Supplemental Pension Fund (RODSPF), and the Law Enforcement Officers' Special Separation Allowance (LEOSSA) (collectively, the "state administered defined benefit pension plans"), and one other post employment benefit plan (OPEB), and the Healthcare Benefits Plan (HCB). For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, 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 plan's fiduciary net position 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. For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the HCB and additions to/deductions from the HCB's fiduciary net position have been determined on the same basis as they are reported by the HCB. For this purpose, the HCB recognizes benefit payments when due and payable in accordance with the benefit terms. Investments for all plans are reported at fair value.

E. Reconciliation of Government-wide and Fund Financial Statements

1. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between total fund balance for the governmental funds and net position for governmental activities as reported in the government-wide statement of net position. The net adjustment of \$31,909,438 consists of the following:

Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 29,557,231
Less accumulated depreciation	<u>(15,076,534)</u>
Net capital assets	14,480,697
Net pension asset-ROD	61,833
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	3,649,762
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	303,404
Contributions and pension administration costs for OPEB are deferred outflows of resources on the Statement of Net Position	4,545,973
Portion of lease receivable from local school board not reported in the fund statements	22,740,000
Deferred inflows of resources reported in the government-wide statements but not the fund statements:	
Deferred inflows of resources for taxes and special assessments receivable	2,248,961
Deferred inflows of resources for bond premiums net of accumulated amortization	(5,008,945)
Deferred inflows pension related deferrals	(63,645)
Deferred inflows OPEB related deferrals	(3,372,347)
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:	
Bonds, leases, and installment financing	(38,460,920)
Compensated absences	(1,008,656)
Net pension liability-LGERS	(6,273,335)
Net OPEB liability	(24,880,336)
Total pension liability (LEOSSA)	<u>(871,884)</u>
Total adjustment	<u>\$ (31,909,438)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances for the governmental funds and changes in net position of governmental activities as reported in the government-wide Statement of Activities. Total adjustment of \$616,082 is comprised of the following:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the Statement of Activities.	\$ 2,948,783
Transfer of construction in process to local school authority-school construction project	(248,462)
Transfer of water assets to local municipality	(637,002)
Transfer of capital project to local entity	(18,113)
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the Statement of Activities but not in the fund statements.	(1,451,588)
Cost of capital asset disposed of during the year, not recognized on modified accrual.	(28,940)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the Statement of Net Position in the government-wide statements.	2,060,796
Bond premium amortization	102,111
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	1,374,857
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	69,179
Contributions to the OPEB plan are deferred outflows of resources on the Statement of Net Position	749,811
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.	
Compensated absences	(62,066)
OPEB expense	(799,643)
Pension expense-LGRS	(2,239,015)
-LEOSSA	(103,579)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Effects of lease receipts reported as revenues in the funds that are not revenues in the Statement of Activities	(800,000)
(Increase) in deferred inflows of resources - taxes receivable - at year end	(301,047)
Total adjustment	<u>\$ 616,082</u>

II. Stewardship, Compliance, and Accountability

None were noted.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All of the County's, the Historic Properties Commission's, the Tourism Development Authority's, the Economic Development Corporation's and the ABC Board'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, the Historic Properties Commission's, the Tourism Development Authority's, the Economic Development Corporation's or the ABC Board's agents in these units' names. 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, the Historic Properties Commission, the Tourism Development Authority, the Economic Development Corporation, and the ABC Board, these deposits are considered to be held by their agents in the entities' names. 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, the Historic Properties Commission, the ABC Board, the Tourism Development Authority, the Economic Development Corporation or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County, the Historic Properties Commission, the ABC Board, the Tourism Development Authority or the Economic Development Corporation under the Pooling Method, the potential exists for undercollateralization, 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 County, the Historic Properties Commission, the ABC Board, the Tourism Development Authority and the Economic Development Corporation have no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The County complies with provision of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2021, the County's deposits had a carrying amount of \$23,699,796 and a bank balance of \$24,292,098. Of the bank balance \$250,000 was covered by federal depository insurance, and \$250,000 in non-interest bearing deposits and \$21,107,587 in interest bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2021, Scotland County had \$2,925 cash on hand.

At June 30, 2021, the carrying amount of deposits for Scotland County ABC Board was \$240,934 and the bank balance was \$421,688. All of the bank balance was covered by federal depository insurance. Of the bank balance \$421,688 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method.

At June 30, 2021, the carrying amount of deposits for Scotland Co. Historic Properties Comm. was \$67,114 and the bank balance was \$67,126. All of the bank balance was covered by federal depository insurance.

At June 30, 2021, the carrying amount of deposits for Scotland Co. Tourism Dev. Authority was \$313,842 and the bank balance was \$289,152. Of the bank balance \$26,027 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method.

At June 30, 2021, the carrying amount of deposits for Scotland Co. Economic Dev. Corporation was \$414,792 and the bank balance was \$432,691. Of the bank balance \$353,200 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method.

2. Investments

At June 30, 2021, the County had the following investments and maturities:

Investment By Type	Valuation Measurement Method	Fair Value	Less than 6 Months
NC Capital Management Trust-Government Portfolio	Fair Value Level 1	19,365,222	19,365,222
NC Capital Management Trust-Term Portfolio*	Fair Value Level 1	-	-
Total:		\$ 19,365,222	\$ 19,365,222

*As of June 30, 2020, the NCCMT Term Portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

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.

Interest Rate Risk. The County has no policy on interest rate risk.

Credit Risk. The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poors as of June 30, 2021. The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina General Statute 159-30 as amended. The County has no policy on credit risk.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County has no policy on custodial credit risk.

The Historic Properties Commission, the ABC Board, the Tourism Development Authority and the Economic Development Corporation have no investments.

3. 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.

Tax Year Levied	Tax	Interest	Total
2018	816,805	193,991	1,010,796
2019	1,025,413	151,248	1,176,661
2020	1,010,762	-	1,010,762
2021	1,025,023	-	1,025,023
Totals	3,878,003	345,239	4,223,242

4. Receivables

Receivables at the government-wide level at June 30, 2021, were as follows:

	Accounts	Taxes and Related Accrued Interest	Due from other Governments	Total
Governmental activities:				
General	\$ 166,787	\$ 2,297,975	\$ 27,027,048	\$ 29,491,810
Other governmental	7,233	65,885	153,128	226,246
Total receivables	174,020	2,363,860	27,180,176	29,718,056
Allowance for doubtful accounts	-	(114,899)	-	(114,899)
Total - governmental activities	\$ 174,020	\$ 2,248,961	\$ 27,180,176	\$ 29,603,157
Business-type activities:				
Public works	\$ 196,914	\$ -	\$ -	\$ 196,914
Water district I	60,639	-	45,126	105,765
Water district II	93,563	-	70,824	164,387
Total receivables	351,116	-	115,950	467,066
Allowance for doubtful accounts	(25,538)	-	-	(25,538)
Total - business-type activities	\$ 325,578	\$ -	\$ 115,950	\$ 441,528

The due from other governments that is owed to the County consists of the following:

Lease receivable	\$ 23,540,000
Local option sales tax/sales tax refunds	3,667,786
Due from grantors	88,340
	\$ 27,296,126

4a. Lease Receivable

In fiscal 2019, the County entered into a lease agreement for \$23,540,000 with the local School Board to lease to the School Board school land and all buildings, improvements and fixtures. The County has deed of trust on the school property. The scheduled lease payments are to be paid twice a year on June 01 and December 01 of each fiscal year with the final payment due on December 01, 2038.

The rate of interest is variable from 3.125 to 5%. The current and long term amounts due are as follows:

	Principal	Interest
Current	800,000	1,084,831
Long-term	22,740,000	9,257,360
Total	23,540,000	10,342,191

5. Capital Assets

Capital asset activity for the year ended June 30, 2021, was as follows

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 472,765	\$ 89,530	\$ -	\$ 562,295
Construction in progress	714,060	258,366	3,460	968,966
Total capital assets not being depreciated	1,186,825	347,896	3,460	1,531,261
Capital assets being depreciated:				
Buildings & improvements	15,566,843	1,064,226	900,118	15,730,951
Equipment and furniture	3,163,394	707,222	-	3,870,616
Vehicles and motorized equipment	7,752,175	829,439	157,211	8,424,403
Total capital assets being depreciated	26,482,412	2,600,887	1,057,329	28,025,970
Less accumulated depreciation for:				
Buildings & improvements	7,135,160	560,047	655	7,694,552
Equipment and furniture	2,237,453	272,159	-	2,509,612
Vehicles and motorized equipment	4,380,609	619,382	127,621	4,872,370
Total accumulated depreciation	13,753,222	1,451,588	128,276	15,076,534
Total capital assets being depreciated, net	12,729,190			12,949,436
Governmental activity capital assets, net	\$ 13,916,015			\$ 14,480,697

Primary Government

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

General government	\$ 179,548
Public safety	812,079
Central service	67,324
Human services	218,524
Economic and physical development	7,054
Cultural and recreational	167,059
Total depreciation expense	\$ 1,451,588

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Landfill				
Capital assets not being depreciated:				
Land	\$ 329,590	\$ -	\$ -	\$ 329,590
Work in progress	171,734	-	171,734	-
	<u>501,324</u>	<u>-</u>	<u>171,734</u>	<u>329,590</u>
Capital assets being depreciated:				
Buildings	867,187	457,749	-	1,324,936
Improvements	366,747	-	-	366,747
Equipment and furniture	138,199	53,946	-	192,145
Vehicles and motorized equipment	2,011,420	273,477	117,629	2,167,268
Total capital assets being depreciated	<u>3,383,553</u>	<u>785,172</u>	<u>117,629</u>	<u>4,051,096</u>
Less accumulated depreciation for:				
Buildings	867,187	12,080	-	879,267
Improvements	284,427	7,714	-	292,141
Equipment and furniture	60,264	14,368	-	74,632
Vehicles and motorized equipment	1,205,897	151,874	117,629	1,240,142
Total accumulated depreciation	<u>2,417,775</u>	<u>186,036</u>	<u>117,629</u>	<u>2,486,182</u>
Total capital assets being depreciated, net	<u>965,778</u>			<u>1,564,914</u>
Landfill capital assets, net	\$ 1,467,102			\$ 1,894,504
Scotland County Water District I				
Capital assets not being depreciated:				
Work in progress	\$ -	-	-	\$ -
Capital assets being depreciated:				
Plant and distribution systems	4,774,211	-	-	4,774,211
Furniture and maintenance equipment	8,592	-	-	8,592
Total capital assets being depreciated	<u>4,782,803</u>	<u>-</u>	<u>-</u>	<u>4,782,803</u>
Less accumulated depreciation for:				
Plant and distribution systems	2,730,459	126,312	-	2,856,771
Furniture and maintenance equipment	5,942	859	-	6,801
Total accumulated depreciation	<u>2,736,401</u>	<u>127,171</u>	<u>-</u>	<u>2,863,572</u>
Total capital assets being depreciated, net	<u>2,046,402</u>			<u>1,919,231</u>
Scotland County Water District I capital assets, net	\$ 2,046,402			\$ 1,919,231
Scotland County Water District II				
Capital assets not being depreciated:				
Work in progress	\$ -	-	-	\$ -
Capital assets being depreciated:				
Plant and distribution systems	7,600,238	-	-	7,600,238
Total capital assets being depreciated	<u>7,600,238</u>	<u>-</u>	<u>-</u>	<u>7,600,238</u>
Less accumulated depreciation for:				
Plant and distribution systems	2,733,923	201,280	-	2,935,203
Total accumulated depreciation	<u>2,733,923</u>	<u>201,280</u>	<u>-</u>	<u>2,935,203</u>
Total capital assets being depreciated, net	<u>4,866,315</u>			<u>4,665,035</u>
Scotland County Water District II capital assets, net	4,866,315			4,665,035
Business-type activities capital assets, net	\$ 8,379,819			\$ 8,478,770

Discretely presented component units:

Activity for the ABC Board for the year ended June 30, 2021, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 19,000	\$ -	\$ -	\$ 19,000
Capital assets being depreciated:				
Buildings	241,080	-	-	241,080
Furniture and equipment	34,682	-	-	34,682
Total capital assets being depreciated	275,762			275,762
Less accumulated depreciation for:				
Buildings	130,185	6,782	-	136,967
Furniture & equipment	22,886	1,787	-	24,673
Total accumulated depreciation	153,071	8,569	-	161,640
Total capital assets being depreciated, net	122,691			114,122
Capital assets, net	<u>\$ 141,691</u>			<u>\$ 133,122</u>

Activity for the Scotland County Historic Properties Commission for the year ended June 30, 2021, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 195,000	\$ -	\$ -	\$ 195,000
Artifacts	5,000			5,000
Historic buildings	21,053	-	-	21,053
Total capital assets not being depreciated	221,053	-	-	221,053
Capital assets being depreciated:				
Buildings	613,401	-	10,518	602,883
Furniture and equipment	236,738	10,518	-	247,256
Total capital assets being depreciated	850,139	10,518	10,518	850,139
Less accumulated depreciation for:				
Buildings	306,370	19,612	6,931	319,051
Equipment	176,789	17,566	-	194,355
Total accumulated depreciation	483,159	37,178	6,931	513,406
Total capital assets being depreciated, net	366,980			336,733
Commission capital assets, net	<u>\$ 588,033</u>			<u>\$ 557,787</u>

Activity for the Scotland County Economic Development Corporation for the year ended June 30, 2021, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 1,939,345	\$ -	\$ -	\$ 1,939,345
Construction in progress	-	196,237	-	196,237
Total capital assets not being depreciated	1,939,345	196,237	-	2,135,582
Capital assets being depreciated:				
Buildings	2,810,037	9,500	-	2,819,537
Furniture and equipment	19,903	-	-	19,903
Total capital assets being depreciated	2,829,940	9,500	-	2,839,440
Less accumulated depreciation for:				
Buildings	291,510	78,642	-	370,152
Furniture & equipment	19,903	-	-	19,903
Total accumulated depreciation	311,413	78,642	-	390,055
Total capital assets being depreciated, net	2,518,527			2,449,385
Capital assets, net	\$ 4,457,872			\$ 4,584,967

Activity for the Tourism Development Authority for the year ended June 30, 2021, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets being depreciated and amortized:				
Improvements other than buildings	\$ 135,522	\$ -	\$ -	\$ 135,522
Land lease - right to use	34,570	-	-	34,570
Total capital assets being depreciated and amortized	170,092	-	-	170,092
Less accumulated depreciation and amortization for:				
Improvements other than buildings	11,294	9,035	-	20,329
Land lease - right to use	5,185	3,457	-	8,642
Total accumulated depreciation and amortization	16,479	12,492	-	28,971
Total capital assets being depreciated and amortized, net	153,613			141,121
Governmental activity capital assets, net	\$ 153,613			\$ 141,121

B. Liabilities

1. Payables & Accrued Liabilities

Payables at the government-wide level at June 30, 2021 were as follows:

	Vendors	Salaries and Benefits	Other	Total
Governmental activities:				
General	\$ 612,863	\$ 833,676	\$ -	\$ 1,446,539
Other governmental	4,314	-	25,681	29,995
Total - governmental activities	\$ 617,177	\$ 833,676	\$ 25,681	\$ 1,476,534
Business-type activities:				
Public works	\$ 114,709	\$ 25,343	\$ -	\$ 140,052
Water and sewer districts	108,196	-	-	108,196
Total - business-type activities	\$ 222,905	\$ 25,343	\$ -	\$ 248,248

2. Pension Plan and Other Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The County and the ABC Board are participating employers 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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report 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 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 or rescue squad workers). 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 on 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 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, 2021, was 10.90% of compensation for law enforcement officers and 10.15% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$1,412,937 for the year ended June 30, 2021. Contributions to the pension plan from the ABC Board were \$21,264 for the same period.

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, 2021, the County reported a liability of \$6,534,724 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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, 2020, the County’s proportion was .183%, which was an increase of .0065% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension expense of \$2,316,130. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	825,221	-
Changes in assumptions	486,312	-
Net difference between projected and actual earnings on pension plan investments	919,588	-
Changes in proportion and differences between contributions and proportionate share of contributions	153,816	-
Employer contributions subsequent to the measurement Date	<u>1,412,937</u>	<u>-</u>
Total	<u><u>3,797,874</u></u>	<u><u>-</u></u>

\$3,797,874 reported as deferred outflows of resources related to pension 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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2022	\$ 683,366
2023	891,398
2024	538,021
2025	272,151
2026	-
Thereafter	<u><u>2,384,936</u></u>

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	<u>6.0%</u>	4.0%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 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%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7%. 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 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 percent) or 1-percentage-point higher (8 percent) than the current rate:

	1% Decrease <u>(6%)</u>	Current Discount Rate (7%)	1% Increase <u>(8%)</u>
County's proportionate share of the net pension liability (asset)	13,258,243	6,534,724	947,007

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

b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description.

Scotland County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 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 County law enforcement officers are covered by the Separation Allowance. At December 31, 2019, the Separation Allowance's membership consisted of:

Retirees receiving benefits	6
Active plan members	<u>37</u>
Total	<u>43</u>

2. 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 are recognized when due and payable in accordance with the terms of the plan.

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

3. Actuarial Assumptions

The entry age actual cost method was used in the December 31, 2019 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Discount rate	2.98 percent

The discount rate is based on the yield of the S&P 500 municipal bond 20 year high grade rate index as of December 31, 2019.

Mortality rates are based on the RP-2000 mortality tables with adjustments for mortality improvements based on Scale AA.

4. Contributions.

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$63,639 as benefits came due for the reporting period.

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

At June 30, 2021, the County reported a total pension liability of \$871,884. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was rolled forward to December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the County recognized pension expense of \$103,579.

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	66,004	45,953
Changes of assumptions	199,926	11,129
County benefit payments and plan administrative expense made subsequent to the measurement date	<u>37,474</u>	<u>-</u>
Total	<u>303,404</u>	<u>57,082</u>

The County paid \$37,131 in benefit payments and \$343 in admin expenditures subsequent to the measurement date that are reported as deferred outflows of resources related to pensions which will be recognized as a decrease of the total pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2022	19,977
2023	18,036
2024	15,536
2025	3,533
2026	-
Thereafter	-

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 1.93 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

	1 % Decrease <u>(.93 %)</u>	Discount Rate (1.93%)	1% Increase <u>(2.93%)</u>
Total pension liability	944,410	871,884	805,830

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

2021

Beginning balance	586,738
Service cost	40,856
Interest on the total pension liability	18,090
Changes in benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	71,625
Changes of assumptions or other inputs	218,214
Benefit payments	(63,639)
Other changes	-
Ending balance of the total pension liability	<u>871,884</u>

The plan currently uses mortality tables that vary by age, 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, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

c. Supplemental Retirement Income Plan

1. For Law Enforcement Officers

Plan Description. The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report 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. The County contributed \$78,721 for the reporting year. No amounts were forfeited.

(2) Other than Law Enforcement Officers

All employees, other than law enforcement officers, employed by the County participate in a Supplemental Retirement Income Plan, a defined contribution pension plan. Employees who are enrolled in the Local Governmental Employees' Retirement System are eligible to participate in the Plan. For the year ended June 30, 2021, the governing body of the County authorized a contribution of 2 percent of employees' compensation to the Plan. Also, employees may make voluntary contributions to the Plan.

Total contributions for the year ended June 30, 2021 were \$432,001, which consisted of \$193,741 from the County and \$238,260 from the employees. The County's contributions and the employees' voluntary contributions represented 11.99 percent and 14.74 percent of the covered payroll amount, respectively.

d. Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, which is available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. For the year ended June 30, 2021, no match was authorized by the governing body of the County for employees' compensation to the Plan. Total employee contributions for the year ended June 30, 2021 was \$41,055.

e. Registers of Deeds' Supplemental Pension Fund

Plan Description. Scotland County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, cost-sharing multiple-employer defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local 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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for the Register 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 \$2,942 for the year ended June 30, 2021.

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

At June 30, 2021, the County reported an asset of \$61,833 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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, 2020, the County's proportion was .2698%, which was a decrease of .0088% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension expense of \$37. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	-	1,260
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	5,291
Changes in proportion and differences between county contributions and proportionate share of contributions	861	12
County contributions subsequent to the measurement date	<u>2,942</u>	<u>-</u>
Total	<u>3,803</u>	<u>6,563</u>

\$3,803 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, 2022. Other amounts reported as deferred inflows of resources related to pension expense as follows:

Year ended June 30:

2021	(495)
2022	(1,487)
2023	(2,388)
2024	(1,333)
2025	-
Thereafter	<u>-</u>
	<u>(5,703)</u>

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3 percent
Salary increases	3.5 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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, 2021 is 1.4%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2021 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%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 3.75%. 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 3.75 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 (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

	1% Decrease <u>(2.75%)</u>	Discount Rate (3.75 %)	1% Increase <u>(4.75%)</u>
County's proportionate share of the net pension liability (asset)	52,519	61,833	69,714

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

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

The net pension liability for LGERS and ROD was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of June 30, 2020, with an actuarial valuation date of December 31, 2019. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate Share of Net Pension Liability (Asset)	6,534,724	(61,833)	-	6,472,891
Proportion of the Net Pension Liability (Asset)	.183%	.2698%	-	-
Total Pension Liability	-	-	871,884	871,884
Pension Expense	2,316,130	37	103,579	2,419,746

At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>				
Differences between expected and actual experience	825,221	-	66,004	891,225
Changes of assumptions	486,312	-	199,926	686,238
Net difference between projected and actual earnings on pension plan investments	919,588	-	-	919,588
Changes in proportion and differences between County contributions and proportionate share of contributions	153,816	861	-	154,677
County contributions (LGERS, ROD)/ benefit payments and administration costs (LEOSSA) subsequent to the measurement Date	1,412,937	2,942	37,474	1,453,353
<u>Deferred Inflows of Resources</u>				
Differences between expected and actual experience	-	1,260	45,953	47,213
Net difference between projected and actual earnings on pension plan investments	-	5,291	-	5,291
Changes of assumptions	-	-	11,129	11,129
Changes in proportion and differences between County contributions and proportionate share of contributions	-	12	-	12

f. Other Post Employment Benefit:

Healthcare Benefits

Plan Description. Under the terms of the Scotland County personnel policy approved by the Board of County Commissioners, the County administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). As of January 5, 1987, this plan provides postemployment healthcare benefits to retirees of the County.

Eligibility for Allowance. All regular full-time County employees and regular part-time employees who work at least thirty-two (32) hours per week, whose retirement under the provision of the North Carolina Local Government Employees' Retirement System is either through length of service, during which time at least fifteen (15) consecutive years are served with Scotland County and the employee is actively employed with the County immediately prior to retirement, or disability, will continue to be covered on the County's Group Health Plan and the County's Group Life Insurance Plan.

The County pays the full cost of coverage for these benefits through private insurers. Also, the County retirees have the option of continuing, at their own expense, any additional coverage for self and/or dependent(s) available with the County Group Health Plan. Dependents must be covered at the time of retirement in order to be eligible for continued coverage. Dependent coverage will end when (a) the dependent becomes eligible for another Group Health Plan or Medicare (at age 65); or (b) during open enrollment if the retiree chooses not to continue coverage for dependents; or (c) at the last date for which dependent premium is paid if coverage is terminated for non-payment of premium. Once the dependent coverage is terminated, the dependent remains ineligible for coverage under the County Group Health Plan then and in the future.

When a qualifying retiree reaches age 65, their coverage will be changed from the County's group coverage to a Medicare Supplemental Plan. The funding levels for Post-65 Medicare Supplemental coverage will remain consistent with the funding levels of active employees on the County's Group Health Plan. In the event the qualifying retiree has elected dependent coverage and the retiree reaches age 65 and their coverage is changed from the Group Health Plan to a Medicare Supplemental Plan or the retiree dies, the dependent will be offered continued coverage through the provisions of the COBRA Act as amended.

For Retirees Hired on or after July 1, 2004

Same as above, however, all County provided health coverage will cease when the retiree becomes eligible for Medicare at age 65.

For Retirees Hired on or after January 1, 2012

In order for regular full-time County employees and regular part-time employees who work at least thirty-two (32) hours per week to receive any health insurance benefits from the Scotland County Group Health Plan, he or she must qualify for "full", "reduced", or "disability" benefits through the NC Local Government Employees' Retirement System (NCLGERS). The County coverage will be the same as offered to active employees, which is subject to change each fiscal year as approved by the Board of County Commissioners. The County portion of the premium for retirees will be based on its contribution to the premium of regular active employees. Contributions levels for total service will be as follows: (a) at least age 60 (55 for law enforcement officers) with 25 or more consecutive years of service prior to retirement, or disability retirement at any age with 25 or more consecutive years of service prior to

retirement, the County will pay 100% of County portion; (b) at least age 60 (55 for law enforcement officers) with 20 consecutive years of service prior to retirement, the County will pay 75% of County portion; (c) at least age 60 (55 for law enforcement officers) with 15 consecutive years of service prior to retirement, the County will pay 50% of County portion; or (d) less than age 60 and less than 15 years of consecutive service prior to retirement, not qualified for benefits.

Coverage by the County will be at the existing level at the time of retirement. The retiree will have the option of continuing, at their own expense, any additional coverage for self and/or dependent(s) available with the County Group Health Plan. Dependents must be covered at the time of retirement in order to be eligible for continued coverage. Dependent coverage will end: (a) when the coverage for the retiree ends; (b) when the dependent becomes eligible for another Group Health Plan or Medicare (at any age); (c) during open enrollment the retiree chooses not to continue coverage for the dependent(s); or (d) at the last date for which dependent premium is paid if coverage is terminated for non-payment of premium. Once dependent coverage is terminated, the dependent remains ineligible for coverage under the County Group Health Plan then and in the future.

All elected County officials who have served two or more consecutive terms, or who retire under the North Carolina Local Governmental Employees' Retirement System, will continue to be carried on the County's group life insurance program.

Plan membership. At June 30, 2020 and June 30, 2021, the HCB Plan membership consisted of the following:

	<u>2020</u>	<u>2021</u>
Inactive plan members or beneficiaries currently receiving benefit payments	122	122
Active plan members	<u>313</u>	<u>313</u>
	<u>435</u>	<u>435</u>

Total OPEB Liability

The County's total OPEB liability of \$25,623,412 was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5 percent
Salary increases	3.5 percent, average, including inflation
Discount rate	2.21 percent
Healthcare cost trend rates	Medical – 7%
	Prescription – 7%
	Admin Expenses - 3%

The discount rate is based on the yield of the 20 Year Municipal Bond Index as of the measurement date.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2020	20,837,555
Changes for the year	
Service cost	366,869
Interest	728,437
Changes of benefit terms	-
Differences between expected and actual experience	42,101
Changes in assumptions or other inputs	4,439,115
Benefit payments	(790,665)
Net changes	<u>4,785,857</u>
Total OPEB liability as of June 30, 2021	<u>25,623,412</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.5% to 2.21%.

Mortality rates were based on the RP-2014 Total Data Set for Health Annuitants Mortality Tables with adjustments for LGERS experience and generational mortality improvement using Scale MP-2015.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent or 1-percentage-point higher (3.21 percent) than the current discount rate:

	<u>(1.21)% Decrease</u>	<u>Discount Rate (2.21%)</u>	<u>(3.21)% Increase</u>
Net OPEB liability	30,107,064	25,623,412	22,073,612

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>(Medical-6%, Prescription-6%, Admin Expenses- 2%)</u>	<u>Discount Rate (Medical-7%, Prescription 7%, Admin Expenses 3%)</u>	<u>(Medical - 8%, Prescription-8%, Admin Expenses 4%)</u>
Net OPEB liability	21,867,276	25,623,412	30,360,478

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the County recognized OPEB expense of \$806,130. At June 30, 2021, the County reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	149,871	2,030,820
Changes of assumptions or other inputs	3,751,945	1,442,246
Benefit payments and administrative costs made subsequent to the measurement date	<u>779,928</u>	<u>-</u>
Total	<u>4,681,744</u>	<u>3,473,066</u>

\$779,928 reported as deferred outflows of resources related to OPEB resulting from County contributions made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2022	(267,078)
2023	(267,078)
2024	(24,663)
2025	187,259
2026	481,216
Thereafter	319,094

g. Other Employment Benefits

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

3. Closure and Postclosure Care Costs – Patterson Road Landfill Facility

State and federal laws and regulations require the County to place a final cover on its Patterson Road Landfill Facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,182,111 reported as landfill closure and postclosure care liability at June 30, 2021 represents a cumulative amount reported to-date based on the use of 15% of the total estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$1,587,506 as the remaining estimated capacity is filled. These amounts are based in what it would have cost to perform all closure and postclosure care in 2021. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The County has met the requirements of a local government financial test that is one option under State and federal laws and regulations that helps determine if a unit is financially able to meet closure and postclosure care requirements.

4. Deferred Outflows and Inflows of Resources

The balance in deferred outflows and inflows of resources at year-end is composed of the following elements:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Bond premiums	-	5,506,725
Pensions - OPEB difference between expected and actual experience	1,041,096	2,078,033
Pensions - OPEB difference between projected and actual investment earnings	919,588	5,291
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	154,677	12
Pensions, OPEB - change in assumptions	4,438,183	1,453,375
Benefit payments for the OPEB plan paid subsequent to measurement date	2,233,281	-
Prepaid taxes not yet earned (General)	-	90,157
Total	<u>8,786,825</u>	<u>9,133,592</u>

5. Risk Management

The County is exposed to various risks of losses 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 Joint Risk Management Agency.

Through these pools, the County obtains property coverage equal to the replacement cost of owned property subject to total insured values, with sub-limits on coverage for specified perils; general, auto, professional, employment practices, and law enforcement liability coverage of \$2 million per occurrence; auto liability coverage of \$5 million; auto physical damage for owned autos at actual cash value; crime coverage of \$250,000 per occurrence; cyber liability of \$1 million, and workers' compensation coverage up to the statutory limits.

All property coverage and some liability coverage are subject to per occurrence deductibles, as selected by the County. The pools are audited annually by certified public accountants, and 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, up to a \$2 million limit for liability coverage, and single occurrence losses in excess of \$750,000 for workers' compensation.

Through the captive, the Liability and Property Pool is reinsured for \$2,000,000 of annual aggregate losses in excess of \$250,000 per occurrence for property, auto physical damage and crime coverage, with additional limits of \$498 million purchased through a group of commercial carriers through the multi-state public entity captive.

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 commercial crime coverage with a \$250,000 occurrence limit.

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.

The finance officer, register of deeds, the sheriff, and tax collector are each individually bonded for \$100,000 each. All employees that have access to funds are bonded under a blanket bond for \$1,000,000.

The County does not carry flood insurance. The County is not in a designated flood zone.

Scotland County ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Board has commercial property, general liability, auto liability, workers' compensation, and employee health coverage. The Board also has liquor legal liability coverage. There have been no significant reductions in insurance coverage in the prior year and settled claims have not

exceeded coverage in any of the past three fiscal years. In accordance with G.S. 18-B-700(i), each board member is bonded in the amount of \$50,000, secured by a corporate surety per occurrence. In accordance with G.S. 18-B-806(b) and (c), the store manager(s) is bonded for \$50,000 per occurrence.

Scotland County Historic Properties Commission is exposed to various risks of loss related to torts, theft of, damage to, destruction of assets; errors and omissions; injuries to visitors and natural disasters. The Commission relies on insurance provided by Scotland County for coverage for all risks of loss. There have been no significant reductions in insurance coverage in the prior year. The Commission's cash deposits are fully covered by insurance. The Commission does not carry flood insurance coverage because it owns no property located within a flood zone or property susceptible to flood damage. In accordance with G.S 159-29, the Commission's employees that have access to \$100 or more at any given time of the Commission's funds are performance bonded through a commercial surety bond. The finance officer is bonded for \$50,000.

Scotland County Tourism Development Authority 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 Authority relies on insurance provided by Scotland County for coverage for all risks of loss. There have been no significant reductions in insurance coverage in the prior year, and there have been no claims in the past three fiscal years. The Authority does not carry flood insurance coverage because it owns no property located within a flood zone or property susceptible to flood damage. In accordance with G.S 159-29, the Authority's employees that have access to \$100 or more at any given time of the Authority's funds are performance bonded through a commercial surety bond. The finance officer is bonded for \$50,000.

Scotland County Economic Development Corporation 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 Corporation has commercial property and general liability insurance. The Corporation does not carry flood insurance coverage because it owns no property located within a flood zone or property susceptible to flood damage. In accordance with G.S 159-29, the Corporation's employees that have access to \$100 or more at any given time of the Corporation's funds are performance bonded through a commercial surety bond.

6. Claims, Judgments and Contingent Liabilities

At the date of this report, the County had no active lawsuits or unasserted claims against it.

7. Long-Term Obligations
Installment Financing and Limited Obligation Indebtedness

a. Installment Financing Contracts

\$1,161,713 Guaranteed Energy Savings Contract
 first payment due November 7, 2014 in annual installments
 through November 7, 2030. Interest is 3.75% but
 reimbursed with tax credits. 850,918

\$575,000 North Carolina Department of Commerce
 first payment of \$57,500 due July 1, 2021 and then in
 nine subsequent annual installment payments on
 July 1 of each year until the debt is paid in full.
 Interest rate is 0%. 575,000

Total 1,425,918

b. Limited Obligation Bonds

\$13,380,000 Laurel Hill Elementary and Sycamore Lane
 Elementary Expansions
 First payment due December 1, 2018 in installments of
 \$75,000 to \$820,000 through December 1, 2037.
 Interest rates vary from 3.00% to 5.00%. 12,400,000

\$2,240,000 Morgan Center Renovation
 First payment due December 1, 2018 in installments of
 \$110,000 to \$115,000 through December 1, 2037.
 Interest rates vary from 3.00% to 5.00%. 1,895,000

\$23,540,000 South Johnson Elementary School
 First payment due December 1, 2020 in installments of
 \$800,000 to \$1,270,000 through December 1, 2038.
 Interest rates vary from 3.125% to 5.00%. 22,740,000

Total 37,035,000

TOTAL – GENERAL FUND 38,460,918

Serviced by the County's Water District No. 1 and 2:

Water District Bonds outstanding at June 30, 2021 in the amount of \$4,840,000 are obligations of the water district, a blended component unit of the County and are not obligations of the County. In October 2017, the Water Districts refinanced the outstanding debt in order to reduce interest expense. Interest rates vary over the duration of the bonds from 3.125% to 5.0%. Payments and due dates on this debt are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2022	155,000	201,856
2023	170,000	193,731
2024	170,000	185,231
2025	180,000	176,481
2026	190,000	167,231
2027-2031	1,105,000	678,281
2032-2036	1,315,000	386,110
2037-2041	1,350,000	162,334
2042-2043	205,000	13,922
TOTAL	<u>\$ 4,840,000</u>	<u>\$2,165,177</u>

At June 30, 2021, Scotland County had a legal debt margin of \$146,918,547.

Installment Purchases:

Annual debt service requirements to maturity for the County's installment agreements are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	117,840	31,909
2023	122,620	29,647
2024	127,648	27,205
2025	132,934	24,574
2026	138,490	21,745
2027-2031	786,386	58,623
Total	<u>\$ 1,425,918</u>	<u>\$ 193,703</u>

Limited Obligation Bonds Morgan Center:

Annual debt service requirements to maturity for the County's limited obligation bonds are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	115,000	83,900
2023	115,000	78,150
2024	110,000	72,525
2025	110,000	67,025
2026	110,000	61,525
2027-2031	565,000	222,500
2032-2036	550,000	88,206
2037-2038	220,000	7,356
Total	<u>\$ 1,895,000</u>	<u>\$ 681,187</u>

School Bonds

Year Ending June 30	Governmental Activities	
	Principal	Interest
2022	1,980,000	1,590,838
2023	2,090,000	1,489,088
2024	2,090,000	1,384,588
2025	2,085,000	1,280,213
2026	2,090,000	1,175,838
2027-2031	9,980,000	4,347,188
2032-2036	9,680,000	2,023,834
2037-2038	5,145,000	250,928
Total	<u>\$ 35,140,000</u>	<u>\$ 13,542,515</u>

Debt related to capital activities - of the total governmental activities debt listed, only \$850,918 relates to assets the County holds title to.

In fiscal 2018, Scotland County issued a limited obligation bond in the total amount of \$23,638,775 which includes \$2,758,775 of bond premiums. Water Districts I and II were refinancing - refunding arrangements. Details of the bond issuance are as follows:

	School Project School Wings	Morgan Center Project Fund	Water District I	Water District II	Total
Bond proceeds	13,380,000	2,240,000	1,310,000	3,950,000	20,880,000
Net premium	<u>1,936,775</u>	<u>300,641</u>	<u>190,160</u>	<u>331,199</u>	<u>2,758,775</u>
	<u>15,316,775</u>	<u>2,540,641</u>	<u>1,500,160</u>	<u>4,281,199</u>	<u>23,638,775</u>

In fiscal 2019, Scotland County issued a limited obligation bond in the total amount of \$26,477,818 which includes \$2,937,818 of bond premiums. Details of the bond issuance are as follows:

	School Project South Johnson
Bond proceeds	23,540,000
Net premium	<u>2,937,818</u>
	<u>26,477,818</u>

Bond premiums are amortized over the life of the bonds using the effective interest method. In the fund financial statements, governmental fund types recognize bond premiums as well as bond issuance costs during the current period. The face amount of debt issued is reported as an "other financing source". Premiums received on debt issuances are reported as "other financing sources".

Details of the bond premium amortization are as follows:

	School Project School Wings	School Project South Johnson	Morgan Center Project Fund	Water District I	Water District II	Total
Bond premium	1,936,775	2,937,818	300,641	190,160	331,199	5,696,593
Beginning accumulated amortization	11,699	39,464	13,016	5,660	10,022	79,861
Current amortization	<u>89,136</u>	<u>-</u>	<u>12,975</u>	<u>5,641</u>	<u>2,257</u>	<u>110,009</u>
Ending accumulated amortization	100,835	39,464	25,991	11,301	12,279	189,870
Net bond premium	<u>1,835,940</u>	<u>2,898,354</u>	<u>274,650</u>	<u>178,859</u>	<u>318,920</u>	<u>5,506,723</u>

At June 30, 2021, the County has various operating leases for equipment where title does not transfer to the County at the end of the lease.

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, 2021.

	Beginning Balance	Increases	Decreases	Balance June 30, 2021	Current Portion of Balance
Governmental activities:					
Limited obligation debt	38,740,000	-	1,705,000	37,035,000	1,725,000
Installment financing	1,781,714	-	355,796	1,425,918	113,296
Compensated absences	946,589	578,744	516,677	1,008,656	-
Total OPEB liability	20,212,428	4,667,908	-	24,880,336	-
Net pension liability (LGERS)	4,651,394	1,621,941	-	6,273,335	-
Total pension liability-(LEO)	586,738	285,146	-	871,884	-
Total governmental activities	\$ 66,918,863	\$ 7,153,739	\$ 2,577,473	\$ 71,495,129	\$ 1,838,296
Business-type activities:					
Water and sewer districts					
Limited obligation bonds	4,985,000	-	145,000	4,840,000	155,000
Net pension liability (LGERS)	48,452	16,895	-	65,347	-
Net OPEB liability	208,376	28,692	-	237,068	-
Total water and sewer activities	5,241,828	45,587	145,000	5,142,415	155,000
Landfill					
Accrued landfill closure and postclosure care costs	2,123,314	58,797	-	2,182,111	-
Compensated absences	40,945	11,653	10,507	42,091	-
Net pension liability (LGERS)	145,355	50,686	-	196,041	-
Net OPEB liability	416,751	89,258	-	506,009	-
Total landfill activities	2,726,365	210,394	10,507	2,926,252	-
Total business-type activities	\$ 7,968,193	\$ 255,981	\$ 155,507	\$ 8,068,667	\$ 155,000

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

C. Interfund Balances and Activity

Transfers to/from other funds

Transfers to/from other funds at June 30, 2021, consist of the following:

From the General Fund to the:

NC Housing finance agency for improvements	15,000
Facilities Fund for repairs of buildings and parking lot	2,363,054
Total	2,378,054

From Water District II to:

Water District I to reimburse for operating expenditures	320,000
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From the Emergency Telephone System Fund to the:

Capital Reserve Fund for equipment purchases - 911 Board Grant	153,551
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From the Laurel Hill School Wings Capital Project Fund to the:

General Fund to Service School Bond Debt	633
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From the Morgan Center Capital Project to the:

General Fund to Service Morgan Center Debt	61
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From the South Johnson School Construction Project to the:

General Fund to Service Construction Debt	363,411
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From the Solid Waste Fund to the:

Recycling center project	73,005
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D. Net Investment in Capital Assets

	<u>Governmental</u>	<u>Business-Type</u>
Capital assets	\$ 14,480,697	\$ 8,478,769
Less: Long term debt	(850,918)	(4,840,000)
- Bond premiums	-	(497,780)
Add: Unspent bond proceeds	-	-
Net investment in capital assets	<u>\$ 13,629,779</u>	<u>\$ 3,140,989</u>

E. Fund Balance

Scotland County has a revenue spending policy that provides policy for programs with multiple revenue sources. The finance officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-city funds, city 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 finance officer has the authority to deviate from this policy if it is in the best interest of the County.

The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation:

Total fund balances - General Fund	\$ 13,726,132
Less:	
Nonspendable	88,709
Stabilization by State Statute	4,565,321
Appropriated fund balance in 2021-2022 budget	1,240,664
Remaining Fund Balance	7,831,438

Scotland County has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is at least equal to or greater than 15% of budgeted expenditures.

IV. Jointly Governed Organization

The County, in conjunction with three other counties and twenty-three municipalities, established the Lumber River Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$33,118 to the Council during the fiscal year ended June 30, 2021.

Related Organizations

Richmond Community College, located at Hamlet, North Carolina, maintains a continuing education center in Laurinburg, North Carolina. The facility was deeded to Richmond Community College by the City of Laurinburg in 1987. Scotland County has no contractual obligation to provide financial support to Richmond Community College, has no equity interest but appoints two members of the governing board. The decision to honor requests for financial support by the college is discretionary with the Scotland County Board of Commissioners and is considered at budget consideration time. For the fiscal year ended June 30, 2021, Scotland County approved and paid the sum of \$440,973 to Richmond Community College.

V. 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 moneys 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 moneys.

Coronavirus Disease (COVID-19)

During the fiscal year 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic has had significant effects on global markets, supply chains, businesses, and communities. Specific to the County, COVID-19 is expected to impact various parts of its fiscal year 2021-22 operations and financial results. Management believes the County is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as events associated with the pandemic continue to develop.

VI. Subsequent Events

Management has evaluated subsequent events through February 4, 2022, the date which the financial statements were available to be issued.

The County is in the process of acquiring I.E. Johnson Elementary School from the Scotland County School System. The County plans to rehabilitate the building and use the site as a community outreach center.

The County received an American Rescue Plan Act (ARPA) grant in June 2021 in the amount of \$3,381,980. An additional \$3,381,980 will be received in FY 2022. The grant is to help assist counties and other municipalities with costs related to COVID-19.

Construction has begun on the Laurel Hill Community Center building. The project is expected to be completed in October 2022.

VII. Prior Period Restatement

In fiscal year 2019 the County entered into a lease agreement with the local School Board to lease to the School Board the land and buildings that comprise the newly constructed School. The lease qualified as a capital lease but was accounted for as an operating lease. The effects of this error on net assets at June 30, 2019 and 2020 was an understatement of net assets of \$23,540,000 and an understatement of "lease receivable" by an equal amount. The beginning net assets and lease receivable were restated at the beginning of the current fiscal year to reflect the correction.

In fiscal 2020 Water Districts I and II inadvertently understated accounts payable. In Water District I accounts payable was understated by \$40,745 and Water District II accounts payable was understated by \$40,917. The effects of this error on net assets at June 30, 2020 was an understatement of net assets, accounts payable and expense by \$40,745 in Water District I and \$40,917 in Water District II. The beginning net assets and accounts payable were restated at the beginning of the current fiscal year to reflect the correction.

VIII. Change in Accounting Principle

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, effective July 01, 2020. The statement establishes criteria for identifying fiduciary activities of all state and local governments and provides guidance on how to report fiduciary activities within the financial statements. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement also describes four fiduciary funds that should be reported if criteria outlined in the statement are met: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. The use of agency funds was eliminated. The statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

As part of implementing the statement, the County performed a comprehensive review of its fiduciary relationships and applied the criteria within the guidance. As a result, fund balance and net position were restated as follows:

Governmental Activities Net Position-Increase (Decrease)	General Fund Balance Increase (Decrease)	Nonmajor Special Revenue Fund Balance-Increase (Decrease)	Fiduciary Net Position-Custodial Fund-Increase (Decrease)	
-	-	-	11,319	Cash, taxes receivables and liabilities related to ad valorem and vehicle property taxes collected by the County on behalf of various municipalities were reclassified out of the Agency Fund into a newly created Municipal Tax Custodial Fund. The portion of liabilities attributable to taxes receivable at the beginning of the year were restated as custodial net position.
-	-	-	-	Scotland Place- Cash related to rents collected on a building not owned by the County. Cash was reclassified out of the Agency Fund into a newly created Custodial Fund. The reclassification did not result in a restatement to custodial net position.
-	-	-	4,446	Library- Cash related to leftover funds that were attached to the library when it was a separate entity from the County and are expended on items that benefit the library outside the scope of normal operating parameters. Cash was reclassified out of the Agency Fund into a newly created Custodial Fund. The reclassification resulted in a restatement to custodial net position.
-	-	-	5,041	Certified Retirement Community- Cash related to funds for marketing the community. Cash was reclassified out of the Agency Fund into a newly created Custodial Fund. The reclassification resulted in a restatement to custodial net position.
-	-	-	7,494	Cooperative Extensions- Cash related to fees collected for programs offered by the Extension Fund and to be used on behalf of programs for that Fund. Cash was reclassified out of the Agency Fund into a newly created Custodial Fund. The reclassification resulted in a restatement to custodial net position.

Governmental Activities Net Position-Increase (Decrease)	General Fund Balance Increase (Decrease)	Nonmajor Special Revenue Fund Balance-Increase (Decrease)	Fiduciary Net Position-Custodial Fund-Increase (Decrease)
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-	-	-	8,839	4H Program- Cash related to fees collected for the 4-H Program operated by the Cooperative Extension Office. Cash was reclassified out of the Agency Fund into a newly created Custodial Fund. The reclassification resulted in a restatement to custodial net position.
-	-	-	70,621	Cash related to funds held on behalf of incarcerated inmates was reclassified from an agency fund into fiduciary net position in a newly created Jail Inmate Pay Custodial Fund. The reclassification resulted in a restatement to custodial net position.
-	-	144,000	-	Economic Development- Cash related to future economic development purposes was reclassified out of the Agency Fund into a newly created special revenue fund. The reclassification resulted in a restatement to beginning fund balance.
-	-	26,431	-	Representative Payee Fund- Cash related to beneficiaries was reclassified out of the Agency Fund into a newly created special revenue fund. The reclassification resulted in a restatement to beginning fund balance.
-	-	-	-	Deed of Trust Fund- Cash related to deed transactions was reclassified out of the Agency Fund into a newly created special special revenue fund. The reclassification did not result in a restatement to beginning fund balance.
-	-	-	-	Fines and Forfeitures Fund- Cash and related accounts receivable were reclassified out of the Agency Fund into a newly created special revenue fund. The reclassification did not result in a restatement to beginning fund balance.

-	-	170,431	107,760
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Required Supplemental Financial Data

This section contains additional information required by generally accepted accounting principles.

- Schedule of Proportionate Share of Net Pension Liability for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System
- Schedule of County's Proportionate Share of Net Pension Asset for Register of Deeds Supplemental Pension Fund
- Schedule of County Contributions to Register of Deeds' Supplemental Pension Fund
- Schedule of Changes in Total Pension Liability for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered Payroll for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Change in the Total OPEB Liabilities

Scotland County, North Carolina
**Schedule of the County's Proportionate Share of the Net Pension
 Liability (Asset)**
Local Governmental Employees' Retirement System
 Last Eight Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) %	.183	.177%	.175%	.175%	.178%	.175%	.165%	0.167%
County's proportionate share of the net pension liability (asset) \$	6,534,724	4,845,202	4,149,226	2,679,932	3,772,875	784,446	(971,567)	(984,463)
County's covered-employee payroll	13,920,562	13,130,373	12,800,516	12,139,104	10,975,089	10,411,622	10,372,702	9,916,166
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	46.94%	36.90%	32.41%	22.08%	34.37%	7.58%	-9.36%	-9.93%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%	96.45%

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

Scotland County, North Carolina
Schedule of County Contributions
Local Governmental Employees' Retirement System
 Last Eight Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	1,412,937	1,190,879	992,040	910,433	839,797	756,313	740,748	703,825
Contributions in relation to the contractually required contribution	1,412,937	1,190,879	992,040	910,433	839,797	756,313	740,748	703,825
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
County's covered-employee payroll	13,920,562	14,885,988	12,800,516	12,139,104	11,308,290	10,975,089	10,411,622	9,916,166
Contributions as a percentage of covered-employee payroll	10.15%	8.00%	7.75%	7.50%	7.42%	6.89%	7.11%	7.10%

Scotland County, North Carolina
**Schedule of the County's Proportionate Share of the Net Pension
 Liability (Asset)**
Registers of Deeds' Supplemental Pension Fund
 Last Eight Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) %	.270%	.270%	.279%	(.293%)	.309%	.284%	.283%	0.283%
County's proportionate share of the net pension liability (asset) \$	(61,833)	(53,246)	(46,145)	(50,087)	(57,690)	(65,914)	(64,090)	(57,219)
County's covered-employee payroll	63,269	59,094	56,511	55,902	56,824	50,177	50,177	48,897
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-97.73%	-90.10%	-81.66%	-89.50%	-101.52%	-131.36%	-127.73%	-117.02%
Plan fiduciary net position as a percentage of the total pension liability	153.31%	153.77%	160.17%	197.29%	193.88%	190.50%	188.75%	189.65%

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

Scotland County, North Carolina
Schedule of County Contributions
Registers of Deeds' Supplemental Pension Fund
 Last Seven Fiscal Years

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	2,942	2,583	2,782	2,384	2,550	2,494	2,071
Contributions in relation to the contractually required contribution	<u>2,942</u>	<u>2,583</u>	<u>2,782</u>	<u>2,384</u>	<u>2,550</u>	<u>2,494</u>	<u>2,071</u>
Contribution deficiency (excess)	-	-	-	-	-	-	-
County's covered-employee payroll	63,269	59,094	56,511	55,902	54,027	56,824	50,177
Contributions as a percentage of covered-employee payroll	4.64%	4.37%	4.92%	4.26%	4.72%	4.39%	4.13%

Scotland County, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
 June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Beginning balance	586,738	656,755	679,413	627,701
Service cost	40,856	35,658	36,810	31,096
Interest on the total pension liability	18,090	22,626	20,518	23,084
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	71,625	(74,233)	1,033	22,837
Changes on assumptions or other inputs	218,214	16,238	(20,771)	34,029
Benefit payments	(63,639)	(70,306)	(60,248)	(59,334)
Other changes	-	-	-	-
Ending balance of the total pension liability	<u>871,884</u>	<u>586,738</u>	<u>656,755</u>	<u>679,413</u>

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

Scotland County, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
 For the Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total pension liability	871,884	586,738	656,755	679,413
Covered payroll	1,616,163	1,617,839	1,629,513	1,526,642
Total pension liability as a percentage of covered payroll	53.95%	36.27%	40.30%	44.50%

Notes to the schedules:

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

Scotland County, North Carolina
Schedule of Changes in the Total OPEB Liability and Related Ratios
June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	366,869	475,045	497,569	551,425
Interest	728,437	888,266	830,364	746,868
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	42,101	(2,941,502)	121,484	141,329
Changes of assumptions or other inputs	4,439,115	(42,357)	(1,193,640)	(2,192,086)
Benefit payments	<u>(790,665)</u>	<u>(745,904)</u>	<u>(746,673)</u>	<u>(725,648)</u>
Net change in total OPEB liability	4,785,857	(2,366,452)	(490,896)	(1,478,112)
Total OPEB liability - beginning	<u>20,837,555</u>	<u>23,204,007</u>	<u>23,694,903</u>	<u>25,173,015</u>
Total OPEB liability - ending	25,623,412	20,837,555	23,204,007	23,694,903
Covered payroll	10,048,743	10,048,743	10,502,994	10,502,994
Total OPEB liability as a percentage of covered payroll	254.99%	207.36%	220.93%	225.60%

Notes to Schedule

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

<u>Fiscal year</u>	<u>Rate</u>
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Scotland County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	2021		Variance Positive (Negative)
	<u>Budget</u>	<u>Actual</u>	
Revenues:			
Ad valorem taxes:			
Taxes		\$ 23,376,888	
Interest		280,282	
Total	\$ 23,674,632	23,657,170	\$ (17,462)
Local option sales taxes:			
Article 39 one percent		3,562,509	
Article 40 one-half of one percent		2,571,505	
Article 42 one-half of one percent		1,910,694	
Article 44 one-half of one percent		753,366	
Total	6,800,116	8,798,075	1,997,959
Other taxes and licenses:			
Franchise tax	52,000	48,695	(3,305)
Unrestricted intergovernmental:			
Beer and wine tax		76,907	
ABC profit distribution		217,566	
Total	190,020	294,473	104,453
Restricted intergovernmental:			
State and federal grants		9,052,788	
Lottery proceeds		385,000	
Court facility fees		39,444	
Total	10,664,778	9,477,232	(1,187,546)
Permits and fees:			
Election fees		16	
Inspection fees		235,682	
Register of deeds		277,262	
Total	503,000	512,961	9,961

Scotland County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	2021		Variance Positive (Negative)
	<u>Budget</u>	<u>Actual</u>	
Revenues - continued:			
Sales and services:			
Jail and other fees		271,717	
Ambulance fees		1,114,286	
Recreation fees		122,597	
Administrative fees		126,300	
Emergency communications revenue		175,000	
Rental revenue		1,811,954	
Health department fees		137,637	
Total	4,046,646	3,759,491	(287,155)
Investment earnings	230,400	17,476	(212,924)
Fines, forfeitures	-	2,988	2,988
Miscellaneous:			
Private donations		88,683	
Sheriff dept. - surveillance - shared revenue		1,768	
Other		322,046	
Total	616,200	412,497	(203,703)
 Total revenues	 46,777,792	 46,981,058	 203,266

Scotland County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	2021		Variance Positive (Negative)
	<u>Budget</u>	<u>Actual</u>	
Expenditures:			
General government:			
Governing body:			
Salaries and employee benefits		58,707	
Other operating expenditures		21,150	
Total	81,103	79,856	1,247
Administration:			
Salaries and employee benefits		1,025,068	
Other operating expenditures		29,619	
Total	1,057,707	1,054,687	3,020
Elections:			
Salaries and employee benefits		179,122	
Other operating expenditures		141,298	
Capital outlay		96,048	
Total	482,583	416,467	66,116
Tax:			
Salaries and employee benefits		634,685	
Other operating expenditures		186,013	
Total	1,003,076	820,697	182,379
Legal:			
Contracted services		73,443	
Total	80,000	73,443	6,557
Register of deeds:			
Salaries and employee benefits		191,096	
Other operating expenditures		24,559	
Total	258,002	215,655	42,347
Register of deeds automation	2,854	-	2,854

Scotland County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	2021		Variance Positive (Negative)
	<u>Budget</u>	<u>Actual</u>	
Expenditures - continued:			
Court facilities:			
Other operating expenditures		10,329	
Total	12,500	10,329	2,171
Information technology:			
Salaries and employee benefits		184,891	
Other operating expenditures		85,279	
Total	362,481	270,170	92,311
Total general government	3,340,306	2,941,304	399,002
Public safety:			
Sheriff and communications:			
Salaries and employee benefits		2,466,079	
Other operating expenditures		350,997	
Capital outlay		236,881	
Total	3,452,080	3,053,958	398,122
Jail:			
Salaries and employee benefits		1,097,785	
Other operating expenditures		786,754	
Total	2,116,818	1,884,538	232,280
Emergency ambulatory & services:			
Salaries and employee benefits		1,614,561	
Other operating expenditures		301,492	
Capital outlay		168,188	
Total	2,558,395	2,084,241	474,154

Scotland County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	2021		Variance Positive (Negative)
	<u>Budget</u>	<u>Actual</u>	
Expenditures - continued:			
Emergency communications:			
Salaries and employee benefits		956,694	
Other operating expenditures		133,791	
Capital outlay		69,750	
Total	1,229,242	1,160,235	69,007
Forestry service	99,986	97,311	2,675
Inspections:			
Salaries and employee benefits		331,531	
Other operating expenditures		20,239	
Total	363,060	351,771	11,289
Planning & zoning:			
Salaries and employee benefits		52,425	
Other operating expenditures		93,918	
Total	188,503	146,343	42,160
Scotland County Rescue Squad	28,000	9,917	18,083
Medical examiner	92,505	61,500	31,005
Animal control:			
Salaries and employee benefits		112,639	
Other operating expenditures		13,019	
Total	129,748	125,658	4,090
Humane society	113,000	110,655	2,345
Surveillance and drugs:			
Other operating expenditures		10,000	
Total	10,000	10,000	-
Total public safety	10,381,337	9,096,127	1,285,210

Scotland County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	2021		Variance Positive (Negative)
	<u>Budget</u>	<u>Actual</u>	
Expenditures - continued:			
Central service:			
General:			
Other operating expenditures		829,828	
Capital outlay		55,129	
Total	1,079,210	884,957	194,253
Public buildings:			
Salaries and employee benefits		938,691	
Other operating expenditures		567,113	
Capital outlay		83,129	
Total	1,725,739	1,588,932	136,807
Total central service	2,804,949	2,473,889	331,060
Economic and physical development:			
Industry grants		1,952,297	
Region N-council of government		33,118	
SEDC		3,254	
Total	2,103,773	1,988,669	115,104
Co-op extension:			
Other operating expenditures		168,934	
Total	182,179	168,934	13,245
Soil and water conservation:			
Salaries and employee benefits		73,881	
Other operating expenditures		82,265	
Total	255,003	156,146	98,857
Total economic & physical development	2,540,955	2,313,749	227,206

Scotland County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	2021		Variance Positive (Negative)
	<u>Budget</u>	<u>Actual</u>	
Expenditures - continued:			
Other expenditures:			
Juvenile counseling		145,417	
Historic Properties		25,000	
Scotland Home Health, Inc.		57,655	
Total other expenditures	231,569	228,072	3,497
Human services:			
Health:			
Administration:			
Salaries and employee benefits		563,964	
Other operating expenditures		143,226	
Total	733,769	707,190	26,579
Tuberculosis:			
Salaries and employee benefits		12,440	
Other operating expenditures		1,918	
Total	19,916	14,358	5,558
Orthopedic		51,784	
Wise woman		63,898	
Child health		49,224	
Primary care		17,230	
Communicable diseases		272,059	
Total	584,859	454,194	130,665
Cancer prevention:			
Salaries and employee benefits		5,479	
Other operating expenditures		2,104	
Total	8,880	7,583	1,297

Scotland County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	2021		Variance Positive (Negative)
	<u>Budget</u>	<u>Actual</u>	
Expenditures - continued:			
Family planning:			
Salaries and employee benefits		300,465	
Other operating expenditures		83,071	
Total	417,186	383,536	33,650
Maternal and child health:			
Salaries and employee benefits		190,974	
Other operating expenditures		39,466	
Total	246,556	230,440	16,116
Women, infants, and children:			
Salaries and employee benefits		295,346	
Other operating expenditures		33,063	
Total	374,800	328,408	46,392
Environmental health:			
Salaries and employee benefits		118,010	
Other operating expenditures		34,050	
Total	176,883	152,060	24,823
Child services coordinator:			
Salaries and employee benefits		155,651	
Other operating expenditures		2,708	
Total	165,533	158,359	7,174
Pregnancy care management:			
Salaries and employee benefits		159,775	
Other operating expenditures		4,966	
Total	174,137	164,741	9,396
Covid relief funds:			
Salaries and employee benefits		125,926	
Other operating expenditures		100,384	
Capital outlay		13,449	
Total	731,673	239,759	491,914

Scotland County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	2021		Variance Positive (Negative)
	<u>Budget</u>	<u>Actual</u>	
Expenditures - continued:			
Immunization:			
Salaries and employee benefits		34,489	
Other operating expenditures		<u>41,473</u>	
Total	89,922	75,962	13,960
Adult health:			
Salaries and employee benefits		65,816	
Other operating expenditures		<u>3,082</u>	
Total	91,758	68,899	22,859
Preparedness response:			
Salaries and employee benefits		2,941	
Other operating expenditures		<u>22,750</u>	
Total	31,661	25,691	5,970
Substance misuse prevention:			
Other operating expenditures		<u>299</u>	
Total	50,000	299	49,701
Mental health:			
County participation cost		72,920	
ABC 5 cent bottle tax		<u>8,518</u>	
Total	81,420	81,438	(18)
Total health	3,978,953	3,092,918	886,035

Scotland County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	2021		
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures - continued:			
Social services:			
Administration:			
Salaries and employee benefits		5,683,356	
Other operating expenditures		2,265,482	
Capital outlay		5,395	
Total	8,315,194	7,954,232	360,962
Transportation:			
Salaries and employee benefits		230,759	
Other operating expenditures		97,508	
Capital outlay		137,926	
Total	714,425	466,192	248,233
Re-entry council:			
Salaries and employee benefits		88,309	
Other operating expenditures		38,744	
Total	155,000	127,054	27,946
Total social services	9,184,619	8,547,478	637,141
Veterans service officer:			
Salaries and employee benefits		59,542	
Other operating expenditures		1,121	
Total	69,695	60,662	9,033
Total human services	13,233,267	11,701,058	1,532,209

Scotland County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	2021		Variance
	<u>Budget</u>	<u>Actual</u>	Positive (Negative)
Expenditures - continued:			
Cultural and recreational:			
Recreation:			
Salaries and employee benefits		450,038	
Other operating expenditures		256,881	
Capital outlay		184,610	
Total	956,248	891,529	64,719
Libraries:			
Salaries and employee benefits		330,426	
Other operating expenditures		107,120	
Total	478,043	437,546	40,497
Total cultural and recreational	1,434,291	1,329,074	105,217
Education:			
Public schools - current expense		10,048,895	
Public schools - lottery-capital outlay		85,000	
Contributions of capital		300,000	
Community colleges - current		440,973	
Total education	11,261,268	10,874,868	386,400
Debt service:			
Principal retirement		2,060,796	
Interest and fees, other		1,800,603	
Total debt service	3,876,796	3,861,399	15,397
Total expenditures	49,104,738	44,819,541	4,285,197
Revenues over (under) expenditures	(2,326,946)	2,161,517	4,488,463

Scotland County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	2021		Variance Positive (Negative)
	<u>Budget</u>	<u>Actual</u>	
Other financing sources (uses):			
Sale of capital assets	-	16,950	16,950
Transfers to other funds:			
Capital project facilities	(2,363,054)	(2,363,054)	-
Economic development	(15,000)	(15,000)	-
Transfers from other funds:			
Morgan center project	61	61	-
911 fund	514,348	364,044	150,304
Total net transfers	(1,863,645)	(2,013,949)	(150,304)
Total other financing sources (uses)	(1,863,645)	(1,996,999)	(133,354)
Appropriated fund balance	4,190,591	-	(4,190,591)
Net change in fund balance	-	164,519	164,519
Fund balances:			
Beginning of year, July 1		13,561,613	
End of year, June 30		\$ 13,726,132	

Scotland County, North Carolina
School Wings Construction
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Fiscal Year Ended June 30, 2021

	<u>Budget</u> <u>Authorization</u>	<u>Prior</u> <u>Years</u>	<u>Actual</u>	<u>Total to</u> <u>Date</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
Revenues:					
Sales tax refund	\$ 557,597	\$ -	\$ -	\$ -	\$ (557,597)
Investment earnings	<u>-</u>	<u>222,991</u>	<u>306</u>	<u>223,297</u>	<u>223,297</u>
Total revenues	557,597	222,991	306	223,297	(334,300)
Expenditures:					
Rehabilitation/construction	<u>15,316,775</u>	<u>14,374,706</u>	<u>13,442</u>	<u>14,388,148</u>	<u>928,627</u>
Total expenditures	15,316,775	14,374,706	13,442	14,388,148	928,627
Revenues (under) expenditures	(14,759,178)	(14,151,715)	(13,136)	(14,164,851)	594,327
Other financing sources (uses):					
Transfers	(557,597)	(556,964)	(633)	(557,597)	-
Proceeds from bond issuance	13,380,000	13,380,000	-	13,380,000	-
Proceeds from bond premium	<u>1,936,775</u>	<u>1,936,775</u>	<u>-</u>	<u>1,936,775</u>	<u>-</u>
Total other financing sources (uses)	14,759,178	14,759,811	(633)	14,759,178	-
Revenues and other sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ 608,096</u>	(13,769)	<u>\$ 594,327</u>	<u>\$ 594,327</u>
Fund balances - beginning			<u>608,096</u>		
Fund balances - ending			<u>\$ 594,327</u>		

Scotland County, North Carolina
South Johnson School Construction
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Fiscal Year Ended June 30, 2021

	<u>Budget</u> <u>Authorization</u>	<u>Prior</u> <u>Years</u>	<u>Actual</u>	<u>Total to</u> <u>Date</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
Revenues:					
Sales tax refund	\$ 453,461	\$ -	\$ -	\$ -	\$ (453,461)
Investment earnings	<u>-</u>	<u>592,924</u>	<u>715</u>	<u>593,639</u>	<u>593,639</u>
Total revenues	453,461	592,924	715	593,639	140,178
Expenditures:					
Rehabilitation/construction	<u>26,477,818</u>	<u>25,352,087</u>	<u>235,663</u>	<u>25,587,750</u>	<u>890,068</u>
Total expenditures	26,477,818	25,352,087	235,663	25,587,750	890,068
Revenues (under) expenditures	(26,024,357)	(24,759,163)	(234,948)	(24,994,111)	1,030,246
Other financing sources (uses):					
Transfers	(453,461)	(90,050)	(363,411)	(453,461)	-
Proceeds from bond issuance	23,540,000	23,540,000	-	23,540,000	-
Proceeds from bond premium	<u>2,937,818</u>	<u>2,937,818</u>	<u>-</u>	<u>2,937,818</u>	<u>-</u>
Total other financing sources (uses)	26,024,357	26,387,768	(363,411)	26,024,357	-
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 1,628,605</u>	(598,359)	<u>\$ 1,030,246</u>	<u>\$ 1,030,246</u>
Fund balances - beginning			<u>1,628,605</u>		
Fund balances - ending			<u>\$ 1,030,246</u>		

Scotland County, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds											
	Fire Service District Fund	Revaluation Fund	Emergency Telephone System Fund	ARPA Fund	Coronavirus Recovery Fund	Technology Fund	Economic Development	Representative Payee Fund	Deed of Trust Fund	Fines and Forfeitures Fund	Concealed Weapon Fund	Total Nonmajor Special Revenue Funds
ASSETS												
Cash and cash equivalents	\$ -	\$ 376,100	\$ -	\$ -	\$ -	\$ 72,421	\$ 144,000	\$ 45,772	\$ 10,474	\$ 6,014	\$ 1,960	\$ 656,741
Restricted cash	2,105,347	-	-	3,381,989	-	-	-	4,743	-	-	-	5,492,079
Taxes receivable	65,885	-	-	-	-	-	-	-	-	-	-	65,885
Accounts receivable, net	-	-	-	-	-	-	-	-	-	7,233	-	7,233
Due from other governments/grantors	74,603	-	13,737	-	-	-	-	-	-	-	-	88,340
Total assets	\$ 2,245,835	\$ 376,100	\$ 13,737	\$ 3,381,989	\$ -	\$ 72,421	\$ 144,000	\$ 50,515	\$ 10,474	\$ 13,247	\$ 1,960	\$ 6,310,278
LIABILITIES AND FUND BALANCES												
Liabilities:												
Accounts payable	1,249	-	505	-	-	2,560	-	-	-	-	-	4,314
Advance of ARPA-COVID funding	-	-	-	3,381,980	-	-	-	-	-	-	-	3,381,980
Due to other governments	-	-	-	-	-	-	-	-	10,474	13,247	1,960	25,681
Due to general fund	-	-	111,486	-	-	-	-	-	-	-	-	111,486
Total liabilities	1,249	-	111,991	3,381,980	-	2,560	-	-	10,474	13,247	1,960	3,523,461
DEFERRED INFLOWS OF RESOURCES												
Taxes receivable	65,885	-	-	-	-	-	-	-	-	-	-	65,885
Total deferred inflows of resources	65,885	-	-	-	-	-	-	-	-	-	-	65,885
Fund balances:												
Restricted for:												
Stabilization by state statute	74,602	-	-	-	-	-	-	-	-	7,233	-	81,835
Fire protection	2,104,099	-	-	-	-	-	-	-	-	-	-	2,104,099
ARPA	-	-	-	9	-	-	-	-	-	-	-	9
Health Services	-	-	-	-	-	-	-	50,515	-	-	-	50,515
Committed:												
Land purchases	-	-	-	-	-	-	144,000	-	-	-	-	144,000
Revaluation	-	376,100	-	-	-	-	-	-	-	-	-	376,100
Assigned:												
Capital outlay	-	-	-	-	-	69,861	-	-	-	-	-	69,861
Unassigned	-	-	(98,254)	-	-	-	-	-	-	(7,233)	-	(105,487)
Total fund balances	2,178,701	376,100	(98,254)	9	-	69,861	144,000	50,515	-	-	-	2,720,932
Total liabilities, deferred inflows of resources and fund balances	\$ 2,245,835	\$ 376,100	\$ 13,737	\$ 3,381,989	\$ -	\$ 72,421	\$ 144,000	\$ 50,515	\$ 10,474	\$ 13,247	\$ 1,960	\$ 6,310,278

Scotland County, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Capital Project Funds						Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
	Morgan Center Project Fund	Capital Reserve Fund	CDBG Mountaire Project Fund	North Carolina Housing Finance Agency	Facilities Parking Lot Project Fund	Covington Street School Project Fund		
ASSETS								
Cash and cash equivalents	\$ -	\$ 272,583	\$ -	\$ -	\$ 2,261,035	\$ -	\$ 2,533,618	\$ 3,190,359
Restricted cash	-	-	-	-	-	-	-	5,492,079
Taxes receivable	-	-	-	-	-	-	-	65,885
Accounts receivable, net	-	-	-	-	-	-	-	7,233
Due from other governments/grantors	-	-	-	-	-	-	-	88,340
Total assets	\$ -	\$ 272,583	\$ -	\$ -	\$ 2,261,035	\$ -	\$ 2,533,618	\$ 8,843,896
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	-	-	-	-	-	-	-	4,314
Advance of COVID-19 funding	-	-	-	-	-	-	-	3,381,980
Due to other governments	-	-	-	-	-	-	-	25,681
Due to general fund	-	-	-	-	-	-	-	111,486
Total liabilities	-	-	-	-	-	-	-	3,523,461
DEFERRED INFLOWS OF RESOURCES								
Taxes receivable	-	-	-	-	-	-	-	65,885
Total deferred inflows of resources	-	-	-	-	-	-	-	65,885
Fund balances:								
Restricted for:								
Stabilization by state statute	-	-	-	-	-	-	-	81,835
Fire protection	-	-	-	-	-	-	-	2,104,099
ARPA	-	-	-	-	-	-	-	9
Health Services	-	-	-	-	-	-	-	50,515
Committed:								
Land Purchases	-	-	-	-	-	-	-	144,000
Revaluation	-	-	-	-	-	-	-	376,100
Assigned:								
Capital outlay	-	272,583	-	-	2,261,035	-	2,533,618	2,603,479
Unassigned	-	-	-	-	-	-	-	(105,487)
Total fund balances	-	272,583	-	-	2,261,035	-	2,533,618	5,254,550
Total liabilities, deferred inflows of resources and fund balances	\$ -	\$ 272,583	\$ -	\$ -	\$ 2,261,035	\$ -	\$ 2,533,618	\$ 8,843,896

Scotland County, North Carolina
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2021

	Special Revenue Funds											
	Fire Service District Fund	Revaluation Fund	Emergency Telephone System Fund	ARPA Fund	Coronavirus Recovery Fund	Technology Fund	Economic Development	Representative Payee Fund	Deed of Trust Fund	Fines and Forfeitures Fund	Concealed Weapon Fund	Total Nonmajor Special Revenue Funds
Revenues:												
Ad valorem taxes	\$ 715,730	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 715,730
Other taxes, licenses & fees	660	-	162,941	-	-	-	-	-	-	-	-	163,601
Sales tax	402,236	-	-	-	-	-	-	-	-	-	-	402,236
Restricted intergovernmental	-	-	-	-	-	-	-	134,017	-	-	-	134,017
Sales and services	-	-	-	-	-	-	-	-	-	106,916	-	106,916
Permits and fees	-	-	-	-	-	-	-	-	123,730	-	43,495	167,225
Other grants	-	-	-	-	1,492,425	-	-	-	-	-	-	1,492,425
Investment earnings	7,729	-	-	9	-	-	-	-	-	-	-	7,738
Total revenues	1,126,355	-	162,941	9	1,492,425	-	-	134,017	123,730	106,916	43,495	3,189,888
Expenditures:												
General government	-	-	-	-	-	-	-	-	123,730	106,916	43,495	274,141
Human services	-	-	-	-	-	-	-	109,933	-	-	-	109,933
Public safety	403,310	-	148,292	-	1,414,724	-	-	-	-	-	-	1,966,326
Other	-	-	-	-	-	2,560	-	-	-	-	-	2,560
Capital outlay	354,956	-	89,603	-	77,701	97,579	-	-	-	-	-	619,839
Total expenditures	758,266	-	237,895	-	1,492,425	100,139	-	109,933	123,730	106,916	43,495	2,972,799
Revenues over (under) expenditures	368,089	-	(74,954)	9	-	(100,139)	-	24,084	-	-	-	217,089
Other financing sources (uses):												
Transfers (to) other funds	-	-	(153,551)	-	-	-	-	-	-	-	-	(153,551)
Total other financing sources (uses)	-	-	(153,551)	-	-	-	-	-	-	-	-	(153,551)
Net change in fund balances	368,089	-	(228,505)	9	-	(100,139)	-	24,084	-	-	-	63,538
Fund balances-beginning as previously reported	1,810,612	376,100	130,251	-	-	170,000	-	-	-	-	-	2,486,963
Change in accounting principle	-	-	-	-	-	-	144,000	26,431	-	-	-	170,431
Fund balances-beginning as restated	1,810,612	376,100	130,251	-	-	170,000	144,000	26,431	-	-	-	2,657,394
Fund balances - ending	\$ 2,178,701	\$ 376,100	\$ (98,254)	\$ 9	\$ -	\$ 69,861	\$ 144,000	\$ 50,515	\$ -	\$ -	\$ -	\$2,720,932

Scotland County North Carolina
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2021

	Capital Project Funds						Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
	Morgan Center Project Fund	Capital Reserve Fund	CDBG Mountaire Project Fund	North Carolina Housing Finance Agency	Facilities Parking Lot Project Fund	Covington Street School Project Fund		
Revenues:								
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 715,730
Other taxes, licenses & fees	-	-	-	-	-	-	-	163,601
Sales tax	-	-	-	-	-	-	-	402,236
Restricted intergovernmental	-	-	-	-	-	-	-	134,017
Sales and services	-	-	-	-	-	-	-	106,916
Permits and fees	-	-	-	-	-	-	-	167,225
Other grants	-	475,000	-	515,848	-	73	990,920	2,483,345
Investment earnings	-	-	-	-	-	-	-	7,738
Total revenues	-	475,000	-	515,848	-	73	990,920	4,180,808
Expenditures:								
General government	-	-	-	-	-	-	-	274,141
Human services	-	-	-	-	-	-	-	109,933
Public safety	-	-	-	-	-	-	-	1,966,326
Other	-	-	-	530,848	-	-	530,848	533,408
Capital outlay	-	208,373	18,113	-	713,959	-	940,445	1,560,284
Total expenditures	-	208,373	18,113	530,848	713,959	-	1,471,293	4,444,092
Revenues over (under)								
expenditures	-	266,627	(18,113)	(15,000)	(713,959)	73	(480,373)	(263,284)
Other financing sources (uses):								
Transfers from other funds	-	153,551	-	15,000	2,363,054	-	2,531,605	2,531,605
Transfers (to) other funds	(61)	-	-	-	-	-	(61)	(153,612)
Total other financing sources (uses)	(61)	153,551	-	15,000	2,363,054	-	2,531,544	2,377,993
Net change in fund balances	(61)	420,178	(18,113)	-	1,649,095	73	2,051,171	2,114,709
Fund balances-beginning as previously reported	61	(147,595)	18,113	-	611,940	(73)	482,447	2,969,410
Change in accounting principle	-	-	-	-	-	-	-	170,431
Fund balances-beginning as restated	61	(147,595)	18,113	-	611,940	(73)	482,447	3,139,841
Fund balances - ending	\$ -	\$ 272,583	\$ -	\$ -	\$ 2,261,035	\$ -	\$ 2,533,618	\$ 5,254,550

Scotland County, North Carolina
Fire Service District Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes	\$ 716,525	\$ 715,730	\$ (795)
Other taxes, licenses & fees	600	660	60
Sales tax	290,000	402,236	112,236
Investment earnings	7,500	7,729	229
Total revenues	1,014,625	1,126,355	111,730
Expenditures:			
Public safety	526,300	403,310	122,990
Capital outlay	488,325	354,956	133,369
Total expenditures	1,014,625	758,266	256,359
Revenues over expenditures	\$ -	368,089	\$ 368,089
Fund balances - beginning		1,810,612	
Fund balances - ending		\$ 2,178,701	

Scotland County, North Carolina
Revaluation Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
 For the Fiscal Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
None	\$ -	\$ -	\$ -
Expenditures:			
None	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources:			
Transfers:			
None	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances - beginning		<u>376,100</u>	
Fund balances - ending		<u>\$ 376,100</u>	

Scotland County, North Carolina
Emergency Telephone System Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Fiscal Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Other taxes, licenses & fees	\$ 225,169	\$ 162,941	\$ (62,228)
Total revenues	<u>225,169</u>	<u>162,941</u>	<u>(62,228)</u>
Expenditures:			
Public safety	179,450	148,292	31,158
Capital outlay	<u>90,719</u>	<u>89,603</u>	<u>1,116</u>
Total expenditures	<u>270,169</u>	<u>237,895</u>	<u>32,274</u>
Revenues (under) expenditures	(45,000)	(74,954)	(29,954)
Other financing sources (uses):			
Appropriated fund balance	198,551	-	(198,551)
Transfers	<u>(153,551)</u>	<u>(153,551)</u>	<u>-</u>
Total other financing sources (uses)	45,000	(153,551)	(198,551)
Revenues and other sources over (under) expenditures	<u>\$ -</u>	(228,505)	<u>\$ (228,505)</u>
Fund balances - beginning		<u>130,251</u>	
Fund balances - ending		<u>\$ (98,254)</u>	

Scotland County, North Carolina
ARPA Funds
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
 For the Fiscal Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Grant	\$ 3,381,980	\$ -	\$(3,381,980)
Total revenues	<u>3,381,980</u>	<u>-</u>	<u>(3,381,980)</u>
Expenditures:			
Other recovery expenditures	<u>3,381,980</u>	<u>-</u>	<u>3,381,980</u>
Total expenditures	<u>3,381,980</u>	<u>-</u>	<u>3,381,980</u>
Revenues over expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances - beginning		<u>-</u>	
Fund balances - ending		<u>\$ -</u>	

Scotland County, North Carolina
Coronavirus Recovery Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
 For the Fiscal Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Grant	\$ 1,546,091	\$ 1,492,425	\$ (53,666)
Total revenues	<u>1,546,091</u>	<u>1,492,425</u>	<u>(53,666)</u>
Expenditures:			
Other expenditures	<u>1,546,091</u>	<u>1,492,425</u>	<u>53,666</u>
Total expenditures	<u>1,546,091</u>	<u>1,492,425</u>	<u>53,666</u>
Revenues over expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances - beginning		<u>-</u>	
Fund balances - ending		<u>\$ -</u>	

Scotland County, North Carolina
Technology Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
None	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Software and implementation fees	170,000	100,139	69,861
Total expenditures	<u>170,000</u>	<u>100,139</u>	<u>69,861</u>
Revenues over (under) expenditures	(170,000)	(100,139)	69,861
Other financing sources:			
Transfers	170,000	-	(170,000)
Total other financing sources	<u>170,000</u>	<u>-</u>	<u>(170,000)</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	(100,139)	<u>\$ (100,139)</u>
Fund balances - beginning		<u>170,000</u>	
Fund balances - ending		<u>\$ 69,861</u>	

Scotland County, North Carolina
Economic Development
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
None	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Economic development	<u>144,000</u>	<u>-</u>	<u>144,000</u>
Total expenditures	<u>144,000</u>	<u>-</u>	<u>144,000</u>
Revenues over (under) expenditures	(144,000)	-	144,000
Other Financing Sources			
Transfers	<u>144,000</u>	<u>-</u>	<u>(144,000)</u>
Total other financing sources	144,000	-	(144,000)
Revenues and other sources over expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances - beginning, as previously reported		<u>-</u>	
Change in accounting principle		144,000	
Fund balances-beginning as restated		<u>144,000</u>	
Fund balances - ending		<u>\$ 144,000</u>	

Scotland County, North Carolina
Representative Payee Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Fiscal Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Restricted intergovernmental	\$ 145,000	\$ 134,017	\$ (10,983)
Total revenues	<u>145,000</u>	<u>134,017</u>	<u>(10,983)</u>
Expenditures:			
Payments made for the benefit of beneficiaries	<u>145,000</u>	<u>109,933</u>	<u>35,067</u>
Total expenditures	<u>145,000</u>	<u>109,933</u>	<u>35,067</u>
Revenues over expenditures	<u>\$ -</u>	24,084	<u>\$ 24,084</u>
Fund balances - beginning, as previously reported		<u>-</u>	
Change in accounting principle		26,431	
Fund balances-beginning as restated		<u>26,431</u>	
Fund balances - ending		<u>\$ 50,515</u>	

Scotland County, North Carolina
Deed of Trust Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
 For the Fiscal Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Permits and fees			
Register of deeds	\$ 132,000	\$ 123,730	\$ (8,270)
Total revenues	<u>132,000</u>	<u>123,730</u>	<u>(8,270)</u>
Expenditures:			
Payments of fees collected to the State of North Carolina			
	<u>132,000</u>	<u>123,730</u>	<u>8,270</u>
Total expenditures	<u>132,000</u>	<u>123,730</u>	<u>8,270</u>
Revenues over expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances - beginning		<u>-</u>	
Fund balances - ending		<u>\$ -</u>	

Scotland County, North Carolina
Fines and Forfeitures
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Sales and services			
Penalties, fines and forfeitures	\$ 140,000	\$ 106,916	\$ (33,084)
Total revenues	<u>140,000</u>	<u>106,916</u>	<u>(33,084)</u>
Expenditures:			
Payments of fees collected to the State of North Carolina	<u>140,000</u>	<u>106,916</u>	<u>33,084</u>
Total expenditures	<u>140,000</u>	<u>106,916</u>	<u>33,084</u>
Revenues over expenditures	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances - beginning		-	
Fund balances - ending		<u>\$ -</u>	

Scotland County, North Carolina
Concealed Weapon
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
 For the Fiscal Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Permits and fees			
Concealed weapon fees	\$ 48,000	\$ 43,495	\$ (4,505)
Total revenues	<u>48,000</u>	<u>43,495</u>	<u>(4,505)</u>
 Expenditures:			
Payments of fees collected to the			
State of North Carolina	<u>48,000</u>	<u>43,495</u>	<u>4,505</u>
Total expenditures	<u>48,000</u>	<u>43,495</u>	<u>4,505</u>
 Revenues over expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
 Fund balances - beginning		<u>-</u>	
 Fund balances - ending		<u>\$ -</u>	

Scotland County, North Carolina
Morgan Center Project
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual

For the Fiscal Year Ended June 30, 2021

	<u>Budget Authorization</u>	<u>Prior Years</u>	<u>Actual</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Investment earnings	\$ 19,285	\$ 21,037	\$ -	\$ 21,037	\$ 1,752
Total revenues	<u>19,285</u>	<u>21,037</u>	<u>-</u>	<u>21,037</u>	<u>1,752</u>
Expenditures:					
Rehabilitation/construction	<u>2,540,641</u>	<u>2,539,463</u>	<u>-</u>	<u>2,539,463</u>	<u>1,178</u>
Total expenditures	<u>2,540,641</u>	<u>2,539,463</u>	<u>-</u>	<u>2,539,463</u>	<u>1,178</u>
Revenues (under) expenditures	(2,521,356)	(2,518,426)	-	(2,518,426)	2,930
Other financing sources (uses):					
Transfers to other funds	(19,285)	(31,418)	(61)	(31,479)	(12,194)
Transfers from other funds	-	9,264	-	9,264	9,264
Proceeds from bond issuance	2,240,000	2,240,000	-	2,240,000	-
Proceeds from bond premium	<u>300,641</u>	<u>300,641</u>	<u>-</u>	<u>300,641</u>	<u>-</u>
Total other financing sources (uses)	2,521,356	2,518,487	(61)	2,518,426	(2,930)
Revenues and other sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ 61</u>	(61)	<u>\$ -</u>	<u>\$ -</u>
Fund balances - beginning			<u>61</u>		
Fund balances - ending			<u>\$ -</u>		

Scotland County, North Carolina
Capital Reserve
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Fiscal Year Ended June 30, 2021

	<u>Budget Authorization</u>	<u>Prior Years</u>	<u>Actual</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Private company grant	\$ 475,000	\$ -	\$ 475,000	\$ 475,000	\$ -
911 board grant	153,551	-	-	-	(153,551)
Other county grant	128,735	128,735	-	128,735	-
Total revenues	<u>757,286</u>	<u>128,735</u>	<u>475,000</u>	<u>603,735</u>	<u>(153,551)</u>
Expenditures:					
Capital outlay	1,048,304	593,830	208,373	802,203	246,101
Total expenditures	<u>1,048,304</u>	<u>593,830</u>	<u>208,373</u>	<u>802,203</u>	<u>246,101</u>
Revenues over (under) expenditures	(291,018)	(465,095)	266,627	(198,468)	92,550
Other financing sources (uses):					
Transfers	306,600	317,500	153,551	471,051	164,451
Appropriated fund balance	(15,582)	-	-	-	15,582
Total other financing sources (uses)	291,018	317,500	153,551	471,051	180,033
Revenues and other sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ (147,595)</u>	420,178	<u>\$ 272,583</u>	<u>\$ 272,583</u>
Fund balances - beginning			<u>(147,595)</u>		
Fund balances - ending			<u>\$ 272,583</u>		

Scotland County, North Carolina
CDBG - Mountaire
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Fiscal Year Ended June 30, 2021

	Budget Authorization	Prior Years	Actual	Total to Date	Variance Positive (Negative)
Revenues:					
CDBG - grant	\$ 1,350,000	\$ 1,350,000	\$ -	\$ 1,350,000	\$ -
Other state grant	162,000	162,500	-	162,500	500
Private grant	<u>1,250,000</u>	<u>867,280</u>	-	<u>867,280</u>	<u>(382,720)</u>
Total revenues	<u>2,762,000</u>	<u>2,379,780</u>	-	<u>2,379,780</u>	<u>(382,220)</u>
Expenditures:					
Rehabilitation and construction	<u>2,762,000</u>	<u>2,361,667</u>	<u>18,113</u>	<u>2,379,780</u>	<u>382,220</u>
Total expenditures	<u>2,762,000</u>	<u>2,361,667</u>	<u>18,113</u>	<u>2,379,780</u>	<u>382,220</u>
Revenues over (under) expenditures	-	18,113	(18,113)	-	-
Other financing sources:					
Transfers	-	-	-	-	-
Total other financing sources	-	-	-	-	-
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 18,113</u>	<u>(18,113)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances - beginning			<u>18,113</u>		
Fund balances - ending			<u>\$ -</u>		

Scotland County, North Carolina
North Carolina Housing Finance Agency
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Fiscal Year Ended June 30, 2021

	Budget Authorization	Prior Years	Actual	Total to Date	Variance Positive (Negative)
Revenues:					
Grants	\$ 515,848	\$ -	\$ 515,848	\$ 515,848	\$ -
Total revenues	<u>515,848</u>	<u>-</u>	<u>515,848</u>	<u>515,848</u>	<u>-</u>
Expenditures:					
Rehabilitation and construction	530,848	-	530,848	530,848	-
Total expenditures	<u>530,848</u>	<u>-</u>	<u>530,848</u>	<u>530,848</u>	<u>-</u>
Revenues (under) expenditures	(15,000)	-	(15,000)	(15,000)	-
Other financing sources:					
Transfers	15,000	-	15,000	15,000	-
Total other financing sources	<u>15,000</u>	<u>-</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances - beginning			<u>-</u>		
Fund balances - ending			<u>\$ -</u>		

Scotland County, North Carolina
Facilities Parking Lot Project
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Fiscal Year Ended June 30, 2021

	Budget Authorization	Prior Years	Actual	Total to Date	Variance Positive (Negative)
Revenues:					
None	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:					
Rehabilitation and construction	<u>2,363,054</u>	<u>3,460</u>	<u>713,959</u>	<u>717,419</u>	<u>1,645,635</u>
Total expenditures	<u>2,363,054</u>	<u>3,460</u>	<u>713,959</u>	<u>717,419</u>	<u>1,645,635</u>
Revenues (under) expenditures	(2,363,054)	(3,460)	(713,959)	(717,419)	1,645,635
Other financing sources:					
Proceeds from installment financing					
Transfers	<u>2,363,054</u>	<u>615,400</u>	<u>2,363,054</u>	<u>2,978,454</u>	<u>615,400</u>
Total other financing sources	<u>2,363,054</u>	<u>615,400</u>	<u>2,363,054</u>	<u>2,978,454</u>	<u>615,400</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 611,940</u>	1,649,095	<u>\$ 2,261,035</u>	<u>\$ 2,261,035</u>
Fund balances - beginning			<u>611,940</u>		
Fund balances - ending			<u>\$2,261,035</u>		

Scotland County, North Carolina
Covington Street School Project
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Fiscal Year Ended June 30, 2021

	Budget Authorization	Prior Years	Actual	Total to Date	Variance Positive (Negative)
Revenues:					
Other revenue	\$ -	\$ -	\$ 73	\$ 73	\$ 73
Total revenues	<u>-</u>	<u>-</u>	<u>73</u>	<u>73</u>	<u>73</u>
Expenditures:					
Rehabilitation and construction	<u>354,075</u>	<u>354,073</u>	<u>-</u>	<u>354,073</u>	<u>2</u>
Total expenditures	<u>354,075</u>	<u>354,073</u>	<u>-</u>	<u>354,073</u>	<u>2</u>
Revenues over (under) expenditures	(354,075)	(354,073)	73	(354,000)	75
Other financing sources:					
Sale of property-RCC	<u>354,075</u>	<u>354,000</u>		<u>354,000</u>	<u>(75)</u>
Total other financing sources	354,075	354,000	-	354,000	(75)
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ (73)</u>	73	<u>\$ -</u>	<u>\$ -</u>
Fund balances - beginning			<u>(73)</u>		
Fund balances - ending			<u>\$ -</u>		

Scotland County, North Carolina
Public Works
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenues:			
Charges for services:			
Tipping fees		\$ 2,085,440	
Availability fees		1,068,386	
Other operating revenues		87,799	
Total operating revenues	<u>\$ 3,336,500</u>	<u>3,241,625</u>	<u>\$ (94,875)</u>
Non operating revenues:			
Gain on sale of assets	<u>-</u>	<u>10,471</u>	<u>10,471</u>
Total revenues	3,336,500	3,252,096	84,404
Expenditures:			
Operating expenses:			
Salaries & employee benefits		607,568	
Supplies		26,145	
Repairs & maintenance		199,366	
Contracted services		294,980	
Waste disposal		1,455,749	
Other operating expenditures		121,961	
Total operating expenses	<u>2,723,060</u>	<u>2,705,768</u>	<u>17,292</u>
Capital outlays:			
Equipment - vehicle	<u>613,440</u>	<u>613,440</u>	<u>-</u>
Total expenditures	<u>3,336,500</u>	<u>3,319,208</u>	<u>17,292</u>
Revenues (under) expenditures	-	(67,112)	(67,112)
Other financing sources (uses):			
Capital contribution	472,915	-	(472,915)
Transfers	<u>(472,915)</u>	<u>(73,005)</u>	<u>399,910</u>
Total other financing sources (uses)	-	(73,005)	(73,005)
Fund balance appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources (under) expenditures	<u>\$ -</u>	<u>(140,117)</u>	<u>\$ (140,117)</u>
Reconciliation from budgetary basis			
(modified accrual) to full accrual:			
Reconciling items:			
Capital outlays		613,440	
Depreciation		(186,034)	
Increase in deferred outflows of resources-pensions		23,590	
(Increase) in net pension liability		(50,686)	
Increase in deferred outflows of resources-OPEB		73,958	
Decrease in deferred inflows of resources-OPEB		20,931	
(Increase) in net OPEB liability		(89,258)	
(Increase) in accrued vacation		(1,146)	
(Increase) in accrued landfill closure and postclosure costs		(58,797)	
Bad debts		(573)	
Capital contribution		73,005	
Total reconciling items		<u>418,430</u>	
Change in net position		<u>\$ 278,314</u>	

Scotland County, North Carolina
Water District I Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Charges for services:			
Water sales		\$ 499,407	
Total operating revenues	\$ 700,000	499,407	\$ (200,593)
Expenditures:			
Operating expenses:			
Salaries and employee benefits		14,316	
Water purchases		201,567	
Other operating expenditures		223,665	
Total operating expenses	915,069	439,548	475,521
Debt service:			
Principal retirement		50,000	
Interest		54,931	
Total	104,931	104,931	-
Total expenditures	1,020,000	544,479	475,521
Revenues over (under) expenditures	(320,000)	(45,072)	274,928
Other financing sources:			
Transfers from other funds		320,000	
Total other financing sources	320,000	320,000	-
Fund balance appropriated	-	-	-
Revenues and other sources over expenditures	\$ -	274,928	\$ 274,928
Reconciliation from budgetary basis			
(modified accrual) to full accrual:			
Reconciling items:			
Principal payment		50,000	
Depreciation		(127,172)	
Increase in deferred outflows of resources-pensions		7,863	
(Increase) in net pension liability		(16,895)	
Increase in deferred outflows of resources-OPEB		34,067	
Decrease in deferred inflows of resources-OPEB		12,625	
Decrease in OPEB liability		(28,692)	
Amortization of bond premium		5,642	
Bad debts		3,547	
Total reconciling items		(59,015)	
Change in net position		\$ 215,913	

Scotland County, North Carolina
Water District II Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Charges for services:			
Water sales		\$ 896,943	
Water taps		173,702	
Total operating revenues	\$ 1,010,000	1,070,645	\$ 60,645
Expenditures:			
Operating expenses:			
Water purchases		333,174	
Other operating expenditures		188,271	
Total operating expenses	760,575	521,446	239,129
Debt service:			
Principal retirement		95,000	
Interest		154,425	
Total	249,425	249,425	-
Total expenditures	1,010,000	770,871	239,129
Revenues over expenditures	-	299,775	299,775
Other financing sources (uses):			
Transfers to other funds		(320,000)	
Total other financing sources (uses)	(320,000)	(320,000)	-
Fund balance appropriated	320,000	-	(320,000)
Revenues and other sources (under) expenditures	\$ -	(20,225)	\$ (20,225)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Principal payments		95,000	
Depreciation		(201,280)	
Amortization of bond premium		2,257	
Bad debts		(3,911)	
Total reconciling items		(107,935)	
Change in net position		\$ (128,160)	

Scotland County, North Carolina
Recycling Center Project
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Fiscal Year Ended June 30, 2021

	<u>Budget Authorization</u>	<u>Prior Years</u>	<u>Actual</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
None	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:					
Rehabilitation and construction	<u>472,915</u>	<u>186,987</u>	<u>286,018</u>	<u>473,005</u>	<u>(90)</u>
Total expenditures	<u>472,915</u>	<u>186,987</u>	<u>286,018</u>	<u>473,005</u>	<u>(90)</u>
Revenues (under) expenditures	(472,915)	(186,987)	(286,018)	(473,005)	(90)
Other financing sources:					
Transfers	<u>472,915</u>	<u>400,000</u>	<u>73,005</u>	<u>473,005</u>	<u>90</u>
Total other financing sources	<u>472,915</u>	<u>400,000</u>	<u>73,005</u>	<u>473,005</u>	<u>90</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 213,013</u>	<u>(213,013)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances - beginning			<u>213,013</u>		
Fund balances - ending			<u>\$ -</u>		

**COMBINING FIDUCIARY FUND STATEMENTS - CUSTODIAL
FUNDS**

Scotland County, North Carolina
Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2021

	Municipal Tax Fund	Scotland Place	Library	Certified Retirement	Cooperative Extensions	4-H Program	Jail Inmate Pay Fund	Total Custodial Funds
ASSETS								
Cash and cash equivalents	\$ 7,083	\$ 2,059	\$ 25,528	\$ 11,041	\$ 7,392	\$ 16,137	\$ 83,084	\$ 152,324
Taxes receivable for other governments, net	5,162	-	-	-	-	-	-	5,162
Total assets	<u>12,245</u>	<u>2,059</u>	<u>25,528</u>	<u>11,041</u>	<u>7,392</u>	<u>16,137</u>	<u>83,084</u>	<u>157,486</u>
LIABILITIES								
Accounts payable and accrued liabilities	-	2,059	-	-	-	-	-	2,059
Due to other governments	7,083	-	-	-	-	-	-	7,083
Total liabilities	<u>7,083</u>	<u>2,059</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,142</u>
NET POSITION								
Restricted for:								
Individuals, organizations, and other governments	5,162	-	25,528	11,041	7,392	16,137	83,084	148,344
Total net position	<u>\$ 5,162</u>	<u>\$ -</u>	<u>\$ 25,528</u>	<u>\$ 11,041</u>	<u>\$ 7,392</u>	<u>\$ 16,137</u>	<u>\$ 83,084</u>	<u>\$ 148,344</u>

Scotland County, North Carolina
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended June 30, 2021

	Municipal Tax Fund	Scotland Place	Library	Certified Retirement Community	Cooperative Extensions	4-H Program	Jail Inmate Pay Fund	Total Custodial Funds
ADDITIONS								
Ad valorem taxes for other governments	\$ 1,112,583	\$ 3,872	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,116,455
Other collections	-	-	21,392	6,000	4,147	9,089	-	40,628
Collections on behalf of inmates	-	-	-	-	-	-	268,646	268,646
Total additions	<u>1,112,583</u>	<u>3,872</u>	<u>21,392</u>	<u>6,000</u>	<u>4,147</u>	<u>9,089</u>	<u>268,646</u>	<u>1,425,729</u>
DEDUCTIONS								
Tax distributions to other governments	1,118,740	-	-	-	-	-	-	1,118,740
Other distributions	-	3,872	310	-	4,249	1,791	-	10,222
Payments on behalf of inmates	-	-	-	-	-	-	256,183	256,183
Total deductions	<u>1,118,740</u>	<u>3,872</u>	<u>310</u>	<u>-</u>	<u>4,249</u>	<u>1,791</u>	<u>256,183</u>	<u>1,385,145</u>
Net increase (decrease) in fiduciary net position	(6,157)	-	21,082	6,000	(102)	7,298	12,463	40,584
Net position, beginning, as previously reported	-	-	-	-	-	-	-	-
Prior period restatement-change in accounting principle	11,319	-	4,446	5,041	7,494	8,839	70,621	107,760
Net position, beginning, as restated	<u>11,319</u>	<u>-</u>	<u>4,446</u>	<u>5,041</u>	<u>7,494</u>	<u>8,839</u>	<u>70,621</u>	<u>107,760</u>
Net position, ending	<u>\$ 5,162</u>	<u>\$ -</u>	<u>\$ 25,528</u>	<u>\$ 11,041</u>	<u>\$ 7,392</u>	<u>\$ 16,137</u>	<u>\$ 83,084</u>	<u>\$ 148,344</u>

OTHER SCHEDULES

Scotland County, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
For the Year Ended June 30, 2021

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2020</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2021</u>
2020-2021	\$ -	\$ 23,350,673	\$ 22,680,484	670,189
2019-2020	850,521	-	470,395	380,126
2018-2019	448,753	-	174,084	274,668
2017-2018	253,355	-	69,955	183,400
2016-2017	193,386	-	39,040	154,347
2015-2016	140,900	-	24,904	115,996
2014-2015	126,935	-	22,090	104,844
2013-2014	142,882	-	24,322	118,560
2012-2013	142,882	-	15,834	127,048
2011-2012	127,319	-	13,184	114,135
2010-2011	126,990	-	72,328	54,662
Total	<u>2,553,922</u>	<u>\$ 23,350,673</u>	<u>\$ 23,606,620</u>	<u>\$ 2,297,975</u>
				<u>114,899</u>
				\$ 2,183,076
 <u>Reconciliation with revenues:</u>				
Ad valorem taxes - net:				
General Fund				\$ 23,657,170
Reconciling items:				
Interest				(280,282)
Discounts				110,927
Bad debts recovered				(15,289)
Taxes released				<u>134,094</u>
Total reconciling items				<u>(50,550)</u>
Total collections and credits				<u>\$ 23,606,620</u>

Scotland County, North Carolina
 Analysis of Current Tax Levy
 County-wide Levy
 For the Fiscal Year Ended June 30, 2021

	County-wide Property Valuation	Rate	Amount of Levy	Total Levy Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy	\$ 2,340,694,289	\$ 1.00	\$ 23,406,943	\$ 20,707,515	\$ 2,699,428
Abatements	\$ (5,626,999)		(56,270)	(36,134)	(20,136)
Total property valuations	<u>\$ 2,335,067,290</u>				
Net levy			\$ 23,350,673	20,671,381	2,679,292
Uncollected taxes at June 30, 2021			<u>670,189</u>	<u>662,430</u>	<u>7,759</u>
Current year's taxes collected			<u>\$ 22,680,484</u>	<u>\$ 20,008,950</u>	<u>\$ 2,671,533</u>
Current year collection percentage			<u>97.13%</u>	<u>96.80%</u>	<u>99.71%</u>

Scotland County, North Carolina
 Analysis of Current Tax Levy
 County-wide Levy
 For the Fiscal Year Ended June 30, 2021

Secondary market disclosures:

Assessed valuation:

Assessment ratio ¹	100%
Real property	\$1,466,718,070
Personal property	749,272,156
Public service companies ²	<u>119,077,064</u>
Total assessed valuation	\$2,335,067,290
Tax rate per \$100	\$ 1.00
Levy (includes discoveries, releases and abatements) ³	\$ 23,350,673

In addition to the County-wide rate, the following table lists the levies by the County on behalf of the fire service district for the fiscal year ended June 30:

Fire protection districts	<u>\$ 688,419</u>
---------------------------	-------------------

¹Percentage of appraised value has been established by statute.

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

³The levy includes interest and penalties.

Scotland County, North Carolina
 Ten Largest Taxpayers
 For the Fiscal Year Ended June 30, 2021

<u>Taxpayer</u>	<u>Type of Business</u>	2021 <u>Assessed Valuation</u>	Percentage of Total <u>Assessed Valuation</u>
FCC Inc.	Manufacturing	\$ 81,898,487	3.51%
Cascades Holding US Inc.	Manufacturing	\$ 71,936,683	3.08%
Pilkington North America	Manufacturing	\$ 70,033,550	3.00%
Edwards Wood Products	Manufacturing	\$ 54,036,399	2.31%
Mountaire Farms of NC Inc.	Manufacturing	\$ 39,154,545	1.68%
Duke Energy Progress Inc.	Utilities	\$ 30,075,123	1.29%
Piedmont Natural Gas	Utilities	\$ 28,295,484	1.21%
Meritor Heavy Vehicle	Manufacturing	\$ 26,632,789	1.14%
Kordsa Inc	Manufacturing	\$ 23,085,078	0.99%
Railroad Friction	Manufacturing	\$ 16,709,738	0.72%
Total		<u>\$441,857,876</u>	<u>18.92%</u>

COMPLIANCE SECTION



Roche, Head & Associates, PLLC

• 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 Auditor's Report

To the Board of County Commissioners
Scotland 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 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Scotland County, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statement, [not presented here], which collectively comprises Scotland County's basic financial statements, and have issued our report thereon dated February 4, 2022.

Our report includes a reference to other auditors who audited the financial statements of the Scotland County ABC Board, as described in our report on Scotland County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Scotland County ABC Board, the Scotland County Historic Properties Commission, the Scotland County Tourism Development Authority, and the Scotland County Economic Development Corporation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Scotland County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Scotland County's internal control. Accordingly, we do not express an opinion on the effectiveness of Scotland County's internal control.

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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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency as item 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Scotland 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*.

Scotland County's Response to Findings

Scotland County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Roche, Head & Associates, PLLC

ROCHE, HEAD & ASSOCIATES, PLLC
Laurinburg, North Carolina

February 4, 2022



Roche, Head & Associates, PLLC

• CERTIFIED PUBLIC ACCOUNTANTS •

Report On Compliance With Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance; In accordance with the OMB Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Commissioners
Scotland County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the Scotland County, North Carolina, compliance with the types of compliance requirements described in the *OMB Uniform Guidance Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Scotland County's major federal programs for the year ended June 30, 2021. Scotland County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Scotland County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, OMB Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Scotland County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Scotland County's compliance.

Opinion on Each Major Federal Program

In our opinion, Scotland County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2021-003. Our opinion on each major federal program is not modified with respect to this matter.

Scotland County's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and the corrective action plan. Scotland County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Scotland County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Scotland County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance as described in the accompanying schedule of findings and questioned costs as items 2020-002 and 2020-003 that we consider to be significant deficiencies.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Roche, Head + Associates, PLLC

ROCHE, HEAD & ASSOCIATES, PLLC
Laurinburg, North Carolina

February 4, 2022



Roche, Head & Associates, PLLC

• CERTIFIED PUBLIC ACCOUNTANTS •

Report On Compliance For Each Major State Program; Report on Internal Control Over Compliance; In accordance with OMB Uniform Guidance; and the State Single Audit Implementation Act

Independent Auditor's Report

To the Board of County Commissioners
Scotland County, North Carolina

Report on Compliance for Each Major State Program

We have audited the Scotland County, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the County's major state programs for the year ended June 30, 2021. Scotland County's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Scotland County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and applicable sections of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Scotland County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of Scotland County's compliance

Opinion on Each Major State Program

In our opinion, Scotland County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Scotland County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Scotland County's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. However, we did identify a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2021-002 that we consider to be a significant deficiency.

Scotland County's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs and the corrective action plan. Scotland County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Roche, Head & Associates, PLLC

ROCHE, HEAD & ASSOCIATES, PLLC
Laurinburg, North Carolina

February 4, 2022

SCOTLAND COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

Section I. Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

- * Material weakness(es) identified? X yes no
- * Significant deficiencies identified
that are not considered to be
material weaknesses yes X none reported
- Noncompliance material to financial
statements noted yes X no

Federal Awards

Internal control over major federal programs:

- * Material weakness(es) identified? yes X no
- * Significant deficiencies identified
that are not considered to be
material weaknesses X yes none reported

Type of auditor's report issued on compliance for major federal programs:
Unmodified, for all federal programs.

- Any audit findings disclosed that are
required to be reported in accordance
with 2CFR 200.516(a) X yes no

SCOTLAND COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

Identification of major federal programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
93.778	Medical Assistance Program (Medicaid)
93.568	Low-Income Home Energy Assistance
21.019	Coronavirus Relief

Dollar threshold used to distinguish
between Type A and Type B Programs \$750,000

Auditee qualified as low-risk auditee? X yes no

State Awards

Internal control over major State programs:

- Material weakness(es) identified? yes X no
- Significant deficiencies identified that are
not considered to be material weaknesses X yes none reported

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

Any audit findings disclosed that are required to be
reported in accordance with State Single Audit
Implementation Act yes X no

Identification of major State programs:

<p>Program Name: Medical Assistance Program (Medicaid)</p> <p>N.C. Dept. of Commerce: Rural Building Reuse Program</p> <p>N.C. Housing Finance Agency: Essential Single-Family Rehabilitation Loan Pool</p>
--

SCOTLAND COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

Section II - Financial Statement Findings

Finding: 2021-001
Material Deficiency

- Criteria:** A prior period adjustment is indicative of at least a significant deficiency in the financial reporting controls of the entity.
- Condition:** A lease receivable in the General Fund was understated by \$23,540,000 in the prior year and accounts payable in the Water Funds was understated by \$81,662 in the prior year.
- Effect:** A prior period adjustment of \$23,540,000 was needed to correct the lease receivable in the General Fund full accrual statements and a prior period adjustment of \$81,662 was needed to correct accounts payable in the Water Funds.
- Cause:** Oversight and understanding of a complicated lease agreement with the local school board and oversight of recording accounts payable in the proper period for water purchases in the water funds.
- Recommendation:** Lease agreements should be reviewed more closely to understand the nature of the agreement and to distinguish operating leases from capital leases and a more thorough review of accounts payables should be performed to ensure all accounts payables are recorded.
- View of responsible officers and planned corrective actions:** The County agrees with this finding and will evaluate its methods on understanding lease agreements and recording payables in the proper period.

SCOTLAND COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

Section III - Federal Award Findings and Questioned Costs

US Department of Health and Human Services

Passed through the NC Dept. of Health and Human Services:
Division of Social Services
Program Name: Medical Assistance Program (Medicaid)
CFDA# 93.778

Finding: 2021-002

Significant Deficiency

Eligibility/Internal Controls

Criteria: Individual case records should maintain proper evidence of the eligibility determination and redeterminations in accordance with the Medicaid Manual and 42 CFR 431.10.

Condition: One applicant's information was not properly entered into NC Fast for determination of Medicaid eligibility. An audit of the case file determined the individual qualified for Medicaid.

Context: Out of a population of 1,392,617 case files, 98 Medicaid case files were audited for eligibility requirements. One out of the 98 Medicaid case files inadvertently listed one person in the household when there were four people in the household.

Effect: Improper information entered into NC Fast could cause an individual to improperly receive Medicaid benefits when they otherwise would not qualify. In addition an individual could be excluded from benefits when they would otherwise qualify.

Cause: Human oversight in the eligibility documentation process.

Recommendation: Controls could be strengthened to ensure all required steps to determine eligibility have taken place and that all documents are completed.

Views of responsible officials and planned corrective actions:

This was keying error. The error did not affect eligibility of the case. The department will continue 2nd party reviews of case eligibility for all staff each month. Training for common mistakes will occur - group and/or individual.

US Department of Health and Human Services

Passed through the NC Dept. of Health and Human Services:
Division of Social Services
Program Name: Low-Income Home Energy Assistance
Crisis Intervention Program
CFDA# 93.568

Finding: 2021-003

Significant Deficiency

Eligibility/Internal Controls

Criteria: Individual case records should maintain proper evidence of the eligibility determination and redeterminations in accordance with program requirements for the specific program.

Condition: One applicant was an American Indian that should have been referred to the Lumbee Tribe of North Carolina, this applicant received \$300 of Low-Income Home Energy Assistance benefits. One applicant file was missing online income verification procedures.

Context: Out of a population of 1,637 case files, 40 case files were audited for eligibility requirements. Out of 40 case files sampled and audited, one was not eligible to receive benefits in Scotland County because of American Indian status and one applicant file was missing online verification procedures.

Effect: Improper information entered into NC Fast could cause an individual to improperly receive benefits when they otherwise would not qualify. In addition an individual could be excluded from benefits when they would otherwise qualify.

Cause: Human oversight in the eligibility documentation process.

Recommendation: Controls could be strengthened to ensure all required steps to determine eligibility have taken place and that all documents are completed.

Views of responsible officials and planned corrective actions:

There is no objection to finding of case that should have been referred to the Lumbee Tribe. One file was missing the process to run OLV - a verification procedure during eligibility. The department will review and retrain on energy program eligibility and complete process to complete eligibility.

SCOTLAND COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

Section IV - State Award Findings and Questioned Costs

US Department of Health and Human Services

Passed through the NC Dept. of Health and Human Services:

Division of Social Services

Program Name: Medical Assistance Program (Medicaid)

CFDA# 93.778

Finding: See Federal Finding 2021-002



SCOTLAND COUNTY
CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2021

Section II - Financial Statement Findings

Finding: 2021-001

Name of contact person: Beth Hobbs - Finance Officer
Corrective Action: The County intends to improve on gathering information in order to provide the auditor with timely financial information and trial balance. Personnel have been reassigned to accounting duties.
Proposed Completion Date: Immediately.

Section III - Federal Award Findings and Questioned Costs

Finding: 2021-002

Name of contact person: April Snead
Corrective Action: 2nd party reviews will continue for all Medicaid staff monthly. Staff will be reminded of the importance of attention and keying all required information.
Proposed Completion Date: Immediately.

Finding: 2021-003

Name of contact person: April Snead
Corrective Action: The department will review and retrain on energy program eligibility and complete processes to complete eligibility.
Proposed Completion Date: Immediately.

Section IV - State Award Findings and Questioned Costs

Finding: 2021-002 See Federal Findings and Questioned Costs, Finding 2021-002

SCOTLAND COUNTY
SUMMARY OF SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2021

Finding 2020-001

Status: The County provided timely trial balance and financial information

Finding 2020-002

Status: The County implemented controls related to recording repossessed assets

Finding 2020-003

Status: The County implemented controls to review timely budgetary amendments

Finding 2020-004

See current finding 2021-002

Finding 2020-005

The County implemented controls where the Compliance Officer conducts an initial review of the grant agreement and Finance Officer reviews the compliance supplements for requirements related to the grant.

SCOTLAND COUNTY, NORTH SCOTLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2021

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients	Local Expenditures
Federal Awards:						
<u>U.S. Dept. of Agriculture</u>						
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Social Services:						
Administration:						
State Administrative Matching Grants for the						
Supplemental Nutrition Assistance Program	10.561	5NC400406	478,309	-	-	478,309
Supplemental Nutrition Assistance Program - Fraud	10.561	5NC400406	21,133	-	-	21,133
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Public Health:						
Administration:						
Special Supplemental Nutrition Program for						
Women, Infants, & Children	10.557	5NC700705	319,227	-	-	-
Passed-through the N.C. Dept. of Natural Resources Conservation:						
EWP Grant-Hurricane Florence	10.923	NR1945432e006	78,875	22,250	-	4,310
Total U.S. Department of Agriculture			897,544	22,250	-	503,751
<u>U.S. Dept. of Transportation</u>						
Passed-through the N.C. Department of Transportation:						
Formula Grants for Other than Urbanized Areas	20.509	2000000353	246,894	-	-	71,336
Total U.S. Dept. of Transportation			246,894	-	-	71,336
<u>U.S. Dept. of Treasury</u>						
Passed-through the Office of State Budget and Management:						
NC Pandemic Recovery Office						
passed through NC Dept. of Health and Human Services						
Division of Public Health						
Coronavirus Relief Fund 4	21.019	HR-748-116 Congress	137,646	-	-	-
Coronavirus Relief Fund	21.019	02-81	994,319	-	498,106	-
Total U.S. Dept. of Treasury			1,131,965	-	498,106	-
<u>Election Assistance Commission</u>						
Passed-through NC State Board of Elections						
2020 Supplemental COVID-19 Election Security Grants	90.404		154,643	-	-	-
Total Election Assistance Commission			154,643	-	-	-
<u>U.S. Dept. of Health & Human Services</u>						
Division of Social Services:						
Family Preservation						
	93.556	15113A15151	7,197	-	-	-
Temporary Assistance for Needy Families (TANF)						
TANF - Work First - Admin	93.558	G1202NCTANF	96,539	-	-	92,591
TANF - Work First	93.558	G1202NCTANF	426,434	-	-	347,058
Division of Public Health:						
TANF - Work First	93.558	G1202NCTANF	8,412	-	-	-
Total TANF Cluster			531,384	-	-	439,649
IV-D Administration	93.563	1204NC4005	683,719	-	-	352,219
IV-D Offset Fees	93.563	1204NC4006	10,732	1,062	-	4,467

SCOTLAND COUNTY, NORTH SCOTLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2021

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients	Local Expenditures
<u>Foster Care and Adoption Cluster (Note 4)</u>						
Foster Care - Title IV-E	93.658	1201NC1401	97,806	27,614	-	70,192
Foster Care Training - Title IV-E	93.658	1201NC1401	191,252	-	-	191,252
IV-E Max Level III	93.658	1201NC1401	10,601	-	-	3,812
IV-E Administration	93.658	1201NC1401	47,114	23,557	-	23,557
IV-E Family Foster Max	93.658	1201NC1401	5,616	-	-	2,015
IV-E FC & Extend Max	93.658	1201NC1401	14,397	4,939	-	236
IV-E FC & Extend Reg	93.658	1201NC1401	243,135	45,196	-	42,310
Adoption Assistance	93.659	1201NC1407	2,344	-	-	2,287
Total Foster Care and Adoption Cluster (Note 4)			612,265	101,306	-	335,661
<u>Refugee and Entrant Assistance - State</u>						
Administered Program	93.566	G12AANC4110	993	-	-	-
Total Refugee and Entrant Assistance			993	-	-	-
<u>Low-Income Home Energy Assistance:</u>						
Administration	93.568	G12BNCLIEA	44,498	-	-	-
Energy Assistance Payments	93.568	G12BNCLIEA	322,694	-	-	-
Crisis Intervention Program	93.568	G12BNCLIEA	41,684	-	-	-
Total Low-Income Home Energy Assistance			408,875	-	-	-
<u>Stephanie Tubbs Jones Child Welfare Services Program:</u>						
- Permanency Planning - Families for Kids	93.645	G1201NC1400	9,709	-	-	3,236
Total Stephanie Tubbs Jones Child Welfare Services			9,709	-	-	3,236
LINKS - Transitional Funds	93.674	G120NC1420	569	142	-	-
<u>Division of Aging and Adult Services:</u>						
<u>Division of Social Services:</u>						
SSBG - Other Service and Training	93.667	G120NCS0SR	234,579	-	-	78,193
SSBG - State In Home Services Over 60	93.667	G120NCS0SR	8,946	-	-	1,278
SSBG - State Adult Day Care	93.667	G120NCS0SR	17,474	16,425	-	4,843
Total Social Service Block Grant			261,000	16,425	-	84,313
<u>Division of Child Development and Early Education:</u>						
<u>Subsidized Child Care (Note 4)</u>						
<u>Child Care Development Fund Cluster:</u>						
<u>Division of Social Services:</u>						
Child Care Development Mandatory and Match Fund-Administration	93.596	47013123	83,908	-	-	-
Total Subsidized Child Care (Note 4)			83,908	-	-	-
<u>Passed-through the N.C. Dept. of Health & Human Serv.:</u>						
<u>Division of Medical Assistance:</u>						
<u>Division of Social Services:</u>						
Administration:						
Medical Assistance Program	93.778	5-1205NC5MAP	1,448,167	518	-	550,856
Total Medical Assistance Program			1,448,167	518	-	550,856
<u>Division of Social Services:</u>						
Administration:						
State Children's Insurance Program - N.C. Health Choice	93.767	1715376H1	23,946	(3)	-	4,720
Total State Children's Insurance Program - N.C.			23,946	(3)	-	4,720

SCOTLAND COUNTY, NORTH SCOTLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2021

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients	Local Expenditures
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Public Health:						
Public Health Emergency Preparedness	93.069	NU90TP922002	24,472	-	-	-
Project Grants and Cooperative Agreements for Control Programs	93.116	5U52PS416676	50	-	-	-
Family Planning Services	93.217	FPH040648-02-00	39,010	-	-	-
Immunization Grants	93.268	NH231P000759-06-00	85,205	-	-	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323		95,357	-	-	-
COVID-19 - Public Health Emergency Response:						
Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354		38,527	-	-	-
Public Health and Social Services Emergency Fund for Provider Relief	93.498	56-6000339	62,637	-	-	-
Preventive Health and Health Services Block Grant Funded Solely with Prevention and Public Health Funds (PPHF)	93.758	3B01DP009034-13W2	30,608	-	-	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	1H25PS004349	100	-	-	-
Maternal and Child Health Services Block Grant	93.994	B04MC26685	50,630	32,342	-	-
Total U.S. Dept. of Health and Human Services			4,509,060	151,793	-	1,775,121
<u>U. S. Department of Homeland Security</u>						
Passed-through N.C. Dept. of Public Safety:						
Division of Emergency Management:						
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4393-DR-NC	28,264	9,421	-	-
Emergency Management Performance Grant	97.042	EMPG-2020-2020082	39,378	-	-	39,378
Total U. S. Department of Homeland Security			67,642	9,421	-	39,378
Total Federal Awards			7,007,748	183,464	498,106	2,389,587
State Awards:						
<u>N.C. Dept. of Administration</u>						
Veterans Service		DMVACNTYGRNTFY21	-	2,084	-	-
Total N.C. Dept. of Administration			-	2,084	-	-
<u>N.C. Dept. of Agriculture and Consumer Services</u>						
Division of Soil and Water Conservation		21-035-4016	-	30,480	-	30,480
Total N.C. Dept. of Agriculture and Consumer Services			-	30,480	-	30,480
<u>N.C. Dept. of Commerce</u>						
Rural Building Reuse Program		2019-093-3201-2587	-	500,000	-	-
Rural Building Reuse Program		2019-154-3201-2587	-	125,000	-	-
Total N.C. Dept. of Commerce			-	625,000	-	-
<u>N.C. Dept. of Cultural and Natural Resources</u>						
Division of State Library						
State Aid to Public Libraries		56-6000339-E	-	101,573	-	-
LSTA Grant	45.310	56-6000339-E	485	-	-	-
Total N.C. Dept. of Cultural and Natural Resources			485	101,573	-	-
<u>N.C. Department of Environmental Quality</u>						
Division of Waste Management						
Scrap Tire Program		SWS1122	-	1,788	-	-
Scrap Tire Program		SWS1125	-	1,802	-	-
Total N.C. Dept. of Environmental Quality			-	3,590	-	-
<u>N.C. Dept. of Health and Human Services</u>						
Division of Social Services						
Administration						
DCD Smart Start		566000339	-	16,782	-	-
Direct Benefit Payments						
Energy Assistance Private Grant		566000339	-	3,611	-	-
Foster Care		566000339	26,061	-	-	3,737
State Foster Care		566000339	-	61,762	-	61,761
SFHF Maximum		566000339	-	106,980	-	106,980
Total Division of Social Services			26,061	189,136	-	172,479

SCOTLAND COUNTY, NORTH SCOTLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2021

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients	Local Expenditures
Division of Public Health						
Aid to Counties			-	104,491	-	-
General Communicable Disease Control		51011754510	-	7,855	-	-
Family Planning		566000339	-	43,039	-	-
Healthy Communities			-	3,746	-	-
Women's Health Service Fund		15113A16012	-	4,884	-	-
Food and Lodging		87311534751	-	5,166	-	-
Maternal Health		B04MC23398	-	23,875	-	-
HIV/STD State		53613114536	-	500	-	-
TPPI - Adolescent Pregnancy Prevention Program		158AA13325166KZ	-	44,735	-	-
Tuberculosis Control		55114604551	-	14,552	-	-
Total Division of Public Health			-	252,842	-	-
Total N. C. Department of Health and Human Services			26,061	441,978	-	172,479
N.C. Housing Finance Agency						
Essential Single-Family Rehabilitation Loan Pool		ESFRPL17	-	515,848	-	15,000
Total N.C. Housing Finance Agency			-	515,848	-	15,000
N.C. Dept. of Insurance						
SHIP Grant	93.324	90SAPG0099-01-03	-	4,651	-	-
MIPPA Grant	93.071	2001MCMISH-00	-	2,860	-	-
Total N.C. Dept. of Insurance			-	7,511	-	-
N.C. Dept. of Public Instruction						
Public School Building Capital Fund - Lottery Proceeds		LEA 830	-	385,000	385,000	-
Total N.C. Dept. of Public Instruction			-	385,000	385,000	-
N.C. Dept. of Public Safety						
JCPC Administration		583-11473	-	10,684	10,684	-
Scots for Youth		583-10939	-	152,844	152,844	-
Youth Empowered to Succeed (YES)		583-12295	-	38,744	38,744	-
Total N.C. Department of Public Safety			-	202,272	202,272	-
Total State Awards			26,546	2,315,336	587,272	217,959
Total Federal and State Awards			7,034,293	2,498,800	1,085,378	2,607,546

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Scotland County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2021. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the schedule presents only a selected portion of the operations of Scotland County, it is not intended to and does not present the financial position, changes in net position or cash flows of Scotland County.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Indirect Cost Rate

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

Note 4: Cluster of Programs

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care, Foster Care and Adoption.

Note 5: Benefit Payments Issued by the State

The amounts listed below were 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. These amounts disclose this additional aid to County recipients that do not appear in the basic financial statements because they are not revenues and expenditures of the County.

Program Title	CFDA No.	Federal	State
Special Supplemental Nutrition Program for Women Infant and Children	10.557	835,173	-
Supplemental Nutrition Assistance Program	10.551	26,011,691	-
Temporary Assistance for Needy Families	93.558	374,337	-
Medical Assistance Program	93.778	69,517,017	27,084,221
Children's Health Insurance Program	93.767	514,501	96,021
Child Welfare Services Adoption		-	98,214
State / County Special Assistance Program		-	204,536

