

SCOTLAND COUNTY, NORTH CAROLINA
FINANCIAL STATEMENTS
June 30, 2022

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BOARD OF COUNTY COMMISSIONERS

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Jason Robinson
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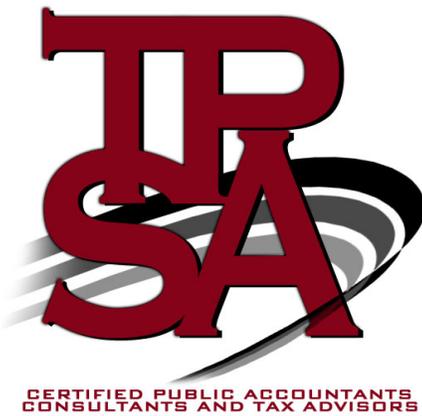
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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the Board of County Commissioners
Scotland County, North Carolina
Laurinburg, North Carolina

Report on the Financial Statements

Opinions

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 the Scotland County, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements which collectively comprise Scotland County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Scotland County as of June 30, 2022, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Scotland County Tourism Development Authority, Scotland County ABC Board, Scotland County Historic Properties Commission and Scotland County Economic Development Corporation, which represent 100 percent of the assets, net position, and revenues, of the aggregate discretely presented component units, as of June 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included, is based solely on the report of the other auditors.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under these standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Scotland County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of Scotland County ABC Board, Scotland County Historical Properties Commission, Scotland County Tourism Development Authority, and Scotland County Economic Development Corporation were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Audit of 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.

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

Auditors' Responsibility for the Audit of the Financial Statements

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

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

- exercised professional judgment and maintained professional skepticism throughout the audit.
- identify and assess risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the general purpose of expressing an opinion on the effectiveness of Scotland County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Local Government Employees' Retirement Schedules of the County's Proportionate Share of Net Pension Liability and County Contributions, the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions, 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, and the Other Postemployment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, on pages 4 through 10 and 63 through 69, respectively, 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 as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund statements, budgetary schedules, other schedules and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2023 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 the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Scotland County's internal control over financial reporting and compliance.

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
March 17, 2023

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, 2022. 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

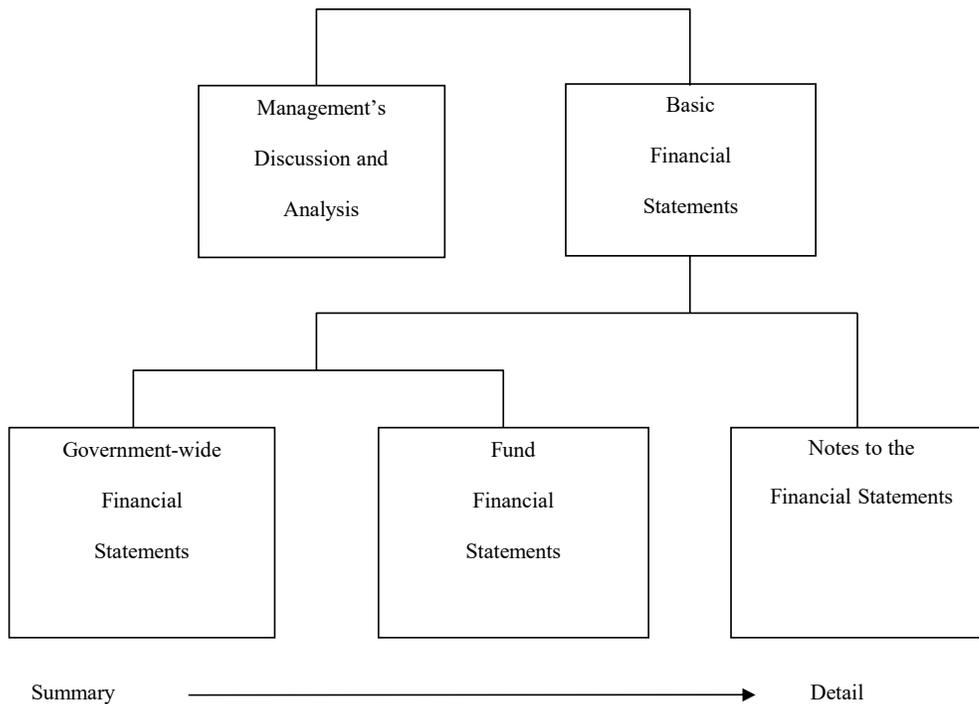
- The liabilities and deferred inflows of resources of Scotland County exceeded its assets and deferred outflows of resources at the close of the fiscal year by \$24,709,079 (net position).
- The government's total net position increased by \$5,961,512 primarily due to an increased net position both the Governmental Activities and the Business-Type Activities.
- As of the close of the current fiscal year, Scotland County's governmental funds reported combined ending fund balances of \$22,039,647, an increase of \$528,854 in comparison with the prior year. Approximately 39.8 percent of this total amount, or \$8,771,400, is restricted or nonspendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$9,698,317 or 19.83 percent of total general fund expenditures for the fiscal year.
- Scotland County's total debt decreased by \$4,927,417 during the current fiscal year. This decrease was primarily due to decreases in LGERS liability and standard principal payments on debt.

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 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. 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 gage 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, 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 government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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 after Exhibit 10.

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 at Exhibit A-1, directly after the notes.

Government-Wide Financial Analysis

SCOTLAND COUNTY'S NET POSITION
Figure 2

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 54,867,441	\$ 50,604,720	\$ 4,851,553	\$ 3,144,344	\$ 59,718,994	\$ 53,749,064
Capital and right to use assets	15,838,851	14,480,697	8,332,729	8,478,770	24,171,580	22,959,467
Total assets	70,706,292	65,085,417	13,184,282	11,623,114	83,890,574	76,708,531
Total deferred outflows of resources	9,629,560	8,499,139	330,659	287,686	9,960,219	8,786,825
Long-term liabilities outstanding	69,532,332	71,495,129	8,480,090	8,068,668	78,012,422	79,563,797
Other liabilities	11,414,278	4,858,516	965,132	248,248	12,379,410	5,106,764
Total liabilities	80,946,610	76,353,645	9,445,222	8,316,916	90,391,832	84,670,561
Total deferred inflows of resources	27,930,311	8,535,094	237,729	598,498	28,168,040	9,133,592
Net position:						
Net investment in capital assets	14,928,149	13,629,779	3,180,148	3,140,989	18,108,297	16,770,768
Restricted	8,549,126	8,426,352	-	-	8,549,126	8,426,352
Unrestricted	(52,018,344)	(33,360,314)	651,842	(145,603)	(51,366,502)	(33,505,917)
Total net position	\$ (28,541,069)	\$ (11,304,183)	\$ 3,831,990	\$ 2,995,386	\$ (24,709,079)	\$ (8,308,797)

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 \$24,709,079 as of June 30, 2022. The County's net position increased by \$5,961,511 for the fiscal year ended June 30, 2022. However, this increase was offset by a restatement of (\$22,740,000) to remove a lease receivable due to the implementation of GASB 87. There was an additional prior period adjustment that increase fund balance by a net of \$378,206 to adjust local option sales tax receivable, landfill liability and accrued interest payable. One of the largest portions, \$18,108,297 (73.29%) reflects the County's net investment in capital assets. 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 \$8,549,126 (34.60%) represents resources that are subject to external restrictions on how they may be used. The remaining deficit balance of \$51,366,502 (207.89%) is unrestricted.

Several particular aspects of the County's financial operations contributed to the decrease in the total unrestricted governmental net position:

- Continued diligence in the collection of property taxes by keeping our collection percentage around 97% and striving to improve collectability.
- Management's proactive stance on monitoring spending across County departments to ensure compliance with the budget.
- A negative \$22,740,000 restatement of fund balance due to GASB 87 to remove a lease receivable, and increases in OPEB liabilities.

SCOTLAND COUNTY'S CHANGES IN NET POSITION

Figure 3

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 7,145,528	\$ 2,777,071	\$ 4,578,665	\$ 4,728,410	\$ 11,724,193	\$ 7,505,481
Operating grants and contributions	9,893,459	11,536,133	713,121	-	10,606,580	11,536,133
Capital grants and contributions	1,188,160	-	-	-	1,188,160	-
General revenues:						
Property taxes	24,834,100	24,071,853	-	-	24,834,100	24,071,853
Local option sales tax	9,974,348	8,961,676	-	-	9,974,348	8,961,676
Other taxes	179,376	745,404	92,575	83,186	271,951	
Interest investment earnings	67,607	26,235	-	-	67,607	26,235
Other	463,223	2,021,015	91,302	10,551	554,525	2,031,566
Total revenues	53,745,801	50,139,387	5,475,663	4,822,147	59,221,464	54,132,944
Expenses:						
General government	6,267,515	5,850,730	-	-	6,267,515	5,850,730
Public safety	11,532,329	12,001,478	-	-	11,532,329	12,001,478
Economic and physical development	2,181,361	2,869,313	-	-	2,181,361	2,869,313
Human services	13,540,236	12,331,480	-	-	13,540,236	12,331,480
Cultural and recreation	1,431,756	1,326,262	-	-	1,431,756	1,326,262
Education	11,908,514	11,676,335	-	-	11,908,514	11,676,335
Interest on long-term debt	1,959,018	1,800,604	-	-	1,959,018	1,800,604
Public Works	-	-	2,947,470	2,973,781	2,947,470	2,973,781
Water District I	-	-	628,678	603,494	628,678	603,494
Water District II	-	-	892,174	878,805	892,174	878,805
Total expenses	48,820,729	47,856,202	4,468,322	4,456,080	53,289,051	52,312,282
Increase in net position before transfers and special items	4,925,072	2,283,185	1,007,341	366,067	5,932,413	1,820,662
Transfers and special items	(170,113)	-	199,212	-	29,099	-
Increase in net position after transfers and special items	4,754,959	2,283,185	1,206,553	366,067	5,961,512	2,649,252
Net position, beginning	(11,304,183)	(37,297,799)	2,995,386	2,710,979	(8,308,797)	(34,586,820)
Net position, beginning, restated	(33,296,028)	(13,587,368)	2,625,437	2,629,317	(30,670,591)	(10,958,051)
Net position, ending	\$ (28,541,069)	\$ (11,304,183)	\$ 3,831,990	\$ 2,995,384	\$ (24,709,079)	\$ (8,308,799)

Governmental activities. Governmental activities increased the County's net position by \$4,754,959 thereby accounting for 79.76% of the total increase in the net position of Scotland County. Key elements of this increase are as follows:

- Controlled costs.
- Increase in revenues due to grants and operations.

Business-type activities. Business-type activities increased Scotland County's net position by \$1,206,553, accounting for 20.24% of the total increase in the government's net position. Key elements of this increase are as follows:

- Controlled costs.
- Increased revenues primarily due to FEMA 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 \$12,223,707, while total fund balance reached \$17,378,207. 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 25 percent of total General Fund expenditures, while total fund balance represents 35.54 percent of that same amount.

At June 30, 2022, the governmental funds of Scotland County reported a combined fund balance of \$22,039,647, a 2.57% percent increase from the previous year. The primary reason for this increase was 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 revenues by \$4,823,478.

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 \$(1,398,792) and those for the Water District I Fund equaled \$1,132,200, and those for the Water District II Fund equaled \$918,434. The total change in net position for these funds was \$870,088, \$19,874 and \$316,591, 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, 2022, totals \$15,719,451 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

**SCOTLAND COUNTY'S CAPITAL ASSETS
(net of depreciation)**

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 699,755	\$ 562,295	\$ 351,906	\$ 329,590	\$ 1,051,661	\$ 891,885
Construction in Progress	2,145,773	968,966	25,807	-	2,171,580	968,966
Buildings and System	8,249,739	8,036,399	6,752,189	7,102,750	15,001,928	15,139,149
Machinery and equipment	1,462,294	1,361,004	125,067	119,304	1,587,361	1,480,308
Vehicles and motorized equipment	3,161,890	3,552,033	1,077,760	927,126	4,239,650	4,479,159
Total	\$ 15,719,451	\$ 14,480,697	\$ 8,332,729	\$ 8,478,770	\$ 24,052,180	\$ 22,959,467

Major capital asset transactions during the year include:

- Land and building acquisitions.
- Building improvement and construction.
- Purchase of vehicles and heavy equipment.

Additional information on the County's capital assets can be found in notes to the Financial Statements.

Long-term Debt. As of June 30, 2022, Scotland County had total bonded debt outstanding of \$42,173,552, all of which is debt backed by the full faith and credit of the County. The County also has installment obligations of \$790,578, lease liabilities of \$120,124 and limited obligation bonds of \$39,625,000.

**SCOTLAND COUNTY'S OUTSTANDING DEBT
General Obligation and Installment Debt**

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Installment Purchases	\$ 790,578	\$ 1,425,918	\$ -	\$ -	\$ 790,578	\$ 1,425,918
Limited Obligation Bonds	34,940,000	37,035,000	4,685,000	4,840,000	39,625,000	41,875,000
Unamortized Bond Premium	4,766,329	5,008,944	467,581	497,779	5,233,910	5,506,723
Lease Liabilities	120,124	-	-	-	120,124	-
Accrued landfill closure and postclosure care costs	-	-	2,548,552	2,535,760	2,548,552	2,535,760
Compensated absences	1,103,082	1,008,656	43,859	42,091	1,146,941	1,050,747
Net pension liability (LGERS)	2,790,065	6,273,335	116,253	261,388	2,906,318	6,534,723
Total pension liability (LEOSSA)	923,708	871,884	-	-	923,708	871,884
Net OPEB liability	26,412,776	24,880,336	788,845	743,077	27,201,621	25,623,413
Total	\$ 71,846,662	\$ 76,504,073	\$ 8,650,090	\$ 8,920,095	\$ 80,496,752	\$ 85,424,168

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 \$154,575,906.

Additional information regarding Scotland County's long-term debt can be found in the notes to the financial statements under Note III.7 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 had two major industrial announcements totaling 648 jobs and \$100,200,000 in investment.
- The County's unemployment rate in November 2022 was 7.2% and the State's average was 3.9%. This is a slight increase for the County and State as compared to last year's unemployment rates.

Budget Highlights for Fiscal Year Ending June 30, 2023

Governmental Activities: Property taxes are expected to remain the same at \$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 decrease approximately 2.3% to \$50,631,037. 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 2023.

An availability fee of \$55 and \$85 for the City and County residents, respectively, will remain constant for FY 2023. 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 Director, 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

Scotland County, North Carolina
Statement of Net Position
June 30, 2022

Exhibit 1

	Primary Government			Component Unit			
	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							
Current Assets:							
Cash and cash investments	\$ 15,752,633	\$ 4,401,708	\$ 20,154,341	\$ 222,692	\$ 58,678	\$ 611,840	\$ 770,821
Receivables (net):							
Taxes	2,341,222	-	2,341,222	-	-	-	-
Accounts	887,547	300,943	1,188,490	-	-	69,277	3,350
Due from other governments	4,002,608	145,462	4,148,070	-	-	-	1,115
Interest receivable	-	-	-	-	3	-	-
Inventories	-	-	-	200,341	-	-	-
Leases receivable	1,270,000	-	1,270,000	-	1,196	-	-
Prepaid expenses	92,845	3,440	96,285	4,343	5,750	36,532	-
Restricted cash and cash equivalents	10,173,485	-	10,173,485	-	21,177	-	1,983
Total current assets	<u>34,520,340</u>	<u>4,851,553</u>	<u>39,371,893</u>	<u>427,376</u>	<u>86,804</u>	<u>717,649</u>	<u>777,269</u>
Non-current Assets:							
Lease receivable	20,300,000	-	-	-	-	-	-
Net pension asset	47,101	-	47,101	-	-	-	-
Right to use leased assets, net	119,400	-	119,400	-	-	22,470	-
Capital assets:							
Land, improvements, and construction in progress	2,845,528	377,713	3,223,241	-	221,053	106,159	-
Other capital assets, net of depreciation	12,873,923	7,955,016	20,828,939	141,841	314,300	19,667	4,711,007
Total capital assets	<u>15,719,451</u>	<u>8,332,729</u>	<u>24,052,180</u>	<u>141,841</u>	<u>535,353</u>	<u>125,826</u>	<u>4,711,007</u>
Total non-current assets	<u>36,185,952</u>	<u>8,332,729</u>	<u>24,218,681</u>	<u>141,841</u>	<u>535,353</u>	<u>148,296</u>	<u>4,711,007</u>
Total assets	<u>70,706,292</u>	<u>13,184,282</u>	<u>63,590,574</u>	<u>569,217</u>	<u>622,157</u>	<u>865,945</u>	<u>5,488,276</u>
DEFERRED OUTFLOWS OF RESOURCES							
Pension deferrals	4,727,305	184,303	4,911,608	61,832	-	-	-
OPEB deferrals	4,902,255	146,356	5,048,611	10,280	-	-	-
Total deferred outflows of resources	<u>9,629,560</u>	<u>330,659</u>	<u>9,960,219</u>	<u>72,112</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES							
Current liabilities:							
Accounts payable and accrued expenses	2,347,555	229,444	2,576,999	163,420	-	1,578	5,439
Due to other governments	28,279	-	28,279	-	-	-	1,983
Accrued interest payable	147,635	15,688	163,323	-	-	-	-
Unspent CARES Act funding	5,917,842	-	5,917,842	-	-	-	-
Unspent SCIF funding	547,505	-	547,505	-	-	-	-
Unspent grant funding	111,132	550,000	661,132	-	-	-	-
Current portion of long-term liabilities	2,314,330	170,000	2,484,330	15,748	-	3,300	110,285
Total current liabilities	<u>11,414,278</u>	<u>965,132</u>	<u>12,379,410</u>	<u>179,168</u>	<u>-</u>	<u>4,878</u>	<u>117,707</u>
Long-term liabilities:							
Net pension liability (LGERS)	2,790,065	116,253	2,906,318	33,279	-	-	-
Total pension liability (LEOSSA)	923,708	-	923,708	-	-	-	-
Total OPEB liability	26,412,776	788,845	27,201,621	144,446	-	-	-
Long-term liabilities due in more than one year	<u>39,405,783</u>	<u>7,574,992</u>	<u>46,980,775</u>	<u>-</u>	<u>-</u>	<u>20,705</u>	<u>1,419,799</u>
Total long-term liabilities	<u>69,532,332</u>	<u>8,480,090</u>	<u>78,012,422</u>	<u>177,725</u>	<u>-</u>	<u>20,705</u>	<u>1,419,799</u>
Total liabilities	<u>80,946,610</u>	<u>9,445,222</u>	<u>90,391,832</u>	<u>356,893</u>	<u>-</u>	<u>25,583</u>	<u>1,537,506</u>
DEFERRED INFLOWS OF RESOURCES							
Prepaid taxes / rents	46,587	-	46,587	-	-	-	-
Leases	21,440,571	-	21,440,571	-	1,181	-	-
Pension deferrals	4,044,474	166,091	4,210,565	47,546	-	-	-
OPEB deferrals	2,398,679	71,638	2,470,317	29,810	-	-	-
Total deferred inflows of resources	<u>27,930,311</u>	<u>237,729</u>	<u>28,168,040</u>	<u>77,356</u>	<u>1,181</u>	<u>-</u>	<u>-</u>
NET POSITION							
Net investment in capital assets	14,928,149	3,180,148	18,108,297	141,841	535,353	125,826	-
Restricted for:							
State Statute	5,058,371	-	5,058,371	-	2	69,276	-
Public Safety	3,014,668	-	3,014,668	-	-	-	-
Human Services	117,578	-	117,578	-	-	-	-
Economic & Physical Development	6,542	-	6,542	-	-	-	-
School capital projects	351,967	-	351,967	-	-	-	-
Other	-	-	-	85,849	21,177	-	-
Unrestricted (deficit)	<u>(52,018,344)</u>	<u>651,842</u>	<u>(71,666,502)</u>	<u>(20,610)</u>	<u>64,444</u>	<u>645,260</u>	<u>3,950,770</u>
Total net position	<u>\$ (28,541,069)</u>	<u>\$ 3,831,990</u>	<u>\$ (45,009,079)</u>	<u>\$ 207,080</u>	<u>\$ 620,976</u>	<u>\$ 840,362</u>	<u>\$ 3,950,770</u>

Scotland County, North Carolina
Statement of Activities
For the Year Ended June 30, 2022

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position						
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit			
					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	\$ 6,267,515	\$ 3,630,936	\$ 846,118	\$ 606,165	\$ (1,184,296)	\$ -	\$ (1,184,296)	\$ -	\$ -	\$ -	\$ -
Public safety	11,532,329	3,056,820	857,953	-	(7,617,556)	-	(7,617,556)	-	-	-	-
Economic and physical development	2,181,361	-	25,640	70,000	(2,085,721)	-	(2,085,721)	-	-	-	-
Human services	13,540,236	167,982	8,111,253	-	(5,261,001)	-	(5,261,001)	-	-	-	-
Cultural and recreation	1,431,756	289,790	52,495	-	(1,089,471)	-	(1,089,471)	-	-	-	-
Education	11,908,514	-	-	511,995	(11,396,519)	-	(11,396,519)	-	-	-	-
Interest on long-term debt	1,959,018	-	-	-	(1,959,018)	-	(1,959,018)	-	-	-	-
Total governmental activities	<u>48,820,729</u>	<u>7,145,528</u>	<u>9,893,459</u>	<u>1,188,160</u>	<u>(30,593,582)</u>	<u>-</u>	<u>(30,593,582)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-type activities:											
Public Works	2,947,470	2,955,160	713,121	-	-	720,811	720,811	-	-	-	-
Water District I	628,678	562,098	-	-	-	(66,580)	(66,580)	-	-	-	-
Water District II	892,174	1,061,407	-	-	-	169,233	169,233	-	-	-	-
Total business-type activities	<u>4,468,322</u>	<u>4,578,665</u>	<u>713,121</u>	<u>-</u>	<u>-</u>	<u>823,464</u>	<u>823,464</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>53,289,051</u>	<u>11,724,193</u>	<u>10,606,580</u>	<u>1,188,160</u>	<u>(30,593,582)</u>	<u>823,464</u>	<u>(29,770,118)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Component Units:											
ABC Board	2,881,528	2,881,442	-	-	-	-	-	(86)	-	-	-
Historic Properties	50,630	10,784	25,440	-	-	-	-	-	(14,406)	-	-
Tourism Development Authority	227,264	-	-	-	-	-	-	-	-	(227,264)	-
Economic Development Corporation	267,954	267,846	300,000	-	-	-	-	-	-	-	299,892
Total component units	<u>\$ 3,427,376</u>	<u>\$ 3,160,072</u>	<u>\$ 325,440</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(86)</u>	<u>(14,406)</u>	<u>(227,264)</u>	<u>299,892</u>
General revenues:											
Taxes:											
Property taxes, levied for general purpose					24,834,100	-	24,834,100	-	-	-	-
Local option sales tax					9,974,348	-	9,974,348	-	-	-	-
Other taxes and licenses					179,376	92,575	271,951	-	-	595,205	-
Investment earnings, unrestricted					67,606	-	67,606	86	79	-	368
Gain (Loss) on Sale of Assets					(327,641)	-	(327,641)	-	-	-	-
Miscellaneous, unrestricted					790,864	91,302	882,166	-	5,251	-	-
Transfers					(170,112)	199,212	29,100	-	-	-	-
Total general revenues, special items, and transfers					<u>35,348,541</u>	<u>383,089</u>	<u>35,731,630</u>	<u>86</u>	<u>5,330</u>	<u>595,205</u>	<u>368</u>
Change in net position					4,754,959	1,206,553	5,961,512	-	(9,076)	367,941	300,260
Net position-beginning					(11,304,183)	2,995,386	(8,308,797)	207,080	630,050	472,421	3,650,510
Prior Period Adjustment					748,155	(369,949)	378,206	-	-	-	-
Restatement					(22,740,000)	-	(22,740,000)	-	-	-	-
Net position-beginning, restated					<u>(33,296,028)</u>	<u>2,625,437</u>	<u>(30,670,591)</u>	<u>207,080</u>	<u>630,050</u>	<u>472,421</u>	<u>3,650,510</u>
Net position-ending					<u>\$ (28,541,069)</u>	<u>\$ 3,831,990</u>	<u>\$ (24,709,079)</u>	<u>\$ 207,080</u>	<u>\$ 620,976</u>	<u>\$ 840,362</u>	<u>\$ 3,950,770</u>

Scotland County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2022

	<u>Major</u>		<u>Non-Major</u>	
	General	ARPA Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 13,931,318	\$ 187,709	\$ 1,633,606	\$ 15,752,633
Cash and cash equivalents-Restricted	923,604	5,928,564	3,321,317	10,173,485
Taxes receivable, net	2,021,118	-	65,325	2,086,443
Accounts receivable, net	879,683	-	7,864	887,547
Leases receivable	21,570,000	-	-	21,570,000
Due from other governments	3,864,612	57	137,939	4,002,608
Due from other funds	187,931	-	-	187,931
Prepaid Expenses	92,845	-	-	92,845
Total assets	<u>\$ 43,471,111</u>	<u>\$ 6,116,330</u>	<u>\$ 5,166,051</u>	<u>\$ 54,753,492</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 2,037,123	\$ 4,015	\$ 306,417	\$ 2,347,555
Unspent CARES Act funding	-	5,917,842	-	5,917,842
Unspent Opioid funding	-	-	111,132	111,132
Unspent SCIF funding	547,505	-	-	547,505
Due to other governments	-	-	28,279	28,279
Due to other funds	-	187,931	-	187,931
Total liabilities	<u>2,584,628</u>	<u>6,109,788</u>	<u>445,828</u>	<u>9,140,244</u>
Deferred Inflows of Resources:				
Prepaid Taxes	46,587	-	-	46,587
Taxes Receivable	2,021,118	-	65,325	2,086,443
Leases	21,440,571	-	-	21,440,571
Total deferred inflows of resources	<u>23,508,276</u>	<u>-</u>	<u>65,325</u>	<u>23,573,601</u>
Fund balances:				
Nonspendable:				
Prepaid Expenses	92,845	-	-	92,845
Leases	129,429	-	-	129,429
Restricted:				
State statue	4,932,226	-	126,145	5,058,371
Public Safety	-	-	3,014,668	3,014,668
Economic & Physical Development	-	6,542	-	6,542
Human Services	-	-	117,578	117,578
School capital projects	-	-	351,967	351,967
Committed:				
Tax Revaluation	376,099	-	-	376,099
Economic & Physical Development	-	-	144,000	144,000
Assigned:				
Capital outlay	-	-	908,404	908,404
Designated for subsequent year's expenditures	2,149,291	-	-	2,149,291
Unassigned:	9,698,317	-	(7,864)	9,690,453
Total fund balances	<u>17,378,207</u>	<u>6,542</u>	<u>4,654,898</u>	<u>22,039,647</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 43,471,111</u>	<u>\$ 6,116,330</u>	<u>\$ 5,166,051</u>	<u>\$ 54,753,492</u>

Scotland County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2022

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

Total Fund Balance - Governmental Funds	\$ 22,039,647
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets	32,162,825
Less accumulated depreciation	<u>(16,443,374)</u>
	15,719,451
Right to use assets used in governmental activities are not financial resources and therefore are not reported in the fund statements.	
Right to use assets	181,242
Less accumulated depreciation	<u>(61,842)</u>
	119,400
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.	
	254,779
Net Pension Asset	47,101
Deferred outflows of resources:	
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	
LGERS	1,578,874
ROD	3,099
Pension related deferrals	
LGERS	2,844,383
ROD	7,735
LEOSSA	257,556
OPEB related deferrals	4,130,659
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	
	35,658
Benefit payments for the OPEB plan paid subsequent to the measurement date	
	771,596
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide.	
	2,086,443
Pension Related Deferrals	
LGERS	(3,986,165)
ROD	(722)
LEOSSA	(57,587)
OPEB related deferrals	(2,398,679)
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	(40,617,031)
Compensated absences	(1,103,082)
Net OPEB Liability	(26,412,776)
Net Pension Liability	(2,790,065)
Total Pension Liability	(923,708)
Accrued interest payable	(147,635)
Net position of governmental activities	<u>\$ (28,541,069)</u>

Scotland County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2022

	<u>Major</u>		<u>Non-Major</u>	Total Governmental Funds
	<u>General Fund</u>	<u>ARPA Fund</u>	Other Governmental Funds	
REVENUES				
Ad valorem taxes	\$ 24,011,604	\$ -	\$ 730,229	\$ 24,741,833
Local option sales taxes	9,537,928	-	436,420	9,974,348
Other taxes and licenses	46,103	-	133,273	179,376
Unrestricted intergovernmental	263,432	-	-	263,432
Restricted intergovernmental	10,012,432	846,118	780,627	11,639,177
Permits and fees	775,997	-	187,808	963,805
Sales and services	5,224,301	-	136,854	5,361,155
Investment earnings	52,640	6,542	8,425	67,607
Miscellaneous	790,864	-	-	790,864
Total revenues	<u>50,715,301</u>	<u>852,660</u>	<u>2,413,636</u>	<u>53,981,597</u>
EXPENDITURES				
Current:				
General government	5,310,294	846,118	324,662	6,481,074
Public safety	10,477,008	-	567,647	11,044,655
Economic and physical development	2,173,788	-	-	2,173,788
Human services	13,210,041	-	213,564	13,423,605
Cultural and recreational	1,451,826	-	-	1,451,826
Intergovernmental:				
Education	11,908,514	-	-	11,908,514
Capital project	-	-	2,041,609	2,041,609
Debt service:				
Principal	2,730,340	-	-	2,730,340
Interest and other charges	1,706,645	-	-	1,706,645
Total expenditures	<u>48,968,456</u>	<u>846,118</u>	<u>3,147,482</u>	<u>52,962,056</u>
Excess (deficiency) of revenues over expenditures	<u>1,746,845</u>	<u>6,542</u>	<u>(733,846)</u>	<u>1,019,541</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	3,350	-	-	3,350
Proceeds from lease financing	181,242	-	-	181,242
Transfers in	588,066	-	2,644	590,710
Transfers (out)	(108,991)	-	(651,832)	(760,823)
Capital Contributions	-	-	(505,166)	(505,166)
Total other financing sources & uses	<u>663,667</u>	<u>-</u>	<u>(1,154,354)</u>	<u>(490,687)</u>
Net change in fund balance	2,410,512	6,542	(1,888,200)	528,854
Fund balances-beginning	<u>13,726,132</u>	<u>-</u>	<u>6,879,114</u>	<u>20,605,246</u>
Prior period adjustment	<u>1,241,563</u>	<u>-</u>	<u>(336,016)</u>	<u>905,547</u>
Fund balances-ending	<u>\$ 17,378,207</u>	<u>\$ 6,542</u>	<u>\$ 4,654,898</u>	<u>\$ 22,039,647</u>

Scotland County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2022

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

Net changes in fund balances - total governmental funds	\$	528,854
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay expenditures which are capitalized	3,132,252	
Depreciation expense	(1,562,507)	
Gain (loss) on disposal of assets	<u>(330,991)</u>	1,238,754
<p>Governmental funds report leased assets as expenditures. However, in the Statement of Activities, these expenditures are considered a right to use lease asset and not an expense.</p>		
Right to use expenditures which are capitalized	181,242	
Amortization expense	<u>(61,842)</u>	119,400
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		1,581,973
Benefit payments and pension administration costs for OPEB are not included on the Statement of Activities		771,596
Benefit payments and pension administration costs for LEOSSA are not included on the Statement of Activities		35,658
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.</p>		
Change in unavailable revenue for tax revenues	(162,512)	
Change in interest earned on ad valorem taxes	<u>254,779</u>	92,267
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes with 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.</p>		
Lease liabilities issued	(181,242)	
Principal payments	2,730,340	
Lease payments	61,118	
Amortization of bond premium	242,616	
(Increase) decrease in accrued interest payable	<u>9,757</u>	2,862,589
<p>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.</p>		
Pension expense - LGERS	(1,309,440)	
Pension expense - LEOSSA	(98,177)	
OPEB Expense	(974,089)	
Compensated absences	<u>(94,426)</u>	<u>(2,476,132)</u>
Total changes in net position of governmental activities	\$	<u><u>4,754,959</u></u>

Scotland County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund
For the Year Ended June 30, 2022

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Ad valorem taxes	\$ 23,116,000	\$ 24,311,000	\$ 24,011,604	\$ (299,396)
Local option sales taxes	8,287,640	8,987,640	9,537,928	550,288
Other taxes and licenses	52,000	52,000	46,103	(5,897)
Unrestricted intergovernmental	209,000	209,000	263,432	54,432
Restricted intergovernmental	8,388,227	10,732,396	10,012,432	(719,964)
Permits and fees	442,854	611,054	775,997	164,943
Sales and services	3,732,480	3,978,303	5,224,301	1,245,998
Investment earnings	21,000	21,000	52,640	31,640
Miscellaneous	453,512	623,798	790,864	167,066
Total revenues	<u>44,702,713</u>	<u>49,526,191</u>	<u>50,715,301</u>	<u>1,189,110</u>
Expenditures				
Current:				
General government	5,752,378	5,795,588	5,310,294	485,294
Public safety	10,521,359	10,970,729	10,477,008	493,721
Economic and physical development	1,497,627	2,303,370	2,173,788	129,582
Human services	12,372,054	15,099,262	13,210,041	1,889,221
Cultural and recreational	1,285,499	2,009,435	1,451,826	557,609
Intergovernmental:				
Education	10,594,973	11,256,968	11,908,514	(651,546)
Debt service:				
Principal retirement	2,212,840	2,730,340	2,730,340	-
Interest and other charges	1,706,647	1,706,647	1,706,645	2
Total expenditures	<u>45,943,377</u>	<u>51,872,339</u>	<u>48,968,456</u>	<u>2,903,883</u>
Revenues over (under) expenditures	<u>(1,240,664)</u>	<u>(2,346,148)</u>	<u>1,746,845</u>	<u>4,092,993</u>
Other financing sources (uses):				
Sale of capital assets	-	-	3,350	3,350
Proceeds from lease financing	-	-	181,242	181,242
Transfer - Out	-	(108,991)	(108,991)	-
Transfer - In	-	588,067	588,066	(1)
Fund balance appropriated	1,240,664	1,867,072	-	(1,867,072)
Total other financing sources (uses)	<u>1,240,664</u>	<u>2,346,148</u>	<u>663,667</u>	<u>(1,682,481)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,410,512</u>	<u>\$ 2,410,512</u>
Fund balances:				
Beginning of year, July 1			<u>13,726,132</u>	
Prior Period Adjustment			<u>865,463</u>	
End of year, June 30			<u>\$ 17,002,107</u>	
A legally budgeted Tax Revaluation Fund is consolidated into the General Fund for reporting purposes:				
Fund balance, beginning of year			<u>376,100</u>	
Fund balance, ending (Exhibit 4)			<u>\$ 17,378,207</u>	

Scotland County, North Carolina
Statement of Net Position
Proprietary Funds
June 30, 2022

	Enterprise Funds			Totals
	Major Funds		Non-Major	
	Public Works Fund	Blended Component Units		
		Water District II Fund	Water District I Fund	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,697,527	\$ 1,381,341	\$ 1,322,840	\$ 4,401,708
Accounts receivable (net)	163,647	83,181	54,115	300,943
Due from other governments	6,808	92,562	46,092	145,462
Prepaid items	-	-	3,440	3,440
Total current assets	<u>1,867,982</u>	<u>1,557,084</u>	<u>1,426,487</u>	<u>4,851,553</u>
Noncurrent assets:				
Capital assets:				
Land, improvements and construction in progress	351,906	25,807	-	377,713
Other capital assets, net of depreciation	1,699,195	4,463,755	1,792,066	7,955,016
Total capital assets	<u>2,051,101</u>	<u>4,489,562</u>	<u>1,792,066</u>	<u>8,332,729</u>
Total noncurrent assets	<u>2,051,101</u>	<u>4,489,562</u>	<u>1,792,066</u>	<u>8,332,729</u>
Total assets	<u>3,919,083</u>	<u>6,046,646</u>	<u>3,218,553</u>	<u>13,184,282</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	138,227	-	46,076	184,303
OPEB deferrals	106,998	-	39,358	146,356
Total deferred outflows of resources	<u>245,225</u>	<u>-</u>	<u>85,434</u>	<u>330,659</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	121,871	76,998	30,575	229,444
Accrued interest	-	11,652	4,036	15,688
Unspent grant proceeds	-	550,000	-	550,000
Limited Obligation Bonds	-	110,000	60,000	170,000
Total current liabilities	<u>121,871</u>	<u>748,650</u>	<u>94,611</u>	<u>965,132</u>
Noncurrent liabilities:				
Accrued landfill closure and post- closure costs	2,548,552	-	-	2,548,552
Compensated absences	43,859	-	-	43,859
Net pension liability	87,190	-	29,063	116,253
Total OPEB liability	537,176	-	251,669	788,845
Limited Obligation Bonds	-	3,470,000	1,045,000	4,515,000
Unamortized bond premium	-	296,435	171,146	467,581
Total noncurrent liabilities	<u>3,216,777</u>	<u>3,766,435</u>	<u>1,496,878</u>	<u>8,480,090</u>
Total liabilities	<u>3,338,648</u>	<u>4,515,085</u>	<u>1,591,489</u>	<u>9,445,222</u>
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	124,568	-	41,523	166,091
OPEB deferrals	48,783	-	22,855	71,638
Total deferred outflows of resources	<u>173,351</u>	<u>-</u>	<u>64,378</u>	<u>237,729</u>
NET POSITION				
Net investment in capital assets	2,051,101	613,127	515,920	3,180,148
Unrestricted	(1,398,792)	918,434	1,132,200	651,842
Total net position	<u>\$ 652,309</u>	<u>\$ 1,531,561</u>	<u>\$ 1,648,120</u>	<u>\$ 3,831,990</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 Net Position
Proprietary Funds
For the Year Ended June 30, 2022

	Enterprise Funds			Totals
	Major Funds		Non-Major	
	Public Works Fund	Blended Component Units		
		Water District II Fund	Water District I Fund	
Operating revenues:				
Charges for Services	\$ 1,856,947	\$ 1,061,407	\$ 562,098	\$ 3,480,452
Availability fees	1,060,939	-	-	1,060,939
State and federal grants	713,121	-	-	713,121
Other operating revenues	37,274	-	-	37,274
Total operating revenues	<u>3,668,281</u>	<u>1,061,407</u>	<u>562,098</u>	<u>5,291,786</u>
Operating expenses:				
Water purchases	-	317,263	200,856	518,119
Water operations	-	246,963	256,282	503,245
Landfill operations	2,718,466	-	-	2,718,466
Landfill closure and postclosure care	12,793	-	-	12,793
Depreciation	216,211	201,280	127,165	544,656
Total operating expenditures	<u>2,947,470</u>	<u>765,506</u>	<u>584,303</u>	<u>4,297,279</u>
Operating income (loss)	<u>720,811</u>	<u>295,901</u>	<u>(22,205)</u>	<u>994,507</u>
Nonoperating Revenues (Expenses)				
Solid waste disposal tax	17,682	-	-	17,682
Scrap tire disposal tax	56,923	-	-	56,923
White goods disposal tax	17,970	-	-	17,970
Recycling	964	-	-	964
Surplus property	50,501	-	-	50,501
Insurance proceeds	5,237	-	34,600	39,837
Bond premium amortization	-	22,486	7,713	30,199
Interest expense	-	(149,154)	(52,088)	(201,242)
Total nonoperating revenues (expenses)	<u>149,277</u>	<u>(126,668)</u>	<u>(9,775)</u>	<u>12,834</u>
Income (Loss) before contributions and transfers	870,088	169,233	(31,980)	1,007,341
Transfers in (out)	-	147,358	51,854	199,212
Change in net position	870,088	316,591	19,874	1,206,553
Total net position, beginning	<u>135,869</u>	<u>1,227,018</u>	<u>1,632,499</u>	<u>2,995,386</u>
Prior Period Adjustment	<u>(353,648)</u>	<u>(12,048)</u>	<u>(4,253)</u>	<u>(369,949)</u>
Total net position, ending	<u>\$ 652,309</u>	<u>\$ 1,531,561</u>	<u>\$ 1,648,120</u>	<u>\$ 3,831,990</u>

Scotland County, North Carolina
Enterprise Fund
Statement of Cash Flows
For The Year Ended June 30, 2022

	Enterprise Funds			Totals
	Major Funds		Non-Major	
	Public Works Fund	Blended Component Units		
		Water District II Fund	Water District I Fund	
Cash flows from operating activities:				
Cash received from customers	\$ 3,686,164	\$ 1,039,759	\$ 560,986	\$ 5,286,909
Cash paid for goods and services	(2,095,335)	(512,660)	(491,319)	(3,099,314)
Cash paid to employees for services	(651,298)	-	(11,584)	(662,882)
Net cash provided (used) by operating activities	<u>939,531</u>	<u>527,099</u>	<u>58,083</u>	<u>1,524,713</u>
Cash flows from noncapital financing activities				
Transfers from (to) other funds	-	147,358	51,854	199,212
Net cash provided (used) by noncapital financial activities	<u>-</u>	<u>147,358</u>	<u>51,854</u>	<u>199,212</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(372,808)	(25,807)	-	(398,615)
Principal paid on bond maturities and equipment contracts	-	(100,000)	(55,000)	(155,000)
Interest paid on bond maturities and equipment contracts	-	(149,550)	(52,305)	(201,855)
Insurance proceeds	-	-	34,600	34,600
Unspent grant proceeds	-	550,000	-	550,000
Cash from surplus property sales	149,277	-	-	149,277
Net cash provided (used) by capital and related financing activities	<u>(223,531)</u>	<u>274,643</u>	<u>(72,705)</u>	<u>(21,593)</u>
Net increase (decrease) in cash and cash equivalents	716,000	949,100	37,232	1,702,332
Cash and cash equivalents, July 1	<u>981,527</u>	<u>432,241</u>	<u>1,285,608</u>	<u>2,699,376</u>
Cash and cash equivalents, June 30	<u><u>\$ 1,697,527</u></u>	<u><u>\$ 1,381,341</u></u>	<u><u>\$ 1,322,840</u></u>	<u><u>\$ 4,401,708</u></u>

(continued)

Scotland County, North Carolina
Enterprise Fund
Statement of Cash Flows
For The Year Ended June 30, 2022

	Enterprise Funds			Totals
	Major Funds		Non-Major	
	Public Works Fund	Blended Component Units		
		Water District II Fund	Water District I Fund	
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ 720,811	\$ 295,901	\$ (22,205)	\$ 994,507
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	216,211	201,280	127,165	544,656
Landfill closure and postclosure care costs	12,793	-	-	12,793
Changes in assets, liabilities, deferred outflows and inflows of resources:				
(Increase) decrease in accounts receivable	17,883	(21,648)	(1,112)	(4,877)
(Increase) decrease in deferred outflows of resources for pensions	(24,291)	-	(8,097)	(32,388)
(Increase) decrease in deferred outflows of resources - OPEB	(14,543)	-	3,958	(10,585)
Increase (decrease) in accounts payable and accrued liabilities	(18,181)	51,566	(52,188)	(18,803)
Increase (decrease) in OPEB liability	31,167	-	14,601	45,768
Increase (decrease) in net pension liability	(108,852)	-	(36,284)	(145,136)
Increase (decrease) in deferred inflows - pensions	124,568	-	41,523	166,091
Increase (decrease) in deferred inflows - OPEB	(19,803)	-	(9,278)	(29,081)
Increase (decrease) in compensated absences	1,768	-	-	1,768
Total adjustments	218,720	231,198	80,288	530,206
Net cash provided (used) by operating activities	<u>\$ 939,531</u>	<u>\$ 527,099</u>	<u>\$ 58,083</u>	<u>\$ 1,524,713</u>

Scotland County, North Carolina
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022

	Custodial Funds
Assets	
Cash and investments	\$ 144,513
Taxes receivable, net	65,583
Total assets	\$ 210,096
Liabilities and Net Position	
Liabilities:	
Accounts payable and accrued liabilities	\$ 604
Due to other governments	4,779
Total liabilities	5,383
Net position:	
Individuals, organizations, and other governments	204,713
Total fiduciary net position	\$ 204,713

Scotland County, North Carolina
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2022

	Custodial Funds
Additions	
Ad Valorem taxes for other governments	\$ 1,008,616
Other collections	15,816
Collections on behalf of inmates	291,902
Total additions	1,316,334
Deductions	
Tax distributions to other governments	1,012,781
Other distributions	10,935
Payments on behalf of inmates	271,651
Total deductions	1,295,367
Other Financing Sources (Uses)	
Transfers in (out)	(29,100)
Net increase (decrease) in fiduciary net position	(8,133)
Net position, beginning	148,344
Prior period adjustment	64,502
Net position, ending	\$ 204,713

**Scotland County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022**

NOTE I: Summary of Significant Accounting Policies

The accounting policies of Scotland County and its component unit 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 not 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 Board's 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 Launchwood Drive Laurinburg, NC 28352
Scotland County Tourism Development Authority	Discrete	The County's governing board appoints the members of the authority and has the ability to impose its will on the organization.	Scotland County TDA 507 W. Covington Street Laurinburg, NC 28352
Scotland County Economic Development Corporation	Discrete	The County's governing board appoints the members of the authority and has the ability to impose its will on the organization.	Scotland County Economic Development Corporation 517 Pedan Street

B. Basis of Presentation – Basis of Accounting

1. 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 non-major 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 and investment earnings, result from non-exchange transactions. Other non-operating 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. The Tax Revaluation Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54, it is consolidated in the General Fund.

ARPA Fund - grant project fund used to account for ARPA funding that will be used throughout the County.

The County reports the following major enterprise funds:

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

Scotland County Water District II - accounts for the operations of 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 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 which accounts for funds received and expended for the retirement 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.

Non-major Funds. The County maintains twelve legally budgeted nonmajor funds. Fire Service District Fund, Emergency Telephone System Fund, ARPA Fund, Technology Fund, Economic Development Fund, Representative Payee Fund, Deed of Trust Fund, Fines and Forfeitures Fund, Concealed Weapon Fund and Opioid Settlement Fund are reported as nonmajor special revenue funds. Capital Reserve Fund and Facilities Parking Lot 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 non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer 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 non-operating revenues and expenses.

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances 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 a 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. Since September 1, 2013, the State of North Carolina has been responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. These property taxes are due when vehicles are registered. Motor vehicle property tax revenues are applicable to the fiscal year in which they are received. Uncollected taxes that were billed by the County for periods prior to September 1, 2013 or those 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 the 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 by general revenues.

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the 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 of Resources, 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 Super NOW 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 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.

3. Restricted Assets

The unexpended bond proceeds of 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. Money in the Tax Revaluation Fund is also classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150. Cash in the Opioid settlement fund (nonmajor) is restricted as unexpended settlement proceeds, and cash in the ARPA fund (nonmajor) is restricted grant proceeds. The following table illustrates the breakdown of Scotland County restricted cash.

Governmental Activities		
General Fund	Tax Revaluation	\$ 376,099
General Fund	Unspent grant proceeds	547,505
School Wings Project Fund	Unexpended bond proceeds	107
South Johnson School Project Fund	Unexpended bond proceeds	351,066
ARPA Fund	Unspent grant proceeds	5,928,564
Opioid Settlement Funds	Unspent grant proceeds	111,132
Representative Payee Fund	Cash held for DSS care recipients	7,217
Fire Service District Fund	Cash held for Fire Districts	<u>2,851,795</u>
Total Restricted Cash		<u>\$ 10,173,485</u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2021. 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.

5. Lease Receivable

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

6. Allowance 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.

7. 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.

8. 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
Furniture and Equipment	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

9. Right to use assets

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

10. 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 three items that meet this criterion - pension related deferrals and OPEB related deferrals. 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 four items that meet the criterion for this category - prepaid taxes, property taxes receivable, other pension related deferrals, and OPEB related deferrals.

11. 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.

12. 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.

13. Opioid Settlement Fund

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

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

15% directly to the State ("State Abatement Fund")

80% to abatement funds established by Local Governments ("Local Abatement Funds")

5% to a County Incentive Fund.

The County received \$111,132 as part of this settlement in Fiscal Year 2022. Per the terms of the MOA, the County created a special revenue fund, the Opioid Settlement Fund, to account for these funds. All funds are to be used for opioid abatement and remediation activities. Funds are restricted until expended. No funds have been expended as of June 30th, 2022. The MOA offered the County two options of expending the funds. The County opted for Option A, which allows the County to fund one or more high-impact strategies from a list of evidence-based strategies to combat the opioid epidemic.

14. Reimbursements for Pandemic-related expenditures

In FY 2020/21, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for eligible state, local, territorial, and tribal governments. The County was allocated \$6,76,960 of fiscal recovery funds to be paid in two equal installments. The first installment of \$3,381,980 was received in July 2021. The second installment will be received in mid-2022. County staff and the Board of Commissioners have elected to use \$366,622 of the ARPA funds to address COVID public health & negative economic impact, \$310,000 of the ARPA funds for premium pay. The County plans on using the rest of the funds for revenue replacement in Fiscal Year 2023.

15. 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.

Leases - portion of fund balance that is not an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource.

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.

Public Safety - portion of fund balance that is restricted by revenue source for fire protection, emergency services, law enforcement, and emergency telephone purposes.

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

Human Services - portion of fund balance that is restricted by revenue source for DSS Trust Fund balances.

School Capital Project- portion of fund balance that is restricted by revenue source for school capital projects.

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 is committed for tax revaluation.

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

Assigned for Capital outlay - portion of fund balance that is assigned for capital outlay.

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.

Available fund balance and fund balance available as a percentage of General Fund expenditures is calculated below:

Total Fund Balance	\$ 17,378,207
Less Nonspendable and Reserve for State Statute	(5,154,500)
Available Fund Balance	<u>\$ 12,223,707</u>
Available Fund Balance as a % of General Fund Expenditures	25.00%

16. Defined Benefit Cost Sharing Plans

The County participates in three cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LGERS), the Register of Deeds' Supplemental Pension Fund (RODSPF), and the Law Enforcement Officers' Special Separation Allowance (LEOSSA) (collectively, the "state-administered defined benefit pension plans"). For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans.

NOTE II: Stewardship, Compliance and Accountability

A. Significant violations of finance-related legal and contractual provisions

1. Noncompliance with North Carolina General Statutes

For the fiscal year ended June 30, 2022, the expenditures made in the County's General Fund exceeded the authorized appropriations made by the governing board for Legal Services by \$3,347, the Medical Examiner by \$4,548, Mental Health by \$266, and Education by \$651,546. The County payments for the benefit of beneficiaries also exceeded the authorized appropriations for the Representative Payee fund by \$78,564, and payments of fees collected for the State of North Carolina exceeded authorized appropriations by \$37,623. Education over expenditures were due to the recognition of income received by the County that was applied to the lease agreement with Scotland County Schools.

A prior period adjustment was made to increase the landfill liability by \$353,649. Per NCGS 130A 295.2 the County must record a liability of \$1,000,000 for Potential Assessment and Corrective Action, in prior years the County had adjusted this liability downward because they did not believe they would be required to expend the full amount.

2. Timeliness of Audit Submission

The audit report was issued approximately 4 months after the required due date of October 31, 2022. Due to a change in software mid year there was a delay in finalizing records and additional time was required for the implementation of GASB 87.

NOTE 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, 2022, the County's deposits had a carrying amount of \$194,534 and a bank balance of \$1,464,754. Of the bank balance \$250,000 was covered by federal depository insurance, and \$250,000 in non-interest bearing deposits and \$964,754 in interest bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2022, Scotland County had \$2,895 cash on hand.

At June 30, 2022, the carrying amount of deposits for Scotland County ABC Board was \$220,486 and the bank balance was \$454,463. All of the bank balance was covered by federal depository insurance. All of the bank balance was covered by federal depository insurance. The ABC Board's petty cash fund totals for the year ended June 30, 2022 was \$2,206.

At June 30, 2022, the carrying amount of deposits for Scotland Co. Historic Properties Comm. was \$79,855 and the bank balance was \$80,674. All of the bank balance was covered by federal depository insurance.

At June 30, 2022, the carrying amount of deposits for Scotland Co. Tourism Dev. Authority was \$611,840 and the bank balance was \$579,340. Of the bank balance \$101,203 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. The Authority has one demand deposit account that is pooled with Scotland County's demand deposit account.

At June 30, 2022, the carrying amount of deposits for Scotland Co. Economic Dev. Corporation was \$772,804 and the bank balance was \$825,971. Of the bank balance \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method.

2. Investments

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

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Fair Value</u>	<u>Less Than 6 Months</u>
NC Capital Management Trust - Government Portfolio	Fair Value-Level I	\$ 30,277,805	\$ 30,277,805
TOTAL		\$ 30,277,805	\$ 30,277,805

* As of June 30, 2022, the NCCMT Term Portfolio has a duration of .15 years. Because of the NCCMT Government 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. The NCCMT Government Portfolio has an AAAM rating from S&P.

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, 2022. 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 forest land may be taxed by the County at the present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

Year	Levied	Tax	Interest	Total
2018	\$	1,025,413	\$ 243,536	\$ 1,268,949
2019		1,010,762	149,087	1,159,849
2020		1,025,023	58,939	1,083,962
2021		1,041,079	-	1,041,079
Total	\$	4,102,277	\$ 451,562	\$ 4,553,839

4. Receivables

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

	Accounts Receivable	Taxes and Related Interest	Due From Other Governments	Leases Receivable	Interest Receivable	Total
Governmental Activities:						
General	\$ 879,683	\$ 2,382,951	\$ 3,864,612	\$ 21,570,000	\$ -	\$ 28,697,246
South Johnson School Construction	-	-	57	-	-	57
Other Non-Major Governmental	7,864	65,325	137,939	-	-	211,128
Total Receivables	887,547	2,448,276	4,002,608	21,570,000	-	28,908,431
Allowance for Doubtful Accts.	-	(107,054)	-	-	-	(107,054)
Total Gov't Activities	\$ 887,547	\$ 2,341,222	\$ 4,002,608	\$ 21,570,000	\$ -	\$ 28,801,377
Business-type Activities:						
Public Works	\$ 170,964	\$ -	\$ 6,808	\$ -	\$ -	\$ 177,772
Water District I	60,802	-	46,092	-	-	106,894
Water District II	93,065	-	92,562	-	-	185,627
Total Receivables	324,831	-	145,462	-	-	470,293
Allowance for Doubtful Accts.	(23,888)	-	-	-	-	(23,888)
Total Business-type	\$ 300,943	\$ -	\$ 145,462	\$ -	\$ -	\$ 446,405

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

Governmental Activities:	
Local option sales tax / sales tax refunds	\$ 279,391
Various Grants	3,723,216
Total	<u>\$ 4,002,607</u>
Business-Type Activities:	
Sales and Use Tax	\$ 10,819
City of Laurinburg utility payments	134,643
Total	<u>\$ 145,462</u>

5. Lease Receivable

For the year ended 6/30/2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

On 07/01/2021, Scotland County, NC entered into a 209 month lease as Lessor for the use of South Johnson School. An initial lease receivable was recorded in the amount of \$22,740,000. As of 06/30/2022, the value of the lease receivable is \$21,570,000. The lessee makes variable payments semi-annually. The lease has a variable interest rate between 3.125 - 5%. The value of the deferred inflow of resources as of 06/30/2022 was \$21,440,571, and Scotland County recognized lease revenue of \$2,339,010 during the fiscal year. The lessee has the option to purchase the Land for \$1.00.

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2023	\$ 1,270,000	\$ 978,582	\$ 2,248,582
2024	1,270,000	915,082	2,185,082
2025	1,265,000	851,707	2,116,707
2026	1,270,000	788,332	2,058,332
2027	1,270,000	724,832	1,994,832
2028-2032	6,340,000	2,672,656	9,012,656
2033-2037	6,345,000	1,197,691	7,542,691
2038-2040	2,540,000	88,900	2,628,900
	<u>\$ 21,570,000</u>	<u>\$ 8,217,782</u>	<u>\$ 29,787,782</u>

6. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 562,295	\$ 277,850	\$ (140,390)	\$ 699,755
Construction in Progress	968,966	1,984,986	(808,179)	2,145,773
Total capital assets not being depreciated	<u>1,531,261</u>	<u>2,262,836</u>	<u>(948,569)</u>	<u>2,845,528</u>
Other capital assets:				
Buildings & Improvements	15,730,951	929,573	(109,117)	16,551,407
Equipment & Furniture	3,870,616	387,987	-	4,258,603
Vehicles and motorized equipment	8,424,403	360,035	(277,151)	8,507,287
Total other capital assets at historical cost	<u>28,025,970</u>	<u>1,677,595</u>	<u>(386,268)</u>	<u>29,317,297</u>
Less accumulated depreciation for:				
Buildings & Improvements	7,694,552	609,845	(2,729)	8,301,668
Equipment & Furniture	2,509,612	286,697	-	2,796,309
Vehicles and motorized equipment	4,872,370	665,965	(192,938)	5,345,397
Total accumulated depreciation	<u>15,076,534</u>	<u>\$ 1,562,507</u>	<u>\$ (195,667)</u>	<u>16,443,374</u>
Total capital assets being depreciated, net	<u>12,949,436</u>			<u>12,873,923</u>
Governmental activities capital assets, net	<u>\$ 14,480,697</u>			<u>\$ 15,719,451</u>

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

Governmental Activities	
General government	\$ 199,294
Public Safety	873,537
Central Services	83,826
Human Services	229,459
Economic and Physical Development	7,055
Cultural and Recreational	169,336
	<u>\$ 1,562,507</u>

Business-type activities:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Public Works</u>				
Capital assets not being depreciated:				
Land	\$ 329,590	\$ 22,316	\$ -	\$ 351,906
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	<u>329,590</u>	<u>22,316</u>	<u>-</u>	<u>351,906</u>
Other capital assets:				
Buildings	1,324,936	-	-	1,324,936
Improvements	366,747	-	-	366,747
Equipment and furniture	192,145	25,478	-	217,623
Vehicles and motorized equipment	2,167,268	325,014	(31,329)	2,460,953
Total other capital assets	<u>4,051,096</u>	<u>350,492</u>	<u>(31,329)</u>	<u>4,370,259</u>
Less accumulated depreciation for:				
Buildings	879,267	15,258	-	894,525
Improvements	292,141	7,714	-	299,855
Equipment and furniture	74,632	18,859	-	93,491
Vehicles and motorized equipment	1,240,142	174,380	(31,329)	1,383,193
Total accumulated depreciation	<u>2,486,182</u>	<u>\$ 216,211</u>	<u>\$ (31,329)</u>	<u>2,671,064</u>
Total capital assets being depreciated, net	<u>1,564,914</u>			<u>1,699,195</u>
Total Public Works capital assets, net	<u>\$ 1,894,504</u>			<u>\$ 2,051,101</u>
	Beginning Balances	Increases	Decreases	Ending Balances
<u>Water District I</u>				
Capital assets not being depreciated:				
Construction in Process	\$ -	\$ -	\$ -	\$ -
Total capital assets not being depreciated:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other capital assets:				
Plant & distribution systems	4,774,211	-	-	4,774,211
Furniture and maintenance equipment	8,592	-	-	8,592
Total other capital assets	<u>4,782,803</u>	<u>-</u>	<u>-</u>	<u>4,782,803</u>
Less accumulated depreciation for:				
Plant & distribution systems	2,856,771	126,309	-	2,983,080
Furniture and maintenance equipment	6,801	856	-	7,657
Total accumulated depreciation	<u>2,863,572</u>	<u>\$ 127,165</u>	<u>\$ -</u>	<u>2,990,737</u>
Total capital assets being depreciated, net	<u>1,919,231</u>			<u>1,792,066</u>
Total Water District capital assets, net	<u>\$ 1,919,231</u>			<u>\$ 1,792,066</u>

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Water District II</u>				
Capital assets not being depreciated:				
Construction in Progress	\$ -	\$ 25,807	\$ -	\$ 25,807
Total capital assets not being depreciated	-	25,807	-	25,807
Other capital assets				
Plant & distribution systems	7,600,238	-	-	7,600,238
Total other capital assets	7,600,238	-	-	7,600,238
Less accumulated depreciation for:				
Plant & distribution systems	2,935,203	201,280	-	3,136,483
Total accumulated depreciation	2,935,203	\$ 201,280	\$ -	3,136,483
Total capital assets being depreciated, net	4,665,035			4,463,755
Total Water District II Capital Assets, net	\$ 4,665,035			\$ 4,489,562
Business-type activities capital assets, net	\$ 8,478,770			\$ 8,332,729

Construction Commitments

The government has active construction projects as of June 30, 2022. The projects include the Laurel Hill Community Center project, the I.E. Johnson Rehabilitation Project and water improvement projects. At June 30, 2022, the government's commitments with contractors are as follows:

Project	Spent-to-Date	Remining Commitment
Water Improvement Project	\$ 24,402	\$ 1,498
IE Johnson Rehab Project	10,000	50,000
Laurel Hill Community Center - Hoss Contracting	1,647,396	1,051,254
Laurel Hill Community Center - Oakley Collier Architects	170,413	9,587
	\$ 1,852,211	\$ 1,112,339

Discretely presented component unit

Activity for the ABC Board for the year ended June 30, 2022 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	17,963	-	259,043
Furniture & equipment	34,682	-	-	34,682
Total capital assets being depreciated	275,762	17,963	-	293,725
Less accumulated depreciation for:				
Buildings	136,967	7,456	-	144,423
Furniture & equipment	24,673	1,787	-	26,460
Total accumulated depreciation	161,640	\$ 9,243	\$ -	170,883
Total capital assets being depreciated, net	114,122			122,842
Capital assets, net	\$ 133,122			\$ 141,842

Activity for the Scotland County Historic Properties Commission for the year ended June 30, 2022 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	602,883	-	-	602,883
Furniture & equipment	247,256	-	-	247,256
Total capital assets being depreciated	850,139	-	-	850,139
Less accumulated depreciation for:				
Buildings	319,051	14,657	-	333,708
Furniture & equipment	194,355	7,776	-	202,131
Total accumulated depreciation	513,406	\$ 22,433	\$ -	535,839
Total capital assets being depreciated, net	336,733			314,300
Capital assets, net	\$ 557,786			\$ 535,353

Activity for the Scotland County Economic Development Corporation for the year ended June 30, 2022 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 1,939,345	\$ -	\$ (379,379)	\$ 1,559,966
Construction in progress	196,237	24,423	-	220,660
Total capital assets not being depreciated	2,135,582	24,423	(379,379)	1,780,626
Capital assets being depreciated:				
Buildings	2,819,537	571,745	-	3,391,282
Furniture & equipment	19,903	-	-	19,903
Total capital assets being depreciated	2,839,440	571,745	-	3,411,185
Less accumulated depreciation for:				
Buildings	370,152	90,749	-	460,901
Furniture & equipment	19,903	-	-	19,903
Total accumulated depreciation	390,055	\$ 90,749	\$ -	480,804
Total capital assets being depreciated, net	2,449,385			2,930,381
Capital assets, net	\$ 4,584,967			\$ 4,711,007

Activity for the Tourism Development Corporation for the year ended June 30, 2022 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Improvements other than buildings	\$ 135,522	\$ -	\$ -	\$ 135,522
Computer software - website design	34,570	-	(14,570)	20,000
Total capital assets being depreciated	170,092	-	(14,570)	155,522
Less accumulated depreciation for:				
Improvements other than buildings	20,328	9,035	-	29,363
Computer software - website design	-	333	-	333
Total accumulated depreciation	20,328	\$ 9,368	\$ -	29,696
Total capital assets being depreciated, net	149,764			125,826
Capital assets, net	\$ 149,764			\$ 125,826

7. Right to Use Leased Assets

The County has recorded eighteen right to use leased assets. The assets are right to use assets for leased equipment. The related leases are discussed in the Leases subsection of the Long-term obligations section of this note. The right to use lease assets are amortized on a straight-line basis over the terms of the related leases.

	Beginning Balances	Increases	Decreases	Ending Balances
Right to use assets				
Leased equipment	\$ -	\$ 181,242	\$ -	\$ 181,242
Total right to use assets	-	181,242	-	181,242
Less accumulated amortization for:				
Leased equipment	-	61,842	-	61,842
Total accumulated amortization	-	\$ 61,842	\$ -	61,842
Right to use assets, net	\$ -			\$ 119,400

B. Liabilities

1. Payables

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

	Vendors	Salaries and Benefits	Other	Total
Governmental Activities:				
General	\$ 1,110,913	\$ 926,210	\$ -	\$ 2,037,123
Other Governmental	310,432	-	28,279	338,711
Total Governmental Activities	\$ 1,421,345	\$ 926,210	\$ 28,279	\$ 2,375,834
Business-Type Activities				
Public Works	\$ 92,755	\$ 29,116	\$ -	\$ 121,871
Water District I	30,575	-	-	30,575
Water District II	76,998	-	-	76,998
Total Business-Type Activities	\$ 200,328	\$ 29,116	\$ -	\$ 229,444

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

Contributions . Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2022, was 12.04% of compensation for law enforcement officers and 11.42% 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 \$1,644,660 for the year ended June 30, 2022.

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

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

At June 30, 2022, the County reported a liability of \$2,906,318 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2021, the County's proportion was .190%, which was an increase of .0065% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the County recognized pension expense of \$1,358,823. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 924,604	\$ -
Changes of assumptions	1,825,910	-
Net difference between projected and actual earnings on pension plan investments	-	4,152,255
Changes in proportion and differences between County Contributions and County contributions subsequent to the measurement date	212,385 1,644,660	- -
Total	<u>\$ 4,607,559</u>	<u>\$ 4,152,255</u>

\$1,644,660 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 liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2023	\$ 362,327
2024	(3,606)
2025	(277,462)
2026	(1,270,615)
2027	-
Thereafter	-
Total	<u>\$ (1,189,356)</u>

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

Inflation	2.50 Percent
Salary Increases	3.25% to 8.25%, which includes 3.25% inflation and productivity factor
Investment Rate of Return	6.50 percent, net of pension plan investment expense, including inflation

The plan actuary currently uses mortality rates based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table that vary by age, gender, employee group (i.e. general, law enforcement) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real</u>
Fixed Income	29%	1.4%
Global Equity	42%	5.3%
Real Estate	8%	4.3%
Alternatives	8%	8.9%
Credit	7%	6.0%
Inflation Protection	6%	4.0%
	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2020 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 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension 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 6.50 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 (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease <u>(5.50%)</u>	Discount Rate <u>(6.50%)</u>	1% Increase <u>(7.500%)</u>
County's proportionate share of the net pension liability (asset)	\$ 11,282,084	\$ 2,906,318	\$ (3,986,451)

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 5 or more years of creditable service. The Separation allowance is equal to 0.85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2020, the Separation Allowance's membership consisted of:

Retirees receiving benefits	6
Active plan members	36
Total	<u>42</u>

A separate report was not issued for the plan.

Summary of Significant Accounting Policies:

Basis of Accounting

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

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

Actuarial Assumptions

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

Inflation	2.50 percent
Salary increases	3.254% per annum.
Discount rate	6.50% per annum, compounded annually

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2021.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ending December 31, 2014.

Mortality Rate

Deaths After Retirement (Healthy): Mortality rates are based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table. The RP-2014 annuitant tables have no rates prior to age 50. The RP-2014 Total Data Set Employee Mortality Table is used for ages less than 50.

Deaths After Retirement (Disabled): Mortality rates are based on the RP-2014 Total Data Set for Disabled Annuitants Mortality Table. Rates for male members are multiplied by 103% for all ages. Rates for female members are multiplied by 99% for all ages.

Deaths Before Retirement: Mortality rates are based on the RP-2014 Total Data Set Employee Mortality table.

Mortality Projection: All mortality rates are projected from 2014 using generational improvement with Scale MP-2015.

Contributions

The County is required by article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administrative costs of the Separation Allowance are financed through investment earnings. The County paid \$73,964 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, 2022, the County reported a total pension liability of \$1,564,850. The total pension liability was measured as of December 31, 2021 based on a December 31, 2020 actuarial valuation. The total pension liability was rolled forward to December 31, 2021 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the County recognized pension expense of \$98,177.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 104,630	\$ 31,813
Changes of assumptions	152,926	25,774
County benefit payments and plan administrative expense made subsequent to the measurement date	35,658	-
Total	<u>\$ 293,214</u>	<u>\$ 57,587</u>

The County paid \$35,658 in benefit payments 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, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ 48,553
2024	45,482
2025	55,097
2026	46,826
2027	4,011
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 2.25%, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.25%) and 1-percentage point higher (3.25%) than the current rate:

	1% Decrease (1.25%)	Discount Rate (2.25%)	1% Increase (3.25%)
Total pension liability	\$ 1,004,538	\$ 923,708	\$ 850,452

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

	<u>2022</u>
Beginning balance	\$ 871,884
Service Cost	67,103
Interest on the total pension liability	16,114
Changes of benefit terms	-
Differences between expected and actual experience	67,585
Changes in assumptions or other inputs	(25,014)
Benefit payments	(73,964)
Other changes	-
Ending balance of the total pension liability	<u>\$ 923,708</u>

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

Changes in Benefit Terms. Reported compensation adjusted to reflect the assumed rate of pay as of the valuation date.

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, 2020 valuation were based on the results of an actuarial experience study as of December 31, 2014.

C. Supplemental Retirement Income Plan 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, 141 O 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 \$85,031 for the reporting year. No amounts were forfeited.

Supplemental Retirement Income Plan for Employees Other than Law Enforcement Officers

Plan Description - 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, 2022, 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, 2022 were \$503,628, which consisted of \$244,916 from the County and \$258,712 from the employees. The County's contributions and the employees' voluntary contributions represented 14.60 percent and 15.42 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, 2022, 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, 2022 was \$32,159.

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 \$3,099 for the year ended June 30, 2022.

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

At June 30, 2022, the County reported an asset of \$47,101 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension 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, 2021, the County's proportion was .245%, which was a decrease of .0248% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the County recognized pension expense of \$4,960. 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 Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 503	\$ 571
Changes of assumptions	3,435	-
Net difference between projected and actual earnings on pension plan	-	145
Changes in proportion and differences between County Contributions and County contributions subsequent to the measurement date	3,797	6
	3,099	-
Total	<u>\$ 10,834</u>	<u>\$ 722</u>

\$3,099 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 pensions will be recognized in pension expense as follows:

Year Ended June 30:

2023	\$ 3,441
2024	2,583
2025	(110)
2026	1,099
2027	-
Thereafter	-
Total	<u>\$ 7,013</u>

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

Inflation	2.50 Percent
Salary Increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment Rate of Return	3.00 percent, net of pension plan investment expense, including inflation

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 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, 2022 is 1.4%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2022 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 3.00%. 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 3.00 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 (2.00 percent) or 1-percentage-point higher (4.00 percent) than the current rate:

	1% Decrease <u>(2.00%)</u>	Discount Rate <u>(3.00%)</u>	1% Increase <u>(4.00%)</u>
County's proportionate share of the net pension liability (asset)	\$ (37,412)	\$ (47,101)	\$ (55,242)

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.

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

The net pension liability for LGERS and ROD was measured as of June 30, 2021, 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, 2021, with an actuarial valuation date of December 31, 2020.

The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate share of the Net Pension Liability (Asset)	\$ 2,906,318	\$ (47,101)	\$ -	\$ 2,859,217
Proportion of the Net Pension Liability (Asset)	0.190%	0.245%	n/a	
Total Pension Liability	-	-	923,708	923,708
Pension Expense	1,358,823	4,960	98,177	1,461,960
<u>Deferred Outflows of Resources</u>				
Differences between expected and actual experience	924,604	503	104,630	1,029,737
Changes of assumptions	1,825,910	3,435	152,926	1,982,271
Net difference between project and actual earnings on plan investments	-	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	212,385	3,797	-	216,182
Benefit payments and administrative costs paid subsequent to the measurement date	1,644,660	3,099	35,658	1,683,417
<u>Deferred Inflows of Resources</u>				
Difference between expected and actual experience	-	571	31,813	32,384
Changes of assumptions	-	-	25,774	25,774
Net difference between projected and actual earnings on plan investments	4,152,255	145	-	4,152,400
Changes in proportion and differences between contributions and proportionate share of contributions	-	6	-	6

G. Other Postemployment 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, 2021, the HCB Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	142
Inactive plan members entitled to but not yet receiving benefit payments	-
Active Plan members	<u>316</u>
Total	<u><u>458</u></u>

Total OPEB Liability

The County's total OPEB liability of \$27,201,623 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

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

Inflation	2.50%
Salary increases, including wage inflation	
General Employees	3.25% - 8.41%
Law Enforcement	3.50% - 7.90%
Municipal Bond Index Rate	
Prior Measurement Date	2.21%
Measurement Date	2.16%
Health Care Cost Trends	
Pre-Medicare	7.0% for 2021 decreasing to an ultimate rate of 4.50% by 2031
Medicare	5.125% for 2021 decreasing to an ultimate rate of 4.50% by 2024

The discount rate is based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2021	\$ 25,623,412
Changes for the year	
Service Cost	521,765
Interest	568,971
Change in benefit terms	-
Difference between expected and actual experience	471,390
Changes in assumptions or other inputs	820,213
Benefit payments	<u>(804,128)</u>
Net changes	<u>1,578,211</u>
Balance at June 30, 2022	<u>\$ 27,201,623</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 2.21% to 2.16%.

Mortality rates were based on the Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019, adopted by the LGERS Board.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2021 valuation were based on a review of recent plan experience performed concurrently with the June 30, 2021 valuation.

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 (1.16%) or 1-percentage-point higher (3.16%) than the current discount rate:

	<u>1% Decrease (1.16%)</u>	<u>Discount Rate (2.16%)</u>	<u>1% Increase (3.16%)</u>
Total OPEB Liability	\$ 31,986,017	\$ 27,201,623	\$ 23,415,198

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 is 1-percentage-point lower or 1-percentage-point higher than the healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 23,450,130	\$ 27,201,623	\$ 31,896,902

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

For the year ended June 30, 2022, the County recognized OPEB expense of \$1,003,181. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows 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	\$ 498,409	\$ 1,575,479
Changes of assumptions	3,755,618	894,839
Benefit payments and administrative costs made subsequent to the measurement date	794,585	-
Total	<u>\$ 5,048,612</u>	<u>\$ 2,470,318</u>

\$794,585 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ (63,355)
2024	179,060
2025	390,982
2026	684,939
2027	522,817
Thereafter	69,265

H. 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 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 established for employees not engaged in laws enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

3. Closure and Post closure 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 \$2,548,552 reported as landfill closure and postclosure care liability at June 30, 2022 represents a cumulative amount reported to-date based on the use of 55.5% of the total estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$2,043,439 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 2022. 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

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Pensions - difference between expected and actual experience		
LGERS	\$ 924,604	\$ -
Register of Deeds	503	571
LEOSSA	104,630	31,813
OPEB	498,409	1,575,479
Changes of Assumptions		
LGERS	1,825,910	-
Register of Deeds	3,435	-
LEOSSA	152,926	25,774
OPEB	3,755,618	894,839
Pensions - difference between projected and actual investment		
LGERS	-	4,152,255
Register of Deeds	-	145
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions		
LGERS	212,385	-
Register of Deeds	3,797	6
Contributions to pension plan in current fiscal year		
LGERS	1,644,660	-
Register of Deeds	3,099	-
Benefit payments/administration costs paid subsequent to the measurement date		
LEOSSA	35,658	-
OPEB	794,585	-
Prepaid taxes (General)	-	46,587
Lease receivable (General)	-	21,440,571
Opioid Settlement	-	-
Government-wide deferred outflows and inflows of resources	<u>\$ 9,960,219</u>	<u>\$ 28,168,040</u>
Prepaid taxes (General)	\$ -	\$ 46,587
Taxes receivable, net (General)	-	2,086,443
Lease receivable (General)	-	21,440,571
Governmental Fund deferred outflows and inflows of resources	<u>\$ -</u>	<u>\$ 23,573,601</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 \$100,000.

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

7. Long-Term Obligations

A. Leases

For the year ended 6/30/2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

On 07/01/2021, Scotland County, NC entered into a 43 month lease as Lessee for the use of DSS Printers 006. An initial lease liability was recorded in the amount of \$2,114. As of 06/30/2022, the value of the lease liability is \$1,531. Scotland County is required to make monthly fixed payments of \$50. The lease has an interest rate of 1.0110%. The value of the right to use asset as of 06/30/2022 of \$2,114 with accumulated amortization of \$583 is included with Equipment on the Lease Class activities table found below.

On 07/01/2021, Scotland County, NC entered into a 17 month lease as Lessee for the use of Postage Machine - Social Services. An initial lease liability was recorded in the amount of \$7,177. As of 06/30/2022, the value of the lease liability is \$1,438. Scotland County is required to make quarterly fixed payments of \$1,440. The lease has an interest rate of 0.4660%. The value of the right to use asset as of 06/30/2022 of \$7,177 with accumulated amortization of \$5,027 is included with Equipment on the Lease Class activities table found below.

On 07/01/2021, Scotland County, NC entered into a 37 month lease as Lessee for the use of Kyocera Copier - Health Dept. An initial lease liability was recorded in the amount of \$15,789. As of 06/30/2022, the value of the lease liability is \$10,842. Scotland County is required to make monthly fixed payments of \$421. The lease has an interest rate of 0.8450%. The value of the right to use asset as of 06/30/2022 of \$15,789 with accumulated amortization of \$5,052 is included with Equipment on the Lease Class activities table found below.

On 07/01/2021, Scotland County, NC entered into a 37 month lease as Lessee for the use of Kyocera Copier - Parks and Recreation Dept. An initial lease liability was recorded in the amount of \$8,194. As of 06/30/2022, the value of the lease liability is \$5,627. Scotland County is required to make monthly fixed payments of \$219. The lease has an interest rate of 0.8450%. The value of the right to use asset as of 06/30/2022 of \$8,194 with accumulated amortization of \$2,627 is included with Equipment on the Lease Class activities table found below.

On 07/01/2021, Scotland County, NC entered into a 51 month lease as Lessee for the use of Kyocera Copier - Sheriff Dept. An initial lease liability was recorded in the amount of \$54,561. As of 06/30/2022, the value of the lease liability is \$41,927. Scotland County is required to make monthly fixed payments of \$1,093. The lease has an interest rate of 1.0110%. The value of the right to use asset as of 06/30/2022 of \$54,561 with accumulated amortization of \$12,713 is included with Equipment on the Lease Class activities table found below.

On 07/01/2021, Scotland County, NC entered into a 31 month lease as Lessee for the use of Postage Machine - Parks & Rec. An initial lease liability was recorded in the amount of \$1,128. As of 06/30/2022, the value of the lease liability is \$679. Scotland County is required to make quarterly fixed payments of \$114. The lease has an interest rate of 0.8450%. The value of the right to use asset as of 06/30/2022 of \$1,128 with accumulated amortization of \$426 is included with Equipment on the Lease Class activities table found below.

On 07/01/2021, Scotland County, NC entered into a 43 month lease as Lessee for the use of Kyocera Copiers - DSS/SCATS. An initial lease liability was recorded in the amount of \$2,798. As of 06/30/2022, the value of the lease liability is \$2,026. Scotland County is required to make monthly fixed payments of \$66. The lease has an interest rate of 1.0110%. The value of the right to use asset as of 06/30/2022 of \$2,798 with accumulated amortization of \$773 is included with Equipment on the Lease Class activities table found below.

On 07/01/2021, Scotland County, NC entered into a 38 month lease as Lessee for the use of Postage Machine - Health Dept. An initial lease liability was recorded in the amount of \$1,652. As of 06/30/2022, the value of the lease liability is \$1,106. Scotland County is required to make quarterly fixed payments of \$140. The lease has an interest rate of 0.8450%. The value of the right to use asset as of 06/30/2022 of \$1,652 with accumulated amortization of \$512 is included with Equipment on the Lease Class activities table found below.

On 07/01/2021, Scotland County, NC entered into a 56 month lease as Lessee for the use of Postage Machine - Sheriff's Office. An initial lease liability was recorded in the amount of \$3,422. As of 06/30/2022, the value of the lease liability is \$2,676. Scotland County is required to make quarterly fixed payments of \$195. The lease has an interest rate of 1.1770%. The value of the right to use asset as of 06/30/2022 of \$3,422 with accumulated amortization of \$723 is included with Equipment on the Lease Class activities table found below.

On 01/17/2022, Scotland County, NC entered into a 60 month lease as Lessee for the use of Kyocera Copiers - Tax. An initial lease liability was recorded in the amount of \$6,155. As of 06/30/2022, the value of the lease liability is \$5,658. Scotland County is required to make monthly fixed payments of \$107. The lease has an interest rate of 1.6990%. The value of the right to use asset as of 06/30/2022 of \$6,155 with accumulated amortization of \$561 is included with Equipment on the Lease Class activities table found below.

On 07/01/2021, Scotland County, NC entered into a 15 month lease as Lessee for the use of DSS Printers 002 & 003. An initial lease liability was recorded in the amount of \$32,248. As of 06/30/2022, the value of the lease liability is \$8,079. Scotland County is required to make monthly fixed payments of \$2,022. The lease has an interest rate of 0.4660%. The value of the right to use asset as of 06/30/2022 of \$32,248 with accumulated amortization of \$24,967 is included with Equipment on the Lease Class activities table found below.

On 07/01/2021, Scotland County, NC entered into a 37 month lease as Lessee for the use of Kyocera Copier - Edwin Morgan Center Machine. An initial lease liability was recorded in the amount of \$3,761. As of 06/30/2022, the value of the lease liability is \$2,552. Scotland County is required to make monthly fixed payments of \$103. The lease has an interest rate of 0.8450%. The value of the right to use asset as of 06/30/2022 of \$3,761 with accumulated amortization of \$1,203 is included with Equipment on the Lease Class activities table found below.

On 10/16/2021, Scotland County, NC entered into a 60 month lease as Lessee for the use of DSS Printers 009. An initial lease liability was recorded in the amount of \$4,002. As of 06/30/2022, the value of the lease liability is \$3,479. Scotland County is required to make monthly fixed payments of \$68. The lease has an interest rate of 1.0110%. The value of the right to use asset as of 06/30/2022 of \$4,002 with accumulated amortization of \$567 is included with Equipment on the Lease Class activities table found below.

On 01/25/2022, Scotland County, NC entered into a 60 month lease as Lessee for the use of Kyocera Copier - Finance. An initial lease liability was recorded in the amount of \$14,841. As of 06/30/2022, the value of the lease liability is \$13,637. Scotland County is required to make monthly fixed payments of \$258. The lease has an interest rate of 1.7060%. The value of the right to use asset as of 06/30/2022 of \$14,841 with accumulated amortization of \$1,293 is included with Equipment on the Lease Class activities table found below.

On 07/01/2021, Scotland County, NC entered into a 45 month lease as Lessee for the use of DSS Printers 007. An initial lease liability was recorded in the amount of \$7,919. As of 06/30/2022, the value of the lease liability is \$5,878. Scotland County is required to make monthly fixed payments of \$175. The lease has an interest rate of 1.0110%. The value of the right to use asset as of 06/30/2022 of \$7,919 with accumulated amortization of \$2,088 is included with Equipment on the Lease Class activities table found below.

On 07/16/2021, Scotland County, NC entered into a 60 month lease as Lessee for the use of DSS Printers 008. An initial lease liability was recorded in the amount of \$3,866. As of 06/30/2022, the value of the lease liability is \$3,171. Scotland County is required to make monthly fixed payments of \$66. The lease has an interest rate of 1.0980%. The value of the right to use asset as of 06/30/2022 of \$3,866 with accumulated amortization of \$741 is included with Equipment on the Lease Class activities table found below.

On 07/01/2021, Scotland County, NC entered into a 15 month lease as Lessee for the use of DSS Printers 004. An initial lease liability was recorded in the amount of \$2,398. As of 06/30/2022, the value of the lease liability is \$601. Scotland County is required to make monthly fixed payments of \$150. The lease has an interest rate of 0.4660%. The value of the right to use asset as of 06/30/2022 of \$2,398 with accumulated amortization of \$1,857 is included with Equipment on the Lease Class activities table found below.

On 06/06/2022, Scotland County, NC entered into a 60 month lease as Lessee for the use of Kyocera Copier - Register of Deeds. An initial lease liability was recorded in the amount of \$9,216. As of 06/30/2022, the value of the lease liability is \$9,216. Scotland County is required to make monthly fixed payments of \$165. The lease has an interest rate of 2.8680%. The value of the right to use asset as of 06/30/2022 of \$9,216 with accumulated amortization of \$128 is included with Equipment on the Lease Class activities table found below.

Principal and Interest Requirements to Maturity

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2023	\$ 44,210	\$ 1,219	\$ 45,429
2024	34,253	819	35,072
2025	25,375	451	25,826
2026	11,457	188	11,645
2027	4,829	46	4,875
	<u>\$ 120,124</u>	<u>\$ 2,723</u>	<u>\$ 122,847</u>

B. Installment Purchases

Serviced by the General Fund:

\$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.	<u>\$ 790,578</u>
Total serviced by the General Fund	<u>\$ 790,578</u>

Year Ending June 30	Governmental Activities	
	Principal	Interest
2023	\$ 65,120	\$ 29,647
2024	70,148	27,205
2025	75,434	24,574
2026	80,990	21,745
2027	86,828	18,708
2028-2032	412,058	39,915
Total	<u>\$ 790,578</u>	<u>\$ 161,794</u>

C. Limited Obligation Bonds

All general obligation bonds serviced by the County’s General Fund are collateralized by the full faith, credit, and taxing power of the County. The County’s Water Districts issue general obligation bonds to provide funds for the acquisition and construction of major water system capital improvements. These bonds, which are recorded in the Water Districts’ funds, are collateralized by the full faith, credit, and taxing power of the District. Principal and interest payments are appropriated when due.

The County's limited obligation bonds payable at June 30, 2022 are comprised of the following individual issues:

Serviced by the General Fund:

\$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 I, 2037. Interest rates vary from 3.00% to 5.00%.	\$ 11,590,000
\$2,240,000 Morgan Center Renovation First payment due December 1, 2018 in installments of \$110,000 to \$115,000 through December I, 2037. Interest rates vary from 3.00% to 5.00%.	1,780,000
\$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%.	<u>21,570,000</u>
Total serviced by the General Fund	<u>\$ 34,940,000</u>

Serviced by the Water Districts:

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%.	\$ 4,685,000
Total Serviced by the Water Districts	<u>\$ 4,685,000</u>

Total Limited Obligation Bonds	<u>\$ 39,625,000</u>
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Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 2,205,000	\$ 1,596,884	\$ 170,000	\$ 193,731
2024	2,200,000	1,484,317	170,000	185,231
2025	2,195,000	1,371,812	180,000	176,481
2026	2,200,000	1,259,108	190,000	167,231
2027	2,205,000	1,145,946	205,000	157,356
2028-2032	10,380,000	4,086,477	1,150,000	621,906
2033-2037	10,240,000	1,664,234	1,340,000	332,797
2038-2042	3,315,000	101,978	1,075,000	125,128
2043-2047	-	-	205,000	3,459
2048-2052	-	-	-	-
Total	<u>\$ 34,940,000</u>	<u>\$ 12,710,756</u>	<u>\$ 4,685,000</u>	<u>\$ 1,963,320</u>

At June 30, 2022, Scotland County had a legal debt margin of \$154,575,906.

Debt Related to Capital Activities - Of the total Governmental Activities debt listed, \$790,578 relates to assets the County holds title.

In the fiscal year 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 District I and II were refinancing - refunding agreements. Details of the bond issuance are as follows:

	School Project 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	1,936,775	300,641	190,160	331,199	2,758,775
	<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 the fiscal year 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	2,937,818
	<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 issuance 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	100,835	39,464	25,991	11,301	12,279	189,870
Current amortization	113,594	112,893	16,128	7,713	22,486	272,814
Ending accumulated amortization	214,429	152,357	42,119	19,014	34,765	462,684
Net bond premium	<u>\$ 1,722,346</u>	<u>\$ 2,785,461</u>	<u>\$ 258,522</u>	<u>\$ 171,146</u>	<u>\$ 296,434</u>	<u>\$ 5,233,909</u>

D. Long-Term Obligation Activity:

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

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental Activities:					
Direct Placement Installment Purchase	\$ 1,425,918	\$ -	\$ 635,340	\$ 790,578	\$ 65,120
Limited Obligation Debt	37,035,000	-	2,095,000	34,940,000	2,205,000
Lease liabilities	-	181,242	61,118	120,124	44,210
Unamortized premium	5,008,944	-	242,615	4,766,329	-
Compensated Absences	1,008,656	94,426	-	1,103,082	-
Total OPEB Liability	24,880,336	1,532,440	-	26,412,776	-
Net Pension Liability (LERS)	6,273,335	-	3,483,270	2,790,065	-
Total Pension Liability (LEOSSA)	871,884	51,824	-	923,708	-
Total Governmental Activities	<u>\$ 76,504,073</u>	<u>\$ 1,859,932</u>	<u>\$ 6,517,343</u>	<u>\$ 71,846,662</u>	<u>\$ 2,314,330</u>

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Business-type Activities:					
Water Districts:					
Limited Obligation Bonds	\$ 4,840,000	\$ -	\$ 155,000	\$ 4,685,000	\$ 170,000
Unamortized Premium	497,779	-	30,198	467,581	-
Net Pension Liability (LGERS)	65,347	-	36,284	29,063	-
Net OPEB Liability	237,068	14,601	-	251,669	-
Total Water Districts	5,640,194	14,601	221,482	5,433,313	170,000
Public Works:					
Accrued landfill closure and postclosure care costs	2,535,760	12,792	-	2,548,552	-
Compensated absences	42,091	1,768	-	43,859	-
Net Pension Liability (LGERS)	196,041	-	108,851	87,190	-
Net OPEB Liability	506,009	31,167	-	537,176	-
Total Public Works	3,279,901	45,727	108,851	3,216,777	-
Total business-type activities	\$ 8,920,095	\$ 60,328	\$ 330,333	\$ 8,650,090	\$ 170,000

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.

E. Interfund Balances and Activity

Interfund receivables/payables at June 30, 2022, consist of the following:

Payable from American Rescue Plan Act Fund to General Fund for premiums.	\$ 187,931
Total Interfund balances	\$ 187,931

Transfers to/from other funds at June 30, 2022, consist of the following:

Transfer from General fund to Water District I and Water District II for Bond Interest Expense.	\$ 98,991
Transfer from the General fund to the ROD Automation Fund for funds not spent on automation.*	10,390
Transfer from General Fund to Capital Project - Technology Fund to cover Munis implementation.	10,000
Transfer from the Capital Reserve Fund to the Emergency Telephone Fund for tower project.	272,583
Transfer from New Elementary School Bond Fund to the School Fund (shown in the General Fund) to service new elementary school bond debt.	64,787
Transfer from the School Wings Bond Fund to the General Fund to service School Wings Bond Fund debt.	450,791
Transfer from the School Wings Bond Fund to the Water District I Fund to service School Wings Bond Fund debt.	26,841
Transfer from the School Wings Bond Fund to the Water District II Fund to service School Wings Bond Fund debt.	76,025
Transfer from Water District I Fund to the School Wings Bond Fund to transfer unspent bond funds.	452
Transfer from Water District II Fund to the School Wings Bond Fund to transfer unspent bond funds.	2,192

Transfer from the School Wings Bond Fund to the General Fund to service School Wings Bond Fund debt.	43,388
Transfer from Canteen Fund to the General Fund to cover jail expenses. *	23,000
Transfer from Inmate Trust Fund to the Canteen Fund due to closure of bank account.	29,100
Total Transfers	<u>\$ 1,108,540</u>

* These transfers are not shown on the face of the financial statements because the funds are consolidated into one fund for presentation purposes.

F. Net Investment in Capital Assets

	<u>Governmental</u>	<u>Business-type</u>
Capital & Right to Use Assets	\$ 15,838,851	\$ 8,332,729
less: long-term debt	(790,578)	(4,685,000)
less: lease payable	(120,124)	-
less: bond premium	-	(467,581)
add: unexpended debt proceeds	-	-
Net investment in capital assets	<u>\$ 14,928,149</u>	<u>\$ 3,180,148</u>

G. 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 appropriations:

Total Fund Balance - General Fund	\$ 17,378,207
Less:	
Nonspendable	222,274
Stabilization by State Statute	4,932,226
Tax Revaluation	376,099
Appropriated Fund Balance in 2022-2023 Budget	2,149,291
Remaining Fund Balance	<u>\$ 9,698,317</u>

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.

The County had no outstanding encumbrances at June 30, 2022.

NOTE 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 \$32,985 to the Council during the fiscal year ended June 30, 2022.

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, 2022, Scotland County approved and paid the sum of \$440,973 to Richmond Community College.

NOTE V: Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

NOTE VI: Subsequent Events

Management has evaluated subsequent events through March 17, 2023, the date which the financial statements were available to be issued.

Scotland County was awarded \$2,200,000 in NC State Capital Infrastructure Funds in January 2023.

Laurel Hill Community Center was completed and opened to the public in November 2022.

The County is upgrading the public safety communications tower. The VIPER radio system along with the handheld radios will give all members of public safety better communication with each other countywide.

The Fire Districts are purchasing the last few pumper tankers for the volunteer fire departments.

NOTE VII: Prior Period Adjustments

Prior Period Adjustments were made to the General Fund, Revaluation Fund, Fire Service District Fund, Municipal Tax Fund, Public Works Fund, and Water District I & II Funds for \$1,241,563, (\$376,100), \$40,084, \$64,502, (\$353,649), (\$4,253), (\$12,048) respectively. Adjustments to the General Fund were to record June 2021 local option sales tax receivable for which increased fund balance by \$865,463 and reclass the tax revaluation fund which increased fund balance by \$376,100 (this was offset by a decrease in the Revaluation Fund). Adjustments to the Fire Service District Fund were to record June 2021 local option sale tax receivable of \$40,084. The adjustment to the Municipal Tax Fund was to record the net of taxes receivable and allowance for doubtful accounts as of June 30, 2021. The adjustment to the Public Works Fund was to increase the Postclosure Landfill Liability by \$353,649. Adjustments to Water District I & II funds were to accrue interest payable which decreased fund balance by \$4,253 and \$12,048 respectively. In addition to the \$905,547 increase in fund balance on the government fund statements this was also reflected on the government-wide statements. The governmental activities also reflected a decrease in beginning fund balance of \$157,392 to accrue interest payable as of June 30, 2021.

NOTE VIII: Restatement due to change in Accounting Principle

The County implemented GASB 87 "Leases" during the fiscal year which required a restatement of (\$22,740,000) in the government-wide activities to remove the lease receivable as this would get recreated as of July 1, 2021 on the individual fund statement.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

~ Schedule of County's Proportionate Share of Net Pension Liability for Local Government Employees' Retirement System

~ Schedule of County 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 Changes in the Total OPEB Liabilities

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

	2022	2021	2020	2019	2018
County's proportion of the net pension liability (asset) (%)	0.190%	0.183%	0.177%	0.175%	0.175%
County's proportion of the net pension liability (asset) (\$)	2,906,318	6,534,724	4,845,202	4,149,226	2,679,932
County's covered payroll	13,920,562	14,885,988	12,800,516	12,139,104	11,308,290
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	20.88%	46.94%	36.90%	32.41%	22.08%
Plan fiduciary net position as a percentage of the total pension liability**	95.51%	91.63%	94.18%	91.47%	98.09%
	2017	2016	2015	2014	
County's proportion of the net pension liability (asset) (%)	0.178%	0.175%	0.165%	0.167%	
County's proportion of the net pension liability (asset) (\$)	3,772,875	784,446	(971,567)	(984,463)	
County's covered payroll	10,975,089	10,411,622	9,916,166	9,916,166	
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	34.37%	7.58%	-9.36%	-9.93%	
Plan fiduciary net position as a percentage of the total pension liability**	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.

*This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 1,644,660	\$ 1,412,937	\$ 1,190,879	\$ 992,040	\$ 910,433
Contributions in relation to the contractually required contribution	1,644,660	1,412,937	1,190,879	992,040	910,433
Contribution deficiency (excess)	<u>\$ -</u>				
County's covered-employee payroll	\$ 14,308,676	\$ 13,920,562	\$ 14,885,988	\$ 12,800,516	\$ 12,139,104
Contributions as a percentage of covered-employee payroll	11.49%	10.15%	8.00%	7.75%	7.50%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	
Contractually required contribution	\$ 839,797	\$ 756,313	\$ 740,748	\$ 703,825	
Contributions in relation to the contractually required contribution	839,797	756,313	740,748	703,825	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
County's covered-employee payroll	\$ 11,308,290	\$ 10,975,089	\$ 10,411,622	\$ 9,916,166	
Contributions as a percentage of covered-employee payroll	7.42%	6.89%	7.11%	7.10%	

*This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Scotland County, North Carolina

Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)

Register of Deeds' Supplemental Pension Fund

Last Nine Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
County's proportionate share of the net pension liability (asset) %	0.245%	0.270%	0.270%	0.279%	-0.293%
County's proportionate share of the net pension liability (asset) \$	\$ (47,101)	\$ (61,833)	\$ (53,246)	\$ (46,145)	\$ (50,087)
Plan fiduciary net position as a percentage of the total pension liability	156.53%	153.31%	153.77%	160.17%	197.29%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	
County's proportionate share of the net pension liability (asset) %	0.309%	0.284%	0.283%	0.283%	
County's proportionate share of the net pension liability (asset) \$	\$ (57,690)	\$ (65,914)	\$ (64,090)	\$ (57,219)	
Plan fiduciary net position as a percentage of the total pension liability	193.88%	190.50%	188.75%	189.65%	

The amounts presented for the fiscal year were determined as of June 30.

*This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Scotland County, North Carolina
Schedule of County Contributions
Register of Deeds' Supplemental Pension Fund
Last Eight Fiscal Years*

	2022	2021	2020	2019
County's required contribution	\$ 3,099	\$ 2,942	\$ 2,583	\$ 2,782
Contributions in relation to contractually required contribution	3,099	2,942	2,583	2,782
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 64,646	\$ 63,269	\$ 59,094	\$ 56,511
Contributions as a percentage of covered-employee payroll	4.79%	4.65%	4.37%	4.92%
	2018	2017	2016	2015
County's required contribution	\$ 2,384	\$ 2,550	\$ 2,494	\$ 2,071
Contributions in relation to contractually required contribution	2,384	2,550	2,494	2,071
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 55,902	\$ 54,027	\$ 56,824	\$ 50,177
Contributions as a percentage of covered-employee payroll	4.26%	4.72%	4.39%	4.13%

*This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Scotland County, North Carolina
 Schedule of Changes in Total Pension Liability
 Law Enforcement Officers' Special Separation Allowance
 Last Five Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Beginning Balance	\$ 871,884	\$ 586,738	\$ 656,755
Service Cost	67,103	40,856	35,658
Interest on the total pension liability	16,114	18,090	22,626
Differences between expected and actuarial experience in the measurement of the total pension liability	67,585	71,625	(74,233)
Changes of assumptions and other inputs	(25,014)	218,214	16,238
Benefit payments	(73,964)	(63,639)	(70,306)
Ending balance of total pension liability	<u>\$ 923,708</u>	<u>\$ 871,884</u>	<u>\$ 586,738</u>

	<u>2019</u>	<u>2018</u>
Beginning Balance	\$ 679,413	\$ 627,701
Service Cost	36,810	31,096
Interest on the total pension liability	20,518	23,084
Differences between expected and actuarial experience in the measurement of the total pension liability	1,033	22,837
Changes of assumptions and other inputs	(20,771)	34,029
Benefit payments	(60,248)	(59,334)
Ending balance of total pension liability	<u>\$ 656,755</u>	<u>\$ 679,413</u>

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

*This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Scotland County, North Carolina
 Schedule of Total Pension Liability as a Percentage of Covered Payroll
 Law Enforcement Officers' Special Separation Allowance
 Last Five Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total pension liability	\$ 923,708	\$ 871,884	\$ 586,738
Covered payroll	1,677,629	1,616,163	1,617,839
Total pension liability as a percentage of covered payroll	55.06%	53.95%	36.27%

	<u>2019</u>	<u>2018</u>
Total pension liability	\$ 656,755	\$ 679,413
Covered payroll	1,629,513	1,526,642
Total pension liability as a percentage of covered payroll	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.

*This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Scotland County, North Carolina
Schedule of Changes in Total OPEB Liability and Related Ratios
Required Supplementary Information
Last Five Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service Cost	\$ 521,765	\$ 366,869	\$ 475,045	\$ 497,569	\$ 551,425
Interest on the total OPEB liability	568,971	728,437	888,266	830,364	746,868
Differences between expected and actuarial experience in the measurement of the total pension liability	471,390	42,101	(2,941,502)	121,484	141,329
Changes of assumptions and other inputs	820,213	4,439,115	(42,357)	(1,193,640)	(2,192,086)
Benefit payments	(804,128)	(790,665)	(745,904)	(746,673)	(725,648)
Net change in total OPEB liability	<u>1,578,211</u>	<u>4,785,857</u>	<u>(2,366,452)</u>	<u>(490,896)</u>	<u>(1,478,112)</u>
Total OPEB liability - beginning	<u>25,623,412</u>	<u>20,837,555</u>	<u>23,204,007</u>	<u>23,694,903</u>	<u>25,173,015</u>
Total OPEB liability - ending	<u>\$ 27,201,623</u>	<u>\$ 25,623,412</u>	<u>\$ 20,837,555</u>	<u>\$ 23,204,007</u>	<u>\$ 23,694,903</u>
Covered payroll	\$ 11,966,238	\$ 10,048,743	\$ 10,048,743	\$ 10,502,994	\$ 10,502,994
Total OPEB liability as a percentage of covered payroll	227.32%	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>
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

*This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

GENERAL FUND

The General Fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

Scotland County, North Carolina
General Fund
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes		\$ 23,722,163	
Interest		289,441	
Total ad valorem taxes	<u>\$ 24,311,000</u>	<u>24,011,604</u>	<u>\$ (299,396)</u>
Local option sales taxes:			
Article 39 one-percent		3,782,645	
Article 40 one-half of one percent		2,817,961	
Article 42 one-half of one percent		2,063,856	
Article 44 one-half of one percent		873,466	
Total local option sales taxes	<u>8,987,640</u>	<u>9,537,928</u>	<u>550,288</u>
Other taxes and licenses:			
Franchise tax		46,103	
Total other taxes and licenses	<u>52,000</u>	<u>46,103</u>	<u>(5,897)</u>
Unrestricted intergovernmental:			
Beer and wine tax		69,946	
ABC profit distribution		193,486	
Total unrestricted intergovernmental	<u>209,000</u>	<u>263,432</u>	<u>54,432</u>
Restricted intergovernmental:			
State and federal grants		9,454,766	
Lottery proceeds		511,995	
Court facility fees		45,671	
Total restricted intergovernmental	<u>10,732,396</u>	<u>10,012,432</u>	<u>(719,964)</u>
Permits and fees:			
Inspection fees		453,800	
Register of deeds		322,197	
Total permits and fees	<u>611,054</u>	<u>775,997</u>	<u>164,943</u>
Sales and services:			
Jail and other fees		274,340	
Ambulance fees		1,871,133	
Recreation fees		275,987	
Administrative fees		132,047	
Emergency communications revenue		150,000	
Rental revenue		2,352,812	
Health department fees		167,982	
Total sales and services	<u>3,978,303</u>	<u>5,224,301</u>	<u>1,245,998</u>
Investment earnings	<u>21,000</u>	<u>52,640</u>	<u>31,640</u>

Scotland County, North Carolina
General Fund
 Schedule of Revenue, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
Miscellaneous:			
Private donations		5,380	
Sheriff dept. - surveillance - shared revenue		714	
Other		784,770	
Total miscellaneous	<u>623,798</u>	<u>790,864</u>	<u>167,066</u>
Total revenues	<u>49,526,191</u>	<u>50,715,301</u>	<u>1,189,110</u>
Expenditures			
General government:			
Governing body:			
Salaries and employee benefits		65,016	
Other operating expenditures		31,819	
Total general government	<u>131,830</u>	<u>96,835</u>	<u>34,995</u>
Administration:			
Salaries and employee benefits		1,107,895	
Other operating expenditures		21,899	
Total administration	<u>1,236,526</u>	<u>1,129,794</u>	<u>106,732</u>
Elections:			
Salaries and employee benefits		147,736	
Other operating expenditures		74,642	
Total elections	<u>253,676</u>	<u>222,378</u>	<u>31,298</u>
Tax:			
Salaries and employee benefits		670,972	
Other operating expenditures		206,560	
Total tax	<u>907,210</u>	<u>877,532</u>	<u>29,678</u>
Legal:			
Contracted service		66,472	
Total legal	<u>63,125</u>	<u>66,472</u>	<u>(3,347)</u>
Register of deeds:			
Salaries and employee benefits		203,100	
Other operating expenditures		38,143	
Total register of deeds	<u>260,416</u>	<u>241,243</u>	<u>19,173</u>
Court facilities:			
Other operating expenditures		28,721	
Total court facilities	<u>35,000</u>	<u>28,721</u>	<u>6,279</u>

Scotland County, North Carolina
General Fund
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
Information technology:			
Salaries and other technologies		220,965	
Other operating expenditures		92,177	
Total information technology	<u>384,870</u>	<u>313,142</u>	<u>71,728</u>
General:			
Other operating expenditures		703,654	
Capital outlay		115,923	
Total general:	<u>846,690</u>	<u>819,577</u>	<u>27,113</u>
Public buildings:			
Salaries and employee benefits		883,158	
Other operating expenditures		560,994	
Capital outlay		70,448	
Total public buildings	<u>1,676,245</u>	<u>1,514,600</u>	<u>161,645</u>
Total general government	<u>5,795,588</u>	<u>5,310,294</u>	<u>485,294</u>
Public Safety:			
Sheriff and communications:			
Salaries and employee benefits		2,778,720	
Other operating expenditures		494,961	
Capital outlay		172,723	
Total sheriff and communications:	<u>3,644,960</u>	<u>3,446,404</u>	<u>198,556</u>
Jail:			
Salaries and employee benefits		1,231,717	
Other operating expenditures		913,074	
Total jail	<u>2,198,122</u>	<u>2,144,791</u>	<u>53,331</u>
Emergency ambulatory & services			
Salaries and employee benefits		2,135,090	
Other operating expenditures		534,026	
Capital outlay		43,166	
Total emergency ambulatory & services	<u>2,799,920</u>	<u>2,712,282</u>	<u>87,638</u>
Emergency communications			
Salaries and employee benefits		995,954	
Other operating expenditures		189,256	
Total emergency communications	<u>1,263,292</u>	<u>1,185,210</u>	<u>78,082</u>
Forestry service:	<u>114,402</u>	<u>104,732</u>	<u>9,670</u>

Scotland County, North Carolina
General Fund
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
Inspections			
Salaries and employee benefits		351,080	
Other operating expenditures		95,022	
Total inspections	494,283	446,102	48,181
Planning and zoning:			
Salaries and employee benefits		54,536	
Other operating expenditures		35,122	
Total planning and zoning	96,777	89,658	7,119
Scotland County resque squad	28,000	15,199	12,801
Medical examiner	75,018	79,566	(4,548)
Animal Control:			
Salaries and employee benefits		116,313	
Other operating expenditures		14,924	
Total animal control	132,955	131,237	1,718
Humane society	113,000	111,827	1,173
Surveillance and drugs	10,000	10,000	-
Total public safety	10,970,729	10,477,008	493,721
Economic and physical development:			
General:			
Industry grants		1,862,337	
Region N-council of government		32,985	
SEDC		3,254	
Total general	1,903,929	1,898,576	5,353
Co-op extension:			
Other operating expenditures		165,750	
Total co-op extension	185,700	165,750	19,950
Soil and water conservation:			
Salaries and employee benefits		77,296	
Other operating expenditures		2,098	
Total soil and water conservation	183,673	79,394	104,279
Historic properties	30,068	30,068	-
Total economic and physical development	2,303,370	2,173,788	129,582

Scotland County, North Carolina
General Fund
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
Human services:			
Health:			
Administration			
Salaries and employee benefits		847,901	
Other operating expenditures		226,510	
Total administration	<u>1,144,846</u>	<u>1,074,411</u>	<u>70,435</u>
Tuberculosis			
Salaries and employee benefits		13,624	
Other operating expenditures		2,903	
Total tuberculosis	<u>20,074</u>	<u>16,527</u>	<u>3,547</u>
Orthopedic			
Salaries and employee benefits		23,636	
Other operating expenditures		30,629	
Total tuberculosis	<u>64,339</u>	<u>54,265</u>	<u>10,074</u>
Wise woman			
Salaries and employee benefits		59,195	
Other operating expenditures		18,935	
Total tuberculosis	<u>81,449</u>	<u>78,130</u>	<u>3,319</u>
Child health			
Salaries and employee benefits		18,628	
Other operating expenditures		5,546	
Total tuberculosis	<u>89,105</u>	<u>24,174</u>	<u>64,931</u>
Primary care			
Salaries and employee benefits		18,627	
Other operating expenditures		505	
Total tuberculosis	<u>20,822</u>	<u>19,132</u>	<u>1,690</u>
Communicable diseases			
Salaries and employee benefits		313,926	
Other operating expenditures		28,362	
Total tuberculosis	<u>417,632</u>	<u>342,288</u>	<u>75,344</u>
Cancer prevention:			
Salaries and employee benefits		5,688	
Other operating expenditures		3,000	
Total cancer prevention	<u>8,768</u>	<u>8,688</u>	<u>80</u>

Scotland County, North Carolina
General Fund
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
Family planning:			
Salaries and employee benefits		331,624	
Other operating expenditures		79,184	
Total family planning	<u>449,837</u>	<u>410,808</u>	<u>39,029</u>
Maternal and child health:			
Salaries and employee benefits		211,639	
Other operating expenditures		33,242	
Total maternal and child health	<u>260,323</u>	<u>244,881</u>	<u>15,442</u>
Women, infants, and children:			
Salaries and employee benefits		168,777	
Other operating expenditures		58,568	
Total women, infants, and children	<u>351,026</u>	<u>227,345</u>	<u>123,681</u>
Environmental health:			
Salaries and employee benefits		123,892	
Other operating expenditures		23,241	
Total environmental health	<u>215,217</u>	<u>147,133</u>	<u>68,084</u>
Child services coordinator:			
Salaries and employee benefits		149,978	
Other operating expenditures		3,711	
Total Child services coordinator	<u>173,563</u>	<u>153,689</u>	<u>19,874</u>
Pregnancy care management:			
Salaries and employee benefits		154,390	
Other operating expenditures		5,502	
Total pregnancy care management	<u>179,663</u>	<u>159,892</u>	<u>19,771</u>
Covid relief funds:			
Salaries and employee benefits		11,986	
Other operating expenditures		120,938	
Total covid refied funds	<u>856,648</u>	<u>132,924</u>	<u>723,724</u>
Immunization:			
Salaries and employee benefits		34,206	
Other operating expenditures		50,927	
Total immunization	<u>91,844</u>	<u>85,133</u>	<u>6,711</u>
Adult health:			
Salaries and employee benefits		69,102	
Other operating expenditures		7,567	
Total adult health	<u>83,436</u>	<u>76,669</u>	<u>6,767</u>

Scotland County, North Carolina
General Fund
 Schedule of Revenue, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
Adolescent pregnancy prevention			
Salaries and employee benefits		31,350	
Other operating expenditures		10,318	
Total adolescent pregnancy prevention	<u>76,067</u>	<u>41,668</u>	<u>34,399</u>
Preparedness response:			
Salaries and employee benefits		3,135	
Other operating expenditures		33,878	
Total preparedness response	<u>49,729</u>	<u>37,013</u>	<u>12,716</u>
Mental health:			
County participation cost		72,920	
ABC 5 cent bottle tax		8,266	
Total mental health	<u>80,920</u>	<u>81,186</u>	<u>(266)</u>
Juvenile counseling	<u>119,031</u>	<u>116,374</u>	<u>2,657</u>
Scotland Home Health, Inc.	<u>95,733</u>	<u>95,674</u>	<u>59</u>
Total health	<u>4,930,072</u>	<u>3,628,004</u>	<u>1,302,068</u>
Social services:			
Administration:			
Salaries and employee benefits		6,034,089	
Other operating expenditures		2,920,494	
Capital outlay		3,544	
Total administration	<u>9,437,470</u>	<u>8,958,127</u>	<u>479,343</u>
Transportation:			
Salaries and employee benefits		300,562	
Other operating expenditures		120,466	
Total transportation	<u>497,139</u>	<u>421,028</u>	<u>76,111</u>
Re-entry council:			
Salaries and employee benefits		91,409	
Other operating expenditures		43,882	
Total re-entry council	<u>165,231</u>	<u>135,291</u>	<u>29,940</u>
Total social services	<u>10,099,840</u>	<u>9,514,446</u>	<u>585,394</u>
Veterans service officer:			
Salaries and employee benefits		66,391	
Other operating expenditures		1,200	
Total veterans service officer	<u>69,350</u>	<u>67,591</u>	<u>1,759</u>
Total human services	<u>15,099,262</u>	<u>13,210,041</u>	<u>1,889,221</u>

Scotland County, North Carolina
General Fund
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
Cultural and recreational:			
Recreation:			
Salaries and employee benefits		508,492	
Other operating expenditures		439,962	
Capital outlay		37,526	
Total recreation	<u>1,529,344</u>	<u>985,980</u>	<u>543,364</u>
Libraries			
Salaries and employee benefits		347,088	
Other operating expenditures		118,758	
Total libraries	<u>480,091</u>	<u>465,846</u>	<u>14,245</u>
Total cultural and recreational	<u>2,009,435</u>	<u>1,451,826</u>	<u>557,609</u>
Education:			
Public schools - current expense		10,004,000	
Public school - lottery-capital outlay		511,995	
Contributions of capital		951,546	
Community colleges - current		440,973	
Total education	<u>11,256,968</u>	<u>11,908,514</u>	<u>(651,546)</u>
Debt service:			
Principal		2,730,340	
Interest and fees, other		1,706,645	
Total debt service	<u>4,436,987</u>	<u>4,436,985</u>	<u>2</u>
Total expenditures	<u>51,872,339</u>	<u>48,968,456</u>	<u>2,903,883</u>
Revenues over (under) expenditures	<u>(2,346,148)</u>	<u>1,746,845</u>	<u>4,092,993</u>
Other financing sources (uses):			
Sale of capital assets	-	3,350	3,350
Proceeds from Lease Financing	-	181,242	181,242
Transfers to other funds			
Capital project - Technology Fund	(10,000)	(10,000)	-
Transfer to Water Districts	(98,991)	(98,991)	-
Transfers from other funds			
School Bond Funds	450,791	450,791	-
Inmate Trust Fund	29,100	29,100	-
911 fund	108,176	108,175	(1)
Total net transfers	<u>479,076</u>	<u>479,075</u>	<u>(1)</u>
Total other financing sources (uses)	<u>479,076</u>	<u>663,667</u>	<u>184,591</u>

Scotland County, North Carolina
General Fund
 Schedule of Revenue, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
Appropriated fund balance	<u>1,867,072</u>	<u>-</u>	<u>(1,867,072)</u>
Net change in fund balance	<u>\$ -</u>	2,410,512	<u>\$ 2,410,512</u>
Fund balance, beginning		<u>13,726,132</u>	
Prior Period Adjustment (see note VII)		<u>865,463</u>	
Fund balance, ending		<u>\$ 17,002,107</u>	

Scotland County, North Carolina
 Revaluation Fund
 Schedule of Revenue, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
	\$ -	\$ -	\$ -
Total revenues	-	-	-
Expenditures:			
	-	-	-
Total expenditures	-	-	-
Revenues over (under) expenditures	-	-	-
Other financing sources (uses)			
Transfers	-	-	-
Total other financing sources (uses)	-	-	-
Revenues and other sources over (under) expenditures and other uses	\$ -	-	\$ -
Fund balance, beginning		376,100	
Fund balance, ending		\$ 376,100	

MAJOR GOVERNMENTAL FUNDS

ARPA Fund - grant project fund used to account for ARPA funding that will be used throughout the County.

Scotland County, North Carolina
 ARPA Funds
 Schedule of Revenue, Expenditures and Changes in Fund Balance
 Budget and Actual
 From Inception and For the Year Ended June 30, 2022

	Budget Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Year	Current Year		
Revenues:					
Grant	\$ 6,763,960	\$ -	\$ 846,118	\$ 846,118	\$ (5,917,842)
Investment earnings	-	-	6,542	6,542	6,542
Total revenues	<u>6,763,960</u>	<u>-</u>	<u>852,660</u>	<u>852,660</u>	<u>(5,911,300)</u>
Expenditures:					
Salaries and other employee benefits	1,201,000	-	469,862	469,862	731,138
Other recovery expenditures	<u>5,562,960</u>	<u>-</u>	<u>376,256</u>	<u>376,256</u>	<u>5,186,704</u>
Total expenditures	<u>6,763,960</u>	<u>-</u>	<u>846,118</u>	<u>846,118</u>	<u>5,917,842</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	6,542	<u>\$ 6,542</u>	<u>\$ 6,542</u>
Fund balance, beginning			-		
Fund balance, ending			<u>\$ 6,542</u>		

NON-MAJOR GOVERNMENTAL FUNDS

Non-Major Governmental Funds are Special Revenue Funds & Capital Projects Funds

Scotland County, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

Exhibit C-1

	Special Revenue Funds									
	Fire Service District Fund	Emergency Telephone System Fund	Technology Fund	Economic Development	Representative Payee Fund	Deed of Trust Fund	Fines & Forfeitures Fund	Concealed Weapons Fund	Opioid Settlement Fund	Total Nomajor Special Revenue Funds
ASSETS:										
Cash and cash equivalents	\$ -	\$ 151,503	\$ 1,301	\$ 144,000	\$ 110,361	\$ 18,085	\$ -	\$ -	\$ -	\$ 425,250
Restricted cash	2,851,795	-	-	-	7,217	-	-	-	111,132	2,970,144
Taxes receivable	65,325	-	-	-	-	-	-	-	-	65,325
Accounts receivable, net grantors	-	-	-	-	-	-	7,864	-	-	7,864
	118,281	12,529	-	-	-	-	-	2,330	-	133,140
Total assets	\$ 3,035,401	\$ 164,032	\$ 1,301	\$ 144,000	\$ 117,578	\$ 18,085	\$ 7,864	\$ 2,330	\$ 111,132	\$ 3,601,723
LIABILITIES AND FUND BALANCES										
LIABILITIES:										
Accounts payable	\$ 314	\$ 845	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,159
Unspent Grant Proceeds	-	-	-	-	-	-	-	-	111,132	111,132
Due to other governments	-	-	-	-	-	18,085	7,864	2,330	-	28,279
Total liabilities	314	845	-	-	-	18,085	7,864	2,330	111,132	140,570
DEFERRED INFLOWS OF RESOURCES:										
Taxes receivable	65,325	-	-	-	-	-	-	-	-	65,325
Total deferred inflows of resources	65,325	-	-	-	-	-	-	-	-	65,325
FUND BALANCES:										
Restricted for:										
Stabilization by state statute	118,281	-	-	-	-	-	7,864	-	-	126,145
Public Safety	2,851,481	163,187	-	-	-	-	-	-	-	3,014,668
Human Services	-	-	-	-	117,578	-	-	-	-	117,578
School Capital Projects	-	-	-	-	-	-	-	-	-	-
Committed:										
Economic Development	-	-	-	144,000	-	-	-	-	-	144,000
Assigned:										
Capital outlay	-	-	1,301	-	-	-	-	-	-	1,301
Unassigned:	-	-	-	-	-	-	(7,864)	-	-	(7,864)
Total fund balances	2,969,762	163,187	1,301	144,000	117,578	-	-	-	-	3,395,828
Total liabilities, deferred inflows of resources and fund balances	\$ 3,035,401	\$ 164,032	\$ 1,301	\$ 144,000	\$ 117,578	\$ 18,085	\$ 7,864	\$ 2,330	\$ 111,132	\$ 3,601,723

Scotland County, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

	Capital Project Funds				Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
	Capital Reserve Fund	Facilities Parking Lot Project Fund	New Elementary School Bond Fund	School Wings Bond Fund		
ASSETS:						
Cash and cash equivalents	\$ -	\$ 1,208,356	\$ -	\$ -	\$ 1,208,356	\$ 1,633,606
Restricted cash	-	-	351,066	107	351,173	3,321,317
Taxes receivable	-	-	-	-	-	65,325
Accounts receivable, net grantors	-	-	-	-	-	7,864
	-	4,005	794	-	4,799	137,939
Total assets	\$ -	\$ 1,212,361	\$ 351,860	\$ 107	\$ 1,564,328	\$ 5,166,051
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accounts payable	\$ -	\$ 305,258	\$ -	\$ -	\$ 305,258	\$ 306,417
Unspent Grant Proceeds	-	-	-	-	-	111,132
Due to other governments	-	-	-	-	-	28,279
Total liabilities	-	305,258	-	-	305,258	445,828
DEFERRED INFLOWS OF RESOURCES:						
Taxes receivable	-	-	-	-	-	65,325
Total deferred inflows of resources	-	-	-	-	-	65,325
FUND BALANCES:						
Restricted for:						
Stabilization by state statute	-	-	-	-	-	126,145
Public Safety	-	-	-	-	-	3,014,668
Human Services	-	-	-	-	-	117,578
School Capital Projects	-	-	351,860	107	351,967	351,967
Committed:						
Economic Development	-	-	-	-	-	144,000
Assigned:						
Capital outlay	-	907,103	-	-	907,103	908,404
Unassigned:	-	-	-	-	-	(7,864)
Total fund balances	-	907,103	351,860	107	1,259,070	4,654,898
Total liabilities, deferred inflows of resources and fund balances	\$ -	\$ 1,212,361	\$ 351,860	\$ 107	\$ 1,564,328	\$ 5,166,051

Scotland County, North Carolina

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

	Special Revenue Funds										
	Fire Service District Fund	Emergency Telephone System Fund	Technology Fund	Economic Development	Representative Payee Fund	Deed of Trust Fund	Fines & Forfeitures Fund	Concealed Weapons Fund	Opioid Settlement Fund	Revaluation Fund	Total Nonmajor Special Revenue Funds
Revenues:											
Ad valorem taxes	\$ 730,229	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 730,229
Other taxes, licenses, and fees	490	132,783	-	-	-	-	-	-	-	-	133,273
Sales tax	436,420	-	-	-	-	-	-	-	-	-	436,420
Restricted intergovernmental	-	-	-	-	280,627	-	-	-	-	-	280,627
Sales and services	-	-	-	-	-	-	136,854	-	-	-	136,854
Permits and fees	-	-	-	-	-	163,123	-	24,685	-	-	187,808
Investment earnings	7,560	-	-	-	-	-	-	-	-	-	7,560
Total revenues	<u>1,174,699</u>	<u>132,783</u>	<u>-</u>	<u>-</u>	<u>280,627</u>	<u>163,123</u>	<u>136,854</u>	<u>24,685</u>	<u>-</u>	<u>-</u>	<u>1,912,771</u>
Expenditures											
General government	-	-	-	-	-	163,123	136,854	24,685	-	-	324,662
Human services	-	-	-	-	213,564	-	-	-	-	-	213,564
Public safety	423,722	143,925	-	-	-	-	-	-	-	-	567,647
Capital outlay	-	-	78,560	-	-	-	-	-	-	-	78,560
Total expenditures	<u>423,722</u>	<u>143,925</u>	<u>78,560</u>	<u>-</u>	<u>213,564</u>	<u>163,123</u>	<u>136,854</u>	<u>24,685</u>	<u>-</u>	<u>-</u>	<u>1,184,433</u>
Revenue over (under) expenditures	750,977	(11,142)	(78,560)	-	67,063	-	-	-	-	-	728,338
Other financing sources (uses)											
Transfers from other funds	-	-	-	-	-	-	-	-	-	-	-
Transfers (to) other funds	-	272,583	10,000	-	-	-	-	-	-	-	282,583
Total other financing sources (uses)	<u>-</u>	<u>272,583</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>282,583</u>
Net change in fund balances	750,977	261,441	(68,560)	-	67,063	-	-	-	-	-	1,010,921
Fund balances, beginning	<u>2,178,701</u>	<u>(98,254)</u>	<u>69,861</u>	<u>144,000</u>	<u>50,515</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>376,100</u>	<u>2,720,923</u>
Prior Period Adjustment (see Note VIII)	<u>40,084</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(376,100)</u>	<u>(336,016)</u>
Fund balances, beginning, restated	<u>2,218,785</u>	<u>(98,254)</u>	<u>69,861</u>	<u>144,000</u>	<u>50,515</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,384,907</u>
Fund balances, ending	<u>\$ 2,969,762</u>	<u>\$ 163,187</u>	<u>\$ 1,301</u>	<u>\$ 144,000</u>	<u>\$ 117,578</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,395,828</u>

Scotland County, North Carolina

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

	Capital Project Funds					Total Nonmajor Governmental Funds
	Capital Reserve Fund	Facilities Parking Lot Project Fund	New Elementary School Bond Fund	School Wings Bond Fund	Total Nonmajor Capital Project Funds	
Revenues:						
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 730,229
Other taxes, licenses, and fees	-	-	-	-	-	133,273
Sales tax	-	-	-	-	-	436,420
Restricted intergovernmental	-	500,000	-	-	500,000	780,627
Sales and services	-	-	-	-	-	136,854
Permits and fees	-	-	-	-	-	187,808
Investment earnings	-	-	684	181	865	8,425
Total revenues	-	500,000	684	181	500,865	2,413,636
Expenditures						
General government	-	-	-	-	-	324,662
Human services	-	-	-	-	-	213,564
Public safety	-	-	-	-	-	567,647
Capital outlay	-	1,853,932	109,117	-	1,963,049	2,041,609
Total expenditures	-	1,853,932	109,117	-	1,963,049	3,147,482
Revenue over (under) expenditures	-	(1,353,932)	(108,433)	181	(1,462,184)	(733,846)
Other financing sources (uses)						
Transfers from other funds	-	-	-	2,644	2,644	2,644
Transfers (to) other funds	(272,583)	-	(64,787)	(597,045)	(934,415)	(651,832)
Total other financing sources (uses)	(272,583)	-	(569,953)	(594,401)	(1,436,937)	(649,188)
Net change in fund balances	(272,583)	(1,353,932)	(678,386)	(594,220)	(2,899,121)	(1,888,200)
Fund balances, beginning	272,583	2,261,035	1,030,246	594,327	4,158,191	6,879,114
Prior Period Adjustment (see Note VIII)	-	-	-	-	-	(336,016)
Fund balances, beginning, restated	272,583	2,261,035	1,030,246	594,327	4,158,191	6,543,098
Fund balances, ending	\$ -	\$ 907,103	\$ 351,860	\$ 107	\$ 1,259,070	\$ 4,654,898

Scotland County, North Carolina
Fire Service District Fund
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes	\$ 714,200	\$ 730,229	\$ 16,029
Other taxes, licenses, and fees	500	490	(10)
Sales tax	389,300	436,420	47,120
Investment earnings	6,000	7,560	1,560
Total revenues	<u>1,110,000</u>	<u>1,174,699</u>	<u>64,699</u>
Expenditures:			
Public safety	503,000	423,722	79,278
Capital outlay	607,000	-	607,000
Total expenditures	<u>1,110,000</u>	<u>423,722</u>	<u>686,278</u>
Revenues over (under) expenditures	<u>\$ -</u>	750,977	<u>750,977</u>
Fund balance, beginning		<u>2,178,701</u>	
Prior period adjustment (see Note VII)		<u>40,084</u>	
Fund balance, ending		<u>\$ 2,969,762</u>	

Scotland County, North Carolina
Emergency Telephone System Fund
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Other taxes, licenses, and fees	\$ 132,783	\$ 132,783	\$ -
Total revenues	<u>132,783</u>	<u>132,783</u>	<u>-</u>
Expenditures:			
Public safety	185,074	143,925	41,149
Capital outlay	272,583	-	272,583
Total expenditures	<u>457,657</u>	<u>143,925</u>	<u>313,732</u>
Revenues over (under) expenditures	(324,874)	(11,142)	313,732
Other financing sources (uses)			
Appropriated fund balance	52,291	-	(52,291)
Transfers	272,583	272,583	-
Total other financing sources (uses)	<u>324,874</u>	<u>272,583</u>	<u>(52,291)</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	261,441	<u>\$ 261,441</u>
Fund balance, beginning		<u>(98,254)</u>	
Fund balance, ending		<u>\$ 163,187</u>	

Scotland County, North Carolina
Technology Fund
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
Software and implementation fees	\$ 180,000	\$ 78,560	\$ 101,440
Total expenditures	<u>180,000</u>	<u>78,560</u>	<u>101,440</u>
Revenues over (under) expenditures	(180,000)	(78,560)	101,440
Other financing sources (uses)			
Transfers in	<u>180,000</u>	<u>10,000</u>	<u>(170,000)</u>
Total other financing sources (uses)	<u>180,000</u>	<u>10,000</u>	<u>(170,000)</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	(68,560)	<u>\$ (68,560)</u>
Fund balance, beginning		<u>69,861</u>	
Fund balance, ending		<u>\$ 1,301</u>	

Scotland County, North Carolina
Economic Development
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
None	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Economic development	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	-	-	-
Other financing sources (uses)			
Transfers	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning		<u>144,000</u>	
Fund balance, ending		<u>\$ 144,000</u>	

Scotland County, North Carolina
Representative Payee Fund
 Schedule of Revenue, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Restricted intergovernmental	\$ 135,000	\$ 280,627	\$ 145,627
Total revenues	<u>135,000</u>	<u>280,627</u>	<u>145,627</u>
Expenditures:			
Payments made for the benefit of beneficiaries	<u>135,000</u>	<u>213,564</u>	<u>(78,564)</u>
Total expenditures	<u>135,000</u>	<u>213,564</u>	<u>(78,564)</u>
Revenues over (under) expenditures	<u>\$ -</u>	67,063	<u>\$ 67,063</u>
Fund balance, beginning		<u>50,515</u>	
Fund balance, ending		<u>\$ 117,578</u>	

Scotland County, North Carolina
 Deed of Trust Fund
 Schedule of Revenue, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Permits and fees			
Register of deeds	\$ 125,500	\$ 163,123	\$ 37,623
Total revenues	<u>125,500</u>	<u>163,123</u>	<u>37,623</u>
Expenditures:			
Payments of fees collected to the State of North Carolina	<u>125,500</u>	<u>163,123</u>	<u>(37,623)</u>
Total expenditures	<u>125,500</u>	<u>163,123</u>	<u>(37,623)</u>
Revenues over (under) expenditures	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning		<u>-</u>	
Fund balance, ending		<u>\$ -</u>	

Scotland County, North Carolina
Fines and Forfeitures
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Sales and services			
Penalties, fines and forfeitures	\$ 140,000	\$ 136,854	\$ (3,146)
Total revenues	<u>140,000</u>	<u>136,854</u>	<u>(3,146)</u>
Expenditures:			
Payments of fees collected to the State of North Carolina	<u>140,000</u>	<u>136,854</u>	<u>3,146</u>
Total expenditures	<u>140,000</u>	<u>136,854</u>	<u>3,146</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning		<u>-</u>	
Fund balance, ending		<u>\$ -</u>	

Scotland County, North Carolina
Concealed Weapons
 Schedule of Revenue, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Permits and fees			
Concealed weapon fees	\$ 45,000	\$ 24,685	\$ (20,315)
Total revenues	<u>45,000</u>	<u>24,685</u>	<u>(20,315)</u>
Expenditures:			
Payments of fees collected to the State of North Carolina	<u>45,000</u>	<u>24,685</u>	<u>20,315</u>
Total expenditures	<u>45,000</u>	<u>24,685</u>	<u>20,315</u>
Revenues over (under) expenditures	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning		<u>-</u>	
Fund balance, ending		<u>\$ -</u>	

Scotland County, North Carolina
Opioid Settlement Fund
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Restricted intergovernmental State and Federal Grants	\$ 111,132	\$ -	\$ (111,132)
Total revenues	<u>111,132</u>	<u>-</u>	<u>(111,132)</u>
Expenditures:			
Other expenditures	<u>111,132</u>	<u>-</u>	<u>111,132</u>
Total expenditures	<u>111,132</u>	<u>-</u>	<u>111,132</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning		<u>-</u>	
Fund balance, ending		<u>\$ -</u>	

Scotland County, North Carolina
Capital Reserve
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2022

	Budget Authorization	Prior Years	Actual	Total to Date	Variance Positive (Negative)
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	-
Investment earnings	272,583	-	-	-	(272,583)
Total revenues	1,029,869	603,735	-	603,735	(426,134)
Expenditures:					
Capital outlay	1,048,304	802,203	-	802,203	246,101
Total expenditures	1,048,304	802,203	-	802,203	246,101
Revenues over (under) expenditures	(18,435)	(198,468)	-	(198,468)	(180,033)
Other financing sources (uses):					
Transfers in	306,600	471,051	-	471,051	164,451
Transfers out	(272,583)	-	(272,583)	(272,583)	-
Appropriated fund balance	(15,582)	-	-	-	15,582
Total other financing sources (uses)	18,435	471,051	(272,583)	198,468	180,033
Revenues and other financing sources over (under) expenditures and uses	<u>\$ -</u>	<u>\$ 272,583</u>	<u>(272,583)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>272,583</u>		
Fund balance, ending			<u>\$ -</u>		

Scotland County, North Carolina
Facilities Parking Lot Project
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2022

	Project Authorization	Prior Years	Actual	Total to Date	Variance Positive (Negative)
Revenues:					
State Grant	\$ 500,000	\$ -	\$ 500,000	\$ 500,000	\$ -
Total revenues	<u>500,000</u>	<u>-</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Expenditures:					
Rehabilitation and construction	3,478,454	717,419	1,853,932	2,571,351	907,103
Total expenditures	<u>3,478,454</u>	<u>717,419</u>	<u>1,853,932</u>	<u>2,571,351</u>	<u>907,103</u>
Revenues over (under) expenditures	(2,978,454)	(717,419)	(1,353,932)	(2,071,351)	907,103
Other financing sources (uses):					
Transfers	2,978,454	2,978,454	-	2,978,454	-
Total other financing sources (uses)	<u>2,978,454</u>	<u>2,978,454</u>	<u>-</u>	<u>2,978,454</u>	<u>-</u>
Revenues and other financing sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 2,261,035</u>	(1,353,932)	<u>\$ 907,103</u>	<u>\$ 907,103</u>
Fund balance, beginning			<u>2,261,035</u>		
Fund balance, ending			<u>\$ 907,103</u>		

Scotland County, North Carolina
South Johnson School Construction
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2022

	Budget Authorization	Prior Years	Actual	Total to Date	Variance Positive (Negative)
Revenues:					
Sales tax refund	\$ 453,461	\$ -	\$ -	\$ -	\$ (453,461)
Investment earnings	569,953	593,639	684	594,323	24,370
Total revenues	<u>1,023,414</u>	<u>593,639</u>	<u>684</u>	<u>594,323</u>	<u>(429,091)</u>
Expenditures:					
Rehabilitation/construction	26,477,818	25,587,750	109,117	25,696,867	780,951
Total expenditures	<u>26,477,818</u>	<u>25,587,750</u>	<u>109,117</u>	<u>25,696,867</u>	<u>780,951</u>
Revenues over (under) expenditures	(25,454,404)	(24,994,111)	(108,433)	(25,102,544)	351,860
Other financing sources (uses):					
Transfers	(518,248)	(453,461)	(64,787)	(518,248)	-
Capital Contributions	(505,166)	-	(505,166)	(505,166)	-
Proceeds from bond issuance	23,540,000	23,540,000	-	23,540,000	-
Proceeds from bond premium	2,937,818	2,937,818	-	2,937,818	-
Total other financing sources (uses)	<u>25,454,404</u>	<u>26,024,357</u>	<u>(569,953)</u>	<u>25,454,404</u>	<u>-</u>
Revenues and other sources over (under) expenditures and uses	<u>\$ -</u>	<u>\$ 1,030,246</u>	<u>\$ (678,386)</u>	<u>\$ 351,860</u>	<u>\$ 351,860</u>
Fund balance, beginning			<u>1,030,246</u>		
Fund balance, ending			<u>\$ 351,860</u>		

Scotland County, North Carolina
School Wings Construction
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2022

	Budget Authorization	Prior Years	Actual	Total to Date	Variance Positive (Negative)
Revenues:					
Sales tax refund	\$ 557,597	\$ -	\$ -	\$ -	\$ (557,597)
Investment earnings	597,045	223,297	181	223,478	(373,567)
Total revenues	<u>1,154,642</u>	<u>223,297</u>	<u>181</u>	<u>223,478</u>	<u>(931,164)</u>
Expenditures:					
Rehabilitation/construction	15,316,775	14,388,148	-	14,388,148	928,627
Total expenditures	<u>15,316,775</u>	<u>14,388,148</u>	<u>-</u>	<u>14,388,148</u>	<u>928,627</u>
Revenues over (under) expenditures	(14,162,133)	(14,164,851)	181	(14,164,670)	(2,537)
Other financing sources (uses):					
Transfers Out	(1,154,642)	(557,597)	(597,045)	(1,154,642)	-
Transfers In	-	-	2,644	2,644	2,644
Proceeds from bond issuance	13,380,000	13,380,000	-	13,380,000	-
Proceeds from bond premium	1,936,775	1,936,775	-	1,936,775	-
Total other financing sources (uses)	<u>14,162,133</u>	<u>14,759,178</u>	<u>(594,401)</u>	<u>14,164,777</u>	<u>2,644</u>
Revenues and other sources over (under) expenditures and uses	<u>\$ -</u>	<u>\$ 594,327</u>	(594,220)	<u>\$ 107</u>	<u>\$ 107</u>
Fund balance, beginning			<u>594,327</u>		
Fund balance, ending			<u>\$ 107</u>		

ENTERPRISE FUND

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

Scotland County, North Carolina

Public Works

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Non-GAAP)

For the Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenues:			
Charges for services:			
Tipping fees		\$ 1,856,947	
Availability fees		1,060,939	
State and federal grants		713,121	
Other operating revenues		37,274	
Total operating revenues	<u>\$ 3,815,216</u>	<u>3,668,281</u>	<u>\$ (146,935)</u>
Non-operating revenues:			
Miscellaneous revenue		98,776	
Gain on sale of assets		50,501	
Total non-operating revenues	<u>60,237</u>	<u>149,277</u>	<u>89,040</u>
Total revenues	<u>3,875,453</u>	<u>3,817,558</u>	<u>(57,895)</u>
Expenditures:			
Operating expenses			
Salaries and employee benefits		651,298	
Supplies		19,398	
Repairs and maintenance		192,791	
Contracted services		337,250	
Waste disposal		1,413,266	
Other operating expenditures		115,710	
Total operating expenses	<u>3,502,645</u>	<u>2,729,713</u>	<u>772,932</u>
Capital outlay:			
Equipment	<u>372,808</u>	<u>372,808</u>	<u>-</u>
Total expenditures	<u>3,875,453</u>	<u>3,102,521</u>	<u>772,932</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>715,037</u>	<u>\$ 715,037</u>

Scotland County, North Carolina

Public Works

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Non-GAAP)

For the Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlays		372,808	
Depreciation		(216,211)	
Increase (decrease) in deferred outflows of resources - pensions		24,291	
Increase (decrease) in deferred outflows of resources - OPEB		14,543	
(Increase) decrease in net position liability		108,852	
(Increase) decrease in deferred inflows of resources - pensions		(124,568)	
(Increase) decrease in deferred inflows of resources - OPEB		19,803	
(Increase) decrease in net OPEB liability		(31,167)	
(Increase) decrease in accrued vacation		(1,768)	
(Increase) decrease in accrued liability closure and postclosure costs		(12,793)	
Bad debts		<u>1,261</u>	
Total reconciling items		<u>155,051</u>	
Change in net position		<u>\$ 870,088</u>	

Scotland County, North Carolina
Water District I Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Non-GAAP)
 For the Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenues:			
Charges for services:			
Water sales		\$ 562,098	
Total operating revenues	<u>\$ 565,000</u>	<u>562,098</u>	<u>\$ (2,902)</u>
Non-operating revenues:			
Miscellaneous revenues		34,600	
Total non-operating revenues	<u>34,600</u>	<u>34,600</u>	<u>-</u>
Total revenues	<u>599,600</u>	<u>596,698</u>	<u>(2,902)</u>
Expenditures:			
Operating expenses			
Salaries and employee benefits		11,584	
Water purchases		200,856	
Other operating expenditures		238,257	
Total operating expenses	<u>844,600</u>	<u>450,697</u>	<u>393,903</u>
Debt service:			
Principal retirement		55,000	
Interest		52,305	
Total debt service	<u>107,306</u>	<u>107,305</u>	<u>1</u>
Revenues over (under) expenditures	<u>(352,306)</u>	<u>38,696</u>	<u>391,002</u>
Other financing sources (uses):			
Transfers from other funds		52,306	
Transfers to other funds		(452)	
Total other financing sources (uses)	<u>51,854</u>	<u>51,854</u>	<u>-</u>
Fund balance appropriated	<u>300,452</u>	<u>-</u>	<u>(300,452)</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>90,550</u>	<u>\$ 90,550</u>

Scotland County, North Carolina
Water District I Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Non-GAAP)
 For the Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Principal payments		55,000	
Depreciation		(127,165)	
Increase (decrease) in deferred outflows of resources - pensions		8,097	
Increase (decrease) in deferred outflows of resources - OPEB		(3,958)	
(Increase) decrease in net position liability		36,284	
(Increase) decrease in deferred inflows of resources - pensions		(41,523)	
(Increase) decrease in deferred inflows of resources - OPEB		9,278	
(Increase) decrease in OPEB liability		(14,601)	
(Increase) decrease in accrued interest payable		217	
Amortization of bond premium		7,713	
Bad debts		(18)	
Total reconciling items		(70,676)	
Change in net position		\$ 19,874	

Scotland County, North Carolina
Water District II Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Non-GAAP)
 For the Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenues:			
Charges for services:			
Water sales		\$ 893,312	
Water taps		168,095	
Total operating revenues	<u>\$ 1,608,500</u>	<u>1,061,407</u>	<u>\$ (547,093)</u>
Total revenues	<u>1,608,500</u>	<u>1,061,407</u>	<u>(547,093)</u>
Expenditures:			
Operating expenses			
Water purchases		317,263	
Other operating expenditures		247,370	
Total operating expenditures	<u>1,303,975</u>	<u>564,633</u>	<u>739,342</u>
Capital Outlay:	<u>204,525</u>	<u>25,807</u>	<u>178,718</u>
Debt service:			
Principal retirement		100,000	
Interest		149,550	
Total debt service	<u>249,550</u>	<u>249,550</u>	<u>-</u>
Revenues over (under) expenditures	<u>(149,550)</u>	<u>221,417</u>	<u>370,967</u>
Other financing sources (uses):			
Transfers from other funds		149,550	
Transfers to other funds		(2,192)	
Total other financing sources	<u>147,358</u>	<u>147,358</u>	<u>-</u>
Fund balance appropriated	<u>2,192</u>	<u>-</u>	<u>(2,192)</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>368,775</u>	<u>\$ 368,775</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital Outlay		25,807	
Principal payments		100,000	
Depreciation		(201,280)	
Increase (decrease) in accrued interest payable		396	
Amortization of bond premium		22,486	
Bad debts		407	
Total reconciling items		<u>(52,184)</u>	
Change in net position		<u>\$ 316,591</u>	

CUSTODIAL FUNDS

Custodial funds are used to account for assets held by the county as an agent for individuals, private organizations, other governments, and/or other funds.

Scotland County, North Carolina
 Combining Statement of Fiduciary Net Position
 Custodial Funds
 June 30, 2022

	Municipal Tax Fund	Scotland Place	Library	Certified Retirement Community	Cooperative Extensions	4-H Program	Jail Inmate Pay Fund	Total Custodial Fund
ASSETS								
Cash and cash equivalents	\$ 3,394	\$ 1,385	\$ 26,574	\$ 14,041	\$ 7,970	\$ 16,914	\$ 74,235	\$ 144,513
Taxes receivable for other governments, net	65,499	-	-	-	6	78	-	65,583
Total assets	<u>68,893</u>	<u>1,385</u>	<u>26,574</u>	<u>14,041</u>	<u>7,976</u>	<u>16,992</u>	<u>74,235</u>	<u>210,096</u>
LIABILITIES								
Accounts payable and accrued liabilities	-	-	-	-	-	604	-	604
Due to other governments	3,394	1,385	-	-	-	-	-	4,779
Total liabilities	<u>3,394</u>	<u>1,385</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>604</u>	<u>-</u>	<u>5,383</u>
NET POSITION								
Restricted for:								
Individuals, organizations, and other governments	65,499	-	26,574	14,041	7,976	16,388	74,235	204,713
Total net position	<u>\$ 65,499</u>	<u>\$ -</u>	<u>\$ 26,574</u>	<u>\$ 14,041</u>	<u>\$ 7,976</u>	<u>\$ 16,388</u>	<u>\$ 74,235</u>	<u>\$ 204,713</u>

Scotland County, North Carolina
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended June 30, 2022

	Municipal Tax Fund	Scotland Place	Library	Certified Retirement Community	Cooperative Extensions	4-H Program	Jail Inmate Pay Fund	Total Custodial Fund
ADDITIONS								
Ad Valorem taxes for other governments	\$ 1,001,611	\$ 7,005	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,008,616
Other collections	-	-	3,134	3,000	4,182	5,500	-	15,816
Collections on behalf of inmates	-	-	-	-	-	-	291,902	291,902
Total additions	<u>1,001,611</u>	<u>7,005</u>	<u>3,134</u>	<u>3,000</u>	<u>4,182</u>	<u>5,500</u>	<u>291,902</u>	<u>1,316,334</u>
DEDUCTIONS								
Tax distributions to other governments	1,005,776	7,005	-	-	-	-	-	1,012,781
Other distributions	-	-	2,088	-	3,598	5,249	-	10,935
Payments on behalf of inmates	-	-	-	-	-	-	271,651	271,651
Total deductions	<u>1,005,776</u>	<u>7,005</u>	<u>2,088</u>	<u>-</u>	<u>3,598</u>	<u>5,249</u>	<u>271,651</u>	<u>1,295,367</u>
OTHER FINANCING SOURCES (USES)								
Transfers out	-	-	-	-	-	-	(29,100)	(29,100)
Net increase (decrease) in fiduciary net position	(4,165)	-	1,046	3,000	584	251	(8,849)	(8,133)
Net position, beginning, as previously reported	5,162	-	25,528	11,041	7,392	16,137	83,084	148,344
Prior period adjustment (see Note VII)	64,502	-	-	-	-	-	-	64,502
Net position, beginning, as restated	<u>69,664</u>	<u>-</u>	<u>25,528</u>	<u>11,041</u>	<u>7,392</u>	<u>16,137</u>	<u>83,084</u>	<u>212,846</u>
Net position, ending	<u>\$ 65,499</u>	<u>\$ -</u>	<u>\$ 26,574</u>	<u>\$ 14,041</u>	<u>\$ 7,976</u>	<u>\$ 16,388</u>	<u>\$ 74,235</u>	<u>\$ 204,713</u>

OTHER SCHEDULES

This section includes additional information on property taxes.

Scotland County, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
For the Year Ended June 30, 2022

Fiscal Year	Uncollected Balance June 30, 2021	Additions	Collections And Credits	Uncollected Balance June 30, 2022
2021-2022	\$ -	\$ 23,803,326	\$ 23,088,668	\$ 714,658
2020-2021	670,189	-	363,456	306,733
2019-2020	380,126	-	146,002	234,124
2018-2019	274,668	-	74,907	199,761
2017-2018	183,400	-	40,261	143,139
2016-2017	154,347	-	30,706	123,641
2015-2016	115,996	-	16,568	99,428
2014-2015	104,844	-	16,514	88,330
2013-2014	118,560	-	14,125	104,435
2012-2013	127,048	-	13,125	113,923
2011-2012	114,135	-	114,135	-
Totals	<u>\$ 2,243,313</u>	<u>\$ 23,803,326</u>	<u>\$ 23,918,467</u>	<u>2,128,172</u>
				<u>107,054</u>
				<u>\$ 2,021,118</u>
 <u>Reconcilement with revenues:</u>				
				\$ 24,011,604
				Reconciling items:
				Penalties and Interest (303,773)
				Discounts, Releases, Refunds 129,815
				Bad debts recovered (33,314)
				Amount written off per statute of limitations 114,135
				<u>\$ 23,918,467</u>

Scotland County, North Carolina
 Analysis of Current Tax Levy
 County - wide Levy
 For the Year Ended June 30, 2022

	County - wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 2,406,032,500	\$ 1.00	\$ 24,060,325	\$ 21,295,903	\$ 2,764,422
Abatements	<u>(25,699,900)</u>		<u>(256,999)</u>	<u>(235,711)</u>	<u>(21,288)</u>
Totals	<u><u>\$ 2,380,332,600</u></u>				
Net levy			23,803,326	21,060,192	2,743,134
Uncollected taxes at June 30, 2022			<u>714,658</u>	<u>706,032</u>	<u>8,626</u>
Current year's taxes collected			<u><u>\$ 23,088,668</u></u>	<u><u>\$ 20,354,160</u></u>	<u><u>\$ 2,734,508</u></u>
Current levy collection percentage			<u><u>97.00%</u></u>	<u><u>96.65%</u></u>	<u><u>99.69%</u></u>

Scotland County, North Carolina
 Analysis of Current Tax Levy
 County-wide Levy
 For the Year Ended June 30, 2022

Secondary market disclosures:

Assessed valuation:	
Assessment ratio ¹	100%
Real property	\$ 1,362,169,704
Personal property	894,932,365
Public service companies ²	123,230,520
	<hr/>
Total assessed valuation	\$ 2,380,332,589
Tax rate per \$100	<hr/> \$ 1.00
Levy (includes discoveries, releases, and abatements) ³	\$ 23,803,326

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	<hr/> <hr/> \$ 706,440
---------------------------	------------------------

¹ Percentage of appraised value has been established by statute.

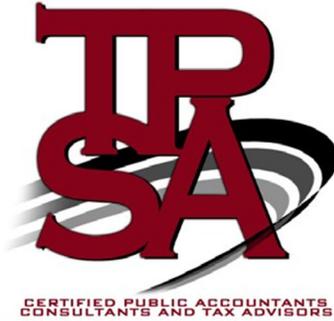
² Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Property Tax Commission.

³ The levy includes interest and penalties

Scotland County, North Carolina
Ten Largest Taxpayers
For the Year Ended June 30, 2022

<u>Taxpayer</u>	<u>Type of Business</u>	2022 Assessed Valuation	Percentage of Total Assessed Valuation
FCC Inc.	Manufacturing	\$ 82,009,927	3.45%
Cascades Holding US Inc.	Manufacturing	81,026,683	3.40%
Pilkington North America	Manufacturing	70,267,582	2.95%
Mountaire Farms of NC Inc.	Manufacturing	57,019,175	2.40%
Edwards Wood Poducts	Manufacturing	54,036,399	2.27%
Duke Energy Progress Inc.	Utilities	39,813,237	1.67%
Piedmont Natural Gas	Utilities	28,120,181	1.18%
Meritor Heavy Vehicle	Manufacturing	26,632,789	1.12%
Kordsa Inc	Manufacturing	23,085,078	0.97%
Railroad Friction	Manufacturing	16,709,738	0.70%
Total		<u>\$ 478,720,789</u>	<u>20.11%</u>

COMPLIANCE SECTION



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**Report On Internal Control Over Financial Reporting And On Compliance and
Other Matters Based On An Audit Of Financial Statements Performed In Accordance With
*Government Auditing Standards***

Independent Auditors' Report

To the Board of County Commissioners
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 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, 2022, and the related notes to the financial statements, which collectively comprises Scotland County's basic financial statements, and have issued our report thereon dated March 17, 2023.

Report on 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 Scotland County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs [2022-001, 2022-002] to be material weaknesses.

A significant deficiency is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items [2022-003] to be significant deficiency.

Members

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Scotland County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as item [2022-002].

Scotland County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Scotland County's responses to the findings identified in our audit are 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.

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
March 17, 2023



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Report On Compliance With Requirements Applicable To Each Major Federal Program And Internal Control Over Compliance In Accordance With OMB Uniform Guidance and the State Single Audit Implementation Act

Independent Auditors' Report

To the Board of County Commissioners
Scotland County, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Scotland County, North Carolina's, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Scotland County's major federal programs for the year ended June 30, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of Scotland County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Scotland County's compliance with the compliance requirements referred to above.

Members

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Scotland County federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Scotland County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Scotland County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Scotland County's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance 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, as discussed below, we did identify certain deficiencies in internal control over compliance 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items [2022-004, 2022-005, 2022-006, 2022-007, 2022-008, 2022-009] to be significant deficiencies.

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

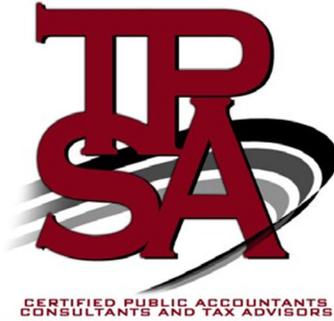
Government Auditing Standards requires the auditor to perform limited procedures on Scotland County's response to internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Scotland County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Scotland County is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. Scotland County's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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.

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
March 17, 2023



Thompson, Price, Scott, Adams & Co, P.A.

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Alan W. Thompson, CPA

R. Bryon Scott, CPA

Gregory S. Adams, CPA

**Report On Compliance With Requirements Applicable To Each Major State
Program And Internal Control Over Compliance In Accordance With
OMB Uniform Guidance and the State Single Audit Implementation Act**

Independent Auditors' Report

To the Board of County Commissioners
Scotland County, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Scotland County, North Carolina's, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Scotland County's major State programs for the year ended June 30, 2022. 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.

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, 2022.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of Scotland County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of Scotland County's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Scotland County State programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Scotland County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Scotland County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Scotland County's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance 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, as discussed below, we did identify certain deficiencies in internal control over compliance 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 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items [2022-005, 2022-006, 2022-007, 2022-008, 2022-009] to be significant deficiencies.

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

Government Auditing Standards requires the auditor to perform limited procedures on Scotland County's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. 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.

Scotland County is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. Scotland County's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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.

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
March 17, 2023

Scotland County, North Carolina
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2022

Section I. Summary of Auditors' Results

Financial Statements

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

Internal control over financial reporting:

- Material Weakness(es) identified? X yes no
- Significant Deficiency(s) identified? X yes none reported

Noncompliance material to financial statements noted X yes no

Federal Awards

Internal control over major federal programs:

- Material Weakness(es) identified? yes X no
- Significant Deficiency(s) identified? X yes none reported

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

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

Identification of major federal programs:

<u>AL #</u>	<u>Program Name</u>
21.027	Coronavirus State and Local Fiscal Recovery Fund
93.568	Low Income Energy Assistance
93.658, 93.659	Foster Care and Adoption Cluster
93.778	Medical Assistance Program

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

Auditee qualified as low-risk auditee? yes X no

State Awards

Internal control over major State programs:

- Material Weakness(es) identified? yes X no
- Significant Deficiency(s) identified? X yes none reported

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

Scotland County, North Carolina
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2022

Section I. Summary of Auditors' Results

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act

 X yes no

Identification of major State programs:

- Program Name
- Foster Care and Adoption Cluster
 - Medical Assistance Program
 - State Capital and Infrastructure Fund
 - Public School Building Capital Fund

Section II. Financial Statement Findings

Finding 2022-001

Prior Period Adjustment

MATERIAL WEAKNESS

Criteria: Management should have a system in place to verify that transactions are recorded in the correct fund and period, thereby reducing the likelihood of errors in financial reporting.

Condition: Prior Period Adjustments were made to the General Fund, Revaluation Fund, Fire Service District Fund, Municipal Tax Fund, Public Works Fund, and Water District I & II Funds for \$1,241,563, (\$376,100), \$40,084, \$64,502, (\$353,649), (\$4,253), and (\$12,048) respectively. Adjustments to the General Fund were to record June 2021 local option sales tax receivable which increased fund balance by \$865,463 and reclass the tax revaluation fund which increased fund balance by \$376,100 (this was offset by a decrease in the Revaluation Fund). Adjustments to the Fire Service District Fund were to record June 2021 local option sale tax receivable of \$40,084. The adjustment to the Municipal Tax Fund was to record the net of taxes receivable and allowance for doubtful accounts as of June 30, 2021, pursuant to requirements of the implementation of GASB 84. The adjustment to the Public Works Fund was to increase the Postclosure Landfill Liability by \$353,649 in accordance with NC General Statute 130A 295.2. Adjustments to Water District I & II funds were to accrue interest payable, which decreased fund balance by \$4,253 and \$12,048 respectively. In addition to the \$905,547 increase in fund balance on the governmental fund statements, this was also reflected on the government-wide statements. The governmental activities also reflected a decrease in beginning fund balance of \$157,392 to accrue interest payable as of June 30, 2021.

Effect: The County's management and other users of the financial statements may not have accurate information for decision-making and monitoring of the County's financial position and adherence to laws, regulations, and other requirements. Errors in financial reporting could occur and not be detected.

Scotland County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section II. Financial Statement Findings (continued)

Cause: Entries that should be part of the year-end close were overlooked. The County understood that the accrual for August was for June sales, not realizing that the distribution in September was actually for June and since there was already 12 months of revenue, they did not believe that the September revenue should be recorded. Additionally, the County had previously adjusted a portion of the landfill liability down as they did not expect to realize the full cost, however, due to general statutes the entire amount needs to be accounted for. Accrued interest payable and taxes receivable for the municipal tax fund were not entries the County had considered recording, however due to GASB 84 and the materiality of the interest payable in the government activities these entries were needed.

Recommendation: The County should review the ledger and financial documents regularly to ensure that necessary adjustments are made timely during the year.

Views of responsible officials and planned corrective actions: The County agrees with this finding.

Finding 2022-002 Budget Violation

MATERIAL WEAKNESS / NONCOMPLIANCE

Criteria: In accordance with North Carolina General Statutes SS 143C, budget revisions must be requested and approved prior to any commitment and/or expenditure that would exceed the amount budgeted. Entities should not overspend the authorized budget.

Condition: The County adopts their budget by department. Expenditures exceeded the budget in the following General Fund departments: Legal Services \$3,347, Medical Examiner \$4,548, Mental Health \$266 and Education \$651,546. The Education over expenditure was due to the County not budgeting for payments that were applied to the school lease instead of being remitted to the schools. The other departments were due to accounts payable that were not accounted for. Additionally, expenditures exceeded budget in the Representative Payee fund \$78,564 and Register of Deeds Trust fund \$37,623 because revenues were higher than anticipated which resulted in increased expenditures.

Effect: The Board spent funds that were not available.

Cause: The County did not leave enough room in the budget to account for accounts payable after year end or adjust for an increase in revenue. Additionally, there was a misunderstanding in how to reflect the lease agreement funds for the schools.

Recommendation: The budget should be reviewed and appropriate amendments made during the year.

Views of responsible officials and planned corrective actions: The County agrees with this finding.

Scotland County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section II. Financial Statement Findings (continued)

Finding 2022-003 **Timeliness of the Audit**

SIGNIFICANT DEFICIENCY

Criteria: The audit report is expected to be submitted within five months plus one day from the fiscal year end per the contract with the Local Government Commission. As stewards of the public's resources, the governing body is responsible for ensuring that the audited financial statements are available to the public in a timely manner.

Condition: The County's report was not finalized until almost nine months after year end.

Effect: External groups such as the North Carolina General Assembly, federal and State agencies that provide funding, and other public associations need current financial information about each unit of local government.

Cause: The County changed financial software mid-year which delayed reconciling the books. Implementation of GASB 87 also took significantly more time than anticipated.

Recommendation: The County should ensure that all efforts are made to complete the audits timely.

Views of responsible officials and planned corrective actions: The County agrees with this finding.

Section III. Federal Award Findings and Questioned Costs

US Department of Treasury

Passed through the NC Department of Health and Human Services
Program Name: Coronavirus State and Local Fiscal Recovery Fund
AL #: 21.027

Finding: 2022-004 **Lack of General Compliance Policies**

SIGNIFICANT DEFICIENCY

Internal Control

Criteria: In accordance with the U.S. Department of Treasury 31 CFR Part 35, Coronavirus State and Local Fiscal Recovery Funds Final Rule and the Uniform Guidance, General Financial Management Internal Controls, Eligible Projects Determination & Documentation Policy, Cost Principles/Allowable Costs Policy, Civil Rights Compliance / Nondiscrimination Policy, Records Retention Policy, and Conflict of Interest are required to be adopted as condition of receiving the funds.

Condition: The County did not adopt and implement the following policies for Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) expenditures: Eligible Use, Allowable Costs, and Civic Right Compliance.

Effect: The County could have used the funds for activities and costs that were prohibited by the Final Rule.

Scotland County, North Carolina
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2022

Section III. Federal Award Findings and Questioned Costs (continued)

Cause: County oversight of the new federal grant requirements for the CSLFRF expenditures to have the stated policies in place.

Recommendation: The county management should review the award terms and conditions, and the Uniform Guidance more carefully to ensure all compliance requirements are met.

Views of responsible officials and planned corrective actions: The County agrees with the finding.

US Department of Health and Human Services

Passed through the NC Department of Health and Human Services
 Program Name: Medical Assistance Program (Medicaid; Title XIX)
 AL #: 93.778

Finding: 2022-005 IV-D Cooperation with Child Support
 SIGNIFICANT DEFICENCY

Eligibility

Criteria: In accordance with the Medicaid Manual MA-3365, all Medicaid cases should be evaluated and referred to the Child Support Enforcement Agency (IV-D). The Child Support Enforcement Agency (IV-D) can assist the family in obtaining financial and/or medical support or medical support payments from the child's non-custodial parent. Cooperation requirement with Department of Social Services (DSS) and Child Support Agencies must be met or good cause for not cooperating must be established when determine Medicaid eligibility.

Condition: There were 7 errors discovered during our procedures that referrals between DSS and Child Support Agencies were not properly made.

Questioned Costs: There was no known affect to eligibility and there were no known questioned costs.

Context: We examined 60 from a total of 683,004 Medicaid claims from the Medicaid beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to Medicaid administrative cost compliance audit.

Effect: For those certifications/re-certifications there was a chance that information was not properly documented and reconciled to North Carolina Families Accessing Services through Technology (NC FAST) and a participant could have been approved for benefits for which they were not eligible.

Cause: Human error in reading the Automated Collection and Tracking System (ACTS) report and/or ineffective case review process.

Recommendation: Files should be reviewed internally to ensure proper information is in place and necessary procedures are taken when determine eligibility. The results found or documentation made in case notes should clearly indicate what actions were performed and the results of those actions.

Scotland County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section III. Federal Award Findings and Questioned Costs (continued)

Views of responsible officials and planned corrective actions: The County agrees with the finding.

US Department of Health and Human Services

Passed through the NC Department of Health and Human Services
Program Name: Medical Assistance Program (Medicaid; Title XIX)
AL #: 93.778

Finding: 2022-006 Inaccurate Information Entry
SIGNIFICANT DEFICENCY

Eligibility

Criteria: In accordance with 42 CFR 435, documentation must be obtained as needed to determine if a recipient meets specific standards, and documentation must be maintained to support eligibility determinations. In accordance with 2 CFR 200, management should have an adequate system of internal controls procedures in place to ensure an applicant is properly determined or redetermined for benefits.

Condition: There were 13 errors discovered during our procedures that inaccurate information was entered when determining eligibility.

Questioned Costs: There was no known affect to eligibility and there were no known questioned costs.

Context: We examined 60 from a total of 683,004 Medicaid claims from the Medicaid beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to Medicaid administrative cost compliance audit.

Effect: For those certifications/re-certifications there was a chance that information was not properly documented and reconciled to NC FAST and a participant could have been approved for benefits for which they were not eligible.

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2021-002.

Cause: Ineffective record keeping and ineffective case review process, incomplete documentation, or incorrect application of rules for purposes of determining eligibility.

Recommendation: Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping. We recommend that all files include online verifications, documented resources of income and those amounts agree to information in NC FAST. The results found or documentation made in case notes should clearly indicate what actions were performed and the results of those actions.

Views of responsible officials and planned corrective actions: The County agrees with the finding.

Scotland County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section III. Federal Award Findings and Questioned Costs (continued)

US Department of Health and Human Services

Passed through the NC Department of Health and Human Services
Program Name: Medical Assistance Program (Medicaid; Title XIX)
AL #: 93.778

Finding: 2022-007 Inaccurate Resources Entry

SIGNIFICANT DEFICENCY

Eligibility

Criteria:	In accordance with Medicaid Manual MA-2230, Medicaid for Aged, Blind and Disabled case records should contain documentation that verifications were done in preparation of the application and these items will agree to reports in the NC FAST system. In this process, the countable resources should be calculated correctly and agree back to the amounts in the NC FAST system. Any items discovered in the verification process should be considered countable or non-countable resources and explained within the documentation.
Condition:	There was 1 error discovered during our procedures that resources in the county documentation and those same resources contained in NC FAST were not the same amounts or files containing resources were not properly documented to be considered countable or non-countable.
Questioned Costs:	There was no known affect to eligibility and there were no known questioned costs.
Context:	We examined 60 from a total of 683,004 Medicaid claims from the Medicaid beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to Medicaid administrative cost compliance audit.
Effect:	For those certifications/re-certifications there was a chance that information was not properly documented and reconciled to NC FAST and a participant could have been approved for benefits for which they were not eligible.
Cause:	Ineffective record keeping and ineffective case review process, incomplete documentation, or incorrect application of rules for purposes of determining eligibility.
Recommendation:	Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping. We recommend that all files include online verifications, documented resources of income and those amounts agree to information in NC FAST. The results found or documentation made in case notes should clearly indicate what actions were performed and the results of those actions.
Views of responsible officials and planned corrective actions:	The County agrees with the finding.

Scotland County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section III. Federal Award Findings and Questioned Costs (continued)

US Department of Health and Human Services

Passed through the NC Department of Health and Human Services
Program Name: Medical Assistance Program (Medicaid; Title XIX)
AL #: 93.778

Finding: 2022-008 Untimely Review of SSI Termination
SIGNIFICANT DEFICENCY

Eligibility

Criteria:	In accordance with the Medicaid Manual MA-3120, the State sends notification to the County when a participant is no longer eligible under Supplemental Security Income (SSI) determination, the County is required to initiate the ex parte review within 5 workdays of the date the termination appears on the SSI Termination Report, and complete the redetermination within 4 months of the month the case appears on the SSI Termination Report and notify the recipient about applicant's ongoing eligibility for Medicaid.
Condition:	There were 2 errors discovered during our procedures that inaccurate information was entered when determining eligibility.
Questioned Costs:	There was no known affect to eligibility and there were no known questioned costs.
Context:	We examined 60 from a total of 683,004 Medicaid claims from the Medicaid beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to Medicaid administrative cost compliance audit.
Effect:	The County did not initiate ex parte review timely, therefore, no eligibility review was completed in the required time period. The lack of follow up and certification lead to applicants receiving Medicaid benefits for which they were not eligible.
Cause:	Ineffective communication between departments within the Department of Social Services. One area within DSS received State communications that applicants would no longer be eligible for SSI benefits and the County needed to conduct an application process. This information was not shared with other departments in DSS from which the recipient was also receiving benefits.
Recommendation:	Any State communications related to applicants' benefits received by any DSS department should be shared with all areas from which the participant receives benefits. State files should be reviewed internally to ensure all actions have been properly closed and the corrective action has been taken. Workers should be retrained on what process needs to be followed when State communications are received.
Views of responsible officials and planned corrective actions:	The County agrees with the finding.

Scotland County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section III. Federal Award Findings and Questioned Costs (continued)

US Department of Health and Human Services

Passed through the NC Department of Health and Human Services
Program Name: Medical Assistance Program (Medicaid; Title XIX)
AL #: 93.778

Finding: 2022-009 Inadequate Request for Information
SIGNIFICANT DEFICENCY

Eligibility

Criteria:	In accordance with 42 CFR 435, documentation must be obtained as needed to determine if a recipient meets specific standards, and documentation must be maintained to support eligibility determinations. Electronic matches are required at applications and redeterminations.
Condition:	There were 15 errors discovered during our procedures that inadequate information was requested at applications and/or redeterminations.
Questioned Costs:	There was no known affect to eligibility and there were no known questioned costs..
Context:	We examined 60 from a total of 683,004 Medicaid claims from the Medicaid beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to Medicaid administrative cost compliance audit.
Effect:	For those certifications/re-certifications there was a chance that information was not properly documented and reconciled to NC FAST and applicants could have been approved for benefits for which they were not eligible.
Cause:	Ineffective record keeping and ineffective case review process, incomplete documentation, or incorrect application of rules for purposes of determining eligibility.
Recommendation:	Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping. We recommend that all files include online verifications, documented resources and income and those amounts agree to information in NC FAST. The results found or documentation made in case notes should clearly indicate what actions were performed and the results of those actions.
Views of responsible officials and planned corrective actions:	The County agrees with the finding.

Scotland County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section IV. State Award Findings and Questioned Costs

Program Name: Medical Assistance Program (Medicaid; Title XIX)

AL #: 93.778

SIGNIFICANT DEFICENCY/MATERIAL NONCOMPLIANCE: Finding 2022-005, 2022-006, 2022-007, 2022-008 and 2022-009 also apply to State requirements and State Awards.



Corrective Action Plan
For the Year Ended June 30, 2022

Section II - Financial Statement Findings

Finding: 2022-001

Name of contact person: Beth Hobbs, Finance Director

Corrective action: Finance staff will review the general ledger accounts and make necessary adjustments before year-end. Staff has a better understanding of how the post-closure costs and the accrued interest should be recorded for the Enterprise Funds in the future.

Proposed completion date: Immediately

Finding: 2022-002

Name of contact person: Beth Hobbs, Finance Director

Corrective action: With the implementation of new financial software midyear, the finance staff overlooked some budgetary issues at year-end. Staff are more comfortable maneuvering around the system and an additional feature within the software has been implemented to assist with budgetary reviews.

Proposed completion date: Immediately

Finding: 2022-003

Name of contact person: Beth Hobbs, Finance Director

Corrective action: The County implemented a new financial software system midyear and obtained new auditors. Finance staff anticipates a smoother transition with future audits and expects to deliver timely records to the auditing firm. Staff have been reviewing and reconciling information more frequently to ensure records are in order for the annual audit.

Proposed completion date: Immediately



Corrective Action Plan
For the Year Ended June 30, 2022

Section III - Federal Award Findings and Question Costs

Finding: 2022-004

Name of contact person: Beth Hobbs, Finance Director

Corrective action: The County followed the IRS guidance in the Final Rule document pertaining to the eligible uses and allowable costs of the ARPA funds. The County also had language in sub-recipient agreements regarding Title VI for Civil Rights Act. The County did not formally adopt policies for the items mentioned above. For future expenditures the County will adopt said policies to be in compliance.

Proposed completion date: Immediately

Finding: 2022-005

Name of contact person: Carolyn Lewellen, Medicaid Program Manager

Corrective action: Family Medicaid Supervisor has trained staff on when completing a child support referral is required. Targeted reviews will be completed by the Family Medicaid Supervisor for 3 months, 2 reviews for each staff member.

Proposed completion date: Training was completed on 9/20/2022 with Medicaid staff. Training logs available. Targeted reviews began on 12/1/2022 and end on 2/28/2023, if appropriate referrals were made and documented. Review logs will document those targeted reviews. Quality Assurance staff will review findings, recommendations, and make any adjustments needed to 2nd party forms.

Finding: 2022-006

Name of contact person: Carolyn Lewellen, Medicaid Program Manager

Corrective action: Adult and Family Medicaid Supervisors will train staff on the importance of entering the correct information, so that the case is processed correctly. Targeted reviews will be completed by both Medicaid Supervisors for 3 months, 2 reviews for each staff member.

Proposed completion date: Training was completed on 9/20/2022 for Family Medicaid and 10/26/2022 for Adult Medicaid. Adult Medicaid also trained on the 1/3 reduction on 11/9/2022. Training logs are available. Targeted reviews began on 12/1/2022 and will end on 2/28/2023 if improvements are noted and no further errors noted. Review logs will document those targeted reviews. Quality Assurance staff will review findings, recommendations, and make any adjustments needed to 2nd party forms.



Corrective Action Plan
For the Year Ended June 30, 2022

Section III - Federal Award Findings and Question Costs (continued)

Finding: 2022-007

Name of contact person: Carolyn Lewellen, Medicaid Program Manager

Corrective action: Adult Medicaid Supervisor will train staff on the importance of obtaining and entering the correct resources for clients. Targeted reviews will be completed by the Adult Medicaid Supervisor for 3 months, 2 reviews for each staff member.

Proposed completion date: Training was completed on 10/26/2022. Training logs are available. Targeted reviews began on 12/1/2022 and will end on 2/28/2023 if no errors were documented. Review logs will document those targeted reviews. Quality Assurance staff will review findings, recommendations, and make any adjustments needed to 2nd party forms.

Finding: 2022-008

Name of contact person: Carolyn Lewellen, Medicaid Program Manager

Corrective action: Adult and Family Medicaid Supervisors will immediately begin to keep an SSI Termination log to be reviewed monthly. SSI termination cases will be assigned to staff to evaluate for continued eligibility.

Proposed completion date: Training was completed on 10/26/2022 for Adult Medicaid and will be completed by 12/15/2022 for Family Medicaid. Training logs will be available. Supervisors will review SSI Termination log each month to ensure cases were reviewed timely.

Finding: 2022-009

Name of contact person: Carolyn Lewellen, Medicaid Program Manager

Corrective action: Adult and Family Medicaid Supervisors will train on the importance of requesting the correct information. Targeted reviews will be completed by both Medicaid supervisors for 3 months, 2 reviews for each staff member.

Proposed completion date: Training was completed on 9/20/2022 by Family Medicaid and on 10/26/2022 for Adult Medicaid. Training logs are available. Targeted reviews began on 12/1/2022 and will end 2/28/2023 if no errors are documented. Quality Assurance staff will review findings, recommendations, and make any adjustments needed to 2nd party forms.



Corrective Action Plan
For the Year Ended June 30, 2022

Section IV - State Award Findings and Question Costs

Corrective Actions for Finding 2022-005, 2022-006, 2022-007, 2022-008 and 2022-009 also apply to the State findings.

Scotland County, North Carolina
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2022

Finding: 2021-001
Status: This finding was repeated as 2022-001.

Finding: 2021-002
Status: This finding was repeated as 2022-006.

Finding: 2021-003
Status: Corrected.

Scotland County, North Carolina
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2022

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing No.	State/ Pass-through Grantor's Number	Fed (Direct & Pass-through Expenditures	State Expenditures	Provided to Sub- recipients	Local Expenditures
Federal Awards:						
<u>U. S. Department of Agriculture</u>						
Passed-through N.C. Dept. of Health and Human Services:						
Division of Social Services:						
Administration:						
Supplemental Nutrition Assistance Program Cluster State						
Administrative Matching Grants	10.561	5NC400406	\$ 465,198	\$ -	\$ -	\$ 465,198
FNS ARPA	10.561	5NC400406	57,671	-	-	-
FNS CAA	10.561	5NC400406	21,181	-	-	-
Total Supplemental Nutrition Assistance Program			544,050	-	-	465,198
Passed-through N.C. Dept. of Health and Human Services						
Division of Public Health:						
Administration:						
Special Supplemental Nutrition Program for Women, Infants and Children						
Total U. S. Department of Agriculture	10.557	5NC700705	226,060	-	-	-
			770,110	-	-	465,198
<u>U.S. Dept. of Justice</u>						
Passed through N.C. Dept. of Public Safety						
Coronavirus Emergency Supplemental Funding	16.034	2020-VD-BX-1373	55,725	-	-	-
Bulletproof Vest Partnership Program	16.607	566000339	1,920	-	-	2,020
Total U.S. Dept. of Justice			57,645	-	-	2,020
<u>U.S. Dept. of Transportation</u>						
Passed through the N.C. Dept of Transportation						
Formula Grants for Rural Areas and Tribal Transit Program						
DOT-14						
21-CT-071 Scotland County, Capital	20.509	36233.95.22.3	107,116	13,389	-	-
21-CT-071 Scotland County, Operating	20.509	49233.58.1.2	195,386	-	-	-
DOT-14						
22-CT-071 Scotland County, Capital	20.509	36233.95.23.4	15,763	1,970	-	-
Total Public Transportation for Nonurbanized Areas			318,265	15,359	-	-
Passed through N.C. Dept of Public Safety						
Hazardous Material Emergency Preparedness Grant						
Total U.S. Dept. of Transportation	20.703		8,000	-	-	-
			318,265	15,359	-	-
<u>U.S. Dept. of Treasury</u>						
Direct Awards						
Coronavirus State and Local Fiscal Recovery Fund	21.027		846,118	-	-	-
Total U.S. Dept. of Treasury			846,118	-	-	-
<u>U.S. Dept. of Health and Human Services</u>						
Passed-through N.C. Dept. of Health and Human Services						
Division of Public Health:						
Public Health Emergency Preparedness						
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.069	NU9OTP922002	22,581	-	-	-
Family Planning Services	93.116	5U52PS416676	50	-	-	-
	93.217	FPHP040648-02-00	32,788	-	-	-
Immunization Cooperation Agreements	93.268	NH231P000759-06-00	15,238	-	-	-
COVID-19 Immunization Cooperation Agreements	93.268	NH231P000759-06-00	133,750	-	-	-
Total Immunization Cooperation Agreements			148,988	-	-	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323		144,378	-	-	-
COVID-19 Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391		421	-	-	-
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	1H25PS004349	100	-	-	-
Preventive Health and Health Services Block Grant	93.991		30,608	-	-	-
Maternal and Child Health Services Block Grant	93.994	B04MC26685	79,021	13,218	-	-

Scotland County, North Carolina
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2022

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing No.	State/ Pass-through Grantor's Number	Fed (Direct & Pass-through Expenditures	State Expenditures	Provided to Sub- recipients	Local Expenditures
Division of Social Services:						
Temporary Assistance Needy Families Cluster						
TANF - Work First	93.558	G1202NCTANF	339,631	-	-	566,958
Division of Public Health						
TANF - Work First	93.558	G1202NCTANF	10,163	-	-	-
Total TANF Cluster			349,794	-	-	566,958
Low Income Energy Assistance						
Administration	93.568	G12BNCLIEA	46,367	-	-	-
Crisis Intervention Payments	93.568	G12BNCLIEA	45,828	-	-	-
Energy Assistance	93.568	G12BNCLIEA	514,566	-	-	-
LIEAP ARPA	93.568	G12BNCLIEA	340,946	-	-	-
LIHWAP ADM	93.568	G12BNCLIEA	1,913	-	-	-
LIHWAP CAA	93.568	G12BNCLIEA	7,050	-	-	-
Total Low-Income Energy Assistance			956,670	-	-	-
Permanency Planning - Service & Admin	93.645	G1201NC1400	11,523	-	-	3,841
Family Preservation	93.556	15113A15151	6,801	-	-	-
Refugee Assistance Admin	93.566		(1,291)	-	-	-
Foster Care and Adoption Cluster						
Foster Care - Title IV-E	93.658	1201NC1401	718,411	108,713	-	387,265
Adoption Assistance	93.659	1201NC1407	673	-	-	673
IV-E Adoption	N/A		-	-	-	-
Foster Care	N/A		43,658	-	-	-
Total Foster Care and Adoption			762,742	108,713	-	387,938
Child Support Enforcement	93.563	1204NC4005	700,685	-	-	360,960
Chafee Foster Care Independence Program	93.674	G120NC1420	4,206	1,052	-	-
Division of Aging and Adult Services						
Passed-through Lumber River Council of Government - Aging Cluster						
SSBG	93.667		16,312	466	-	-
Division of Social Services						
SSBG - Other Training & Services	93.667	G120NCS0SR	260,784	-	-	86,928
SSBG - Adult Day Care	93.667	G120NCS0SR	-	-	-	-
SSBG - CPS TANF to SSBG	93.667	G120NCS0SR	-	-	-	-
SSBG - State In Home Service Fund	93.667	G120NCS0SR	11,829	-	-	1,690
Total Social Service Block Grant			288,925	466	-	88,618
Subsidized Child Care:						
<u>Child Care Development Fund Cluster</u>						
Division of Social Services:						
Child Care Development Mandatory and Match Fund- Administration	93.596	47013123	93,559	-	-	-
Total Subsidized Child Care			93,559	-	-	-
Division of Medical Assistance						
Division of Social Services						
Administration Medical Assistance Program	93.778	5-1205NC5MAP	1,640,283	1,046	-	648,598
State Children's Insurance Program-N. C. Health Choice	93.767	1715376H1	17,112	692	-	3,150
Passed-through Lumber River Council of Government						
Division of Aging and Adult Services						
<u>Aging Cluster</u>						
Special Programs for the Aging - Title III B						
Grants for Supportive Services and Senior Centers	93.044		40,421	2,378	-	-
COVID-19 Special Programs for the Aging - Title III B	93.044		450	-	-	-
Total Aging Cluster			40,871	2,378	-	-

Scotland County, North Carolina
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2022

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing No.	State/ Pass-through Grantor's Number	Fed (Direct & Pass-through Expenditures	State Expenditures	Provided to Sub- recipients	Local Expenditures
Passed-through N.C. Dept. of Insurance						
MIPPA Grant	93.071	2001NCMISH-00	-	5,533	-	-
SHIP Grant	93.324	90SAPG0099-02-00	-	3,700	-	-
Total U. S. Department of Health and Human Services			5,330,815	136,798	-	2,060,063
U.S. Department of Homeland Security						
Passed-through N.C. Dept. of Public Safety						
Division of Emergency Management						
Emergency Management Performance Grant (ARPA)	97.042	EMPG-2021-EP-00014	11,068	-	-	-
Emergency Management Performance Grant	97.042	EMPG-2021-2120083	39,286	-	-	-
Emergency Management Performance Grant (COVID-19)	97.042	EMA-2020-EP-00016-2025083	12,695	-	-	-
Total Emergency Management Performance GRANT			63,049	-	-	-
Total U.S. Department of Homeland Security			63,049	-	-	-
 Total federal awards			 \$ 7,394,002	 \$ 152,157	 \$ -	 \$ 2,527,281
State Awards:						
<u>N.C. Dept. of Health and Human Services</u>						
Division of Public Health:						
Food & Lodging Fees		87311534751	\$ -	\$ 6,072	\$ -	\$ -
PH Capacity Building			-	104,491	-	-
General Communicable Diseases Control		51011754510	-	7,855	-	-
HIV/STD STATE		53613114536	-	864	-	-
Healthy Community Activities			-	3,746	-	-
TPPI - Adol. Pregnancy Prevention Program		158AA13325166KZ	-	44,575	-	-
Family Planning - State		566000339	-	43,039	-	-
Maternal Health		B04MC23398	-	23,875	-	-
Women's Health Service Fund		15113A16012	-	5,622	-	-
TB Control		55114604551	-	14,552	-	-
Total Division of Public Health			-	254,691	-	-
Division of Social Services:						
State Child Welfare/CPS/CS LD		566000339	-	141,889	-	-
County Funded Programs		566000339	-	-	-	769,234
DCD Smart Start		566000339	-	15,156	-	-
Energy Assist Private Grant		566000339	-	994	-	-
Non-Allocating County Cost		566000339	-	-	-	144,543
WRK FRT NON REIMBURSABLE		566000339	-	-	-	838
AFDC INCENT / Program Integrity		566000339	-	(17)	-	-
Extended FC/Max Non IV-E		566000339	-	18,732	-	-
F/C AT RISK MAXIMIZATION		566000339	-	21,294	-	7,554
COVID-19 FC STIPEND		566000339	-	(900)	-	-
SFHF Maximization		566000339	-	43,232	-	32,195
State Foster Home		566000339	-	87,853	-	78,217
IV-B EFT CHAF INDEP LIV		566000339	-	26,821	-	-
Total Division of Social Services			-	355,054	-	1,032,581
Division of Aging and Adult Services						
Passed-through Lumber River Council of Government - Aging Cluster						
90% State Appropriation - Access			-	6,191	-	-
90% State Appropriation - In Home Services			-	60,051	-	-
Total Division of Aging and Adult Services			-	66,242	-	-
Total N.C. Dept. of Health and Human Services			-	675,987	-	1,032,581
<u>N.C. Dept. of Veterans Affairs</u>						
Veteran Grant			-	2,109	-	-
Total Dept. of Veterans Affairs			-	2,109	-	-
<u>N.C. Dept. of Agriculture and Consumer Services</u>						
Division of Soil and Water Conservation						
Master Agreement		21-035-4016	-	29,240	-	-
Total N.C. Dept. of Agriculture and Consumer Services			-	29,240	-	-
<u>N.C. Dept. of Transportation</u>						
Rideshare		DOT-11 36224.35.1.2	-	106	-	-

Scotland County, North Carolina
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2022

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing No.	State/ Pass-through Grantor's Number	Fed (Direct & Pass-through Expenditures	State Expenditures	Provided to Sub- recipients	Local Expenditures
ROAP Cluster						
ROAP RGP		DOT-16CL 36228.22.10.1	-	49,797	-	-
ROAP EDTAP		DOT-16CL 36220.10.10.1	-	68,428	-	-
ROAP EMPLOYMENT		DOT-16CL 36236.11.9.1	-	4,085	-	-
Total N.C. Department of Transportation			-	122,310	-	-
<u>N.C. Dept. of Natural and Cultural Resources</u>						
Division of State Library						
State Aid to Libraries		56-6000339-E	-	99,809	-	-
Total N.C. Dept. of Natural and Cultural Resources			-	99,809	-	-
<u>N.C. Department of Environmental Quality</u>						
Division of Waste Management						
Scrap Tire Fund			-	1,859	-	-
Total of N.C. Department of Environmental Quality			-	1,859	-	-
<u>N.C. Department of Public Safety</u>						
Juvenile Crime Prevention Councils						
JCPC Administration			-	13,925	13,925	-
Scots for Youth			-	124,995	124,995	-
Youth Empowered to Succeed (YES)			-	73,128	73,128	-
Total Juvenile Crime Prevention Councils			-	212,048	212,048	-
Re-Entry Programs and Services		19-RFP-014727-JJX	-	184,775	-	-
Sheriff Assistance Fund			-	84,270	-	-
Total N.C. Department of Public Safety			-	481,093	212,048	-
<u>N.C. Department of Commerce</u>						
Rural Building Reuse Program						
Total N.C. Department of Commerce			-	70,000	-	-
<u>N.C. Office of State Budget and Management</u>						
State Capital and Infrastructure Fund						
I. Ellis Johnson School Rehabilitation Project		20572	-	52,495	-	-
Laurel Hill Community Center Project		20574	-	500,000	-	-
Total State Capital and Infrastructure Fund			-	552,495	-	-
Total N.C. Department of Agriculture & Consumer Services			-	552,495	-	-
<u>N.C. Department of Public Instruction</u>						
Public School Building Capital Fund						
Total N.C. Department of Public Instruction			-	511,995	-	-
Total State Awards			-	2,547,003	212,048	1,032,581
Total Federal and State Awards			\$ 7,394,002	\$ 2,699,160	\$ 212,048	\$ 3,559,862

Notes to the Schedule 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, 2022. 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, change 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.

Scotland County, North Carolina
 Schedule of Expenditures of Federal and State Awards
 For The Year Ended June 30, 2022

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal Assistance Listing No.</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Fed (Direct & Pass-through Expenditures</u>	<u>State Expenditures</u>	<u>Provided to Sub- recipients</u>	<u>Local Expenditures</u>
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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 and 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.

<u>Program Title</u>	<u>CFDA No.</u>	<u>Federal</u>	<u>State</u>
Food and Nutrition Services	10.551	\$ 33,016,012	\$ -
Special Supplemental Nutrition Program for Women Infant and Children	10.557	874,508	-
Children's Health Insurance Program	93.767	437,259	98,149
TANF Payments & Penalties	93.558	291,286	-
IV-E Adopt & Vendor	93.659	118,361	-
Medical Assistance Program	93.778	86,352,527	32,830,129
CWS Adopt, Vendor, Guard	N/A	-	77,244
SC/SA Domiciliary Care	N/A	-	197,646