

SCOTLAND COUNTY, NORTH CAROLINA
FINANCIAL STATEMENTS
June 30, 2023

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BOARD OF COUNTY COMMISSIONERS

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Finance Director

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Register of Deeds

April Snead
County Manager

Jason Robinson
Clerk to Board

Edward H. Johnston, Jr.
County Attorney

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FINANCIAL SECTION



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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, 2023, 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, 2023, 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, 2023, 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, and Scotland County Tourism Development Authority, were not audited in accordance with *Government Auditing Standards*. The statements of Scotland County Economic Development Corporation were audited in accordance with *Government Auditing Standards*.

Members

American Institute of CPAs - N.C. Association of CPAs - AICPA's Private Companies Practice Section

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 58 through 64, 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 28, 2024 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 28, 2024

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, 2023. 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

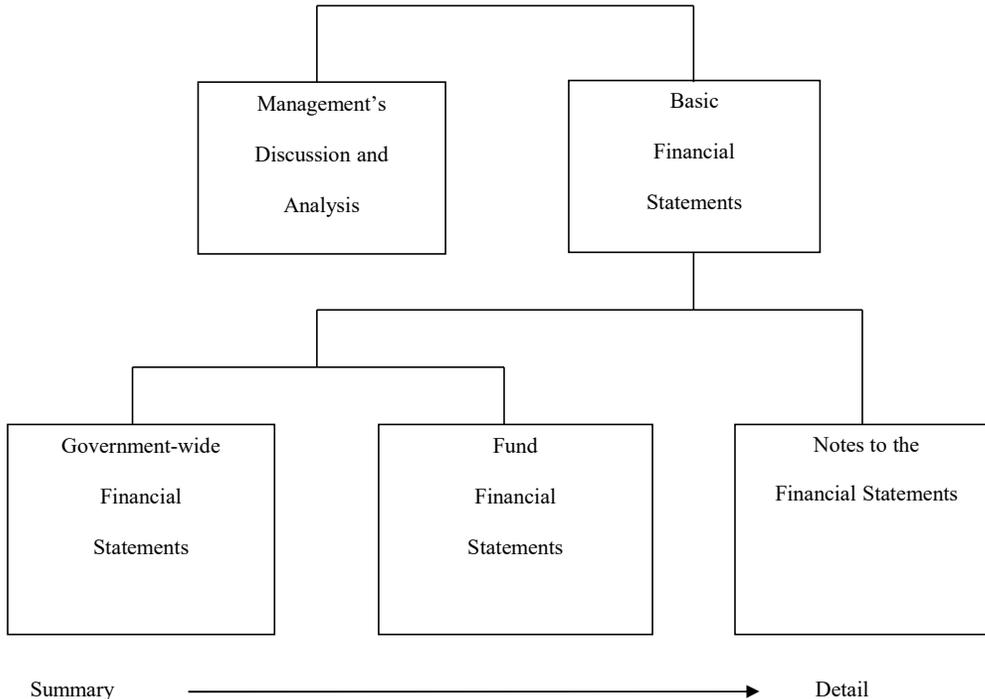
- The liabilities and deferred inflows of resources of Scotland County exceeded its assets and deferred outflows of resources at the close of the fiscal year by \$19,164,953 (net position).
- The government's total net position increased by \$5,518,467 primarily due to an increased net position both 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 \$21,133,253, a decrease of \$906,394 in comparison with the prior year. Approximately 46.2 percent of this total amount, or \$9,753,427, is restricted or nonspendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$8,048,989 or 14.87 percent of total general fund expenditures for the fiscal year.
- Scotland County's total debt decreased by \$604,179 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 gauge the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water and sewer and landfill services offered by Scotland County. Scotland County Water Districts I and II (the Districts) exist to provide and maintain water systems for the County residents within the district. The Districts are reported as an enterprise fund in the County's financial statements.

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

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Scotland County, like all other governmental entities, 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	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 50,756,675	\$ 54,867,441	\$ 5,690,415	\$ 4,851,553	\$ 56,447,090	\$ 59,718,994
Capital and right to use assets	20,291,296	15,838,851	8,455,621	8,332,729	28,746,917	24,171,580
Total assets	71,047,971	70,706,292	14,146,036	13,184,282	85,194,007	83,890,574
Total deferred outflows of resources	11,132,275	9,629,560	407,328	330,659	11,539,603	9,960,219
Long-term liabilities outstanding	70,519,269	69,532,332	8,622,864	8,480,090	79,142,133	78,012,422
Other liabilities	9,896,909	11,414,278	781,647	965,132	10,678,556	12,379,410
Total liabilities	80,416,178	80,946,610	9,404,511	9,445,222	89,820,689	90,391,832
Total deferred inflows of resources	25,911,684	27,930,311	166,190	237,729	26,077,874	28,168,040
Net position:						
Net investment in capital assets	19,628,685	14,928,149	3,500,444	3,180,148	23,129,129	18,108,297
Restricted	9,456,937	8,549,126	-	-	9,456,937	8,549,126
Unrestricted	(53,233,238)	(52,018,344)	1,482,219	651,842	(51,751,019)	(51,366,502)
Total net position	\$ (24,147,616)	\$ (28,541,069)	\$ 4,982,663	\$ 3,831,990	\$ (19,164,953)	\$ (24,709,079)

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 \$19,164,953 as of June 30, 2023. The County's net position increased by \$5,544,126 for the fiscal year ended June 30, 2023. There was a restatement of fund balance of due to the implementatoin of GASB 96 that increase fund balance by a net of \$25,659. One of the largest portions, \$23,129,129 (120.68%) 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 \$9,456,937 (49.34%) represents resources that are subject to external restrictions on how they may be used. The remaining deficit balance of \$51,751,019 (270.03%) 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.
- Increased net investment in capital outlay and fund balance restrictions left less fund blance to be unrestricted.

SCOTLAND COUNTY'S CHANGES IN NET POSITION

Figure 3

	Governmental		Business-type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 6,261,126	\$ 7,145,528	\$ 4,297,219	\$ 4,578,665	\$ 10,558,345	\$ 11,724,193
Operating grants and contributions	11,412,992	9,893,459	241,375	713,121	11,654,367	10,606,580
Capital grants and contributions	2,850,500	1,188,160	-	-	2,850,500	1,188,160
General revenues:						
Property taxes	25,527,902	24,834,100	-	-	25,527,902	24,834,100
Local option sales tax	10,796,451	9,974,348	-	-	10,796,451	9,974,348
Other taxes	273,029	179,376	94,018	92,575	367,047	
Interest investment earnings	1,110,926	67,607	-	-	1,110,926	67,607
Other	446,065	463,223	42,548	91,302	488,613	554,525
Total revenues	58,678,991	53,745,801	4,675,160	5,475,663	63,354,151	58,949,513
Expenses:						
General government	6,815,494	6,267,515	-	-	6,815,494	6,267,515
Public safety	11,938,330	11,532,329	-	-	11,938,330	11,532,329
Economic and physical development	2,915,297	2,181,361	-	-	2,915,297	2,181,361
Human services	14,726,231	13,540,236	-	-	14,726,231	13,540,236
Cultural and recreation	3,429,143	1,431,756	-	-	3,429,143	1,431,756
Education	12,072,911	11,908,514	-	-	12,072,911	11,908,514
Interest on long-term debt	1,300,060	1,959,018	-	-	1,300,060	1,959,018
Public Works	-	-	3,009,187	2,947,470	3,009,187	2,947,470
Water District I	-	-	630,998	628,678	630,998	628,678
Water District II	-	-	998,033	892,174	998,033	892,174
Total expenses	53,197,466	48,820,729	4,638,218	4,468,322	57,835,684	53,289,051
Increase in net position before transfers and special items	5,481,525	4,925,072	36,942	1,007,341	5,518,467	5,660,462
Transfers and special items	(1,113,731)	(170,113)	1,113,731	199,212	-	29,099
Increase in net position after transfers and special items	4,367,794	4,754,959	1,150,673	1,206,553	5,518,467	5,961,512
Net position, beginning	(28,541,069)	(11,304,183)	3,831,990	2,995,386	(24,709,079)	(8,308,797)
Net position, beginning, restated	(28,515,410)	(33,296,028)	3,831,990	2,625,437	(24,683,420)	(30,670,591)
Net position, ending	\$ (24,147,616)	\$ (28,541,069)	\$ 4,982,663	\$ 3,831,990	\$ (19,164,953)	\$ (24,709,079)

Governmental activities. Governmental activities increased the County's net position by \$4,367,794 thereby accounting for 79.15% 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 \$1,150,673, accounting for 20.85% of the total increase in the government's net position. Key elements of this increase are as follows:

- Controlled costs.
- Decreases in revenues not exceeding increases in expenditures.

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 \$11,108,323, while total fund balance reached \$16,078,261. 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 20.53 percent of total General Fund expenditures, while total fund balance represents 29.71 percent of that same amount.

At June 30, 2023, the governmental funds of Scotland County reported a combined fund balance of \$21,133,253, a 4.11 percent decrease from the previous year. The primary reason for this decrease was increased expenditures for capital outlay purchases and a reduction of revenues due to one time grants received in prior years.

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 \$6,448,206.

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 \$(1,792,854) and those for the Water District I Fund equaled \$1,246,034, and those for the Water District II Fund equaled \$2,029,039. The total change in net position for these funds was \$(208,637), \$56,262 and \$1,303,048, 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, 2023, totals \$28,746,914 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, vehicles and right to use assets.

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

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 336,235	\$ 699,755	\$ 351,906	\$ 351,906	\$ 688,141	\$ 1,051,661
Construction in Progress	3,303,673	2,145,773	83,407	25,807	3,387,080	2,171,580
Buildings and System	10,675,699	8,249,739	6,622,936	6,752,189	17,298,635	15,001,928
Machinery and equipment	1,684,308	1,462,294	152,473	125,067	1,836,781	1,587,361
Vehicles and motorized equipmen	3,103,035	3,161,890	1,244,896	1,077,760	4,347,931	4,239,650
Right to use asset	1,188,346	870,644	-	-	1,188,346	870,644
Total	\$ 20,291,296	\$ 16,590,095	\$ 8,455,618	\$ 8,332,729	\$ 28,746,914	\$ 24,922,824

Major capital asset transactions during the year include:

- Land and building acquisitions.
- Building improvement and construction.
- Purchase of vehicles and heavy equipment.
- Right to use assets for software and 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, 2023, Scotland County had total bonded debt outstanding of \$39,974,355, all of which is debt backed by the full faith and credit of the County. The County also has installment obligations of \$725,458, lease & SBITA liabilities of \$1,125,499 and limited obligation bonds of \$37,250,000.

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

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Installment Purchases	\$ 725,458	\$ 790,578	\$ -	\$ -	\$ 725,458	\$ 790,578
Limited Obligation Bonds	32,735,000	34,940,000	4,515,000	4,685,000	37,250,000	39,625,000
Unamortized Bond Premium	4,464,934	4,766,329	440,177	467,581	4,905,111	5,233,910
Lease & SBITA Liabilities	1,125,499	845,708	-	-	1,125,499	845,708
Accrued landfill closure and postclosure care costs	-	-	2,724,355	2,548,552	2,724,355	2,548,552
Compensated absences	1,079,950	1,103,082	31,469	43,859	1,111,419	1,146,941
Net pension liability (LGERS)	10,403,696	2,790,065	433,487	116,253	10,837,183	2,906,318
Total pension liability (LEOSSA)	789,652	923,708	-	-	789,652	923,708
Net OPEB liability	21,709,462	26,412,776	648,376	788,845	22,357,838	27,201,621
Total	\$ 73,033,651	\$ 72,572,246	\$ 8,792,864	\$ 8,650,090	\$ 81,826,515	\$ 81,222,336

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 \$162,909,739.

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.

- In 2023-NSG announced \$86.8M investment with 20 new jobs.
- The County's unemployment rate in November 2023 was 5.9% and the State's average was 3.5%. This is a decrease for the County and State as compared to last year's unemployment rates.

Budget Highlights for Fiscal Year Ending June 30, 2024

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 6.4% to \$53,546,672. 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 increase for fiscal year 2024.

An availability fee of \$55 and \$85 for the City and County residents, respectively, will remain constant for FY 2024. 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, 2023

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	\$ 13,684,124	\$ 5,286,278	\$ 18,970,402	\$ 477,530	\$ 90,178	\$ 467,344	\$ 967,121
Receivables (net):							
Taxes	2,137,718	-	2,137,718	-	-	-	-
Accounts	429,963	203,268	633,231	-	-	40,577	94
Due from other governments	4,256,304	197,429	4,453,733	-	-	-	414,022
Inventories	-	-	-	236,469	-	-	-
Leases receivable	1,270,000	-	1,270,000	-	1,196	-	281,565
Accrued interest receivable on lease	-	-	-	-	3	-	-
Prepaid expenses	137,633	3,440	141,073	7,574	-	17,995	-
Restricted cash and cash equivalents	9,775,092	-	9,775,092	-	-	-	1,983
Total current assets	31,690,834	5,690,415	37,381,249	721,573	91,377	525,916	1,664,785
Non-current Assets:							
Lease receivable	19,030,000	-	19,030,000	-	-	-	-
Net pension asset	35,841	-	35,841	-	-	-	-
Capital assets:							
Land, improvements, and construction in progress	3,639,908	435,313	4,075,221	160,157	195,000	298,826	-
Other capital assets, net of depreciation	15,463,042	8,020,308	23,483,350	-	327,519	15,667	6,346,605
Right to use leased assets, net	1,188,346	-	1,188,346	-	-	53,085	-
Total capital assets	20,291,296	8,455,621	28,746,917	160,157	522,519	367,578	6,346,605
Total non-current assets	39,357,137	8,455,621	47,812,758	160,157	522,519	367,578	6,346,605
Total assets	71,047,971	14,146,036	85,194,007	881,730	613,896	893,494	8,011,390
DEFERRED OUTFLOWS OF RESOURCES							
Pension deferrals	7,182,246	289,356	7,471,602	78,361	-	-	-
OPEB deferrals	3,950,029	117,972	4,068,001	15,174	-	-	-
Total deferred outflows of resources	11,132,275	407,328	11,539,603	93,535	-	-	-
LIABILITIES							
Current liabilities:							
Accounts payable and accrued expenses	2,295,695	230,862	2,526,557	492,184	-	2,475	351,039
Due to other governments	24,726	-	24,726	-	-	-	1,983
Accrued interest payable	137,328	15,014	152,342	-	-	997	2,255
Unspent CARES Act funding	4,145,878	-	4,145,878	-	-	-	-
Unspent SCIF funding	53,900	-	53,900	-	-	-	-
Unspent grant funding	725,000	365,771	1,090,771	-	-	-	-
Current portion of long-term liabilities	2,514,382	170,000	2,684,382	-	-	6,596	320,701
Total current liabilities	9,896,909	781,647	10,678,556	492,184	-	10,068	675,978
Long-term liabilities:							
Net pension liability (LGERS)	10,403,696	433,487	10,837,183	108,880	-	-	-
Total pension liability (LEOSSA)	789,652	-	789,652	-	-	-	-
Total OPEB liability	21,709,462	648,376	22,357,838	141,578	-	-	-
Long-term liabilities due in more than one year	37,616,459	7,541,001	45,157,460	-	-	47,568	1,116,055
Total long-term liabilities	70,519,269	8,622,864	79,142,133	250,458	-	47,568	1,116,055
Total liabilities	80,416,178	9,404,511	89,820,689	742,642	-	57,636	1,792,033
DEFERRED INFLOWS OF RESOURCES							
Prepaid taxes / rents	63,522	-	63,522	-	-	-	-
Deferred revenues	-	-	-	-	-	-	11,009
Leases	20,141,143	-	20,141,143	-	1,181	-	-
Pension deferrals	203,816	1,831	205,647	2,996	1,210	-	-
OPEB deferrals	5,503,203	164,359	5,667,562	22,547	-	-	-
Total deferred inflows of resources	25,911,684	166,190	26,077,874	25,543	2,391	-	11,009
NET POSITION							
Net investment in capital assets	19,628,685	3,500,444	23,129,129	160,157	-	313,414	-
Restricted for:							
State Statute	4,819,983	-	4,819,983	-	-	40,575	-
Public Safety	3,890,543	-	3,890,543	-	-	-	-
Human Services	514,575	-	514,575	-	-	-	-
Economic & Physical Development	228,868	-	228,868	-	-	-	-
School capital projects	2,968	-	2,968	-	-	-	-
Unrestricted (deficit)	(53,233,238)	1,482,219	(51,751,019)	46,923	611,505	481,869	6,208,348
Total net position	\$ (24,147,616)	\$ 4,982,663	\$ (19,164,953)	\$ 207,080	\$ 611,505	\$ 835,858	\$ 6,208,348

Scotland County, North Carolina
Statement of Activities
For the Year Ended June 30, 2023

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	\$ 6,815,494	\$ 3,555,483	\$ 1,799,236	\$ 28,636	\$ (1,432,139)	\$ -	\$ (1,432,139)	\$ -	\$ -	\$ -	\$ -
Public safety	11,938,330	2,376,434	808,880	-	(8,753,016)	-	(8,753,016)	-	-	-	-
Economic and physical development	2,915,297	-	71,138	2,427,275	(416,884)	-	(416,884)	-	-	-	-
Human services	14,726,231	126,478	8,286,233	-	(6,313,520)	-	(6,313,520)	-	-	-	-
Cultural and recreation	3,429,143	202,731	447,505	-	(2,778,907)	-	(2,778,907)	-	-	-	-
Education	12,072,911	-	-	394,589	(11,678,322)	-	(11,678,322)	-	-	-	-
Interest on long-term debt	1,300,060	-	-	-	(1,300,060)	-	(1,300,060)	-	-	-	-
Total governmental activities	<u>53,197,466</u>	<u>6,261,126</u>	<u>11,412,992</u>	<u>2,850,500</u>	<u>(32,672,848)</u>	<u>-</u>	<u>(32,672,848)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-type activities:											
Public Works	3,009,187	2,422,036	241,375	-	-	(345,776)	(345,776)	-	-	-	-
Water District I	630,998	578,402	-	-	-	(52,596)	(52,596)	-	-	-	-
Water District II	998,033	1,296,781	-	-	-	298,748	298,748	-	-	-	-
Total business-type activities	<u>4,638,218</u>	<u>4,297,219</u>	<u>241,375</u>	<u>-</u>	<u>-</u>	<u>(99,624)</u>	<u>(99,624)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>57,835,684</u>	<u>10,558,345</u>	<u>11,654,367</u>	<u>2,850,500</u>	<u>(32,672,848)</u>	<u>(99,624)</u>	<u>(32,772,472)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Component Units:											
ABC Board	3,274,993	3,274,921	-	-	-	-	-	(72)	-	-	-
Historic Properties Authority	77,095	11,267	56,209	-	-	-	-	-	(9,619)	-	-
Economic Development Corporation	450,962	-	-	-	-	-	-	-	-	(450,962)	-
Corporation	359,022	271,605	2,632,574	-	-	-	-	-	-	-	2,545,157
Total component units	<u>\$ 4,162,072</u>	<u>\$ 3,557,793</u>	<u>\$ 2,688,783</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(72)</u>	<u>(9,619)</u>	<u>(450,962)</u>	<u>2,545,157</u>
General revenues:											
Taxes:											
Property taxes, levied for general purpose					25,527,902	-	25,527,902	-	-	-	-
Local option sales tax					10,796,451	-	10,796,451	-	-	-	-
Other taxes and licenses					273,029	94,018	367,047	-	-	425,572	-
Investment earnings, unrestricted					1,110,926	-	1,110,926	72	148	-	-
Gain (Loss) on Sale of Assets					(435,567)	-	(435,567)	-	-	-	-
Miscellaneous, unrestricted					881,632	42,548	924,180	-	-	20,886	-
Transfers					(1,113,731)	1,113,731	-	-	-	-	-
Total general revenues, special items, and transfers					<u>37,040,642</u>	<u>1,250,297</u>	<u>38,290,939</u>	<u>72</u>	<u>148</u>	<u>446,458</u>	<u>-</u>
Change in net position					4,367,794	1,150,673	5,518,467	-	(9,471)	(4,504)	2,545,157
Net position-beginning					(28,541,069)	3,831,990	(24,709,079)	207,080	620,976	840,362	3,950,770
Restatement (see note VII)					25,659	-	25,659	-	-	-	(287,579)
Net position-beginning, restated					<u>(28,515,410)</u>	<u>3,831,990</u>	<u>(24,683,420)</u>	<u>207,080</u>	<u>620,976</u>	<u>840,362</u>	<u>3,663,191</u>
Net position-ending					<u>\$ (24,147,616)</u>	<u>\$ 4,982,663</u>	<u>\$ (19,164,953)</u>	<u>\$ 207,080</u>	<u>\$ 611,505</u>	<u>\$ 835,858</u>	<u>\$ 6,208,348</u>

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

Scotland County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2023

	Major		Non-Major	
	General	ARPA Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 13,037,782	\$ -	\$ 646,342	\$ 13,684,124
Cash and cash equivalents-Restricted	429,999	4,654,517	4,690,576	9,775,092
Taxes receivable, net	1,845,810	-	60,477	1,906,287
Accounts receivable, net	246,252	-	183,711	429,963
Leases receivable	20,300,000	-	-	20,300,000
Due from other governments	4,000,643	4,038	251,623	4,256,304
Due from other funds	426,553	-	-	426,553
Prepaid Expenses	137,633	-	-	137,633
Total assets	\$ 40,424,672	\$ 4,658,555	\$ 5,832,729	\$ 50,915,956
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 2,242,037	\$ 2,656	\$ 51,002	\$ 2,295,695
Unspent CARES Act funding	-	4,145,878	-	4,145,878
Unspent Opioid funding	-	-	725,000	725,000
Unspent SCIF funding	53,900	-	-	53,900
Due to other governments	-	-	24,726	24,726
Due to other funds	-	281,153	145,400	426,553
Total liabilities	2,295,937	4,429,687	946,128	7,671,752
Deferred Inflows of Resources:				
Prepaid Taxes	63,522	-	-	63,522
Taxes Receivable	1,845,809	-	60,477	1,906,286
Leases	20,141,143	-	-	20,141,143
Total deferred inflows of resources	22,050,474	-	60,477	22,110,951
Fund balances:				
Nonspendable:				
Prepaid Expenses	137,633	-	-	137,633
Leases	158,857	-	-	158,857
Restricted:				
State statue	4,673,448	-	146,535	4,819,983
Public Safety	-	-	3,890,543	3,890,543
Economic & Physical Development	-	228,868	-	228,868
Human Services	-	-	514,575	514,575
School capital projects	-	-	2,968	2,968
Committed:				
Tax Revaluation	376,099	-	-	376,099
Economic & Physical Development	-	-	203,369	203,369
Assigned:				
Capital outlay	-	-	93,456	93,456
Designated for subsequent year's expenditures	2,683,235	-	-	2,683,235
Unassigned:	8,048,989	-	(25,322)	8,023,667
Total fund balances	16,078,261	228,868	4,826,124	21,133,253
Total liabilities, deferred inflows of resources, and fund balances	\$ 40,424,672	\$ 4,658,555	\$ 5,832,729	\$ 50,915,956

Scotland County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2023

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

Total Fund Balance - Governmental Funds	\$ 21,133,253
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets	37,070,110
Less accumulated depreciation	<u>(17,967,160)</u>
	19,102,950
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	1,495,332
Less accumulated depreciation	<u>(306,986)</u>
	1,188,346
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.	
	231,431
Net Pension Asset	35,841
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	1,897,708
ROD	3,013
Pension related deferrals	
LGERS	5,046,836
ROD	18,754
LEOSSA	193,174
OPEB related deferrals	3,218,509
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	
	22,761
Benefit payments for the OPEB plan paid subsequent to the measurement date	
	731,520
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide.	
	1,906,286
Pension Related Deferrals	
LGERS	(43,952)
ROD	(4,146)
LEOSSA	(155,718)
OPEB related deferrals	(5,503,203)
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	(39,050,891)
Compensated absences	(1,079,950)
Net OPEB Liability	(21,709,462)
Net Pension Liability	(10,403,696)
Total Pension Liability	(789,652)
Accrued interest payable	(137,328)
Net position of governmental activities	<u>\$ (24,147,616)</u>

Scotland County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2023

	<u>Major</u>		<u>Non-Major</u>	Total Governmental Funds
	General Fund	ARPA Fund	Other Governmental Funds	
REVENUES				
Ad valorem taxes	\$ 24,946,437	\$ -	\$ 784,970	\$ 25,731,407
Local option sales taxes	10,327,060	-	469,391	10,796,451
Other taxes and licenses	40,712	-	232,317	273,029
Unrestricted intergovernmental	349,526	-	-	349,526
Restricted intergovernmental	10,236,300	1,799,237	2,594,827	14,630,364
Permits and fees	572,021	-	172,736	744,757
Sales and services	4,666,951	-	133,021	4,799,972
Investment earnings	871,577	222,325	17,024	1,110,926
Miscellaneous	808,385	-	73,247	881,632
Total revenues	<u>52,818,969</u>	<u>2,021,562</u>	<u>4,477,533</u>	<u>59,318,064</u>
EXPENDITURES				
Current:				
General government	6,408,394	1,049,236	321,833	7,779,463
Public safety	12,152,541	-	601,775	12,754,316
Economic and physical development	1,956,315	-	361,675	2,317,990
Human services	14,542,355	-	200,555	14,742,910
Cultural and recreational	3,339,844	-	-	3,339,844
Intergovernmental:				
Education	11,717,742	-	-	11,717,742
Capital project	-	-	2,557,948	2,557,948
Debt service:				
Principal	2,535,252	-	-	2,535,252
Interest and other charges	1,611,763	-	-	1,611,763
Total expenditures	<u>54,264,206</u>	<u>1,049,236</u>	<u>4,043,786</u>	<u>59,357,228</u>
Excess (deficiency) of revenues over expenditures	<u>(1,445,237)</u>	<u>972,326</u>	<u>433,747</u>	<u>(39,164)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from lease financing	158,320	-	-	158,320
Proceeds from SBITA financing	443,350	-	-	443,350
Transfers in	352	-	5,000	5,352
Transfers (out)	(456,731)	(750,000)	87,648	(1,119,083)
Capital Contributions	-	-	(355,169)	(355,169)
Total other financing sources & uses	<u>145,291</u>	<u>(750,000)</u>	<u>(262,521)</u>	<u>(867,230)</u>
Net change in fund balance	(1,299,946)	222,326	171,226	(906,394)
Fund balances-beginning	<u>17,378,207</u>	<u>6,542</u>	<u>4,654,898</u>	<u>22,039,647</u>
Fund balances-ending	<u>\$ 16,078,261</u>	<u>\$ 228,868</u>	<u>\$ 4,826,124</u>	<u>\$ 21,133,253</u>

Scotland County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2023

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

Net changes in fund balances - total governmental funds		\$ (906,394)
<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	5,566,867	
Depreciation expense	(1,747,801)	
Gain (loss) on disposal of assets	<u>(435,567)</u>	3,383,499
<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	604,670	
Amortization expense	<u>(286,968)</u>	317,702
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		1,900,721
Benefit payments and pension administration costs for OPEB are not included on the Statement of Activities		731,520
Benefit payments and pension administration costs for LEOSSA are not included on the Statement of Activities		22,761
<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	(180,157)	
Change in interest earned on ad valorem taxes	<u>(23,348)</u>	(203,505)
<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>		
New long-term debt issued	-	
Lease & SBITA liabilities issued	(601,670)	
Principal payments	2,270,120	
Lease & SBITA payments	321,879	
Amortization of bond premium	301,396	
(Increase) decrease in accrued interest payable	<u>10,307</u>	2,302,032
<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	(3,054,603)	
Pension expense - LEOSSA	(64,115)	
OPEB Expense	(84,956)	
Compensated absences	<u>23,132</u>	(3,180,542)
Total changes in net position of governmental activities		<u>\$ 4,367,794</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, 2023

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Ad valorem taxes	\$ 24,447,039	\$ 24,917,963	\$ 24,946,437	\$ 28,474
Local option sales taxes	8,866,378	9,251,378	10,327,060	1,075,682
Other taxes and licenses	48,500	48,500	40,712	(7,788)
Unrestricted intergovernmental	228,000	315,000	349,526	34,526
Restricted intergovernmental	9,449,733	9,819,428	10,236,300	416,872
Permits and fees	541,950	541,950	572,021	30,071
Sales and services	4,301,461	5,110,000	4,666,951	(443,049)
Investment earnings	20,350	845,350	871,577	26,227
Miscellaneous	682,685	737,400	808,385	70,985
Total revenues	<u>48,586,096</u>	<u>51,586,969</u>	<u>52,818,969</u>	<u>1,232,000</u>
Expenditures				
Current:				
General government	6,301,205	6,509,024	6,408,394	100,630
Public safety	11,973,178	12,733,981	12,152,541	581,440
Economic and physical development	2,360,041	2,255,588	1,956,315	299,273
Human services	13,584,079	15,092,545	14,542,355	550,190
Cultural and recreational	1,910,086	4,545,932	3,339,844	1,206,088
Intergovernmental:				
Education	10,744,793	11,727,787	11,717,742	10,045
Debt service:				
Principal retirement	2,270,120	2,270,120	2,535,252	(265,132)
Interest and other charges	1,596,885	1,596,885	1,611,763	(14,878)
Total expenditures	<u>50,740,387</u>	<u>56,731,862</u>	<u>54,264,206</u>	<u>2,467,656</u>
Revenues over (under) expenditures	<u>(2,154,291)</u>	<u>(5,144,893)</u>	<u>(1,445,237)</u>	<u>3,699,656</u>
Other financing sources (uses):				
Sale of capital assets	5,000	5,000	-	(5,000)
Proceeds from lease financing	-	-	158,320	158,320
Proceeds from SBITA financing	-	-	443,350	443,350
Transfer - Out	-	(456,731)	(456,731)	-
Transfer - In	-	-	352	352
Fund balance appropriated	2,149,291	5,596,624	-	(5,596,624)
Total other financing sources (uses)	<u>2,154,291</u>	<u>5,144,893</u>	<u>145,291</u>	<u>(4,999,602)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(1,299,946)</u>	<u>\$ (1,299,946)</u>
Fund balances:				
Beginning of year, July 1			<u>17,002,107</u>	
End of year, June 30			<u>\$ 15,702,161</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>\$ 16,078,261</u>	

Scotland County, North Carolina
Statement of Net Position
Proprietary Funds
June 30, 2023

	Enterprise Funds			Totals
	Major Funds			
	Public Works Fund	Blended Component Units		
	Water District II Fund	Water District I Fund		
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,532,728	\$ 2,309,089	\$ 1,444,461	\$ 5,286,278
Accounts receivable (net)	87,341	69,528	46,399	203,268
Due from other governments	37,594	112,610	47,225	197,429
Prepaid items	-	3,440	-	3,440
Total current assets	<u>1,657,663</u>	<u>2,494,667</u>	<u>1,538,085</u>	<u>5,690,415</u>
Noncurrent assets:				
Capital assets:				
Land, improvements and construction in progress	351,906	83,407	-	435,313
Other capital assets, net of depreciation	1,884,620	4,470,866	1,664,822	8,020,308
Total capital assets	<u>2,236,526</u>	<u>4,554,273</u>	<u>1,664,822</u>	<u>8,455,621</u>
Total noncurrent assets	<u>2,236,526</u>	<u>4,554,273</u>	<u>1,664,822</u>	<u>8,455,621</u>
Total assets	<u>3,894,189</u>	<u>7,048,940</u>	<u>3,202,907</u>	<u>14,146,036</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	217,017	-	72,339	289,356
OPEB deferrals	80,335	-	37,637	117,972
Total deferred outflows of resources	<u>297,352</u>	<u>-</u>	<u>109,976</u>	<u>407,328</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	112,113	88,641	30,108	230,862
Accrued interest	-	11,216	3,798	15,014
Unspent grant proceeds	-	365,771	-	365,771
Limited Obligation Bonds	-	110,000	60,000	170,000
Total current liabilities	<u>112,113</u>	<u>575,628</u>	<u>93,906</u>	<u>781,647</u>
Noncurrent liabilities:				
Accrued landfill closure and post-closure costs	2,724,355	-	-	2,724,355
Compensated absences	31,469	-	-	31,469
Net pension liability	325,115	-	108,372	433,487
Total OPEB liability	441,521	-	206,855	648,376
Limited Obligation Bonds	-	3,360,000	985,000	4,345,000
Unamortized bond premium	-	278,703	161,474	440,177
Total noncurrent liabilities	<u>3,522,460</u>	<u>3,638,703</u>	<u>1,461,701</u>	<u>8,622,864</u>
Total liabilities	<u>3,634,573</u>	<u>4,214,331</u>	<u>1,555,607</u>	<u>9,404,511</u>
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	1,373	-	458	1,831
OPEB deferrals	111,923	-	52,436	164,359
Total deferred outflows of resources	<u>113,296</u>	<u>-</u>	<u>52,894</u>	<u>166,190</u>
NET POSITION				
Net investment in capital assets	2,236,526	805,570	458,348	3,500,444
Unrestricted	(1,792,854)	2,029,039	1,246,034	1,482,219
Total net position	<u>\$ 443,672</u>	<u>\$ 2,834,609</u>	<u>\$ 1,704,382</u>	<u>\$ 4,982,663</u>

Scotland County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	Enterprise Funds			
	Major Funds			
	Public Works Fund	Blended Component Units		Totals
		Water District II Fund	Water District I Fund	
Operating revenues:				
Charges for Services	\$ 1,360,949	\$ 1,112,552	\$ 578,402	\$ 3,051,903
Availability fees	1,058,417	-	-	1,058,417
State and federal grants	241,375	184,229	-	425,604
Other operating revenues	2,670	-	-	2,670
Total operating revenues	<u>2,663,411</u>	<u>1,296,781</u>	<u>578,402</u>	<u>4,538,594</u>
Operating expenses:				
Water purchases	-	379,110	241,893	621,003
Water operations	-	287,826	222,912	510,738
Landfill operations	2,565,001	-	-	2,565,001
Landfill closure and postclosure care	175,803	-	-	175,803
Depreciation	268,383	204,965	126,671	600,019
Total operating expenditures	<u>3,009,187</u>	<u>871,901</u>	<u>591,476</u>	<u>4,472,564</u>
Operating income (loss)	<u>(345,776)</u>	<u>424,880</u>	<u>(13,074)</u>	<u>66,030</u>
Nonoperating Revenues (Expenses)				
Solid waste disposal tax	18,310	-	-	18,310
Scrap tire disposal tax	62,817	-	-	62,817
White goods disposal tax	12,891	-	-	12,891
Recycling	414	-	-	414
Surplus property	40,941	-	(573)	40,368
Insurance proceeds	1,766	-	-	1,766
Bond premium amortization	-	17,732	9,672	27,404
Interest expense	-	(143,864)	(49,194)	(193,058)
Total nonoperating revenues (expenses)	<u>137,139</u>	<u>(126,132)</u>	<u>(40,095)</u>	<u>(29,088)</u>
Income (Loss) before contributions and transfers	(208,637)	298,748	(53,169)	36,942
Transfers in (out)	-	1,004,300	109,431	1,113,731
Change in net position	(208,637)	1,303,048	56,262	1,150,673
Total net position, beginning	<u>652,309</u>	<u>1,531,561</u>	<u>1,648,120</u>	<u>3,831,990</u>
Total net position, ending	<u>\$ 443,672</u>	<u>\$ 2,834,609</u>	<u>\$ 1,704,382</u>	<u>\$ 4,982,663</u>

Scotland County, North Carolina
Enterprise Fund
Statement of Cash Flows
For The Year Ended June 30, 2023

	Enterprise Funds			Totals
	Major Funds			
	Public Works Fund	Blended Component Units		
	Water District II Fund	Water District I Fund		
Cash flows from operating activities:				
Cash received from customers	\$ 2,708,932	\$ 1,286,946	\$ 588,424	\$ 4,584,302
Cash paid for goods and services	(1,867,939)	(655,293)	(460,731)	(2,983,963)
Cash paid to employees for services	(689,122)	-	(6,071)	(695,193)
Net cash provided (used) by operating activities	<u>151,871</u>	<u>631,653</u>	<u>121,622</u>	<u>905,146</u>
Cash flows from noncapital financing activities				
Transfers from (to) other funds	-	1,004,300	109,431	1,113,731
Net cash provided (used) by noncapital financial activities	<u>-</u>	<u>1,004,300</u>	<u>109,431</u>	<u>1,113,731</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(454,868)	(269,676)	-	(724,544)
Principal paid on bond maturities and equipment contracts	-	(110,000)	(60,000)	(170,000)
Interest paid on bond maturities and equipment contracts	-	(144,300)	(49,432)	(193,732)
Unspent grant proceeds	-	(184,229)	-	(184,229)
Cash from surplus property sales	138,198	-	-	138,198
Net cash provided (used) by capital and related financing activities	<u>(316,670)</u>	<u>(708,205)</u>	<u>(109,432)</u>	<u>(1,134,307)</u>
Net increase (decrease) in cash and cash equivalents	(164,799)	927,748	121,621	884,570
Cash and cash equivalents, July 1	<u>1,697,527</u>	<u>1,381,341</u>	<u>1,322,840</u>	<u>4,401,708</u>
Cash and cash equivalents, June 30	<u>\$ 1,532,728</u>	<u>\$ 2,309,089</u>	<u>\$ 1,444,461</u>	<u>\$ 5,286,278</u>

(continued)

Scotland County, North Carolina
Enterprise Fund
Statement of Cash Flows
For The Year Ended June 30, 2023

	Enterprise Funds			
	Major Funds			Totals
	Public Works Fund	Blended Component Units		
		Water	Water	
District II Fund		District I Fund		
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ (345,776)	\$ 424,880	\$ (13,074)	\$ 66,030
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	268,383	204,965	126,671	600,019
Landfill closure and postclosure care costs	175,803	-	-	175,803
Changes in assets, liabilities, deferred outflows and inflows of resources:				
(Increase) decrease in accounts receivable	45,521	(6,395)	6,582	45,708
(Increase) decrease in prepaid items	-	(3,440)	3,440	-
(Increase) decrease in deferred outflows of resources for pensions	(78,790)	-	(26,263)	(105,053)
(Increase) decrease in deferred outflows of resources - OPEB	26,663	-	1,721	28,384
Increase (decrease) in accounts payable and accrued liabilities	(9,758)	11,643	(466)	1,419
Increase (decrease) in OPEB liability	(95,655)	-	(44,814)	(140,469)
Increase (decrease) in net pension liability	237,925	-	79,309	317,234
Increase (decrease) in deferred inflows - pensions	(123,195)	-	(41,065)	(164,260)
Increase (decrease) in deferred inflows - OPEB	63,140	-	29,581	92,721
Increase (decrease) in compensated absences	(12,390)	-	-	(12,390)
Total adjustments	497,647	206,773	134,696	839,116
Net cash provided (used) by operating activities	<u>\$ 151,871</u>	<u>\$ 631,653</u>	<u>\$ 121,622</u>	<u>\$ 905,146</u>

Scotland County, North Carolina
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	Custodial Funds
Assets	
Cash and investments	\$ 152,550
Taxes receivable, net	62,762
Total assets	\$ 215,312
Liabilities and Net Position	
Liabilities:	
Due to other governments	\$ 4,977
Total liabilities	4,977
Net position:	
Individuals, organizations, and other governments	210,335
Total fiduciary net position	\$ 210,335

Scotland County, North Carolina
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

	Custodial Funds
Additions	
Ad Valorem taxes for other governments	\$ 1,117,065
Other collections	30,832
Collections on behalf of inmates	264,047
Total additions	1,411,944
Deductions	
Tax distributions to other governments	1,119,992
Other distributions	25,286
Payments on behalf of inmates	261,044
Total deductions	1,406,322
Net increase (decrease) in fiduciary net position	5,622
Net position, beginning	204,713
Net position, ending	\$ 210,335

**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 I - accounts for the operations of Water District I within the County.

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 sixteen equally budgeted nonmajor funds. Fire Service District Fund, Emergency Telephone System Fund, Technology Fund, Economic Development Fund, Representative Payee Fund, Deed of Trust Fund, Fines and Forfeitures Fund, Concealed Weapon Fund, Opioid Settlement Fund and East Laurinburg Reserve Fund are reported as nonmajor special revenue funds. Capital Reserve Fund, NCHFA Grant Fund, Facilities Parking Lot Project Fund, SCIF Grant Fund, New Elementary School Bond Fund and School Wings Bond Fund 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

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 State Capital Infrastructure Grant Fund (nonmajor), Opioid settlement fund (nonmajor) and ARPA Fund (major) is restricted as unspent 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	53,900
School Wings Project Fund	Unexpended bond proceeds	992
South Johnson School Project Fund	Unexpended bond proceeds	1,183
State Capital Infrastructure Grant Fund	Unspent grant proceeds	636,991
ARPA Fund	Unspent grant proceeds	4,654,517
Opioid Settlement Fund	Unspent grant proceeds	375,008
Representative Payee Fund	Cash held for DSS care recipients	7,217
Fire Service District Fund	Cash held for Fire Districts	3,669,185
Total Restricted Cash		<u>\$ 9,775,092</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, 2022. 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

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.

The County's capital assets also include certain right to use assets. These right to use assets arise in association with agreements where the County reports a lease (only applies when the County is the lessee) or agreements where the County reports and Information Technology (IT) Subscription in accordance with the requirements of GASB 87 and GASB 96, respectively.

The right to use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made at or prior to the start of the lease term, and plus ancillary charges necessary to place the lease asset into service. The right to use lease assets are amortized on a straight-line bases over the life of the related lease.

The right to use IT subscriptions assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any subscription payments made at the start of the subscription term, if applicable, plus capitalizable initial implementation costs at the start of the subscription term, less any incentives received from the IT subscription vendor at the start of the subscription term. Subscription payments, as well as payments for capitalizable implementation costs made before the start of the subscription term should be reported as a prepayment (asset). Such prepayments should be reduced by any incentives received from the same vendor before the start of the subscription term if a right of offset exists. The net amount of the prepayments and incentives should be reported as an asset or liability, as appropriate, before the start of the subscription term at which time the amount should be included in the initial measurement of the subscription asset. The right to use subscription assets should be amortized on a straight-line basis over the subscription term.

Capital assets of the County are depreciated on a straight-line basis over the following estimated useful lives:

	Years
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:

	Years
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:

	Years
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:

	Years
Buildings	40
Land Improvements	40
Furniture and Equipment	5-20

9 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.

10 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.

11 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.

12 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 \$265,000 as part of this settlement in Fiscal Year 2023. 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, 2023. 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.

13 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 was 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, premium pay, and water expansion projects. The County plans on using the remaining ARPA funds in the amount of \$852,324 as revenue replacement in FY 2024.

14 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	\$ 16,078,261
Less Nonspendable and Reserve for State Statute	(4,969,938)
Available Fund Balance	<u>\$ 11,108,323</u>
Available Fund Balance as a % of General Fund Expenditures	20.53%

15 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, 2023, the expenditures made in the County's General Fund exceeded the authorized appropriations made by the governing board for General Services by \$186,928 and Social Services Administration by \$83,935 due to new GASB 87 & 96 agreements. Debt Service was only over budget due to reclassifying principal payments from individual accounts where the expenses were budgeted to the Debt Service line for financial statement presentation purposes.

2. Timeliness of Audit Submission

The audit report was issued approximately 5 months after the required due date of October 31, 2023. Records were not reconciled timely and due to a cyber incident there were additional delays in the completion of the component unit audits and the implementation of GASB 96.

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, 2023, the County's deposits had a carrying amount of \$2,448,490 and a bank balance of \$3,141,010. Of the bank balance \$252,175 was covered by federal depository insurance, and \$2,888,835 were covered by collateral held under the Pooling Method.

At June 30, 2023, Scotland County had \$2,875 cash on hand.

At June 30, 2023, the carrying amount of deposits for Scotland County ABC Board was \$475,174 and the bank balance was \$450,151. 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, 2023 was \$2,356.

At June 30, 2023, the carrying amount of deposits for Scotland Co. Historic Properties Comm. was \$90,179 and the bank balance was \$90,190. All of the bank balance was covered by federal depository insurance.

At June 30, 2023, the carrying amount of deposits for Scotland Co. Tourism Dev. Authority was \$467,344 and the bank balance was \$467,344. Of the bank balance \$39,938 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, 2023, the carrying amount of deposits for Scotland Co. Economic Dev. Corporation was \$969,104 and the bank balance was \$969,538. 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, 2023, the County had the following investments and maturities.

Investment Type	Valuation Measurement Method	Fair Value	Less Than 6 Months
NC Capital Management Trust - Government Portfolio	Fair Value-Level I	\$ 26,449,494	\$ 26,449,494
TOTAL		\$ 26,449,494	\$ 26,449,494

*Because 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 and AAA-mf by Moody's Investor Service.

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

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

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

Credit Risk . 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
2020	\$ 1,010,762	\$ 240,056	\$ 1,250,818
2021	1,025,023	151,191	1,176,214
2022	1,051,696	60,473	1,112,169
2023	1,051,720	-	1,051,720
Total	<u>\$ 4,139,201</u>	<u>\$ 451,720</u>	<u>\$ 4,590,921</u>

4. Receivables

Receivables at the government-wide level at June 30, 2023, were as follows:

	Accounts Receivable	Taxes and Related Accrued Interest	Due From Other Governments	Leases Receivable	Interest Receivable	Total
Governmental Activities:						
General	\$ 246,252	\$ 2,176,739	\$ 4,000,643	\$ 20,300,000	\$ -	\$ 26,723,634
ARPA	-	-	4,038	-	-	4,038
Other Non-Major Governmental	183,711	60,477	251,623	-	-	495,811
Total Receivables	429,963	2,237,216	4,256,304	20,300,000	-	27,223,483
Allowance for Doubtful Accts.	-	(99,498)	-	-	-	(99,498)
Total Gov't Activities	<u>\$ 429,963</u>	<u>\$ 2,137,718</u>	<u>\$ 4,256,304</u>	<u>\$ 20,300,000</u>	<u>\$ -</u>	<u>\$ 27,123,985</u>
Business-type Activities:						
Public Works	\$ 90,653	\$ -	\$ 37,594	\$ -	\$ -	\$ 128,247
Water District I	52,133	-	47,225	-	-	99,358
Water District II	78,120	-	112,610	-	-	190,730
Total Receivables	220,906	-	197,429	-	-	418,335
Allowance for Doubtful Accts.	(17,638)	-	-	-	-	(17,638)
Total Business-type	<u>\$ 203,268</u>	<u>\$ -</u>	<u>\$ 197,429</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 400,697</u>

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

Governmental Activities:	
Local option sales tax / sales tax refunds	\$ 2,929,098
Various Grants	1,327,206
Total	<u>\$ 4,256,304</u>
Business-Type Activities:	
Sales and Use Tax	\$ 58,110
City of Laurinburg utility payments	139,319
Total	<u>\$ 197,429</u>

5. Lease Receivable

For the year ended 6/30/2023, 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 06/30/2023, the value of the lease receivable is \$20,300,000. 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 06/30/2023 was \$20,141,143, and Scotland County recognized lease revenue of \$2,278,010 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
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	1,270,000	661,331	1,931,331
2029-2033	6,335,000	1,769,684	8,104,684
2034-2038	6,350,000	908,050	7,258,050
2039-2043	1,270,000	22,225	1,292,225
	<u>\$ 20,300,000</u>	<u>\$ 6,641,243</u>	<u>\$ 26,941,243</u>

6. Capital Assets

Capital asset activity for the year ended June 30, 2023, were as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 699,755	\$ 59,470	\$ (422,990)	\$ 336,235
Construction in Progress	2,145,773	3,251,178	(2,093,278)	3,303,673
Total capital assets not being depreciated	2,845,528	3,310,648	(2,516,268)	3,639,908
Other capital assets:				
Buildings & Improvements	16,551,407	3,057,229	-	19,608,636
Equipment & Furniture	4,258,603	511,604	-	4,770,207
Vehicles and motorized equipment	8,507,287	780,664	(236,592)	9,051,359
Total other capital assets at historical cost	29,317,297	4,349,497	(236,592)	33,430,202
Less accumulated depreciation for:				
Buildings & Improvements	8,301,668	631,269	-	8,932,937
Equipment & Furniture	2,796,309	289,590	-	3,085,899
Vehicles and motorized equipment	5,345,397	826,942	(224,015)	5,948,324
Total accumulated depreciation	16,443,374	1,747,801	(224,015)	17,967,160
Total capital assets being depreciated, net	12,873,923			15,463,042
Right to use assets				
Leased equipment	181,242	158,320	(41,824)	297,738
Subscription based IT Arrangement	751,244	446,350	-	1,197,594
Total right to use assets	932,486	604,670	(41,824)	1,495,332
Less accumulated amortization for:				
Leased equipment	61,842	57,846	(41,824)	77,864
Subscription based IT Arrangement	-	229,122	-	229,122
Total accumulated amortization	61,842	\$ 286,968	\$ (41,824)	306,986
Right to use assets, net	870,644			1,188,346
Governmental activities capital assets, net	\$ 16,590,095			\$ 20,291,296

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

Governmental Activities	
General government	\$ 211,459
Public Safety	925,208
Central Services	196,582
Human Services	223,624
Economic and Physical Development	8,491
Cultural and Recreational	182,437
	<u>\$ 1,747,801</u>

Business-type activities:

	Beginning Balances	Increases	Decreases	Ending Balances
Public Works				
Capital assets not being depreciated:				
Land	\$ 351,906	\$ -	\$ -	\$ 351,906
Total capital assets not being depreciated	351,906	-	-	351,906
Other capital assets:				
Buildings	1,324,936	-	-	1,324,936
Improvements	366,747	13,139	-	379,886
Equipment and furniture	217,623	53,137	-	270,760
Vehicles and motorized equipment	2,460,953	388,592	(380,856)	2,468,689
Total other capital assets	4,370,259	454,868	(380,856)	4,444,271
Less accumulated depreciation for:				
Buildings	894,525	15,258	-	909,783
Improvements	299,855	7,933	-	307,788
Equipment and furniture	93,491	24,796	-	118,287
Vehicles and motorized equipment	1,383,193	220,396	(379,796)	1,223,793
Total accumulated depreciation	2,671,064	\$ 268,383	\$ (379,796)	2,559,651
Total capital assets being depreciated, net	1,699,195			1,884,620
Total Public Works capital assets, net	\$ 2,051,101			\$ 2,236,526

	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:	-	-	-	-
Other capital assets:				
Plant & distribution systems	4,774,211	-	-	4,774,211
Furniture and maintenance equipment	8,592	-	(8,592)	-
Total other capital assets	4,782,803	-	(8,592)	4,774,211
Less accumulated depreciation for:				
Plant & distribution systems	2,983,080	126,312	-	3,109,392
Furniture and maintenance equipment	7,657	362	(8,019)	-
Total accumulated depreciation	2,990,737	\$ 126,674	\$ (8,019)	3,109,392
Total capital assets being depreciated, net	1,792,066			1,664,819
Total Water District capital assets, net	\$ 1,792,066			\$ 1,664,819

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Water District II</u>				
Capital assets not being depreciated:				
Construction in Progress	\$ 25,807	\$ 57,600	\$ -	\$ 83,407
Total capital assets not being depreciated	25,807	57,600	-	83,407
Other capital assets				
Plant & distribution systems	7,600,238	212,076	-	7,812,314
Total other capital assets	7,600,238	212,076	-	7,812,314
Less accumulated depreciation for:				
Plant & distribution systems	3,136,483	204,965	-	3,341,448
Total accumulated depreciation	3,136,483	\$ 204,965	\$ -	3,341,448
Total capital assets being depreciated, net	4,463,755			4,470,866
Total Water District II Capital Assets, net	\$ 4,489,562			\$ 4,554,273
Business-type activities capital assets, net	\$ 8,332,729			\$ 8,455,618

Construction Commitments

The government has active construction projects as of June 30, 2023. The projects include the I.E. Johnson Rehabilitation Project and water improvement projects. At June 30, 2023, the government's commitments with contractors are as follows:

Project	Spent-to-Date	Remining Commitment
Water Improvement Project - McGill & Associates	\$ 24,402	\$ 1,498
Water Improvement Project - W.K. Dickson	57,600	342,400
IE Johnson Rehab Project - Locklear, Locklear & Jacobs	30,000	135,000
IE Johnson Rehab Project - Hawks Builders	1,664,217	366,245
	\$ 1,776,219	\$ 845,143

Discretely presented component unit

Activity for the ABC Board for the year ended June 30, 2023 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 19,000	\$ 14,068	\$ -	\$ 33,068
Capital assets being depreciated:				
Buildings	259,043	14,094	-	273,137
Furniture & equipment	34,682	-	-	34,682
Total capital assets being depreciated	293,725	14,094	-	307,819
Less accumulated depreciation for:				
Buildings	144,424	8,059	-	152,483
Furniture & equipment	26,460	1,787	-	28,247
Total accumulated depreciation	170,884	\$ 9,846	\$ -	180,730
Total capital assets being depreciated, net	122,841			127,089
Capital assets, net	\$ 141,841			\$ 160,157

Activity for the Scotland County Historic Properties Commission for the year ended June 30, 2023 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	8,265	-	255,521
Total capital assets being depreciated	850,139	8,265	-	858,404
Less accumulated depreciation for:				
Buildings	333,708	13,085	-	346,793
Furniture & equipment	202,131	8,014	-	210,145
Total accumulated depreciation	535,839	\$ 21,099	\$ -	556,938
Total capital assets being depreciated, net	314,300			301,466
Capital assets, net	\$ 535,353			\$ 522,519

Activity for the Scotland County Economic Development Corporation for the year ended June 30, 2023 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 1,559,966	\$ 103,129	\$ -	\$ 1,663,095
Construction in progress	220,660	2,295,900	-	2,516,560
Total capital assets not being depreciated	1,780,626	2,399,029	-	4,179,655
Capital assets being depreciated:				
Buildings	3,391,282	-	(695,946)	2,695,336
Furniture & equipment	19,903	-	(9,474)	10,429
Total capital assets being depreciated	3,411,185	-	(705,420)	2,705,765
Less accumulated depreciation for:				
Buildings	460,901	67,485	-	528,386
Furniture & equipment	19,903	-	(9,474)	10,429
Total accumulated depreciation	480,804	\$ 67,485	\$ (9,474)	538,815
Total capital assets being depreciated, net	2,930,381			2,166,950
Capital assets, net	\$ 4,711,007			\$ 6,346,605

Activity for the Tourism Development Corporation for the year ended June 30, 2023 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Improvements other than buildings	\$ 135,522	\$ 209,121	\$ -	\$ 344,643
Computer software - website design	20,000	-	-	20,000
Total capital assets being depreciated	155,522	209,121	-	364,643
Less accumulated depreciation for:				
Improvements other than buildings	29,363	16,453	-	45,816
Computer software - website design	333	4,000	-	4,333
Total accumulated depreciation	29,696	\$ 20,453	\$ -	50,149
Total capital assets being depreciated, net	125,826			314,494
Capital assets being amortized				
Leased land-easements	\$ 34,570	\$ 36,834	\$ -	\$ 71,404
Total right to use assets	34,570	36,834	-	71,404
Less accumulated amortization for:				
Leased land-easements	12,099	6,220	-	18,319
Total accumulated amortization	12,099	\$ 6,220	\$ -	18,319
Total right to use capital assets being amortized	22,470			53,085
Capital assets, net	\$ 148,296			\$ 367,579

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2023, were as follows :

	Vendors	Salaries and Benefits	Other	Total
Governmental Activities:				
General	\$ 1,307,363	\$ 934,674	\$ -	\$ 2,242,037
Other Governmental	53,658	-	24,726	78,384
Total Governmental Activities	<u>\$ 1,361,021</u>	<u>\$ 934,674</u>	<u>\$ 24,726</u>	<u>\$ 2,320,421</u>
Business-Type Activities				
Public Works	\$ 72,609	\$ 39,504	\$ -	\$ 112,113
Water District I	30,108	-	-	30,108
Water District II	88,641	-	-	88,641
Total Business-Type Activities	<u>\$ 191,358</u>	<u>\$ 39,504</u>	<u>\$ -</u>	<u>\$ 230,862</u>

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 (LTERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LTERS 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 LTERS 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 LTERS. 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. LTERS 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.

LTERS 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 LTERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2023, was 13.04% of compensation for law enforcement officers and 12.15% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$1,976,779 for the year ended June 30, 2023.

Refunds of Contributions – County employees who have terminated service as a contributing member of LTERS, 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 LTERS.

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

At June 30, 2023, the County reported a liability of \$10,837,183 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2022, the County's proportion was .192%, which was an increase of .0026% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the County recognized pension expense of \$3,174,830. At June 30, 2023, 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	\$ 466,964	\$ 45,783
Changes of assumptions	1,081,308	-
Net difference between projected and actual earnings on pension plan investments	3,581,802	-
Changes in proportion and differences between County Contributions and proportionate share of contributions	127,047	-
County contributions subsequent to the measurement date	1,976,779	-
Total	<u>\$ 7,233,900</u>	<u>\$ 45,783</u>

\$1,976,779 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, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2024	\$ 1,688,349
2025	1,411,381
2026	405,171
2027	1,706,437
2028	-
Thereafter	-
Total	<u>\$ 5,211,338</u>

Actuarial Assumptions. The total pension liability in the December 31, 2021 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, 2021 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, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate</u>
Fixed Income	33%	0.9%
Global Equity	38%	6.5%
Real Estate	8%	5.9%
Alternatives	8%	8.2%
Credit	7%	5.0%
Inflation Protection	6%	2.7%
	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2021 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.50%. 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

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 (5.50%)	Discount Rate (6.50%)	1% Increase (7.500%)
County's proportionate share of the net pension liability (asset)	\$ 19,559,720	\$ 10,837,183	\$ 3,649,306

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

Retirees receiving benefits	6
Active plan members	35
Total	<u>41</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, 2021 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.50 percent
Salary increases	3.25% - 7.75% per annum.
Discount rate	4.31%

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2021.

The actuarial assumptions used in the December 31, 2021 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, 2019.

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 2010 using generational improvement with Scale MP-2019.

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 \$72,738 as benefits came due for the reporting

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

At June 30, 2023, the County reported a total pension liability of \$789,652. The total pension liability was measured as of December 31, 2022 based on a December 31, 2021 actuarial valuation. The total pension liability was rolled forward to December 31, 2022 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the County recognized pension expense of \$64,115.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 84,353	\$ 17,673
Changes of assumptions	108,821	138,045
County benefit payments and plan administrative expense made subsequent to the measurement date	<u>22,761</u>	<u>-</u>
Total	<u>\$ 215,935</u>	<u>\$ 155,718</u>

The County paid \$22,761 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, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	\$ 19,987
2025	29,602
2026	21,331
2027	(21,484)
2028	(11,980)
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 4.31%, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.31%) and 1-percentage point higher (5.31%) than the current rate:

	<u>1% Decrease (3.31%)</u>	<u>Discount Rate (4.31%)</u>	<u>1% Increase (5.31%)</u>
Total pension liability	\$ 857,596	\$ 789,652	\$ 728,228

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

	<u>2023</u>
Beginning balance	\$ 923,708
Service Cost	58,172
Interest on the total pension liability	19,965
Changes of benefit terms	-
Differences between expected and actual experience	8,246
Changes in assumptions or other inputs	(147,701)
Benefit payments	(72,738)
Other changes	-
Ending balance of the total pension liability	<u>\$ 789,652</u>

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 2.25% at December 31, 2021 (measurement date) to 4.31% at December 31, 2022 (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, 2021 valuation were based on the results of an actuarial experience study as of December 31, 2019.

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 \$99,629 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, 2023 were \$611,975, which consisted of \$291,409 from the County and \$320,566 from the employees. The County's contributions and the employees' voluntary contributions represented 17.37 percent and 19.11 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, 2023, 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, 2023 was \$43,054.

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 \$3,013 for the year ended June 30, 2023.

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

At June 30, 2023, the County reported an asset of \$35,841 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 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 employees. At June 30, 2022, the County's proportion was .2707%, which was a decrease of .0256% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the County recognized pension expense of \$6,763. At June 30, 2023, 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	\$ 276	\$ 650
Changes of assumptions	1,898	-
Net difference between projected and actual earnings on pension plan investments	14,897	-
Changes in proportion and differences between County Contributions and proportionate	1,683	3,496
County contributions subsequent to the measurement date	3,013	-
Total	<u>\$ 21,767</u>	<u>\$ 4,146</u>

\$3,013 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, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2024	\$ 4,350
2025	1,552
2026	4,959
2027	3,747
2028	-
Thereafter	-
Total	<u>\$ 14,608</u>

Actuarial Assumptions. The total pension liability in the December 31, 2021 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, 2021 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, 2023 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 2.50%. 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 (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
County's proportionate share of the net pension liability (asset)	\$ (41,312)	\$ 35,841	\$ (61,000)

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, 2022, 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, 2023, with an actuarial valuation date of December 31, 2021.

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)	\$ 10,837,183	\$ (35,841)	\$ -	\$ 10,801,342
Proportion of the Net Pension Liability (Asset)	0.192%	0.271%	n/a	
Total Pension Liability	-	-	789,652	789,652
Pension Expense	3,174,830	6,763	64,115	3,245,708

Deferred Outflows of Resources

Differences between expected and actual experience	466,964	276	84,353	551,593
Changes of assumptions	1,081,308	1,898	108,821	1,192,027
Net difference between project and actual earnings on plan investments	3,581,802	14,897	-	3,596,699
Changes in proportion and differences between contributions and proportionate share of contributions	127,047	1,683	-	128,730
Benefit payments and administrative costs paid subsequent to the measurement date	1,976,779	3,013	22,761	2,002,553

Deferred Inflows of Resources

Difference between expected and actual experience	45,783	650	17,673	64,106
Changes of assumptions	-	-	138,045	138,045
Changes in proportion and differences between contributions and proportionate share of contributions	-	3,496	-	3,496

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, 2022, the HCB Plan membership consisted of the following:

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

Total OPEB Liability

The County's total OPEB liability of \$22,357,839 was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2022 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	2.16%
Measurement Date	3.54%
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, 2022	\$ 27,201,623
Changes for the year	
Service Cost	395,937
Interest	587,081
Change in benefit terms	-
Difference between expected and actual experience	(48,811)
Changes in assumptions or other inputs	(4,937,696)
Benefit payments	<u>(840,295)</u>
Net changes	<u>(4,843,784)</u>
Balance at June 30, 2023	<u>\$ 22,357,839</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 2.16% to 3.54%.

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, 2022 valuation were based on a review of recent plan experience performed concurrently with the June 30, 2022 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 (2.54%) or 1-percentage-point higher (4.54%) than the current discount rate:

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB Liability	\$ 25,781,364	\$22,357,839	

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:

	1% Decrease	Discount Rate	1% Increase
Total OPEB Liability	\$ 19,428,954	\$22,357,839	

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

For the year ended June 30, 2023, the County recognized OPEB expense of \$87,738. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 375,557	\$ 1,161,250
Changes of assumptions	2,939,076	4,506,312
Benefit payments and administrative costs made subsequent to the measurement date		
	753,368	-
Total	\$ 4,068,001	\$ 5,667,562

\$753,368 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, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	\$ (607,455)
2025	(395,533)
2026	(101,576)
2027	(263,698)
2028	(717,250)
Thereafter	(267,417)

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 Postclosure Care Costs - Patterson Road Landfill Facility

State and federal laws and regulations require the County to place a final cover on its Patterson Road Landfill Facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,724,355 reported as landfill closure and postclosure care liability at June 30, 2023 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 \$3,556,620 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 2023. 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 Resources	Deferred Inflows of Resources
Pensions - difference between expected and actual experience		
LGERS	\$ 466,964	\$ 45,783
Register of Deeds	276	650
LEOSSA	84,353	17,673
OPEB	375,557	1,161,250
Changes of Assumptions		
LGERS	1,081,308	-
Register of Deeds	1,898	-
LEOSSA	108,821	138,045
OPEB	2,939,076	4,506,312
Pensions - difference between projected and actual investment		
LGERS	3,581,802	-
Register of Deeds	14,897	-
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions		
LGERS	127,047	-
Register of Deeds	1,683	3,496
Contributions to pension plan in current fiscal year		
LGERS	1,976,779	-
Register of Deeds	3,013	-
Benefit payments/administration costs paid subsequent to the measurement date		
LEOSSA	22,761	-
OPEB	753,368	-
Prepaid taxes (General)	-	63,522
Lease receivable (General)	-	20,141,143
Government-wide deferred outflows and inflows of resources	<u>\$ 11,539,603</u>	<u>\$ 26,077,874</u>
Prepaid taxes (General)	\$ -	\$ 63,522
Taxes receivable, net (General)	-	1,906,287
Lease receivable (General)	-	20,141,143
Governmental Fund deferred outflows and inflows of resources	<u>\$ -</u>	<u>\$ 22,110,952</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 is individually bonded for \$1,000,000. The 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.

6. Claims, Judgments, and Contingent Liabilities

At June 30, 2023, 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

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 06/30/2023, the value of the lease liability is \$943. 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 06/30/2023 of \$2,114 with accumulated amortization of \$1,167 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 06/30/2023, the value of the lease liability is \$0. 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 06/30/2023 was removed from the Capital Asset Schedule as the term had expired.

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 06/30/2023, the value of the lease liability is \$5,863. 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 06/30/2023 of \$15,789 with accumulated amortization of \$10,105 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 06/30/2023, the value of the lease liability is \$3,043. 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 06/30/2023 of \$8,194 with accumulated amortization of \$5,253 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 06/30/2023, the value of the lease liability is \$29,173. 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 06/30/2023 of \$54,561 with accumulated amortization of \$25,426 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 06/30/2023, the value of the lease liability is \$227. 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 06/30/2023 of \$1,128 with accumulated amortization of \$853 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 06/30/2023, the value of the lease liability is \$1,248. 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 06/30/2023 of \$2,798 with accumulated amortization of \$1,546 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 06/30/2023, the value of the lease liability is \$555. 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 06/30/2023 of \$1,652 with accumulated amortization of \$1,024 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 06/30/2023, the value of the lease liability is \$1,923. 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 06/30/2023 of \$3,422 with accumulated amortization of \$1,446 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 06/30/2023, the value of the lease liability is \$4,461. 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 06/30/2023 of \$6,155 with accumulated amortization of \$1,792 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 06/30/2023, the value of the lease liability is \$0. 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 06/30/2023 was removed from the Capital Asset Schedule as the term has expired.

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 06/30/2023, the value of the lease liability is \$1,332. 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 06/30/2023 of \$3,761 with accumulated amortization of \$2,407 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 06/30/2023, the value of the lease liability is \$2,689. 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 06/30/2023 of \$4,002 with accumulated amortization of \$1,367 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 06/30/2023, the value of the lease liability is \$10,752. 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 06/30/2023 of \$14,841 with accumulated amortization of \$4,278 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 06/30/2023, the value of the lease liability is \$3,822. 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 06/30/2023 of \$7,919 with accumulated amortization of \$4,177 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 06/30/2023, the value of the lease liability is \$2,408. 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 06/30/2023 of \$3,866 with accumulated amortization of \$1,514 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 06/30/2023, the value of the lease liability is \$0. 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 06/30/2023 was removed from the Capital Asset Schedule as the term has expired.

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 06/30/2023, the value of the lease liability is \$7,474. 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 06/30/2023 of \$9,216 with accumulated amortization of \$1,971 is included with Equipment on the Lease Class activities table found below.

On 2/23/2023, Scotland County, NC entered into a 60 month lease as Lessee for the use of Kyocera Copiers - DSS. An initial lease liability was recorded in the amount of \$132,041. As of 06/30/2023, the value of the lease liability is \$123,368. Scotland County is required to make monthly fixed payments of \$2,256. The lease has an interest rate of 1.0110%. The value of the right to use asset as of 06/30/2023 of \$132,041 with accumulated amortization of \$9,500 is included with Equipment on the Lease Class activities table found below.

On 11/01/2022, Scotland County, NC entered into a 36 month lease as Lessee for the use of Computers - Parks and Recreation - LHCC. An initial lease liability was recorded in the amount of \$7,284. As of 06/30/2023, the value of the lease liability is \$5,522. Scotland County is required to make monthly fixed payments of \$199. The lease has an interest rate of 0.8450%. The value of the right to use asset as of 06/30/2023 of \$7,284 with accumulated amortization of \$1,663 is included with Equipment on the Lease Class activities table found below.

On 01/01/2023, Scotland County, NC entered into a 48 month lease as Lessee for the use of Postage Machine - Social Services. An initial lease liability was recorded in the amount of \$18,996. As of 06/30/2023, the value of the lease liability is \$16,894. Scotland County is required to make quarterly payments ranging from \$1,097 to \$1,252. The lease has an interest rate of 1.0%. The value of the right to use asset as of 06/30/2023 of \$18,996 with accumulated amortization of \$2,374 is included in with the 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
2024	\$ 67,099	\$ 2,138	\$ 69,237
2025	58,862	1,438	60,300
2026	43,683	844	44,527
2027	34,071	384	34,455
2028	17,982	68	18,050
	<u>\$ 221,697</u>	<u>\$ 4,872</u>	<u>\$ 226,569</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>\$ 725,458</u>
Total serviced by the General Fund	<u>\$ 725,458</u>

Year Ending June 30	Governmental Activities	
	Principal	Interest
2024	\$ 70,148	\$ 27,205
2025	75,434	24,574
2026	80,990	21,745
2027	86,828	18,708
2028	92,961	15,452
2029-2033	319,098	24,462
Total	<u>\$ 725,459</u>	<u>\$ 132,146</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, 2023 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%.	\$ 10,770,000
\$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%.	1,665,000
\$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>20,300,000</u>
Total serviced by the General Fund	<u>\$ 32,735,000</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%.

	\$ 4,515,000
Total Serviced by the Water Districts	\$ 4,515,000
Total Limited Obligation Bonds	\$ 37,250,000

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 2,200,000	\$ 1,457,113	\$ 170,000	\$ 185,231
2025	2,195,000	1,347,238	180,000	176,481
2026	2,200,000	1,237,363	190,000	167,231
2027	2,205,000	1,127,238	205,000	157,356
2028	2,205,000	1,016,988	210,000	146,981
2029-2033	10,215,000	3,543,547	1,195,000	563,281
2034-2038	10,245,000	1,230,015	1,295,000	284,097
2039-2043	1,270,000	22,225	1,070,000	88,931
Total	\$ 32,735,000	\$ 10,981,727	\$ 4,515,000	\$ 1,769,589

At June 30, 2023, Scotland County had a legal debt margin of \$162,909,739.

Debt Related to Capital Activities - Of the total Governmental Activities debt listed, \$725,458 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
	\$ 15,316,775	\$ 2,540,641	\$ 1,500,160	\$ 4,281,199	\$ 23,638,775

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
	\$ 26,477,818

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	214,429	152,357	42,119	19,014	34,765	462,684
Current amortization	132,184	150,673	18,538	9,672	17,732	328,799
Ending accumulated amortization	346,613	303,030	60,657	28,686	52,497	791,483
Net bond premium	\$ 1,590,162	\$ 2,634,788	\$ 239,984	\$ 161,474	\$ 278,702	\$ 4,905,110

D. Subscription Based IT Arrangement

For the year ended 6/30/2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

On 07/01/2022, Scotland County, NC entered into a 31 month subscription for the use of Microfilm Creation. An initial subscription liability was recorded in the amount of \$64,428. As of 06/30/2023, the value of the subscription liability is \$39,873. Scotland County, NC is required to make monthly fixed payments of \$2,140. The subscription has an interest rate of 2.3543%. The value of the right to use asset as of 06/30/2023 of \$64,428 with accumulated amortization of \$24,940 is included with Software on the Subscription Class activities table found

On 07/01/2022, Scotland County, NC entered into a 14 month subscription for the use of CTS Remote Software. An initial subscription liability was recorded in the amount of \$6,376. As of 06/30/2023, the value of the subscription liability is \$918. Scotland County, NC is required to make monthly fixed payments of \$460. The subscription has an interest rate of 1.8503%. The value of the right to use asset as of 06/30/2023 of \$6,376 with accumulated amortization of \$5,465 is included with Software on the Subscription Class activities table found

On 05/30/2023, Scotland County, NC entered into a 36 month subscription for the use of DebtBook Platform. An initial subscription liability was recorded in the amount of \$443,350. As of 06/30/2023, the value of the subscription liability is \$428,350. Scotland County, NC is required to make monthly fixed payments of \$15,000. The subscription has an interest rate of 2.5030%. The value of the right to use asset as of 06/30/2023 of \$446,350 with accumulated amortization of \$12,812 is included with Software on the Subscription Class activities table found below.

On 07/01/2022, Scotland County, NC entered into a 23 month subscription for the use of Tyler Detect Service. An initial subscription liability was recorded in the amount of \$88,022. As of 06/30/2023, the value of the subscription liability is \$0. Scotland County, NC is required to make annual fixed payments of \$89,899. The subscription has an interest rate of 2.1937%. The value of the right to use asset as of 06/30/2023 of \$89,672 with accumulated amortization of \$45,467 is included with Software on the Subscription Class activities table found below.

On 07/01/2022, Scotland County, NC entered into a 41 month subscription for the use of inteleSCAN. An initial subscription liability was recorded in the amount of \$0. As of 06/30/2023, the value of the subscription liability is \$0. Scotland County, NC is required to make monthly fixed payments of \$0. The subscription has an interest rate of 2.6100%. The value of the right to use asset as of 06/30/2023 of \$0 with accumulated amortization of \$0 is included with Software on the Subscription Class activities table found below.

On 07/01/2022, Scotland County, NC entered into a 44 month subscription for the use of SA Support Seats. An initial subscription liability was recorded in the amount of \$216,836. As of 06/30/2023, the value of the subscription liability is \$159,363. Scotland County, NC is required to make monthly fixed payments of \$5,149. The subscription has an interest rate of 2.4453%. The value of the right to use asset as of 06/30/2023 of \$221,985 with accumulated amortization of \$60,222 is included with Software on the Subscription Class activities table found

On 07/01/2022, Scotland County, NC entered into a 58 month subscription for the use of VoiceAdvantage User. An initial subscription liability was recorded in the amount of \$343,261. As of 06/30/2023, the value of the subscription liability is \$275,299. Scotland County, NC is required to make monthly fixed payments of \$6,287. The subscription has an interest rate of 2.5357%. The value of the right to use asset as of 06/30/2023 of \$362,121 with accumulated amortization of \$74,408 is included with Software on the Subscription Class activities table found below.

On 07/01/2022, Scotland County, NC entered into a 13 month subscription for the use of Digitize Standard User. An initial subscription liability was recorded in the amount of \$6,662. As of 06/30/2023, the value of the subscription liability is \$0. Scotland County, NC is required to make annual fixed payments of \$6,680. The subscription has an interest rate of 1.8503%. The value of the right to use asset as of 06/30/2023 of \$6,662 with accumulated amortization of \$5,807 is included with Software on the Subscription Class activities table found

Year Ending June 30	Governmental Activities	
	Principal Payment	Interest Payments
2024	\$ 177,135	\$ 21,696
2025	353,114	14,097
2026	311,411	5,223
2027	62,142	724
Total	\$ 903,802	\$ 41,740

E. 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, 2023:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental Activities:					
Direct Placement Installment Purchase	\$ 790,578	\$ -	\$ 65,120	\$ 725,458	\$ 70,148
Limited Obligation Debt	34,940,000	-	2,205,000	32,735,000	2,200,000
Lease liabilities	120,124	158,320	56,747	221,697	67,099
SBITA liabilities	725,584	443,350	265,132	903,802	177,135
Unamortized premium	4,766,329	-	301,395	4,464,934	-
Compensated Absences	1,103,082	-	23,132	1,079,950	-
Total OPEB Liability	26,412,776	-	4,703,314	21,709,462	-
Net Pension Liability (LIGERS)	2,790,065	7,613,631	-	10,403,696	-
Total Pension Liability (LEOSSA)	923,708	-	134,056	789,652	-
Total Governmental Activities	<u>\$ 72,572,246</u>	<u>\$ 8,215,301</u>	<u>\$ 7,753,896</u>	<u>\$ 73,033,651</u>	<u>\$ 2,514,382</u>
Business-type Activities:					
Water Districts:					
Limited Obligation Bonds	\$ 4,685,000	\$ -	\$ 170,000	\$ 4,515,000	\$ 170,000
Unamortized Premium	467,581	-	27,404	440,177	-
Net Pension Liability (LIGERS)	29,063	79,309	-	108,372	-
Net OPEB Liability	251,669	-	44,814	206,855	-
Total Water Districts	<u>5,433,313</u>	<u>79,309</u>	<u>242,218</u>	<u>5,270,404</u>	<u>170,000</u>
Public Works:					
Accrued landfill closure and postclosure care costs	2,548,552	175,803	-	2,724,355	-
Compensated absences	43,859	-	12,390	31,469	-
Net Pension Liability (LIGERS)	87,190	237,925	-	325,115	-
Net OPEB Liability	537,176	-	95,655	441,521	-
Total Public Works	<u>3,216,777</u>	<u>413,728</u>	<u>108,045</u>	<u>3,522,460</u>	<u>-</u>
Total business-type activities	<u>\$ 8,650,090</u>	<u>\$ 493,037</u>	<u>\$ 350,263</u>	<u>\$ 8,792,864</u>	<u>\$ 170,000</u>

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.

F. Interfund Balances and Activity

Interfund receivables/payables at June 30, 2023, consist of the following:

Payable from American Rescue Plan Act Fund to General Fund for premiums.	\$ 281,153
Payable from the General Fund to the NC HFA fund to cover delays in grant reimbursement timing.	<u>145,400</u>
Total Interfund balances	<u>\$ 426,553</u>

Transfers to/from other funds at June 30, 2023, consist of the following:

Transfer from General fund to Water District I and Water District II for Bond Interest Expense.	\$ 451,731
Transfer from the General Fund to the ROD Automation Fund for funds not spent on automation.*	25,000
Transfer from General Fund to Capital Project - Facilities Fund to cover minor facility projects.	5,000
Transfer from APRA Fund to Water District II to cover water expansion projects.	662,000
Transfer from APRA Fund to Technology Fund to cover financial software implementation.	88,000
Transfer from the School Wings Bond Fund to the School fund for interest income earned.	352
Total Transfers	<u>\$ 1,232,083</u>

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

G. Net Investment in Capital Assets

	<u>Governmental</u>	<u>Business-type</u>
Capital & Right to Use Assets	\$ 21,479,642	\$ 8,455,621
less: long-term debt	(725,458)	(4,515,000)
less: lease & SBITA payable	(1,125,499)	-
less: bond premium	-	(440,177)
Net investment in capital assets	<u>\$ 19,628,685</u>	<u>\$ 3,500,444</u>

H. 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	\$ 16,078,261
Less:	
Nonspendable	296,490
Stabilization by State Statute	4,673,448
Tax Revaluation	376,099
Appropriated Fund Balance in 2023-2024 Budget	2,683,235
Remaining Fund Balance	\$ 8,048,989

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, 2023.

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 \$35,330 to the Council during the fiscal year ended June 30, 2023.

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, 2023, 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 28, 2024, the date which the financial statements were available to be issued.

Scotland County was awarded \$8,800,000 in NC State Capital Infrastructure Funds in December 2023. Of those funds, \$6,500,000 was granted for capital improvements or equipment associated with a public safety building and \$2,000,000 was granted for industrial site development.

I.E. Johnson Community Center was opened to the public in October 2023. The community has access to a newly renovated gym and meeting space. Plans for the remainder of the building are still in discussion.

Parks & Recreation had a community build for Scotland Yard in mid-September 2023. The old playground equipment was removed and new handicapped assessable equipment was installed by members of the community.

The County experienced a cyber incident in late December 2023. Management has taken this incident seriously and is working to improve cyber security across the County network.

NOTE VII: Restatement due to change in Accounting Principle

The County implemented GASB 96 "Subscription Based IT Arrangements" during the fiscal year which required a restatement of \$25,659 in the government-wide activities to add the opening balances of the Subscription Based IT Arrangements which existed prior to the implementation of GASB 96.

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 Ten Fiscal Years

	2023	2022	2021	2020	2019
County's proportion of the net pension liability (asset) (%)	0.192%	0.190%	0.183%	0.177%	0.175%
County's proportion of the net pension liability (asset) (\$)	10,837,183	2,906,318	6,534,724	4,845,202	4,149,226
County's covered payroll	14,308,676	13,920,562	14,885,988	12,800,516	12,139,104
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	75.74%	20.88%	46.94%	36.90%	32.41%
Plan fiduciary net position as a percentage of the total pension liability**	84.14%	95.51%	91.63%	94.18%	91.47%
	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) (%)	0.175%	0.178%	0.175%	0.165%	0.167%
County's proportion of the net pension liability (asset) (\$)	2,679,932	3,772,875	784,446	(971,567)	(984,463)
County's covered payroll	11,308,290	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	22.08%	34.37%	7.58%	-9.36%	-9.93%
Plan fiduciary net position as a percentage of the total pension liability**	98.09%	99.07%	102.64%	94.35%	96.45%

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

*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 Ten Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 1,976,779	\$ 1,644,660	\$ 1,412,937	\$ 1,190,879	\$ 992,040
Contributions in relation to the contractually required contribution	<u>1,976,779</u>	<u>1,644,660</u>	<u>1,412,937</u>	<u>1,190,879</u>	<u>992,040</u>
Contribution deficiency (excess)	<u>\$ -</u>				
 County's covered-employee payroll	 \$ 16,114,568	 \$ 14,308,676	 \$ 13,920,562	 \$ 14,885,988	 \$ 12,800,516
 Contributions as a percentage of covered-employee payroll	 12.27%	 11.49%	 10.15%	 8.00%	 7.75%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 910,433	\$ 839,797	\$ 756,313	\$ 740,748	\$ 703,825
Contributions in relation to the contractually required contribution	<u>910,433</u>	<u>839,797</u>	<u>756,313</u>	<u>740,748</u>	<u>703,825</u>
Contribution deficiency (excess)	<u>\$ -</u>				
 County's covered-employee payroll	 \$ 12,139,104	 \$ 11,308,290	 \$ 10,975,089	 \$ 10,411,622	 \$ 9,916,166
 Contributions as a percentage of covered-employee payroll	 7.50%	 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 Ten Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
County's proportionate share of the net pension liability (asset) %	0.271%	0.245%	0.270%	0.270%	0.279%
County's proportionate share of the net pension liability (asset) \$	\$ (35,841)	\$ (47,101)	\$ (61,833)	\$ (53,246)	\$ (46,145)
Plan fiduciary net position as a percentage of the total pension liability	139.04%	156.53%	153.31%	153.77%	160.17%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportionate share of the net pension liability (asset) %	-0.293%	0.309%	0.284%	0.283%	0.283%
County's proportionate share of the net pension liability (asset) \$	\$ (50,087)	\$ (57,690)	\$ (65,914)	\$ (64,090)	\$ (57,219)
Plan fiduciary net position as a percentage of the total pension liability	197.29%	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 Nine Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
County's required contribution	\$ 3,013	\$ 3,099	\$ 2,942	\$ 2,583	\$ 2,782
Contributions in relation to contractually required contribution	3,013	3,099	2,942	2,583	2,782
Contribution deficiency (excess)	<u>\$ -</u>				

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
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>

*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 Six Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Beginning Balance	\$ 923,708	\$ 871,884	\$ 586,738
Service Cost	58,172	67,103	40,856
Interest on the total pension liability	19,965	16,114	18,090
Differences between expected and actuarial experience in the measurement of the total pension liability	8,246	67,585	71,625
Changes of assumptions and other inputs	(147,701)	(25,014)	218,214
Benefit payments	(72,738)	(73,964)	(63,639)
Ending balance of total pension liability	<u>\$ 789,652</u>	<u>\$ 923,708</u>	<u>\$ 871,884</u>

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Beginning Balance	\$ 656,755	\$ 679,413	\$ 627,701
Service Cost	35,658	36,810	31,096
Interest on the total pension liability	22,626	20,518	23,084
Differences between expected and actuarial experience in the measurement of the total pension liability	(74,233)	1,033	22,837
Changes of assumptions and other inputs	16,238	(20,771)	34,029
Benefit payments	(70,306)	(60,248)	(59,334)
Ending balance of total pension liability	<u>\$ 586,738</u>	<u>\$ 656,755</u>	<u>\$ 679,413</u>

The amounts presented for each fiscal year were determined as of the prior 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 Six Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total pension liability	\$ 789,652	\$ 923,708	\$ 871,884
Covered payroll	1,634,126	1,677,629	1,616,163
Total pension liability as a percentage of covered payroll	48.32%	55.06%	53.95%
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total pension liability	\$ 586,738	\$ 656,755	\$ 679,413
Covered payroll	1,617,839	1,629,513	1,526,642
Total pension liability as a percentage of covered payroll	36.27%	40.30%	44.50%

Notes to the schedules:

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

*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 Six Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total OPEB Liability			
Service Cost	\$ 395,937	\$ 521,765	\$ 366,869
Interest on the total OPEB liability	587,081	568,971	728,437
Differences between expected and actuarial experience in the measurement of the total pension liability	(48,811)	471,390	42,101
Changes of assumptions and other inputs	(4,937,696)	820,213	4,439,115
Benefit payments	<u>(840,295)</u>	<u>(804,128)</u>	<u>(790,665)</u>
Net change in total OPEB liability	(4,843,784)	1,578,211	4,785,857
Total OPEB liability - beginning	<u>27,201,623</u>	<u>25,623,412</u>	<u>20,837,555</u>
Total OPEB liability - ending	<u><u>\$ 22,357,839</u></u>	<u><u>\$ 27,201,623</u></u>	<u><u>\$ 25,623,412</u></u>
Covered payroll	\$ 11,966,238	\$ 11,966,238	\$ 10,048,743
Total OPEB liability as a percentage of covered payroll	186.84%	227.32%	254.99%
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service Cost	\$ 475,045	\$ 497,569	\$ 551,425
Interest on the total OPEB liability	888,266	830,364	746,868
Differences between expected and actuarial experience in the measurement of the total pension liability	(2,941,502)	121,484	141,329
Changes of assumptions and other inputs	(42,357)	(1,193,640)	(2,192,086)
Benefit payments	<u>(745,904)</u>	<u>(746,673)</u>	<u>(725,648)</u>
Net change in total OPEB liability	(2,366,452)	(490,896)	(1,478,112)
Total OPEB liability - beginning	<u>23,204,007</u>	<u>23,694,903</u>	<u>25,173,015</u>
Total OPEB liability - ending	<u><u>\$ 20,837,555</u></u>	<u><u>\$ 23,204,007</u></u>	<u><u>\$ 23,694,903</u></u>
Covered payroll	\$ 10,048,743	\$ 10,502,994	\$ 10,502,994
Total OPEB liability as a percentage of covered payroll	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>
2023	3.54%
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, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes		\$ 24,632,665	
Interest		313,772	
Total ad valorem taxes	<u>\$ 24,917,963</u>	<u>24,946,437</u>	<u>\$ 28,474</u>
Local option sales taxes:			
Article 39 one-percent		4,398,316	
Article 40 one-half of one percent		2,723,789	
Article 42 one-half of one percent		2,196,929	
Article 44 one-half of one percent		1,008,026	
Total local option sales taxes	<u>9,251,378</u>	<u>10,327,060</u>	<u>1,075,682</u>
Other taxes and licenses:			
Franchise tax		40,712	
Total other taxes and licenses	<u>48,500</u>	<u>40,712</u>	<u>(7,788)</u>
Unrestricted intergovernmental:			
Beer and wine tax		75,962	
ABC profit distribution		273,564	
Total unrestricted intergovernmental	<u>315,000</u>	<u>349,526</u>	<u>34,526</u>
Restricted intergovernmental:			
State and federal grants		9,735,408	
Lottery proceeds		394,589	
Court facility fees		50,528	
Other grants		55,775	
Total restricted intergovernmental	<u>9,819,428</u>	<u>10,236,300</u>	<u>416,872</u>
Permits and fees:			
Inspection fees		274,959	
Register of deeds		297,062	
Total permits and fees	<u>541,950</u>	<u>572,021</u>	<u>30,071</u>
Sales and services:			
Jail and other fees		369,789	
Ambulance fees		1,468,176	
Recreation fees		138,714	
Administrative fees		149,413	
Emergency communications revenue		125,000	
Rental revenue		2,292,635	
Health department fees		123,224	
Total sales and services	<u>5,110,000</u>	<u>4,666,951</u>	<u>(443,049)</u>
Investment earnings	<u>845,350</u>	<u>871,577</u>	<u>26,227</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, 2023

	Final Budget	Actual	Variance Positive (Negative)
Miscellaneous:			
Private donations		1,400	
Sheriff dept. - surveillance - shared revenue		883	
Other		806,102	
Total miscellaneous	<u>737,400</u>	<u>808,385</u>	<u>70,985</u>
Total revenues	<u>51,586,969</u>	<u>52,818,969</u>	<u>1,232,000</u>
Expenditures			
General government:			
Governing body:			
Salaries and employee benefits		7,961	
Other operating expenditures		101,339	
Total general government	<u>126,201</u>	<u>109,300</u>	<u>16,901</u>
Administration:			
Salaries and employee benefits		1,273,750	
Other operating expenditures		88,919	
Total administration	<u>1,382,197</u>	<u>1,362,669</u>	<u>19,528</u>
Elections:			
Salaries and employee benefits		182,536	
Other operating expenditures		59,517	
Total elections	<u>251,938</u>	<u>242,053</u>	<u>9,885</u>
Tax:			
Salaries and employee benefits		741,936	
Other operating expenditures		208,681	
Total tax	<u>966,467</u>	<u>950,617</u>	<u>15,850</u>
Legal:			
Contracted service		70,262	
Total legal	<u>73,125</u>	<u>70,262</u>	<u>2,863</u>
Register of deeds:			
Salaries and employee benefits		219,241	
Other operating expenditures		1,822	
Total register of deeds	<u>255,400</u>	<u>221,063</u>	<u>34,337</u>
Court facilities:			
Other operating expenditures		9,932	
Total court facilities	<u>20,210</u>	<u>9,932</u>	<u>10,278</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, 2023

	Final Budget	Actual	Variance Positive (Negative)
Information technology:			
Salaries and other technologies		287,873	
Other operating expenditures		128,204	
Total information technology	<u>431,297</u>	<u>416,077</u>	<u>15,220</u>
General:			
Other operating expenditures		1,176,937	
Capital outlay		58,810	
Total general:	<u>1,048,819</u>	<u>1,235,747</u>	<u>(186,928)</u>
Public buildings:			
Salaries and employee benefits		1,112,157	
Other operating expenditures		588,525	
Capital outlay		89,992	
Total public buildings	<u>1,928,370</u>	<u>1,790,674</u>	<u>137,696</u>
Total general government	<u>6,509,024</u>	<u>6,408,394</u>	<u>100,630</u>
Public Safety:			
Sheriff and communications:			
Salaries and employee benefits		3,407,055	
Other operating expenditures		600,586	
Capital outlay		212,261	
Total sheriff and communications:	<u>4,335,042</u>	<u>4,219,902</u>	<u>115,140</u>
Jail:			
Salaries and employee benefits		1,276,620	
Other operating expenditures		963,651	
Total jail	<u>2,459,103</u>	<u>2,240,271</u>	<u>218,832</u>
Emergency ambulatory & services			
Salaries and employee benefits		2,430,804	
Other operating expenditures		643,602	
Capital outlay		196,070	
Total emergency ambulatory & services	<u>3,302,059</u>	<u>3,270,476</u>	<u>31,583</u>
Emergency communications			
Salaries and employee benefits		1,194,646	
Other operating expenditures		184,528	
Total emergency communications	<u>1,488,965</u>	<u>1,379,174</u>	<u>109,791</u>
Forestry service:	<u>109,912</u>	<u>109,912</u>	<u>-</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, 2023

	Final Budget	Actual	Variance Positive (Negative)
Inspections			
Salaries and employee benefits		372,497	
Other operating expenditures		52,020	
Total inspections	460,261	424,517	35,744
Planning and zoning:			
Salaries and employee benefits		59,915	
Other operating expenditures		15,245	
Total planning and zoning	81,102	75,160	5,942
Scotland County resque squad	150,000	117,801	32,199
Medical examiner	75,320	51,544	23,776
Animal Control:			
Salaries and employee benefits		126,775	
Other operating expenditures		20,010	
Total animal control	151,217	146,785	4,432
Humane society	111,000	106,999	4,001
Surveillance and drugs	10,000	10,000	-
Total public safety	12,733,981	12,152,541	581,440
Economic and physical development:			
General:			
Industry grants		1,568,931	
Region N-council of government		35,330	
SEDC		3,076	
Total general	1,709,921	1,607,337	102,584
Co-op extension:			
Other operating expenditures		192,223	
Total co-op extension	200,711	194,611	6,100
Soil and water conservation:			
Salaries and employee benefits		81,201	
Other operating expenditures		48,478	
Total soil and water conservation	191,456	129,679	61,777
Historic properties	153,500	24,688	128,812
Total economic and physical development	2,255,588	1,956,315	299,273

Scotland County, North Carolina
General Fund
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
Human services:			
Health:			
Administration			
Salaries and employee benefits		861,719	
Other operating expenditures		433,310	
Total administration	<u>1,321,560</u>	<u>1,295,029</u>	<u>26,531</u>
Tuberculosis			
Salaries and employee benefits		14,915	
Other operating expenditures		2,310	
Total tuberculosis	<u>21,099</u>	<u>17,225</u>	<u>3,874</u>
Orthopedic			
Salaries and employee benefits		24,486	
Other operating expenditures		15,472	
Total tuberculosis	<u>55,438</u>	<u>39,958</u>	<u>15,480</u>
Wise woman			
Salaries and employee benefits		10,786	
Other operating expenditures		3,052	
Total tuberculosis	<u>30,159</u>	<u>13,838</u>	<u>16,321</u>
Child health			
Salaries and employee benefits		41,043	
Other operating expenditures		3,046	
Total tuberculosis	<u>64,742</u>	<u>44,089</u>	<u>20,653</u>
Primary care			
Salaries and employee benefits		19,448	
Other operating expenditures		120	
Total tuberculosis	<u>22,776</u>	<u>19,568</u>	<u>3,208</u>
Communicable diseases			
Salaries and employee benefits		338,200	
Other operating expenditures		30,317	
Total tuberculosis	<u>393,112</u>	<u>368,517</u>	<u>24,595</u>
Cancer prevention:			
Salaries and employee benefits		6,429	
Other operating expenditures		3,227	
Total cancer prevention	<u>10,343</u>	<u>9,656</u>	<u>687</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, 2023

	Final Budget	Actual	Variance Positive (Negative)
Family planning:			
Salaries and employee benefits		415,700	
Other operating expenditures		91,431	
Total family planning	<u>519,902</u>	<u>507,131</u>	<u>12,771</u>
Maternal and child health:			
Salaries and employee benefits		241,384	
Other operating expenditures		45,244	
Total maternal and child health	<u>299,614</u>	<u>286,628</u>	<u>12,986</u>
Women, infants, and children:			
Salaries and employee benefits		200,300	
Other operating expenditures		79,757	
Total women, infants, and children	<u>297,779</u>	<u>280,057</u>	<u>17,722</u>
Environmental health:			
Salaries and employee benefits		224,206	
Other operating expenditures		28,817	
Total environmental health	<u>262,038</u>	<u>253,023</u>	<u>9,015</u>
Child services coordinator:			
Salaries and employee benefits		176,055	
Other operating expenditures		5,529	
Total Child services coordinator	<u>191,179</u>	<u>181,584</u>	<u>9,595</u>
Pregnancy care management:			
Salaries and employee benefits		182,276	
Other operating expenditures		7,145	
Total pregnancy care management	<u>198,899</u>	<u>189,421</u>	<u>9,478</u>
Covid relief funds:			
Salaries and employee benefits		68,854	
Other operating expenditures		47,865	
Total covid refied funds	<u>475,800</u>	<u>177,333</u>	<u>298,467</u>
Immunization:			
Salaries and employee benefits		25,828	
Other operating expenditures		54,834	
Total immunization	<u>84,186</u>	<u>80,662</u>	<u>3,524</u>
Adult health:			
Salaries and employee benefits		75,516	
Other operating expenditures		5,545	
Total adult health	<u>85,899</u>	<u>81,061</u>	<u>4,838</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, 2023

	Final Budget	Actual	Variance Positive (Negative)
Adolescent pregnancy prevention			
Salaries and employee benefits		33,608	
Other operating expenditures		25,103	
Total adolescent pregnancy prevention	67,148	58,711	8,437
Preparedness response:			
Salaries and employee benefits		3,472	
Other operating expenditures		26,813	
Total preparedness response	31,418	30,285	1,133
Mental health:			
County participation cost		72,920	
ABC 5 cent bottle tax		8,209	
Total mental health	81,920	81,129	791
Juvenile counseling	118,897	118,897	-
Scotland Home Health, Inc.	63,988	63,981	7
Total health	4,697,896	4,197,783	500,113
Social services:			
Administration:			
Salaries and employee benefits		6,683,049	
Other operating expenditures		2,983,660	
Capital outlay		1,161	
Total administration	9,583,935	9,667,870	(83,935)
Transportation:			
Salaries and employee benefits		378,525	
Other operating expenditures		109,259	
Total transportation	518,161	487,784	30,377
Re-entry council:			
Salaries and employee benefits		107,356	
Other operating expenditures		19,907	
Total re-entry council	225,500	127,263	98,237
Total social services	10,327,596	10,282,917	44,679
Veterans service officer:			
Salaries and employee benefits		60,146	
Other operating expenditures		1,509	
Total veterans service officer	67,053	61,655	5,398
Total human services	15,092,545	14,542,355	550,190

Scotland County, North Carolina
General Fund
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
Cultural and recreational:			
Recreation:			
Salaries and employee benefits		609,665	
Other operating expenditures		2,171,431	
Capital outlay		75,727	
Total recreation	<u>3,976,384</u>	<u>2,856,823</u>	<u>1,119,561</u>
Libraries			
Salaries and employee benefits		362,786	
Other operating expenditures		120,235	
Total libraries	<u>569,548</u>	<u>483,021</u>	<u>86,527</u>
Total cultural and recreational	<u>4,545,932</u>	<u>3,339,844</u>	<u>1,206,088</u>
Education:			
Public schools - current expense		10,005,383	
Public school - lottery-capital outlay		394,589	
Contributions of capital		876,977	
Community colleges - current		440,793	
Total education	<u>11,727,787</u>	<u>11,717,742</u>	<u>10,045</u>
Debt service:			
Principal		2,535,252	
Interest and fees, other		1,611,763	
Total debt service	<u>3,867,005</u>	<u>4,147,015</u>	<u>(280,010)</u>
Total expenditures	<u>56,731,862</u>	<u>54,264,206</u>	<u>2,467,656</u>
Revenues over (under) expenditures	<u>(5,144,893)</u>	<u>(1,445,237)</u>	<u>3,699,656</u>
Other financing sources (uses):			
Sale of capital assets	5,000	-	(5,000)
Proceeds from Lease Financing	-	158,320	158,320
Proceeds from Subscription-based IT	-	443,350	443,350
Transfers to other funds			
Capital project facilities	(5,000)	(5,000)	
Transfer to Water Districts	(451,731)	(451,731)	-
Transfers from other funds			
School Bond Funds	-	352	352
Total net transfers	<u>(456,731)</u>	<u>(456,379)</u>	<u>352</u>
Total other financing sources (uses)	<u>(451,731)</u>	<u>145,291</u>	<u>597,022</u>
Appropriated fund balance	<u>5,596,624</u>	<u>-</u>	<u>(5,596,624)</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, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Net change in fund balance	<u>\$ -</u>	(1,299,946)	<u>\$ (1,299,946)</u>
Fund balance, beginning		<u>17,002,107</u>	
Fund balance, ending		<u>\$ 15,702,161</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, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
	-	-	-
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>376,100</u>	
Fund balance, ending		<u>\$ 376,100</u>	

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, 2023

	Budget Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Year	Current Year		
Revenues:					
Grant	\$ 6,791,232	\$ 846,118	\$ 1,799,237	\$ 2,645,355	\$ (4,145,877)
Investment earnings	230,410	6,542	222,325	228,867	(1,543)
Total revenues	<u>7,021,642</u>	<u>852,660</u>	<u>2,021,562</u>	<u>2,874,222</u>	<u>(4,147,420)</u>
Expenditures:					
Salaries and other employee benefits	1,512,500	469,862	310,712	780,574	731,926
Other recovery expenditures	4,207,192	376,256	298,646	674,902	3,532,290
Capital Outlay	551,950	-	439,878	439,878	112,072
Total expenditures	<u>6,271,642</u>	<u>846,118</u>	<u>1,049,236</u>	<u>1,895,354</u>	<u>4,376,288</u>
Revenues over (under) expenditures	<u>750,000</u>	<u>6,542</u>	<u>972,326</u>	<u>978,868</u>	<u>228,868</u>
Other financing sources (uses)					
Transfers	<u>(750,000)</u>	<u>-</u>	<u>(750,000)</u>	<u>(750,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(750,000)</u>	<u>-</u>	<u>(750,000)</u>	<u>(750,000)</u>	<u>-</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ 6,542</u>	<u>222,326</u>	<u>\$ 228,868</u>	<u>\$ 228,868</u>
Fund balance, beginning			<u>6,542</u>		
Fund balance, ending			<u>\$ 228,868</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, 2023

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	East Laurinburg Reserve Fund	Total Nomajor Special Revenue Funds
ASSETS:											
Cash and cash equivalents	\$ -	\$ 196,729	\$ 8,781	\$ 144,000	\$ 132,350	\$ 12,194	\$ -	\$ 1,610	\$ -	\$ 59,652	\$ 555,316
Restricted cash	3,669,185	-	-	-	7,217	-	-	-	375,008	-	4,051,410
Taxes receivable	60,477	-	-	-	-	-	-	-	-	-	60,477
Accounts receivable, net	-	-	189	-	-	-	10,922	-	-	-	11,111
Due from other governments/ grantors	135,613	24,875	-	-	-	-	-	-	-	484	160,972
Total assets	<u>\$ 3,865,275</u>	<u>\$ 221,604</u>	<u>\$ 8,970</u>	<u>\$ 144,000</u>	<u>\$ 139,567</u>	<u>\$ 12,194</u>	<u>\$ 10,922</u>	<u>\$ 1,610</u>	<u>\$ 375,008</u>	<u>\$ 60,136</u>	<u>\$ 4,839,286</u>
LIABILITIES AND FUND BALANCES											
LIABILITIES:											
Accounts payable	\$ 72	\$ 174	\$ 7,189	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	767	\$ 8,202
Unspent Grant Proceeds	-	-	-	-	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	12,194	10,922	1,610	-	-	24,726
Due to other funds	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>72</u>	<u>174</u>	<u>7,189</u>	<u>-</u>	<u>-</u>	<u>12,194</u>	<u>10,922</u>	<u>1,610</u>	<u>-</u>	<u>767</u>	<u>32,928</u>
DEFERRED INFLOWS OF RESOURCES:											
Taxes receivable	60,477	-	-	-	-	-	-	-	-	-	60,477
Total deferred inflows of resources	<u>60,477</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,477</u>
FUND BALANCES:											
Restricted for:											
Stabilization by state statute	135,613	-	-	-	-	-	10,922	-	-	-	146,535
Public Safety	3,669,113	221,430	-	-	-	-	-	-	-	-	3,890,543
Human Services	-	-	-	-	139,567	-	-	-	375,008	-	514,575
School Capital Projects	-	-	-	-	-	-	-	-	-	-	-
Committed:											
Economic Development	-	-	-	144,000	-	-	-	-	-	59,369	203,369
Assigned:											
Capital outlay	-	-	1,781	-	-	-	-	-	-	-	1,781
Unassigned:	-	-	-	-	-	-	(10,922)	-	-	-	(10,922)
Total fund balances	<u>3,804,726</u>	<u>221,430</u>	<u>1,781</u>	<u>144,000</u>	<u>139,567</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>375,008</u>	<u>59,369</u>	<u>4,745,881</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,865,275</u>	<u>\$ 221,604</u>	<u>\$ 8,970</u>	<u>\$ 144,000</u>	<u>\$ 139,567</u>	<u>\$ 12,194</u>	<u>\$ 10,922</u>	<u>\$ 1,610</u>	<u>\$ 375,008</u>	<u>\$ 60,136</u>	<u>\$ 4,839,286</u>

Scotland County, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

Exhibit C-1

	Capital Project Funds							Total Nonmajor Governmental Funds
	Capital Reserve Fund	North Carolina Housing Finance Agency	Facilities Parking Lot Project Fund	State Capital Infrastructure Grant Fund	New Elementary School Bond Fund	School Wings Bond Fund	Total Capital Project Funds	
ASSETS:								
Cash and cash equivalents	\$ -	\$ -	\$ 90,233	\$ -	\$ 793	\$ -	\$ 91,026	\$ 646,342
Restricted cash	-	-	-	636,991	1,183	992	639,166	4,690,576
Taxes receivable	-	-	-	-	-	-	-	60,477
Accounts receivable, net	-	172,600	-	-	-	-	172,600	183,711
Due from other governments/ grantors	-	-	2,642	88,009	-	-	90,651	251,623
Total assets	\$ -	\$ 172,600	\$ 92,875	\$ 725,000	\$ 1,976	\$ 992	\$ 993,443	\$ 5,832,729
LIABILITIES AND FUND BALANCES								
LIABILITIES:								
Accounts payable	\$ -	\$ 41,600	\$ 1,200	\$ -	\$ -	\$ -	\$ 42,800	\$ 51,002
Unspent Grant Proceeds	-	-	-	725,000	-	-	725,000	725,000
Due to other governments	-	-	-	-	-	-	-	24,726
Due to other funds	-	145,400	-	-	-	-	145,400	145,400
Total liabilities	-	187,000	1,200	725,000	-	-	913,200	946,128
DEFERRED INFLOWS OF RESOURCES:								
Taxes receivable	-	-	-	-	-	-	-	60,477
Total deferred inflows of resources	-	-	-	-	-	-	-	60,477
FUND BALANCES:								
Restricted for:								
Stabilization by state statute	-	-	-	-	-	-	-	146,535
Public Safety	-	-	-	-	-	-	-	3,890,543
Human Services	-	-	-	-	-	-	-	514,575
School Capital Projects	-	-	-	-	1,976	992	2,968	2,968
Committed:								
Economic Development	-	-	-	-	-	-	-	203,369
Assigned:								
Capital outlay	-	-	91,675	-	-	-	91,675	93,456
Unassigned:	-	(14,400)	-	-	-	-	(14,400)	(25,322)
Total fund balances	-	(14,400)	91,675	-	1,976	992	80,243	4,826,124
Total liabilities, deferred inflows of resources and fund balances	\$ -	\$ 172,600	\$ 92,875	\$ 725,000	\$ 1,976	\$ 992	\$ 993,443	\$ 5,832,729

Scotland County, North Carolina

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	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	East Laurinburg Reserve Fund	Total Nonmajor Special Revenue Funds
Revenues:											
Ad valorem taxes	\$ 782,772	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,198	\$ 784,970
Other taxes, licenses, and fees	2,149	230,168	-	-	-	-	-	-	-	-	232,317
Sales tax	469,391	-	-	-	-	-	-	-	-	-	469,391
Restricted intergovernmental	-	-	-	-	222,544	-	-	-	375,008	-	597,552
Sales and services	-	-	-	-	-	-	133,021	-	-	-	133,021
Permits and fees	-	-	-	-	-	144,616	-	28,120	-	-	172,736
Other grants	-	-	-	-	-	-	-	-	-	73,247	73,247
Investment earnings	10,502	-	-	-	-	-	-	-	-	-	10,502
Total revenues	1,264,814	230,168	-	-	222,544	144,616	133,021	28,120	375,008	75,445	2,473,736
Expenditures											
General government	-	-	-	-	-	144,616	133,021	28,120	-	16,076	321,833
Human services	-	-	-	-	200,555	-	-	-	-	-	200,555
Public safety	429,850	171,925	-	-	-	-	-	-	-	-	601,775
Economic development	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	87,520	-	-	-	-	-	-	-	87,520
Total expenditures	429,850	171,925	87,520	-	200,555	144,616	133,021	28,120	-	16,076	1,211,683
Revenue over (under) expenditures	834,964	58,243	(87,520)	-	21,989	-	-	-	375,008	59,369	1,262,053
Other financing sources (uses)											
Transfers from other funds	-	-	-	-	-	-	-	-	-	-	-
Transfers (to) other funds	-	-	88,000	-	-	-	-	-	-	-	88,000
Capital Contributions	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	88,000	-	-	-	-	-	-	-	88,000
Net change in fund balances	834,964	58,243	480	-	21,989	-	-	-	375,008	59,369	1,350,053
Fund balances, beginning	2,969,762	163,187	1,301	144,000	117,578	-	-	-	-	-	3,395,828
Fund balances, beginning, restated	2,969,762	163,187	1,301	144,000	117,578	-	-	-	-	-	3,395,828
Fund balances, ending	\$ 3,804,726	\$ 221,430	\$ 1,781	\$ 144,000	\$ 139,567	\$ -	\$ -	\$ -	\$ 375,008	\$ 59,369	\$ 4,745,881

Scotland County, North Carolina
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2023

	Capital Project Funds							Total Nonmajor Governmental Funds
	Capital Reserve Fund	North Carolina Housing Finance Agency	Facilities Parking Lot Project Fund	State Capital Infrastructure Grant Fund	New Elementary School Bond Fund	School Wings Bond Fund	Total Capital Project Funds	
Revenues:								
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 784,970
Other taxes, licenses, and fees	-	-	-	-	-	-	-	232,317
Sales tax	-	-	-	-	-	-	-	469,391
Restricted intergovernmental	-	347,275	-	1,650,000	-	-	1,997,275	2,594,827
Sales and services	-	-	-	-	-	-	-	133,021
Permits and fees	-	-	-	-	-	-	-	172,736
Other grants	-	-	-	-	-	-	-	73,247
Investment earnings	-	-	-	-	5,285	1,237	6,522	17,024
Total revenues	-	347,275	-	1,650,000	5,285	1,237	2,003,797	4,477,533
Expenditures								
General government	-	-	-	-	-	-	-	321,833
Human services	-	-	-	-	-	-	-	200,555
Public safety	-	-	-	-	-	-	-	601,775
Economic development	-	361,675	-	-	-	-	361,675	361,675
Capital outlay	-	-	820,428	1,650,000	-	-	2,470,428	2,557,948
Total expenditures	-	361,675	820,428	1,650,000	-	-	2,832,103	4,043,786
Revenue over (under) expenditures	-	(14,400)	(820,428)	-	5,285	1,237	(828,306)	433,747
Other financing sources (uses)								
Transfers from other funds	-	-	5,000	-	-	-	5,000	5,000
Transfers (to) other funds	-	-	-	-	-	(352)	(352)	87,648
Capital Contributions	-	-	-	-	(355,169)	-	(355,169)	(355,169)
Total other financing sources (uses)	-	-	5,000	-	(355,169)	(352)	(350,521)	92,648
Net change in fund balances	-	(14,400)	(815,428)	-	(349,884)	885	(1,178,827)	171,226
Fund balances, beginning	-	-	907,103	-	351,860	107	1,259,070	4,654,898
Fund balances, beginning, restated	-	-	907,103	-	351,860	107	1,259,070	4,654,898
Fund balances, ending	\$ -	\$ (14,400)	\$ 91,675	\$ -	\$ 1,976	\$ 992	\$ 80,243	\$ 4,826,124

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, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes	\$ 764,400	\$ 782,772	\$ 18,372
Other taxes, licenses, and fees	500	2,149	1,649
Sales tax	346,086	469,391	123,305
Investment earnings	8,200	10,502	2,302
Total revenues	<u>1,119,186</u>	<u>1,264,814</u>	<u>145,628</u>
Expenditures:			
Public safety	440,500	429,850	10,650
Capital outlay	2,020,000	-	2,020,000
Total expenditures	<u>2,460,500</u>	<u>429,850</u>	<u>2,030,650</u>
Revenues over (under) expenditures	<u>(1,341,314)</u>	<u>834,964</u>	<u>2,176,278</u>
Other financing sources (uses)			
Fund balance appropriated	<u>1,341,314</u>	-	<u>(1,341,314)</u>
Total other financing sources (uses)	<u>1,341,314</u>	<u>-</u>	<u>(1,341,314)</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>834,964</u>	<u>\$ 834,964</u>
Fund balance, beginning		<u>2,969,762</u>	
Fund balance, ending		<u>\$ 3,804,726</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, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Other taxes, licenses, and fees	\$ 230,168	\$ 230,168	\$ -
Total revenues	<u>230,168</u>	<u>230,168</u>	<u>-</u>
Expenditures:			
Public safety	223,740	171,925	51,815
Capital outlay	6,428	-	6,428
Total expenditures	<u>230,168</u>	<u>171,925</u>	<u>58,243</u>
Revenues over (under) expenditures	<u>-</u>	58,243	<u>58,243</u>
Fund balance, beginning		<u>163,187</u>	
Fund balance, ending		<u>\$ 221,430</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, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
Software and implementation fees	\$ 268,000	\$ 87,520	\$ 180,480
Total expenditures	<u>268,000</u>	<u>87,520</u>	<u>180,480</u>
Revenues over (under) expenditures	(268,000)	(87,520)	180,480
Other financing sources (uses)			
Transfers in	<u>268,000</u>	<u>88,000</u>	<u>(180,000)</u>
Total other financing sources (uses)	<u>268,000</u>	<u>88,000</u>	<u>(180,000)</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	480	<u>\$ 480</u>
Fund balance, beginning		<u>1,301</u>	
Fund balance, ending		<u>\$ 1,781</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, 2023

	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, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted intergovernmental	\$ 235,000	\$ 222,544	\$ (12,456)
Total revenues	<u>235,000</u>	<u>222,544</u>	<u>(12,456)</u>
Expenditures:			
Payments made for the benefit of beneficiaries	<u>235,000</u>	<u>200,555</u>	<u>34,445</u>
Total expenditures	<u>235,000</u>	<u>200,555</u>	<u>34,445</u>
Revenues over (under) expenditures	<u>\$ -</u>	21,989	<u>\$ 21,989</u>
Fund balance, beginning		<u>117,578</u>	
Fund balance, ending		<u>\$ 139,567</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, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Permits and fees			
Register of deeds	\$ 151,600	\$ 144,616	\$ (6,984)
Total revenues	<u>151,600</u>	<u>144,616</u>	<u>(6,984)</u>
Expenditures:			
Payments of fees collected to the State of North Carolina	<u>151,600</u>	<u>144,616</u>	<u>6,984</u>
Total expenditures	<u>151,600</u>	<u>144,616</u>	<u>6,984</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
Fines and Forfeitures
Schedule of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Sales and services			
Penalties, fines and forfeitures	\$ 140,000	\$ 133,021	\$ (6,979)
Total revenues	<u>140,000</u>	<u>133,021</u>	<u>(6,979)</u>
Expenditures:			
Payments of fees collected to the State of North Carolina	<u>140,000</u>	<u>133,021</u>	<u>6,979</u>
Total expenditures	<u>140,000</u>	<u>133,021</u>	<u>6,979</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, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Permits and fees			
Concealed weapon fees	\$ 36,800	\$ 28,120	\$ (8,680)
Total revenues	<u>36,800</u>	<u>28,120</u>	<u>(8,680)</u>
Expenditures:			
Payments of fees collected to the State of North Carolina	<u>36,800</u>	<u>28,120</u>	<u>8,680</u>
Total expenditures	<u>36,800</u>	<u>28,120</u>	<u>8,680</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, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted intergovernmental State and Federal Grants	\$ 265,000	\$ 375,008	\$ 110,008
Total revenues	<u>265,000</u>	<u>375,008</u>	<u>110,008</u>
Expenditures:			
Other expenditures	<u>265,000</u>	-	<u>265,000</u>
Total expenditures	<u>265,000</u>	<u>-</u>	<u>265,000</u>
Revenues over (under) expenditures	<u>\$ -</u>	375,008	<u>\$ 375,008</u>
Fund balance, beginning		<u>-</u>	
Fund balance, ending		<u>\$ 375,008</u>	

Scotland County, North Carolina
 East Laurinburg Reserve Fund
 Schedule of Revenue, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad Valorem Taxes	\$ 2,300	\$ 2,198	\$ (102)
Other	73,250	73,247	3
Total revenues	<u>75,550</u>	<u>75,445</u>	<u>(99)</u>
Expenditures:			
Other expenditures	65,950	8,911	57,039
Capital outlay	9,600	7,165	2,435
Total expenditures	<u>75,550</u>	<u>16,076</u>	<u>57,039</u>
Revenues over (under) expenditures	<u>\$ -</u>	59,369	<u>\$ 56,940</u>
Fund balance, beginning		<u>-</u>	
Fund balance, ending		<u>\$ 59,369</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, 2023

	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	<u>1,029,869</u>	<u>603,735</u>	<u>-</u>	<u>603,735</u>	<u>(426,134)</u>
Expenditures:					
Capital outlay	1,048,304	802,203	-	802,203	246,101
Total expenditures	<u>1,048,304</u>	<u>802,203</u>	<u>-</u>	<u>802,203</u>	<u>246,101</u>
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)	<u>18,435</u>	<u>198,468</u>	<u>-</u>	<u>198,468</u>	<u>180,033</u>
Revenues and other financing sources over (under) expenditures and uses	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>-</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, 2023

	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>500,000</u>	<u>-</u>	<u>500,000</u>	<u>-</u>
Expenditures:					
Rehabilitation and construction	3,483,454	2,571,351	820,428	3,391,779	91,675
Total expenditures	<u>3,483,454</u>	<u>2,571,351</u>	<u>820,428</u>	<u>3,391,779</u>	<u>91,675</u>
Revenues over (under) expenditures	(2,983,454)	(2,071,351)	(820,428)	(2,891,779)	91,675
Other financing sources (uses):					
Transfers	2,983,454	2,978,454	5,000	2,983,454	-
Total other financing sources (uses)	<u>2,983,454</u>	<u>2,978,454</u>	<u>5,000</u>	<u>2,983,454</u>	<u>-</u>
Revenues and other financing sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 907,103</u>	(815,428)	<u>\$ 91,675</u>	<u>\$ 91,675</u>
Fund balance, beginning			<u>907,103</u>		
Fund balance, ending			<u>\$ 91,675</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, 2023

	Budget Authorization	Prior Years	Actual	Total to Date	Variance Positive (Negative)
Revenues:					
Sales tax refund	\$ 453,461	\$ -	\$ -	\$ -	\$ (453,461)
Investment earnings	569,953	594,323	5,285	599,608	29,655
Total revenues	<u>1,023,414</u>	<u>594,323</u>	<u>5,285</u>	<u>599,608</u>	<u>(423,806)</u>
Expenditures:					
Rehabilitation/construction	26,477,818	25,696,867	-	25,696,867	780,951
Total expenditures	<u>26,477,818</u>	<u>25,696,867</u>	<u>-</u>	<u>25,696,867</u>	<u>780,951</u>
Revenues over (under) expenditures	(25,454,404)	(25,102,544)	5,285	(25,097,259)	357,145
Other financing sources (uses):					
Transfers	(518,248)	(518,248)	-	(518,248)	-
Capital Contributions	(860,335)	(505,166)	(355,169)	(860,335)	-
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	-
Fund balance appropriated	355,169	-	-	-	(355,169)
Total other financing sources (uses)	<u>25,454,404</u>	<u>25,454,404</u>	<u>(355,169)</u>	<u>25,099,235</u>	<u>-</u>
Revenues and other sources over (under) expenditures and uses	<u>\$ -</u>	<u>\$ 351,860</u>	<u>\$ (349,884)</u>	<u>\$ 1,976</u>	<u>\$ 357,145</u>
Fund balance, beginning			<u>351,860</u>		
Fund balance, ending			<u>\$ 1,976</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, 2023

	Budget Authorization	Prior Years	Actual	Total to Date	Variance Positive (Negative)
Revenues:					
Sales tax refund	\$ 557,597	\$ -	\$ -	\$ -	\$ (557,597)
Investment earnings	597,045	223,478	1,237	224,715	(372,330)
Total revenues	<u>1,154,642</u>	<u>223,478</u>	<u>1,237</u>	<u>224,715</u>	<u>(929,927)</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)	(14,164,670)	1,237	(14,163,433)	(1,300)
Other financing sources (uses):					
Transfers Out	(1,154,642)	(1,154,642)	(352)	(1,154,994)	(352)
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>14,164,777</u>	<u>(352)</u>	<u>14,164,425</u>	<u>2,292</u>
Revenues and other sources over (under) expenditures and uses	<u>\$ -</u>	<u>\$ 107</u>	885	<u>\$ 992</u>	<u>\$ 992</u>
Fund balance, beginning			<u>107</u>		
Fund balance, ending			<u>\$ 992</u>		

Scotland County, North Carolina
North Carolina Housing Finance Agency
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2023

	Budget Authorization	Prior Years	Actual	Total to Date	Variance Positive (Negative)
Revenues:					
Grants	\$ 421,375	\$ -	\$ 347,275	\$ 347,275	\$ (74,100)
Total revenues	<u>421,375</u>	<u>-</u>	<u>347,275</u>	<u>347,275</u>	<u>(74,100)</u>
Expenditures:					
Rehabilitation and construction	421,375	-	361,675	361,675	59,700
Total expenditures	<u>421,375</u>	<u>-</u>	<u>361,675</u>	<u>361,675</u>	<u>59,700</u>
Revenues and other financing sources over (under) expenditures and uses	<u>\$ -</u>	<u>\$ -</u>	(14,400)	<u>\$ (14,400)</u>	<u>\$ (14,400)</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ (14,400)</u>		

Scotland County, North Carolina
 State Capital Infrastructure Grant
 Schedule of Revenue, Expenditures and Changes in Fund Balance
 Budget and Actual
 From Inception and For the Year Ended June 30, 2023

	Budget Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Year	Current Year		
Revenues:					
Grant	\$ 2,375,000	\$ -	\$ 1,650,000	\$ 1,650,000	\$ (725,000)
Total revenues	<u>2,375,000</u>	<u>-</u>	<u>1,650,000</u>	<u>1,650,000</u>	<u>(725,000)</u>
Expenditures:					
Capital Outlay	2,375,000	-	1,650,000	1,650,000	725,000
Total expenditures	<u>2,375,000</u>	<u>-</u>	<u>1,650,000</u>	<u>1,650,000</u>	<u>725,000</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning			-		
Fund balance, ending			<u>\$ -</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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenues:			
Charges for services:			
Tipping fees		\$ 1,360,949	
Availability fees		1,058,417	
State and federal grants		241,375	
Other operating revenues		2,670	
Total operating revenues	<u>\$ 3,488,275</u>	<u>2,663,411</u>	<u>\$ (824,864)</u>
Non-operating revenues:			
Miscellaneous revenue		96,198	
Gain on sale of assets		42,000	
Total non-operating revenues	<u>43,766</u>	<u>138,198</u>	<u>94,432</u>
Total revenues	<u>3,532,041</u>	<u>2,801,609</u>	<u>(730,432)</u>
Expenditures:			
Operating expenses			
Salaries and employee benefits		689,122	
Supplies		8,530	
Repairs and maintenance		129,004	
Contracted services		418,469	
Waste disposal		1,122,950	
Other operating expenditures		183,233	
Total operating expenses	<u>3,056,139</u>	<u>2,551,308</u>	<u>504,831</u>
Capital outlay:			
Equipment	<u>475,902</u>	<u>454,868</u>	<u>21,034</u>
Total expenditures	<u>3,532,041</u>	<u>3,006,176</u>	<u>525,865</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>(204,567)</u>	<u>\$ (204,567)</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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlays		454,868	
Depreciation		(268,383)	
Gain (loss) on sale of capital assets		(1,059)	
Increase (decrease) in deferred outflows of resources - pensions		78,790	
Increase (decrease) in deferred outflows of resources - OPEB		(26,663)	
(Increase) decrease in net position liability		(237,925)	
(Increase) decrease in deferred inflows of resources - pensions		123,195	
(Increase) decrease in deferred inflows of resources - OPEB		(63,140)	
(Increase) decrease in net OPEB liability		95,655	
(Increase) decrease in accrued vacation		12,390	
(Increase) decrease in accrued liability closure and postclosure costs		(175,803)	
Bad debts		4,005	
Total reconciling items		<u>(4,070)</u>	
Change in net position		<u>\$ (208,637)</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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenues:			
Charges for services:			
Water sales		\$ 578,402	
Total operating revenues	<u>\$ 585,000</u>	<u>578,402</u>	<u>\$ (6,598)</u>
Total revenues	<u>585,000</u>	<u>578,402</u>	<u>(6,598)</u>
Expenditures:			
Operating expenses			
Salaries and employee benefits		6,071	
Water purchases		241,893	
Other operating expenditures		219,326	
Total operating expenses	<u>584,999</u>	<u>467,290</u>	<u>117,709</u>
Debt service:			
Principal retirement		60,000	
Interest		49,432	
Total debt service	<u>109,432</u>	<u>109,432</u>	<u>-</u>
Revenues over (under) expenditures	<u>(109,431)</u>	<u>1,680</u>	<u>111,111</u>
Other financing sources (uses):			
Transfers from other funds		109,431	
Total other financing sources (uses)	<u>109,431</u>	<u>109,431</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>111,111</u>	<u>\$ 111,111</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, 2023

	Budget	Actual	Variance Positive (Negative)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Principal payments		60,000	
Depreciation		(126,671)	
Gain (Loss) on sale of capital assets		(573)	
Increase (decrease) in deferred outflows of resources - pensions		26,263	
Increase (decrease) in deferred outflows of resources - OPEB		(1,721)	
(Increase) decrease in net position liability		(79,309)	
(Increase) decrease in deferred inflows of resources - pensions		41,065	
(Increase) decrease in deferred inflows of resources - OPEB		(29,581)	
(Increase) decrease in OPEB liability		44,814	
(Increase) decrease in accrued interest payable		238	
Amortization of bond premium		9,672	
Bad debts		954	
Total reconciling items		(54,849)	
Change in net position		\$ 56,262	

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, 2023

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Charges for services:			
Water sales		\$ 926,512	
Water taps		186,040	
State Grant		184,229	
Total operating revenues	\$ 1,129,000	1,296,781	\$ 167,781
Total revenues	1,129,000	1,296,781	167,781
Expenditures:			
Operating expenses			
Water purchases		379,110	
Other operating expenditures		289,118	
Total operating expenditures	2,308,400	668,228	1,640,172
Capital Outlay:	94,700	269,676	(174,976)
Debt service:			
Principal retirement		110,000	
Interest		144,300	
Total debt service	254,300	254,300	-
Revenues over (under) expenditures	(1,528,400)	104,577	1,632,977
Other financing sources (uses):			
Transfers from other funds		1,004,300	
Total other financing sources	1,004,300	1,004,300	-
Fund balance appropriated	524,100	-	(524,100)
Revenues and other sources over (under) expenditures	\$ -	1,108,877	\$ 1,108,877
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital Outlay		269,676	
Principal payments		110,000	
Depreciation		(204,965)	
Increase (decrease) in accrued interest payable		436	
Amortization of bond premium		17,732	
Bad debts		1,292	
Total reconciling items		194,171	
Change in net position		\$ 1,303,048	

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, 2023

	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	\$ 4,405	\$ 572	\$ 29,840	\$ 17,041	\$ 8,339	\$ 15,115	\$ 77,238	\$ 152,550
Taxes receivable for other governments, net	<u>62,572</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59</u>	<u>131</u>	<u>-</u>	<u>62,762</u>
Total assets	<u>66,977</u>	<u>572</u>	<u>29,840</u>	<u>17,041</u>	<u>8,398</u>	<u>15,246</u>	<u>77,238</u>	<u>215,312</u>
LIABILITIES								
Accounts payable and accrued liabilities	-	-	-	-	-	-	-	-
Due to other governments	<u>4,405</u>	<u>572</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,977</u>
Total liabilities	<u>4,405</u>	<u>572</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,977</u>
NET POSITION								
Restricted for:								
Individuals, organizations, and other governments	<u>62,572</u>	<u>-</u>	<u>29,840</u>	<u>17,041</u>	<u>8,398</u>	<u>15,246</u>	<u>77,238</u>	<u>210,335</u>
Total net position	<u>\$ 62,572</u>	<u>\$ -</u>	<u>\$ 29,840</u>	<u>\$ 17,041</u>	<u>\$ 8,398</u>	<u>\$ 15,246</u>	<u>\$ 77,238</u>	<u>\$ 210,335</u>

Scotland County, North Carolina
 Combining Statement of Changes in Fiduciary Net Position
 Custodial Funds
 For the Year Ended June 30, 2023

	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	\$ 1,117,065	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,117,065
Other collections	-	18,456	3,266	3,000	3,360	2,750	-	30,832
Collections on behalf of inmates	-	-	-	-	-	-	264,047	264,047
Total additions	<u>1,117,065</u>	<u>18,456</u>	<u>3,266</u>	<u>3,000</u>	<u>3,360</u>	<u>2,750</u>	<u>264,047</u>	<u>1,411,944</u>
DEDUCTIONS								
Tax distributions to other governments	1,119,992	-	-	-	-	-	-	1,119,992
Other distributions	-	18,456	-	-	2,938	3,892	-	25,286
Payments on behalf of inmates	-	-	-	-	-	-	261,044	261,044
Total deductions	<u>1,119,992</u>	<u>18,456</u>	<u>-</u>	<u>-</u>	<u>2,938</u>	<u>3,892</u>	<u>261,044</u>	<u>1,406,322</u>
Net increase (decrease) in fiduciary net position	(2,927)	-	3,266	3,000	422	(1,142)	3,003	5,622
Net position, beginning, as previously reported	<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>
Net position, ending	<u>\$ 62,572</u>	<u>\$ -</u>	<u>\$ 29,840</u>	<u>\$ 17,041</u>	<u>\$ 8,398</u>	<u>\$ 15,246</u>	<u>\$ 77,238</u>	<u>\$ 210,335</u>

OTHER SCHEDULES

This section includes additional information on property taxes.

Scotland County, North Carolina
 Analysis of Current Tax Levy
 County - wide Levy
 For the Year Ended June 30, 2023

	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	\$ 2,477,834,700	\$ 0.99	\$ 24,778,347	\$ 21,944,761	\$ 2,833,586
Abatements	<u>(9,138,500)</u>		<u>(91,385)</u>	<u>(71,940)</u>	<u>(19,445)</u>
Totals	<u>\$ 2,468,696,200</u>				
Net levy			24,686,962	21,872,821	2,814,141
Uncollected taxes at June 30, 2023			<u>650,473</u>	<u>640,126</u>	<u>10,347</u>
Current year's taxes collected			<u>\$ 24,036,489</u>	<u>\$ 21,232,695</u>	<u>\$ 2,803,794</u>
Current levy collection percentage			<u>97.37%</u>	<u>97.07%</u>	<u>99.63%</u>

Scotland County, North Carolina
 Analysis of Current Tax Levy
 County-wide Levy
 For the Year Ended June 30, 2023

Secondary market disclosures:

Assessed valuation:	
Assessment ratio ¹	100%
Real property	\$ 1,515,313,729
Personal property	824,839,504
Public service companies ²	128,542,994
	<hr/>
Total assessed valuation	\$ 2,468,696,227
Tax rate per \$100	<hr/> \$ 0.99
Levy (includes discoveries, releases, and abatements) ³	\$ 24,686,962

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/> \$ 757,403
---------------------------	------------------------

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, 2023

Taxpayer	Type of Business	2022 Assessed Valuation	Percentage of Total Assessed Valuation
PILKINGTON NORTH AMERICA	Manufacturing	\$ 106,784,128.00	4.33%
DUKE ENERGY PROGRESS INC.	Utilities	78,524,480.00	3.18%
CASCADES HOLDING US INC.	Manufacturing	75,654,581.00	3.06%
PIEDMONT NATURAL GAS CO INC	Utilities	52,750,110.00	2.14%
EDWARDS WOOD PRODUCTS	Manufacturing	44,957,800.00	1.82%
FCC (NORTH CAROLINA) LLC	Utilities	44,133,761.00	1.79%
MERITOR HEAVY VEHICLE	Utilities	31,507,749.00	1.28%
LUMBEE RIVER EMC	Utilities	27,391,557.00	1.11%
CSX TRANSPORTATION	Manufacturing	25,350,713.00	1.03%
MAVERICK TRANSPORTATION LLC	Manufacturing	15,817,278.00	0.64%
Total		<u>\$ 502,872,157</u>	<u>20.37%</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, 2023, 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 28, 2024.

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.

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items [2023-001, 2023-002] that we consider to be significant deficiencies.

Members

American Institute of CPAs - N.C. Association of CPAs - AICPA's Private Companies Practice Section

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 [2023-001].

Scotland County's Response to Findings

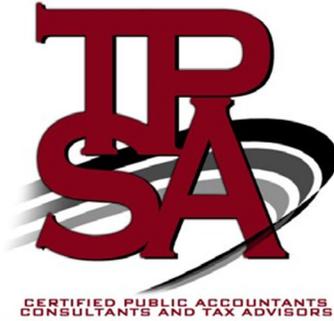
Government Auditing Standards requires the auditor to perform limited procedures on the Scotland County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied 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 28, 2024



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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, 2023. 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, 2023.

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.

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.

Members

American Institute of CPAs - N.C. Association of CPAs - AICPA's Private Companies Practice Section

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 [2023-003, 2023-004, 2023-005, 2023-006, 2023-007] 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.

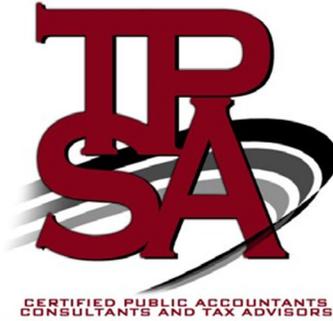
Government Auditing Standards requires the auditor to perform limited procedures on Scotland County's response to internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Scotland County's response was not subjected to 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 28, 2024



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**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, 2023. 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, 2023.

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.

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.

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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 [2023-003, 2023-004, 2023-005, 2023-006, 2023-007] 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 28, 2024

Scotland County, North Carolina
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2023

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? ___yes ___X_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
93.563	Child Support Enforcement
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

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

Scotland County, North Carolina
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2023

Section I. Summary of Auditors' Results (continued)

Identification of major State programs:

Program Name

Medical Assistance Program
 State Capital and Infrastructure Fund

Dollar threshold used to determine

State major programs \$ 500,000

Auditee qualified as low-risk auditee? ___yes _X_ no

Section II. Financial Statement Findings

Finding 2023-001 Budget Violation

SIGNIFICANT DEFICIENCY / 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: For the fiscal year ended June 30, 2023, the expenditures made in the County's General Fund exceeded the authorized appropriations made by the governing board for General Services by \$186,928 and Social Services Administration by \$83,935 due to new GASB 87 & 96 agreements. Debt Service was only over budget due to reclassifying principal payments from individual accounts where the expenses were budgeted to the Debt Service line for financial statement presentation purposes.

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2022-002.

Effect: The Board spent funds that were not available.

Cause: The County did not properly amend the budget as needed to account for the GASB 87 and 96 entries that were necessary in the current year.

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.

Finding 2023-002 Timeliness of the Audit

SIGNIFICANT DEFICENCY

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.

Scotland County, North Carolina
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2023

Section II. Financial Statement Findings (continued)

Condition: The County's report was not finalized until almost five months after the due date of October 31, 2023.

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2022-003.

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: Records were not reconciled timely and due to a cyber incident there were additional delays in the completion of the component unit audits and the implementation of GASB 96.

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 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: 2023-003 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 2 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 602,939 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.

Scotland County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

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

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2022-005.

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.

Views of responsible officials and planned corrective actions: The County agrees with the finding. See Corrective Action Plan in the following section.

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: 2023-004 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 4 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 602,939 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.

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2022-006.

Scotland County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

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

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. See Corrective Action Plan in the following section.

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: 2023-005 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 6 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.

Scotland County, North Carolina
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2023

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

Context: We examined 60 from a total of 602,939 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.

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2022-007.

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. See Corrective Action Plan in the following section.

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: 2023-006 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.

Scotland County, North Carolina
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2023

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

Context: We examined 60 from a total of 602,939 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.

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2022-008.

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. See Corrective Action Plan in the following section.

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: 2023-007 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 7 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..

Scotland County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

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

Context: We examined 60 from a total of 602,939 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.

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2022-009.

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. See Corrective Action Plan in the following section.

Section IV. State Award Findings and Questioned Costs

Program Name: Medical Assistance Program (Medicaid; Title XIX)
AL #: 93.778

SIGNIFICANT DEFICENCY/MATERIAL NONCOMPLIANCE: Finding 2023-003, 2023-004, 2023-005, 2023-006 and 2023-007 also apply to State requirements and State Awards.



Corrective Action Plan
For the Year Ended June 30, 2023

Section II - Financial Statement Findings

Finding: 2023-001

Name of contact person: Beth Hobbs, Finance Director

Corrective action: Finance staff utilizes resources to help prepare the journal entries for GASB 87 & 96 but did not take into account the effect the entries would have on the financial statements from a budgetary perspective. Moving forward the finance staff will review the impacts of GASB 87 & 96 more closely.

Proposed completion date: June 30, 2024

Finding: 2023-002

Name of contact person: Beth Hobbs, Finance Director

Corrective action: The Finance Director has made modifications to the internal year-end audit preparation procedures. With these modifications in place the director feels that the audit can be completed in a much more timely manner.

Proposed completion date: June 30, 2024

Section III - Federal Award Findings and Question Costs

Finding: 2023-003

Name of contact person: Shaneall Kollock, 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: These errors and the finding were reviewed with the Family & Children's Medicaid staff. There will be no training as this requirement is currently not required per Admin Letter 13-23.



Corrective Action Plan
For the Year Ended June 30, 2023

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

Finding: 2023-004

Name of contact person: Shaneall Kollock, 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 12/5/2023 for Adult Medicaid and 12/6/2023 for Family & Children's Medicaid. Training logs are available. Targeted reviews began on 12/1/2023 and will end on 2/28/2024 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.

Finding: 2023-005

Name of contact person: Shaneall Kollock, Medicaid Program Manager

Corrective action: Adult 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 12/5/2023 for Adult Medicaid. Training logs are available. Targeted reviews began on 12/1/2023 and will end on 2/28/2024 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, 2023

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

Finding: 2023-006

Name of contact person: Shaneall Kollock, 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 12/5/2023 for Adult Medicaid and 12/6/2023 for Family & Children's Medicaid. Training logs are available. Targeted reviews began on 12/1/2023 and will end on 2/28/2024 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.

Finding: 2023-007

Name of contact person: Shaneall Kollock, 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 12/5/2023 for Adult Medicaid and 12/6/2023 for Family & Children's Medicaid. Training logs are available. Targeted reviews began on 12/1/2023 and will end on 2/28/2024 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.

Section IV - State Award Findings and Question Costs

Corrective Actions for Finding 2023-003, 2023-004, 2023-005, 2023-006 and 2023-007 also apply to the State findings.

Scotland County, North Carolina
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2023

Finding:	2022-001
Status:	Corrected
Finding:	2022-002
Status:	This finding was repeated as 2023-001.
Finding:	2022-003
Status:	This finding was repeated as 2023-002.
Finding:	2022-004
Status:	Corrected
Finding:	2022-005
Status:	This finding was repeated as 2023-003.
Finding:	2022-006
Status:	This finding was repeated as 2023-004.
Finding:	2022-007
Status:	This finding was repeated as 2023-005.
Finding:	2022-008
Status:	This finding was repeated as 2023-006.
Finding:	2022-009
Status:	This finding was repeated as 2023-007.

Scotland County, North Carolina
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2023

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	\$ 556,261	\$ -	\$ -	\$ 556,261
FNS ARPA	10.561	5NC400406	114,247	-	-	-
Total Supplemental Nutrition Assistance Program			670,508	-	-	556,261
Passed-through N.C. Dept. of Health and Human Services Division of Public Health: Administration:						
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5NC700705	242,505	-	-	-
Total U. S. Department of Agriculture			913,013	-	-	556,261
<u>U.S. Dept. of Housing and Urban Development</u>						
Passed through N.C. Housing Finance Agency						
Essential Single Family Rehabilitation Loan Poole	14.239		361,675	-	-	-
			361,675	-	-	-
<u>U.S. Dept. of Justice</u>						
Passed through N.C. Dept. of Public Safety						
Bulletproof Vest Partnership Program	16.607	566000339	3,363	-	-	-
Total U.S. Dept. of Justice			3,363	-	-	-
<u>U.S. Dept. of Transportation</u>						
Passed through the N.C. Dept of Transportation						
Formula Grants for Rural Areas and Tribal Transit Program 21-CT-071 Scotland County, Operating	20.509	49233.58.1.2 DOT-14	68,421	-	-	-
22-CT-071 Scotland County, Capital	20.509	36233.95.24.5 DOT-11	2,332	291	-	-
23-CT-071 Scotland County, Admin	20.509	36233.95.24.1	80,176	5,011	-	-
Total Public Transportation for Nonurbanized Areas			150,929	5,302	-	-
Total U.S. Dept. of Transportation			150,929	5,302	-	-
<u>U.S. Dept. of Treasury</u>						
Direct Awards						
Coronavirus State and Local Fiscal Recovery Fund	21.027		1,799,236	-	-	-
Total U.S. Dept. of Treasury			1,799,236	-	-	-
<u>The Institute Of Museum And Library Services</u>						
Passed-through N.C. Dept. of Natural and Cultural Resources Division of State Library						
LSTA Grant	45.310		5,740	-	-	-
Total The Institute Of Museum And Library Services			5,740	-	-	-
<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	93.069	NU90TP922002	29,579	-	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	5U52PS416676	3,401	-	-	-
Family Planning Services	93.217	FPH040648-02-00	40,059	-	-	-
Immunization Cooperation Agreements	93.268	NH231P000759-06-00	15,238	-	-	-
COVID-19 Immunization Cooperation Agreements	93.268	NH231P000759-06-00	41,636	-	-	-
Total Immunization Cooperation Agreements			56,874	-	-	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323		72,078	-	-	-
COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354		25,864	-	-	-

Scotland County, North Carolina
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2023

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
COVID-19 Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391		300	-	-	-
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	67,608	13,218	-	-
Division of Social Services:						
Temporary Assistance Needy Families Cluster						
TANF - Work First	93.558	G1202NCTANF	371,140	-	-	595,172
Division of Public Health						
TANF - Work First	93.558	G1202NCTANF	10,105	-	-	-
Total TANF Cluster			381,245	-	-	595,172
Low Income Energy Assistance						
Administration	93.568	G12BNCLIEA	46,150	-	-	-
Crisis Intervention Payments	93.568	G12BNCLIEA	70,995	-	-	-
Energy Assistance	93.568	G12BNCLIEA	113,020	-	-	-
LIEAP ARPA	93.568	G12BNCLIEA	114,615	-	-	-
LIHWAP ADM	93.568	G12BNCLIEA	3,773	-	-	-
LIHWAP ARPA	93.568	G12BNCLIEA	8,872	-	-	-
LIHWAP ARPA ADM	93.568	G12BNCLIEA	1,700	-	-	-
LIHWAP CAA	93.568	G12BNCLIEA	11,122	-	-	-
Total Low-Income Energy Assistance			370,247	-	-	-
Permanency Planning - Service & Admin	93.645	G1201NC1400	15,288	(3,223)	-	2,947
Family Preservation	93.556	15113A15151	7,213	-	-	-
Foster Care and Adoption Cluster						
Foster Care - Title IV-E	93.658	1201NC1401	651,134	93,780	-	412,618
Adoption Assistance	93.659	1201NC1407	2,461	-	-	2,461
Foster Care	N/A		54,581	-	-	4,304
Total Foster Care and Adoption			708,176	93,780	-	419,383
Child Support Enforcement	93.563	1204NC4005	789,504	(837)	-	407,551
Chafee Foster Care Independence Program	93.674	G120NC1420	13,895	1,224	-	-
Division of Aging and Adult Services						
Passed-through Lumber River Council of Government - Aging Cluster						
SSBG	93.667		9,980	285	-	-
Division of Social Services						
SSBG - Other Training & Services	93.667	G120NCS0SR	232,838	-	-	77,612
SSBG - State In Home Service Fund	93.667	G120NCS0SR	13,309	-	-	1,901
Total Social Service Block Grant			256,127	285	-	79,513
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	93,043	-	-	-
Total Subsidized Child Care			93,043	-	-	-
Division of Medical Assistance						
Division of Social Services						
Administration						
Medical Assistance Program	93.778	5-1205NC5MAP	1,635,503	282,786	-	532,268
State Children's Insurance Program-N. C. Health Choice	93.767	1715376H1	34,303	1,294	-	6,655

Scotland County, North Carolina
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2023

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 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		69,657	4,097	-	-
Special Programs for the Aging - Title III C						
Nutrition Services	93.045		111,666	6,569	-	-
Special Programs for the Aging - Title III C						
Nutrition Services - CAA	93.045		12,748	-	-	-
Special Programs for the Aging - Title III C						
Nutrition Services - ARPA	93.045		33,346	5,885	-	-
Nutrition Services Incentive Program (NSIP)	93.053		13,627	-	-	-
Total Aging Cluster			241,044	16,551	-	-
Passed-through N.C. Dept. of Insurance						
MIPPA Grant	93.071	2001NCMISH-00	4,205	-	-	-
SHIP Grant	93.324	90SAPG0099-02-00	4,395	-	-	-
Total U. S. Department of Health and Human Services			4,880,659	405,078	-	2,043,489
<u>U.S. Department of Homeland Security</u>						
Passed-through N.C. Dept. of Public Safety						
Division of Emergency Management						
Disaster Grants - Public Assistance	97.036	FEMA-4393-DR-NC	79,724	26,575	-	-
Emergency Management Performance Grant	97.042	EMPG-2220083	18,407	-	-	-
Homeland Security Grant Program	97.042	EMW-2140020	61,152	-	-	-
Total U.S. Department of Homeland Security			159,283	26,575	-	-
Total federal awards			\$ 8,273,898	\$ 436,955	\$ -	\$ 2,599,750
State Awards:						
<u>N.C. Dept. of Health and Human Services</u>						
Division of Public Health:						
Food & Lodging Fees		87311534751	\$ -	\$ 6,300	\$ -	\$ -
PH Capacity Building			-	104,491	-	-
General Communicable Diseases Control		51011754510	-	7,855	-	-
Healthy Community Activities			-	3,746	-	-
Child Health			-	2,021	-	-
HIV/STD STATE		53613114536	-	1,471	-	-
TPPI - Adol. Pregnancy Prevention Program		158AA13325166KZ	-	55,647	-	-
Family Planning - State		566000339	-	43,039	-	-
Maternal Health		B04MC23398	-	23,875	-	-
Women's Health Service Fund		15113A16012	-	7,126	-	-
TB Control		55114604551	-	14,552	-	-
Total Division of Public Health			-	270,123	-	-
Division of Social Services:						
State Child Welfare/CPS/CS LD		566000339	-	137,810	-	-
County Funded Programs		566000339	-	-	-	1,026,725
DCD Smart Start		566000339	-	14,752	-	-
Energy Assist Private Grant		566000339	-	676	-	-
Non-Allocating County Cost		566000339	-	-	-	165,240
Extended FC/Max Non IV-E		566000339	-	71,770	-	-
F/C AT RISK MAXIMIZATION		566000339	-	17,234	-	6,301
SFHF Maximization		566000339	-	244,128	-	153,727
State Foster Home		566000339	-	123,440	-	97,053
Total Division of Social Services			-	609,810	-	1,449,046

Scotland County, North Carolina
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2023

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 Aging and Adult Services						
Passed-through Lumber River Council of Government - Aging Cluster						
90% State Appropriation - Access			-	6,329	-	-
90% State Appropriation - Home Delivered Meals			-	14,694	-	-
90% State Appropriation - In Home Services			-	149,133	-	-
Total Division of Aging and Adult Services			-	170,156	-	-
Total N.C. Dept. of Health and Human Services			-	1,050,089	-	1,449,046
<u>N.C. Dept. of Veterans Affairs</u>						
Veteran Grant			-	2,083	-	-
Total Dept. of Veterans Affairs			-	2,083	-	-
<u>N.C. Dept. of Agriculture and Consumer Services</u>						
Division of Soil and Water Conservation						
Master Agreement		21-035-4016	-	28,638	-	-
Total N.C. Dept. of Agriculture and Consumer Services			-	28,638	-	-
<u>N.C. Dept. of Transportation</u>						
Rideshare						
		DOT-11 36224.35.1.2	-	491	-	-
ROAP Cluster						
ROAP RGP						
		DOT-16CL 36228.22.11.1	-	45,134	-	-
ROAP EDTAP						
		DOT-16CL 36220.10.11.1	-	56,947	-	-
ROAP EMPLOYMENT						
		DOT-16CL 36236.11.10.1	-	7,050	-	-
Total N.C. Department of Transportation			-	109,131	-	-
			-	109,622	-	-
<u>N.C. Dept. of Natural and Cultural Resources</u>						
Division of State Library						
State Aid to Libraries		56-6000339-E	-	103,116	-	-
Total N.C. Dept. of Natural and Cultural Resources			-	103,116	-	-
<u>N.C. Department of Environmental Quality</u>						
Division of Waste Management						
Scrap Tire Fund			-	768	-	-
Total of N.C. Department of Environmental Quality			-	768	-	-
<u>N.C. Department of Pubic Safety</u>						
Juvenile Crime Prevention Councils						
JCPC Administration			-	13,977	13,977	-
Scots for Youth			-	128,366	128,366	-
Youth Empowered to Succeed (YES)			-	40,535	40,535	-
Total Juvenile Crime Prevention Councils			-	182,878	182,878	-
Re-Entry Programs and Services						
		19-RFP-014727-JJX	-	145,056	-	-
Total N.C. Department of Pubic Safety			-	327,934	182,878	-
<u>N.C. Department of Commerce</u>						
One NC Grant			-	30,000	-	-
Total N.C. Department of Commerce			-	-	-	-

Scotland County, North Carolina
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2023

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
<u>N.C. Office of State Budget and Management</u>						
State Capital and Infrastructure Fund						
Fair Lake Dam Project		20571		46,100		
I. Ellis Johnson School Rehabilitation Project		20572	-	447,505	-	-
Scotland County Industrial Water System Project		20573	-	184,229	-	-
Scotland County Economic Development Corporation		20575	-	650,000	-	-
Viper Radio System		20575	-	1,000,000	-	-
Total State Capital and Infrastructure Fund			-	2,327,834	-	-
Total N.C. Department of Agriculture & Consumer Services			-	2,327,834	-	-
<u>N.C. Department of Public Instruction</u>						
Public School Building Capital Fund						
Total N.C. Department of Public Instruction			-	394,589	-	-
Total State Awards			-	4,374,673	182,878	1,449,046
Total Federal and State Awards			\$ 8,273,898	\$ 4,811,628	\$ 182,878	\$ 4,048,796

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, 2023. 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.

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	\$ 31,382,210	\$ -
Special Supplemental Nutrition Program for Women Infant and Children	10.557	1,077,152	-
Children's Health Insurance Program	93.767	237,598	53,458
TANF Payments & Penalties	93.558	245,076	-
IV-E Adopt & Vendor	93.659	162,027	-
Medical Assistance Program	93.778	86,104,054	33,704,263
CWS Adopt, Vendor, Guard	N/A	-	56,375
SC/SA Domiciliary Care	N/A	-	194,974