

**Publication No. 127-34
(Revised July 2022)**

2022 Illustrative Financial Statements

For a County

In North Carolina

Note to Preparer:

The financial statement **amounts for the pension liability and OPEB liability/asset** presented in the updated fiscal year-end 2022 illustrative statements were not changed from the amounts presented in the prior fiscal year. Since both the pension and OPEB GASB statements were implemented and updated in the Illustrated statements at least two years ago, financial statement preparers should have now had experience with them. LGC Staff is reverting to our historical practice of only changing amounts in the illustrative statements that are the result of any new accounting and reporting changes required for FYE 2022.

Conversion workbooks were updated to include the current fiscal year-end Pension and OPEB data. The pension data used in the development of the updated conversion workbooks was from the LGERS, ROD & TSERS JE Templates that are all available on the NC DST [Financial Statement Resources](#) listed by each Unit Type under Pension Resources. Amounts needed to update the Firefighters' and Rescue Squad Workers' Pension Fund disclosure amounts can be found in [Memorandum #2023-01](#) on the DST website.

CAROLINA COUNTY, NORTH CAROLINA

BOARD OF COUNTY COMMISSIONERS

Thomas Tarheel, Chairman

Yanick Yosef, Vice-Chairman

Quan Quaker

Harold Hawk

Bob Bronco

Rebecca Ram

Fred Falcon

COUNTY OFFICIALS

Brenda Bear

County Manager

Sara Spartan

Director of Finance

Gerald Golden-Bull

County Attorney

Brandon Bulldog

Register of Deeds

Patrick Pacer

Tax Administrator

| |
|---|
| Note to Preparer: Please list the Officials as of the date of the Opinion. |
|---|

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FINANCIAL SECTION

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LETTERHEAD OF INDEPENDENT AUDITOR

Independent Auditor's Report

To the Board of County Commissioners
Carolina County, North Carolina

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

In our opinion, based upon our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carolina County as of June 30, 2022, and the respective changes in financial position, and cash flows [where applicable] thereof and the respective budgetary comparison for the General Fund and Carolina County Tourism Development Authority 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 both Carolina County Hospital, Inc. and Carolina County ABC Board, which represent 98.4 percent, 98.2 percent, and 99.5 percent of the assets, net position, and revenues, respectively, of the aggregate discretely presented component units. as of June 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Carolina County Hospital, Inc. and Carolina County ABC Board, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Carolina 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 Carolina County ABC Board were not audited in accordance with *Governmental Auditing Standards*.

Responsibilities of Management for the Audit of the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair

presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raises substantial doubt about the Carolina 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free 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 Standard* will always detect material statement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that , individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- exercised professional judgement and maintained professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsible to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Carolina 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 City of Dogwood'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 on pages 14 through 28, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Liability and County Contributions, pages 118 and 119, the **Local Government Employees' Retirement System Schedules of the Carolina County Tourism Development Authority's Proportionate Share of Net Pension Liability and County Contributions**, pages 120 and 121, and the Register of Deeds' Supplemental Pension Fund schedules of the County's Proportionate Share of the Net Pension Asset and County Contributions on pages 122 through 123, the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, pages 124 and 125, the Other

Postemployment Benefits schedules of Changes in the Net OPEB Liability and Related Ratios, County Contributions, and Investment Returns, pages 126 through 127, be presented to supplement the basic financial statements. Such information is the responsibility of management, 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 the 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 consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Carolina County, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules, and component unit schedules as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion based on our audit, the procedures performed as described above, and the report of other auditors, the combining and individual fund financial statements, budgetary schedules, other schedules, component unit schedules and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

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

[Signature]

[City and State]

[Date]

Note to preparer: See the *Audit Opinions for Financial Reporting* Section of the *Audit Manual for Governmental Audits in North Carolina* for various opinion letter examples. Please note that the opinion letter above was customized for Carolina County which has two discretely presented component units (approximately 98% of opinion unit) audited by other auditors. This example assumes that the Carolina County Tourism Development Authority, which in this example did not choose to issue separate GAAP financial statements, was audited by the same auditors as the primary government. If less than 100% of an opinion unit was audited by another auditor and the auditor chooses not to take responsibility of that opinion, a sentence defining the percentage of the opinion unit not audited by the group auditor should be disclosed in the Auditor's Responsibility paragraph. For additional guidance related to treatment of Tourism Development Authorities, refer to Memorandum #2014-08 on our website. Please refer to sample Audit opinions on our website for further guidance, <https://www.nctreasurer.com/state-and-local-government-finance-division/local-government-commission/audit-opinion-resources>.

Emphasis of Matter paragraph: If required by GAAS or the auditor considers it necessary to draw users' attention to a matter appropriately presented or disclosed in the financial statements that, in the auditor's professional judgment, is of such importance that it is fundamental to users' understanding of the financial statements, the auditor should refer to AU-C §706 and include an emphasis-of-matter paragraph in the auditor's report, provided that the matter does not result in an modified opinion. Circumstances in which the paragraph is necessary is 1) uncertainty related to future outcome of unusually important legislation or regulatory action, 2) significant subsequent event, 3) a major catastrophe that effect the entity's financial position or results of operations, or 4) significant transaction of related parties.

Other Matter paragraph: If required by GAAS, or the auditor would like to refer to a matter other than those presented or disclosed in the financial statements that, in the auditor's professional judgment, is relevant to users' understanding of the audit, the auditor's responsibilities, or the auditor's report, the auditor should consult AU-C 706 and may include an "Other Matter" paragraph. An example is if the law, regulation, or generally accepted practice may require or permit the auditor to elaborate on matters that provide further explanation of the auditor's responsibilities in the audit of the financial statements or of the auditor's report thereon.

Going Concern: When performing risk assessment, the auditor should consider whether there are conditions or events, considered in the aggregate, that raises substantial doubt about an entity's ability to continue as a going concern for a reasonable period of time. If substantial doubt has been raised, the auditor should consult guidance found in AU-C §570, including discussing with management and determining if adequate note disclosures are included in the audit. The auditor may determine that a "Substantial Doubt About the Entity's Ability to Continue as a Going Concern" paragraph is necessary.

Management's Discussion and Analysis

Management's Discussion and Analysis

For the Year Ended June 30, 2022

As management of Carolina County, we offer readers of Carolina County's financial statements this narrative overview and analysis of the financial activities of Carolina County for the fiscal year ended June 30, 2022. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements which follow this narrative.

Note to preparer: The MD&A is an opportunity for management to proactively address any issues that might be affecting the unit's financial status including the effects of the coronavirus, uses of American Rescue Plan Act (ARPA) funds, and other items that may answer questions that might be posed by readers of the financial statements. A thoughtful discussion and analysis of the local economy, financial position, or budgetary factors that might influence the unit should be presented.

Financial Highlights

- The assets and deferred outflows of resources of Carolina County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$22,765,299 (net position)
- The government's total net position increased by \$474,741, primarily due to improved revenue collection efforts and controlled expenses, as well as the implementation of GASB Statement No. 84, *Fiduciary Activities*, which created three new special revenue funds that were once treated as agency funds.
- As of the close of the current fiscal year, Carolina County's governmental funds reported combined ending fund balances of \$14,479,358, after a net increase in fund balance of \$886,815. Approximately 50.7% of this total amount, or \$7,344,919 is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,361,210 or 5.89% of total general fund expenditures and transfers out for the fiscal year.

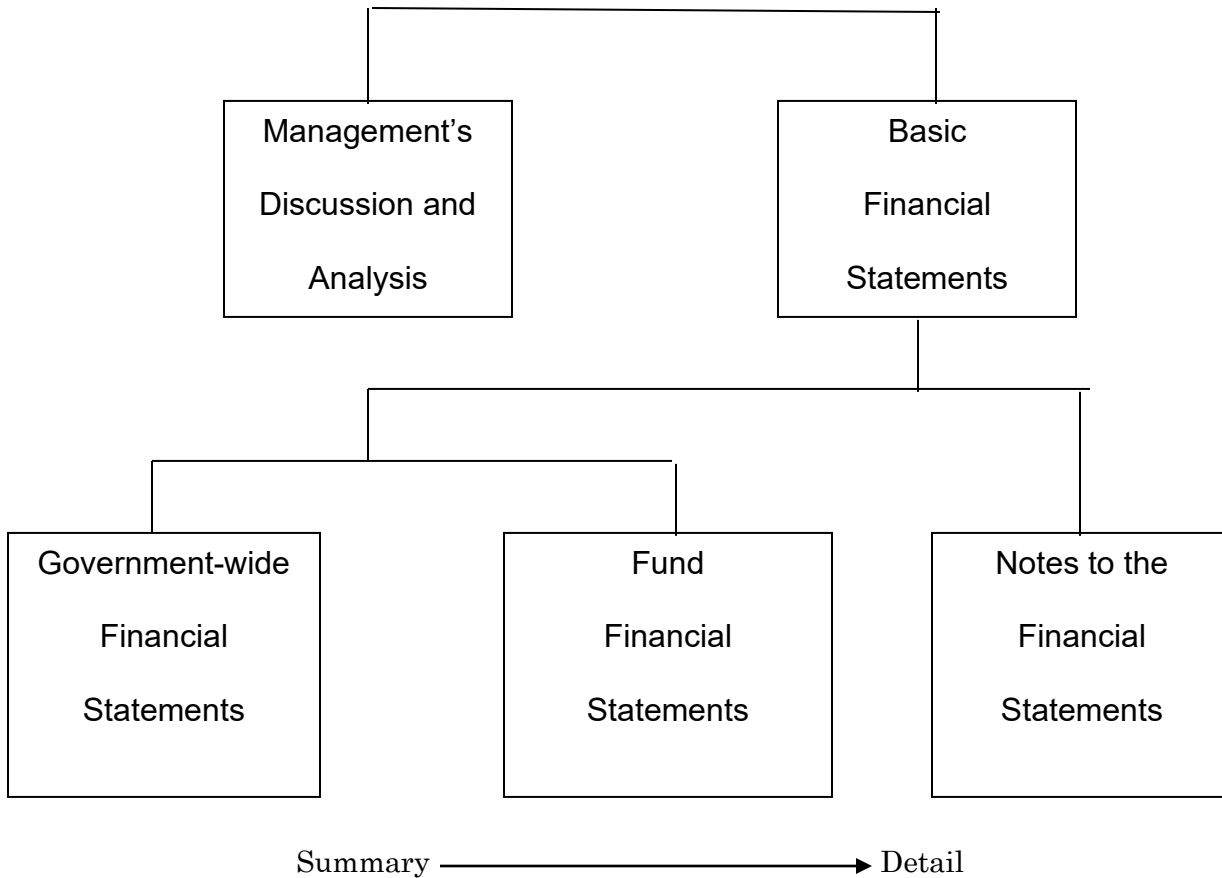
Note to preparer: - Continue to list any other significant financial highlights here.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Carolina 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 Carolina 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 11) 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 and benefit 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 Carolina County. The final category is the component units. Carolina County Hospital is a public hospital operated by a not-for-profit corporation that has leased the hospital from the County for the next 99 years. The County appoints the board of trustees for the Hospital and has issued debt on its behalf. Carolina 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. Carolina County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Carolina 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 resource focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Carolina 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 – Carolina County has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Carolina 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. Carolina County has three fiduciary funds, one of which is an OPEB trust fund for reporting purposes and two of which are custodial funds.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 43 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Carolina County’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 118 of this report.

Government-Wide Financial Analysis

Note to Preparer. GASBS 34 ¶9. Indicates that the “MD&A should discuss the current-year results in comparison with the prior year, with emphasis on the current year. This fact-based analysis should discuss the positive and negative aspects of the comparison with the prior year. The use of charts, graphs, and tables is encouraged to enhance the understandability of the information.”

GASBS 34 ¶11.c. provides for, at a minimum, inclusion of “[a]n analysis of the government's overall financial position and results of operations to assist users in assessing whether financial position has improved or deteriorated as a result of the year's operations. The analysis should address both governmental and business-type activities as reported in the government-wide financial statements and should include *reasons* for significant changes from the prior year, not simply the amounts or percentages of change. In addition, important economic factors, such as changes in the tax or employment bases, that significantly affected operating results for the year should be discussed.”

As noted earlier, net position may serve over time as one useful indicator of a government’s financial condition. The County’s assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$23,238,528 as of June 30, 2022. The County’s net position increased by \$474,741 in the same period. One of the largest portions \$17,685,265 reflects the County’s net investment in capital assets (e.g., land, buildings, machinery, and equipment). Carolina County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Carolina 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 Carolina County’s net position \$6,843,773 represents resources that are subject to external restrictions on how they may be used.

Carolina County's Net Position

Figure 2

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------------------|----------------------------|---------------|-----------------------------|--------------|---------------|---------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Current and other assets | \$ 22,582,851 | \$ 21,897,731 | \$ 2,112,777 | \$ 2,112,777 | \$ 24,695,628 | \$ 24,010,508 |
| Capital assets | 14,778,383 | 14,958,505 | 8,340,960 | 8,340,960 | 23,119,343 | 23,299,465 |
| Total assets | 37,361,234 | 36,856,236 | 10,453,737 | 10,453,737 | 47,814,971 | 47,309,973 |
| Total deferred outflows of resources | 4,988,910 | 4,988,910 | 244,573 | 244,573 | 5,233,483 | 5,233,483 |
| Long-term liabilities outstanding | 20,771,744 | 20,782,797 | 3,397,071 | 3,397,071 | 24,168,815 | 24,179,868 |
| Other liabilities | 4,394,642 | 4,393,003 | 303,013 | 303,013 | 4,697,655 | 4,696,016 |
| Total liabilities | 25,166,386 | 25,175,800 | 3,700,084 | 3,700,084 | 28,866,470 | 28,875,884 |
| Total deferred inflows of resources | 1,382,373 | 990,871 | 34,309 | 34,309 | 1,416,682 | 1,025,180 |
| Net position: | | | | | | |
| Net investment in capital assets | 10,870,916 | 10,870,916 | 6,814,349 | 6,814,349 | 17,685,265 | 17,685,265 |
| Restricted | 6,843,773 | 4,893,773 | - | - | 6,843,773 | 4,893,773 |
| Unrestricted | (1,913,304) | (86,214) | 149,568 | 149,568 | (1,763,736) | 63,354 |
| Total net position | 15,801,385 | 15,678,475 | 6,963,917 | 6,963,917 | 22,765,302 | 22,642,392 |

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

Note to preparer - List here anything you wish to highlight – fee revenue or tax revenue increases due to economic growth, reductions in spending, savings from debt refunding, new operating grants received, etc. The following language is just an example based on Carolina County. Also, please note the statewide tax collection average changes annually and can be found in the most current years' [*Management of Cash and Taxes and Fund Balance Available - Municipalities for the Fiscal Year Ended June 30, 20XX*](#). At the date of publication, the most current rate had not been determined.

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 97.93%, which is slightly lower than the statewide average of ____%

Note to preparer – The statewide average collection percentage will be available on our website under [*State and Local Government Finance Division Memos*](#). The memo will be titled *Management of Cash and Taxes and Fund Balance Available – Municipalities for the Fiscal Year Ended June 30, 2021*. At the date of publication, the most current rate had not been determined.

- Increased charges for services revenue due to growth in the use of County facilities.
- Continued low cost of debt due to the County's history of capital planning and high bond rating.
- Management's proactive stance on monitoring spending across County departments to ensure compliance with the budget.

Carolina County's Changes in Net Position
Figure 3

| | Governmental Activities | | Business Type Activities | | Total | |
|--|-------------------------|---------------|--------------------------|--------------|---------------|---------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 3,553,138 | \$ 3,532,533 | \$ 1,018,203 | \$ 1,018,203 | \$ 4,571,341 | \$ 4,550,736 |
| Operating grants and contributions | 13,916,215 | 13,916,215 | 100 | 100 | 13,916,315 | 13,916,315 |
| Capital grants and contributions | 102,832 | 102,832 | 125,878 | 125,878 | 228,710 | 228,710 |
| General revenues: | | | | | | |
| Property taxes | 55,493,338 | 55,493,338 | - | - | 55,493,338 | 55,493,338 |
| Other taxes | 13,456,584 | 13,456,584 | 101,000 | 101,000 | 13,557,584 | 13,557,584 |
| Grants and contributions not restricted to specific programs | 145,522 | 145,522 | - | - | 145,522 | 145,522 |
| Other | 2,316,946 | 2,300,689 | 38,119 | 38,119 | 2,355,065 | 2,338,808 |
| Total revenues | 88,984,575 | 88,947,713 | 1,283,300 | 1,283,300 | 90,267,875 | 90,231,013 |
| Expenses: | | | | | | |
| General government | 10,258,509 | 10,303,190 | - | - | 10,258,509 | 10,303,190 |
| Public safety | 7,264,546 | 7,261,550 | - | - | 7,264,546 | 7,261,550 |
| Transportation | 1,134,018 | 1,134,018 | - | - | 1,134,018 | 1,134,018 |
| Economic and physical development | 1,135,351 | 1,135,351 | - | - | 1,135,351 | 1,135,351 |
| Human services | 22,934,413 | 22,934,413 | | | 22,934,413 | 22,934,413 |
| Cultural and recreation | 2,352,807 | 2,352,807 | - | - | 2,352,807 | 2,352,807 |
| Education | 43,118,616 | 43,118,616 | | | 43,118,616 | 43,118,616 |
| Interest on long-term debt | 712,285 | 695,925 | - | - | 712,285 | 695,925 |
| Landfill | - | - | 331,309 | 331,309 | 331,309 | 331,309 |
| Water and sewer | - | - | 578,762 | 578,762 | 578,762 | 578,762 |
| Total expenses | 88,910,545 | 88,935,870 | 910,071 | 910,071 | 89,820,616 | 89,845,941 |
| Increase in net position before transfers and special item | 74,030 | 11,843 | 373,229 | 373,229 | 447,259 | 385,072 |
| Transfers | (100,000) | (100,000) | 100,000 | 100,000 | - | - |
| Special item - sale of park land | 27,482 | 27,482 | - | - | 27,482 | 27,482 |
| Increase in net position after transfers and special item | 1,512 | (60,675) | 473,229 | 473,229 | 474,741 | 412,554 |
| Net position, beginning as previously reported | 15,820,411 | 15,759,688 | 6,963,914 | 6,490,685 | 22,784,325 | 22,250,373 |
| Prior period restatement, change in accounting principle | - | (20,538) | - | - | - | - |
| Net position, beginning as restated | 15,820,411 | 15,739,150 | 6,963,914 | 6,490,685 | 22,784,325 | 22,250,373 |
| Net position, ending | \$ 15,821,923 | \$ 15,678,475 | \$ 7,437,143 | \$ 6,963,914 | \$ 23,259,066 | \$ 22,662,927 |

Governmental activities. Governmental activities increased the County's net position by **\$1,512**. Key elements of this increase are as follows:

Note to preparer - List here anything you wish to highlight with regards to governmental activities as a factor in **increasing or decreasing** your net position. The following language is an example based on Carolina County.

Note to preparer – If the effects of the implementation of GASB Statement No. 84 result in a significant change in the financial position, consider addressing the changes here.

Business-type activities. Business-type activities increased Carolina County's net position by \$473,229. Key elements of this increase are as follows:

Note to preparer - List here anything you wish to highlight with regards to business-type activities as reasons for increases in net position.

- Water and sewer fees increased to help cover the cost of providing the service.
- Continued diligence in water and sewer revenue collections, consistent application of the cut-off policy and resolution of delinquent accounts improved collections; and
- Reduced costs in operation of landfill.

Financial Analysis of the County's Funds

Note to Preparer. GASBS 34 ¶11.d. provides for, at a minimum, inclusion of "[a]n analysis of balances and transactions of individual funds. The analysis should address the reasons for significant changes in fund balances or fund net assets and whether restrictions, commitments, or other limitations significantly affect the availability of fund resources for future use."

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

Governmental Funds. The focus of Carolina County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Carolina 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 Carolina County. At the end of the current fiscal year, Carolina County's fund balance available in the General Fund was \$8,023,913,, while total fund balance reached \$13,849,303. The Governing Body of Carolina County has determined that the county should maintain a minimum available fund balance of 8% 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 8.84% of general fund expenditures, while total fund balance represents 16.15% of that same amount.

Note to Preparer: The following link is provided to assist with the calculation of Fund Balance Available (FBA) and Restricted for Stabilization by State Statute <https://www.nctreasurer.com/state-and-local-government-finance-division/local-government-commission/municipalities-financial-statement-resources#additional->

At June 30, 2022, the governmental funds of Carolina County reported a combined fund balance of \$14,479,358 a 11.74% increase over last year. This increase resulted from improved tax collections and a staff reorganization that eliminated redundancy and increased efficiency.

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 all revenues by only \$1,524,996.

Note to preparer - Insert here a brief discussion about differences between budgeted and actual numbers and why this occurs, if material.

Proprietary Funds. Carolina County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. At the end of the fiscal year, unrestricted net position of the Landfill Fund amounted to (\$31,536), and \$179,484 for the Water and Sewer District No.1 Fund. The total changes in net position for both major funds were (\$3,298) and \$469,161, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of Carolina County's business-type activities.

Note to preparer – Discussions should be limited to major funds of the primary government.

Capital Asset and Debt Administration

Note to Preparer. GASBS 34 ¶11.d. provides for, at a minimum, inclusion of "[a] description of significant capital asset and long-term debt activity during the year, including a discussion of commitments made for capital expenditures, changes in credit ratings, and debt limitations that may affect the financing of planned facilities or services."

Capital assets. Carolina County's capital assets for its governmental and business – type activities as of June 30, 2022, totals \$23,119,343 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include:

Note to preparer - List major activities, including demolitions. Include summary of acquisitions and disposals in each major fund. The following is an example based on Carolina County.

- Purchased new equipment for the Public Safety Department
- Purchased new vehicles for County motor pool

- Disposed of old equipment in the Public Safety Department
- Sold unused park land
- Addition of construction in progress on the park renovation and construction of the outdoor theater
- Addition of construction in progress on Water and Sewer plant facilities

**Carolina County's Capital Assets
(net of depreciation)**

Figure 4

| | Governmental Activities | | Business-Type Activities | | Total | |
|-----------------------------------|----------------------------|----------------------|-----------------------------|---------------------|----------------------|----------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Land | \$ 1,831,706 | \$ 1,795,206 | \$ 326,500 | \$ 326,500 | \$ 2,158,206 | \$ 2,121,706 |
| Buildings and systems | 9,524,816 | 10,157,958 | 7,104,691 | 6,665,086 | 16,629,507 | 16,823,044 |
| Improvements other than buildings | 440,563 | 477,063 | - | - | 890,227 | 939,827 |
| Equipment and furniture | 1,042,327 | 651,479 | 123,476 | 131,011 | 1,165,803 | 782,490 |
| Infrastructure | 824,979 | 728,656 | - | - | 702,639 | 728,656 |
| Vehicles and motorized equipment | 316,157 | 431,001 | 70,744 | 78,784 | 568,548 | 509,785 |
| Computer software | 4,755 | 4,880 | - | - | 4,755 | 4,880 |
| Computer equipment | 352,517 | 417,795 | - | - | 23,668 | 34,982 |
| Construction in progress | 440,563 | 294,467 | 715,549 | - | 1,156,112 | 294,467 |
| Total | \$ 14,778,383 | \$ 14,958,505 | \$ 8,340,960 | \$ 7,201,381 | \$ 23,299,465 | \$ 22,239,837 |

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

Long-term Debt. As of June 30, 2022, Carolina County had total bonded debt outstanding of \$13,880,000 all of which is debt backed by the full faith and credit of the County.

Carolina County's Outstanding Debt

Figure 5

| | Governmental Activities | | Business-type Activities | | Total | |
|--|----------------------------|---------------|-----------------------------|--------------|---------------|---------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| General obligation bonds | \$ 11,290,000 | \$ 11,836,000 | \$ 1,915,000 | \$ 2,165,000 | \$ 13,205,000 | \$ 14,001,000 |
| Bond anticipation notes | - | - | 675,000 | - | 675,000 | - |
| Capitalized leases | 261,536 | 179,755 | - | - | 261,536 | 179,755 |
| Direct placement installment purcha | 1,200,000 | - | - | - | 1,200,000 | - |
| Accrued landfill closure and postclosure care costs | - | - | 226,058 | 179,784 | 226,058 | 179,784 |
| Compensated absences | 463,289 | 375,360 | 195,000 | 180,000 | 658,289 | 555,360 |
| Net pension liability (LGERS) | 5,933,607 | 3,857,799 | 312,295 | 203,042 | 6,245,902 | 4,060,841 |
| Total pension liability (LEOSSA) | 222,672 | 202,959 | - | - | 222,672 | 202,959 |
| Net OPEB liability | 1,400,640 | 1,990,989 | 73,718 | 100,964 | 1,474,358 | 2,091,953 |
| Total | \$ 20,771,744 | \$ 18,442,862 | \$ 3,397,071 | \$ 2,828,790 | \$ 24,168,815 | \$ 21,271,652 |

As mentioned in the financial highlights section of this document, Carolina County maintained for the 15th consecutive year, its Aa1 bond rating from Moody's Investor Service and AA+ rating from Standard and Poor's Corporation and FitchRatings. This bond rating is a clear indication of the sound financial condition of Carolina County. This achievement is a primary factor in keeping interest costs low on the County's outstanding debt.

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 Carolina County is \$501,508,008. The County has \$1,250,000 in bonds authorized but unissued at June 30, 2022.

Additional information regarding Carolina County's long-term debt can be found in Note III.B.7 of this audited financial report.

Economic Factors and Fiscal Year End 2022 Budgets and Rates

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

Note to Preparer. GASBS 34 ¶11.h. provides for, at a minimum, inclusion of "...a description of currently known facts, decisions, or conditions that are expected to have a significant effect on financial position (net assets) or results of operations (revenues, expenses, and other changes in net assets)."

- The County is enjoying a low unemployment rate of 4.3%, lower than the state average of 5.1%.
- Retail vacancy rates are low, having stayed in the 5%-10% range all year. Management is implementing programs which will allow it to capitalize on manufacturing growth and believes that retail vacancy rates will continue to remain low in the near future.
- New manufacturing jobs were created in the last year bringing 4,000 new jobs to the County.
- The County is home to a diversified business base – many different sectors of business reside in Carolina County. Management believes this diversity has helped buffer the effects of the economic recession that has affected other regions in the State.

Impact of Coronavirus on the County. During the fiscal year, the state and the nation were affected by the spread of a coronavirus. The Carolina County's response to the coronavirus included....

Note to Preparer - Please describe the financial and economic effects that the coronavirus has had on your County during the year and any action taken to moderate the impact.

The GASB “**Emergency Toolbox**” designed to help quickly identify the authoritative guidance that could be relevant to the current circumstances may be found [here](#). North Carolina Local Government COVID-19 resources may be found [here](#).

Budget Highlights for the Fiscal Year Ending June 30, 2022

Note to preparer - Add discussion here about the Governmental Activities, Business – Type activities, and the General Fund budget for the **upcoming** fiscal year that you wish to highlight.

Governmental Activities Property taxes (benefiting from the economic growth) and revenues from permits and fees are expected to lead the increase in revenue projections by 2.0%. The County will use these increases in revenues to finance programs currently in place.

Budgeted expenditures in the General Fund are expected to rise approximately 2.69% to \$89,500,900. The largest increments are in employee compensation, including funding compensation and benefits adjustments.

The County has chosen not to appropriate fund balance in the fiscal year 2023 budget. Management believes that increased revenues and continued restrictions on spending will maintain the County's financial position. As the County considers future revenue sources, it will weigh the benefit of increasing the property tax rate against the cost. Though management believes current growth will generate enough revenue to support County operations, a careful analysis of property tax revenue will be considered in future years' budgets.

Business – type Activities: The water and sewer rates in the County will increase by 5%, primarily to cover increased costs of operations and infrastructure maintenance. General operating expenses will increase by 2% to cover increased personnel costs, and 2.5% to cover increased costs of material, supplies, and other operating expenses. Rates for landfill services will increase by an average of 4% to cover an equal increase in operating costs there, primarily in personnel costs and equipment maintenance expense.

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 Sara Spartan, Director of Finance, Carolina County, 123 Dogwood Lane, Dogwood, North Carolina 00000. You can also call (000)-000-0000, visit our website www.carolinacounty.com or send an email to samplecounty@carolina.com for more information.

Basic Financial Statements

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

| | Primary Government | | | Component Units | | |
|--|-------------------------|--------------------------|---------------|-------------------------------|---------------------------|---|
| | Governmental Activities | Business-type Activities | Total | Carolina County Hospital Inc. | Carolina County ABC Board | Carolina County Tourism Development Authority |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 10,815,760 | \$ 826,816 | \$ 11,642,576 | \$ 10,023,633 | \$ 312,238 | \$ 689,522 |
| Receivables (net) | 4,270,523 | 99,808 | 4,370,331 | 8,965,583 | - | 36,524 |
| Due from other governments | 3,254,800 | - | 3,254,800 | - | - | - |
| Due from component unit | 36,100 | - | 36,100 | - | - | - |
| Inventories | 2,551,800 | 110,281 | 2,662,081 | 1,185,514 | 89,692 | - |
| Prepaid items | - | 2,565 | 2,565 | 108,855 | 3,361 | - |
| Restricted cash and cash equivalents | 3,262,157 | 1,073,307 | 4,335,464 | - | - | - |
| Equity interest in Carolina Cooperative | 8,932 | - | 8,932 | - | - | - |
| Net pension asset | 76,023 | - | 76,023 | - | - | - |
| Capital assets: | | | | | | |
| Land, improvements, and construction in progress | 2,272,269 | 1,042,049 | 3,314,318 | 3,363,592 | - | - |
| Other capital assets, net of depreciation | 12,506,114 | 7,298,911 | 19,805,025 | 20,239,903 | 87,375 | - |
| Total capital assets | 14,778,383 | 8,340,960 | 23,119,343 | 23,603,495 | 87,375 | - |
| Right to use leased asset, net of amortization | 256,756 | - | 256,756 | - | - | - |
| Total assets | 39,311,234 | 10,453,737 | 49,764,971 | 43,887,080 | 492,666 | 726,046 |
| DEFERRED OUTFLOWS OF RESOURCES | 4,988,910 | 244,573 | 5,233,483 | 420,251 | 17,697 | 23,542 |
| LIABILITIES | | | | | | |
| Accounts payable and accrued expenses | 3,893,142 | 27,269 | 3,920,411 | 3,437,706 | 28,571 | 9,564 |
| Accrued interest payable | 313,167 | 17,012 | 330,179 | - | - | - |
| Due to other governments | 125,454 | - | 125,454 | - | - | - |
| Due to primary government | - | - | - | - | 36,100 | - |
| Liabilities to be paid from restricted assets | 2,012,879 | 258,732 | 2,271,611 | - | - | - |
| Long-term liabilities: | | | | | | |
| Due within one year | 841,206 | 826,542 | 1,667,748 | 69,029 | 44,560 | 2,287 |
| Due in more than one year | 19,930,538 | 2,570,529 | 22,501,067 | 2,462,333 | 2,424 | 49,264 |
| Total long-term liabilities | 20,771,744 | 3,397,071 | 24,168,815 | 2,531,362 | 46,984 | 51,551 |
| Total liabilities | 27,116,386 | 3,700,084 | 30,816,470 | 5,969,068 | 111,655 | 61,115 |
| DEFERRED INFLOWS OF RESOURCES | 1,382,373 | 34,309 | 1,416,682 | 979,216 | 1,260 | 4,572 |
| NET POSITION | | | | | | |
| Net investment in capital assets | 10,870,916 | 6,814,349 | 17,685,265 | 22,590,821 | 87,375 | - |
| Restricted for: | | | | | | |
| Public safety | 1,783 | - | 1,783 | - | 20,485 | - |
| Education | 561,237 | - | 561,237 | - | - | - |
| Health services | 46,346 | - | 46,346 | - | - | - |
| Register of Deeds | 17,285 | - | 17,285 | - | - | - |
| Register of Deeds' pension plan | 107,516 | - | 107,516 | - | - | - |
| Stabilization by State Statute | 4,159,606 | - | 4,159,606 | - | - | 19,958 |
| Working Capital | - | - | - | - | 42,879 | - |
| Unrestricted | 36,696 | 149,565 | 186,261 | 14,768,226 | 246,709 | 663,943 |
| Total net position | \$ 15,801,385 | \$ 6,963,914 | \$ 22,765,299 | \$ 37,359,047 | \$ 397,448 | \$ 683,901 |

Note to preparer: Units that choose to aggregate deferred outflows and deferred inflows on the face of the statements should itemize components in the notes. For an itemized presentation, please see City of Dogwood.

* Line items are selected for illustrated purposes only. Additional line items may be required. Line items for which there is **no activity** should not be displayed on the statement.

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

| Program Revenues | | | | | Net (Expense) Revenue and Changes in Net Position | | | | | |
|--|---------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|-----------------|-------------------------------|---------------------------|---|
| | | | | | Primary Government | | Component Units | | | |
| Functions/Programs | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total | Carolina County Hospital Inc. | Carolina County ABC Board | Carolina County Tourism Development Authority |
| Primary government: | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| General government | \$ 10,258,509 | \$ 1,026,268 | \$ - | \$ - | \$ (9,232,241) | \$ - | \$ (9,232,241) | | | |
| Public safety | 7,264,546 | 1,827,892 | 141,485 | - | (5,295,169) | - | (5,295,169) | | | |
| Transportation | 1,134,018 | - | - | - | (1,134,018) | - | (1,134,018) | | | |
| Economic & physical development | 1,135,351 | - | - | - | (1,135,351) | - | (1,135,351) | | | |
| Human services | 22,934,413 | 100,000 | 13,091,201 | - | (9,743,212) | - | (9,743,212) | | | |
| Cultural & recreation | 2,352,807 | 598,978 | - | 102,832 | (1,650,997) | - | (1,650,997) | | | |
| Education | 43,118,616 | - | 683,529 | - | (42,435,087) | - | (42,435,087) | | | |
| Interest on long-term debt | 712,285 | - | - | - | (712,285) | - | (712,285) | | | |
| Total governmental activities | 88,910,545 | 3,553,138 | 13,916,215 | 102,832 | (71,338,360) | - | (71,338,360) | | | |
| Business-type activities: | | | | | | | | | | |
| Landfill | 331,309 | 225,995 | 100 | - | - | (105,214) | (105,214) | | | |
| Water and Sewer | 578,762 | 792,208 | - | 125,878 | - | 339,324 | 339,324 | | | |
| Total business-type activities | 910,071 | 1,018,203 | 100 | 125,878 | - | 234,110 | 234,110 | | | |
| Total primary government | \$ 89,820,616 | \$ 4,571,341 | \$ 13,916,315 | \$ 228,710 | (71,338,360) | 234,110 | (71,104,250) | | | |
| Component units: | | | | | | | | | | |
| Hospital | \$ 41,438,840 | \$ 43,127,674 | \$ 1,241,035 | \$ 974,775 | | | | \$ 3,904,644 | \$ - | \$ - |
| ABC Board | 2,667,018 | 2,661,222 | - | - | | | | - | (5,796) | - |
| Tourism Development Authority | 225,189 | - | - | - | | | | - | - | (225,189) |
| Total component units | \$ 44,331,047 | \$ 45,788,896 | \$ 1,241,035 | \$ 974,775 | | | | 3,904,644 | (5,796) | (225,189) |
| General revenues: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property taxes, levied for general purpose | | | | | 55,493,338 | - | 55,493,338 | - | - | - |
| Local option sales tax | | | | | 13,226,224 | - | 13,226,224 | - | - | - |
| Other taxes and licenses | | | | | 230,360 | 101,000 | 331,360 | - | - | 229,168 |
| Grants and contributions not restricted to specific programs | | | | | 145,522 | - | 145,522 | - | - | - |
| Investment earnings, unrestricted | | | | | 1,650,546 | 38,119 | 1,688,665 | 636,856 | 7,971 | 7,268 |
| Miscellaneous, unrestricted | | | | | 666,400 | - | 666,400 | - | - | - |
| Total general revenues excluding transfers and special items | | | | | 71,412,390 | 139,119 | 71,551,509 | | | |
| Special item - gain on sale of park land | | | | | 27,482 | - | 27,482 | - | - | - |
| Transfers | | | | | (100,000) | 100,000 | - | - | - | - |
| Total general revenues, special items, and transfers | | | | | 71,339,872 | 239,119 | 71,578,991 | 636,856 | 7,971 | 236,436 |
| Change in net position | | | | | 1,512 | 473,229 | 474,741 | 4,541,500 | 2,175 | 11,247 |
| Net position, beginning, as previously reported | | | | | 15,799,873 | 6,490,685 | 22,290,558 | 32,817,547 | 395,273 | 672,654 |
| Prior period restatement - change in accounting principle | | | | | - | - | - | - | - | - |
| Net position, beginning | | | | | 15,799,873 | 6,490,685 | 22,290,558 | 32,817,547 | 395,273 | 672,654 |
| Net position, ending | | | | | \$ 15,801,385 | \$ 6,963,914 | \$ 22,765,299 | \$ 37,359,047 | \$ 397,448 | \$ 683,901 |

*** NOTE TO PREPARER:** *Special items* reported on this statement should be material to the unit as a whole in addition to meeting the other requirements for a special item. The special item reported here is for illustrative purposes only.

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

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

| | Major | Non-Major | |
|---|---------------|--------------|---------------|
| | American | Other | |
| | Rescue Plan | Governmental | |
| | Fund | Funds | Total |
| | General | | |
| ASSETS | | | |
| Cash and cash equivalents | \$ 10,636,622 | \$ 179,138 | \$ 10,815,760 |
| Restricted cash and cash equivalents | 751,887 | 1,660,000 | 3,262,157 |
| Receivables, net | 3,923,701 | 17,603 | 3,941,304 |
| Due from other governments | 3,200,000 | 54,800 | 3,254,800 |
| Due from component unit | 36,100 | - | 36,100 |
| Inventories | 2,551,800 | - | 2,551,800 |
| Total assets | \$ 21,100,110 | \$ 1,101,811 | \$ 23,861,921 |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable and accrued liabilities | \$ 3,563,131 | \$ 20,478 | \$ 3,583,609 |
| Miscellaneous liabilities | 226,142 | - | 226,142 |
| Due to other governments | 50,551 | 74,903 | 125,454 |
| Contract retainage | - | 85,030 | 85,030 |
| Unearned revenues | - | 1,660,000 | 1,950,000 |
| Liabilities to be paid from restricted assets | 62,879 | - | 62,879 |
| Total liabilities | 3,902,703 | 1,660,000 | 6,033,114 |
| DEFERRED INFLOWS OF RESOURCES | 3,348,104 | - | 1,345 |
| Fund balances: | | | |
| Nonspendable: | | | |
| Inventories | 2,551,800 | - | 2,551,800 |
| Leases | 6,862 | - | 6,862 |
| Restricted: | | | |
| Stabilization by State Statute | 4,155,128 | - | 4,478 |
| Register of Deeds | 17,285 | - | 17,285 |
| Fire Protection | - | - | 1,783 |
| School Capital | - | - | 558,550 |
| Health Services | - | - | 46,346 |
| Education | - | - | 2,687 |
| Committed: | | | |
| Tax Revaluation | 471,723 | - | 471,723 |
| LEO Special Separation Allowance | 1,028,267 | - | 1,028,267 |
| Assigned: | | | |
| Recreation Capital | - | - | 7,969 |
| Future School Capital | - | - | 10,270 |
| Subsequent year's expenditures | 255,000 | - | 255,000 |
| Unassigned: | 5,363,238 | - | (2,028) |
| Total fund balances | 13,849,303 | - | 630,055 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 21,100,110 | \$ 1,660,000 | \$ 1,101,811 |

(cont.)

Exhibit 3
(cont.)

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

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

| | |
|--|------------|
| Total Fund Balance, Governmental Funds | 14,479,358 |
|--|------------|

| | |
|--|-------|
| The County has an equity interest in a joint venture. This investment is not a current financial resource and therefore not reported in the funds. | 8,932 |
|--|-------|

| | |
|--|---------|
| Charges related to advance refunding bond issue. | 292,500 |
|--|---------|

| | |
|---|------------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | 14,778,383 |
|---|------------|

| | |
|--|---------|
| Right to use assets used in governmental activities are not financial resources and therefore are not reported in the funds. | 256,756 |
|--|---------|

| | |
|-------------------|--------|
| Net pension asset | 76,023 |
|-------------------|--------|

| | |
|---|-----------|
| Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position | 1,221,075 |
|---|-----------|

| | |
|--|--------|
| Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position | 17,279 |
|--|--------|

| | |
|---|--------|
| Contributions and pension administration costs for OPEB are deferred outflows of resources on the Statement of Net Position | 40,850 |
|---|--------|

| | |
|---|---------|
| Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds. | 329,219 |
|---|---------|

| | |
|-----------------------|-------------|
| Net pension liability | (5,933,607) |
|-----------------------|-------------|

| | |
|--------------------|-------------|
| Net OPEB liability | (1,400,640) |
|--------------------|-------------|

| | |
|----------------------------------|-----------|
| Total pension liability (LEOSSA) | (222,672) |
|----------------------------------|-----------|

| | |
|--|-----------|
| Deferred inflows of resources for taxes and special assessments receivable | 2,957,947 |
|--|-----------|

| | |
|---------------------------|-----------|
| Pension related deferrals | 2,943,078 |
|---------------------------|-----------|

| | |
|------------------------|-----------|
| OPEB related deferrals | (516,747) |
|------------------------|-----------|

| | |
|---|--------------|
| Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. | (13,526,349) |
|---|--------------|

| | |
|---|----------------------|
| Net position of governmental activities | <u>\$ 15,801,385</u> |
|---|----------------------|

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

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

| | Major | Non-Major | |
|---|---------------------|--------------|---------------|
| | American | Other | |
| | Rescue Plan | Governmental | |
| | Fund | Funds | Total |
| REVENUES | General Fund | | |
| Ad valorem taxes | \$ 55,132,894 | \$ 20,861 | \$ 55,153,755 |
| Local option sales taxes | 12,849,824 | 376,400 | 13,226,224 |
| Other taxes and licenses | 230,360 | - | 230,360 |
| Unrestricted intergovernmental | 145,522 | - | 145,522 |
| Restricted intergovernmental | 14,057,550 | 440,000 | 15,820,411 |
| Permits and fees | 445,049 | 12,600 | 457,649 |
| Sales and services | 1,165,426 | 481,900 | 1,647,326 |
| Investment earnings | 1,614,828 | 52,517 | 1,667,345 |
| Miscellaneous | 632,541 | 70,000 | 702,541 |
| Total revenues | 86,273,994 | 2,337,139 | 89,051,133 |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 9,486,771 | 495,177 | 9,981,948 |
| Public safety | 7,179,720 | 96,663 | 7,276,383 |
| Transportation | 1,138,578 | - | 1,138,578 |
| Economic and physical development | 1,316,929 | - | 1,316,929 |
| Human services | 22,419,822 | 532,637 | 22,952,459 |
| Cultural and recreational | 2,308,240 | - | 2,308,240 |
| Intergovernmental: | | | |
| Education | 41,418,016 | - | 41,418,016 |
| Capital outlay | - | 1,826,519 | 1,826,519 |
| Debt service: | | | |
| Principal | 629,219 | - | 629,219 |
| Interest | 709,264 | - | 709,264 |
| Bond issuance costs | 65,000 | - | 65,000 |
| Advance refunding escrow | 15,000 | - | 15,000 |
| Total expenditures | 86,686,559 | 2,950,996 | 89,637,555 |
| Excess (deficiency) of revenues over expenditures | (412,565) | 440,000 | (586,422) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers from other funds | 1,059,059 | 280,000 | 1,339,059 |
| Transfers to other funds | (370,000) | (629,059) | (1,439,059) |
| Lease liabilities issued | 279,755 | - | 279,755 |
| Refunding bonds issued | 3,365,000 | - | 3,365,000 |
| Installment purchase obligations issued | - | 1,200,000 | 1,200,000 |
| Payment to refunded bond escrow agent | (3,300,000) | - | (3,300,000) |
| Sale of capital assets | 28,482 | - | 28,482 |
| Total other financing sources and uses | 1,062,296 | 850,941 | 1,473,237 |
| Net change in fund balance | 649,731 | 237,084 | 886,815 |
| Fund balances, beginning | 13,076,598 | 392,971 | 13,469,569 |
| Increase in inventory | 122,974 | - | 122,974 |
| Fund balances, ending | \$ 13,849,303 | \$ 630,055 | \$ 14,479,358 |

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

Exhibit 5

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

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

| | |
|--|-----------------|
| Net changes in fund balances - total governmental funds | \$ 886,815 |
| Change in fund balance due to change in reserve for inventory | 122,974 |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period | 104,989 |
| Cost of capital asset disposed of during the year, not recognized on modified accrual basis | (1,000) |
| Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities | 1,221,075 |
| Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position | 17,279 |
| Contributions and pension administration costs for OPEB are deferred outflows of resources on the Statement of Net Position | 40,850 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds | 44,039 |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items. | (898,914) |
| 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. | (1,536,595) |
| Total changes in net position of governmental activities | <u>\$ 1,512</u> |

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

Exhibit 6

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

| | Original Budget | Final Budget | Actual | Variance With Final Positive (Negative) |
|---|--------------------|-----------------|---------------|--|
| Revenues: | | | | |
| Ad valorem taxes | \$ 54,812,398 | \$ 55,372,398 | \$ 55,132,894 | \$ (239,504) |
| Local option sales tax | 12,735,000 | 12,872,580 | 12,849,824 | (22,756) |
| Other taxes and licenses | 202,358 | 202,358 | 230,360 | 28,002 |
| Unrestricted intergovernmental | 60,000 | 150,642 | 145,522 | (5,120) |
| Restricted intergovernmental | 14,406,151 | 14,022,706 | 14,057,550 | 34,844 |
| Permits and fees | 399,142 | 400,180 | 445,049 | 44,869 |
| Sales and services | 1,038,650 | 1,142,700 | 1,165,426 | 22,726 |
| Investment earnings | 1,032,500 | 1,533,631 | 1,562,149 | 28,518 |
| Miscellaneous | 147,703 | 661,703 | 632,541 | (29,162) |
| Total revenues | 84,833,902 | 86,358,898 | 86,221,315 | (137,583) |
| Expenditures | | | | |
| Current: | | | | |
| General government | 6,325,000 | 9,204,032 | 8,924,097 | 279,935 |
| Public safety | 7,200,000 | 7,590,414 | 7,179,720 | 410,694 |
| Transportation | 1,140,000 | 1,341,516 | 1,138,578 | 202,938 |
| Economic and physical development | 1,315,000 | 1,348,242 | 1,316,929 | 31,313 |
| Human services | 23,923,816 | 22,768,758 | 22,419,822 | 348,936 |
| Cultural and recreational | 2,315,000 | 2,312,261 | 2,308,240 | 4,021 |
| Intergovernmental: | | | | |
| Education | 41,418,016 | 41,418,016 | 41,418,016 | - |
| Debt service: | | | | |
| Principal retirement | 618,166 | 618,166 | 629,219 | - |
| Interest and other charges | 692,904 | 692,904 | 709,264 | - |
| Bond issuance costs | 65,000 | 65,000 | 65,000 | - |
| Advance refunding escrow | 15,000 | 15,000 | 15,000 | - |
| Total expenditures | 85,027,902 | 87,374,309 | 86,123,885 | 1,250,424 |
| Revenues over (under) expenditures | (194,000) | (1,015,411) | 97,430 | 1,112,841 |
| Other financing sources (uses): | | | | |
| Transfers from other funds | - | 1,060,227 | 1,059,059 | (1,168) |
| Transfers to other funds | - | (238,816) | (620,616) | (381,800) |
| Lease liabilities issued | 100,000 | 100,000 | 279,755 | 179,755 |
| Refunding bonds issued | 3,365,000 | 3,365,000 | 3,365,000 | - |
| Payment to refunding bond escrow agent | (3,300,000) | (3,300,000) | (3,300,000) | - |
| Sale of capital assets | 29,000 | 29,000 | 28,482 | (518) |
| Total other financing sources (uses) | 194,000 | 1,015,411 | 811,680 | (203,731) |
| Net change in fund balance | \$ - | \$ - | \$ 909,110 | \$ 909,110 |
| Fund balances, beginning, as previously reported | | | 12,381,749 | |
| Prior period restatement - change in accounting principle | | | (36,253) | |
| Fund balances, beginning | | | 12,345,496 | |
| Increase in inventory | | | 122,974 | |
| Fund balance, ending | | | \$ 13,377,580 | |
| A legally budgeted Tax Revaluation Fund is consolidated into the General Fund for reporting purposes: | | | | |
| Investment earnings | | | 52,679 | |
| Transfer-in from General Fund | | | 250,616 | |
| Expenditures | | | (562,674) | |
| Fund Balance, Beginning | | | 731,102 | |
| Fund Balance, Ending (Exhibit 4) | | | 13,849,303 | |

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

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

| | Major | | Non-Major | |
|---|-----------------|------------------------|------------------------|--------------|
| | Landfill | Water and Sewer | Water and Sewer | |
| | Fund | District No. 1 | District No. 2 | Total |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 267,944 | \$ 557,273 | \$ 1,600 | \$ 826,816 |
| Receivables, net | 23,831 | 75,824 | 153 | 99,808 |
| Inventories | - | 110,281 | - | 110,281 |
| Prepays | 1,444 | 1,121 | - | 2,565 |
| Total current assets | 293,219 | 744,499 | 1,753 | 1,039,470 |
| Noncurrent assets: | | | | |
| Restricted cash and cash equivalents | - | 1,057,705 | 15,602 | 1,073,307 |
| Capital assets: | | | | |
| Land and construction in progress | 216,500 | 529,653 | 295,896 | 1,042,049 |
| Other capital assets, net of depreciation | 1,669,001 | 5,629,910 | - | 7,298,911 |
| Total capital assets | 1,885,501 | 6,159,563 | 295,896 | 8,340,960 |
| Total noncurrent assets | 1,885,501 | 7,217,268 | 311,498 | 9,414,267 |
| Total assets | 2,178,720 | 7,961,767 | 313,251 | 10,453,737 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| | 78,263 | 163,864 | 2,446 | 244,573 |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | 2,456 | 23,668 | 1,148 | 27,272 |
| Accrued interest payable | - | 17,012 | - | 17,012 |
| General obligation bonds payable | - | 151,542 | - | 151,542 |
| Bond anticipation notes payable | - | 375,000 | 300,000 | 675,000 |
| Total current liabilities | 2,456 | 567,222 | 301,148 | 870,826 |
| Noncurrent liabilities: | | | | |
| Liabilities payable from restricted assets: | | | | |
| Accounts payable | - | 248,814 | - | 248,814 |
| Customer deposits | - | 4,169 | 5,746 | 9,915 |
| Accrued landfill closure and postclosure care costs | | | | |
| | 226,058 | - | - | 226,058 |
| Compensated absences | 40,000 | 155,000 | - | 195,000 |
| Net pension liability | 99,935 | 211,269 | 1,093 | 312,296 |
| Net OPEB liability | 23,590 | 50,128 | - | 73,718 |
| General obligation bonds payable | - | 1,763,458 | - | 1,763,458 |
| Total noncurrent liabilities | 389,582 | 2,432,838 | 6,839 | 2,829,259 |
| Total liabilities | 392,038 | 3,000,060 | 307,987 | 3,700,085 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| | 10,979 | 22,987 | 343 | 34,309 |
| NET POSITION | | | | |
| Net investment in capital assets | 1,885,501 | 4,923,099 | 5,749 | 6,814,349 |
| Unrestricted | (31,536) | 179,484 | 1,617 | 149,565 |
| Total net position | \$ 1,853,965 | \$ 5,102,583 | \$ 7,366 | \$ 6,963,914 |

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

See City of Dogwood for an example of proprietary fund financial statement presentation when a unit has one or more internal service funds.

Note to preparer: The Water and Sewer District No. 2 came into existence in the current fiscal year; thus, the net pension and OPEB liability, deferrals, and pension expense, which are based on data from the prior fiscal year, have not been allocated to this fund. Deferred outflows of resources for contributions made to the pension plan in the current fiscal year, however, have been allocated.

Carolina County, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2022

| | Major | | Non-Major | |
|--|-----------------|-----------------------|-----------------------|--------------|
| | Landfill | Water and | Water and | |
| | Fund | Sewer | Sewer | |
| | | District No. 1 | District No. 2 | Total |
| OPERATING REVENUES | | | | |
| Charges for services | \$ 225,995 | \$ 779,108 | \$ 1,000 | \$ 1,006,103 |
| Water and sewer taps | - | 7,100 | 5,000 | 12,100 |
| Miscellaneous | 100 | 430 | 100 | 630 |
| Total operating revenues | 226,095 | 786,638 | 6,100 | 1,018,833 |
| OPERATING EXPENSES | | | | |
| Administration | 49,318 | 159,718 | 2,244 | 211,280 |
| Finance | - | 31,315 | 500 | 31,815 |
| Water treatment plant | - | 68,976 | - | 68,976 |
| Raw water pump station | - | 22,949 | - | 22,949 |
| Water distribution | - | 31,172 | - | 31,172 |
| Sewage Collection | - | 25,026 | - | 25,026 |
| Primary waste treatment | - | 23,640 | - | 23,640 |
| Secondary waste treatment | - | 5,369 | - | 5,369 |
| Maintenance | - | 6,892 | - | 6,892 |
| Landfill operations | 185,477 | - | - | 185,477 |
| Landfill closure and postclosure care costs | 46,274 | - | - | 46,274 |
| Depreciation | 50,241 | 200,963 | - | 251,204 |
| Total operating expenses | 331,310 | 576,020 | 2,744 | 910,074 |
| Operating income (loss) | (105,215) | 210,618 | 3,356 | 108,759 |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Solid waste disposal tax | 1,000 | - | - | 1,000 |
| Scrap tire disposal tax | 42,000 | - | - | 42,000 |
| White goods disposal tax | 58,000 | - | - | 58,000 |
| Interest and investment revenue | 917 | 37,195 | 10 | 38,122 |
| Total nonoperating revenues (expenses) | 101,917 | 37,195 | 10 | 139,122 |
| Income (loss) before contributions and transfers | (3,298) | 247,813 | 3,366 | 247,881 |
| Capital contributions | - | 121,348 | 4,000 | 125,348 |
| Transfers from other funds | - | 100,000 | - | 100,000 |
| Change in net position | (3,298) | 469,161 | 7,366 | 473,229 |
| Net position, beginning | 1,857,263 | 4,633,422 | - | 6,490,685 |
| Total net position, ending | \$ 1,853,965 | \$ 5,102,583 | \$ 7,366 | \$ 6,963,914 |

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

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

| | Major | | Non-Major | |
|--|-----------------|------------------------|------------------------|--------------|
| | Landfill | Water | Water | |
| | Fund | and Sewer | and Sewer | Total |
| | | District- No. 1 | District- No. 2 | |
| Cash flows from operating activities: | | | | |
| Cash received from customers | \$ 234,689 | \$ 780,356 | \$ 5,847 | \$ 1,020,892 |
| Cash paid for goods and services | (31,613) | (147,698) | 1,145 | (178,166) |
| Cash paid to employees for services | (109,921) | (198,686) | (3,754) | (312,360) |
| Customer deposits received | - | 1,800 | 6,549 | 8,349 |
| Customer deposits returned | - | (10,732) | (800) | (11,532) |
| Other operating revenue | 100 | 430 | 100 | 630 |
| Net cash provided by operating activities | 93,255 | 425,470 | 9,088 | 527,813 |
| Cash flows from noncapital financing | | | | |
| Transfers in | - | 100,000 | - | 100,000 |
| Cash flows from capital and related financing activities: | | | | |
| Bond anticipation notes issued | - | 375,000 | 300,000 | 675,000 |
| Acquisition and construction of capital assets | (46,559) | (977,081) | (295,896) | (1,319,536) |
| Principal paid on bond maturities and equipment contracts | - | (250,000) | - | (250,000) |
| Interest paid on bond maturities and equipment contracts | - | (99,144) | - | (99,144) |
| Capital contributions - federal grant | - | 121,348 | 4,000 | 125,348 |
| Net cash used by capital and related financing activities | (46,559) | (829,877) | 8,104 | (868,332) |
| Cash flows from investing activities: | | | | |
| Interest on investments | 917 | 37,195 | 10 | 38,122 |
| Net increase (decrease) in cash and cash equivalents | 47,613 | (267,212) | 17,202 | (202,397) |
| Cash and cash equivalents, beginning | 220,331 | 1,882,190 | - | 2,102,521 |
| Cash and cash equivalents, ending | \$ 267,944 | \$ 1,614,978 | \$ 17,202 | \$ 1,900,124 |

(continued)

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

(continued)

| | Major | | Non-Major | |
|---|-----------------|------------------------|------------------------|---------------|
| | Landfill | Water | Water | |
| | Fund | and Sewer | and Sewer | Totals |
| | | District- No. 1 | District- No. 2 | |
| Reconciliation of operating income to net cash provided by operating activities: | | | | |
| Operating income(loss) | \$ (105,215) | \$ 210,618 | \$ 3,356 | \$ 108,759 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | |
| Depreciation | 50,241 | 200,962 | - | 251,202 |
| Provision for uncollectible accounts | - | 650 | - | 650 |
| Landfill closure and postclosure care costs | 46,274 | - | - | 46,274 |
| Changes in assets, liabilities, and deferred outflows and inflows of resources: | | | | |
| (Increase) decrease in accounts receivable | 43,566 | 5,598 | (153) | 49,011 |
| Decrease in inventory | - | 1,840 | - | 1,840 |
| (Increase) in prepaid items | 25,481 | 46 | - | 25,527 |
| (Increase) in deferred outflows of resources - pensions | (30,669) | (63,225) | (1,946) | (95,840) |
| (Increase) in deferred outflows of resources - OPEB | (118) | (250) | - | (367) |
| Increase in net pension liability | 34,961 | 73,200 | 1,093 | 109,253 |
| (Decrease) in net OPEB liability | (8,205) | (17,436) | - | (25,641) |
| (Decrease) in deferred inflows of resources - pensions | (73) | (498) | 343 | (228) |
| Increase in deferred inflows of resources - OPEB | 8,703 | 18,494 | - | 27,197 |
| Increase (decrease) in accounts payable and accrued liabilities | 23,308 | (5,597) | 647 | 18,358 |
| Increase (decrease) in customer deposits | - | (8,932) | 5,749 | (3,182) |
| Increase in accrued vacation payable | 5,000 | 10,000 | - | 15,000 |
| Total adjustments | 198,470 | 214,852 | 5,732 | 419,054 |
| Net cash provided by operating activities | \$ 93,255 | \$ 425,470 | \$ 9,088 | \$ 527,813 |

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

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

| | OPEB Trust Fund | Custodial Funds |
|---|----------------------------|----------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 717,893 | \$ 68,519 |
| Taxes receivable for other governments, net | - | 69,245 |
| Investments at fair value | | |
| Domestic equities | 130,000 | - |
| Fixed income | 70,000 | - |
| Total assets | <u>917,893</u> | <u>137,764</u> |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | 3,655 | 6,298 |
| Due to other governments | - | 88,401 |
| Total liabilities | <u>3,655</u> | <u>94,699</u> |
| NET POSITION | | |
| Restricted for: | | |
| Postemployment benefits other than pensions | 914,238 | - |
| Individuals, organizations, and other governments | - | 43,065 |
| Total fiduciary net position | <u>\$ 914,238</u> | <u>\$ 43,065</u> |

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

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

| | OPEB Trust Fund | Custodial Funds |
|--|----------------------------|----------------------------|
| ADDITIONS | | |
| Employer contributions | 43,000 | - |
| Investment income: | | |
| Net appreciation (depreciation) in fair value of investments | 2,500 | - |
| Interest and dividends | 2,318 | - |
| Less investment expense | (1,771) | - |
| Net investment earnings | <u>3,047</u> | <u>-</u> |
| Ad valorem taxes collected for other governments | - | 27,854,678 |
| Collections on behalf of inmates | <u>-</u> | <u>624,369</u> |
| Total additions | <u>46,047</u> | <u>28,479,047</u> |
| DEDUCTIONS | | |
| Benefit payments | 50,349 | - |
| Administrative expense | - | - |
| Tax distributions to other governments | - | 27,854,678 |
| Payments on behalf of inmates | <u>-</u> | <u>617,557</u> |
| Total deductions | <u>50,349</u> | <u>28,472,235</u> |
| Net increase (decrease) in fiduciary net position | (4,302) | 6,812 |
| Net position - beginning, as previously reported | 918,540 | - |
| Prior period restatement | <u>-</u> | <u>36,253</u> |
| Net position - beginning, as restated | <u>918,540</u> | <u>36,253</u> |
| Net position - ending | <u><u>\$ 914,238</u></u> | <u><u>\$ 43,065</u></u> |

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

Notes to the Financial Statements

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2022

I. Summary of Significant Accounting Policies

The accounting policies of Carolina County and its component units conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

Note to Preparer: The GASB “**Emergency Toolbox**” designed to help quickly identify the authoritative guidance that could be relevant to the current impact of coronavirus on the County may be found [here](#). North Carolina Local Government COVID-19 resources may be found [here](#).

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. Carolina County’s Water District Number 1 and Water District Number 2 exist 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. Carolina 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. The Carolina County Hospital (the *Hospital*), which has a September 30 year-end, and the Carolina County ABC Board (the *Board*), which has 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. The Carolina County Tourism Development Authority (the *TDA*), which has a June 30 year end and is presented as if it is a governmental fund (discrete presentation), has elected not to issue separate financial statements, but to include all relevant information required by generally accepted accounting principles as supplementary information in the County’s Annual Financial Report.

| Component Unit | Reporting Method | Criteria for Inclusion | Separate Financial Statements |
|-------------------------------|-------------------------|---|--------------------------------------|
| Water District No. 1 | Blended | Under State law [NCGS 162A-89], the County’s board of commissioners also serve as the governing board for the District. | None issued |
| Water District No. 2 | Blended | Under State law [NCGS 162A-89], the County’s board of commissioners also serve as the governing board for the District. | None issued. |
| Tourism Development Authority | Discrete | The Authority exists to promote tourism within the county. The County commissioners appointed the governing board of the Authority and at least one-half of the members are required to be active in the promotion of travel and tourism within the County or must be affiliated with businesses that collect the | None issued. |

| | | | |
|---|----------|---|---|
| | | occupancy taxes. The County has final approval of the appointees to the governing board. The county finance officer is the ex officio finance officer of the Authority. | |
| Carolina 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 |
| Carolina County Hospital | Discrete | The hospital is a public hospital operated by a not-for-profit corporation which has leased the hospital facilities from the County for a period of 99 years. The County appoints the board of trustees for the Hospital. The County has also issued general obligation debt on behalf of the hospital. | Carolina County Hospital 123 Medical Drive Dogwood, NC 00000 |
| Carolina 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. | Carolina County ABC Board 456 Party Avenue Dogwood, NC 00000 |

Note to preparer: Of the discretely presented component units, the ABC Board is considered immaterial relative to the primary government. In this example, the disclosures pertaining to the ABC Board have been streamlined to include only the material items of cash, inventory, and capital assets. Conversely, the Hospital is considered material to the primary government. Therefore, material items should be disclosed – cash and investments, capital assets, debt, accounts receivable and accounts payable, risk management, subsequent events, and other notes deemed material. Because the TDA does not issue separate financial statements, all material GAAP statements and note disclosures should be incorporated within the County's financial reporting package. Refer to Memorandum #2014-08 for additional presentation guidance of the TDA.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus – Basis of Accounting

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government net position (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each of which is 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. Non-operating revenues, such as subsidies, result from non-exchange transactions. Other non-operating items such as investment earnings are ancillary activities. The County reports the following major governmental fund:

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.

American Rescue Plan Fund. This fund accounts for the transactions related to the American Rescue Plan Funds.

The County reports the following major enterprise funds:

Landfill Fund. This fund accounts for the operation, maintenance, and development of various landfills and disposal sites. The Landfill Closure and Postclosure Reserve Fund has been consolidated into the Landfill Fund for reporting purposes.

Water and Sewer District No. 1 Fund. This fund is used to account for the operations of the Water and Sewer District No.1 within the County. The Water and Sewer District No. 1 Capital Project Fund has been consolidated into this fund for reporting purposes.

The County reports the following fund types:

Trust Funds. Trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, or other postemployment benefit plans. The Other Postemployment Benefits Trust Fund accounts for the County's contributions for healthcare coverage provided to qualified retirees.

Custodial Funds. Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Custodial funds are used to account for assets the County holds on behalf of others that meet certain criteria. The County maintains the following custodial funds: the Municipal Tax Fund, which accounts for ad valorem and vehicle property taxes that are billed and collected by the County for various municipalities within the County but that are not revenues to the County, 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 eleven legally budgeted funds. The Emergency Telephone System Fund, the Fire District Fund, the Representative Payee Fund, the Fines and Forfeitures Fund, Deed of Trust Fund,, and the **Opioid Settlement Fund** are reported as non-major special revenue funds. The Northwest Capital Projects Fund and the School Capital Projects Fund are reported as capital projects funds. The Capital Reserve Fund is consolidated in the School Capital Projects Fund in accordance with GASB Statement No. 54. Water and Sewer District No. 2 is reported as a non-major proprietary fund.

Note to Preparer: Under GASB Statement No. 54 several legally adopted funds were consolidated into other funds for presentation purposes; the above discussion on non-major funds was necessary to communicate the presentation of the non-major funds. As a result of the implementation of GASB Statement No. 84-*Fiduciary Activities*, Carolina County added three new special revenue funds that were formerly accounted for as fiduciary agency 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. 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.

Note to Preparer: In the Municipal Tax Fund, a fiduciary custodial fund, ad valorem taxes related to the various municipalities for which the County bills and collects should be recorded as a receivable in the period when the taxes are levied. An allowance for uncollectible accounts should also be recorded.

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 revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Since September 1, 2013, the State of North Carolina has been responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. These property taxes are due when vehicles are registered. Motor vehicle property tax revenues are applicable to the fiscal year in which they are received. Uncollected taxes that were billed by the County for periods prior to September 1, 2013, or those for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

| |
|--|
| <p>Note to preparer: Any motor vehicle property taxes collected by the State prior to June 30 which are not remitted to the County until after the fiscal year-end should be reported as collected property taxes at year end by the County. The amounts of tax moneys due from the State should be reported as an intergovernmental receivable. The SLGFD anticipates that any receivables from limited registration plates will be immaterial. They have been included in the note for illustrative purposes.</p> |
|--|

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 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, Tax Revaluation, Representative Payee, Fines and Forfeitures, and Deed of Trust Special Revenue Funds, and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Capital Reserve Special Revenue Fund, the Capital Projects Fund, Opioid Settlement Fund, ARPA Special Revenue Fund, and the Enterprise Capital Projects Funds. The Landfill Closure and Postclosure Reserve Fund and 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 _____ level for all annually budgeted funds and at the project level for the multi-year funds. Amendments are required for any revisions that alter the total expenditures of any fund or that change appropriations by more than \$5,000. 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.

Note to preparer: Adjust the Budgetary Data note based on the legal level of budgetary control by which your local government adopted its budget. This note, the Stewardship, Compliance, and Accountability note, and Budget to Actual statements are reviewed by our office to verify budgetary compliance. According to [G.S. 159-13\(a\)](#), local governments shall make appropriations by department, function, or project. Your local government's Board may impose an even more detailed level. In Carolina County, we have assumed the Board adopted the budget by function.

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Fund Equity

1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the County, the Hospital, the TDA, and the ABC Board 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).

General Statue 159-30.1 allows the County to establish and fund an irrevocable trust for the purpose of paying post-employment benefits (OPEB) for which the County is liable. The County Other Postemployment Benefit (OPEB) Trust is managed by the staff of the Department of the

State Treasurer and operated in accordance with state laws and regulations. The Trust is not registered with the SEC. G.S. 159-30(g) allows the County to make contributions to the Trust. The State Treasurer in his discretion may invest the proceeds in equities of certain publicly held companies and long or short-term fixed income investments as detailed in G.S. 147-69.2(b) (1-6) and (8). Funds submitted are managed in three different sub-funds, the State Treasurer's Short Term Investment Fund (STIF) consisting of short to intermediate treasuries, agencies and corporate issues authorized by G.S. 147-69.1, the Bond Index Fund (BIF) consisting of high-quality debt securities eligible under G.S. 147-69.2(b)(1)-(6), and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund authorized under G.S. 147-69.2(b)(8).

Note to preparer: This paragraph first assumes that the government has submitted deposits to the State OPEB Trust. Secondly, its discussion of investments pertains to those investments that 1) have been in the OPEB Trust for a period of time and 2) have investments in all three parts. If your County only had investments in the State OPEB Trust Fund on the last day of the year and only in the STIF account, replace the last sentence with "Funds submitted are held in the State Treasurer's Short-Term Investment Fund (STIF). Allowable STIF investments are detailed in G.S. 147-69.1."

The majority of the County, the Hospital, the TDA, and the ABC Board's investments are carried at fair value. Non-participating interest-earning investment contracts are accounted for at cost.

- The North Carolina Capital Management Trust (NCCMT), which consists of two SEC-registered funds, is authorized by G.S. 159-30(c)(8). One of these funds, the Government Portfolio, is a 2a7 fund that invests in treasuries and government agencies and is rated AAAM by S&P and AAmf by Moody's Investor Services. The Government Portfolio is reported at fair value.
- Ownership of the STIF is determined on a fair market valuation basis as of fiscal year-end in accordance with the STIF operating procedures. STIF investments are valued by the custodian using Level 2 inputs which in this case involves inputs—other than quoted prices—included within Level 1 that are either directly or indirectly observable for the asset or liability. The STIF is valued at \$1 per share. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2022, of 1.3 years. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund.
- The BIF is measured at fair value using Level 2 inputs and is based upon units of participation. Units of participation are calculated monthly based upon inflows and outflows as well as allocations of net earnings. BIF does not have a credit rating, was valued at \$1 per unit, and had an average maturity of 6.97 years at June 30, 2022.
- The BlackRock's MSCI ACWI EQ Index Non-Lendable Class B fund, authorized under G.S. 147-69.2(b)(8), is a common trust fund considered to be commingled in nature. The Fund's fair value is the number of shares times the net asset value as determined by a third party. At June 30, 2022, the fair value of the funds was \$_____per share. Fair value for this Blackrock fund is determined using Level 1 inputs which are directly observable, quoted prices (unadjusted) in active markets for identical assets or liabilities.

Note to Preparer: Specific disclosures for the NCCMT, STIF, BIF and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B fund have not been provided to our office by publication but will be noted in Memo #2023-02 on the DST Website when available.

2. Cash and Cash Equivalents

The County pools moneys from several funds, except the Other Post Employment Trust Fund, to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are considered cash and cash equivalents. Carolina County Hospital, the TDA, and the ABC Board consider demand deposits and investments with a maturity date of 90 days or less at the time of purchase to be cash and cash equivalents.

3. Restricted Assets

The unexpended bond proceeds of the Water and Sewer District's Serial Bonds are classified as restricted assets within the Water and Sewer Districts No. 1 and No. 2 Funds because their use is completely restricted to the purpose for which the bonds were originally issued. Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected. Money in the Tax Revaluation Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150. Money in the School Capital Projects Fund is classified as restricted assets because its use is restricted per North Carolina General Statutes 159-18 through 22. Cash and cash equivalents in the Other Postemployment Benefits Trust Fund is considered restricted because it can only be used to pay other postemployment benefit obligations. The following table illustrates the breakdown of Carolina County restricted cash.

Carolina County Restricted Cash

| | | |
|---------------------------------|---|---------------------|
| Governmental Activities | | |
| General Fund | Tax revaluation | \$ 751,887 |
| Opioid Settlement Fund | Unexpended settlement proceeds | \$ 290,000 |
| ARPA Fund | Unassigned proceeds | \$ 1,660,000 |
| Northwest Capital Projects Fund | Unexpended grant proceeds | 1,720 |
| School Capital Projects Fund | Unexpended Public School Building funds | 558,550 |
| Total Governmental Activities | | <u>\$ 3,262,157</u> |
| Business-Type Activities | | |
| Water and Sewer District No. 1 | | |
| | Unexpended bond proceeds | 1,053,536 |
| | Customer deposits | 4,169 |
| Water and Sewer District No. 2 | | |
| | Unexpended bond proceeds | 9,853 |
| | Customer deposits | 5,749 |
| Total Business-type Activities | | <u>\$ 1,073,307</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, 2020. 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. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

7. Inventories and Prepaid Items

The inventories of the County, the Hospital, and 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 County's enterprise funds as well as those of the Hospital and the ABC Board consists of materials and supplies held for consumption or resale and is reported at lower of cost or market.

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.

Prepaid items for the County's governmental funds are treated using the consumption method.

| |
|--|
| Note to preparer: If your unit is using the consumption method or purchases method of accounting for prepaid expenses, this will need to be disclosed here. |
|--|

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; computer software, \$5,000; and computer equipment, \$500. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The County holds title to certain Carolina 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 Carolina County Board of Education.

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

| | Years |
|----------------------------------|-------|
| Buildings | 50 |
| Plant and distribution systems | 40 |
| Infrastructure | 30 |
| Other improvements | 25 |
| Equipment and furniture | 10 |
| Vehicles and motorized equipment | 6 |
| Computer equipment | 3 |
| Computer software | 5 |

Note to Preparer: For more information, please refer to GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. Statement No. 51 requires internally generated/modified computer software to be capitalized. Like other internally generated intangible assets, computer software should be expensed until the requirements listed in paragraph 8 occur.

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 |
| Vehicles | 3 – 5 |
| Leasehold improvements | 10 – 20 |
| Computer equipment | 3 |

For the Hospital, depreciation is computed by the straight-line method over the estimated useful lives of the assets as follows:

| | <u>Years</u> |
|------------------------|--------------|
| Buildings | 20 |
| Equipment | 10 |
| Leasehold improvements | 10 – 20 |
| Computers | 3 |

9. Right to use assets

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

10. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has several items that meet this criterion - a charge on refunding, pension, and contributions made to the OPEB or pension plans in the current fiscal year. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has four items that meet the criterion for this category - prepaid taxes, taxes and special assessments receivable, leases, and other OPEB or pension related deferrals.

11. Long-term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the statements of net position.

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

12. Compensated Absences

The vacation policies of the County, the Hospital, and the TDA 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 fund, and Hospital statements as well as the government-wide financial statements of the TDA.

The sick leave policies of the County, the Hospital, and the TDA 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 Hospital or TDA has any obligation for accumulated sick leave until it is actually taken, no accruals for sick leave have been made.

13. Opioid Settlement Funds

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 \$290,000 as part of this settlement in Fiscal Year 2022. Per the terms of the MOA, the County created a special revenue fund, the Opioid Settlement Fund, to account for these funds. All funds are to be used for opioid abatement and remediation activities. Funds are restricted until expended. No funds have been expended as of June 30th, 2022. The MOA offered the County two options of expending the funds. The County opted for Option A, which allows the County to fund one or more high-impact strategies from a list of evidence-based strategies to combat the opioid epidemic.

Note to Preparer:

Guidance for allowable uses of Opioid Settlement Funds is available in the MOA which you may view at the following link <https://ncdoj.gov/wp-content/uploads/2021/04/Opioid-MOA.pdf>

Per the MOA, every Local Government receiving Opioid Settlement Funds shall create a separate special revenue fund.

There are two usage options the local government may select:

Option A: A list of 12 categories of evidence-based strategies to address the opioid epidemic. See the NC MOA Exhibit A for a current list of the high impact opioid abatement strategies.

Option B: A wider array of strategies to address the impact of the opioid epidemic. See the NC MOA Exhibit B for a current version of the Option B national strategy list.

The Grant and Project Ordinance allowed in § 159-13.2 will require a technical correction to allow for the Opioid Fund to be accounted for with a project ordinance since the funds are not from the federal or state level. The technical correction is pending at the date of publication.

14. Reimbursements for Pandemic-related Expenditures

In FY 2020/21, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for the eligible state, local, territorial, and tribal governments. The County was allocated \$4,200,000 of fiscal recovery funds to be paid in two equal installments. The first installment of \$2,100,000 was received in July 2021. The second installment will be received in July 2022. County staff and the Board of Commissioners have elected to use \$440,000 of the ARPA funds for premium pay. The County plans on using the rest of the funds for revenue replacement in Fiscal Year 2023. The \$440,000 used for premium pay was transferred to the General Fund from the ARPA Fund. Revenue replacement funds will be transferred to the appropriate funds once the intended use of the funds is determined.

Note to Preparer:

Throughout Carolina County the term “ARPA” or “ARP” is used for the funding from the federal program Coronavirus State Local Fiscal Recovery Funds (CSLFRF) (21.027). The way the funding has been discussed, ARPA and CSLFRF have been synonymous, but APRA has funded many new and existing programs. ARPA provided \$1.9 trillion of pandemic relief, and \$350 billion went to CSLFRF. NC Legislation has referred to the funds as State Fiscal Recovery Funds, and we have seen OSBM refer to them as Local Fiscal Recovery Funds.

It is recommended that ARPA funds are kept in a special revenue fund. ARPA revenues are unearned revenue until the Board determines their use. Once the use is determined the funds are then transferred to the appropriate fund before being expended. Once the use is determined it is considered earned revenue.

Transferred funds are treated as restricted cash on the fund statements until expended.

ARPA funds not encumbered by December 31st, 2024, or expended by December 31st, 2026, must be returned to the federal government.

See the UNC School of Government ARPA Blog Posts for additional information related to allowable uses. [American Rescue Plan \(ARPA\) Blog Posts – American Rescue Plan \(ARPA\) \(unc.edu\)](#)

Note to Preparer:

The North Carolina School of Government recommends the ARPA fund is reported as a major fund. In the 2023 illustrative financial statements, we follow the School of Government’s recommendation and present the ARPA fund as a major fund.

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.

Note to Preparer: Restricted and Committed section of fund balance must be listed by purpose - not by name of restriction. For example, “Restriction by Grants” should be labeled “Restriction for Public Safety.” The following disclosure for Restricted for Stabilization by State Statute has been expanded to comply with a GASB comment.

Restricted for Stabilization by State Statute - North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State Statute (RSS) is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as “restricted by State statute”. *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered

a resource upon which a restriction is “imposed by law through constitutional provisions or enabling legislation.” RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

Restricted for Register of Deeds - portion of fund balance that is restricted by revenue source to pay for the computer equipment and imaging technology for the Register of Deeds’ office.

Restricted for Fire Protection - portion of fund balance that is restricted by revenue source for fire protection expenditures.

Restricted for School Capital - portion of fund balance that can only be used for School Capital per G.S. 159-18-22.

Restricted for Health Services – portion of fund balance that can only be used to benefit beneficiaries under the Social Security’s Representative Payee Program.

Restricted for Education – portion of fund balance that is restricted for the Carolina County Board of Education.

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

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

Committed for LEO pension obligation – portion of fund balance that will be used for the Law Enforcement Officers’ Special Separation Allowance obligations.

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

Subsequent year’s expenditures - portion of fund balance that is appropriated in the next year’s budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to \$100,000.

Assigned for Recreation Capital - portion of fund balance that has been budgeted by the board for the construction of a new recreation center.

Assigned for Future School Capital - portion of fund balance that has been budgeted by the board for future school capital construction.

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

Carolina County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, state funds, local non-county funds, and county funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the County.

Note to Preparer: Units should modify this language so it will apply specifically to their Unit.

Carolina 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 8% of budgeted expenditures. Any portion of the General Fund balance in excess of 8% 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.

Note to Preparer: Units are not required to have a fund balance policy; however, if they do have a board approved fund balance policy it should be disclosed in the notes.

Used properly, a fund balance policy can help the unit establish the expectation and the foundation for the ongoing fiscal strength and guide the governing board and management as they make financial decisions. A General Fund minimum balance policy reflects the unit's commitment to continued fiscal strength and is favorably viewed by the three major credit rating agencies.

The fund balance policy language presented here for Carolina County is for illustrative purposes ONLY and should not be considered as a requirement. Units are **not** required to have a fund balance policy. However, if they do have a board approved fund balance policy, then it should be disclosed in the notes. For specific guidance on fund balance policy presentation, refer to GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

15. Defined Benefit Pension and OPEB 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 Registers of Deeds' Supplemental Pension Fund (RODSPF); the Law Enforcement Officers' Special Separation Allowance (LEOSSA) (collectively, the "state-administered defined benefit pension plans"); and one other postemployment benefit plan (OPEB), the Healthcare Benefits Plan (HCB). The Carolina County Tourism Development Authority also participates in the Local Governmental Employees' Retirement System (LGERS). 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 and TDA's employer contributions are recognized when due and the County and the TDA have a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the HCB and additions to/deductions from the HCB's fiduciary net position have been determined on the same basis as they are reported by the HCB. For this purpose, the HCB recognizes benefit payments when due and payable in accordance with the benefit terms. Investments for all plans are reported at fair value.

1) Reconciliation of Government-wide and Fund Financial Statements

1. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes a reconciliation between total fund balance for the governmental funds and net position for governmental activities as reported in the government-wide statement of net position. The net adjustment of \$1,322,027 consists of the following:

(continued on next page)

| | |
|--|---------------|
| Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds | \$ 22,563,895 |
| Less accumulated depreciation | (7,785,512) |
| Net capital assets | 14,778,383 |
| Right to use assets used in governmental activities are not financial resources and are therefore not reported in the funds | 279,755 |
| Less accumulated amortization | (22,996) |
| Net right to use assets | 256,759 |
| Net pension asset | 76,023 |
| Contributions to the pension plans in the current fiscal year | 1,221,075 |
| Benefit payments and pension administration costs for LEOSSA | 17,279 |
| Contributions to OPEB plan in the current fiscal year | 40,850 |
| Equity in joint venture recorded on government-wide statement of net position but not on fund statements because it is not a current financial source of funds | 8,932 |
| Deferred charges related to advance refunding bond issued - included on government-wide statement of net position but are not current financial resources | 292,500 |
| Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements | 329,219 |
| Deferred inflows of resources for taxes and special assessments receivable | 2,957,947 |
| Pension related deferrals | 2,943,078 |
| OPEB related deferrals | (516,747) |
| 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 | (12,751,539) |
| Compensated absences | (463,285) |
| Net OPEB liability | (1,400,640) |
| Net pension liability | (5,933,607) |
| Total Pension liability | (222,672) |
| Accrued interest payable | (311,528) |
| Total adjustment | \$ 1,322,027 |

2. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances for the governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. The total adjustment of \$(885,303) is comprised of the following:

(continued on next page)

| Description | Amount |
|--|--------------|
| Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities | \$ 1,276,370 |
| Cost of disposed capital asset not recorded in fund statements | (1,000) |
| Depreciation and amortization expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements. | (1,171,381) |
| New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities - it affects only the government-wide statement of net position | (4,844,755) |
| Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements | 3,929,219 |
| Expenses reported on fund statements that are capitalized on government-wide statements - refunding costs | 16,622 |
| Decrease in inventory expenses | 122,974 |
| Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities | 1,221,075 |
| Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position | 17,279 |
| Contributions to the OPEB plan are deferred outflows of resources on the Statement of Net Position | 40,850 |
| Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements. | |
| Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual) | (4,638) |
| Compensated absences | (87,925) |
| OPEB expense | (63,429) |
| Pension expense | (1,380,603) |
| Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements. | |
| Increase in value of investment in joint venture | 549 |
| Fair value of assets donated that is not recorded in the fund statements but is recorded in the government-wide statements | 37,500 |
| Increase in deferred inflows of resources - taxes receivable - at end of year | 7,858 |
| Increase in accrued taxes receivable at end of year | 2,322 |
| Current year collections of special assessments recorded as revenue in the fund statements this year but in the government-wide statements in the year they were assessed. | (4,190) |
| Total adjustment | \$ (885,303) |

II. Stewardship, Compliance, and Accountability

A. Significant Violations of Finance-Related Legal and Contractual Provisions

1. Noncompliance with North Carolina General Statutes

The County's repurchase agreement is not in accordance with NC G.S. 159-30(c)(12) which requires that the security be delivered to the County or its safekeeping agent other than the provider of the repurchase agreement and the security must be in the County's name. The underlying security is held by the financial institution providing the transaction and is not in the County's name. The County will establish a custodial agreement with a separate financial institution that will hold the security in the County's name.

Also, during the fiscal year, transfers were made from the General Fund to the Capital Reserve Fund (consolidated with the School Capital Project Fund) and the Revaluation Fund (consolidated with the General Fund). These transfers violated NC G.S. 159-28(b) because the transfers to the Capital Reserve Fund and the Revaluation Fund were in excess of the amounts appropriated in the budget ordinance. Subsequent to year-end, the budget was amended to include the total amounts transferred.

Note to preparer: Other significant instances of noncompliance with the fiscal and budgetary requirements of the General Statutes should be disclosed in this section. Items such as the following should be disclosed - failure to adopt an annual balanced budget for an enterprise fund, a less than \$50,000 performance bond for the Finance Officer, or material instances of budgetary noncompliance in any funds based on the legal level of budgetary control. A corrective action plan should be included for each statutory violation. Immaterial instances of noncompliance could be disclosed in the management letter.

2. Contractual Violations

Note to preparer: For those governmental units with outstanding revenue bonds, any failures of the unit to comply with reserve levels coverage ratio requirements or other terms of the bond documents should be disclosed here. Material contractual violations of lease arrangements or other contractual agreements should also be disclosed in this section. A corrective action plan should be included for each violation.

3. Deficit Fund Balance of Individual Funds not appropriated in subsequent year's budget ordinance

Note to preparer: Any individual funds with a deficit in fund balance should be disclosed along with the Units action to fund the deficit in the subsequent year as required by NC G.S.159-13(b)(2). *The full amount of any deficit in each fund shall be appropriated*

4. Excess of Expenditures over Appropriations

Note to preparer: Disclose any excess of expenditures over appropriations at the legal level of budgetary control and a corrective action plan for those individual funds that adopt annual budgets.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All the County's, the Hospital's, TDA'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 Hospital's, TDA'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 Hospital, the TDA and the ABC Board, these deposits are 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 Hospital, the TDA, the ABC Board, or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County, the Hospital, the TDA, or the ABC Board under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County, the Hospital, and the TDA rely on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The ABC Board has no formal policy regarding custodial credit risk for deposits.

Note to preparer: A county should disclose whether its Board of Commissioners has adopted a formal policy for any of the different deposit and investment risks it encounters. In addition, the county may include whether its management follows any internal practices to avoid applicable risks. Please see Memorandum #1056 for additional information. See *Note III.A.1* of City of Dogwood for an example of when no formal policy has been adopted, but there are internal management policies in place. See *Note III.A.1* of Carolina County Board of Education for an example of when neither a formal policy has been adopted, nor an internal management policy is followed.

At June 30, 2022, the County's deposits had a carrying amount of \$2,855,545 and a bank balance of \$3,002,094. Of the bank balance, \$500,000 was covered by federal depository insurance, \$1,350,145 was covered by collateral held under the Dedicated Method, and \$56,000 in non-interest-bearing deposits and \$1,095,950 in interest-bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2022, the Tourism Development Authority's deposits had a carrying amount of \$168,963 and a bank balance of \$204,532. All of the bank balance was covered by federal depository insurance.

At June 30, 2022, Carolina County had \$2,500 cash on hand.

At June 30, 2022, the carrying amount of deposits for Carolina County ABC Board was \$31,012 and the bank balance was \$50,000. All of the bank balance was covered by federal depository insurance.

At September 30, 2022, the Hospital's deposits had a balance of \$1,386,576 and a bank balance of \$1,802,852. Of the bank balance, \$300,000 was covered by federal depository insurance, \$74,263 was covered by collateral held under the Dedicated Method, and \$62,242 in non-interest-bearing deposits and \$1,360,347 in interest-bearing deposits were covered by collateral held under the Pooling Method.

2. Investments

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

| Investment Type | Valuation Measurement Method | Fair Value | Less Than 6 Months | 6-12 Months | 1 - 3 Years |
|--|------------------------------|--------------|--------------------|--------------|-------------|
| Repurchase Agreements | Cost | \$ 1,072,392 | \$1,072,392 | \$ - | \$ - |
| US Treasuries | Fair Value-Level 1 | 2,304,691 | 1,195,400 | 1,109,291 | - |
| US Government Agencies | Fair Value-Level 2 | 3,430,341 | - | 2,972,201 | 458,140 |
| Commercial Paper | Fair Value-Level 2 | 1,026,960 | 1,026,960 | - | - |
| NC Capital Management Trust-Government Portfolio | Fair Value-Level 1 | 1,846,220 | 1,846,220 | | |
| | | | | | |
| Total: | | \$ 9,680,604 | \$5,140,972 | \$ 4,081,492 | \$ 458,140 |

As of June 30, 2022, the Tourism Development Authority had the following investments and maturities.

| | | | Less Than | | |
|--|-------------------------------------|-------------------|------------------|--------------------|--------------------|
| Investment Type | Valuation Measurement Method | Fair Value | 6 Months | 6-12 Months | 1 - 3 Years |
| NC Capital Management Trust-Government Portfolio | Fair Value-Level 1 | \$ 520,559 | \$ 520,559 | | |
| Total: | | \$ 520,559 | \$ 520,559 | \$ - | \$ - |

Because the NCCMT Government Portfolio has 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 of the County and TDA are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level Two: Debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy limits at least half of the County's investment portfolio to maturities of less than 12 months. Also, the County's investment policy requires purchases of securities to be tiered with staggered maturity dates and limits all securities to a final maturity of no more than three years.

Credit Risk. The County and the TDA limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2021, the County's investments in commercial paper were rated P1 by Standard & Poor's, F1 by Fitch Ratings, and A1 by Moody's Investors Service. The County's and the TDA's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAA-mf by Standard & Poor's as of June 30, 2022. The County's investments in US Agencies (Federal Home Loan Bank) are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. The TDA has no policy on credit risk. These amounts are included within cash on the statement of net position.

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's \$1,072,392 investments in repurchase agreements are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department but not in the County's name. The County's formal policy indicates that the

County shall utilize a third-party custodial agent for book-entry transactions, all of which shall be a trust department authorized to do trust work in North Carolina who has an account with the Federal Reserve. Certificated securities shall be in the custody of the Director of Finance.

Note to preparer: Proceeds from installment financing held in escrow by a bank or its trust department will be a Category 3 investment if the trust department/escrow agent purchases and holds the securities, which is often common with these financing arrangements. This is not a new situation, but it will meet the exception standard of disclosing Category 3 investments for custodial credit risk.

Note to preparer: The reported value of local government mark to market investments may decline in value at the end of the fiscal period as a result of the recent rise in interest rates, therefore, negatively impacting the accounting measure "fund balance." Depending on the amount of unrealized investment losses in the adjustment to the market, local governments that invest could see cumulative investment losses for the fiscal year 2022. GASB Statement No. GASB 31 paragraph 13 may require the local government to include a note disclosure regarding unrealized mark to market losses.

Concentration of Credit Risk. The County places a limit of 10% on the amount that the County may invest in any one issuer of commercial paper or banker's acceptances. More than 5% of the County's investments are in Cargill Corporation's commercial paper and the Federal Home Loan Bank securities. These investments are 6% and 30.5%, respectively, of the County's total investments. The County has adopted a policy of maximum exposure of 60% in US Government Agencies.

Note to preparer: Concentration risk is only included if one of the issuers is 5% or greater of the total investment portfolio (excludes deposits). It should be omitted if no holdings meet the 5% rule. Governments should provide information about the concentration of credit risk associated with their investments by disclosing, by amount and issuer, investments in any one issuer that represent 5% or more of total investments. Investments issued or explicitly guaranteed by the U.S. government (United States Treasuries) and investments in mutual funds (NCCMT), and other pooled investments (STIF and Long-term Fund) are excluded from this requirement. Repurchase agreements are omitted because underlying securities (Treasuries and GNMA) are exempt. If the unit has a concentration of credit risk, then it will need to disclose whether it has a formal policy or internal management policy. For an example disclosure of an internal management practice without a formal Board-adopted policy see the City of Dogwood illustrative financial statements.

At June 30, 2022, the Carolina County Healthcare Benefits (HCB) Plan Fund had \$914,238 invested in the State Treasurer's Local Government Other Post-Employment Benefits (OPEB) Trust pursuant to G.S. 159-30.1. The State Treasurer's OPEB Trust may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the General Statutes. At year-end, the State Treasurer's OPEB Trust was invested as follows: State Treasurer's STIF ____%; State Treasurer's BIF ____% and BlackRock's MSCI ACWI EQ Index Non-Lendable Class

B Fund ____% (the equities were split with ____% in domestic securities and ____% in international securities).

Note to Preparer: Each Unit chooses its own % amounts for each of the available (AGPIP) investments in the State Treasurer's Local Government Other Post-Employment Benefits (OPEB) Trust. In the blank spaces above please enter your Unit's applicable percentages found in your Unit's individual report from the NC State Treasurer Investment management division.

Interest Rate Risk: The County does not have a formal investment interest rate policy that manages its exposure to fair value losses arising from increasing interest rates. The State Treasurer's STIF is unrated and had a weighted average maturity of __ years at June 30, 2022. The State Treasurer's BIF is unrated and had a weighted average maturity of __ years at June 30, 2022.

Note to Preparer: Memo # 2023-02 on the DST website will provide the weighted average maturities for the State Treasurer's Short-Term Investment Fund and Bond

Credit Risk: The County does not have a formal investment policy regarding credit risk for the HCB Plan Fund. The STIF is unrated and authorized under NC General Statute 147-69.1. The State Treasurer's STIF is invested in highly liquid fixed income securities consisting primarily of short to intermediate term treasuries, agencies, and money market instruments. The BIF is unrated and authorized under NC General Statutes 147-69.1 and 147-69.2. The State Treasurer's BIF is invested in high quality debt securities eligible under G.S. 147-69.2(b)(1)-(6).

Note to preparer: The three previous paragraphs should be included if a government has made contributions to the State OPEB Trust. If the government only had investments in the State OPEB Trust on the last day of the year and only in the STIF account, the paragraphs should be revised for only references to the STIF account.

At June 30, 2022, the ABC Board's investments consisted of \$281,226 in the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The ABC Board has no policy on credit risk.

At September 30, 2021, the Hospital's investments consisted of the following:

| Investment Type | Valuation Measurement Method | Fair Value | Less Than 1 Year | 2-3 Years | 4-7 Years |
|--|------------------------------|--------------|------------------|--------------|--------------|
| US Treasuries | Fair Value - Level 1 | \$ 6,640,702 | \$ 2,000,941 | \$ 3,081,260 | \$ 1,558,501 |
| US Government Agencies | Fair Value - Level 2 | 250,078 | - | 250,078 | - |
| NC Capital Management Trust- Government Portfolio | Fair Value - Level 1 | 527,685 | 527,685 | - | |
| NC Capital Management Trust- Total: | Fair Value - Level 1 | \$ 7,418,465 | \$ 2,528,626 | \$ 3,331,338 | \$ 1,558,501 |

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. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Hospital's investment policy limits at least 35% of the Hospital's investment portfolio to maturities of less than one year. Also, the Hospital's investment policy requires purchases of securities to be tiered with staggered maturity dates and limits all securities to a final maturity of no more than seven years.

Credit Risk. The Hospital's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of September 30, 2021. The Hospital's investments in US Government Agencies (Fannie Mae) are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. The Hospital has no policy on credit risk.

3. Property Tax - Use-Value Assessment on Certain Lands

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

| Year Levied | Tax | Interest | Total |
|----------------|-----------|----------|-----------|
| 2019 | \$ 12,676 | \$ 3,295 | \$ 15,971 |
| 2020 | 13,264 | 2,254 | 15,518 |
| 2021 | 13,711 | 1,096 | 14,807 |
| 2022 | 14,326 | - | 14,326 |
| Total | \$ 53,977 | \$ 6,645 | \$ 60,622 |

4. Receivables

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

| | Accounts | Taxes Receivable | Interest Receivable | Lease Receivable | Special Assessments | Total |
|---|------------|---------------------|------------------------|---------------------|------------------------|--------------|
| Governmental Activities: | | | | | | |
| General | \$ 879,789 | \$ 4,210,808 | \$ 329,219 | \$ 398,364 | \$ 34,039 | \$ 5,852,219 |
| Other Governmental | 11,780 | 5,824 | - | | - | 17,604 |
| Total receivables | 891,569 | 4,216,632 | 329,219 | 398,364 | 34,039 | 5,869,823 |
| Allowance for doubtful accounts | (168,800) | (1,425,294) | - | - | (5,206) | (1,599,300) |
| Total-governmental activities | \$ 722,769 | \$ 2,791,338 | \$ 329,219 | \$ 398,364 | \$ 28,833 | \$ 4,270,523 |
| Amounts not scheduled for collection during the subsequent year | \$ - | \$ - | \$ - | \$ - | \$ 28,000 | \$ 28,000 |
| Business-type Activities | | | | | | |
| Landfill | \$ 24,331 | \$ - | \$ - | \$ - | \$ - | \$ 24,331 |
| Water and Sewer | 77,571 | - | - | - | - | 77,571 |
| Total receivables | 101,902 | - | - | | - | 101,902 |
| Allowance for doubtful accounts | (2,094) | | - | - | - | (2,094) |
| Total - business-type activities | \$ 99,808 | \$ - | \$ - | \$ - | \$ - | \$ 99,808 |

In January 2022, the County entered into a lease with a local YMCA. Under the lease, the YMCA pays the County \$5,000 per month for 120 months in exchange for use of the County's parks and recreation facilities consisting of a swimming pool and gymnasium located adjacent to County Hall. There are no variable components in the lease. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 8%, which is the stated rate in the agreement.

In fiscal year 2022, the County recognized \$20,605 of lease revenue and \$16,257 of interest revenue under the lease.

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

| | |
|--------------------------|--------------------|
| Local option sales tax | \$3,001,321 |
| White goods disposal tax | 53,498 |
| Scrap tire tax | <u>199,981</u> |
| Total | <u>\$3,254,800</u> |

The Hospital's accounts receivable is presented net of the allowance for uncollectible accounts of \$2,388,192.

The Tourism Development Authority's receivables consist of occupancy taxes from local hotels of \$34,441 and sales tax refunds of \$2,083 due from the North Carolina Department of Revenue. Management expects all accounts receivable to be collected; therefore, no allowance for doubtful accounts has been recorded.

(continued on next page)

5. Capital Assets

Primary Government

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

| | Beginning Balances | Increases | Decreases | Ending Balances |
|--|-----------------------|-----------|-----------|----------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 1,795,206 | \$ 37,500 | \$ 1,000 | \$ 1,831,706 |
| Construction in progress | 294,467 | 146,096 | - | 440,563 |
| Total capital assets not being depreciated | 2,089,673 | 183,596 | 1,000 | 2,272,269 |
| Capital assets being depreciated: | | | | |
| Buildings | 14,513,340 | 92,650 | - | 14,605,990 |
| Other improvements | 1,382,098 | 43,000 | 9,150 | 1,415,948 |
| Infrastructure | 1,040,672 | - | - | 1,040,672 |
| Equipment and furniture | 1,861,318 | 546,307 | 125,058 | 2,282,567 |
| Computer Software | 5,000 | - | - | 5,000 |
| Computer equipment | 100,000 | - | 6,721 | 93,279 |
| Vehicles and motorized equipment | 682,247 | 168,562 | 2,639 | 848,170 |
| Total capital assets being depreciated | 19,584,675 | 850,519 | 143,568 | 20,291,626 |
| Less accumulated depreciation for: | | | | |
| Buildings | 4,355,382 | 725,792 | - | 5,081,174 |
| Other improvements | 442,271 | 92,600 | 9,150 | 525,721 |
| Infrastructure | 312,016 | 26,017 | - | 338,033 |
| Equipment and furniture | 1,209,839 | 161,652 | 131,251 | 1,240,240 |
| Computer Software | 120 | 125 | - | 245 |
| Computer equipment | 65,018 | 14,480 | 528 | 78,970 |
| Vehicles and motorized equipment | 396,049 | 127,719 | 2,639 | 521,129 |
| Total accumulated depreciation | 6,780,695 | 1,148,385 | 143,568 | 7,785,512 |
| Total capital assets being depreciated, net | 12,803,980 | | | 12,506,114 |
| Governmental activity capital assets, net | \$ 14,893,653 | | | \$ 14,778,383 |

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

| | |
|-----------------------------------|---------------------|
| General government | \$ 327,528 |
| Public safety | 400,312 |
| Transportation | - |
| Economic and physical development | 8,006 |
| Human services | 405,649 |
| Cultural and recreational | 71,571 |
| Total depreciation expense | <u>\$ 1,213,066</u> |

| | Beginning Balances | Increases | Decreases | Ending Balances |
|--|-----------------------|-----------|-----------|---------------------|
| Business-type activities: | | | | |
| Landfill | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 216,500 | \$ - | \$ - | \$ 216,500 |
| Capital assets being depreciated: | | | | |
| Plant and distribution systems | 2,214,441 | 46,559 | - | 2,261,000 |
| Furniture and maintenance equipment | 62,177 | - | - | 62,177 |
| Vehicles | 70,270 | - | - | 70,270 |
| Total capital assets being depreciated | 2,346,888 | 46,559 | - | 2,393,447 |
| Less accumulated depreciation for: | | | | |
| Plant and distribution systems | 626,795 | 46,724 | - | 673,519 |
| Furniture and maintenance equipment | 19,294 | 1,507 | - | 20,801 |
| Vehicles | 28,116 | 2,010 | - | 30,126 |
| Total accumulated depreciation | 674,205 | \$ 50,241 | \$ - | 724,446 |
| Total capital assets being depreciated, net | 1,672,683 | | | 1,669,001 |
| Landfill capital assets, net | 1,889,183 | | | 1,885,501 |
| Water and Sewer District- No. 1 | | | | |
| Capital assets not being depreciated: | | | | |
| Land | 110,000 | - | - | 110,000 |
| Construction in progress | - | 419,653 | - | 419,653 |
| Total capital assets not being depreciated | 110,000 | 419,653 | - | 529,653 |
| Capital assets being depreciated: | | | | |
| Plant and distribution systems | 6,889,554 | 628,675 | - | 7,518,229 |
| Equipment and furniture | 135,200 | - | - | 135,200 |
| Vehicles and motorized equipment | 103,200 | - | - | 103,200 |
| Total capital assets being depreciated | 7,127,954 | 628,675 | - | 7,756,629 |
| Less accumulated depreciation for: | | | | |
| Plant and distribution systems | 1,812,114 | 188,905 | - | 2,001,019 |
| Equipment and furniture | 47,072 | 6,028 | - | 53,100 |
| Vehicles and motorized equipment | 66,570 | 6,030 | - | 72,600 |
| Total accumulated depreciation | 1,925,756 | 200,963 | - | 2,126,719 |
| Total capital assets being depreciated, net | 5,202,198 | | | 5,629,910 |
| Water and Sewer District- No. 1 capital assets, net | 5,312,198 | | | 6,159,563 |
| Water and Sewer District- No. 2 | | | | |
| Capital assets not being depreciated: | | | | |
| Construction in progress | - | 295,896 | - | 295,896 |
| Total capital assets not being depreciated | - | 295,896 | - | 295,896 |
| Water and Sewer District- No. 2 capital assets, net | - | | | 295,896 |
| Business-type activities capital assets, net | \$ 7,201,381 | | | \$ 8,340,960 |

Note to preparer: The requirements of GASBS 89 *Accounting for Interest Cost Incurred before the end of the Construction Period*, are effective for reporting periods beginning after December 15, 2019.

Construction commitments

The government has active construction projects as of June 30, 2022. The projects include the Northwest project that includes park renovations and an outdoor theatre, school construction, and water district projects. At June 30, 2022, the government's commitments with contractors are as follows:

| Project | Spent-to-date | Remaining Commitment |
|------------------------|---------------------|-------------------------|
| Northwest | \$ 457,983 | \$ 528,717 |
| School construction | 1,700,600 | 4,437,950 |
| Water district - No. 1 | 2,452,049 | 1,937,951 |
| Water district - No. 2 | 295,896 | 604,104 |
| Total | <u>\$ 4,906,528</u> | <u>\$ 7,508,722</u> |

Discretely presented component units:

Activity for the ABC Board for the year ended June 30, 2022, was as follows:

| | Beginning Balances | Increases | Decreases | Ending Balances |
|--|-----------------------|---------------|-----------|--------------------|
| Capital assets being depreciated: | | | | |
| Buildings | \$ 135,950 | \$ - | \$ - | \$ 135,950 |
| Furniture and equipment | 11,000 | - | - | 11,000 |
| Vehicles | 65,000 | - | - | 65,000 |
| Leasehold improvements | 1,750 | - | - | 1,750 |
| Computer equipment | 11,414 | 4,536 | - | 15,950 |
| Total capital assets being depreciated | <u>225,114</u> | <u>4,536</u> | <u>-</u> | <u>229,650</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 103,162 | 2,500 | - | 105,662 |
| Furniture and equipment | 5,838 | 1,275 | - | 7,113 |
| Vehicles | 16,266 | 3,234 | - | 19,500 |
| Computer equipment | 5,684 | 4,316 | - | 10,000 |
| Total accumulated depreciation | <u>130,950</u> | <u>11,325</u> | <u>-</u> | <u>142,275</u> |
| ABC capital assets, net | <u>\$ 94,164</u> | | | <u>\$ 87,375</u> |

Capital Asset activity for the Carolina County Hospital for the year ended September 30, 2021, was as follows:

| | Beginning Balances | Increases | Decreases | Ending Balances |
|--|-----------------------|-----------|-----------|--------------------|
| Capital assets not being depreciated: | | | | |
| Land and improvements | \$ 1,305,643 | \$ - | \$ - | \$ 1,305,643 |
| Construction in progress | - | 2,057,949 | - | 2,057,949 |
| Total capital assets not being depreciated | 1,305,643 | 2,057,949 | - | 3,363,592 |
| Capital assets being depreciated: | | | | |
| Buildings | 12,754,905 | - | - | 12,754,905 |
| Leasehold improvements | 732,317 | - | - | 732,317 |
| Computers | 894,870 | 135,056 | - | 1,029,926 |
| Equipment | 15,821,033 | 2,566,067 | - | 18,387,100 |
| Total capital assets being depreciated | 30,203,125 | 2,701,123 | - | 32,904,248 |
| Less accumulated depreciation for: | | | | |
| Buildings | 4,109,782 | 772,757 | - | 4,882,539 |
| Leasehold improvements | 216,304 | 40,672 | - | 256,976 |
| Computers | 324,457 | 61,007 | - | 385,464 |
| Equipment | 5,919,222 | 1,220,144 | - | 7,139,366 |
| Total accumulated depreciation | 10,569,765 | 2,094,580 | - | 12,664,345 |
| Total capital assets being depreciated, net | 19,633,360 | | | 20,239,903 |
| Carolina County Hospital capital assets, net | \$ 20,939,003 | | | \$ 23,603,495 |

6. Right to Use Leased Assets

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

Right to use asset activity for the Primary Government for the year ended June 30, 2022, was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|------------------------------------|----------------------|------------|-----------|-------------------|
| Right to use assets | | | | |
| Leased vehicles | \$ - | \$ 179,755 | \$ - | \$ 179,755 |
| Leased computer equipment | - | 100,000 | - | 100,000 |
| Total right to use assets | - | 279,755 | - | 279,755 |
| Less accumulated amortization for: | | | | |
| Leased vehicles | - | 2,999 | - | 2,999 |
| Leased computer equipment | - | 20,000 | - | 20,000 |
| Total accumulated amortization | - | 22,999 | - | 22,999 |
| Right to use assets, net | \$ - | \$ 256,756 | \$ - | \$ 256,756 |

B. Liabilities

1. Payables

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

| | Vendors | Other | Total |
|----------------------------------|--------------|------------|--------------|
| Governmental Activities: | | | |
| General | \$ 3,242,952 | \$ 629,712 | \$ 3,872,664 |
| Other Governmental | 13,346 | - | 13,346 |
| Total-governmental activities | \$ 3,256,298 | \$ 629,712 | \$ 3,886,010 |
| Business-type Activities | | | |
| Landfill | \$ 2,456 | \$ - | \$ 2,456 |
| Water and Sewer District- No. 1 | 23,668 | - | 23,668 |
| Water and Sewer District- No. 2 | 1,148 | - | 1,148 |
| Total - business-type activities | \$ 27,272 | \$ - | \$ 27,272 |

As of June 30, 2022, the Tourism Development Authority's payables consisted of vendor payables.

2. Pension Plan and Other Postemployment Obligations

Note to Preparer:

The financial statement amounts for the pension liability and OPEB liability / asset presented in the updated fiscal year-end 2022 illustrative statements were not changed from the amounts presented in the prior fiscal year. Since both the pension and OPEB GASB statements were implemented and updated in the illustrated statements at least two years ago, financial statement preparers should have now had experience with them. LGC Staff is reverting to our historical practice of only changing amounts in the illustrative statements that are the result of any new accounting and reporting changes required for FYE 2022.

Conversion workbooks were updated to include the current fiscal year-end Pension and OPEB data. The pension data used in development of the updated conversion workbooks was from the LGERS, ROD & TSERS JE Templates that are all available on the NC DST [Financial Statement Resources](#) listed by each Unit Type under Pension Resources. The Firefighters' and Rescue Squad Workers' Pension Fund disclosure amounts should be updated based on [Memorandum #2023-01](#) on the DST website.

a. Local Governmental Employees' Retirement System

Plan Description. The County, the Hospital and the TDA are participating employers in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the

line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's, Hospital's and TDA's contractually required contribution rate for the year ended June 30, 2022, was 13.04% of compensation for law enforcement officers and 12.10% 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 \$1,285,342 for the year ended June 30, 2022. Contributions to the pension plan from the Hospital were \$1,500,000 for the same period. Contributions to the pension plan from the TDA were \$14,226.

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

Please see the separately issued financial report of Carolina County Hospital for a complete description of the Hospital pension plan.

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

County

At June 30, 2022, the County reported a liability of \$6,245,902 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021, utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2022, the County's proportion was .263% (measured as of June 30, 2021), which was a decrease of .0025% from its proportion as of June 30, 2021 (measured as of June 30, 2020).

For the year ended June 30, 2022, the County recognized pension expense of \$1,746,027. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ 963,594 | \$ 32,333 |
| Changes of assumptions | 1,657,421 | - |
| Net difference between projected and actual earnings on pension plan investments | 857,376 | - |
| Changes in proportion and differences between County contributions and proportionate share of contributions | 84,751 | 109,908 |
| County contributions subsequent to the measurement date | 1,285,342 | - |
| Total | <u>\$ 4,848,484</u> | <u>\$ 142,241</u> |

\$1,083,544 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

| | |
|------------|---------------------|
| 2022 | \$ 1,083,544 |
| 2023 | 203,687 |
| 2024 | 475,188 |
| 2025 | - |
| 2026 | - |
| Thereafter | - |
| | <u>\$ 1,762,419</u> |

Carolina County Hospital

At September 30, 2021, the Hospital reported a liability of \$1,526,802 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021, utilizing update procedures incorporating the actuarial assumptions. The Hospital's proportion of the net pension liability was based on a projection of the Hospital'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 September 30, 2021, the Hospital's proportion was .340%, which was a decrease of .026% from its proportion measured as of June 30, 2020.

For the year ended September 30, 2021, the Hospital recognized pension expense of \$818,899. At September 30, 2021, the Hospital 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 | \$ - | \$ 358,884 |
| Net difference between projected and actual earnings on pension plan investments | - | 434,674 |
| Changes in proportion and differences between County contributions and proportionate share of contributions | 45,251 | 185,658 |
| County contributions subsequent to the measurement date | 375,000 | - |
| Total | <u>\$ 420,251</u> | <u>\$ 979,216</u> |

\$375,000 reported as deferred outflows of resources related to pensions resulting from Hospital contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended September 30: | | |
|---------------------------------|--|---------------------|
| 2022 | | \$ (539,939) |
| 2023 | | (539,939) |
| 2024 | | (539,941) |
| 2025 | | 685,454 |
| 2026 | | - |
| Thereafter | | - |
| | | <u>\$ (934,365)</u> |

Tourism Development Authority

At June 30, 2022, the TDA reported a liability of \$42,565 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021, utilizing update procedures incorporating the actuarial assumptions. The TDA's proportion of the net pension liability was based on a projection of the TDA'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 TDA's proportion was .053% (measured as of June 30, 2020), which was a decrease of .0027% from its proportion as of June 30, 2021 (measured as of June 30, 2020).

For the year ended June 30, 2022, the TDA recognized pension expense of \$24,045. At June 30, 2022, the TDA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ 1,475 | \$ 1,523 |
| Changes of assumptions | 6,952 | - |
| Net difference between projected and actual earnings on pension plan investments | 1,655 | - |
| Changes in proportion and differences between County contributions and proportionate share of contributions | 4,788 | 3,049 |
| County contributions subsequent to the measurement date | 8,672 | - |
| Total | <u>\$ 23,542</u> | <u>\$ 4,572</u> |

\$8,672 reported as deferred outflows of resources related to pensions resulting from the TDA's contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

| | |
|------------|------------------|
| 2022 | \$ 2,574 |
| 2023 | 2,574 |
| 2024 | 2,575 |
| 2025 | 2,575 |
| 2026 | - |
| Thereafter | - |
| | <u>\$ 10,298</u> |

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

| | |
|---------------------------|---|
| Inflation | 3.0 percent |
| Salary increases | 3.50 percent |
| Investment rate of return | 7.00 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 officer) and health status (i.e., disabled, and healthy). The current mortality rates are based on published tables and based on studies that cover

significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022, are summarized in the following table:

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

The information above is based on 30-year expectations developed with the consulting actuary for the 2016 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. 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 liability to changes in the discount rate. The following presents the County's, Hospital's and the TDA's proportionate shares of the net pension liability calculated using the discount rate of 7.00 percent, as well as what their proportionate shares of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

| | <u>1% Decrease (6.00%)</u> | <u>Discount Rate (7.00%)</u> | <u>1% Increase (8.00%)</u> |
|--|--------------------------------|----------------------------------|--------------------------------|
| County's proportionate share of the net pension liability (asset) | \$ 15,003,198 | \$ 6,245,902 | \$ (1,071,831) |
| Hospital's proportionate share of the net pension liability (asset) | \$10,646,568 | \$ 1,526,797 | \$ (6,156,408) |
| Tourism Development Authority's proportionate share of the net pension liability (asset) | \$97,354 | \$ 42,565 | \$ (2,975) |

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

Note to preparer: Notes for the Law Enforcement Officers' Special Separation Allowance should be based on data specific to your unit. Assumptions, measurement dates, and other information requiring disclosure will not be uniform across all units in the state. Please refer to your actuarial valuation report for specifics for your LEOSA note and to GASB Statement No. 73 for specific disclosure requirements.

1. Plan Description.

Carolina County administers a public employee retirement system (the *Separation Allowance*), a single employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the

authority to establish and amend benefit provisions to the North Carolina General Assembly.

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

| | |
|--|------------|
| Retirees receiving benefits | 9 |
| Terminated plan members entitled to but not yet receiving benefits | 1 |
| Active plan members | <u>125</u> |
| Total | <u>135</u> |

2. Summary of Significant Accounting Policies:

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

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

3. Actuarial Assumptions

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

| | |
|------------------|--------------------------------------|
| Inflation | 2.5 percent per annum. |
| Salary increases | 3.254% per annum. |
| Discount rate | 6.50% per annum, compounded annually |

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

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

Mortality Rate

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

Deaths After Retirement (Disabled): Mortality rates are based on the RP-2014 Total Data

Set for Disabled Annuitants Mortality Table. Rates for male members are multiplied by 103% for all ages. Rates for female members are multiplied by 99% for all ages.

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

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

3. Contributions.

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$16,272 as benefits came due for the reporting period.

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

At June 30, 2022, the County reported a total pension liability of \$222,672. The total pension liability was measured as of June 30, 2021, based on a December 31, 2020, actuarial valuation. The total pension liability was rolled forward to the measurement date of June 30, 2021, utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the County recognized pension expense of \$16,153.

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ 1,560 | \$ - |
| Changes of assumptions | - | 5,459 |
| County benefit payments and admin expenditures paid subsequent to the measurement date | 17,279 | - |
| Total | <u>\$ 18,839</u> | <u>\$ 5,459</u> |

The County paid \$17,279 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | | |
|----------------------------|--|-------------------|
| 2023 | | \$ (1,300) |
| 2024 | | (1,300) |
| 2025 | | (1,299) |
| 2026 | | - |
| 2027 | | - |
| Thereafter | | - |
| | | <u>\$ (3,899)</u> |

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 2.79 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.79 percent) or 1-percentage-point higher (3.79 percent) than the current rate:

| | 1% Decrease (1.79%) | Discount Rate (2.79%) | 1% Increase (3.79%) |
|-------------------------|--------------------------------|----------------------------------|--------------------------------|
| Total pension liability | <u>\$ 239,077</u> | <u>\$ 222,672</u> | <u>\$ 207,609</u> |

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

| | 2022 |
|--|-------------------|
| Beginning balance | \$ 218,891 |
| Service Cost | 7,197 |
| Interest on the total pension liability | 6,822 |
| Changes of benefit terms | - |
| Differences between expected and actual experience in the measurement of the total pension liability | 907 |
| Changes of assumptions or other inputs | 5,127 |
| Benefit payments | (16,272) |
| Other changes | - |
| Ending balance of the total pension liability | <u>\$ 222,672</u> |

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 2.79 percent at June 30, 2020 (measurement date) to 2.79 percent at June 30, 2021 (measurement date).

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

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

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

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan.

The County contributed \$20,000 for the reporting year. No amounts were forfeited.

Note to preparer: If a local government or public authority has elected to contribute to the Supplemental Retirement Income Plan for general employees as well as for law enforcement officers, that information should be disclosed here.

d. Registers of Deeds' Supplemental Pension Fund

Plan Description. Carolina 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 Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing

to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on at least 10 years of service as a register of deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$4,000 for the year ended June 30, 2022.

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

At June 30, 2022, the County reported an asset of \$76,023 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021, utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2021, the County's proportion was 0.46%, which was a decrease of .004% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2020, the County recognized pension expense of \$12,186. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ 664 | \$ 3,220 |
| Changes of assumptions | 9,534 | - |
| Net difference between projected and actual earnings on pension plan investments | 5,512 | - |
| Changes in proportion and differences between County contributions and proportionate share of contributions | 387 | 1,715 |
| County contributions subsequent to the measurement date | 4,000 | - |
| Total | <u>\$ 20,097</u> | <u>\$ 4,935</u> |

\$4,000 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, 2023.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| | | |
|-------------------------|--|------------------|
| For year ended June 30: | | |
| 2023 | | \$ 5,157 |
| 2024 | | 642 |
| 2025 | | 3,571 |
| 2026 | | 1,792 |
| 2027 | | |
| Thereafter | | - |
| | | <u>\$ 11,162</u> |

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

| | |
|---------------------------|---|
| Inflation | 3.0 percent |
| Salary increases | 3.50 to 7.75 percent, including inflation and productivity factor |
| Investment rate of return | 3.75 percent, net of pension plan investment expense, including inflation |

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2022, is 1.4%.

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

Discount rate. The discount rate used to measure the total pension liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that System contributions will continue to follow the current funding policy. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County’s proportionate share of the net pension asset to changes in the discount rate. The following presents the County’s proportionate share of the net pension asset calculated using the discount rate of 3.75 percent, as well as what the County’s proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

| | 1% Decrease (2.75%) | Discount Rate (3.75%) | 1% Increase (4.75%) |
|--|------------------------------------|--------------------------------------|------------------------------------|
| County's proportionate share of the net pension liability (asset) | \$ (59,940) | \$ (76,023) | \$ (89,586) |

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

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

The net pension liability (asset) for LGERS and ROD was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2020. The total pension liability for LEOSA was measured as of June 30, 2021, with an actuarial valuation date of December 31, 2020.

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

| | <u>LGERS</u> | <u>ROD</u> | <u>LEOSSA</u> | <u>Total</u> |
|--|--------------|-------------|---------------|--------------|
| Proportionate Share of Net Pension Liability (Asset) | \$ 6,245,902 | \$ (76,023) | na | \$ 6,169,879 |
| Proportion of the Net Pension Liability (Asset) | 0.26328% | (0.4589%) | n/a | |
| Total Pension Liability | - | - | \$ 222,672 | \$ 222,672 |
| Pension Expense | \$ 1,746,027 | \$ 12,186 | \$ 16,153 | \$ 1,774,366 |

At June 30, **2022**, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>LGERS</u> | <u>ROD</u> | <u>LEOSSA</u> | <u>Total</u> |
|--|--------------|------------|---------------|--------------|
| <u>Deferred Outflows of Resources</u> | | | | |
| Differences between expected and actual experience | \$ 963,594 | \$ 664 | \$ 1,560 | \$ 965,818 |
| Changes of assumptions | 1,657,421 | 9,534 | - | 1,666,955 |
| Net difference between projected and actual earnings on pension plan investments | 857,376 | 5,512 | - | 862,888 |
| Changes in proportion and differences between County contributions and proportionate share of contributions | 84,751 | 387 | - | 85,138 |
| County contributions (LGERS,ROD)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date | 1,285,342 | 4,000 | 17,279 | 1,306,621 |
| <u>Deferred Inflows of Resources</u> | | | | - |
| Differences between expected and actual experience | \$ 32,333 | \$ 3,220 | \$ - | \$ 35,553 |
| Changes of assumptions | - | - | 5,460 | 5,460 |
| Changes in proportion and differences between County contributions and proportionate share of contributions | 109,908 | 1,715 | - | 111,623 |

f. Other Postemployment Benefit

Note to preparer: Notes for the OPEB plan should be based on data specific to your unit. Assumptions, measurement dates, and other information requiring disclosure will not be uniform across all units in the state. Please refer to GASB Statement No. 75 for specific disclosure requirements. If the plan issues a separate, stand-alone report, GASB Statement No. 75 disclosures are not required to be presented here and information indicating where and how that report is available should be disclosed.

Please note that disclosures for both the plan and employer reporting have been included and that there are different measurement dates for each. Please ensure that note disclosures in your audit report should reflect details that are provided in your valuation and are specific to your plan. If the plan issues a stand-alone report, plan disclosures are not required.

Note to preparer: The following note disclosure presents Carolina County's partially funded healthcare benefits postemployment benefit plan. Each local government has unique parameters, based on its Board-approved benefits; the participation by its members; the plan's funding; etc. Therefore, it must be tailored for the unique criteria of each local government's plan. Please note if your funding is in a pool not registered with the SEC (i.e., the State Treasurer OPEB Fund), you must disclose in your accounting policies for Deposits and Investments a brief description of any regulatory oversight for the pool and whether the fair value of the position in the pool is the same as the value of pool shares. See page 68 for an example.

Units that pay-as-you-go calculated by a professional actuary should use the format as presented in the City of Dogwood's note disclosures. Units that pay-as-you-go calculated by the alternative method should consult [GASB Statement No. 75's Illustration 5](#). Please note that fiduciary statements will not be applicable under the pay-as-you-go method.

Plan Description

Note to preparer: The measurement dates for the plan and the employer are June 30, **2022**, and June 30, **2021**, respectively. If a stand-alone report is issued, plan disclosures need not be included in the employer's report.

Plan Administration. Under a County resolution, Carolina County administers the Healthcare Benefits Plan (HCB Plan), single employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least ten years of creditable service with the County. Retirees hired prior to July 1, 2007, receive the same benefits as active employees. The HCB Plan is

available to qualified retirees until the age of 65 or until Medicare eligible, whichever is sooner. As of July 1, 2007, the plan has been closed to new entrants. The plan, which has a June 30, 2022, year-end, does not issue a stand-alone report. Management of the HCB Plan is vested in the Carolina County Board of Commissioners.

Plan membership. At June 30, 2021, and June 30, 2022, the HCB Plan membership consisted of the following:

| | 2021 | 2022 |
|---|------|------|
| Inactive plan members or beneficiaries currently receiving benefit payments | 24 | 22 |
| Inactive plan members entitled to but not yet receiving benefit payments | 4 | 4 |
| Active plan members | 54 | 54 |
| | 82 | 80 |

Benefits provided. The HCB Plan provides healthcare benefits for retirees. The County pays a percentage of the cost of coverage for employees' benefits through private insurers. Employees hired on or after July 1, 2007, are required to participate in a Retirement Health Savings Plan (RHSP) which provides a means for employees to save money for future withdrawals to pay qualified health care expenses.

Note to preparer: Please include specific details regarding who is and who is not covered under the plan, any employer cap to contributions, when or if Medicare assumes coverage, what benefits are included, etc.

Contributions. The Board of Commissioners established the contribution requirements of plan members which may be amended by the Board. The Board establishes rates based on an actuarially determined rate. For the years ended June 30, 2021, and June 30, 2022, The County contributed \$800 per active employee. Plan members contribute to the plan based on number of years of creditable service. The County's contribution is dependent on the employee's number of years of creditable service. Retirees pay a monthly premium of \$350 with up to ten years of creditable service and \$175 with ten to twenty years of creditable service. Retirees with more than twenty years of creditable service do not contribute to the plan. The Board of Commissioners may amend the benefit provisions.

| County Contributions to HCB Plan based on years of creditable service | | |
|---|------------------|--------------------------|
| Years of Creditable Service | Date Hired | |
| | Pre-July 1, 2007 | On or after July 1, 2007 |
| Less than 10 years | 0% | 0% |
| 10-20 | 50% | 0% |
| 20+ | 100% | 0% |

Per a County resolution, the County is required to contribute the projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined

annually by the Board. For the current year, the County contributed \$43,000. The Fund is accounted for as a trust fund.

Investments

Investment policy. The HCB Plan’s policy regarding the allocation of invested assets is established and may be amended by the Board of Commissioners by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The HCB Plan’s discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. Investments are valued at fair value. The following was the Board’s adopted asset allocation policy and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2021, and June 30, 2022:



| Asset Class | Target Allocation | | Long-Term Expected Real Rate of Return | |
|---------------|-------------------|-------|--|------|
| | 2022 | 2021 | 2022 | 2021 |
| Fixed Income | 0.0% | 24.0% | 0.0% | 1.4% |
| Global Equity | 0.0% | 76.0% | 0.0% | 5.3% |
| Total | 0% | 100% | | |

Rate of return. For the years ended June 30, 2022, and June 30, 2021, the annual money weighted rate of return on investments, net of investment expense, was 4.0 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The components of the net OPEB liability of the County at June 30, 2022, were as follows:

| | |
|---|--------------|
| Total OPEB liability | \$ 2,534,778 |
| Plan fiduciary net position | 914,238 |
| County's net OPEB liability | 1,620,540 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 36.07% |

Actuarial assumptions. The total OPEB liability was determined by actuarial valuations as of December 31, 2020, and December 31, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|---------------------------|--|
| Inflation | 3.00 percent |
| Salary increases | 3.50 to 5.50 percent, including inflation and productivity factor |
| Investment rate of return | 7.00 percent, net of OPEB plan investment expense, including inflation |

Healthcare cost trend rates 6.25 percent for 2021 decreasing 0.25 percent each year for the next 5 years to 5 percent in 2025

Total OPEB liabilities were rolled forward to June 30, 2021, and June 30, 2022, for the employer and the plan, respectively, utilizing update procedures incorporating the actuarial assumptions.

Mortality rates were based on the RP-2014 Healthy Annuitant base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. For general employees, rates are adjusted by 108% (male) and 81% (female) for ages under 78 and by 124% (male) and 113% (female) for age 78 and older. For law enforcement officers, rates are adjusted by 100% for males and 100% for females.

The actuarial assumptions used in the December 31, 2020, and December 31, 2021, valuations were based on the results of an actuarial experience study for the period 2010-2014.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the major target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30 are presented above.

Discount rate. The discount rate used to measure the total OPEB liability at June 30, 2022, was 6.50 percent which was a change from the discount rate of 3.87 percent at June 30, 2021. However, because the OPEB plan's fiduciary net position was not projected to be sufficient to make all future benefit payments, the discount rate incorporates a municipal bond rate which was 2.79 percent at June 30, 2022, per the S&P Municipal Bond 20 Year High Grade Rate Index. As of June 30, 2021, the S&P Municipal Bond 20 Year High Grade rate was 2.98 percent.

Sensitivity of the net OPEB liability to changes in the discount rate.

At June 30, 2022, the following represents the net OPEB liability of the County as well as what the County's net OPEB 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 discount rate:

| | 1% Decrease (5.50 percent) | Discount Rate (6.50 percent) | 1% Increase (7.50 percent) |
|----------------------------|-------------------------------|---------------------------------|-------------------------------|
| Net OPEB liability (asset) | \$ 1,933,211 | \$ 1,620,540 | \$ 1,372,547 |

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.

The following presents the net OPEB liability of the County at June 30, 2022, as well as what the County's net OPEB liability would be if it were to calculate healthcare cost trend rates that are 1-percentage-point lower (5.5 percent decreasing to 5 percent) or 1-percentage-point higher (7.5 percent decreasing to 5 percent) than the current healthcare cost trend rate:

| | 1% Decrease (5.5 percent decreasing to 5 percent) | Healthcare Cost Trend Rate (6.5 percent decreasing to 5 percent) | 1% Increase (7.5 percent decreasing to 5 percent) |
|----------------------------|--|---|--|
| Net OPEB liability (asset) | \$ 1,323,832 | \$ 1,620,540 | \$ 2,014,903 |

Changes in Net OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2021, the County reported a net OPEB liability of \$1,620,540. The total OPEB liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021, utilizing update procedures incorporating the actuarial assumptions.

At June 30, 2022, the components of the net OPEB liability of the County, measured as of June 30, 2021, were as follows:

| | Increase (Decrease) | | |
|---|--------------------------------|---------------------------------------|----------------------------------|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a)-(b) |
| Balances at June 30, 2021 | \$ 2,392,898 | \$ 918,540 | \$ 1,474,358 |
| Changes for the Year: | | | - |
| Service Cost | 34,270 | - | 34,270 |
| Interest | 36,032 | - | 36,032 |
| Differences between Expected and Actual experience | (200,000) | - | (200,000) |
| Changes of assumptions | 321,927 | - | 321,927 |
| Contributions | | 43,000 | (43,000) |
| Net Investment Income | | 3,047 | (3,047) |
| Benefit Payments | (50,349) | (50,349) | - |
| Net Changes | 141,880 | (4,302) | 146,182 |
| Balances at June 30, 2022 | \$ 2,534,778 | \$ 914,238 | \$ 1,620,540 |

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.87 percent in 2020 to 6.50 percent in 2021. Medical claims cost and rates were changed based on most recent experience and changed to the current schedule. The Excise Tax of 40 percent on health care plans that are above the thresholds set by the Affordable Care Act are effective in 2023 and have been reflected.

For the year ended June 30, 2022, the County recognized OPEB expense of \$66,767. At June 30, 2022, 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 | \$ - | \$ 137,364 |
| Changes of assumptions | - | 406,032 |
| Net Difference between projected and actual earnings on plan investments | - | 548 |
| County contributions subsequent to the measurement date | 43,000 | - |
| Total | <u>\$ 43,000</u> | <u>\$ 543,944</u> |

\$43,000 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a decrease in the net OPEB liability in the year ended June 30, 2022.

Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

| | |
|------------|--------------|
| 2023 | \$ (108,816) |
| 2024 | (108,816) |
| 2025 | (108,816) |
| 2026 | (108,816) |
| 2027 | (108,680) |
| Thereafter | - |

Note to preparer: Carolina County has only one OPEB benefit. For units with multiple OPEB benefits, please provide the necessary required disclosures for each plan. Disclosures that are common to both plans should be reported to avoid unnecessary duplication.

g. Other Employment Benefits

Note to preparer: Please move employment benefits out from under the “Other Postemployment Benefit” section to avoid confusion with the implementation of GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This section will include benefits that primarily are available only to active employees (e.g., death benefits, short-term and long-term disability benefits, etc.).

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

Note to preparer: In the disclosure above, the Local Government Employees' Retirement System (LGERs) was the only group-term life insurance provided to an employee. This insurance has a maximum limit of \$50,000.

If your unit provides additional group-term life insurance, please include a description of the policy in the above note. In addition, please note that the benefits in excess of \$50,000 are considered taxable to the employee as a fringe benefit. Please see Memorandum #1048 for further discussion.

h. Carolina County Hospital Pension Plan

Please see the separately issued financial report of Carolina County Hospital for a complete description of the Hospital pension plan.

3. Deferred Outflows and Inflows of Resources

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Charge on refunding of debt (Pensions, OPEB) - difference between expected and actual experience | \$ 303,063 | \$ - |
| (Pensions, OPEB) - Net difference between projected and actual investment earnings | 965,818 | 172,917 |
| (Pensions) - change in proportion and difference between employer contributions and proportionate share of contributions | 862,888 | 548 |
| (Pensions, OPEB) - change in assumptions | 85,138 | 111,623 |
| Contributions to pension plan subsequent to measurement date (LGERS, ROD) | 1,666,955 | 411,492 |
| Benefit payments for the OPEB plan paid subsequent to measurement date | 1,289,342 | - |
| | 43,000 | |
| Benefit payments and admin costs paid subsequent to the measurement date (LEOSSA) | 17,279 | - |
| Prepaid taxes not yet earned (General) | - | 329,403 |
| Taxes receivable, net, less penalties (General) | - | 2,556,406 |
| Taxes receivable, net, less penalties (Special Revenue) | - | 1,345 |
| Leases (General) | | 391,502 |
| Special assessments receivable, net (General) | - | 70,793 |
| Total | \$ 5,233,483 | \$ 4,046,029 |

Note to preparer: The deferred inflows of financial resources resulting from the taxes receivable amount does not include the portion related to penalties levied on the ad valorem taxes. As a reminder, penalties should be turned over to the local educational agency (LEA). In addition, these penalties will not be due to the LEA until received. Therefore, they should not be included in deferred inflows of resources. When cash is finally received for these penalties, it will immediately be set aside for the LEA in the Fines and Forfeitures Special Revenue Fund. Please refer to Memorandum #1060 for more background.

4. Closure and Postclosure Care Costs - Wingate Drive Landfill Facility

State and federal laws and regulations require the County to place a final cover on its Wingate Drive 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 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 \$226,058 reported as landfill closure and postclosure care liability at June 30, 2022 represents a cumulative amount reported to date based on the use of 17% of the total estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$1.2 million as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post closure care in 2022. The County expects to close the Wingate Drive facility in the year 2052. Actual costs 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 help determine if a unit is financially able to meet closure and postclosure care requirements. However, the County has also elected to establish a reserve fund to accumulate resources for the payment of closure and postclosure care costs. A transfer of \$65,000 was made to the Landfill Closure and Postclosure Reserve Fund during the fiscal year ended June 30, 2022, and those funds are held in investments with a cost of \$65,000 (market value, \$65,000) at year-end. The County expects that future inflation costs will be paid from the interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or by future tax revenues.

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. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$200 million for any one occurrence, general, auto, professional, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, and workers' compensation coverage up to the North Carolina statutory limits. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Both pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of a \$500,000 retention up to a \$2 million limit for liability coverage, and \$1,750,000 of each loss in excess of a \$250,000 per occurrence retention for property, and auto physical damage. For workers' compensation there is a per occurrence retention of \$750,000. The County provides employee health and dental benefits through a self-insured plan provided by Dogwood Insurance Company (DIC). Claims are administered and paid directly from the plan by DIC. Specific stop-loss is set at \$100,000 per individual health insurance claim with an unlimited lifetime maximum. Aggregate stop-loss is set at the level of 125% with a minimum aggregate attachment point of \$6,516,502 and a contract period maximum of \$1,000,000.

The County carries flood insurance through the National Flood Insurance Plan (NFIP). Because the County is in an area of the State that has been mapped and designated an “A” area (an area close to a river, lake, or stream) by the Federal Emergency Management Agency, the County is eligible to purchase coverage of \$500,000 per structure through the NFIP. The County also is eligible to and has purchased commercial flood insurance for another \$3,500,000 of coverage per structure.

In accordance with G.S. 159-29, County employees who have access to \$100 or more of the County’s funds at any given time are performance bonded through a commercial surety bond. The Director of Finance and tax collector are each individually bonded for \$500,000 each. The remaining employees who have access to funds are bonded under a blanket bond for \$250,000.

Note to preparer: The carrying of a performance bond of the Finance Officer’s position and a blanket bond for all others who have access to the local government’s assets in excess of \$100 is required by G.S. 159-29. Please disclose the amounts of the fidelity bond and blanket bond separately. In cases in which the Finance Officer serves as finance officer for two separate entities, a County and a Tourism Development Authority, for example, each unit should have assurance that it is protected in the case of finance officer impropriety. See Memorandum # 2014-08 for further guidance.

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. Carolina County Hospital is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and medical malpractice. The Hospital carries commercial insurance for these 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.

6. Contingent Liabilities

At June 30, 2022, the County was a defendant to various lawsuits. In the opinion of the County's management and the County 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

The County has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The first agreement was executed in June 2022 to lease public safety vehicles and requires 59 monthly payments of \$3,936. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 11.7%, which is the stated rate in the

lease agreement. As a result of the lease, the County has recorded a right to use asset with a net book value of \$176,759 at June 30, 2022. The right to use asset is discussed in more detail in the right to use asset section of this note.

The second agreement was executed in July 2021 to lease computer equipment and requires 60 monthly payments of \$2,417. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 15.7%, which is the stated rate in the lease agreement. As a result of the lease, the County has recorded a right to use asset with a net book value of \$80,000 at June 30, 2022. The right to use asset is discussed in more detail in the right to use asset section of this note.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

| Year Ending June 30 | Principal Payments | Interest Payments | Total |
|------------------------|-----------------------|----------------------|-------------------|
| 2023 | \$ 44,777 | \$ 31,459 | \$ 76,236 |
| 2024 | 51,078 | 25,158 | 76,236 |
| 2025 | 58,286 | 17,950 | 76,236 |
| 2026 | 66,537 | 9,699 | 76,236 |
| 2027 | 40,858 | 2,438 | 43,296 |
| | <u>\$ 261,536</u> | <u>\$ 86,704</u> | <u>\$ 348,240</u> |

Note to preparer: In paragraph 19 of GASB 87, *Leases*, contracts that transfer ownership of the underlying asset and do not contain termination options are reported as financed purchases, not leases. If both conditions exist in a contract or a group of contracts, then a liability that is currently reported as a lease exception under paragraph 4 of GASB 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, will need to be reassessed to implement GASB 87.

b. Installment Purchase

As authorized by State law [G.S.160A-20 and 153A-158.1], the County financed various property acquisitions in a direct placement for use by Carolina County Board of Education during the fiscal year ended June 30, 2020, by installment purchase. The installment purchase was issued pursuant to a deed of trust that requires that legal title to the property financed remain with the County as long as the debt is outstanding because the property is pledged as collateral for the debt. The County has entered into a lease with Carolina County Board of Education that transfers the rights and responsibilities for maintenance and insurance of the property to the Board of Education. The lease calls for

nominal annual lease payments and also contains a bargain purchase option. The lease term is the same as that of the installment purchase obligation. Due to the economic substance of the transaction, the capital assets associated with the installment purchase obligation are recorded by the Board of Education.

The installment purchase was executed on July 1, 2018, for various property improvements for use by Carolina County Board of Education. The transaction requires seven principal payments by the County of \$171,429 and sixteen semi-annual interest payments at an interest rate of 7%. For Carolina County, the future minimum payments as of June 30, 2022, including \$112,500 of interest, are

| Year Ending June 30 | Governmental Activities | |
|---------------------|-------------------------|------------|
| | Principal | Interest |
| 2023 | \$ 171,429 | \$ 31,500 |
| 2024 | 171,429 | 27,000 |
| 2025 | 171,429 | 22,500 |
| 2026 | 171,429 | 18,000 |
| 2027 | 171,429 | 13,500 |
| 2028 | 171,426 | - |
| Total | \$ 1,028,571 | \$ 112,500 |

:

c. General Obligation Indebtedness

All general obligation bonds serviced by the County's General Fund are collateralized by the full faith, credit, and taxing power of the County. Carolina County's Water and Sewer 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 and Sewer District No. 1 Fund, are collateralized by the full faith, credit, and taxing power of the District. Principal and interest payments are appropriated when due. In the event of a default, the County agrees to pay to the Purchaser, on demand, interest on any and all amounts due and owing by the County under this Agreement.

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

Serviced by the County's General Fund:

| | |
|---|-----------|
| \$2,500,000 1990 Community College Improvement Serial Bonds due on September 1 and March 1 in 45 installments of \$50,000 through September 1, 2036; interest at 6.70%. | 2,250,000 |
|---|-----------|

\$750,000 2008 Municipal Building privately held serial bonds due on July 1 and January 1 in 18 installments of \$25,000 through January 1, 2031; interest at 5.10%. 450,000

\$7,370,000 2009 School Facility Serial Bonds due on July 1 and January 1 in 38 installments of \$75,000 and one of \$45,000 through July 1, 2046; interest at 6.50%. \$2,895,000

\$2,340,000 2014 Hospital Improvement Serial Bonds due in 12 annual installments of \$155,000 and one of \$170,000 through May 1, 2031; interest at 6.00%. 2,330,000

\$3,365,000 2018 Advance Refunding Bonds, due on July 1 and January 1 40 installments of \$129,431 through July 1, 2032, interest at 3.75%. 3,365,000

\$11,290,000

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

\$2,350,000 2015 Water Serial Bonds due in annual installments of \$150,000 to \$250,000 through December 1, 2031; interest at 5.10%. \$1,915,000

At June 30, 2022, Carolina County had bonds authorized but unissued of \$1,250,000 and a legal debt margin of \$506,399,216.

Annual debt service requirements to maturity for the County's and the District's general obligation bonds and bond anticipation notes are as follows:

| Year Ending June 30 | Governmental Activities | | Business-type Activities | |
|------------------------|-------------------------|--------------|--------------------------|------------|
| | Principal | Interest | Principal | Interest |
| 2023 | \$ 625,000 | \$ 329,907 | \$ 151,542 | \$ 131,415 |
| 2024 | 625,000 | 311,044 | 159,271 | 89,936 |
| 2025 | 625,000 | 292,182 | 167,394 | 81,813 |
| 2026 | 625,000 | 273,319 | 175,931 | 73,276 |
| 2027 | 625,000 | 254,456 | 184,903 | 64,304 |
| 2028-2032 | 2,450,000 | 989,983 | 1,075,959 | 170,076 |
| 2029-2037 | 2,402,000 | 459,796 | - | - |
| 2038-2042 | 1,978,000 | 206,531 | - | - |
| 2043-2047 | 1,335,000 | 167,452 | - | - |
| Total | \$ 11,290,000 | \$ 3,284,670 | \$ 1,915,000 | \$ 610,820 |

d. Bond Anticipation Notes

The Water and Sewer Districts within Carolina County have issued various bond anticipation notes, in order to finance various water and sewer improvements.

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

\$375,000 Water and Sewer Notes issued on June 29, 2020; interest at 12.00%. The notes will be repaid from a \$750,000 bond issue expected to be sold in the next fiscal year. \$375,000

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

\$300,000 Water and Sewer Notes issued on June 29, 2021; interest at 11.75%. The notes will be repaid from a \$900,000 bond issue expected to be sold in the next fiscal year. 300,000

Total \$675,000

e. Revenue Bonds

In June 2004, the County issued \$2 million of direct placement Hospital Revenue Bonds to finance capital improvements at Carolina County Hospital. At 8% interest, the interest on the bonds is payable semi-annually on April 1 and October 1. The revenue bonds, which mature through April 1, 2028, are reported on the Hospital's financial statements because the principal and interest on the bonds are payable from the net revenues of the Hospital. The revenue bonds do not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any of the County's property or upon its income, receipts, or revenues. The taxing power of the County is not pledged for the payment of the principal or interest on the revenue bonds and no owner has the right to compel the exercise of the taxing power of the County or the forfeiture of any of its property in connection with any default under the bond order.

Note to preparer: Revenue bond indenture information for each outstanding revenue bond issue should be disclosed as applicable. Revenue bond rate covenants are subject to variability. Consult a copy of the bond order or other documents for the exact covenants and the associated reporting requirements. The City of Dogwood includes a sample calculation of rate covenant.

Revenue bond debt service requirements to maturity are as follows:

| Year Ending September 30 | Principal | Interest |
|-----------------------------|---------------------|-------------------|
| 2022 | \$ 69,029 | \$ 80,000 |
| 2023 | 74,552 | 74,478 |
| 2024 | 80,516 | 68,513 |
| 2025 | 86,957 | 62,072 |
| 2026 | 93,914 | 55,116 |
| 2027-2029 | 595,032 | 150,116 |
| Total | <u>\$ 1,000,000</u> | <u>\$ 490,295</u> |

f. Advance Refundings

On May 24, 2014, the County issued \$750,000 of general obligation advance refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for to be used for all future debt service payments of \$700,000 of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$50,000. This amount is being netted against the new debt and amortized over the life of the refunded debt, which is shorter than the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 20 years by \$37,000 and resulted in an economic gain of \$28,000.

On January 12, 2022, the County issued \$3,365,000 of general obligation current refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust and used to refund \$3,300,000 of general obligation bonds on March 10, 2020. As a result, the refunded bonds are defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$315,000. This refunding was undertaken to reduce total debt service payments by \$182,000 and resulted in an economic gain of \$105,000.

Note to preparer: Carolina County assumes that the refunding transaction does not require any of the note disclosures necessary to comply with GASB Statement No. 86, *Certain Debt Extinguishment Issues*. Units are encouraged to review the refunding transaction to determine if additional disclosures are needed.

Debt Related to Capital Activities - Of the total Governmental Activities debt listed only \$4,087,589 relates to assets the County holds title. Unspent restricted cash related to the debt that relates to assets for which the County holds title amounts to \$1,065,109.

Note to preparer: The Carolina County notes have been revised to illustrate the implementation of GASB 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. Whether or not the disclosure requirements in GASB 88 apply to the debt issues outstanding for a given local government depends upon the specific situation under which each outstanding debt instrument was issued and the terms in the related debt documents. Please refer to the debt or bond documents for more information on how to disclose your government's specific debt. For more information, please refer to [Memorandum #2019-08](#) on our website.

g. Long-Term Obligation Activity

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

| | Beginning Balance | Increases | Decreases | Ending Balance | Current Portion of Balance |
|---|----------------------|--------------|--------------|-------------------|-------------------------------|
| Governmental activities: | | | | | |
| General obligation debt | \$ 11,836,000 | \$ 3,365,000 | \$ 3,911,000 | \$ 11,290,000 | \$ 625,000 |
| Leases | - | 279,755 | 18,219 | 261,536 | 44,777 |
| Direct placement Installment purchase | - | 1,200,000 | - | 1,200,000 | 171,429 |
| Compensated absences | 375,360 | 140,475 | 52,550 | 463,285 | - |
| Net pension liability (LGERS) | 3,857,799 | 2,075,808 | - | 5,933,607 | - |
| Total pension liability (LEOSSA) | 202,959 | 19,713 | - | 222,672 | - |
| Other postemployment benefits | 103,163 | - | 103,163 | - | - |
| Net OPEB Liability | 1,887,826 | - | 487,186 | 1,400,640 | - |
| Total governmental activities | \$ 18,263,107 | \$ 7,080,751 | \$ 4,572,118 | \$ 20,771,740 | \$ 841,206 |
| Business-type activities: | | | | | |
| Water and Sewer Districts | | | | | |
| General obligation debt | \$ 2,165,000 | \$ - | \$ 250,000 | \$ 1,915,000 | 151,542 |
| Bond anticipation notes | - | 675,000 | - | 675,000 | 675,000 |
| Compensated absences | 145,000 | 15,000 | 5,000 | 155,000 | - |
| Net pension liability (LGERS) | 138,069 | 74,292 | - | 212,361 | - |
| Other postemployment benefits | 624 | - | 624 | - | - |
| Net OPEB Liability | 67,564 | - | 17,436 | 50,128 | - |
| Total Water and Sewer Districts | 2,516,257 | 764,292 | 273,060 | 3,007,489 | 826,542 |
| Landfill | | | | | |
| Accrued landfill closure and postclosure care costs | 179,784 | 46,274 | - | 226,058 | - |
| Compensated absences | 35,000 | 5,000 | - | 40,000 | - |
| Net pension liability (LGERS) | 64,973 | 34,961 | - | 99,934 | - |
| Other postemployment benefits | 981 | - | 981 | - | - |
| Net OPEB Liability | 31,795 | - | 8,205 | 23,590 | - |
| Total Landfill Activities | 312,533 | 86,235 | 9,186 | 389,582 | - |
| Total business-type activities | \$ 2,828,790 | \$ 850,527 | \$ 282,246 | \$ 3,397,070 | \$ 826,542 |

Net pension liability, total pension liability, and net other postemployment liability for governmental activities are all typically liquidated in the general fund. 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.

Note to preparer: The compensated absences liability for Carolina County is accounted for using the LIFO assumption for determining leave time being used. Please see the City of Dogwood for an example of a unit using the FIFO method for determining leave usage.

Note to preparer: Installment purchase agreements which are used to finance the acquisition of capital assets for general government use should be included in the Statement of Net Position. A continuing contract for which there is no formal financing should be included in the commitments note.

Note to Preparer: Please show a detailed long-term obligation note. Show the Water and Sewer Funds and Electric Fund (if applicable) separately for the Business-type activities section, as shown above.

The following is a summary of changes in the Hospital's long-term obligations for the fiscal year ended September 30, 2021:

| | Beginning Balance | Increases | Decreases | Ending Balance | Current Portion of Balance |
|--|----------------------|-----------|------------|-------------------|----------------------------------|
| Carolina County Hospital: | | | | | |
| Revenue bonds from direct placements | \$ 1,200,000 | \$ - | \$ 200,000 | \$ 1,000,000 | \$ 69,029 |
| Net pension liability (LGRS) | 1,884,941 | - | 358,139 | 1,526,802 | - |
| Compensated absences | 4,510 | 200 | 150 | 4,560 | - |
| Total Carolina County Hospital's long-term liabilities | \$ 3,089,451 | \$ 200 | \$ 558,289 | \$ 2,531,362 | \$ 69,029 |

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

| | Beginning Balance | Increases | Decreases | Ending Balance | Current Portion of Balance |
|--|----------------------|-----------|-----------|-------------------|----------------------------------|
| Tourism Development Authority | | | | | |
| Net pension liability (LGRS) | \$ 39,106 | \$ 3,459 | \$ - | \$ 42,565 | \$ - |
| Compensated absences | 13,475 | - | 4,489 | 8,986 | 2,287 |
| Total Carolina County Hospital's long-term liabilities | \$ 52,581 | \$ 3,459 | \$ 4,489 | \$ 51,551 | \$ 2,287 |

h. Conduit Debt Obligations

Carolina County Industrial Facility and Pollution Control Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed and letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County nor the Authority nor the State nor any political subdivision thereof, is obligated in any manner for the repayment of the bonds.

Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2022, there were three series of industrial revenue bonds outstanding, with an aggregate principal amount payable of \$6 million.

Note to preparer: Interpretation 2 of the GASB, *Disclosure of Conduit Debt Obligations*, requires certain disclosures for transactions that meet the definition of conduit debt.

C. Interfund Balances and Transfer Activity

Note to preparer: The purpose of each Transfer and all Interfund Balances (if applicable) must be disclosed. [GASBS 38 para. 14]. Understanding interfund balances plays a significant role in the determination of fiscal health. The justification and a repayment schedule should be disclosed for balances that are not expected to be repaid within the current fiscal year. All interfund transactions throughout the year are considered essential to fair presentation at the basic financial statement level and should be included in the notes to the financial statements. For interfund transfers, amounts transferred between funds by individual major fund, non-major governmental funds in the aggregate, non-major enterprise funds in the aggregate, internal service funds in the aggregate, and fiduciary fund type; a general description of the principal purposes of interfund transfers; and purposes for and amounts of non-routine transfers and transfers inconsistent with the activities of the fund making the transfers should be disclosed in the notes.

These provisions should be applied only to material items.

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

| | |
|--|-------------|
| From the General Fund to the School Capital Projects Fund to accumulate resources for the construction of a new public health complex | \$200,000 |
| From the General Fund to the School Capital Projects Fund for school construction | 70,000 |
| From the General Fund to the Water and Sewer District No. 1 Fund to supplement other funding sources | 100,000 |
| From the American Rescue Plan Act Fund to the General Fund as reimbursement for premium payments | 440,000 |
| From the School Capital Projects Fund to the General Fund the amount of lottery proceeds received for the payment of school-related debt | 619,059 |
| Total | \$1,439,059 |

A transfer from the Emergency Telephone System Fund in the amount of \$10,000 was made to the Northwest Capital Project Fund to purchase Radio Network Switching Equipment for the Recreation Center.

Note to preparer: For sample Interfund balance note please see the City of Dogwood Illustrated sample statements.

Please do not simply cut and paste the sample note for transfers and Interfund balances (due to/from/ advances to/from). The note disclosure should provide a thorough explanation applicable to the Unit of the purpose of their specific transfers and /or loans, including terms of repayment for any loans.

D. On-Behalf Payments for Fringe Benefits and Salaries

Note to preparer: Note disclosures for on-behalf payments paid by the Firemen's Relief Fund for fringe benefits and salaries have not been included because they have been deemed immaterial to Carolina County. If these amounts are material to your unit, please consider the following note disclosure.

The County has recognized as a revenue and an expenditure, on-behalf payments for fringe benefits and salaries of \$1,192 for the salary supplement and stipend benefits paid to eligible firemen by the local board of trustees of the Firemen's Relief Fund during the fiscal year ended June 30, 2022. Under State law the local board of trustees for the Fund receives an amount each year, which the board may use at its own discretion for eligible firemen or their departments.

Note to preparer: For employees and volunteers of governmental fire departments, the independent auditor may have to contact the local board of trustees to determine the amount of money the board has paid out for salary supplements and stipends.

If payment from the Firemen's Relief Fund is not made to the government unit, the on-behalf payments paragraph can be excluded from the audit report.

E. Net Investment in Capital Assets

Note to preparer: If the net investment in capital assets amount is not easily determinable based on the amounts presented in the basic financial statements, please include a calculation in the notes or submit it in a document separate from the audit submission.

F. Fund Balance

Carolina County has a revenue spending policy that provides a policy for programs with multiple revenue sources. The Finance Officers will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-county funds, county funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the County.

Note to Preparer: Units should modify the above language to reflect their own policies.

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

| | |
|--|---------------------|
| Total fund balance-General Fund | \$13,814,080 |
| Less: | |
| Inventories | 2,551,800 |
| Stabilization by State Statute | 4,155,128 |
| Appropriated Fund Balance in 2021 budget | 255,000 |
| Register of Deeds | 17,285 |
| Tax Revaluation | 471,723 |
| LEO Special Separation Allowance | 1,028,267 |
| Working Capital/ Fund Balance Policy | 5,334,877 |
| Remaining Fund Balance | - |

Note to Preparer: The above schedule is prepared from the General Fund Balance Sheet as presented in the basic financial statements. Each restriction, commitment, and assignment of fund balance should be included in the calculation above.

The unit should also include any other items that the board authorized even if it is included in unassigned on the Balance Sheet. This is where the unit can disclose any fund balance policies and reduce it from the remaining amount. In this example, the fund balance policy is included in unassigned fund balance. In unusual circumstances fund balance policies can be included in Committed Fund Balance. For more information on GASB 54 components of fund balance please review [Memorandum #2010-35](#) on our website.

The unit is also required to disclose the dollar amount of outstanding encumbrances for all major funds and non-major funds in the aggregate. Outstanding encumbrances are not shown on the face of the statement but are included in Restricted for Stabilization by State Statute (RSS); however, in funds other than the General Fund they might be shown as some other restricted amount. In either case the amount of significant outstanding encumbrances must be disclosed for **each major fund** and in the **aggregate for non-major funds**. Below is example of such disclosure.

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

| <i>Encumbrances</i> | <i>General Fund</i> | <i>Non-Major Funds</i> |
|---------------------|---------------------|------------------------|
| | \$20,890 | \$0 |

Note to preparer: General Fund encumbrances should include those for the legally adopted general fund as well as any funds consolidated into the general fund for a GAAP presentation in accordance with GASB Statement No. 54.

IV. Segment Information

Note to preparer: Be alert if a non-major proprietary fund has revenue-backed debt. Segment information is only required for enterprise funds with outstanding revenue-backed debt if the fund is not presented as major or when the segment does not encompass the entire fund. In disclosing segment information, present the type of goods or services; a condensed statement of net position; condensed statement of revenues, expenses, and changes in net position; and a condensed statement of cash flows. See paragraph 122 of GASB Statement No. 34 for more details.

V. Related Organization

The chairman of the County's governing board is also responsible for appointing the members of the board of the Carolina County Recreation Corporation, but the County's accountability for this organization does not extend beyond making these appointments. The Corporation is a nonprofit organization that exists to develop and provide recreational activities for County residents. It is funded primarily with private donations.

VI. Joint Ventures

The County, in conjunction with the City of Dogwood, participates in the City of Dogwood - Carolina County Regional Airport Authority. Each participating government appoints three members to the six-member board. The Airport is a joint venture established to facilitate economic expansion within the County and improve the quality of life for its citizens. The Airport has been in existence for five years, but it is not yet self-sustaining. The County has an ongoing financial responsibility for the Airport because it and the City are legally obligated under the intergovernmental agreement that created the Airport to honor any deficiencies if proceeds from other default remedies are insufficient. The County contributed \$1,014,922 to the Airport during the fiscal year ended June 30, 2022. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2022. Complete financial statements for the Airport can be obtained from the Airport's administrative offices at 0000 Runway Avenue, Dogwood, NC 00000.

The County also participates in a joint venture to operate Central Carolina Regional Library with five other local governments. Each participating government appoints one board member to the six-member board of the Library. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2022. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$2,024,806 to the Library to supplement its activities. Complete financial statements for the Library can be obtained from the Library's offices at 0001 Periodical Road, Dogwood, NC 00000.

The County, in conjunction with the State of North Carolina and the Carolina County Board of Education, participates in a joint venture to operate the Carolina County Community College. Each of the three participants appoints four members of the thirteen-member board of trustees of the community college. The president of the community college's student government serves as an ex officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the community college and provides some financial support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. Of the last general obligation bond issue for this purpose, \$2,250,000 in debt is still outstanding. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$2,000,000 and \$500,000 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2022. In addition, the County made debt service payments of \$254,100 during the fiscal year on general obligation bonds issued for community college capital facilities. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2022. Complete financial statements for the community college may be obtained from the community college's administrative offices at 10002 Cedar Hill Drive, Dogwood, NC 00000.

The County, along with four other adjoining counties, has an equity interest in a cooperative known as Carolina Cooperative. The purpose of the co-op is to purchase supplies for the member counties at prices lower than each individual county could negotiate on its own. Carolina Cooperative is a separate legal entity and receives its own separate annual audit and issues its own separate financial statements. These statements may be obtained by contacting the cooperative at the following address- Carolina Cooperative, 100 Tar Heel Lane, Dogwood, NC 00000 or telephone number (919) 555-5555.

As of June 30, 2022, the County's interest in Carolina Cooperative was \$8,932, which represents its percentage share of the total equity of the entity as recorded in its audit for the fiscal year ended June 30, 2022. This total is recorded as an "Other Asset" on the Statement of Net Position of Carolina County in the governmental activities' column. The equity interest does not appear on the Statement of Assets, Liabilities, and Changes in Fund Balances as it does not represent a current funding source for the County.

Therefore, the amount of the equity interest appears on the reconciliation between the net position of the governmental activities on the Statement of Net Position and the total governmental funds on the Statement of Assets, Liabilities, and Fund Balances. In addition, the County's equity interest in the cooperative increased during the past fiscal year from \$8,383 to the current amount of \$8,932. This increase of \$549 appears as an income item on the Statement of Activities but not in the Statement of Revenues, Expenditures, and Changes in Fund Balances because it does not represent a current funding source for the County. The \$549 of income appears as a reconciling item between these statements as well.

VII. Jointly Governed Organization

The County, in conjunction with five other counties and thirty-eight municipalities, established the Red Bird 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 \$20,000 to the Council during the fiscal year ended June 30, 2022. The County was the subrecipient of a grant for \$420,000 from the U.S. Department of Health and Human Services and the Division of Aging of the North Carolina Department of Health and Human Services that was passed through the Council.

VIII. Related Party Transactions

| |
|---|
| <p>Note to preparer: Disclose significant transactions with elected officials, employees, and related organizations. Disclosures should include the nature of the relationship, a description and dollar amount of any transaction, the amount(s) due to or from the related parties, and any other significant details.</p> |
|---|

IX. Summary Disclosure of Significant Commitments and Contingencies

Federal and State Assisted Programs

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

Coronavirus Disease (COVID-19)

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

X. Significant Effects of Subsequent Events

Note to preparer: Events that occur between the end of the period covered by the financial statements and the statement issuance date that have a significant effect on the unit should be disclosed. For a component unit with a different fiscal year end, such as Carolina County Hospital, the auditor should disclose significant subsequent events between the component unit's fiscal year end and the issuance date of the reporting entity's financial statements.

XI. Special Item

Note to preparer: Though immaterial to Carolina County, this disclosure is used for illustrative purposes only. As with all GASB statements, requirements only apply to material items.

During the year ended June 30, 2022, the County sold undeveloped land to a private developer. This item is reflected on the government-wide statements as a special item because it is unusual in nature but under the control of management. The land had a book value of \$1,000 and was sold for \$28,482.

XII. Change in Accounting Principle

Note to preparer: This section will contain information related to changes in accounting principle.

Required Supplemental Financial Data

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

- Schedule of County's Proportionate Share of Net Pension Liability for Local Government Employees' Retirement System
- Schedule of County's Contributions to Local Government Employees' Retirement System
- Schedule of the Tourism Development Authority's Proportionate Share of Net Pension Liability for Local Government Employees' Retirement System
- Schedule of the Tourism Development Authority's Contributions to Local Government Employees' Retirement System
- Schedule of Proportionate Share of Net Pension Asset for Register of Deeds Supplemental Pension Fund
- Schedule of Contributions to Register of Deeds' Supplemental Pension Fund
- Schedule of Changes in Total Pension Liability
- Schedule of Total Pension Liability as a Percentage of Covered-Employee Payroll
- Schedule of Changes in the Net OPEB Liability and Related Ratios
- Schedule of County Contributions (OPEB)
- Schedule of Investment Returns (OPEB)

Please Note: The Schedule of Funding Progress for the Carolina County Hospital Plan can be found in the separately issued financial statements for the Hospital, available from the Hospital Finance office (see Note I.A. to the County statements for contact information).

Required Supplemental Financial Data

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

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|---------------|---------------|---------------|---------------|---------------|----------------|---------------|---------------|
| County's proportion of the net pension liability (asset) % | 0.263% | 0.266% | 0.236% | 0.233% | 0.224% | 0.228% | 0.218% | 0.219% |
| County's proportionate share of the net pension liability (asset) \$ | \$ 6,245,902 | \$ 4,060,841 | \$ 5,005,952 | \$ 1,046,857 | \$ 854,848 | \$ (1,345,152) | \$ 2,624,121 | \$ 2,745,211 |
| County's covered payroll | \$ 12,184,890 | \$ 12,136,400 | \$ 12,087,912 | \$ 12,200,000 | \$ 12,193,883 | \$ 12,165,383 | \$ 11,522,167 | \$ 11,765,236 |
| County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 51.26% | 33.46% | 41.41% | 8.58% | 7.54% | (11.06%) | 22.77% | 23.33% |
| Plan fiduciary net position as a percentage of the total pension liability | 92.00% | 94.18% | 91.47% | 98.09% | 98.79% | 102.64% | 94.35% | 98.22% |

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

Note to preparer: Units that report to ORBIT under more than one ORBIT account number should present RSI as a total of their ORBIT accounts.

Note to preparer: Information is not required to be presented retroactively. This schedule will NOT present 10 years' worth of information until fiscal year 2023.

Note to preparer: The RSI schedules presented in the updated fiscal year-end 2022 illustrative statements were not changed from the amounts presented in the prior fiscal year other than to add an additional year of data. Since both the pension and OPEB GASB statements were implemented and updated in the Illustrated statements at least two years ago, financial statement preparers should have now had experience with them. LGC Staff is reverting to our historical practice of only changing amounts in the illustrative statements that are the result of any new accounting and reporting changes required for the FYE 2022. Conversion workbooks were updated to include the current fiscal year- end Pension and OPEB data. The pension data used in development of the updated conversion workbooks was from the LGERS, ROD & TSERS JE Templates that are all available on the NC DST Financial Statement Resources listed by each Unit Type under Pension Resources.

Schedule of County Contributions
Local Governmental Employees' Retirement System
Last Eight Years

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Contractually required contribution | \$ 1,285,342 | \$ 1,001,000 | \$ 910,000 | \$ 880,000 | \$ 875,000 | \$ 864,942 | \$ 850,000 | \$ 838,666 |
| Contributions in relation to the contractually required contribution | 1,285,342 | 1,001,000 | 910,000 | 880,000 | 875,000 | 864,942 | 850,000 | 838,666 |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| County's covered payroll | \$ 16,066,775 | \$ 12,184,890 | \$ 12,136,400 | \$ 12,087,912 | \$ 12,200,000 | \$ 12,193,883 | \$ 12,165,383 | \$ 11,522,167 |
| Contributions as a percentage of covered payroll | 8.00% | 8.22% | 7.50% | 7.28% | 7.17% | 7.11% | 6.99% | 7.28% |

Note to preparer: Information is not required to be presented retroactively. This schedule will NOT present 10 years' worth of information until fiscal year 2023.

Note to preparer: The RSI schedules presented in the updated fiscal year-end 2022 illustrative statements were not changed from the amounts presented in the prior fiscal year other than to add an additional year of data. Since both the pension and OPEB GASB statements were implemented and updated in the Illustrated statements at least two years ago, financial statement preparers should have now had experience with them. LGC Staff is reverting to our historical practice of only changing amounts in the illustrative statements that are the result of any new accounting and reporting changes required for the FYE 2022. Conversion workbooks were updated to include the current fiscal year- end Pension and OPEB data. The pension data used in development of the updated conversion workbooks was from the LGERS, ROD & TSERS JE Templates that are all available on the NC DST Financial Statement Resources listed by each Unit Type under Pension Resources.

Carolina County Tourism Development Authority
Schedule of the TDA's Proportionate Share of the Net Pension Liability (Asset)
Local Governmental Employees' Retirement System
Last Eight Fiscal Years *

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-------------|-----------|
| TDA's proportion of the net pension liability (asset) % | 0.053% | 0.056% | 0.054% | 0.053% | 0.052% | 0.058% | 0.056% | 0.055% |
| TDA's proportionate share of the net pension liability (asset) \$ | \$ 42,565 | \$ 39,106 | \$ 46,988 | \$ 43,667 | \$ 41,238 | \$ 38,664 | \$ (22,556) | \$ 45,211 |
| TDA's covered payroll | \$ 95,203 | \$ 91,777 | \$ 96,543 | \$ 93,556 | \$ 91,258 | \$ 87,111 | \$ 97,775 | \$ 94,552 |
| TDA's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 44.71% | 42.61% | 48.67% | 46.67% | 45.19% | 44.38% | (23.07%) | 47.82% |
| Plan fiduciary net position as a percentage of the total pension liability | 88.61% | 90.86% | 91.63% | 94.18% | 98.09% | 98.79% | 102.64% | 94.35% |

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

Note to preparer: Units that report to ORBIT under more than one ORBIT account number should present RSI as a total of their ORBIT accounts.

Note to preparer: Information is not required to be presented retroactively. This schedule will NOT present 10 years' worth of information until fiscal year 2023.

Note to preparer: The RSI schedules presented in the updated fiscal year-end 2022 illustrative statements were not changed from the amounts presented in the prior fiscal year other than to add an additional year of data. Since both the pension and OPEB GASB statements were implemented and updated in the Illustrated statements at least two years ago, financial statement preparers should have now had experience with them. LGC Staff is reverting to our historical practice of only changing amounts in the illustrative statements that are the result of any new accounting and reporting changes required for the FYE 2022. Conversion workbooks were updated to include the current fiscal year- end Pension and OPEB data. The pension data used in development of the updated conversion workbooks was from the LGERS, ROD & TSERS JE Templates that are all available on the NC DST Financial Statement Resources listed by each Unit Type under Pension Resources.

Schedule of Tourism Development Authority Contributions
Local Governmental Employees' Retirement System
 Last Eight Fiscal Years

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|-------------|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Contractually required contribution | \$ 8,672 | \$ 7,616 | \$ 6,883 | \$ 7,241 | \$ 6,810 | \$ 6,543 | \$ 6,193 | \$ 6,854 |
| Contributions in relation to the contractually required contribution | 8,672 | 7,616 | 6,883 | 7,241 | 6,810 | 6,543 | 6,193 | 6,854 |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ 7,616</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| County's covered payroll | \$ 96,887 | \$ 95,203 | \$ 91,777 | \$ 96,543 | \$ 93,556 | \$ 91,258 | \$ 87,111 | \$ 97,775 |
| Contributions as a percentage of covered payroll | 8.95% | \$ - | 7.50% | 7.50% | 7.28% | 7.17% | 7.11% | 7.01% |

Note to preparer: Information is not required to be presented retroactively. This schedule will NOT present 10 years' worth of information until fiscal year 2023.

Note to preparer: The RSI schedules presented in the updated fiscal year-end 2022 illustrative statements were not changed from the amounts presented in the prior fiscal year other than to add an additional year of data. Since both the pension and OPEB GASB statements were implemented and updated in the Illustrated statements at least two years ago, financial statement preparers should have now had experience with them. LGC Staff is reverting to our historical practice of only changing amounts in the illustrative statements that are the result of any new accounting and reporting changes required for the FYE 2022. Conversion workbooks were updated to include the current fiscal year- end Pension and OPEB data. The pension data used in development of the updated conversion workbooks was from the LGERS, ROD & TSERS JE Templates that are all available on the NC DST Financial Statement Resources listed by each Unit Type under Pension Resources.

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
Registers of Deeds' Supplemental Pension Fund
Last Eight Fiscal Years *

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|-------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|
| County's proportion of the net pension liability (asset) % | 0.459% | 0.455% | 0.450% | 0.424% | 0.455% | 0.459% | 0.457% | 0.452% |
| County's proportionate share of the net pension liability (asset) \$ | \$ (76,023) | \$ (77,702) | \$ (84,103) | \$ (98,279) | \$ (102,287) | \$ (98,062) | \$ (97,084) | \$ (96,488) |
| Plan fiduciary net position as a percentage of the total pension liability | 153.31% | 153.77% | 160.17% | 197.29% | 193.88% | 190.50% | 188.75% | 189.65% |

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

Note to preparer: Information is not required to be presented retroactively. This schedule will NOT present 10 years' worth of information until fiscal year 2023.

Note to preparer: The RSI schedules presented in the updated fiscal year-end 2022 illustrative statements were not changed from the amounts presented in the prior fiscal year other than to add an additional year of data. Since both the pension and OPEB GASB statements were implemented and updated in the Illustrative statements at least two years ago, financial statement preparers should have now had experience with them. LGC Staff is reverting to our historical practice of only changing amounts in the illustrative statements that are the result of any new accounting and reporting changes required for the FYE 2022. Conversion workbooks were updated to include the current fiscal year- end Pension and OPEB data. The pension data used in development of the updated conversion workbooks was from the LGERS, ROD & TSERS JE Templates that are all available on the NC DST Financial Statement Resources listed by each Unit Type under Pension Resources.

Schedule of County Contributions
Registers of Deeds' Supplemental Pension Fund
Last Eight Fiscal Years

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Contractually required contribution | \$ 4,000 | \$ 3,200 | \$ 3,800 | \$ 4,500 | \$ 4,000 | \$ 3,685 | \$ 3,595 | \$ 4,635 |
| Contributions in relation to the contractually required contribution | 4,000 | 3,200 | 3,800 | 4,500 | 4,000 | 3,685 | 3,595 | 4,635 |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Note to preparer: Information is not required to be presented retroactively. This schedule will NOT present 10 years' worth of information until fiscal year 2023.

Note to preparer: The RSI schedules presented in the updated fiscal year-end 2022 illustrative statements were not changed from the amounts presented in the prior fiscal year other than to add an additional year of data. Since both the pension and OPEB GASB statements were implemented and updated in the Illustrated statements at least two years ago, financial statement preparers should have now had experience with them. LGC Staff is reverting to our historical practice of only changing amounts in the illustrative statements that are the result of any new accounting and reporting changes required for the FYE 2022. Conversion workbooks were updated to include the current fiscal year- end Pension and OPEB data. The pension data used in development of the updated conversion workbooks was from the LGERS, ROD & TSERS JE Templates that are all available on the NC DST Financial Statement Resources listed by each Unit Type under Pension Resources.

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

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Beginning balance | \$ 218,891 | \$ 201,632 | \$ 215,553 | \$ 218,226 | \$ 216,975 |
| Service Cost | 7,197 | 5,865 | 6,679 | 7,324 | 6,944 |
| Interest on the total pension liability | 6,822 | 5,408 | 7,422 | 6,816 | 7,211 |
| Changes of benefit terms | - | 18,900 | - | - | - |
| Differences between expected and actual experience in the measurement of the total pension liability | 907 | 8,710 | 3,299 | 3,553 | 7,352 |
| Changes of assumptions or other inputs | 5,127 | (5,760) | (1,021) | (4,968) | (3,669) |
| Benefit payments | (16,272) | (15,865) | (30,300) | (15,951) | (16,587) |
| Other changes | - | - | - | - | - |
| Ending balance of the total pension liability | <u>\$ 222,672</u> | <u>\$ 218,891</u> | <u>\$ 201,632</u> | <u>\$ 215,553</u> | <u>\$ 218,226</u> |

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

Note to preparer: All years for which information is available should be presented up until 10 years. If your valuation report provides information from the prior year(s), present all prior years for which information has been provided to you.

Note to preparer: The RSI schedules presented in the updated fiscal year-end 2022 illustrative statements were not changed from the amounts presented in the prior fiscal year other than to add an additional year of data. Since both the pension and OPEB GASB statements were implemented and updated in the Illustrated statements at least two years ago, financial statement preparers should have now had experience with them. LGC Staff is reverting to our historical practice of only changing amounts in the illustrative statements that are the result of any new accounting and reporting changes required for the FYE 2022. Conversion workbooks were updated to include the current fiscal year- end Pension and OPEB data. The pension data used in development of the updated conversion workbooks was from the LGERS, ROD & TSERS JE Templates that are all available on the NC DST Financial Statement Resources listed by each Unit Type under Pension Resources.

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

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|-------------|-------------|-------------|-------------|-------------|
| Total pension liability | \$ 222,672 | \$ 218,891 | \$ 201,632 | \$ 215,553 | \$ 218,226 |
| Covered payroll | 783,561 | 768,197 | 817,231 | 816,944 | 818,471 |
| Total pension liability as a percentage of covered payroll | 28.42% | 28.49% | 24.67% | 26.39% | 26.66% |

Notes to the schedules:

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

Note to preparer: All years for which information is available should be presented up to 10 years. If your valuation report provides information from the prior year(s), present all prior years for which information has been provided to you.

Note to preparer: The RSI schedules presented in the updated fiscal year-end 2022 illustrative statements were not changed from the amounts presented in the prior fiscal year other than to add an additional year of data. Since both the pension and OPEB GASB statements were implemented and updated in the Illustrated statements at least two years ago, financial statement preparers should have now had experience with them. LGC Staff is reverting to our historical practice of only changing amounts in the illustrative statements that are the result of any new accounting and reporting changes required for the FYE 2022. Conversion workbooks were updated to include the current fiscal year- end Pension and OPEB data. The pension data used in development of the updated conversion workbooks was from the LGERS, ROD & TSERS JE Templates that are all available on the NC DST Financial Statement Resources listed by each Unit Type under Pension Resources.

Carolina County, North Carolina
Schedule of Changes in the Net OPEB Liability and Related Ratios
Healthcare Benefits Plan
Last Five Fiscal Years *

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total OPEB Liability | | | | | |
| Service cost | \$ 34,270 | \$ 35,800 | \$ 32,667 | \$ 31,877 | \$ 35,640 |
| Interest | 36,032 | 33,467 | 32,113 | 30,899 | 33,699 |
| Changes of benefit terms | - | - | - | - | - |
| Differences between expected and actual experience | (200,000) | (136,139) | (124,589) | (122,558) | (126,871) |
| Changes of assumptions | 321,927 | (406,032) | 481,580 | 443,211 | 452,643 |
| Benefit payments | (50,349) | (44,225) | (46,522) | (46,227) | (45,874) |
| Net change in total OPEB liability | 141,880 | (517,129) | 375,249 | 337,202 | 349,237 |
| Total OPEB liability - beginning | 2,392,898 | 2,910,027 | 2,534,778 | 2,197,576 | 1,848,339 |
| Total OPEB liability - ending | <u>\$ 2,534,778</u> | <u>\$ 2,392,898</u> | <u>\$ 2,910,027</u> | <u>\$ 2,534,778</u> | <u>\$ 2,197,576</u> |
| Plan fiduciary net position | | | | | |
| Contributions - employer | 43,000 | 36,876 | 47,239 | 45,850 | 46,251 |
| Net investment income | 3,047 | 1,547 | 2,344 | 2,250 | 3,165 |
| Benefit payments | (50,349) | (44,225) | (46,522) | (46,227) | (45,874) |
| Administrative expense | - | - | - | - | - |
| Net change in plan fiduciary net position | (4,302) | (5,802) | 3,061 | 1,873 | 3,542 |
| Plan fiduciary net position - beginning | 918,540 | 924,342 | 921,281 | 919,408 | 915,866 |
| Plan fiduciary net position - ending | <u>\$ 914,238</u> | <u>\$ 918,540</u> | <u>\$ 924,342</u> | <u>\$ 921,281</u> | <u>\$ 919,408</u> |
| County's net OPEB liability - ending | <u>\$ 1,620,540</u> | <u>\$ 1,474,358</u> | <u>\$ 1,985,685</u> | <u>\$ 1,613,497</u> | <u>\$ 1,278,168</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 36.07% | 38.39% | 31.76% | 36.35% | 41.84% |

* Plan measurement date is the reporting date. Employer measurement date is one year prior to reporting date.

Note to preparer: All years for which information is available should be presented up to 10 years. If your valuation report provides information from the prior year(s), present all prior years for which information has been provided to you.

Note to preparer: The RSI schedules presented in the updated fiscal year-end 2022 illustrative statements were not changed from the amounts presented in the prior fiscal year other than to add an additional year of data. Since both the pension and OPEB GASB statements were implemented and updated in the Illustrated statements at least two years ago, financial statement preparers should have now had experience with them. LGC Staff is reverting to our historical practice of only changing amounts in the illustrative statements that are the result of any new accounting and reporting changes required for the FYE 2022. Conversion workbooks were updated to include the current fiscal year-end Pension and OPEB data. The pension data used in development of the updated conversion workbooks was from the LGERS, ROD & TSERS JE Templates that are all available on the NC DST Financial Statement Resources listed by each Unit Type under Pension Resources.

**Carolina County, North Carolina
Schedule of County Contributions
Healthcare Benefits Plan
Last Five Fiscal Years ***

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Actuarially determined contribution | \$ 1,391,313 | \$ 1,364,032 | \$ 1,364,032 | \$ 1,393,032 | \$ 1,385,854 |
| Contributions in relation to the actuarially determined contribution | 43,000 | 36,876 | 47,239 | 38,939 | 46,251 |
| Contribution deficiency (excess) | <u>\$ 1,348,313</u> | <u>\$ 1,327,156</u> | <u>\$ 1,316,793</u> | <u>\$ 1,354,093</u> | <u>\$ 1,339,603</u> |

Note to preparer: If contributions to an OPEB plan are NOT based on a measure of pay, no measure of payroll should be presented. GASB 85, paragraph 13. All years for which information is available should be presented up to 10 years.

Note to preparer: The RSI schedules presented in the updated fiscal year-end 2022 illustrative statements were not changed from the amounts presented in the prior fiscal year other than to add an additional year of data. Since both the pension and OPEB GASB statements were implemented and updated in the Illustrated statements at least two years ago, financial statement preparers should have now had experience with them. LGC Staff is reverting to our historical practice of only changing amounts in the illustrative statements that are the result of any new accounting and reporting changes required for the FYE 2022. Conversion workbooks were updated to include the current fiscal year- end Pension and OPEB data. The pension data used in development of the updated conversion workbooks was from the LGERS, ROD & TSERS JE Templates that are all available on the NC DST Financial Statement Resources listed by each Unit Type under Pension Resources.

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

| | |
|-----------------------------|---|
| Actuarial cost method | Entry age |
| Amortization method | Open 30-yr level pay |
| Amortization period | 11.6 years |
| Asset valuation method | 5-year smoothed market |
| Inflation | 3.00 percent |
| Healthcare cost trend rates | 6.5 percent initial, decreasing 0.3 percent each year to 4 percent |
| Salary increases | 3.5 to 7.55 percent including inflation and productivity factor |
| Investment rate of return | 7.0 percent, net of OPEB plan investment expense, including inflation |
| Retirement age | In the 2020 actuarial valuation, RP-2014 Healthy Annuitant Mortality Table for males and females, adjusted for Collar for some Participants, further adjusted with scaling factors varying before and after age 78, and projected for mortality improvement using Scale MP-2015 |
| Mortality | In the 2020 actuarial valuation, assumed life expectancies were adjusted as a result of adopting the RP-2014 Employee table. In prior years, those assumptions were based on the 1994 Group Annuity Mortality Table. |

Carolina County, North Carolina
Schedule of Investment Returns - Healthcare Benefits Plan
Last Five Fiscal Years *

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|-------------|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return, net of investment expense | 4.00% | 4.10% | 4.50% | 4.20% | 4.26% |

Note to preparer: All years for which information is available should be presented up to 10 years. Please present all prior years for which information has been provided to you.

Note to preparer: The RSI schedules presented in the updated fiscal year-end 2022 illustrative statements were not changed from the amounts presented in the prior fiscal year other than to add an additional year of data. Since both the pension and OPEB GASB statements were implemented and updated in the Illustrated statements at least two years ago, financial statement preparers should have now had experience with them. LGC Staff is reverting to our historical practice of only changing amounts in the illustrative statements that are the result of any new accounting and reporting changes required for the FYE 2022. Conversion workbooks were updated to include the current fiscal year- end Pension and OPEB data. The pension data used in development of the updated conversion workbooks was from the LGERS, ROD & TSERS JE Templates that are all available on the NC DST Financial Statement Resources listed by each Unit Type under Pension Resources.

Combining and Individual Fund Statements and Schedules

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

| | Final Budget | Actual | Variance Positive (Negative) |
|---|-----------------|---------------|------------------------------------|
| Revenues: | | | |
| Ad valorem taxes: | | | |
| Taxes | | \$ 54,793,268 | |
| Interest | | 339,626 | |
| Total | \$ 55,372,398 | 55,132,894 | \$ (239,504) |
| Local option sales taxes: | | | |
| Article 39 and 44 | | 5,073,477 | |
| Article 40 one - half of one percent | | 3,375,060 | |
| Article 42 one - half of one percent | | 3,214,368 | |
| Article 46 one - quarter of one percent | | 1,186,919 | |
| Total | 12,872,580 | 12,849,824 | (22,756) |
| Other taxes and licenses: | | | |
| Deed stamp excise tax | | 150,717 | |
| Real estate transfer tax | | 79,643 | |
| Total | 202,358 | 230,360 | 28,002 |
| Unrestricted intergovernmental: | | | |
| Payments in lieu of taxes-outside sources | | 24,928 | |
| ABC profit distribution | | 91,850 | |
| Beer and wine tax | | 28,744 | |
| Total | 150,642 | 145,522 | (5,120) |
| Restricted intergovernmental: | | | |
| State grants | | 7,119,183 | |
| Federal grants | | 5,383,804 | |
| Controlled substance tax | | 48,250 | |
| Court facility fees | | 1,444,783 | |
| On-behalf payments Fire and Rescue | | 1,192 | |
| ABC profits for law enforcement | | 36,000 | |
| ABC bottles taxes | | 24,338 | |
| Total | 14,022,706 | 14,057,550 | 34,844 |
| Permits and fees: | | | |
| Building permits | | 13,948 | |
| Inspection fees | | 12,145 | |
| Register of deeds | | 372,845 | |
| Business registration fee | | 46,111 | |
| Total | 400,180 | 445,049 | 44,869 |
| | | | (cont.) |

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

| | Final Budget | Actual | Variance Positive (Negative) |
|---------------------------------|-----------------|------------|------------------------------------|
| Sales and services: | | | |
| Rents, concessions, and fees | | 793,987 | |
| Jail fees | | 31,650 | |
| Ambulance and rescue squad fees | | 121,986 | |
| Recreation fees | | 204,991 | |
| Vehicle tax collection fees | | 12,812 | |
| Total | 1,142,700 | 1,165,426 | 22,726 |
| Investment earnings | 1,533,631 | 1,562,149 | 28,518 |
| Miscellaneous: | | | |
| Sale of materials | | 91,000 | |
| Special assessments | | 4,190 | |
| Other | | 537,351 | |
| Total | 661,703 | 632,541 | (29,162) |
| Total revenues | 86,358,898 | 86,221,315 | (137,583) |
| Expenditures: | | | |
| General government: | | | |
| Governing body: | | | |
| Salaries and employee benefits | | 36,129 | |
| Other operating expenditures | | 41,600 | |
| Insurance other than property | | 62,169 | |
| Total | | 139,898 | |
| Administration: | | | |
| Salaries and employee benefits | | 238,349 | |
| Other operating expenditures | | 98,711 | |
| Total | | 337,060 | |
| Elections: | | | |
| Salaries and employee benefits | | 246,911 | |
| Other operating expenditures | | 119,974 | |
| Capital outlay | | 17,000 | |
| Total | | 383,885 | |

(cont.)

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

| | Final Budget | Actual | Variance Positive (Negative) |
|--------------------------------|-----------------|-----------|------------------------------------|
| Finance: | | | |
| Salaries and employee benefits | | 1,944,775 | |
| Other operating expenditures | | 262,522 | |
| Capital outlay | | 136,515 | |
| Total | | 2,343,812 | |
| Taxes: | | | |
| Salaries and employee benefits | | 2,072,734 | |
| Other operating expenditures | | 501,796 | |
| Tax mapping | | 25,609 | |
| Capital outlay | | 4,869 | |
| Total | | 2,605,008 | |
| Legal: | | | |
| Contracted services | | 49,650 | |
| Register of deeds: | | | |
| Salaries and employee benefits | | 252,293 | |
| Other operating expenditures | | 141,294 | |
| Capital outlay | | 20,000 | |
| Total | | 413,587 | |
| Public buildings: | | | |
| Salaries and employee benefits | | 767,291 | |
| Other operating expenditures | | 301,266 | |
| Total | | 1,068,557 | |
| Court facilities: | | | |
| Salaries and employee benefits | | 879,184 | |
| Other operating expenditures | | 544,323 | |
| Total | | 1,423,507 | |
| Central garage: | | | |
| Salaries and employee benefits | | 34,881 | |
| Other operating expenditures | | 124,252 | |
| Total | | 159,133 | |
| Total general government | 9,204,032 | 8,924,097 | 279,935 |

(cont.)

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

| | Final Budget | Actual | Variance Positive (Negative) |
|--------------------------------------|-----------------|-----------|------------------------------------|
| Public safety: | | | |
| Sheriff and communications: | | | |
| Salaries and employee benefits | | 2,827,984 | |
| Other operating expenditures | | 1,040,793 | |
| Capital outlay | | 276,279 | |
| Total | | 4,145,056 | |
| Jail: | | | |
| Salaries and employee benefits | | 826,941 | |
| Other operating expenditures | | 475,711 | |
| Capital outlay | | 16,040 | |
| Total | | 1,318,692 | |
| Emergency communications: | | | |
| Salaries and employee benefits | | 33,000 | |
| Other operating expenditures | | 33,550 | |
| Capital outlay | | 27,450 | |
| Total | | 94,000 | |
| Emergency management: | | | |
| Salaries and employee benefits | | 18,000 | |
| Other operating expenditures | | 4,100 | |
| Total | | 22,100 | |
| Fire: | | | |
| Salaries and employee benefits | | 93,811 | |
| Other operating expenditures | | 39,113 | |
| Assistance to local fire departments | | 62,250 | |
| Capital outlay | | 10,000 | |
| Total | | 205,174 | |
| Inspections: | | | |
| Salaries and employee benefits | | 744,473 | |
| Other operating expenditures | | 300,794 | |
| Total | | 1,045,267 | |

(cont.)

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

| | Final Budget | Actual | Variance Positive (Negative) |
|----------------------------------|------------------|------------------|------------------------------------|
| Rescue units: | | | |
| Salaries and employee benefits | | 43,327 | |
| Other operating expenditures | | 11,700 | |
| Assistance to local rescue units | | 50,000 | |
| Capital outlay | | 31,740 | |
| Total | | <u>136,767</u> | |
| Animal control: | | | |
| Salaries and employee benefits | | 41,626 | |
| Other operating expenditures | | 18,210 | |
| Capital outlay | | 20,000 | |
| Total | | <u>79,836</u> | |
| Medical examiner: | | | |
| Salaries and employee benefits | | 42,690 | |
| Other operating expenditures | | 11,390 | |
| Contracted services | | 78,748 | |
| Total | | <u>132,828</u> | |
| Total public safety | <u>7,590,414</u> | <u>7,179,720</u> | <u>410,694</u> |
| Transportation: | | | |
| Streets and highways: | | | |
| Salaries and employee benefits | | 46,989 | |
| Other operating expenditures | | 17,313 | |
| Contracted services | | 59,354 | |
| Total | | <u>123,656</u> | |
| Contribution to regional airport | | 1,014,922 | |
| Total transportation | <u>1,341,516</u> | <u>1,138,578</u> | <u>202,938</u> (cont.) |

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

| | Final Budget | Actual | Variance Positive (Negative) |
|---|------------------|------------------|------------------------------------|
| Economic and physical development: | | | |
| Planning and zoning: | | | |
| Salaries and employee benefits | | 112,831 | |
| Other operating expenditures | | 15,763 | |
| Contracted services | | 127,117 | |
| Total | | <u>255,711</u> | |
| Economic development: | | | |
| Salaries and employee benefits | | 60,960 | |
| Other operating expenditures | | 13,994 | |
| COG membership dues | | 20,000 | |
| Capital outlay | | 170,000 | |
| Total | | <u>264,954</u> | |
| Community development: | | | |
| Salaries and employee benefits | | 19,053 | |
| Other operating expenditures | | 6,245 | |
| Capital outlay | | 2,000 | |
| Total | | <u>27,298</u> | |
| Agricultural extension: | | | |
| Salaries and employee benefits | | 19,556 | |
| Other operating expenditures | | 4,315 | |
| Capital outlay | | 2,366 | |
| Total | | <u>26,237</u> | |
| Special employment programs (JTPA): | | | |
| Salaries and employee benefits | | 97,658 | |
| Training costs | | 485,641 | |
| Support payments | | 101,873 | |
| Other operating expenditures | | 6,217 | |
| Total | | <u>691,389</u> | |
| Soil and water conservation: | | | |
| Salaries and employee benefits | | 50,170 | |
| Other operating expenditures | | 1,170 | |
| Total | | <u>51,340</u> | |
| Total economic and physical development | <u>1,348,242</u> | <u>1,316,929</u> | <u>31,313</u> (cont.) |

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

| | Final Budget | Actual | Variance Positive (Negative) |
|--------------------------------|-----------------|----------------|------------------------------------|
| Human services: | | | |
| Health: | | | |
| Administration: | | | |
| Salaries and employee benefits | | 351,785 | |
| Other operating expenditures | | 172,218 | |
| Total | | <u>524,003</u> | |
| Health promotion: | | | |
| Salaries and employee benefits | | 30,922 | |
| Other operating expenditures | | 8,967 | |
| Capital outlay | | 2,896 | |
| Total | | <u>42,785</u> | |
| Tuberculosis: | | | |
| Salaries and employee benefits | | 38,239 | |
| Other operating expenditures | | 3,528 | |
| Total | | <u>41,767</u> | |
| Home health: | | | |
| Salaries and employee benefits | | 159,523 | |
| Other operating expenditures | | 43,141 | |
| Total | | <u>202,664</u> | |
| Family planning: | | | |
| Salaries and employee benefits | | 121,201 | |
| Other operating expenditures | | 34,315 | |
| Total | | <u>155,516</u> | |
| Maternal and child health: | | | |
| Salaries and employee benefits | | 65,339 | |
| Other operating expenditures | | 52,893 | |
| Total | | <u>118,232</u> | |
| Women, infants, and children: | | | |
| Salaries and employee benefits | | 69,704 | |
| Other operating expenditures | | 18,269 | |
| Total | | <u>87,973</u> | |

(cont.)

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

| | Final Budget | Actual | Variance Positive (Negative) |
|--------------------------------|-----------------|------------------|------------------------------------|
| Environmental health: | | | |
| Salaries and employee benefits | | 345,896 | |
| Other operating expenditures | | 83,567 | |
| Capital outlay | | 49,418 | |
| Total | | <u>478,881</u> | |
| Migrant health: | | | |
| Salaries and employee benefits | | 40,063 | |
| Other operating expenditures | | 11,463 | |
| Capital outlay | | 5,689 | |
| Total | | <u>57,215</u> | |
| Total health | | <u>1,709,036</u> | |
| Mental health: | | | |
| Carolina Area Mental Health | | <u>3,515,154</u> | |
| Social services: | | | |
| Administration: | | | |
| Salaries and employee benefits | | 469,425 | |
| Other operating expenditures | | 186,964 | |
| Capital outlay | | 101,194 | |
| Total | | <u>757,583</u> | |
| AFDC: | | | |
| Assistance payments | | <u>5,394,921</u> | |
| Medical assistance program: | | | |
| Assistance payments | | <u>2,412,791</u> | |
| Title III program: | | | |
| Salaries and employee benefits | | 304,098 | |
| Other operating expenditures | | 79,289 | |
| Capital outlay | | 67,296 | |
| Total | | <u>450,683</u> | |
| Income maintenance programs: | | | |
| Salaries and employee benefits | | 1,179,330 | |
| Other operating expenditures | | 62,538 | |
| Total | | <u>1,241,868</u> | |

(cont.)

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

| | Final Budget | Actual | Variance Positive (Negative) |
|---------------------------------------|-----------------|-------------------|------------------------------------|
| Food stamp program: | | | |
| Salaries and employee benefits | | 501,431 | |
| Other operating expenditures | | 569,003 | |
| Total | | <u>1,070,434</u> | |
| Adult day care: | | | |
| Salaries and employee benefits | | 922,006 | |
| Other operating expenditures | | 1,192,874 | |
| Capital outlay | | 145,680 | |
| Total | | <u>2,260,560</u> | |
| Child support enforcement: | | | |
| Salaries and employee benefits | | 776,198 | |
| Other operating expenditures | | 856,329 | |
| Capital outlay | | 52,894 | |
| Total | | <u>1,685,421</u> | |
| Other assistance: | | | |
| Assistance payments | | 502,145 | |
| Total social services | | <u>15,776,406</u> | |
| Community based alternatives: | | | |
| Salaries and employee benefits | | 25,599 | |
| Other operating expenditures | | 2,279 | |
| Total community based alternatives | | <u>27,878</u> | |

(cont.)

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

| | Final Budget | Actual | Variance Positive (Negative) |
|--|-----------------|------------|------------------------------------|
| Veterans service officer: | | | |
| Salaries and employee benefits | | 129,956 | |
| Other operating expenditures | | 26,392 | |
| Total veterans service officer | | 156,348 | |
| Contribution to County Hospital | | 1,235,000 | |
| Total human services | 22,768,758 | 22,419,822 | 348,936 |
| Cultural and recreational: | | | |
| Recreation: | | | |
| Salaries and employee benefits | | 159,537 | |
| Other operating expenditures | | 103,572 | |
| Capital outlay | | 20,325 | |
| Total | | 283,434 | |
| Libraries: | | | |
| Contribution to regional library | | 2,024,806 | |
| Total culture and recreation | 2,312,261 | 2,308,240 | 4,021 |
| Education: | | | |
| Public schools - local current expense | | 32,119,059 | |
| Public schools - capital outlay | | 6,798,957 | |
| Community colleges - local current expense | | 2,000,000 | |
| Community colleges - capital outlay | | 500,000 | |
| Total education | 41,418,016 | 41,418,016 | - |
| Debt service: | | | |
| Principal retirement | 618,166 | 629,219 | - |
| Interest and other charges | 692,904 | 709,264 | - |
| Bond issuance costs | 65,000 | 65,000 | - |
| Advance refunding escrow | 15,000 | 15,000 | - |
| Total debt service | 1,391,070 | 1,418,483 | - |
| Total expenditures | 87,374,309 | 86,123,885 | 1,250,424 |
| Revenues over expenditures | (1,015,411) | 97,430 | 1,112,841 (cont.) |

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

| | Final Budget | Actual | (cont.) Variance Positive (Negative) |
|---|-----------------|----------------------|---|
| Other financing sources (uses): | | | |
| Transfers from other funds: | | | |
| ARP | 440,000 | 440,000 | - |
| School Capital Projects Fund | 620,227 | 619,059 | (1,168) |
| Transfers to other funds: | | | |
| Tax Revaluation Fund | (68,816) | (250,616) | (181,800) |
| School Capital Projects Fund | (70,000) | (70,000) | - |
| Capital Reserve Fund | - | (200,000) | (200,000) |
| Water and Sewer Fund District-No. 1 | (100,000) | (100,000) | - |
| Total net transfers | 821,411 | 438,443 | (382,968) |
| Lease liabilities issued | 100,000 | 279,755 | - |
| Refunding bonds issued | 3,365,000 | 3,365,000 | - |
| Payment to refunded bond escrow agent | (3,300,000) | (3,300,000) | - |
| Sale of capital assets | 29,000 | 28,482 | (518) |
| Total other financing sources (uses) | 1,015,411 | 811,680 | (203,731) |
| Net change in fund balance | \$ - | 909,110 | \$ 909,110 |
| Fund balances, beginning | | 12,345,496 | |
| Increase in inventory | | 122,974 | |
| Fund balance, ending | | \$ 13,377,580 | |

Note to preparer: Counties that do not have eligible fire or rescue squad workers will not have a line item for on behalf payments made for fringe benefits and salaries. Please see note on page 109.

Carolina County, North Carolina
Tax Revaluation Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022

| | Final Budget | Actual | Variance Positive (Negative) |
|--|-----------------|-------------------|------------------------------------|
| Revenues: | | | |
| Investment earnings | \$ 36,000 | \$ 52,679 | \$ 16,679 |
| Expenditures: | | | |
| Current: | | | |
| General government: | | | |
| Tax listing | 585,500 | 562,674 | 22,826 |
| Revenues over (under) expenditures | (549,500) | (509,995) | (6,147) |
| Other financing sources: | | | |
| Transfer in: | | | |
| General Fund | 68,816 | 250,616 | 181,800 |
| Revenues and other sources over (under) expenditures | (480,684) | (259,379) | 175,653 |
| Appropriated fund balance | 480,684 | - | (480,684) |
| Revenues, other sources, and appropriated fund balance over (under) expenditures | <u>\$ -</u> | (259,379) | <u>\$ (305,031)</u> |
| Fund balance, beginning | | 731,102 | |
| Fund balance, ending | | <u>\$ 471,723</u> | |

Note to Preparer: The Tax Revaluation Fund is consolidated in the General Fund. In this example the unit of government did not have the governing body obligate a specific revenue source to be used for the tax revaluation expenditures. A unit of government that had their governing body approve a specific revenue source for this fund may classify the fund as a special revenue fund. The fund balance of the Tax Revaluation Fund is classified as committed, in either fund, since the use of the funds cannot be changed without the majority vote of the governing board. Money in the Tax Revaluation Fund is also classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150.

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Carolina County, North Carolina
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2022

| | Special Revenue Funds | | | | | | Capital Projects Funds | | | | |
|---|---------------------------------|--------------------|---------------------------|--------------------|----------------------------|------------------------|--------------------------------------|---------------------------------|------------------------------|---------------------------------------|-----------------------------------|
| | Emergency Telephone System Fund | Fire District Fund | Representative Payee Fund | Deed of Trust Fund | Fines and Forfeitures Fund | Opioid Settlement Fund | Total Nonmajor Special Revenue Funds | Northwest Capital Projects Fund | School Capital Projects Fund | Total Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
| ASSETS | | | | | | | | | | | |
| Cash and cash equivalents | \$ 2,450 | \$ 1,783 | \$ 53,478 | \$ 2,724 | \$ 72,179 | \$ - | \$ 132,614 | \$ 524 | \$ 46,000 | \$ 46,524 | \$ 179,138 |
| Restricted cash and cash equivalents | - | - | - | - | - | 290,000 | 290,000 | 1,720 | 558,550 | 560,270 | 850,270 |
| Accounts receivable, net | - | - | - | - | 2,687 | - | 2,687 | 9,093 | - | 9,093 | 11,780 |
| Taxes receivable, net | 4,478 | 1,345 | - | - | - | - | 5,823 | - | - | - | 5,823 |
| Due from other governments | - | - | - | - | - | - | - | - | 54,800 | 54,800 | 54,800 |
| Total assets | \$ 6,928 | \$ 3,128 | \$ 53,478 | \$ 2,724 | \$ 74,866 | \$ 290,000 | \$ 431,124 | \$ 11,337 | \$ 659,350 | \$ 670,687 | \$ 1,101,811 |
| LIABILITIES AND FUND BALANCES | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | |
| Accounts payable and accrued liabilities | \$ 4,478 | \$ - | \$ 7,132 | \$ - | \$ - | \$ - | \$ 11,610 | \$ 3,368 | \$ 5,500 | \$ 8,868 | \$ 20,478 |
| Due to other governments | - | - | - | 2,724 | 72,179 | - | 74,903 | - | - | - | 74,903 |
| Contract retainage | - | - | - | - | - | - | - | - | 85,030 | 85,030 | 85,030 |
| Unearned revenues | - | - | - | - | - | 290,000 | 290,000 | - | - | - | 290,000 |
| Total liabilities | 4,478 | - | 7,132 | 2,724 | 72,179 | 290,000 | 376,513 | 3,368 | 90,530 | 93,898 | 470,411 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | | | | |
| Taxes receivable | - | 1,345 | - | - | - | - | 1,345 | - | - | - | 1,345 |
| Total deferred inflows of resources | - | 1,345 | - | - | - | - | 1,345 | - | - | - | 1,345 |
| Fund balances: | | | | | | | | | | | |
| Restricted: | | | | | | | | | | | |
| Stabilization by State Statute | 4,478 | - | - | - | - | - | 4,478 | - | - | - | 4,478 |
| Fire Protection | - | 1,783 | - | - | - | - | 1,783 | - | - | - | 1,783 |
| School Capital | - | - | - | - | - | - | - | - | 558,550 | 558,550 | 558,550 |
| Health Services | - | - | 46,346 | - | - | - | 46,346 | - | - | - | 46,346 |
| Education | - | - | - | - | 2,687 | - | 2,687 | - | - | - | 2,687 |
| Assigned | | | | | | | | | | | |
| Recreation Capital Outlay | - | - | - | - | - | - | - | 7,969 | - | 7,969 | 7,969 |
| Future School Capital Outlay | - | - | - | - | - | - | - | - | 10,270 | 10,270 | 10,270 |
| Unassigned | (2,028) | - | - | - | - | - | (2,028) | - | - | - | (2,028) |
| Total fund balances | 2,450 | 1,783 | 46,346 | - | 2,687 | - | 53,266 | 7,969 | 568,820 | 576,789 | 630,055 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 6,928 | \$ 3,128 | \$ 53,478 | \$ 2,724 | \$ 74,866 | \$ 290,000 | \$ 431,124 | \$ 11,337 | \$ 659,350 | \$ 670,687 | \$ 1,101,811 |

Note to Preparer: With implementation of GASB Statement No. 84, the Representative Payee Fund, Deed of Trust Fund and Fines and Forfeitures Funds were reclassified from Agency Funds to Special Revenue Funds.

Note to Preparer: Under GASB Statement No. 54 the Capital Reserve Fund is consolidated in the existing School Capital Projects Fund as the unit plans to use funds for future school capital construction.

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

| | Special Revenue Fund | | | | | | Capital Projects Funds | | | | |
|--|--|--------------------------|------------------------------|-----------------------|----------------------------------|------------------------------|--|--|---------------------------------------|---|--|
| | Emergency Telephone System Fund | Fire District Fund | Representative Payee Fund | Deed of Trust Fund | Fines and Forfeitures Fund | Opioid Settlement Fund | Total Nonmajor Special Revenue Funds | Northwest Capital Projects Fund | School Capital Projects Fund | Total Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
| REVENUES | | | | | | | | | | | |
| Ad valorem taxes | \$ - | \$ 20,861 | \$ - | \$ - | \$ - | \$ - | \$ 20,861 | \$ - | \$ - | \$ - | \$ 20,861 |
| Local option sales taxes | - | - | - | - | - | - | - | - | 376,400 | 376,400 | \$ 376,400 |
| Restricted intergovernmental | 57,136 | - | 566,064 | - | - | - | \$ 623,200 | 32,832 | 666,829 | 699,661 | \$ 1,322,861 |
| Permits and fees | - | - | - | 12,600 | - | - | \$ 12,600 | - | - | - | \$ 12,600 |
| Sales and services | - | - | - | - | 481,900 | - | \$ 481,900 | - | - | - | \$ 481,900 |
| | | | | | | | \$ - | | | | \$ - |
| Investment earnings | - | 99 | 568 | - | - | - | \$ 667 | 13,600 | 38,250 | 51,850 | \$ 52,517 |
| Miscellaneous | - | - | - | - | - | - | \$ - | 70,000 | - | 70,000 | \$ 70,000 |
| Total revenues | 57,136 | 20,960 | 566,632 | 12,600 | 481,900 | - | 1,139,228 | 116,432 | 1,081,479 | 1,197,911 | 2,337,139 |
| EXPENDITURES | | | | | | | | | | | |
| Current: | | | | | | | | | | | |
| General government | - | - | - | 12,600 | 482,577 | - | 495,177 | - | - | - | 495,177 |
| Public safety | 55,686 | 20,800 | - | - | - | - | 76,486 | 20,177 | - | 20,177 | 96,663 |
| Human services | - | - | 532,637 | - | - | - | 532,637 | - | - | - | 532,637 |
| | | | | | | | - | | | | |
| Capital outlay | - | - | - | - | - | - | - | 125,919 | 1,700,600 | 1,826,519 | 1,826,519 |
| Total expenditures | 55,686 | 20,800 | 532,637 | 12,600 | 482,577 | - | 1,104,300 | 146,096 | 1,700,600 | 1,846,696 | 2,950,996 |
| Excess (deficiency) of revenues over expenditures | 1,450 | 160 | 33,995 | - | (677) | - | 34,928 | (29,664) | (619,121) | (648,785) | (613,857) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | | |
| Transfers from other funds | - | - | - | - | - | - | - | 10,000 | 270,000 | 280,000 | 280,000 |
| Transfers to other funds | (10,000) | - | - | - | - | - | (10,000) | - | (619,059) | (619,059) | (629,059) |
| Installment purchase obligations issued | - | - | - | - | - | - | - | - | 1,200,000 | 1,200,000 | 1,200,000 |
| | | | | | | | | | | | |
| Total other financing sources and uses | (10,000) | - | - | - | - | - | (10,000) | 10,000 | 850,941 | 860,941 | 850,941 |
| Net change in fund balances | (8,550) | 160 | 33,995 | - | (677) | - | 24,928 | (19,664) | 231,820 | 212,156 | 237,084 |
| Fund balances, beginning, as previously reported | 11,000 | 1,623 | - | - | - | - | 12,623 | 27,633 | 337,000 | 364,633 | 377,256 |
| Prior period restatement - change in accounting principle | - | - | 12,351 | - | 3,364 | - | 15,715 | | | - | 15,715 |
| Fund balances, beginning, as restated | 11,000 | 1,623 | 12,351 | - | 3,364 | - | 28,338 | 27,633 | 337,000 | 364,633 | 392,971 |
| Fund balances, ending | \$ 2,450 | \$ 1,783 | \$ 46,346 | \$ - | \$ 2,687 | \$ - | \$ 53,266 | \$ 7,969 | \$ 568,820 | \$ 576,789 | \$ 630,055 |

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

| | Final Budget | Actual | Variance Positive (Negative) |
|------------------------------------|--------------------|------------------------|------------------------------------|
| Revenues | | | |
| Restricted intergovernmental | 68,000 | 57,136 | (10,864) |
| Total | <u>68,000</u> | <u>57,136</u> | <u>(10,864)</u> |
| Expenditures | | | |
| Implemental functions | 12,500 | 11,314 | 1,186 |
| Telephone | 3,700 | 3,682 | 18 |
| Software maintenance | 2,650 | 2,649 | 1 |
| Hardware maintenance | 19,875 | 18,833 | 1,042 |
| Training | 3,000 | 2,933 | 67 |
| Capital outlay | 6,275 | 6,275 | - |
| S.L. 2010-158 expenditures | 10,000 | 10,000 | - |
| Total | <u>58,000</u> | <u>55,686</u> | <u>2,314</u> |
| Revenues over (under) expenditures | <u>\$ 10,000</u> | <u>1,450</u> | <u>(8,550)</u> |
| Other financing sources: | | | |
| Transfer to Capital Project Fund** | <u>(10,000)</u> | <u>(10,000)</u> | <u>-</u> |
| Appropriated fund balance | <u>-</u> | <u>-</u> | <u>-</u> |
| Revenues over (under) expenditures | <u><u>\$ -</u></u> | <u>(8,550)</u> | <u><u>\$ (8,550)</u></u> |
| Fund balance, beginning | | 11,000 | |
| Fund balance, ending | | <u><u>\$ 2,450</u></u> | |

****The County transferred \$10,000 of eligible 911 funds to the Northwest Capital project fund for Radio Network Switching Equipment for Dispatch Consoles for the recreation center.**

Note to Preparer: Please describe any transfers to/from the Emergency Telephone System Fund on this schedule.

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

| | Final Budget | Actual | Variance Positive (Negative) |
|----------------------------|-----------------|-----------------|------------------------------------|
| Revenues: | | | |
| Ad valorem taxes: | | | |
| Current year | \$ 19,200 | \$ 19,313 | \$ 113 |
| Prior year | 1,500 | 1,548 | 48 |
| Total | <u>20,700</u> | <u>20,861</u> | <u>161</u> |
| Investment earnings | 100 | 99 | (1) |
| Total revenues | <u>20,800</u> | <u>20,960</u> | <u>160</u> |
| Expenditures: | | | |
| Current: | | | |
| Public safety: | | | |
| Fire District No. 1 | 9,800 | 9,800 | - |
| Fire District No. 2 | 11,000 | 11,000 | - |
| Total expenditures | <u>20,800</u> | <u>20,800</u> | <u>-</u> |
| Net change in fund balance | <u>\$ -</u> | 160 | <u>\$ 160</u> |
| Fund balance, beginning | | 1,623 | |
| Fund balance, ending | | <u>\$ 1,783</u> | |

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

| | Final Budget | Actual | Variance Positive (Negative) |
|---|-----------------|------------------|------------------------------------|
| Revenues: | | | |
| Restricted intergovernmental | \$ 566,000 | \$ 566,064 | \$ 64 |
| Investment earnings | - | 568 | 568 |
| Total revenues | <u>566,000</u> | <u>566,632</u> | <u>632</u> |
| Expenditures: | | | |
| Current: | | | |
| Human services | | | |
| Payments made for the benefit of beneficiaries | 566,000 | 532,637 | 33,363 |
| Total expenditures | <u>566,000</u> | <u>532,637</u> | <u>33,363</u> |
| Net change in fund balance | <u>\$ -</u> | 33,995 | <u>\$ (32,731)</u> |
| Fund balance, beginning, as previously reported | | - | |
| Prior period restatement - change in accounting principle | | <u>12,351</u> | |
| Fund balance, beginning, as restated | | <u>12,351</u> | |
| Fund balance, ending | | <u>\$ 46,346</u> | |

Note to Preparer: As a result of the implementation of GASB Statement No. 84 - *Fiduciary Activities*, the DSS Client Funds, formerly reported as agency funds, have been renamed Representative Payee Funds and are now required to be reported as a governmental fund type. Carolina County has chosen to report these funds in a special revenue fund. Also, in the notes to the financial statements, consider adding a link to the federal website at <https://www.ssa.gov/payee/faqrep.htm>.

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

| | Final Budget | Actual | Variance Positive (Negative) |
|-----------------------------------|-----------------|---------------|------------------------------------|
| Revenues: | | | |
| Permits and fees | | | |
| Register of deeds | \$ 12,700 | \$ 12,600 | \$ (100) |
| Total revenues | <u>12,700</u> | <u>12,600</u> | <u>(100)</u> |
| Expenditures: | | | |
| Current: | | | |
| General government | | | |
| Payments of fees collected to the | | | |
| State of North Carolina | 12,700 | 12,600 | 100 |
| Total expenditures | <u>12,700</u> | <u>12,600</u> | <u>100</u> |
| Net change in fund balance | <u>\$ -</u> | - | <u>\$ -</u> |
| Fund balance, beginning | | - | |
| Fund balance, ending | | <u>\$ -</u> | |

Note to Preparer: As a result of the implementation of GASB Statement No. 84 - *Fiduciary Activities*, the Deed of Trust funds collected that are required to be remitted to the State, formerly reported as agency funds, are now required to be reported as a governmental fund type. Carolina County has chosen to report these funds in a special revenue fund.

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

| | Final Budget | Actual | Variance Positive (Negative) |
|---|-----------------|-----------------|------------------------------------|
| Revenues: | | | |
| Sales and services | | | |
| Penalties, fines and forfeitures | \$ 483,000 | \$ 481,900 | \$ (1,100) |
| Total revenues | <u>483,000</u> | <u>481,900</u> | <u>(1,100)</u> |
| Expenditures: | | | |
| Current: | | | |
| General government | | | |
| Payments of penalties, fines and forfeitures to the | | | |
| Carolina County Board of Education | 483,000 | 482,577 | 423 |
| Total expenditures | <u>483,000</u> | <u>482,577</u> | <u>423</u> |
| Net change in fund balance | <u>\$ -</u> | (677) | <u>\$ (677)</u> |
| Fund balance, beginning, as previously reported | | - | |
| Prior period restatement - change in accounting principle | | 3,364 | |
| Fund balance, beginning, as restated | | <u>3,364</u> | |
| Fund balance, ending | | <u>\$ 2,687</u> | |

Note to Preparer: As a result of the implementation of GASB Statement No. 84 - *Fiduciary Activities*, fines and forfeitures assessed that are required to be remitted to the Carolina County Board of Education, formerly reported as agency funds, are now required to be reported as a governmental fund type. Carolina County has chosen to report these funds in a special revenue fund.

Carolina County, North Carolina
Opioid Settlement Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2022

| | Project Authorization | Prior Years | Actual Current Year | Total to Date | Variance Positive (Negative) |
|---|--------------------------|----------------|---------------------------|------------------|------------------------------------|
| Revenues | | | | | |
| Opioid Settlement Funds | \$ 3,200,000 | \$ - | \$ - | \$ - | \$ (3,200,000) |
| Total | 3,200,000 | - | - | - | (3,200,000) |
| Total revenues | 3,200,000 | - | - | - | (3,200,000) |
| Expenditures | | | | | |
| General Government | | | | | |
| Health and Human Services | | | | | |
| Collaborative strategic planning | - | - | - | - | - |
| Opioid addiction treatment | 3,200,000 | - | - | - | 3,200,000 |
| Recovery support services | - | - | - | - | - |
| Recovery housing | - | - | - | - | - |
| Employment related services | - | - | - | - | - |
| Early intervention | - | - | - | - | - |
| Naloxone distribution | - | - | - | - | - |
| Post-overdose response team | - | - | - | - | - |
| Syringe service program | - | - | - | - | - |
| Criminal justice diversion program | - | - | - | - | - |
| Addiction treatment for incarcerated pe | - | - | - | - | - |
| Reentry programs | - | - | - | - | - |
| Total | 3,200,000 | - | - | - | 3,200,000 |
| Revenues under expenditures | | | | | |
| Revenues and other sources over (under) expenditures | \$ - | \$ - | \$ - | \$ - | \$ - |
| Fund balance, beginning | | | - | | |
| Fund balance, ending | | | \$ - | | |

Note to preparer: The Grant and Project Ordinance allowed in § 159-13.2 will require a technical correction to allow for the Opioid Fund to be accounted for with a project ordinance since the funds are not from the federal or state level. The correction is pending at the date of publication.

Carolina County, North Carolina
Coronavirus State Local Fiscal Recovery Funds CFR 21.027 (ARPA Funds)
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2022

| | Project Authorization | Prior Years | Actual Current Year | Total to Date | Variance Positive Negative |
|---|--------------------------|----------------|---------------------------|------------------|----------------------------------|
| Revenues | | | | | |
| ARP Funds | \$ 2,100,000 | \$ - | \$ 440,000 | \$ 440,000 | \$ (1,660,000) |
| Total | 2,100,000 | - | 440,000 | 440,000 | (1,660,000) |
| Total revenues | 2,100,000 | - | 440,000 | 440,000 | (1,660,000) |
| Expenditures | | | | | |
| General Government | | | | | |
| Unassigned ARP Expenditures | 1,660,000 | - | - | - | 1,660,000 |
| Total | 1,660,000 | - | - | - | 1,660,000 |
| Other financing sources(uses) | | | | | |
| Transfer Out - General Fund | 440,000 | - | 440,000 | 440,000 | - |
| Transfer Out - Landfill Fund | - | - | - | - | - |
| Transfer Out - Water and Sewer District No.1 | - | - | - | - | - |
| Transfer Out - Water and Sewer District No.2 | - | - | - | - | - |
| Total other financing sources (uses) | 440,000 | - | 440,000 | 440,000 | - |
| Revenues and other sources over (under) expenditures | \$ - | \$ - | \$ - | \$ - | \$ - |
| Fund balance, beginning | | | - | | |
| Fund balance, ending | | | \$ - | | |

**Carolina County, North Carolina
Northwest Capital Projects Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2022**

| | Project Authorization | Prior Years | Actual Current Year | Total to Date | Variance Positive (Negative) |
|---|--------------------------|----------------|---------------------------|------------------|------------------------------------|
| Revenues | | | | | |
| Park Renovation: | | | | | |
| Investment earnings | \$ 26,000 | \$ 12,100 | \$ 13,600 | \$ 25,700 | \$ (300) |
| Miscellaneous: | | | | | |
| Contributions - XYZ Corp. | 85,700 | 15,700 | 70,000 | 85,700 | - |
| Total | 111,700 | 27,800 | 83,600 | 111,400 | (300) |
| Outdoor Theater: | | | | | |
| Restricted intergovernmental | 55,000 | 1,720 | 31,112 | 32,832 | (22,168) |
| Network Switching Equipment | | | | | |
| 911 Revenue Interest | - | - | 1,720 | 1,720 | 1,720 |
| Total revenues | 166,700 | 29,520 | 116,432 | 145,952 | (20,748) |
| Expenditures | | | | | |
| Capital outlay: | | | | | |
| Culture and recreation: | | | | | |
| Park Renovation: | | | | | |
| Buildings | 364,500 | 295,887 | 77,866 | 373,753 | (9,253) |
| Other improvements | 25,500 | - | 15,221 | 15,221 | 10,279 |
| Feasibility study | 16,000 | 16,000 | - | 16,000 | - |
| Total | 406,000 | 311,887 | 93,087 | 404,974 | 1,026 |
| Outdoor Theater: | | | | | |
| Buildings | 520,000 | - | 32,832 | 32,832 | 487,168 |
| Other improvements | 35,000 | - | - | - | 35,000 |
| Total | 555,000 | - | 32,832 | 32,832 | 522,168 |
| Network Switching Equipment | | | | | |
| Other improvements | 25,700 | - | 20,177 | 20,177 | 5,523 |
| Total | 25,700 | - | 20,177 | 20,177 | 5,523 |
| Total expenditures | 986,700 | 311,887 | 146,096 | 457,983 | 528,717 |
| Revenues under expenditures | (820,000) | (282,367) | (29,664) | (312,031) | 507,969 |
| Other financing sources: | | | | | |
| Park Renovation: | | | | | |
| Transfers from General Fund | 300,000 | 300,000 | - | 300,000 | - |
| Radio Network Switching | | | | | |
| Transfers from Emergency Telephone System Fund | 20,000 | 10,000 | 10,000 | 20,000 | - |
| Outdoor Theater: | | | | | |
| General obligation bonds issued | 500,000 | - | - | - | (500,000) |
| Total other financing sources | 820,000 | 310,000 | 10,000 | 320,000 | (500,000) |
| Revenues and other sources over (under) expenditures | \$ - | \$ 27,633 | \$ (19,664) | \$ 7,969 | \$ 7,969 |
| Fund balance, beginning | | | 27,633 | | |
| Fund balance, ending | | | \$ 7,969 | | |

Carolina County, North Carolina
School Capital Projects Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2022

| | Project Author- ization | | Actual | | Total to Date | Variance Positive (Negative) |
|---|-------------------------------|----------------|------------------|------------------|--------------------|------------------------------------|
| | | Prior Years | | Current Year | | |
| Revenues | | | | | | |
| Local option sales taxes | \$ 550,000 | \$ - | \$ 376,400 | \$ 376,400 | \$ (173,600) | |
| Restricted intergovernmental: | | | | | | |
| Public School Building | | | | | | - |
| Capital Fund | 225,000 | - | 10,000 | 10,000 | (215,000) | |
| Public School Building | | | | | | - |
| Capital Fund - lottery | 775,000 | - | 624,059 | 624,059 | (150,941) | |
| Public School Building | | | | | | - |
| Bond Act of 1996 | 1,000,000 | - | 32,770 | 32,770 | (967,230) | |
| Investment earnings | 30,000 | - | 16,700 | 16,700 | (13,300) | |
| Total revenues | <u>2,580,000</u> | <u>-</u> | <u>1,059,929</u> | <u>1,059,929</u> | <u>(1,520,071)</u> | |
| Expenditures | | | | | | |
| Intergovernmental - education: | | | | | | |
| NC State Senior High | 1,553,725 | - | 334,200 | 334,200 | 1,219,525 | |
| Tar Heel Elementary | 1,745,893 | - | 466,000 | 466,000 | 1,279,893 | |
| Duke Elementary - lottery | 75,000 | - | 5,000 | 5,000 | 70,000 | |
| Duke Elementary | 2,763,932 | - | 895,400 | 895,400 | 1,868,532 | |
| Total expenditures | <u>6,138,550</u> | <u>-</u> | <u>1,700,600</u> | <u>1,700,600</u> | <u>4,437,950</u> | |
| Revenues over (under) expenditures | <u>(3,558,550)</u> | <u>-</u> | <u>(640,671)</u> | <u>(640,671)</u> | <u>2,917,879</u> | |
| Other financing sources: | | | | | | |
| Installment purchase obligations issued | 3,518,550 | - | 1,200,000 | 1,200,000 | (2,318,550) | |
| Transfers from | | | | | | |
| General Fund | 740,000 | - | 70,000 | 70,000 | (670,000) | |
| Transfers to | | | | | | |
| General Fund | <u>(700,000)</u> | <u>-</u> | <u>(619,059)</u> | <u>(619,059)</u> | <u>80,941</u> | |
| Total other financing sources | <u>3,558,550</u> | <u>-</u> | <u>650,941</u> | <u>650,941</u> | <u>(2,907,609)</u> | |
| Revenues and other sources over expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>10,270</u> | <u>\$ 10,270</u> | <u>\$ 10,270</u> | |
| Fund balance, beginning | | | - | | | |
| Fund balance, ending | | | <u>\$ 10,270</u> | | | (cont) |

**Carolina County, North Carolina
School Capital Projects Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2022**

(cont)

| | |
|---|-----------------------|
| Fund Balance, ending | <u>10,270</u> |
| Amounts reported for Revenue, Expenditures and Changes in Fund Balance are different from the Budget/Actual Statement due to consolidation of the Capital Reserve Fund: | |
| Investment Earnings | 21,550 |
| Transfer-In | 200,000 |
| Fund Balance, Beginning (Capital Reserve Fund) | <u>337,000</u> |
| Fund Balance, Ending (Consolidated School Capital Projects Fund) | <u><u>568,820</u></u> |

Note to preparer: The unit's spending policy indicates that restricted funds are used before County funds for expenditures for this Capital Project Fund. Based on this policy, the School Capital Projects Fund's fund balance of \$10,270 is derived from transfers in from the General Fund, which would be classified as assigned. In other circumstances fund balance could be classified as Committed in Capital Project Funds. Please review Memorandum #2010-35 for more information.

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

| | Project Author- ization | Prior Year | Actual Current Year | Total to Date | Variance Positive (Negative) |
|---|-------------------------------|---------------|---------------------------|------------------|------------------------------------|
| Revenues | | | | | |
| Investment Earnings | \$ 100,000 | \$ 10,000 | \$ 21,550 | \$ 31,550 | \$ (68,450) |
| Other financing sources (uses): | | | | | |
| Transfers in: | | | | | |
| General Fund | 1,000,000 | 327,000 | 200,000 | 527,000 | (473,000) |
| Transfers out: | | | | | |
| Capital Projects Fund | (1,100,000) | - | - | - | 1,100,000 |
| Total other financing sources (uses) | (100,000) | 327,000 | 200,000 | 527,000 | 627,000 |
| Net change in fund balance | \$ - | \$ 337,000 | 221,550 | \$ 558,550 | \$ 558,550 |
| Fund balance, beginning | | | 337,000 | | |
| Fund balance, ending | | | \$ 558,550 | | |

Note to preparer: Under GASB Statement No. 54 this fund is reclassified in the School Capital Projects Fund as the unit plans to use funds for future school capital construction. The revenue source for this fund is restricted by G.S. 159-18 through 22 for specific purposes and is therefore classified as restricted cash and fund balance.

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Enterprise Funds

**Carolina County, North Carolina
Landfill Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2022**

| | Final Budget | Actual | Variance Positive (Negative) |
|-------------------------------------|-------------------|----------------|------------------------------------|
| Revenues: | | | |
| Operating revenues: | | | |
| Charges for services: | | | |
| Solid waste charges | | \$ 314,827 | |
| Recycling | | 2,453 | |
| Solid waste disposal fees | | 3,000 | |
| Other operating revenues | | 100 | |
| Total | <u>\$ 337,200</u> | <u>320,380</u> | <u>\$ (16,820)</u> |
| Nonoperating revenues: | | | |
| Solid waste disposal tax | | 1,000 | |
| Scrap tire disposal tax | | 42,000 | |
| White goods disposal tax | | 58,000 | |
| Investment earnings | | 917 | |
| Total | <u>100,800</u> | <u>101,917</u> | <u>1,117</u> |
| Total revenues | <u>438,000</u> | <u>422,297</u> | <u>(15,703)</u> |
| Expenditures: | | | |
| Landfill administration: | | | |
| Salaries and employee benefits | | 49,318 | |
| Supplies | | 2,488 | |
| Other operating expenditures | | 2,014 | |
| Total | <u>43,000</u> | <u>53,820</u> | <u>(10,820)</u> |
| Landfill operations: | | | |
| Salaries and employee benefits | | 237,443 | |
| Supplies | | 7,206 | |
| Repair and maintenance | | 14,372 | |
| Solid waste disposal tax remittance | | 3,000 | |
| Other operating expenditures | | 3,639 | |
| Total | <u>283,000</u> | <u>265,660</u> | <u>17,340</u> |
| Capital outlays | <u>47,000</u> | <u>46,559</u> | <u>441</u> |
| Total expenditures | <u>373,000</u> | <u>366,039</u> | <u>6,961</u> |
| Revenues over expenditures | <u>65,000</u> | <u>56,258</u> | <u>(8,742)</u> |

(continued)

**Carolina County, North Carolina
Landfill Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2022**

(continued)

| | Final Budget | Actual | Variance Positive (Negative) |
|--|-----------------|----------|------------------------------------|
| Other financing uses: | | | |
| Transfers out: | | | |
| Landfill Closure and Postclosure Reserve Fund | (65,000) | (65,000) | - |
| Revenues over expenditures and other uses | \$ - | (8,742) | (8,742) |

**Reconciliation from budgetary basis
(modified accrual) to full accrual:**

| | |
|--|------------|
| Reconciling items: | |
| Capital outlays | 46,559 |
| Depreciation | (50,241) |
| Increase in deferred outflows of resources - pensions | 30,669 |
| Increase in net pension liability | (34,961) |
| Decrease in deferred inflows of resources - pensions | 73 |
| Increase in deferred outflows of resources - OPEB | 118 |
| Decrease in net OPEB liability | 8,205 |
| (Increase) in deferred inflows of resources - OPEB | (8,703) |
| (Increase) in accrued landfill closure and postclosure care costs | (46,274) |
| Transfer to Landfill Closure and Postclosure Reserve Fund | 65,000 |
| (Increase) in accrued vacation pay | (5,000) |
| Total reconciling items | 5,444 |
| Change in net position | \$ (3,298) |

Carolina County, North Carolina
Landfill Closure and Postclosure Reserve Fund
Schedule of Revenues - Budget and Actual (Non - GAAP)
From Inception and for the Fiscal Year Ended June 30, 2022

| | Project Author - ization | Prior Year | Actual Current Year | Total to Date | Variance Positive (Negative) |
|---|--------------------------------|---------------|---------------------------|------------------|------------------------------------|
| Revenues: | | | | | |
| Investment earnings | \$ 40,000 | \$ - | \$ - | \$ - | \$ (40,000) |
| Other financing sources (uses): | | | | | |
| Transfers from other funds: | | | | | |
| Landfill Operating Fund | 1,300,000 | - | 65,000 | 65,000 | (1,235,000) |
| Transfers to other funds: | | | | | |
| Landfill Operating Fund | (1,340,000) | - | - | - | 1,340,000 |
| Total | <u>(40,000)</u> | <u>-</u> | <u>65,000</u> | <u>65,000</u> | <u>105,000</u> |
| Revenues and other financing sources | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 65,000</u> | <u>\$ 65,000</u> | <u>\$ 65,000</u> |

**Carolina County, North Carolina
Water and Sewer District Fund No. 1
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2022**

| | Final Budget | Actual | Variance Positive (Negative) |
|---|-----------------|------------|------------------------------------|
| Revenues: | | | |
| Charges for services: | | | |
| Water sales: | | | |
| Residential | | \$ 482,261 | |
| Commercial and industrial | | 144,646 | |
| Total | \$ 686,983 | 626,907 | \$ (60,076) |
| Sewer charges: | | | |
| Residential | | 391,986 | |
| Commercial and industrial | | 160,215 | |
| Total | 544,330 | 552,201 | 7,871 |
| Water and sewer taps | 8,500 | 7,100 | (1,400) |
| Other operating revenues | 500 | 430 | (70) |
| Total operating revenues | 1,240,313 | 1,186,638 | (53,675) |
| Nonoperating revenues: | | | |
| Interest earnings | - | 37,195 | 37,195 |
| Total revenues | 1,240,313 | 1,223,833 | (16,480) |
| Other financing sources: | | | |
| Transfers from other funds: | | | |
| General Fund | 100,000 | 100,000 | - |
| Total revenues and other financing sources | 1,340,313 | 1,323,833 | (16,480) |
| Expenditures: | | | |
| Administration: | | | |
| Salaries and employee benefits | | 162,072 | |
| Travel | | 137 | |
| Supplies | | 1,136 | |
| Insurance | | 8,000 | |
| Other operating expenditures | | 4,951 | |
| Total | 213,003 | 176,296 | 36,706 |
| Finance: | | | |
| Salaries and employee benefits | | 90,505 | |
| Travel | | 419 | |
| Supplies | | 1,858 | |
| Contracted services | | 7,807 | |
| Other operating expenditures | | 4,251 | |
| Total | 107,200 | 104,840 | 2,360 |
| Water treatment plant: | | | |
| Salaries and employee benefits | | 102,712 | |
| Chemicals | | 31,388 | |
| Supplies | | 3,358 | |
| Other operating expenditures | | 4,352 | |
| Total | 149,880 | 141,810 | 8,070 |

(continued)

Carolina County, North Carolina
Water and Sewer District Fund No. 1
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2022

| | Final Budget | Actual | Variance Positive (Negative) |
|--------------------------------|-----------------|---------|------------------------------------|
| Raw water pump station: | | | |
| Salaries and employee benefits | | 106,463 | |
| Electric power | | 15,918 | |
| Supplies | | 125 | |
| Other operating expenditures | | 1,326 | |
| Total | 77,500 | 123,832 | (46,332) |
| Water distribution: | | | |
| Salaries and employee benefits | | 52,314 | |
| Supplies | | 13,973 | |
| Meter replacements | | 3,368 | |
| Other operating expenditures | | 4,867 | |
| Total | 80,750 | 74,522 | 6,228 |
| Sewage collection: | | | |
| Salaries and employee benefits | | 57,608 | |
| Supplies | | 10,338 | |
| Other operating expenditures | | 5,365 | |
| Total | 76,300 | 73,311 | 2,989 |
| Primary waste treatment: | | | |
| Salaries and employee benefits | | 23,784 | |
| Chemicals | | 6,966 | |
| Supplies | | 3,520 | |
| Other operating expenditures | | 2,845 | |
| Total | 38,600 | 37,115 | 1,485 |
| Secondary waste treatment: | | | |
| Salaries and employee benefits | | 19,386 | |
| Supplies | | 445 | |
| Other operating expenditures | | 113 | |
| Total | 20,600 | 19,944 | 656 |
| Maintenance: | 7,000 | 6,892 | 108 |
| Debt service: | | | |
| Interest and other charges | 101,020 | 99,144 | 1,876 |
| Debt principal | 250,000 | 250,000 | - |
| Total | 351,020 | 349,144 | 1,876 |

(continued)

Carolina County, North Carolina
Water and Sewer District Fund No. 1
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2022

(continued)

| | Final Budget | Actual | Variance Positive (Negative) |
|--------------------------------------|------------------|------------------|------------------------------------|
| Capital outlay: | | | |
| Water extensions | 93,000 | 38,576 | 54,424 |
| Water taps | 27,000 | 18,495 | 8,505 |
| Miscellaneous water | 21,625 | 17,310 | 4,315 |
| Sewer extensions | 52,100 | 32,594 | 19,506 |
| Sewer taps | 12,085 | 8,043 | 4,042 |
| Miscellaneous sewer | 12,650 | 10,346 | 2,304 |
| Total | <u>218,460</u> | <u>125,364</u> | <u>93,096</u> |
| Total expenditures | <u>1,340,313</u> | <u>1,233,070</u> | <u>107,242</u> |
| Revenues and other financing sources | | | |
| over expenditures | <u>-</u> | <u>90,763</u> | <u>90,763</u> |

**Reconciliation from budgetary basis
(modified accrual) to full accrual:**

| | |
|---|-------------------|
| Revenues and other financing sources | |
| over expenditures | <u>90,763</u> |
| Reconciling items: | |
| Debt principal | 250,000 |
| Capital outlay | 125,364 |
| Capital contributions in Water and | |
| Sewer Capital Project Fund No. 1 | 121,348 |
| Increase in deferred outflows of resources - pensions | 63,225 |
| Increase in net pension liability | (73,200) |
| Decrease in deferred inflows of resources - pensions | 498 |
| Increase in deferred outflows of resources - OPEB | 250 |
| Decrease in net OPEB liability | 17,436 |
| (Increase) in deferred inflows of resources - OPEB | (18,494) |
| (Increase) in bond interest accrued | 1,923 |
| (Increase) in accrued vacation pay | (10,000) |
| Depreciation | (200,963) |
| Interest income from Water and Sewer | |
| Capital Project Fund No. 1 | 32,162 |
| Capitalized interest on borrowings | |
| during construction: | |
| Interest costs | 101,012 |
| Investment earnings on | |
| borrowed funds | <u>(32,162)</u> |
| Total reconciling items | <u>378,399</u> |
| Change in net position | <u>\$ 469,161</u> |

Carolina County, North Carolina
Water and Sewer District No.1 Capital Projects Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non - GAAP)
From Inception and for the Fiscal Year Ended June 30, 2022

| | Project Author - ization | Prior Year | Actual Current Year | Total to Date | Variance Positive (Negative) |
|---|--------------------------------|---------------------|---------------------------|--------------------|------------------------------------|
| Revenues - Water Project: | | | | | |
| Restricted intergovernmental: | | | | | |
| Federal grant | \$ 700,000 | \$ 631,100 | \$ 68,900 | \$ 700,000 | \$ - |
| Investment earnings | 40,000 | 28,014 | 12,016 | 40,030 | 30 |
| Total | <u>740,000</u> | <u>659,114</u> | <u>80,916</u> | <u>740,030</u> | <u>30</u> |
| Revenues - Sewer Project: | | | | | |
| Restricted intergovernmental: | | | | | |
| Federal grant | 500,000 | - | 52,448 | 52,448 | (447,552) |
| Investment earnings | 50,000 | - | 20,146 | 20,146 | (29,854) |
| Total | <u>550,000</u> | <u>-</u> | <u>72,594</u> | <u>72,594</u> | <u>(477,406)</u> |
| Total revenues | <u>1,290,000</u> | <u>659,114</u> | <u>153,510</u> | <u>812,624</u> | <u>(477,376)</u> |
| Expenditures - Water Project: | | | | | |
| Engineering | 135,500 | 127,500 | 8,000 | 135,500 | - |
| Construction | 1,604,500 | 1,176,936 | 424,064 | 1,601,000 | 3,500 |
| Total | <u>1,740,000</u> | <u>1,304,436</u> | <u>432,064</u> | <u>1,736,500</u> | <u>3,500</u> |
| Expenditures - Sewer Project: | | | | | |
| Engineering | 195,000 | - | 87,814 | 87,814 | 107,186 |
| Land | 90,000 | - | 90,000 | 90,000 | - |
| Construction | 2,365,000 | 224,649 | 313,086 | 537,735 | 1,827,265 |
| Total | <u>2,650,000</u> | <u>224,649</u> | <u>490,900</u> | <u>715,549</u> | <u>1,934,451</u> |
| Total expenditures | <u>4,390,000</u> | <u>1,529,085</u> | <u>922,964</u> | <u>2,452,049</u> | <u>1,937,951</u> |
| Revenues under expenditures | <u>(3,100,000)</u> | <u>(869,971)</u> | <u>(769,454)</u> | <u>(1,639,425)</u> | <u>1,460,575</u> |
| Other financing sources | | | | | |
| Long-term debt issued | 2,725,000 | 1,915,000 | - | 1,915,000 | (810,000) |
| BANS issued | 375,000 | - | 375,000 | 375,000 | - |
| Total other financing sources | <u>3,100,000</u> | <u>1,915,000</u> | <u>375,000</u> | <u>2,290,000</u> | <u>(810,000)</u> |
| Revenues and other financing sources over (under) expenditures | <u>\$ -</u> | <u>\$ 1,045,029</u> | <u>\$ (394,454)</u> | <u>\$ 650,575</u> | <u>\$ 650,575</u> |

Carolina County, North Carolina
Water and Sewer District Fund No. 2
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2022

| | Final Budget | Actual | Variance Positive (Negative) |
|---|-----------------|----------|------------------------------------|
| Revenues: | | | |
| Charges for services: | | | |
| Water sales: | | | |
| Residential | | \$ 1,000 | |
| Commercial and industrial | | - | |
| Total | \$ 900 | 1,000 | \$ 100 |
| Sewer charges: | | | |
| Residential | | - | |
| Commercial and industrial | | - | |
| Total | - | - | - |
| Water and sewer taps | 5,000 | 5,000 | - |
| Other operating revenues | - | 100 | 100 |
| Total operating revenues | 5,900 | 6,100 | 200 |
| Nonoperating revenues: | | | |
| Interest earnings | - | 10 | 10 |
| Total revenues | 5,900 | 6,110 | 210 |
| Other financing sources: | | | |
| Transfers from other funds: | - | - | - |
| Total revenues and other financing sources | 5,900 | 6,110 | 210 |
| Expenditures: | | | |
| Administration: | | | |
| Salaries and employee benefits | | 2,643 | |
| Total | 4,200 | 2,643 | 1,557 |
| Finance: | | | |
| Salaries and employee benefits | | 612 | |
| Total | 1,700 | 612 | 1,088 |
| Total expenditures | 5,900 | 3,255 | 2,645 |
| Revenues and other financing sources over expenditures | - | 2,855 | 2,855 |

(continued)

Carolina County, North Carolina
Water and Sewer District Fund No. 2
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2022

(continued)

| | Final Budget | Actual | Variance Positive (Negative) |
|--|-----------------|----------|------------------------------------|
| Reconciliation from budgetary basis (modified accrual) to full accrual: | | | |
| Revenues and other financing sources over expenditures | | 2,855 | |
| Reconciling item: | | | |
| (Increase) in net pension liability | | (1,093) | |
| Increase in deferred outflows of resources - pensions | | 1,945 | |
| (Increase) in deferred inflows of resources - pensions | | (343) | |
| Capital contributions in Water and Sewer No. 2 Capital Project Fund | | 4,000 | |
| Total | | 4,510 | |
| Change in net position | | \$ 7,366 | |

Carolina County, North Carolina
Water and Sewer District No. 2 Capital Projects Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non - GAAP)
From Inception and for the Fiscal Year Ended June 30, 2022

| | Project Author - ization | Prior Year | Actual Current Year | Total to Date | Variance Positive (Negative) |
|--|--------------------------------|---------------|---------------------------|------------------|------------------------------------|
| Expenditures - Water Project: | | | | | |
| Engineering | \$ 300,000 | \$ - | \$ 145,321 | \$ 145,321 | \$ 154,679 |
| Construction | 200,000 | - | 78,312 | 78,312 | 121,688 |
| Total | <u>500,000</u> | <u>-</u> | <u>223,633</u> | <u>223,633</u> | <u>276,367</u> |
| Expenditures - Sewer Project: | | | | | |
| Engineering | 200,000 | - | 59,718 | 59,718 | 140,282 |
| Land | - | - | - | - | - |
| Construction | <u>200,000</u> | <u>-</u> | <u>12,545</u> | <u>12,545</u> | <u>187,455</u> |
| Total | <u>400,000</u> | <u>-</u> | <u>72,263</u> | <u>72,263</u> | <u>327,737</u> |
| Total expenditures | <u>900,000</u> | <u>-</u> | <u>295,896</u> | <u>295,896</u> | <u>604,104</u> |
| Other financing sources | | | | | |
| Capital contribution | - | - | 4,000 | 4,000 | 4,000 |
| Long-term debt issued | <u>900,000</u> | <u>-</u> | <u>300,000</u> | <u>300,000</u> | <u>(600,000)</u> |
| Total | <u>900,000</u> | <u>-</u> | <u>304,000</u> | <u>304,000</u> | <u>(596,000)</u> |
| Other financing sources over expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 8,104</u> | <u>\$ 8,104</u> | <u>\$ 8,104</u> |

Combining Fiduciary Fund Statements - Custodial Funds

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

| | Municipal Tax Fund | Jail Inmate Pay Fund | Total Custodial Funds |
|---|-------------------------------|---------------------------------|----------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 19,156 | \$ 49,363 | \$ 68,519 |
| Taxes receivable for other governments, net | 4,254,001 | - | 4,254,001 |
| Total assets | <u>4,273,157</u> | <u>49,363</u> | <u>4,322,520</u> |
| LIABILITIES | | | |
| Accounts payable and accrued liabilities | - | 6,298 | 6,298 |
| Due to other governments | 19,156 | - | 19,156 |
| Total liabilities | <u>19,156</u> | <u>6,298</u> | <u>25,454</u> |
| NET POSITION | | | |
| Restricted for: | | | |
| Individuals, organizations, and other governments | 4,254,001 | 43,065 | 4,297,066 |
| Total net position | <u>\$ 4,254,001</u> | <u>\$ 43,065</u> | <u>\$ 4,297,066</u> |

Note to Preparer: As a result of the implementation of GASB Statement No. 84 - *Fiduciary Activities*, the Jail Inmate Pay Fund, formerly reported in the general fund, is now required to be reported as a custodial fund type. A change in accounting principle should be reflected in the general fund to move the related fund balance to the Fiduciary Fund Statements.

Note to Preparer: Ad valorem tax receivables other than vehicle property taxes should be recorded in the Municipal Tax Fund for each municipality for which the County bills and collects taxes at the time of the levy. An estimate of the allowance for uncollectible taxes should also be recorded related to the Municipal Tax Fund. Vehicle property taxes that are collected by the State of North Carolina and passed through the County should only be recorded when collected because the levies are considered an offer. Receivables related to vehicle taxes should be recorded to the extent that the State collected the funds during the fiscal year but had not yet remitted them to the County. Because the County is obligated to remit the taxes to the various municipalities only upon collection, no payable is recorded until the taxes are collected. See the DST website for further information.

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

| | <u>Municipal Tax Fund</u> | <u>Jail Inmate Pay Fund</u> | <u>Total Custodial Funds</u> |
|---|-------------------------------|---------------------------------|----------------------------------|
| ADDITIONS | | | |
| Ad valorem taxes for other governments | \$ 27,794,100 | \$ - | \$ 27,794,100 |
| Collections on behalf of inmates | - | 624,369 | 624,369 |
| Total additions | <u>27,794,100</u> | <u>624,369</u> | <u>28,418,469</u> |
| DEDUCTIONS | | | |
| Tax distributions to other governments | 27,785,433 | - | 27,785,433 |
| Payments on behalf of inmates | - | 617,557 | 617,557 |
| Total deductions | <u>27,785,433</u> | <u>617,557</u> | <u>28,402,990</u> |
| Net increase (decrease) in fiduciary net position | 8,667 | 6,812 | 15,479 |
| Net position, beginning, as previously reported | - | - | - |
| Prior period restatement - change in accounting principle | 4,245,334 | 36,253 | 4,281,587 |
| Net position, beginning, as restated | <u>4,245,334</u> | <u>36,253</u> | <u>4,281,587</u> |
| Net position, ending | <u>\$ 4,254,001</u> | <u>\$ 43,065</u> | <u>\$ 4,297,066</u> |

Note to Preparer: As a result of the implementation of GASB Statement No. 84 - *Fiduciary Activities*, the Jail Inmate Pay Fund, formerly reported in the general fund, is now required to be reported as a custodial fund type. A change in accounting principle should be reflected in the general fund to move the related fund balance to the Fiduciary Fund Statements.

Note to Preparer: Ad valorem tax receivables other than vehicle property taxes should be recorded in the Municipal Tax Fund for each municipality for which the County bills and collects taxes at the time of the levy. An estimate of the allowance for uncollectible taxes should also be recorded related to the Municipal Tax Fund. Vehicle property taxes that are collected by the State of North Carolina and passed through the County should only be recorded when collected because the levies are considered an offer. Receivables related to vehicle taxes should be recorded to the extent that the State collected the funds during the fiscal year but had not yet remitted them to the County. Because the County is obligated to remit the taxes to the various municipalities only upon collection, no payable is recorded until the taxes are collected. See the DST website for further information.

**Component Unit – Carolina County Tourism
Development Authority**

**Carolina County, North Carolina
Tourism Development Authority
Discretely Presented Component Unit
Supplemental Balance Sheet
June 30, 2022**

ASSETS

| | |
|---------------------------|-------------------|
| Cash and cash equivalents | \$ 689,522 |
| Accounts Receivables, net | 36,524 |
| Total assets | <u>\$ 726,046</u> |

LIABILITIES AND FUND BALANCES

Liabilities:

| | |
|--|--------------|
| Accounts payable and accrued liabilities | \$ 9,564 |
| Total liabilities | <u>9,564</u> |

Fund balances:

Restricted:

| | |
|--------------------------------|--------|
| Stabilization by State Statute | 19,958 |
|--------------------------------|--------|

| | |
|------------|----------------|
| Unassigned | <u>696,524</u> |
|------------|----------------|

| | |
|---------------------|----------------|
| Total fund balances | <u>716,482</u> |
|---------------------|----------------|

| | |
|-------------------------------------|-------------------|
| Total liabilities and fund balances | <u>\$ 726,046</u> |
|-------------------------------------|-------------------|

**Amounts reported for the Carolina County Tourism
Development Authority (Exhibit 1) are different because:**

| | |
|---|------------|
| Total Fund Balance, Tourism Development Authority | \$ 716,482 |
|---|------------|

Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds

(42,565)

Deferred outflows of resources related to pensions are not reported in the funds

23,542

Deferred inflows of resources related to pensions are not reported in the funds

(4,572)

Other long-term liabilities (compensated absences) are not due and payable in the current period and therefore are not reported in the funds.

(8,986)

| | |
|---|-------------------|
| Net position of the Tourism Development Authority | <u>\$ 683,901</u> |
|---|-------------------|

Note: This is a discretely presented component unit that does not issue separate financial statements.

**Carolina County, North Carolina
Tourism Development Authority
Discretely Presented Component Unit
Supplemental Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2022**

REVENUES

| | |
|---------------------|----------------|
| Occupancy taxes | \$ 229,168 |
| Investment earnings | 7,268 |
| Total revenues | <u>236,436</u> |

EXPENDITURES

Current:

| | |
|--------------------------------|----------------|
| Salaries and employee benefits | 96,458 |
| Grants | 50,000 |
| Event expenditures | 98,632 |
| Total expenditures | <u>245,090</u> |
| Net change in fund balance | (8,654) |

| | |
|--------------------------|--------------------------|
| Fund balances, beginning | 727,136 |
| Fund balances, ending | <u><u>\$ 718,482</u></u> |

**Reconciliation from budgetary basis
(modified accrual) to full accrual:**

| | |
|----------------------------|------------|
| Net change in fund balance | \$ (8,654) |
|----------------------------|------------|

Reconciling items:

| | |
|---|-------------------------|
| Increase in deferred outflows of resources - pensions | 16,234 |
| Increase in net pension liability | (3,459) |
| Decrease in deferred inflows of resources - pensions | 2,637 |
| Decrease in accrued vacation pay | 4,489 |
| Total reconciling items | <u>19,901</u> |
| Change in net position | <u><u>\$ 11,247</u></u> |

Note: This is a discretely presented component unit that does not issue separate financial statements.

**Carolina County, North Carolina
Tourism Development Authority
Discretely Presented Component Unit
Supplemental Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
For the Year Ended June 30, 2022**

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|--|--------------------|-----------------|-------------------|------------------------------------|
| Revenues: | | | | |
| Occupancy taxes | \$ 224,000 | \$ 228,000 | \$ 229,168 | \$ 1,168 |
| Investment earnings | 7,000 | 7,000 | 7,268 | 268 |
| Total revenues | <u>231,000</u> | <u>235,000</u> | <u>236,436</u> | <u>1,436</u> |
| Expenditures | | | | |
| Current: | | | | |
| Salaries and employee benefits | 100,000 | 100,000 | 96,458 | 3,542 |
| Grants | 50,000 | 50,000 | 50,000 | - |
| Event expenditures | 89,000 | 100,000 | 98,632 | 1,368 |
| Total expenditures | <u>239,000</u> | <u>250,000</u> | <u>245,090</u> | <u>4,910</u> |
| Revenues over (under) expenditures | <u>(8,000)</u> | <u>(15,000)</u> | <u>(8,654)</u> | <u>6,346</u> |
| Other financing sources (uses): | | | | |
| Appropriated fund balance | 8,000 | 15,000 | - | (15,000) |
| Total other financing sources (uses) | <u>8,000</u> | <u>15,000</u> | <u>-</u> | <u>(15,000)</u> |
| Revenues and Appropriated Fund Balance | | | | |
| Over (Under) Expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>(8,654)</u> | <u>\$ (8,654)</u> |
| Fund balance, beginning | | | <u>727,136</u> | |
| Fund balance, ending | | | <u>\$ 718,482</u> | |

Other Schedules

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

| <u>Fiscal Year</u> | <u>Uncollected Beginning Balance</u> | <u>Additions</u> | <u>Collections And Credits</u> | <u>Uncollected Ending Balance</u> |
|--|--|-------------------|------------------------------------|---|
| 2021-2022 | \$ - | \$ 55,744,896 (a) | \$ 54,590,734 (b) | \$ 1,154,161 (c) |
| 2020-2021 | 1,599,423 | - | 779,895 | 819,528 |
| 2019-2020 | 832,865 | - | 307,414 | 525,451 |
| 2018-2019 | 579,016 | - | 129,678 | 449,338 |
| 2017-2018 | 365,002 | - | 52,909 | 312,093 |
| 2016-2017 | 229,723 | - | 15,401 | 214,322 |
| 2015-2016 | 179,345 | - | 6,325 | 173,020 |
| 2014-2015 | 171,627 | - | 3,549 | 168,078 |
| 2013-2014 | 107,733 | - | 1,264 | 106,469 |
| 2012-2013 | 60,183 | - | 942 | 59,241 |
| 2011-2012 | 78,673 | - | 78,673 | - |
| | <u>4,203,590</u> | <u>55,744,896</u> | <u>55,966,784 (d)</u> | <u>3,981,701</u> |
| Less: allowance for uncollectible accounts: General Fund | | | | <u>1,425,295</u> |
| Ad valorem taxes receivable - net: General Fund | | | | \$ 2,556,406 |
| <u>Reconciliation with revenues:</u> | | | | |
| Ad valorem taxes - General Fund | | | | \$ 55,132,894 |
| Penalties collected on ad valorem taxes - Fines & Forfeitures Fund | | | | 210,632 |
| Collections | | | | |
| Reconciling items: | | | | |
| Interest Collected | | | | (339,626) |
| Rebates, releases and discounts | | | | 884,211 |
| Taxes written off | | | | <u>78,673</u> |
| Total reconciling items | | | | <u>623,258</u> |
| Total collections and credits | | | | <u>\$ 55,966,784 (d)</u> |

Note to preparer: The lowercase letters next to certain amounts on the Analysis of Current Tax Levy and in the above schedule show the relationships of taxes levied, taxes collected, and uncollected taxes on both schedules.

The interest collected shown on the above reconciliation of revenues should agree with the interest amounts reported in the General Fund's detailed Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual.

For budget purposes interest, discovery/"late listing" penalties, service fees, advertising fees and other costs are not principal tax and should be excluded from the collection percentage calculation. Please refer to Budgets and Tax Collection Percentage (<http://canons.sog.unc.edu/?p=6483>) and Budgeting Under "Tag & Tax Together" (<https://canons.sog.unc.edu/budgeting-under-tag-tax-together/>) by Chris McLaughlin from the School of Government at UNC Chapel-Hill for more information on tax collection percentages.

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

| | | | | Total Levy | |
|--|--|------|--------------------------|--|---------------------------------|
| | County - wide Property Valuation | Rate | Amount of Levy | Property excluding Registered Motor Vehicles | Registered Motor Vehicles |
| Original levy: | | | | | |
| Property taxed at current year's rate | \$ 6,471,115,205 | 0.86 | \$ 55,651,591 | \$ 54,143,649 | \$ 1,507,941 |
| Penalties | 7,983,023 | 0.86 | 68,654 | 68,654 | - |
| Total | <u>6,479,098,228</u> | | <u>55,720,245</u> | <u>54,212,303</u> | <u>1,507,941</u> |
| Discoveries: | | | | | |
| Current year taxes | 28,033,700 | 0.86 | 241,090 | 233,986 | 7,104 |
| Prior year taxes | 47,562,558 | 0.86 | 409,038 | 409,038 | - |
| Penalties | 16,509,070 | 0.86 | 141,978 | 141,978 | - |
| Total | <u>92,105,328</u> | | <u>792,106</u> | <u>785,002</u> | <u>7,104</u> |
| Releases | <u>(89,238,953)</u> | 0.86 | <u>(767,455)</u> | <u>(767,455)</u> | <u>-</u> |
| Total property valuation | <u><u>\$ 6,481,964,603</u></u> | | | | |
| Net levy | | | 55,744,896 (a) | 54,229,850 | 1,515,045 |
| Uncollected taxes at June 30, 2022* | | | <u>1,154,161 (c)</u> | <u>1,148,114</u> | <u>6,048</u> |
| Current year's taxes collected | | | <u>\$ 54,590,734 (b)</u> | <u>\$ 53,081,737</u> | <u>\$ 1,508,997</u> |
| Current levy collection percentage | | | <u>97.93%</u> | <u>97.88%</u> | <u>99.60%</u> |

* Amounts paid to the State by the taxpayer but not remitted to the county should be counted as collected for purposes of this schedule and not included in "Unpaid (by taxpayer)" amount.

Note to preparer: See note on the Schedule of Ad Valorem Taxes Receivable. The lower case letters (a), (b), and (c) next to certain amounts on both schedules show the relationships of the taxes levied, taxes collected and uncollected taxes.

The property valuations, tax rate, and levy amounts above **should be Unit-Wide**; additional taxes levied for fire protection districts or special service districts **should not be included**. For further discussion of this issue, see Section 65 of the State Treasurer's Policies Manual, Principles Used in the Preparation of the Illustrative Financial Statements.

For budget purposes interest, discovery/"late listing" penalties, service fees, advertising fees and other costs are not principal tax and should be excluded from the collection percentage calculation. Please refer to Budgets and Tax Collection Percentage (<http://canons.sog.unc.edu/?p=6483>) by Chris McLaughlin from the School of Government at UNC Chapel-Hill for more information on tax collection percentages.

Note to preparer: Current year's taxes collected for motor vehicles should **not** be presented net of any administrative fees charges by the State. The number appearing in this schedule for current year's taxes collected should be the gross revenues collected.

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

Secondary Market Disclosures:

| | |
|---|--------------------|
| Assessed Valuation: | |
| Assessment Ratio ¹ | 100% |
| Real Property | \$ 4,299,098,080 |
| Personal Property | 1,447,738,458 |
| Public Service Companies ² | <u>735,128,065</u> |
| Total Assessed Valuation | \$ 6,481,964,603 |
| Tax Rate per \$100 | 0.86 |
| Levy (includes discoveries, releases and abatements) ³ | \$ 55,744,896 |

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

| | |
|---------------------------|---------------|
| Fire Protection Districts | \$ 10,980,000 |
|---------------------------|---------------|

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.

Note to Preparer: The additional secondary market disclosures are presented for units which must submit secondary market disclosures under SEC Rule 15c2-12. Units which are not required to make these disclosures may prefer to present only the information on this first page of this schedule.

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

| Taxpayer | Type of Business | Assessed Valuation | Total Assessed Valuation |
|------------------------------|--------------------------|-------------------------------|-------------------------------------|
| Tar Heel Power Company | Utility | \$ 303,025,401 | 4.67% |
| Tobacco Processors, Inc. | Agricultural Processor | 222,241,542 | 3.43 |
| County Telephone Company | Telephone | 205,670,203 | 3.17 |
| Heavy Machines, Inc. | Manufacturing | 183,122,727 | 2.83 |
| Carolina Savings Association | Financial Service | 134,993,002 | 2.08 |
| Western, Inc. | Electronic Manufacturing | 117,156,863 | 1.81 |
| Piedmont Real Estate | Commercial Real Estate | 93,365,182 | 1.44 |
| Data, Inc. | Electronic Manufacturing | 83,515,611 | 1.29 |
| North Carolina Associates | Property Management | 63,248,955 | 0.98 |
| Mountain Corporation | Construction | 39,986,796 | 0.62 |
| Total | | <u>\$ 1,147,878,001</u> | <u>22.31%</u> |

Note to Preparer: The additional secondary market disclosures are presented for units which must submit secondary market disclosures under SEC Rule 15c2-12. Units which are not required to make these disclosures may prefer to present only the information on this first page of this schedule.

Compliance Section

Note to the preparer: A complete set of illustrative compliance reports can be found under Compliance Supplements and Resources on our website, <https://www.nctreasurer.com/state-and-local-government-finance-division/local-government-commission/annual-audit/compliance-supplements-and-resources> .

Carolina County, North Carolina
GASB 34 CALCULATION OF MAJOR FUNDS
June 30, 2022

Note: Revenue includes operating and nonoperating but not other financing sources. Amounts should be taken from the fund statements instead of the government-wide.

| Type of Fund | Computes "X" if Meets | | | Computes "X" if Meets | | | Computes "X" if Meets | | | Computes "X" if Meets | | | Computes "MAJOR" if Fund is Major If a "Category" Has an "X" in Both | |
|---|------------------------------------|----------|---------|--|----------|---------|-----------------------|----------|---------|---------------------------|----------|---------|---|--|
| | Assets and Deferred Outflows | 10% Rule | 5% Rule | Liabilities and Deferred Inflows | 10% Rule | 5% Rule | Revenue | 10% Rule | 5% Rule | Expenditures/ Expenses | 10% Rule | 5% Rule | Columns, Then Fund is a Major Fund | |
| General Fund (consolidated) | 22,760,110 | N/A | N/A | 8,910,807 | N/A | N/A | 86,713,994 | N/A | N/A | 86,686,559 | N/A | N/A | YES, ALWAYS MAJOR | |
| Special Revenue Funds: | | | | | | | | | | | | | | |
| Emergency Telephone System Fund | 6,928 | - | - | 4,478 | - | - | 57,136 | - | - | 55,686 | - | - | - | |
| Fire District Fund | 3,128 | - | - | 1,345 | - | - | 20,960 | - | - | 20,800 | - | - | - | |
| Representative Payee Fund | 53,478 | - | - | 7,132 | - | - | 566,632 | - | - | 532,637 | - | - | - | |
| Deed of Trust Fund | 2,724 | - | - | 2,724 | - | - | 12,600 | - | - | 12,600 | - | - | - | |
| Fines and Forfeitures Fund | 74,866 | - | - | 72,179 | - | - | 481,900 | - | - | 482,577 | - | - | - | |
| Project Funds: | | | | | | | | | | | | | | |
| ARPA | 1,660,000 | - | - | - | - | - | 440,000 | - | - | 440,000 | - | - | RECOMMENDED MAJOR | |
| Opioid | 290,000 | - | - | - | - | - | - | - | - | - | - | - | - | |
| Capital Projects Funds: | | | | | | | | | | | | | | |
| Northwest Park Capital Projects Fund | 11,337 | - | - | 3,368 | - | - | 116,432 | - | - | 146,096 | - | - | - | |
| School Capital Projects Fund (consolidated) | 662,350 | - | - | 93,530 | - | - | 1,081,479 | - | - | 1,700,600 | - | - | - | |
| Total Governmental Funds | <u>25,524,921</u> | | | <u>9,095,563</u> | | | <u>89,491,133</u> | | | <u>90,077,555</u> | | | | |
| 10 % of Total Governmental Funds | <u>2,552,492</u> | | | <u>909,556</u> | | | <u>8,949,113</u> | | | <u>9,007,756</u> | | | | |
| Enterprise Funds: | | | | | | | | | | | | | | |
| Landfill Fund | 2,256,983 | X | X | 403,017 | X | - | 328,012 | X | - | 331,310 | X | - | MAJOR | |
| Water and Sewer District- No. 1 | 8,125,630 | X | X | 3,023,047 | X | X | 823,833 | X | - | 576,020 | X | - | MAJOR | |
| Water and Sewer District- No. 2 | 315,696 | - | - | 308,330 | - | - | 6,110 | - | - | 2,744 | - | - | - | |
| Total Enterprise Funds | <u>10,698,310</u> | | | <u>3,734,394</u> | | | <u>1,157,955</u> | | | <u>910,074</u> | | | | |
| 10% of Total Enterprise Funds | <u>1,069,831</u> | | | <u>373,439</u> | | | <u>115,796</u> | | | <u>91,007</u> | | | | |
| Total Governmental & Enterprise Funds | <u>36,223,231</u> | | | <u>12,829,957</u> | | | <u>90,649,088</u> | | | <u>90,987,629</u> | | | | |
| 5% of Total Governmental & Enterprise Funds | <u>1,811,162</u> | | | <u>641,498</u> | | | <u>4,532,454</u> | | | <u>4,549,381</u> | | | | |

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