Publication No. 127-34
(Revised September 2026)

Illustrative Financial Statements

For a County

In North Carolina

State and Local Government Finance Division
North Carolina Department of State Treasurer

CAROLINA COUNTY, NORTH CAROLINA

BOARD OF COUNTY COMMISSIONERS

Thomas Tarheel, Chairman

Yanick Yosef, Vice-Chairman	Quan Quaker
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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 Officials **as of** the date of the auditor's opinion letter.

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Note to preparer: See the Audit Opinion Resources for various opinion letter examples. These samples are written to cover as many conditions and situations as possible. Please note that the opinion letter above was customized for Carolina County, which has three 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.

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 affects 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.

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, 2026 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, 2026, and the respective changes in financial position, and cash flows thereof 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, 2026, 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 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 raise substantial doubt about 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 Standards* will always detect material misstatement 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

- exercise professional judgment and maintain 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 responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 Carolina County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages XX through XX, the respective budgetary comparison for the General Fund, page XX, and Carolina County Tourism Development Authority, page XX, the Local Governmental Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Liability and County Contributions, pages XXX and XXX, the Local Governmental Employees' Retirement System Schedules of the Carolina County Tourism Development Authority's Proportionate Share of Net Pension Liability and County Contributions, pages XXX and XXX, 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 XXX through XXX, 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 XXX and XXX, the Other Post Employment Benefits schedules of Changes in the Net OPEB Liability and Related Ratios, County Contributions, and Investment Returns, pages XXX through XXX, 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 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]

Management's Discussion and Analysis

As management of Carolina County, we offer readers of the County's financial statements this management discussion and analysis (MD&A). The MD&A provides a narrative overview and analysis of the financial statements of Carolina County for the fiscal year ended June 30, 2026, focusing on why amounts changed from the prior year. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in this report.

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, Hurricane Helene, uses of American Rescue Plan Act (ARPA), Opioid Settlement Funds, and other items that may answer questions that might be posed by readers of the financial statements. MD&A provides an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions and presents comparisons between the current year and the prior year. GASB 103 requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. GASB 103 also stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. GASB 103 emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that "boilerplate" discussions should be avoided by presenting only the most relevant information, focused on the primary government.

Overview of the Financial Statements

This discussion and analysis is 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. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to private sector business. The government-wide financial statements include the County's governmental activities, the business-type activities, and discretely presented component units.

The *statement of net position* presents financial information on all of the County's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal years (e.g. uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of Carolina County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public safety, transportation, economic & physical development, health & human services, cultural and recreation, and education. The business-type activities of the County include a landfill operation and two water & sewer operations.

The government-wide financial statements include not only Carolina County itself (known as the *primary government*), but also a legally separate hospital, an ABC Board operation (liquor sales), and a tourism development authority, for which the County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The Other Post-employment Benefits Trust and the Industrial Facility and Pollution Control Financing Authority, although also legally separate, functions for all practical purposes as departments of the County and therefore have been included as integral parts of the primary government.

Fund Financial Statements. 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 other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

The County maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the American Rescue Plan Fund, and the Opioid Settlement Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

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. The County uses enterprise funds to account for its landfill operation and its water and sewer activity.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Landfill Fund, as well for the Water & Sewer District No. 1 and the Water & Sewer District No. 2 (blended component units reported as the water funds). The Landfill Fund and the Water & Sewer District No. 1 Fund are major funds of the County.

Fiduciary Funds – Fiduciary funds are used to account for resources for which Carolina County acts as a trustee or custodian. Resources held in fiduciary funds are *not* available to support the County's own programs and therefore are *not* reported in the government-wide financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds.

The County maintains two types of fiduciary funds. *Pension (and other employee benefit) trust funds* are used to report resources held in trust for retirees and beneficiaries covered by the Other Post Employment Benefit (OPEB) Trust Fund (a blended component unit). *Custodial funds* report resources, not in a trust, which are held by the County for other parties outside of the County's reporting entity.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the financial statements. Carolina County uses notes to present information in greater detail than is possible within the financial statements themselves, explain the nature of amounts reported in the financial statements and how those amounts were determined, and report certain information that does not meet the requirements for inclusion in the financial statements (such as certain contingencies).

Other Information. In addition to the basic financial statements and accompanying notes, this report includes certain *required supplementary information*. Carolina County presents budgetary comparison schedules for the General Fund and the Opioid Settlement Fund, as well as the County's progress in funding its obligations to provide pension and OPEB benefits to its employees.

The combining statements referred to earlier in connection with nonmajor governmental funds and pension (and other employee benefit) trust funds are presented immediately following the required supplementary information on budgetary comparisons, and pensions and OPEB.

Financial Summary and Detailed Analysis

Note to preparer: GASB 103 states that the MD&A should discuss the current-year balances and results of operations in comparison with the prior year, with emphasis on the current year. This analysis should be fact based and should discuss the activities that have had either a significant positive impact or a significant negative impact on the government's balances and results of operations in comparison with the prior year. The analysis should assist users in understanding why balances and results of operations reported in the current year's financial statements changed from the prior year rather than simply presenting the amounts or percentages by which they changed. *The use of charts, graphs, and tables is encouraged to enhance the understandability of the information.*

Net position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Carolina County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $25.9 million at the close of the most recent fiscal year, a decrease of $4.3 million.

Carolina County's Net Position

Figure 1

	Governmental Activities		Business-type Activities		Total	
	2026	2025	2026	2025	2026	2025
Current and other assets	$ 31,283,025	$ 26,463,338	$ 2,112,777	$ 1,615,951	$ 33,395,802	28,079,289
Capital assets	10,547,310	14,917,210	8,340,960	7,201,381	18,888,270	22,118,591
Total assets	41,830,335	41,380,548	10,453,737	8,817,332	52,284,072	50,197,880
Total deferred outflows of resources	4,988,910	4,143,042	244,574	207,520	5,233,484	4,350,562
Long-term liabilities outstanding	20,985,035	18,286,664	3,082,822	2,828,790	24,067,857	21,115,454
Other liabilities	4,396,303	4,725,376	978,013	303,013	5,374,316	5,028,389
Total liabilities	25,381,338	23,012,040	4,060,835	3,131,803	29,442,173	26,143,843
Total deferred inflows of resources	1,382,374	1,270,871	34,309	10,982	1,416,683	1,281,853
Net position:						
Net investment in capital assets	6,420,141	12,963,902	6,814,349	6,773,068	13,234,490	19,736,970
Restricted	7,130,318	5,193,773	-	-	7,130,318	5,193,773
Unrestricted	5,810,871	5,954,253	(211,183)	(282,383)	5,599,688	5,671,870
Total net position	$ 19,361,330	$ 24,111,928	$ 6,603,166	$ 6,490,685	$ 25,964,496	$ 30,602,613

The largest portion of Carolina County's net position, $13,234,490, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), net of accumulated depreciation/amortization and less any related outstanding debt that was used to acquire those assets. The County uses these capital assets to provide a variety of services to citizens. Accordingly, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position, $7,130,318, represents resources that are subject to external restrictions on how they may be used. As of the end of the current fiscal year, the County's unrestricted net position was $5,599,688. That amount has been reduced by $7.7 million of postemployment liabilities and pensions plans, and by $1.2 million of school debt. The following sections analyze the finances of the governmental activities and business-type activities separately.

Governmental activities. Current and other assets increased by $4.8 million from the prior year. The General Fund accounted for approximately $2.1 million from positive operating results. The issuance of $5.2 million of new debt resulted in an increase of cash in the same amount. Those increases were offset by the use $1.5 million of American Rescue Plan (advanced) grant funds.

Capital Assets decreased by $4.4 million due to an asset impairment from Hurricane Irene which increased accumulated depreciation of the related facilities.

Long-term liabilities, which consist of bonds, notes, leases, subscription-based IT arrangements, compensated absences and postemployment benefit obligations, increased by $2.7 million from the previous year. The net pension increased $2.0 million due to the performance of the local government employees retirement system administered by the State. Net outstanding long-term debt increased by a net $1.1 million after $5.2 million of new debt issuance and $4.1 million of principal payments.

Business-type activities. Current and other assets increased by $0.5 million from water & sewer favorable operating results and a developer capital contribution. Capital assets increased by $1.1 million from the addition of water & sewer construction in progress of $0.7 million and water & sewer capital asset additions of $0.6 million. Other liabilities increased $0.7 million from the issuance of the same amount of bond anticipation notes.

<u>Changes in Net Position.</u> Carolina County's overall net position decreased $4.3 million. The reasons for this overall decrease are discussed in the following sections for governmental activities and business-type activities.

Changes in Net Position
Figure 2
(next page)

	2026	2025	2026	2025	2026	2025
Revenues:						
Program revenues:						
Charges for services	$ 4,254,719	$ 3,538,033	$ 1,018,203	$ 1,006,103	$ 5,272,922	$ 4,544,136
Operating grants and contributions	13,234,247	13,100,151	630	12,200	13,234,877	13,112,351
Capital grants and contributions	823,898	352,832	125,348	125,878	949,246	478,710
General revenues:						
Property taxes	55,262,081	54,993,338	-	-	55,262,081	54,993,338
Other taxes	13,456,584	12,995,864	101,000	101,000	13,557,584	13,096,864
Unrestricted grants and contributions	2,405,522	923,906	-		2,405,522	923,906
Other	2,281,228	2,200,689	38,123	5,960	2,319,351	2,206,649
Total revenues	91,718,279	88,104,813	1,283,304	1,251,141	93,001,583	89,355,954
Expenses:						
General government	16,591,352	9,612,566	-	-	16,591,352	9,612,566
Public safety	7,491,633	7,226,314	-	-	7,491,633	7,226,314
Transportation	1,134,832	1,084,158	-	-	1,134,832	1,084,158
Economic and physical development	1,313,784	1,111,399	-	-	1,313,784	1,111,399
Human services	23,970,376	22,424,065			23,970,376	22,424,065
Cultural and recreation	2,062,871	2,278,261	-	-	2,062,871	2,278,261
Education	43,118,616	43,091,134			43,118,616	43,091,134
Interest on long-term debt	712,895	695,925	-	-	712,895	695,925
Landfill	-	-	340,559	575,583	340,559	575,583
Water and sewer	-	-	597,264	795,809	597,264	795,809
Total expenses	96,396,359	87,523,822	937,823	1,371,392	97,334,182	88,895,214
Increase/(decrease) in net position						
before transfers and unusual or infrequent item	(4,678,080)	580,991	345,481	(120,251)	(4,332,599)	460,740
Transfers	(100,000)	(100,000)	100,000	100,000	-	-
of park land	27,482	-	-	-	27,482	-
Increase in net position after transfers and unusual or infrequent item	(4,750,598)	480,991	445,481	(20,251)	(4,305,117)	460,740
Net position, beginning	24,111,928	23,630,937	6,157,685	6,510,936	30,269,613	29,808,873
Net position, ending	$ 19,361,330	$ 24,111,928	$ 6,603,166	$ 6,490,685	$ 25,964,496	$ 30,269,613

Governmental activities. During the current fiscal year, net position for governmental activities decreased by $4.7 million. The main factor was from a $4.4 million asset impairment from Hurricane Irene which increased accumulated depreciation of the related facilities and was recorded as a general government expense.

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 an example based on Carolina County. Also, please note the statewide tax collection average changes annually. The management of cash, taxes and fund balance available reports provide comparative cash and investment, fund balance available, and tax levy information for local governments in North Carolina. Information and averages presented in these reports are based on data reported by local governments to the Local Government Commission as of the date of the report. To access the report server, please visit our Financial Analysis Tools and Reports webpage. A link to generate this report is offered in the "Reports" section of the webpage. Accessing the report online allows you to generate the desired report by selecting the audit year and the unit type (either county or municipality).

Business-type activities. Business-type activities increased the County's net position by $445,481. The increase is attributable to a water & sewer rate increase of 5.0 percent and from capital contributions of $121,348 from developer installed assets.

Note to preparer: List here anything you wish to highlight with regards to business-type activities as reasons for changes in net position. The following language is an example based on Carolina County.

Detailed Analysis of Governmental Funds

Note to preparer: GASBS 34 ¶11.d provides for, at a minimum, inclusion of "an 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. The County reports three major funds individually in the governmental fund financial statements, the General Fund, the American Rescue Plan Fund (a special revenue fund), and the Opioid Settlement Fund (a special revenue fund).

General Fund. The General Fund is the chief operating fund of Carolina County. At the end of the current fiscal year, unassigned fund balance of the General Fund was $12,281,239, while total fund balance increased to $20,767,304. The County Board of Commissioners has determined that the county should maintain a minimum available fund balance of 16% 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 unassigned fund balance of 14.23% of general fund expenditures, while total fund balance represents 24.06% of that same amount.

The total fund balance of the General Fund increased by $2,127,732 or 11.49%. This increase resulted from improved tax collections and a staff reorganization that eliminated redundancy and increased efficiency. Another significant contributing factor to the fund balance increase in the General Fund was a transfer from the American Rescue Plan Special Revenue Fund of $1,500,000. These funds were used to reimburse the General Fund for premium pay and lost revenues and completed American Rescue Plan expenditures reducing fund balance of the American Rescue Plan Fund to zero.

Note to preparer: "Additional Worksheet Tools" at the following link are provided to assist with the calculation of Fund Balance Available for Appropriation (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-worksheet-tools

One other governmental fund of note is the School Capital Projects (non-major) Fund. Revenues and other financing sources of the fund exceeded expenditures and other financing uses by $231,820 which resulted in an increase in total fund balance of 69%. While a positive outcome for the year, $558,550 of the total fund balance of $568,820 is restricted for specific purposes of the fund which mainly include spending for various property improvements for use by the Carolina County Board of Education.

Note to preparer: Budgetary highlights and budget analysis are in Required Supplementary Information per GASB Statement 103.

Detailed Analysis of Enterprise Funds.

Carolina County reports three enterprise funds in the proprietary fund financial statements, the Landfill Fund (major), the Water and Sewer District No. 1 Fund (major), and the Water and Sewer District No. 2 Fund (nonmajor). The enterprise 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 was a deficit of $105,535, and a deficit of $107,265 for the Water and Sewer District No.1 Fund. The total changes in net position for each of the major proprietary fund were ($12,547) and $450,662, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the County's business-type activities.

Note to preparer: If there were significant changes to any of the following, they should be discussed: operating revenues, operating expenses, operating income or loss, noncapital subsidies, other nonoperating revenues and expenses, capital contributions, or net position.

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

Significant Capital Asset and Long-term Financing Activity

Note to preparer. GASBS 34 ¶11.f. 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, 2026, total $18,884,220 (net of accumulated depreciation/amortization). The investment in capital assets include land, buildings, machinery and equipment, vehicles, parks, vehicles, and right to use other entities' assets (intangibles), a landfill, and water and sewer plants and facilities.

Capital Assets
(net of depreciation/amortization)

Figure 3

	Governmental Activities		Business-type Activities		Totals	
	2026	2025	2026	2025	2026	2025
Land	$ 1,833,706	$ 1,795,206	$ 326,500	$ 326,500	$ 2,160,206	$ 2,121,706
Buildings and systems	5,520,791	10,157,958	7,102,666	6,663,062	12,623,457	16,821,020
Improvements	847,227	939,827	-	-	847,227	939,827
Equipment and furniture	716,260	651,479	123,476	131,011	839,736	782,490
Infrastructure	702,639	728,656	-	-	702,639	728,656
Vehicles and motorized equipment	297,379	284,174	70,744	78,784	368,123	362,958
Computer software	4,755	4,880	-	-	4,755	4,880
Computer equipment	20,502	34,982	-	-	20,502	34,982
Intangible assets						
Right to use - leases	256,756	-	-	-	256,756	-
Right to use - IT subscriptions	50,803	23,557	-	-	50,803	23,557
Construction in progress	294,467	294,467	715,549	-	1,010,016	294,467
Totals	$10,547,311	$14,917,211	$ 8,340,961	$ 7,201,382	$ 18,884,220	$ 22,114,543

Major capital asset events during the year included the following:

Note to preparer: List of major activities including a summary of acquisitions and disposals by activity.

Governmental Activities

- Purchased new equipment for the Public Safety Department at a cost of $226,433.
- Purchased new vehicles for various departments at $138,900.
- Disposed of old equipment in the Public Safety Department at $125,058.
- Recognition of an asset impairment of $4,000,000 (Note IV.A.5).

Business-type Activities

- Addition of construction in progress for Water and Sewer plant facilities of $715,549.
- Addition of treatment plant improvements of $628,675.

Both leases and software subscriptions (SBITA) are intangible, right to use assets. The County does not own these assets but rather has the right to use them in operations as specified in their respective contracts. When entering into a lease or SBITA contract, a liability is also recognized, which is included in the long-term financings discussion below.

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

Long-term financing. As of June 30, 2026, Carolina County had total long-term financing liabilities of $15,543,711, composed of general obligation bonds, installment financings, lease liabilities, and subscription liabilities. Changes in long-term financing liabilities are as follows:

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2026	2025	2026	2025	2026	2025
General obligation bonds	$ 11,290,000	$ 11,836,000	$ 2,066,542	$ 2,316,542	$ 13,356,542	$ 14,152,542
Direct placement installment financings	1,200,000	-	-	-	1,200,000	-
Bond anticipation notes	-	-	675,000	-	675,000	-
Leases	261,536	-	-	-	261,536	-
IT Subscription liabilities	50,633	23,557	-	-	50,633	23,557
Total	$ 12,802,169	$ 11,859,557	$ 2,741,542	$ 2,316,542	$ 15,543,711	$ 14,176,099

During the current year, long-term financing liabilities increased by $1.4 million due to the issuance of an installment financing of $1.2 million.

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 Fitch Ratings. This bond rating is a clear indication of the sound financial condition of the County. This achievement is a primary factor in keeping interest costs low on the County's outstanding debt.

State law limits the amount of general obligation and installment financing 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 $506,399,216. The County has $1,250,000 in bonds authorized but unissued at June 30, 2026.

Additional information regarding Carolina County's long-term debt can be found in Note IV.B.8 of this report.

Currently known facts, decisions, or conditions

Carolina County was aware of the following items that will impact future finances and were considered in developing the 2027 fiscal year budget.

Note to preparer: GASBS 103 ¶8.e requires a description of currently known facts, decisions, or conditions that are expected to have a significant effect on financial position (net position) or that are expected to produce significant differences from current-period results of operations (revenues, expenses, and other changes in net position). Information about any additional types of currently known facts, decisions, or conditions that are expected to have a significant effect on financial position or to produce significant differences from current-period results of operations should be provided.

- Economic developments
  - The County reached a new low unemployment rate of 4.3%, lower than the state average of 5.1%.
  - Commercial vacancy rates are low, having stayed in the 5% to 10% range all year. Management has included programs in the 2027 budget that will allow it to capitalize on manufacturing growth and believes the commercial vacancy rates will remain low in the near future.
  - New manufacturing jobs were created in the last year bringing 2,500 new jobs to the County, a trend expected to continue through 2027.
  - The County is home to a diversified business base as many different sectors of business reside in Carolina County. This diversity has helped buffer the effects of the economic recession that has affected other regions in the State.
  - Hurricane Helene came through the western part of the State and had a major effect on the County in the following ways, ________________

- Healthcare and postemployment benefits
  - _____________
  - _____________

- New revenue sources
  - The County has placed a referendum on the November 2026 ballot for approval of the Article 46 sales tax, at 0.25% which is not levied on unprepared food, gasoline, and prescriptions. If approved the tax is expected to generate $3.5 million per year of additional revenue for Carolina County.

Note to preparer: This is also an opportunity to discuss the ongoing impact of events such as COVID-19 or Hurricane Helene. Consider describing the financial and economic effects that the hurricane and coronavirus continue to have on your County during the year and any action taken to moderate the impact. UNC School of Government ARPA Resources may be found here. A microsite for NC Emergency Management Hurricane Helene resources and be found here Hurricane Helene Resources | UNC School of Government.

At the end of the current fiscal year, the available fund balance in the General Fund was $11.4 million. The County has appropriated only $255,000 of this amount for spending in the 2027 fiscal year budget. This action was taken as a measure to increase the level of that fund balance.

Requests for Information

This report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. 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.gov or send an email to samplecounty@carolina.gov for more information.

Basic Financial Statements

Carolina County, North Carolina
Statement of Net Position
June 30, 2026

Exhibit 1

	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	$ 17,733,761	$ 826,817	$ 18,560,578	$ 10,023,633	$ 312,238	$ 689,522
Receivables (net)	4,041,414	99,808	4,141,222	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	-	2,564	2,564	108,855	3,361	-
Restricted cash and cash equivalents	1,642,157	1,073,307	2,715,464	-	-	-
Restricted Opioid receivables (net)	1,938,038	-	1,938,038	-	-	-
Equity interest in Carolina Cooperative	8,932	-	8,932	-	-	-
Net pension asset	76,023	-	76,023	-	-	-
Capital assets:						
Land and construction in progress	2,126,173	1,042,049	3,168,222	3,363,592	-	-
Other capital assets, net of depreciation	8,113,578	7,298,911	15,412,489	20,239,903	87,375	-
Right to use assets, net of amortization	307,559	-	307,559	-	-	-
Total capital assets	10,547,310	8,340,960	18,888,270	23,603,495	87,375	-
Total assets	41,830,335	10,453,737	52,284,072	43,887,080	492,666	726,046
DEFERRED OUTFLOWS OF RESOURCES	4,988,910	244,574	5,233,484	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	313,483	17,012	330,495	-	-	-
Due to other governments	125,454		125,454	-	-	-
Due to primary government	-	-	-	-	36,100	-
Bond anticipation notes payable	-	675,000	675,000	-	-	-
Unearned revenues	1,345		1,345			
Liabilities to be paid from restricted assets	62,879	258,732	321,611	-	-	-
Long-term liabilities:						
Due within one year	895,002	175,542	1,070,544	75,042	48,721	2,783
Due in more than one year	20,090,033	2,907,280	22,997,313	2,973,938	47,480	51,091
Total long-term liabilities	20,985,035	3,082,822	24,067,857	3,048,980	96,201	53,874
Total liabilities	25,381,338	4,060,835	29,442,173	6,486,686	160,872	63,438
DEFERRED INFLOWS OF RESOURCES	1,382,374	34,309	1,416,683	979,216	1,260	4,572
NET POSITION						
Net investment in capital assets	6,420,141	6,814,349	13,234,490	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	-	-	-
Opioid settlement funds	2,268,038		2,268,038			
Register of Deeds	17,285	-	17,285	-	-	-
Register of Deeds' pension plan	76,023	-	76,023	-	-	-
Stabilization by State Statute	4,159,606	-	4,159,606	-	-	19,958
Working Capital	-	-	-	-	42,879	-
Unrestricted	5,810,871	(211,183)	5,599,688	14,250,608	197,492	661,620
Total net position	$ 19,361,330	$ 6,603,166	$ 25,964,496	$ 36,841,429	$ 348,231	$ 681,578

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

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 balance should not be displayed on the statement.

Carolina County, North Carolina
Statement of Activities
For the Year Ended June 30, 2026

Exhibit 2

		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	$ 16,591,352	$ 507,312	$ -	$ -	$ (16,084,040)	$ -	$ (16,084,040)			
Public safety	7,491,633	1,610,564	166,916	-	(5,714,153)	-	(5,714,153)			
Transportation	1,134,832	-	-	-	(1,134,832)	-	(1,134,832)			
Economic & physical development	1,313,784	1,226,891	-	-	(86,893)	-	(86,893)			
Health and human services	23,970,376	704,961	13,067,331	-	(10,198,084)	-	(10,198,084)			
Cultural & recreation	2,062,871	204,991	-	102,832	(1,755,048)	-	(1,755,048)			
Education	43,118,616	-	-	721,066	(42,397,550)	-	(42,397,550)			
Interest on long-term debt	712,895	-	-	-	(712,895)	-	(712,895)			
Total governmental activities	96,396,359	4,254,719	13,234,247	823,898	(78,083,495)	-	(78,083,495)			
Business-type activities:										
Landfill	340,559	225,995	100	-	-	(114,464)	(114,464)			
Water and Sewer	597,264	792,208	530	125,348	-	320,822	320,822			
Total business-type activities	937,823	1,018,203	630	125,348	-	206,358	206,358			
Total primary government	$ 97,334,182	$ 5,272,922	$ 13,234,877	$ 949,246	(78,083,495)	206,358	(77,877,137)			
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					55,262,081	-	55,262,081	-	-	-
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					2,405,522	-	2,405,522	-	-	-
Investment earnings, unrestricted					1,614,828	38,123	1,652,951	636,856	7,971	7,268
Miscellaneous, unrestricted					666,400	-	666,400	-	-	-
Total general revenues excluding transfers and unusual or infrequent iten					73,405,415	139,123	73,544,538			
Transfers					(100,000)	100,000	-	-	-	-
Unusual or infrequent item - gain on sale of park land					27,482	-	27,482	-	-	-
Total general revenues, transfers, and unusual or infrequent items					73,332,897	239,123	73,572,020	636,856	7,971	236,436
Change in net position					(4,750,598)	445,481	(4,305,117)	4,541,500	2,175	11,247
Net position - beginning					24,111,928	6,157,685	30,269,613	32,299,929	346,056	670,331
Net position, ending					$ 19,361,330	$ 6,603,166	$ 25,964,496	$ 36,841,429	$ 348,231	$ 681,578

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

Note to preparer: GASB 103 replaces special and extraordinary items with *unusual or infrequent items. Unusual or infrequent items* reported on this statement should be material to the unit as a whole in addition to meeting the other requirements for an unusual or infrequent. The item reported here is for illustrative purposes only.

Carolina County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2026

Exhibit 3

	General	American Rescue Plan Fund	Opioid Settlement Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 17,554,623	$ -	$ -	$ 179,138	$ 17,733,761
Restricted cash and cash equivalents	751,887	-	330,000	560,270	1,642,157
Receivables, net	3,694,592	-	-	17,603	3,712,195
Restricted opioid receivables, net	-	-	1,938,038	-	1,938,038
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	$ 27,789,002	$ -	$ 2,268,038	$ 811,811	$ 30,868,851
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
Liabilities to be paid from restricted assets	62,879	-	-	-	62,879
Total liabilities	3,902,703	-	-	180,411	4,083,114
DEFERRED INFLOWS OF RESOURCES	3,118,995	-	1,938,038	1,345	5,058,378
FUND BALANCES					
Nonspendable:					
Inventories	2,551,800	-	-	-	2,551,800
Leases receivable, net	6,862	-	-	-	6,862
Restricted:					
Stabilization by State Statute	4,155,128	-	-	4,478	4,159,606
Register of Deeds	17,285	-	-	-	17,285
Fire Protection	-	-	-	1,783	1,783
School Capital	-	-	-	558,550	558,550
Health Services	-	-	-	46,346	46,346
Opioid settlement	-	-	330,000	-	330,000
Education	-	-	-	2,687	2,687
Committed:					
Tax Revaluation	471,723	-	-	-	471,723
LEO Special Separation Allowance	1,028,267	-	-	-	1,028,267
Assigned:					
Recreation Capital	-	-	-	7,969	7,969
Future School Capital	-	-	-	10,270	10,270
Subsequent year's expenditures	255,000	-	-	-	255,000
Unassigned:	12,281,239	-	-	(2,028)	12,279,211
Total fund balances	20,767,304	-	330,000	630,055	21,727,359
Total liabilities, deferred inflows of resources, and fund balances	$ 27,789,002	$ -	$ 2,268,038	$ 811,811	

(continued)

Carolina County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2026

Exhibit 3

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
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
Deferred outflows related to current refunding bond issue.		292,500
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		10,547,310
Net pension asset (ROD)		76,023
Contributions to LGERS in the current fiscal year are deferred outflows of resources on the Statement of Net Position		950,950
Contributions to ROD in the current fiscal year are deferred outflows of resources on the Statement of Net Position		3,200
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, $1,938,038 of opioid settlement receivables and $329,219 of taxes received before the period for which property taxes were levied, are not available to pay for current-period expenditures and therefore are unavailable in the funds.		2,268,257
Net pension liability (LGERS)		(6,245,902)
Net OPEB liability		(1,474,358)
Total pension liability (LEOSSA)		(222,672)
Deferred inflows of resources for net unavailable property taxes of $2,562,229 and special assessments of $28,833 are not reported in the government-wide financial statements.		2,591,062
Pension related deferrals, net		3,268,484
OPEB related deferrals		(475,684)
Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.		(14,012,260)
Net position of governmental activities	$	19,361,330

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, 2026

Exhibit 4

	General Fund	American Rescue Plan Fund	Opioid Settlement Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
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	2,260,000	-	1,321,141	17,638,691
Permits and fees	445,049	-	-	494,500	939,549
Sales and services	1,165,426	-	-	-	1,165,426
Opioid settlement funds	-	-	540,000	-	540,000
Investment earnings	1,614,828	-	-	54,237	1,669,065
Miscellaneous	632,541	-	-	70,000	702,541
Total revenues	86,273,994	2,260,000	540,000	2,337,139	91,411,133
EXPENDITURES					
Current:					
General government	9,095,552	2,260,000	-	12,600	11,368,152
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	-	500,000	532,637	23,452,459
Cultural and recreational	2,308,240	-	-	-	2,308,240
Education	-	-	-	482,577	482,577
Intergovernmental:					
Education	41,418,016	-	-	-	41,418,016
Capital outlay	-	-	-	1,826,519	1,826,519
Debt service:					
Principal	650,924	-	-	-	650,924
Interest	709,558	-	-	-	709,558
Bond issuance costs	65,000	-	-	-	65,000
Advance refunding escrow	15,000	-	-	-	15,000
Total expenditures	86,317,339	2,260,000	500,000	2,950,996	92,028,335
Excess (deficiency) of revenues over expenditures	(43,345)	-	40,000	(613,857)	(617,202)
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	2,119,059	-	-	280,000	2,399,059
Transfers to other funds	(370,000)	(1,500,000)	-	(629,059)	(2,499,059)
Lease liabilities issued	279,755	-	-		279,755
IT subscription agreement	48,781	-	-		48,781
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)
Total other financing sources and uses	2,142,595	(1,500,000)	-	850,941	1,493,536
Unusual or infrequent item - gain on sale of park land	28,482	-	-	-	28,482
Net change in fund balance	2,127,732	(1,500,000)	40,000	237,084	904,816
Fund balances, beginning	18,516,598	1,500,000	290,000	392,971	20,699,569
Increase in inventory	122,974	-	-	-	122,974
Fund balances, ending	$ 20,767,304	$ -	$ 330,000	$ 630,055	$ 21,727,359

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, 2026

Exhibit 5

Amounts reported for governmental activities in the statement of activities are different because:			
Net changes in fund balances - total governmental funds		$	904,816
Change in fund balance due to change in reserve for inventory			122,974
This is the amount by which capitalized capital outlays of $125,919 exceeded depreciation and amortization of $1,149,385 (including the cost of a sold asset, $1,000) in the current period			(1,023,466)
Asset impairment recorded			(4,000,000)
Contributions and administration costs for postemployment benefit plans are deferred outflows of resources on the Statement of Net Position:			
LGERS	950,950		
LEOSSA	17,279		
ROD	3,200		
OPEB	40,850		1,012,279
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Opioid Settlement revenues of ($1,773,077), donated capital assets of ($37,500), and change in joint venture of ($549).			(1,811,126)
The issuance of long-term debt provides current financial resources to governmental funds, ($4,893,536) while the repayment of the principal of long-term debt, $3,950,924 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.			(942,612)
Current year collection of property taxes ($108,326) and special assessments ($4,190) recorded as revenues in the governmental fund financial statements this year, but in the government-wide statements in a prior year			(112,516)
Difference between expenditures of governmental funds and expenses of governmental activities, decrease in accrued interest payable $19,163 and funds on hand included to refund debt $15,000, but reported as a deferred outflow of resources in the government-wide financial statements.			34,163
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.			1,064,890
Total changes in net position of governmental activities		$	(4,750,598)

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, 2026

Exhibit 6

	Major		Non-Major	
	Landfill Fund	Water and Sewer District No. 1	Water and Sewer District No. 2	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 267,944	$ 557,273	$ 1,600	$ 826,817
Receivables, net	23,831	75,824	153	99,808
Inventories	-	110,281	-	110,281
Prepaids	1,444	1,121	-	2,564
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	78,264	163,865	2,446	244,574
LIABILITIES				
Current liabilities:				
Accounts payable	2,456	23,668	1,145	27,269
Accrued interest payable	-	17,012	-	17,012
Bond anticipation notes payable	-	375,000	300,000	675,000
General obligation bonds payable	-	151,542	-	151,542
Total current liabilities	2,456	567,222	301,145	870,823
Noncurrent liabilities:				
Liabilities payable from restricted assets:				
Accounts payable	-	248,814	-	248,814
Customer deposits	-	4,169	5,749	9,918
Accrued landfill closure and postclosure care costs	226,058	-	-	226,058
Compensated absences	114,000	290,208	-	404,208
Net pension liability	99,934	211,269	1,093	312,296
Net OPEB liability	23,590	50,128	-	73,718
General obligation bonds payable	-	1,915,000	-	1,915,000
Total noncurrent liabilities	463,582	2,719,588	6,842	3,190,012
Total liabilities	466,038	3,286,810	307,987	4,060,835
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	(105,535)	(107,265)	1,617	(211,183)
Total net position	$ 1,779,966	$ 4,815,834	$ 7,366	$ 6,603,166

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

Note to preparer: 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, 2026

Exhibit 7

	Major		Non-Major	
	Landfill Fund	Water and Sewer District No. 1	Water and Sewer 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	49,317	178,218	2,244	229,779
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	194,727	-	-	194,727
Landfill closure and postclosure care costs	46,274	-	-	46,274
Depreciation	50,241	200,963	-	251,204
Total operating expenses	340,559	594,520	2,744	937,823
Operating income (loss)	(114,464)	192,118	3,356	81,010
NONCAPITAL SUBSIDIES				
Transfers in	-	100,000	-	100,000
Total noncapital subsidies	-	100,000	-	100,000
Operating income (loss) and noncapital subsidies	(114,464)	292,118	3,356	181,010
OTHER 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
Capital contributions	-	121,348	4,000	125,348
Interest and investment revenue	917	37,196	10	38,123
Total nonoperating revenues (expenses)	101,917	158,544	4,010	264,471
Change in net position	(12,547)	450,662	7,366	445,481
Net position, beginning	1,792,513	4,365,172	-	6,157,685
Net position, ending	$ 1,779,966	$ 4,815,834	$ 7,366	$ 6,603,166

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

Note to preparer: The Noncapital Subsidy is a transfer from the General Fund and is shown for illustrative purposes. NC DST Fiscal Management discourages operating subsidies into Proprietary Funds.

Carolina County, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2026

Exhibit 8

	Major		Non-Major	
	Landfill Fund	Water and Sewer District- No. 1	Water and Sewer District- No. 2	Total
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 activities:				
Transfers from other funds	-	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
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	$ (114,464)	$ 192,118	$ 3,356	$ 81,010
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
(Increase) decrease in accounts receivable	43,566	5,598	(153)	49,011
Decrease in inventory	-	1,840	-	1,840
Decrease 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)
Increase (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 compensated absences payable	14,250	28,500	-	42,750
Total adjustments	207,720	233,352	5,732	446,804
Net cash provided by operating activities	$ 93,255	$ 425,470	$ 9,088	$ 527,814

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

Carolina County, North Carolina
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2026

Exhibit 9

	Pension (and Other Employee Benefit) Trust Fund (OPEB)	Custodial Funds
ASSETS		
Cash and cash equivalents	$ -	$ 68,519
Restricted cash and cash equivalents	717,893	-
Taxes receivable for other governments, net	-	4,254,001
Investments at fair value		
Domestic equities	130,000	-
Fixed income	70,000	-
Total assets	917,893	4,322,520
LIABILITIES		
Accounts payable and accrued liabilities	3,655	6,298
Due to other governments	-	19,156
Total liabilities	3,655	25,454
NET POSITION		
Restricted for:		
Postemployment benefits other than pensions	914,238	-
Individuals, organizations, and other governments	-	4,297,066
Total fiduciary net position	$ 914,238	$ 4,297,066

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, 2026

Exhibit 10

	Pension (and Other Employee Benefit) Trust Fund (OPEB)	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	3,047	
Ad valorem taxes collected for other governments	-	$ 27,794,100
Collections on behalf of inmates	-	624,369
Total additions	46,047	28,418,469
DEDUCTIONS		
Benefit payments	50,349	-
Administrative expense	-	-
Tax distributions to other governments	-	27,785,433
Payments on behalf of inmates	-	617,557
Total deductions	50,349	28,402,990
Net increase (decrease) in fiduciary net position	(4,302)	15,479
Net position - beginning	918,540	4,281,587
Net position - ending	$ 914,238	$ 4,297,066

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, 2026

A. 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.

B. 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 (G.S.) 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. These Districts are blended component units and, as such, are reported as enterprise funds of the County.

The Other Post-Employment Benefit Trust Fund accounts for healthcare coverage provided to qualified retirees (the healthcare Benefits Plan) and for contributions made to finance future benefits, which are held in a qualifying irrevocable trust. The County performs the activities of the Trust, and the governing board has appointed the County Manager, the Finance Director, and the Human Resources Director as the Trust trustees, thus appointing the voting majority of the governing board of the Trust. The Trust is reported as a Pension (and Other Employee Benefit) Trust Fund.

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 *ABC Board*), which has a June 30 year end, are discretely presented component units and are reported in a separate column in the government-wide financial statements to emphasize they are both legally and substantively separate from the County. The Carolina County Tourism Development Authority (the *TDA*), which has a June 30 year end, is also a discretely presented component unit. The TDA does not issue separate financial statements. Accordingly, all relevant information required by generally accepted accounting principles (fund statements and reconciliations to government-wide statements) is presented as supplementary information. The Hospital is a major component unit due to financial significance to the County. The ABC Board and the TDA are major component units due to the significant nature of services provided.

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
Water District No. 1	Blended	Under State law [G.S. 162A-89], the County's board of commissioners also serves as the governing board for the District.	None issued
Water District No. 2	Blended	Under State law [G.S. 162A-89], the County's board of commissioners also serves as the governing board for the District.	None issued.

Other Post-Employment Benefit Trust Fund	Blended	The Trust is governed by Trust trustees which are appointed by County position by the County commissioners. The County commissioners may remove and replace Trust trustees at will. The Trust exists to serve current County employees and retirees.	None issued.
Tourism Development Authority	Discrete	The TDA exists to promote tourism within the county. The County commissioners appoint the governing board of the TDA. 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 occupancy taxes, which are levies by the County. The County has final approval of the appointees to the governing board. The county finance officer is the ex officio finance officer of the TDA.	None issued.

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. The Authority has no financial transactions or financial balances.	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: 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. Hospital disclosures include material items – cash and investments, capital assets, debt, accounts receivable and accounts payable, risk management, subsequent events. Since the TDA does not issue separate financial statements, the County's report package includes financial statements, note disclosures, and budgetary schedule for the TDA. The TDA is also presented as a major component unit in the government-wide financial statements.

C. 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 or ancillary activities. The County reports the following major governmental funds:

General Fund. This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Tax Revaluation Fund is a legally budgeted fund under North Carolina General Statutes and is consolidated into the General Fund in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54.

American Rescue Plan Special Revenue Fund. This fund accounts for the transactions related to the American Rescue Plan Act (ARPA) funds.

Opioid Settlement Fund. This fund reports revenues for amounts paid by a number of corporations to settle various opioid lawsuits. These amounts are restricted to be spent for certain opioid abatement and remediation activities.

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 (non-major) 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:

Other Employee Benefit Trust Fund. 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 post-employment benefit plans. The Other Post-Employment Benefits Trust Fund (OPEB Trust Fund) accounts for the County's contributions for healthcare coverage provided to qualified retirees and for contributions made to finance future benefits, which are held in a qualifying irrevocable trust (Note B.2.f).

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 twelve legally budgeted non-major funds. The Emergency Telephone System Fund, the Fire District Fund, the Representative Payee Fund, the Fines and Forfeitures Fund, and Deed of Trust 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. 1 is reported as a non-major enterprise fund. The Water and Sewer District No. 1 Capital Projects Fund is consolidated into the Water and Sewer District No. 1 Fund. The Water and Sewer District No. 2 Fund is reported as a non-major enterprise fund. The Water and Sewer District No. 2 Capital Projects Fund is consolidated into the Water and Sewer District No. 2 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.

During the course of operations, the County has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. Activity occurs during the year involving transfers of resources between funds, which are reported at gross amounts as transfers in/out. While these balances are reported in the fund financial statements, certain eliminations are made for the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column. Transfers between the funds included in governmental activities are eliminated so that only net amounts are included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only net amounts are included as transfers in the business-type activities column. In accordance with North Carolina General Statutes (NCGS), 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 and 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/amortization 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, (including lease and subscription liabilities), claims and judgments, and some types of 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 from leases and information technology subscriptions 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.

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. LGC staff anticipates that any receivables from limited registration plates will be immaterial. They have been included in the note for illustrative purposes.

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 are 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.

Note to Preparer: The prior year section 1.D has been moved to the Required Supplementary Information Notes to the Budgetary Schedules per GASB 103.

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

1. Deposits and Investments

All deposits of the County, the Hospital, the TDA, and the 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).

G.S. 159-30.1 allows the County to establish and fund an irrevocable trust for the purpose of paying other post-employment benefits (OPEB) for which the County is liable. The County OPEB Trust is managed by the staff of the Department of 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 the Equity Index Fund (EIF) 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 stated at fair value. Non-participating interest-earning investment contracts are accounted for at cost.

- The North Carolina Capital Management Trust (NCCMT) Government Portfolio is an SEC-registered money market mutual fund that is certified by the Local Government Commission under the provisions of G.S. 159-30(c)(8) and the North Carolina Administrative Code. The Government Portfolio is a 2a7 fund that invests in treasuries, government agencies, and repurchase agreements collateralized by treasuries. It is rated AAAm by S&P and AAA-mf by Moody's Investor Services and reported at fair value.

- Ownership of the STIF is determined on a fair market valuation basis as of fiscal year-end in accordance with STIF operating procedures. STIF investments are valued by the custodian using Level 2 inputs. Level 2 inputs 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.

- Ownership of the BIF is determined monthly at fair value using the same Level 2 inputs as the STIF 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.

- The EIF, 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. Fair value 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 EIF are provided in Memo #2027-02 - Retirement and Investment Disclosures for Fiscal Year Ended June 30, 2026 on the DST website.

2. Cash and Cash Equivalents

The County pools monies from several funds, excluding the OPEB Trust Fund, to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are considered cash and cash equivalents. The 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 G.S. 153A-150.

The amount of unspent resources obtained from the Opioid Settlement are restricted to use for specific purposes (i.e., opioid remediation). Accordingly, the assets from the settlement that remain on hand are reported as restricted assets. The 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. These funds are limited to specific purposes. Until the amounts are assigned to be used for a specific purpose they are reported as restricted assets.

Money in the School Capital Projects Fund is classified as restricted assets because its use is restricted per G.S. 159-18 through 22. Cash and cash equivalents in the Other Post-Employment Benefits Trust Fund is considered restricted because it can only be used to pay other post-employment benefit obligations.

4. Ad Valorem Taxes Receivable

In accordance with NCGS [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, 2025. 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. For the Opioid Settlement receivable, the County has estimated an uncollectable allowance using the term over which the amounts are to be paid and the possibility of bankruptcies or going concern issues of the corporations' party to the settlement. The initial allowance estimate has been established as 10.00% of the present value of the outstanding receivable balance discounted at 3.00%.

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. If significant, the amount of inventory on hand at year end is reported on the balance sheet in the governmental funds. However, in the Government-Wide Statement Activities the cost of these inventories is expensed as the items are used.

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. The cost of these inventories is expensed when consumed rather than when purchased. 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 uses the consumption method or purchases method of accounting for prepaid expenses, disclose the method here.

8. Capital Assets

Capital assets are defined by the County as assets with an initial individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, $10,000; buildings, improvements, and 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. 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. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the functionality of the asset or materially extend assets' lives is not capitalized.

The County's capital assets also include certain right to use assets. These right to use assets arise in association with agreements where the County reports a lease (only applies when the County is the lessee) or agreements where the County reports a Subscription Based Information Technology Agreement (SBITA).

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

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

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:

	Useful Life
Buildings	50 years
Plant and distribution systems	40 years
Infrastructure	30 years
Other improvements	25 years
Equipment and furniture	10 years
Vehicles and motorized equipment	6 years
Computer software	5 years
Computer equipment	3 years

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:

	Useful Life
Buildings	20 years
Furniture and office equipment	10 years
Leasehold improvements	10-20 years
Vehicles	3-5 years
Computer equipment	3 years

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

	Useful Life
Buildings	20 years
Leasehold improvements	10-20 years
Equipment	10 years
Computers	3 years

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has several items that meet this criterion: a deferred charge on a current refunding of debt, as well as pension and OPEB deferrals, including amounts for contributions made to the OPEB and 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 that time. The County has several items that meet the criterion for this category: prepaid taxes, leases, and other OPEB and pension related deferrals. In addition, certain unavailable revenues related to taxes, special assessments, and opioid settlement receivables are reported as deferred inflows of resources, but only on the balance sheet of the governmental funds.

10. Long-Term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the statements of net position. In the fund financial statements for governmental fund types, the face amount of debt issued is reported as other financing sources.

11. Compensated Absences

The County recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example, paid in cash to the employee or paid to an employee flex spending account) during or upon separation from employment. Based on the criteria above, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is recorded as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits where applicable.

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. Vacation leave over thirty days is transferred to an employee's sick leave balance at the end of each calendar year.

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. Any unused sick leave accumulated for employees who leave the County, the Hospital, and the TDA prior to retirement is forfeited.

Note to Preparer: GASB concluded that gross presentation of compensated absences is less meaningful than for other long-term liabilities. To meet the long-term liabilities disclosure requirements of Statement 34, a government will have the option to present either the separate increases and decreases (gross presentation) or a net increase or a net decrease in its compensated absences liability. A government that discloses a net increase or a net decrease should indicate that it is a net amount. Statement 101 also eliminated the Statement 34 requirement to disclose which governmental funds typically have been used to liquidate the compensated absence liability. Preparers should refer to the guidance in Memorandum #2025-05 GASB Statement No. 101, Compensated Absences at State and Local Government Finance Division Memos | NC Treasurer

12. Opioid Settlement Funds

The County, through a Memorandum of Agreement (MOA) with the State, is a party to certain opioid lawsuit and bankruptcy settlements. The amounts received and to be received are treated as exchange-like transactions. Per the MOA, the County created a special revenue fund, the Opioid Settlement Fund, to account for all activity. Unspent funds are reported as restricted (Note VII).

13. 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 – 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.

Lease Receivable, Net – portion of fund balance that is not an available resource because it is not in spendable form. The reported amount is calculated by reducing the lease receivable by the related deferred inflow of resources.

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 – 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 1930s 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," defined as follows: "*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 through which a restriction is imposed by law through constitutional provisions or enabling legislation 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 appropriated to be used for School Capital per G.S. 159-13(a).

Restricted for Health Services – portion of fund balance that can only be used to benefit beneficiaries under the Social Security 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 purposes 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 LEOSSA 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 to specifically apply 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 16% of budgeted expenditures. Any portion of the available balance in excess of 20% 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.
For specific guidance on fund balance policy presentation, refer to GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

14. Defined Benefit Pension and OPEB Plans

The County participates in two cost-sharing multiple-employer defined benefit pension plans that are administered by the State: the Local Governmental Employees' Retirement System (LGERS) and the Registers of Deeds' Supplemental Pension Fund (RODSPF) (collectively, the "state-administered defined benefit pension plans"). For purposes of measuring the net pension asset 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. The County is required by State law to administer a public employee retirement system, a single employer defined benefit pension plan, to provide benefits to certain sworn law enforcement offices, the Law Enforcement Officers' Special Separation Allowance (LEOSSA).

For purposes of measuring the net Healthcare Benefits Plan (OPEB: HCB) liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Healthcare Benefit Plan (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.

II. Reconciliation of Government-Wide and Fund Financial Statements

A. 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. Details of reconciling items that are aggregated or net amounts are as follows:

The details for the item labeled "pension related deferrals, net" for $3,268,484 are as follows:

Deferred outflows of resources:	
Differences between expected and actual experience-LGERS	$915,414
Differences between expected and actual experience-LEOSSA	8,148
Differences between expected and actual experience-ROD	670
Difference between projected and actual investment earnings-LGERS	814,507
Difference between projected and actual investment earnings-ROD	12,117
Changes of assumptions -LGERS	1,574,550
Changes of assumptions -ROD	7,287
Changes in proportion and differences between County contributions and proportionate share of contributions-LGERS	80,513
Deferred inflows of resources:	
Differences between expected and actual experience-LGERS	(30,716)
Differences between expected and actual experience-ROD	(3,470)
Changes of assumptions -LGERS	(4,439)
Changes of assumptions -LEOSSA	(42)
Changes in proportion and differences between County contributions and proportionate share of contributions-LGERS	(104,413)
Changes in proportion and differences between County contributions and proportionate share of contributions-ROD	(1,642)
Net adjustment	$3,268,484

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The details of this $10,547,310 are as follows:

Capital assets (including right to use assets)	$ 22,379,356
Accumulated depreciation/amortization	11,530,046
Net adjustment	$ 10,547,310

Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds. Details for $(14,012,260) are as follows:

General obligation bonds	($11,290,000)
Leases payable	(261,536)
IT subscriptions payable	(50,633)
Installment financing	(1,200,000)
Compensated absences	(898,247)
Accrued interest payable	(311,844)
Net adjustment	($14,012,260)

B. 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 the net change in fund balance for the governmental funds and the change in net position of governmental activities as reported in the government-wide statement of activities.

Details of reconciling items that are aggregated or net amounts are as follows:

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. The details of this $1,064,890 are as follows:

Compensated absences	$ 250,587
Amortization of deferred amounts on debt refunding	22,500
LGERS pension expense	1,471,593
LEOSSA pension expense	16,153
ROD pension expense	11,457
Deferred gain on refunding	(315,000)
OPEB expense	(65,804)
Expense in government-wide statements	$1,064,890

III. 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 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 that the security 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 has established a custodial agreement with a separate financial institution that will hold the security in the County's name.

Transfers were made from the General Fund to the Capital Reserve Fund (consolidated into the School Capital Project Fund) and the Revaluation Fund (consolidated into the General Fund. These transfers violated G.S. 159-28(b) as the transfers were in excess of the appropriated budgets. Responsible staff have completed budget monitoring and control training.

Note to preparer: All budgetary violations are statutory violations to be shown in this footnote and must include a concise description of the actions taken to address the violation. If no action has been taken as of the date the financial statements are available to be issued, the disclosure should state such. For funds which have a Budgetary Comparison Schedule in the RSI, any excess of expenditures over appropriations are to be disclosed in the Required Supplementary Information Notes to the Budgetary Comparison Schedules per GASB 103.

Note to preparer: Other significant instances of noncompliance with the fiscal 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 performance bond for the Finance Officer or other employee that does not meet the revised requirements of G.S. 159-29, "Fidelity bonds," or failure to timely file the semiannual report of cash and investments (LGC-203) per G.S. 159-33. A corrective action plan should be included for each statutory violation.

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 unit's action to fund the deficit in the subsequent year as required by G.S. 159-13(b)(2). The full amount of any deficit in each fund should be appropriated.

IV. 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.

June 30, 2026, the County's deposits had a carrying amount of $1,384,458 and a bank balance of $1,426,017. Of the bank balance, $400,000 was covered by federal depository insurance, $32,868 was covered by collateral held under the Dedicated Method, and $56,000 in non-interest-bearing deposits and $895,950 in interest-bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2026, the County had $2,500 cash on hand.

At June 30, 2026, the TDA'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, 2026, the carrying amount of deposits for Carolina County ABC Board was $31,012 and the bank balance was $49,217. All of the bank balance was covered by federal depository insurance.

At September 30, 2025, the Hospital's deposits had a carrying amount of $1,386,576 and a bank balance of $1,802,852. Of the bank balance, $400,000 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 $950,071 in interest-bearing deposits were covered by collateral held under the Pooling Method.

Restricted cash and cash equivalents consisted of the following as of June 30, 2026:

Governmental Activities:		
General Fund	Tax revaluation	$ 751,887
Opioid Fund	Unexpended settlement funds	330,000
Northwest Capital Projects Fund	Unexpended grant funds	1,720
School Capital Projects Fund	Unexpended grant funds	558,550
Total Governmental Activities		$ 1,642,157
Business-type Activities		
Water & Sewer District #1	Unexpended bond proceeds	$ 1,053,536
Water & Sewer District #1	Customer deposits	4,169
Water & Sewer District #2	Unexpended bond proceeds	9,853
Water & Sewer District #2	Customer deposits	5,749
Total Business-type Activities		$ 1,073,307

2. Investments

As of June 30, 2026, the County had the following investments and maturities:

			Investment Maturities (in Years)		
Investment Type	**Valuation Method**	**Fair Value**	**<= 1/2**	**>1/2 to 1**	**>1 to 3**
Repurchase Agreements	Cost	$ 1,072,392	$ 1,072,392	$ -	$ -
US Treasuries	Fair Value - Level 1	3,304,691	2,195,400	1,109,291	-
US Government Agencies	Fair Value - Level 2	6,847,732	1,917,392	3,972,201	958,139
Commercial Paper	Fair Value - Level 2	1,026,960	1,026,960	-	-
NC Capital Management Trust	Fair Value - Level 1	8,426,221	8,426,221	-	-
Investment Totals		$ 20,677,996	$14,638,365	$ 5,081,492	$ 958,139

As of June 30, 2026, the TDA had the following investments and maturities:

			Investment Maturities (in Years)		
Investment Type	**Valuation Method**	**Fair Value**	**<= 1/2**	**>1/2 to 1**	**>1 to 3**
NC Capital Management Trust	Fair Value - Level 1	$ 520,559	$ 520,559	$ -	$ -
Investment Totals		$ 520,559	$ 520,559	$ -	$ -

Because the NCCMT Government Portfolio has a weighted average maturity of less than 60 days, it is presented as an investment with a maturity of less than 6 months. The NCCMT Government Portfolio has an AAAm rating from S&P and an AAA-mf rating from Moody's Investors 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, 2026, the County's investments in commercial paper were rated P1 by S&P, F1 by Fitch Ratings, and A1 by Moody's Investors Service. The County's and the TDA's investments in the NCCMT Government Portfolio carried a credit rating of AAA-mf by S&P and a rating of AAA-mf from Moody's as of June 30, 2026. The County's investments in US Agencies (Federal Home Loan Bank) are rated AAA by S&P 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 must be in the custody of the Finance Director.

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 <u>and</u> holds the securities, which is often common with these financing arrangements. This will meet the exception standard of disclosing Category 3 investments for custodial credit risk.

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.

OPEB Trust Fund. At June 30, 2026, the County's Healthcare Benefit Plan (HCB) had $917,893 invested in the State Treasurer's Ancillary Government Participant Investment Program (AGPIP) pursuant to G.S. 159-30.1. The State Treasurer's AGPIP may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the NCGS. At year-end, the County's HCB AGPIP was invested as follows: State Treasurer's STIF XX%; State Treasurer's BIF XX% and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund XX% (the equities were split with 63% in domestic securities and 37% 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 (IMD). The domestic and international security split is provided annually by IMD.

The County does not have a formal investment policy regarding credit risk for the HCB Plan Fund. The STIF is unrated and authorized under G.S. 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 G.S. 147-69.1 and G.S. 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).

The STIF portfolio is unrated and had a weighted average maturity on June 30, 2026, of 2.2 years. Level 2 inputs 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 BIF, which does not have a credit rating, was valued at $1 per unit and had an average maturity of 8.1 years on June 30, 2026. The EIF is a common trust fund considered to be commingled in nature. On June 30, 2026, the net asset value was $ 54.978091 per share. Fair value for this Fund is determined using Level 1 inputs

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.

Note to preparer: Memo #2027-02 on the DST website (State and Local Government Finance Division Memos | NC Treasurer) provides the weighted average maturities for the STIF and BIF.

At June 30, 2026, the ABC Board's investments consisted of $281,226 in the NCCMT Government Portfolio, which carried a credit rating of AAAm by S&P and a rating of AAA-mf from Moody's. The ABC Board has no policy on credit risk.

At September 30, 2025, the Hospital's investments consisted of the following:

			Investment Maturities (in Years)		
Investment Type	**Valuation Method**	**Fair Value**	**< 1**	**>=1 to 3**	**>3 to 7**
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	1,268,670	1,018,592	250,078	-
NC Capital Management Trust	Fair Value - Level 1	727,685	727,685	-	-
Investment Totals		$ 8,637,057	$ 3,747,218	$ 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 NCCMT Government Portfolio carried a credit rating of AAAm by S&P and a rating of AAA-mf from Moody's as of September 30, 2025. The Hospital's investments in US Government Agencies (Fannie Mae) are rated AAA by Standard & Poor's and Aaa by Moody's . 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.

Fiscal Year Levied	Deferred Value	Tax	Interest	Total
2023	$ 1,473,953	$ 12,676	$ 3,295	$ 15,971
2024	$ 1,542,300	13,264	2,254	15,518
2025	$ 1,594,300	13,711	1,096	14,807
2026	$ 1,665,800	14,326	-	14,326
		$ 53,977	$ 6,645	$ 60,622

4. Receivables

Receivables at the government-wide level at June 30, 2026, were as follows:

	Accounts	Taxes	Interest	Leases	Special Assessments	Total
Governmental Activities:						
General	$ 879,789	$ 3,981,701	$ 329,219	$ 398,364	$ 28,833	$ 5,617,906
Other Governmental	11,780	5,823	-	-	-	17,603
Total receivables	891,569	3,987,524	329,219	398,364	28,833	5,635,509
Allowance for doubtful accounts	(168,800)	(1,425,295)	-	-	-	(1,594,095)
Total governmental activities	$ 722,769	$ 2,562,229	$ 329,219	$ 398,364	$ 28,833	$ 4,041,414
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 2026, the County entered 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 2026, the County recognized $20,605 of lease revenue and $16,257 of interest revenue under the lease.

Due from other governments reported by governmental activities consists of the following:

NC DOR	Local option sales taxes (General Fund)	$ 2,684,141
NC DOR	Local option sales taxes (School Capital Projects Fund)	33,678
NC DOT	Grants	231,001
NC DHHS	Grants	191,065
NC DOJ	Grants	21,122
City of Dogwood	Interlocal agreement	54,965
City of Dogwood	ABC profits	36,358
USDA	Grants	2,470
Total		$ 3,254,800

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

The TDA'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.

5. Capital Assets

Capital asset activity for the year ended June 30, 2026, was as follows:

Primary Government	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	-	-	294,467
Total capital assets, not being depreciated	2,089,673	37,500	1,000	2,126,173
Capital assets, being depreciated:				
Buildings	14,513,340	92,650	-	14,605,990
Other improvements	1,382,098	-	(9,150)	1,372,948
Infrastructure	1,040,672	-	-	1,040,672
Equipment and furniture	1,861,318	226,433	(125,058)	1,962,693
Computer equipment	105,000	-	(6,721)	98,279
Vehicles and motorized equipment	682,247	138,900	(2,639)	818,508
Total capital assets, being depreciated	19,584,675	457,983	(143,568)	19,899,090
Less accumulated depreciation for:				
Buildings	(4,355,382)	(4,725,792)	-	(9,081,174)
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)	125,058	(1,246,433)
Computer equipment	(65,138)	(14,605)	6,721	(73,022)
Vehicles and motorized equipment	(396,049)	(127,719)	2,639	(521,129)
Total accumulated depreciation	(6,780,695)	(5,148,385)	143,568	(11,785,512)
Total capital assets, being depreciated, net	12,803,980	(4,690,402)	-	8,113,578
Capital assets being amortized:				
Right to use assets:				
Leased vehicles	-	179,755	-	179,755
Leased computer equipment	-	100,000	-	100,000
IT subscriptions	23,557	48,781	-	72,338
Total capital assets being amortized	23,557	328,536	-	352,093
Less accumulated amortization for:				
Right to use assets:				
Leased vehicles	-	(2,999)	-	(2,999)
Leased computer equipment	-	(20,000)	-	(20,000)
IT subscriptions	-	(21,535)	-	(21,535)
Total accumulated amortization	-	(44,534)	-	(44,534)
Total capital assets being amortized, net	23,557	284,002	-	307,559
Governmental activities capital assets, net	$ 14,917,210	$ (4,368,900)	$ 1,000	$ 10,547,310

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

General government	$ 292,806
General government – asset impairment	4,000,000
Public safety	370,353
Transportation	-
Economic and physical development	8,006
Human services	405,649
Cultural and recreational	71,571
Total depreciation expense – governmental activities	$5,148,385

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Landfill:				
Capital assets, not being depreciated:				
Land	$ 216,500	$ -	$ -	$ 216,500
Total capital assets, not being depreciated	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	(3,682)	-	1,669,001
Landfill capital assets, net	$ 1,889,183	$ (3,682)	$ -	$ 1,885,501
Water & 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	427,712	-	5,629,910
Water & Sewer District No. 1 capital assets, net	$ 5,312,198	$ 847,365	$ -	$ 6,159,563
Water & 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 & Sewer District No. 2 capital assets, net	$ -	$ 295,896	$ -	$ 295,896
Business-type activities activities capital assets, net	$ 7,201,381	$ 1,139,579	$ -	$ 8,340,960

Construction commitments.
The government has active construction projects as of June 30, 2026. The projects include the Northwest project (which includes park renovations and an outdoor theatre), school construction, and water district projects. At June 30, 2026, the government's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Northwest Park	$ 457,983	$ 528,717
Schools	1,700,600	4,437,950
Water & Sewer District No. 1	2,452,049	1,937,951
Water & Sewer District No. 2	295,896	604,104
Totals	$ 4,906,528	$ 7,508,722

Capital Asset Impairment.
In September 2025, Hurricane Irene caused significant damage to County facilities. These assets are essential for the provision of basic services to residents and businesses.

Management evaluated the condition and service utility of the affected capital assets and determined that the impairment criteria of GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, were met. An impairment loss of $4,000,000 was recognized by increasing the accumulated depreciation of buildings in the Statement of Net Position and recording a General Government expense in the Statement of Activities for the year ended June 30, 2026.

The County has submitted applications for reimbursement under insurance coverage and to the Federal Emergency Management Agency disaster assistance programs. As of the date of issuance of these financial statements, no reimbursements have been approved or received. Claims remain under review, and future recoveries are estimated to be sufficient to restore the facilities.

Note to preparer: In Carolina County the asset impairment is classified as a program expense (depreciation in general government). For an example of treatment as an unusual or infrequent item, see the City of Dogwood financial statements.

Note to preparer: If the government is an operator in a public-private or public-public partnership and has recognized an intangible right-to-use asset under GASB Statement No. 94, disclose that asset and related amortization separately by major class of the underlying partnership asset.

Discretely presented component units.
Capital Asset activity for the ABC Board for the year ended June 30, 2026, 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	225,114	4,536	-	229,650
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	130,950	11,325	-	142,275
Capital assets, net	$ 94,164	$ (6,789)	$ -	$ 87,375

Capital Asset activity for the Hospital for the year ended September 30, 2025, 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	606,543	-	20,239,903
Capital assets, net	$ 20,939,003	$ 2,664,492	$ -	$ 23,603,495

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2026, were as follows:

	Vendors	Retainage	Other	Total
Governmental activities:				
General Fund	$ 3,242,952	$ -	$ 544,682	$ 3,787,634
Other governmental funds	20,478	85,030	-	105,508
Governmental activities	$ 3,263,430	$ 85,030	$ 544,682	$ 3,893,142
Business-type activities:				
Landfill Fund	$ 2,456	$ -	$ -	$ 2,456
Water & Sewer Fund No. 1	$ 23,668	$ -	$ -	$ 23,668
Water & Sewer Fund No. 2	1,145	-	-	1,145
Governmental activities	$ 27,269	$ -	$ -	$ 27,269

As of June 30, 2026, the Tourism Development Authority's payables consisted of vendor payables.

2. Pension Plan and Other Post-Employment Obligations

Note to Preparer: The financial statement amounts for the pension liability and OPEB liability / asset presented in the updated fiscal year-end 2024 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 illustrative statements at least three 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 2025 forward.

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 Pension Resources Counties | NC Treasurer listed by each Unit Type under Pension Resources. The Firefighters' and Rescue Squad Workers' Pension Fund disclosure amounts should be updated based upon Memo 2027-01 at State and Local Government Finance Division Memos | NC Treasurer .

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 G.S. 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, 2026, 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, 2026. Contributions to the pension plan from the Hospital were $1,500,000 for the year ending September 30, 2025. Contributions to the pension plan from the TDA were $8,672.

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

The County

At June 30, 2026, the County reported a liability of $6,245,903 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2024. The total pension liability was then rolled forward to the measurement date of June 30, 2025, 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, 2026, the County's proportion was .263% (measured as of June 30, 2025), which was a decrease of .00272% from its proportion as of June 30, 2025 (measured as of June 30, 2024).

For the year ended June 30, 2026, the County recognized pension expense of $1,746,027. At June 30, 2026, 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 contributions and proportionate share of contributions	84,751	109,908
Contributions subsequent to the measurement date	1,285,341	-
Totals	$ 4,848,483	$ 142,241

$1,285,341 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, 2027. 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,	
2027	$ 1,083,544
2028	803,687
2029	675,188
2030	470,901
2031	387,581
Thereafter	-
Total	$ 3,420,901

Carolina County Hospital

At September 30, 2025, 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, 2025. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2024. The total pension liability was then rolled forward to the measurement date of June 30, 2025, 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, 2025, the Hospital's proportion was .340%, which was a decrease of .026% from its proportion measured as of June 30, 2024.

For the year ended September 30, 2025, the Hospital recognized pension expense of $818,899. At September 30, 2025, 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 Hospital contributions and proportionate share of contributions	45,251	185,658
Hospital contributions subsequent to the measurement date	375,000	-
Totals	$ 420,251	$ 979,216

$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, 2026. 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,		
2027	$	(539,939)
2028		(539,939)
2029		(539,939)
2030		685,854
2031		-
Thereafter		-
Total	$	(933,963)

Tourism Development Authority
At June 30, 2026, 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, 2025. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2024. The total pension liability was then rolled forward to the measurement date of June 30, 2025, 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, 2026, the TDA's proportion was .053% (measured as of June 30, 2025), which was a decrease of .0027% from its proportion as of June 30, 2025 (measured as of June 30, 2024).

For the year ended June 30, 2026, the TDA recognized pension expense of $24,045. At June 30, 2026, 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 TDA contributions and proportionate share of contributions	4,788	3,049
TDA contributions subsequent to the measurement date	8,672	-
Totals	$ 23,542	$ 4,572

$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, 2027. 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,		
2027	$	2,574
2028		2,574
2029		2,575
2030		2,575
2031		-
Thereafter		-
Total	$	10,298

Actuarial Assumptions. The total pension liability in the December 31, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	3.50%
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

The plan actuary currently uses mortality rates based on the *RP-2019+ 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 improvement.

The actuarial assumptions used in the December 31, 2025, valuation were based on the results of an actuarial experience study as of December 31, 2019.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2026, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	2.4%
Global Equity	42.0%	6.8%
Real Estate	8.0%	6.1%
Alternatives	8.0%	7.9%
Opportunistic Fixed Income	7.0%	5.1%
Inflation Protection	6.0%	4.2%
Total	100%	

The information above is based on 30-year expectations developed with an investment consulting firm's 2025 long term capital market assumptions. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.38%. All rates of return and inflation are annualized figures. Source data is provided in the Annual Comprehensive Financial Report (ACFR) published on the NC Office of State Controller website.

Discount rate. The discount rate used to measure the total pension liability was 6.5%. 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 TDA's proportionate shares of the net pension liability calculated using the discount rate of 7.00%, 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 one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (5.5%)	Discount Rate (6.5%)	1% Increase (7.5%)
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	$ 1,526,802	$ (6,156,408)
TDA'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 ACFR 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 LEOSSA note and to GASB Statement No. 73 for specific disclosure requirements.

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% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. Effective July 1, 2025, per Session Law 2025-8, eligible officers must make an irrevocable election for the benefit to be paid either a) based upon final salary times years of service, payable until age 62, or b) based on salary at 30 years times 30 years of service, payable for the number of years between age 30-year milestone and age 62. 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, 2025, 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	125
Total	135

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 outlined in GASB Statement 73.

Actuarial Assumptions. The entry age actuarial cost method was used in the December 31, 2024, valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5% per annum.
Salary increases	3.254% per annum.
Discount rate	2.79% 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 December 31, 2025.

The actuarial assumptions used in the December 31, 2025, valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ending December 31, 2019.

Deaths After Retirement (Healthy): Mortality rates are based on the RP-2019 Total Data Set for Healthy Annuitants Mortality Table. The RP-2019 annuitant tables have no rates prior to age 50. The RP-2019 Total Data Set Employee Mortality Table is used for ages less than 50.

Deaths After Retirement (Disabled): Mortality rates are based on the RP-2019 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-2019 Total Data Set Employee Mortality Table.

Mortality Projection: All mortality rates are projected from 2019 using generational improvement with Scale MP-2020.

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, 2026, the County reported a total pension liability of $222,672. The total pension liability was measured as of December 31, 2025, based on a December 31, 2024, actuarial valuation. The total pension liability was rolled forward to the measurement date of December 31, 2025, utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2026, the County recognized pension expense of $16,153.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 8,148	$ -
Changes of assumptions	3,711	4,481
Benefit payments and administrative expenditures subsequent to the measurement date	17,279	-
	$ 29,138	$ 4,481

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, 2027. 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,		
2027	$	(2,459)
2028		(2,559)
2029		(2,460)
2030		-
2031		-
Thereafter		-
Total	$	(7,478)

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%, as well as what the County's total pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.79%) or one percentage point higher (3.79%) than the current rate:

	1% Decrease (1.79%)	Discount Rate (2.79%)	1% Increase (3.79%)
Total pension liability	$ 239,077	$ 222,672	$ 207,609

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

	Total Pension Liability
Balances as of December 31, 2024	$ 218,891
Service cost	7,197
Interest on the total pension liability	6,822
Differences between expected and actual experience	907
Changes of assumptions or other inputs	5,127
Benefit payments	(16,272)
Other changes	-
Balances as of December 31, 2025	$ 222,672

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 2.85% at June 30, 2023, (measurement date) to 2.79% at June 30, 2025 (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, 2025, valuation were based on the results of an actuarial experience study as of December 31, 2024.

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 (ACFR) for the State of North Carolina. The State's ACFR 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, by calling (919) 981-5454, or at www.osc.nc.gov..

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to 5% 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 (ACFR) for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for the Resisters 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 G.S. Chapter 161. 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 G.S. 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, 2026.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2026, 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, 2025. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2024. The total pension liability was then rolled forward to the measurement date of June 30, 2025, 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, 2025, the County's proportion was 0.46%, which was a decrease of .004% from its proportion measured as of June 30, 2024.

For the year ended June 30, 2026, the County recognized pension expense of $12,186. At June 30, 2026, 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	$ 670	$ 3,470
Changes of assumptions	3,576	-
Net difference between projected and actual earnings on pension plan investments	12,117	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	1,642
Contributions subsequent to the measurement date	4,000	-
Totals	$ 20,363	$ 5,112

$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, 2027.

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,		
2027	$	5,157
2028		642
2029		3,571
2030		1,881
2031		-
Thereafter		-
Total	$	11,251

Actuarial Assumptions. The total pension liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	3.50 to 7.75%, including inflation and productivity factor
Investment rate of return	3.75%, 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, 2024, valuation were based on the results of an actuarial experience study as of December 31, 2021.

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 (BIF). The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2026, is 0.9%.

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%, 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 one percentage point lower (2.75%) or one percentage point higher (4.75%) 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 ACFR 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, 2025, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2024. The total pension liability for LEOSSA was measured as of June 30, 2025, with an actuarial valuation date of December 31, 2024.

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:

	LGERS	LEOSSA	RODSPF	Totals
Proportionate share of net pension liability (asset)	$ 6,245,902	n/a	$ (76,023)	$ 6,169,879
Proportion of the net pension liability (asset)	0.26328%	n/a	0.45890%	n/a
Net pension liability (asset)	n/a	$ 222,672	n/a	$ 222,672
Pension expense	$ 1,746,027	$ 16,153	$ 12,186	$ 1,774,366

At June 30, 2026, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	LGERS	LEOSSA	RODSPF	Totals
Deferred Outflows of Resources				
Differences between expected and actual experience	$ 963,594	$ 8,148	$ 670	$ 972,412
Changes of assumptions and other inputs	1,657,421	3,711	3,576	1,664,708
Net difference between projected and actual earnings on pension plan investments	857,376	-	12,117	869,493
Changes in proportion and differences between contributions and proportionate share of contributions	84,751	-	-	84,751
Contributions or benefit payments subsequent to the measurement date	1,285,341	17,279	4,000	1,306,620
Deferred Inflows of Resources				
Differences between expected and actual experience	$ 32,333	$ -	$ 3,470	$ 35,803
Changes of assumptions	-	4,481	-	4,481
Changes in proportion and differences between contributions and proportionate share of contributions	109,908	-	1,642	111,550

f. Other Post-Employment 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 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 post-employment 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.
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. Under a County resolution, Carolina County administers the HCB Plan, a single employer defined benefit plan that is used to provide post-employment benefits other than pensions (OPEB) for all retirees of the County who participate in the LGERS 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, 2026, year-end, does not issue a stand-alone report. Management of the HCB Plan is vested in the Board of Commissioners. The HCB Plan and irrevocable trust are a blended component unit, accounted for as a Pension Trust Fund. Significant accounting policies are disclosed in Note I.D and investment disclosures and the AGPIP are in Note IV.A.2.

Plan membership. At June 30, 2026, the HCB Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	22
Inactive plan members entitled to but not yet receiving benefit payments	4
Active plan members	54
	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, 2025, and June 30, 2026, 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 upon years of creditable service

	Hire Date	
Years of Creditable Service	Pre-July 1, 2007	On or after July 1, 2007
Less than 10	0%	0%
10 to 20	50%	0%
More than 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. 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 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. Long-term expected rates of return are not provided by the AGPIP. The following was the target asset allocation policy and the actual asset allocation for each AGPIP investment as of June 30, 2026:

	Target Allocation	Actual Allocation
Equity Index Fund	55%	60%
Bond Index Fund	25%	22%
STIF Fund	20%	18%

For the year ended June 30, 2026, the annual money-weighted rate of return on investments, net of investment expense, was 4%. 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, 2026, were as follows:

Total OPEB liability	$ 2,388,596
Plan fiduciary net position	$ 914,238
Net OPEB liability	$ 1,474,358
Plan fiduciary net position as a percentage of the total OPEB liability	36.07%

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of December 31, 2025, using the following actuarial assumptions:

Inflation	3.00%
Salary increases	3.50% to 5.50%, including inflation and productivity factor
Investment rate of return	6.50%, net of investment expense, including inflation
Healthcare cost trend rates	6.25% for 2025 decreasing 0.25% annually for five years to 5% in 2030

Total OPEB liabilities were rolled forward to June 30, 2026, for the employer and the plan, respectively, utilizing update procedures incorporating the actuarial assumptions.

Mortality rates were based on the RP-2019 Healthy Annuitant base rates projected to the valuation date using MP-2021, projected forward generationally from the valuation date using MP-2021. 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, 2025, valuations were based on the results of an actuarial experience study for the period 2015-2019.

Long-term Expected Rate of Return. An expected rate of return was not provided for the asset profile. The average annual rate of return for the portfolio from inception through June 20, 2026, was 8.18%. The money-weighted rate of return for the year ended June 30, 2026, was 7.71%. The actual return was adjusted to 6.50% based upon the County's expectation of a long-term rate of return using portfolio performance adjusted by an inflation assumption based upon a LGERS survey.

Discount rate. The discount rate used to measure the total OPEB liability at June 30, 2026, was 6.50% which was a change from the discount rate of 3.87% at June 30, 2025. 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% at June 30, 2026, per the S&P Municipal Bond 20 Year High Grade Rate Index. As of June 30, 2026, the S&P Municipal Bond 20 Year High Grade rate was 2.98%.

Sensitivity of the net OPEB liability to changes in the discount rate. At June 30, 2026, 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 one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current discount rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB liability	$ 1,847,029	$ 1,474,358	$ 1,226,365

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, 2026, as well as what the County's net OPEB liability would be if it were to calculate healthcare cost trend rates that are one percentage point lower (5.25% decreasing to 5%) or one percentage point higher (7.25% decreasing to 5%) than the current healthcare cost trend rate:

	Healthcare Cost Trend Rate		
	1% Decrease (5.25%)	Trend Rate (6.25%)	1% Increase (7.25%)
Net OPEB liability	$ 1,177,650	$ 1,474,358	$ 1,868,721

Changes in Net OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2026, the County reported a net OPEB liability of $1,474,358. The total OPEB liability was determined by an actuarial valuation as of December 31, 2024. The total pension liability was then rolled forward to the measurement date of June 30, 2025, utilizing update procedures incorporating the actuarial assumptions.

At June 30, 2026, the components of the net OPEB liability of the County, measured as of June 30, 2025, were as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances as of June 30, 2025	$ 2,246,716	$ 918,540	$ 1,328,176
Changes for the year:			
Service cost	34,270	-	34,270
Interest	36,032	-	36,032
Difference between expected and actual experience	(200,000)	-	(200,000)
Changes of assumptions	321,927	-	321,927
Contributions - employer and employees	-	43,000	(43,000)
Net investment income	-	3,047	(3,047)
Benefit payments	(50,349)	(50,349)	-
Balances as of June 30, 2026	$ 2,388,596	$ 914,238	$ 1,474,358

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% in 2022 to 6.50% in 2023. Medical claims cost and rates were changed based on most recent experience and changed to the current schedule. The Excise Tax of 40% on health care plans that are above the thresholds set by the Affordable Care Act are effective in 2024 and have been reflected.

For the year ended June 30, 2026, the County recognized OPEB expense of $66,767. At June 30, 2026, 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 differences between projected and actual earnings on OPEB investments	-	548
Contributions subsequent to the measurement date	43,000	-
	$ 43,000	$ 543,944

$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, 2027.

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,	
2027	$ (108,816)
2028	(108,816)
2029	(108,816)
2030	(108,816)
2031	(108,680)
Thereafter	-
Total	$ (543,944)

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 Post-Employment 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 the Hospital for a complete description of the Hospital pension plan.

3. Deferred Outflows and Inflows of Resources

Following are the deferred outflows of resources that are reported in the government-wide financial statements at June 30, 2026:

	Governmental Activities	Business-type Activities
Deferred charge on refunding	$ 292,500	$ -
Pensions:		
Differences between expected and actual experience	924,232	48,180
Net difference between and projected and actual investment earnings	826,624	42,869
Changes of assumptions	1,581,837	82,871
Changes in proportion and differences between contributions and proportionate share of contributions	80,513	4,238
Benefit payments and administrative costs paid subsequent to the measurement date	1,242,354	64,266
OPEB:		
Benefit payments and administrative costs paid subsequent to the measurement date	40,850	2,150
	$ 4,988,910	$ 244,574

Following are the deferred inflows of resources that are reported in the government-wide financial statements at June 30, 2026:

	Governmental Activities	Business-type Activities
Prepaid ad valorem taxes	$ 329,403	$ -
Leases where the County is the lessor	391,502	-
Pensions:		
Differences between expected and actual experience	34,186	1,617
Changes of assumptions	4,481	-
Changes in proportion and differences between contributions and proportionate share of contributions	106,055	5,495
OPEB:		
Differences between expected and actual experience	130,496	6,868
Changes of assumptions	385,730	20,302
Net difference between projected and actual earnings on OPEB investments	521	27
	$ 1,382,374	$ 34,309

Following are the deferred inflows of resources that are reported in the governmental fund financial statements at June 30, 2026:

	General Fund	Opioid Settlement Fund	Non-major Governmental Funds
Prepaid ad valorem taxes	$ 329,403	$ -	$ -
Leases where the County is the lessor	391,502	-	-
Taxes receivable, net, less penalties	2,369,257	-	1,345
Opioid settlement receivables, net (restricted)	-	1,938,038	-
Special assessments receiavble	28,833	-	-
	$ 3,118,995	$ 1,938,038	$ 1,345

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. Penalties should be remitted to the local educational agency (LEA). 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, 2026, 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 2026. 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, 2026, 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. Additional sub-limits are $10,000,000 for earthquakes and $50,000,000 per named storm. 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 is individually bonded for $1,000,000. 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: Operation of and Accounting for Discretely Presented Component Units, Including Tourism Development Authorities 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.

Note to Preparer: Per GASB Statement 102 (see Memorandum #2026-03 at State and Local Government Finance Division Memos for an explanation and example disclosures) disclosures may be needed for a concentration related to a significant inflow or outflow such as the largest taxpayer ceasing operations, discussing its anticipated revenue effects upon the County. Disclosures may be needed for constraints, such as the anticipated costs and customer rate effect upon a water and sewer system for new environmental laws. A disclosure is required if all of the following are true: 1) if a concentration or constraint is known to a unit prior to issuance of the financial statements; 2) if the concentration or constraint makes the unit vulnerable to risk of a substantial impact; and 3) an event has occurred, is occurring, or is likely to occur within 12 months of financial statement issuance.

6. Contingent Liabilities

At June 30, 2026, 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. Short-term Debt

The County did not have any short-term debt outstanding at the beginning of the year. The following short-term debt was issued by Water and Sewer Districts during the year and remains outstanding at the end of the year. These issues finance various water and sewer improvements.

Bond Anticipation Notes	
Serviced by the County's Water and Sewer District No. 1: Water and Sewer Notes issued on June 29, 2026, and due on November 30, 2026, 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: Water and Sewer Notes issued on June 29, 2026, and due on November 30, 2026, 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

8. 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 2026 to lease public safety vehicles and requires 59 monthly payments of $3,936. An initial lease liability was recorded in the amount of $179,755. As of June 30, 2026, the value of the liability is $168,048. 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.

The second agreement was executed in July 2025 to lease computer equipment and requires 60 monthly payments of $2,417. An initial lease liability was recorded in the amount of $100,000. As of June 30, 2026, the value of the lease liability is $93,488. 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.

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2026, are as follows:

Year Ending June 30	Principal	Interest
2027	$ 44,777	$ 31,459
2028	51,078	25,158
2029	58,286	17,950
2030	66,537	9,699
2031	40,858	2,438
2032-2036	-	-
	$ 261,536	$ 86,704

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 Financing

As authorized by G.S. 160A-20 and G.S. 153A-158.1, the County financed various property acquisitions in a direct placement for use by the Carolina County Board of Education during the fiscal year ended June 30, 2026, by an installment financing agreement. The installment financing 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 financing was executed on July 1, 2025, for various property improvements for use by the 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, 2026, including $126,000 of interest, are:

Year Ending June 30	Principal	Interest
2027	$ 171,429	$ 31,500
2028	171,429	27,000
2029	171,429	22,500
2030	171,429	18,000
2031	171,429	13,500
2032-2036	342,855	7,125
	$ 1,200,000	$ 119,625

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, 2026, are comprised of the following individual issues:

Serviced by the County's General Fund:

$2,500,000 2023 Community College Improvement Serial Bonds due on September 1 and March 1 in 45 installments of $50,000 through September 1, 2047; interest at 6.70%.	$2,250,000
$750,000 2020 Municipal Building privately held serial bonds due on July 1 and January 1 in 18 installments of $25,000 through January 1, 2034; interest at 5.10%.	450,000
$7,370,000 2011 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, 2049; interest at 6.50%.	2,895,000

$2,340,000 2025 Hospital Improvement Serial Bonds due in 12 annual installments of $155,000 and one of $160,000 through May 1, 2038; interest at 6.00%. 2,330,000

$3,365,000 2026 Current Refunding Bonds, due on July 1 and January 1 in 20 installments of $168,250 through July 1, 2035; interest at 3.75%. 3,365,000

$11,290,000

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

$2,350,000 2022 Water Serial Bonds due in annual installments of $150,000 to $250,000 through December 1, 2034; interest at 5.10%. $2,066,542

At June 30, 2026, 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 are as follows:

	Governmental Activities			Business-type Activities		
Year Ending June 30	Principal	Interest	Total	Principal	Interest	Total
2027	$ 625,000	$ 329,907	$ 954,907	$ 151,542	$ 131,415	$ 282,957
2028	625,000	311,044	936,044	159,271	89,936	249,207
2029	625,000	292,182	917,182	167,394	81,813	249,207
2030	625,000	273,319	898,319	175,931	73,276	249,207
2031	625,000	254,456	879,456	184,903	64,304	249,207
2032-2036	2,450,000	989,983	3,439,983	1,227,501	170,076	1,397,577
2037-2041	2,402,000	459,796	2,861,796	-	-	-
2042-2046	1,978,000	206,531	2,184,531	-	-	-
2047-2050	1,335,000	167,452	1,502,452	-	-	-
	$ 11,290,000	$ 3,284,670	$ 14,574,670	$ 2,066,542	$ 610,820	$ 2,677,362

d. Revenue Bonds

In June 2019, 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, 2034, 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 a rate covenant.

Revenue bond debt service requirements to maturity are as follows:

Year Ending June 30	Principal	Interest	Total
2027	$ 69,029	$ 80,000	$ 149,029
2028	74,552	74,478	149,030
2029	80,516	68,513	149,029
2030	86,957	62,072	149,029
2031	93,914	55,116	149,030
2032-2036	595,032	150,116	745,148
	$ 1,000,000	$ 490,295	$ 1,490,295

e. Subscriptions

A SBITA was entered into during fiscal year 2024. The SBITA was for a Learning Management System. The initial term of the agreement was three years. The remaining term at June 30, 2026, is eighteen months. The Subscription did not have a stated interest rate. The County's estimated incremental borrowing rate of 1.25% was used to discount the subscription payments. The liability balance at June 30, 2026, was $11,852.

During the current year, the County entered into a SBITA for a web-based strategy and performance management solution. The term of the agreement is five years. The SBITA did not have a stated interest rate. The County's estimated incremental borrowing rate of 1.25% was used to discount the subscription payments. The initial liability for the subscription was $48,781. The liability balance remaining at June 30, 2026, was $38,781.

The future minimum subscription obligations and the net present value of these minimum payments as of June 30, 2026, were as follows:

Year Ending June 30	Principal	Interest	Total
2027	$ 21,367	$ 633	$ 22,000
2028	9,634	366	10,000
2029	9,755	245	10,000
2030	9,877	123	10,000
2031	-	-	-
2032-2036	-	-	-
	$ 50,633	$ 1,367	$ 52,000

f. Current Refunding

On January 12, 2026, 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, 2026. 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, $4,127,169 relates to assets the County holds title.

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 .

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, 2026:

	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion of Balance
Government activities:					
General obligation bonds	$ 11,836,000	$ 3,365,000	$ 3,911,000	$ 11,290,000	$ 625,000
Direct placement installment	-	1,200,000	-	1,200,000	171,429
Leases	-	279,755	18,219	261,536	44,777
IT subscriptions	23,557	48,781	21,705	50,633	21,367
Compensated absences	387,890	380,337	142,280	625,947	125,189
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	$ 18,299,194	$ 7,369,394	$ 4,683,553	$ 20,985,035	$ 987,762
Business-type activities:					
Water and Sewer Districts					
General obligation bonds	$ 2,316,542	$ -	$ 250,000	$ 2,066,542	$ 151,542
Bond anticipation notes	-	675,000	-	675,000	675,000
Compensated absences	283,283	14,413	7,488	290,208	58,042
Net pension liability (LGERS)	138,069	74,293	-	212,362	-
Other postemployment benefits	624	-	624	-	-
Net OPEB liability	67,564	-	17,436	50,128	-
Total Water and Sewer districts	2,806,082	763,706	275,548	3,294,240	884,584
Landfill					
Closure and postclosure care costs	179,784	46,274	-	226,058	-
Compensated absences	108,395	5,605	-	114,000	22,800
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	385,928	86,840	9,186	463,582	22,800
Total business-type activities	$ 3,192,010	$ 850,546	$ 284,734	$ 3,757,822	$ 907,384

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. An expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

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, 2025:

	Beginning Balance	Additions	Deletions	Ending Balance
Carolina County Hospital				
Direct placement revenue bonds	$ 1,200,000	$ -	$ 200,000	$ 1,000,000
Net pension liability (LGERS)	1,884,941	-	358,139	1,526,802
Compensated absences	512,932	101,023	91,777	522,178
Total Hospital	$ 3,597,873	$ 101,023	$ 649,916	$ 3,048,980

The following is a summary of changes in the TDA's long-term obligations for the fiscal year ended June 30, 2026:

	Beginning Balance	Additions	Deletions	Ending Balance
Tourism Development Authority				
Net pension liability (LGERS)	$ 39,106	$ 3,459	$ -	$ 42,565
Compensated absences	10,347	5,451	4,489	11,309
Total TDA	$ 49,453	$ 8,910	$ 4,489	$ 53,874

h. Conduit Debt Obligations

Carolina County Industrial Facility and Pollution Control Authority have 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, 2026, there were three series of industrial revenue bonds outstanding, with an aggregate principal amount payable of $6 million. The County has made a limited commitment to maintain the tax-exempt status of these three issues.

Note to preparer: GASB 91, *Conduit Debt Obligations*, provides the accounting and financial reporting standards for such obligations. The standards address the circumstances that require the issuer to recognize a liability for a conduit debt obligation. The standard also requires certain disclosures for transactions that meet the definition of conduit debt. The disclosures vary depending on whether the issuer has recognized a liability for the conduit debt obligation.

C. Interfund Balances and Transfer Activity

Note to preparer: The purpose of each Transfer and all Interfund Balances (if applicable) must be disclosed (GASB 38 paragraph 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 should be disclosed in the notes, along with the purposes for and amounts of non-routine transfers and transfers inconsistent with the activities of the fund making the transfers. These provisions should be applied to material items only.

Note to preparer: For a sample Interfund balance note, please see the City of Dogwood Illustrative 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.

Transfers to/from other funds at June 30, 2026, consist of the following:

Major		
General Fund		
	To School Capital Projects Fund (non-major)	$ 270,000
	To Water & Sewer District No. 1 Fund	100,000
American Rescue Plan Fund		
	To General Fund	1,500,000
Non-major		
School Capital Projects Fund		
	To General Fund (major)	619,059
Emergency Telephone System Fund		
	To Northwest Capital Projects Fund	10,000
	Total	$ 2,499,059

The County made transfers for the following purposes:

- To move $200,000 of funds to accumulate resources for school capital projects.
- To move $70,000 of funds for current school construction projects.
- To move $100,000 of funds to subsidize operating costs of water & sewer services.
- To move $1,500,000 of grants funds for reimbursement for premium pay and revenue loss.
- To move $619,059 of lottery proceeds to use for school debt service.
- To move $10,000 of restricted E911 funds for radio switching equipment.

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, 2026. 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, include a calculation in the notes or submit it in a document separate from the audit submission. The calculation is required for the GFOA ACFR application.

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 is a schedule of the calculation of fund balance available for appropriation in the General fund as of June 30, 2026:

Total fund balance	$ 20,767,304
Less:	
Inventories, prepaids, and leases	2,551,800
Leases	6,862
Stabilization by State statute	4,155,128
Register of Deeds	17,285
Tax Revaluation	471,723
LEO Special Separation Allowance	1,028,267
Appropriated fund balance in the fiscal year 2027 budget	255,000
Fund Balance policy	12,281,239
Available for appropriation	$ -

The governing board has adopted a policy to maintain a minimum level of available fund balance in the General Fund. The target level is 16 percent of current year expenditures of the General Fund.

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.

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.

G. Outstanding Encumbrances

Outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. $255,000 were outstanding as of June 30, 2026, for the General Fund.

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.

V. 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.

VI. 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.

VII. Opioid Settlement Funds

In April 2022, drug manufacturer Johnson & Johnson, and three drug distributors, McKesson, AmerisourceBergen, and Cardinal Health, finalized a $26 billion nationwide settlement related to multiple opioid lawsuits. These funds are disbursed to each participating State over an 18-year period according to an allocation agreement reached with participating States. The majority of the funds must be used for opioid abatement and remediation activities and programs, and the distribution of the funds is front loaded. The North Carolina MOA between the State and local governments allocates funds 15% to the State, 80% to local governments, and 5% to a County incentive fund.

The County received $540,000 in the current fiscal year, spent $500,000, and, per the MOA, accounts for the amounts in a special revenue fund, the Opioid Settlement Fund (major fund).

In July 2025, Secondary Opioid Manufacturer Settlements were reached with Alvogen Inc., Amneal Pharmaceuticals LLC, Apotex Corp., Hikma Pharmaceuticals USA, Indivior Inc., Sun Pharmaceutical Industries Inc., and Zydus Pharmaceuticals Inc. A settlement was also reached with Purdue Pharma L.P.'s bankruptcy plan for $7.4 billion. The Secondary Settlements are subject to the terms of the existing MOA with the State.

Note to Preparer: After reviewing the method through which a County receives the resources, if it is determined that the activity should follow the exchange vs nonexchange method, the County will report additional settlements in the fiscal year a Board resolution approving the settlement is adopted.

Note to the Preparer: Please refer to the DST blog post from September 2023: Accounting For Opioid Settlement Funds – An Update . Guidance for allowable uses of Opioid Settlement Funds is available in the MOA which you may view at the following link - NC DOJ Opioid MOA

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 G.S. 159-13.2 required 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 legislation allowing for the technical correction passed in May of 2024, is effective July 1, 2023, and is found here.

Additional guidance is available from the NC Association of County Commissioners: Opioid Litigation Settlement

VIII. Reimbursement for Pandemic-Related Expenditures

In FY 2021, 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 paid in two equal installments. The first installment of $2,100,000 was received in July 2022. The second installment of $2,100,000 was received in July 2023. County staff and the Board of Commissioners elected to use $440,000 of the ARPA funds for premium pay in FY 2023. The $440,000 was transferred from the ARPA Fund to the General Fund.

The County used $500,000 for premium pay in fiscal year 2025 and $1,000,000 was used for eligible general government expenditures under revenue replacement. These amounts were transferred to the General Fund from the ARPA Fund during fiscal year 2025. The remaining $2,260,000 was used in fiscal year 2026 for eligible general government expenditures under revenue replacement.

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 all eligibility requirements have been met. 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 all eligibility requirements have been met. ARPA funds not encumbered by December 31, 2024, and expended by December 31, 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)]

Note to Preparer: The UNC School of Government recommends the ARPA fund is reported as a major fund. Beginning with the 2024 illustrative financial statements, we follow the School of Government guidance.

IX. 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, 2026. 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, 2026. 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, 2026. 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, 2026. 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, 2026. 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, 2026, 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, 2026. 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 fund balance of governmental funds on the Governmental Funds Balance Sheet.

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.

X. 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, 2026. 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.

XI. Related Party Transactions

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.

XII. 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.

XIII. Changes in Accounting Principles

For the year ended June 30, 2026, GASB Statement No. 103, *Financial Reporting Model Improvements,* was implemented. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The Statement changes the Management's Discussion and Analysis to limit discussion areas while requiring detailed analysis to explain why balances and results of operations changed. The Statement clarifies items reported as *Unusual or Infrequent Items*, formerly reported as Special or Extraordinary Items, as well as reporting requirements. Changes are required to the reporting format of the proprietary fund Statement of Revenues, Expenses, and Changes in Fund Net Position. The Statement requires changes to the reporting of major and nonmajor component units. Also, all budgetary comparison information is now required to be presented as Required Supplementary Information. No restatements were required as a result of implementation.

For the year ended June 30, 2026, GASB Statement No. 104, *Disclosure of Certain Capital Assets,* was implemented. The Statement requires disclosures of certain asset types separately (Note IV.A.5).

For the year ended June 30, 2026, GASB Statement No. 105, *Subsequent Events,* was implemented. The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statements users (Note XIV).

Note to Preparer: Units may have implementation amounts that their evaluation results showed as immaterial for restatement.

XIV. Significant Effects of Subsequent Events

Note to preparer: Events that occur after the date of the financial statements but before the date the financial statements are available to be issued that have a significant effect on the unit should be disclosed (see GASB Statement 105). 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 date the reporting entity's financial statements are available to be issued. Example: On September 26, 2024, Hurricane Helene devastated much of the Western part of North Carolina. The effects upon Carolina County were ….

XV. Unusual or Infrequent Item

For the year ended June 30, 2026, the financial statements include an unusual or infrequent item as a transaction for the sale of land was unusual in nature. The land had a book value of $1,000 and was sold for $28,482.

Note to preparer: This disclosure is included only to illustrate the presentation of an unusual or infrequent item. As with all GASB statements, preparers should include disclosure only when the item is material to the reporting unit.

Required Supplementary Information

- General Fund, Budgetary Comparison Schedule
- Tax Revaluation Fund, Budgetary Comparison Schedule
- Opioid Settlement Fund, Budgetary Comparison Schedule
- Notes to Budgetary Comparison Schedules
- Schedule of County's Proportionate Share of Net Pension Liability (Asset) for Local Governmental Employees' Retirement System
- Schedule of County's Contributions to Local Governmental Employees' Retirement System
- Schedule of the Tourism Development Authority's Proportionate Share of Net Pension Liability (Asset) for Local Governmental Employees' Retirement System
- Schedule of the Tourism Development Authority's Contributions to Local Governmental 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 of the Law Enforcement Officers' Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered- Employee Payroll of the Law Enforcement Officers' Special Separation Allowance
- Schedule of Changes in the Net OPEB Liability and Related Ratios of the Healthcare Benefit Plan
- Schedule of Contributions and Investment Returns of the Healthcare Benefit Plan

Required Supplementary Information
Carolina County, North Carolina
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2026

	Original Budget	Final Budget	Variance with Original Budget - Over (Under) Final Budget	Actual	Variance with Final Budget - Over (Under) Actual
REVENUES					
Ad valorem taxes	$ 55,372,398	$ 55,372,398	$ -	$ 55,132,894	$ (239,504)
Local option sales taxes	12,554,804	12,872,580	317,776	12,849,824	(22,756)
Other taxes and licenses	202,358	202,358	-	230,360	28,002
Unrestricted intergovernmental	125,500	150,642	25,142	145,522	(5,120)
Restricted intergovernmental	14,010,404	14,022,706	12,302	14,057,550	34,844
Permits and fees	400,180	400,180	-	445,049	44,869
Sales and services	1,142,700	1,142,700	-	1,165,426	22,726
Investment earnings	1,025,000	1,533,631	508,631	1,562,149	28,518
Miscellaneous	661,703	661,703	-	632,541	(29,162)
Total revenues	85,495,047	86,358,898	863,851	86,221,315	(137,583)
EXPENDITURES					
Current:					
General government:					
Governing board	140,500	140,500	-	139,898	(602)
Administration	341,050	344,125	3,075	337,060	(7,065)
Elections	325,125	400,175	75,050	383,885	(16,290)
Finance	2,210,150	2,210,150	-	2,192,593	(17,557)
Tax	2,420,650	2,420,650	-	2,365,008	(55,642)
Legal	45,000	100,000	55,000	49,650	(50,350)
Register of deeds	325,650	420,925	95,275	413,587	(7,338)
Public buildings	1,105,740	1,111,726	5,986	1,068,557	(43,169)
Court facilities	1,430,500	1,450,150	19,650	1,423,507	(26,643)
Central garage	164,100	165,000	900	159,133	(5,867)
Total general government	8,508,465	8,763,401	254,936	8,532,878	(230,523)
Public safety:					
Sheriff and communications	4,050,489	4,550,489	500,000	4,145,056	(405,433)
Jail	1,170,036	1,360,450	190,414	1,318,692	(41,758)
Emergency communications	102,225	102,225	-	94,000	(8,225)
Emergency management	26,000	26,000	-	22,100	(3,900)
Fire Marshall	225,100	225,100	-	205,174	(19,926)
Inspections	1,250,425	1,250,425	-	1,045,267	(205,158)
Rescue units	142,800	142,800	-	136,767	(6,033)
Animal control	82,925	82,925	-	79,836	(3,089)
Medical examiner	150,000	150,000	-	132,828	(17,172)
Total public safety	7,200,000	7,890,414	690,414	7,179,720	(710,694)
Transportation:					
Streets and highways	200,000	200,000	-	123,656	(76,344)
Contribution to regional airport	1,441,516	1,441,516	-	1,014,922	(426,594)
Total transportation	1,641,516	1,641,516	-	1,138,578	(502,938)
Economic and physical development:					
Planning and zoning	275,900	280,900	5,000	255,711	(25,189)
Economic development	273,600	278,600	5,000	264,954	(13,646)
Community development	32,500	35,000	2,500	27,298	(7,702)
Cooperative extension	34,000	35,000	1,000	26,237	(8,763)
Special employment programs	680,000	700,000	20,000	691,389	(8,611)
Soil and water conservation	315,210	318,742	3,532	51,340	(267,402)
Total economic and physical development	1,611,210	1,648,242	37,032	1,316,929	(331,313)
Human services:					
Health:					
Administration	525,000	525,000	-	524,003	(997)
Health promotion	45,000	45,000	-	42,785	(2,215)
Tuberculosis	44,000	44,000	-	41,767	(2,233)
Home health	220,000	220,000	-	202,664	(17,336)
Family planning	160,000	160,000	-	155,516	(4,484)
Maternal and child health	125,000	125,000	-	118,232	(6,768)
Women, infants and children	90,000	95,000	5,000	87,973	(7,027)
Environmental health	605,500	500,000	(105,500)	478,881	(21,119)
Migrant health	65,000	65,000	-	57,215	(7,785)
Total health	1,879,500	1,779,000	(100,500)	1,709,036	(69,964)

Required Supplementary Information
Carolina County, North Carolina
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2026

	Original Budget	Final Budget	Variance with Original Budget - Over (Under) Final Budget	Actual	Variance with Final Budget - Over (Under) Actual
					(continued)
Mental health	3,550,000	3,520,000	(30,000)	3,515,154	(4,846)
Social services:					
Administration	785,000	785,000	-	757,583	(27,417)
Temporary assistance to needy families	5,450,000	5,450,000	-	5,394,921	(55,079)
Medicaid assistance	2,475,000	2,475,000	-	2,412,791	(62,209)
Title III	475,000	475,000	-	450,683	(24,317)
Income maintenance	1,255,000	1,255,000	-	1,241,868	(13,132)
Supplemental nutrition assistance	1,125,000	1,125,000	-	1,070,434	(54,566)
Adult day care	2,526,000	2,526,708	708	2,260,560	(266,148)
Child support	1,725,000	1,725,000	-	1,685,421	(39,579)
Other assistance	525,750	525,750	-	502,145	(23,605)
Total social services	16,341,750	16,342,458	708	15,776,406	(566,052)
Community based alternatives	30,000	30,000	-	27,878	(2,122)
Veterans services	162,300	162,300	-	156,348	(5,952)
Contribution to county hospital	1,235,000	1,235,000	-	1,235,000	-
Total human services	23,198,550	23,068,758	(129,792)	22,419,822	(648,936)
Cultural and recreational:					
Recreation	301,000	305,000	4,000	283,434	(21,566)
Libraries - contribution to regional library	2,300,000	2,307,261	7,261	2,024,806	(282,455)
Total cultural and recreational	2,601,000	2,612,261	11,261	2,308,240	(304,021)
Education:					
Public schools	38,918,016	38,918,016	-	38,918,016	-
Community college	2,500,000	2,500,000	-	2,500,000	-
Total education	41,418,016	41,418,016	-	41,418,016	-
Debt service:					
Principal retirement	650,924	650,924	-	650,924	-
Interest and other charges	709,558	709,558	-	709,558	-
Bond issuance costs	65,000	65,000	-	65,000	-
Refunding escrow	15,000	15,000	-	15,000	-
Total debt service	1,440,482	1,440,482	-	1,440,482	-
Total expenditures	87,619,239	88,483,090	863,851	85,754,665	(2,728,425)
Revenues over (under) expenditures	(2,124,192)	(2,124,192)	-	466,650	(2,866,008)
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	2,120,227	2,120,227	-	2,119,059	(1,168)
Transfers to other funds	(238,816)	(238,816)	-	(620,616)	(381,800)
Lease liabilities issued	100,000	100,000	-	279,755	179,755
IT subscriptions	48,781	48,781	-	48,781	-
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)	2,124,192	2,124,192	-	1,920,461	(203,731)
Net change in fund balance	$ -	$ -	$ -	2,387,111	$ (2,662,277)
					(continued)
Fund balance- beginning				17,785,496	
Increase in inventory				122,974	
Fund balances - ending				20,295,581	
A legally budgeted Tax Revaluation Fund is consolidated into the General Fund for reporting purposes:					
Investment earnings				52,679	
Transfer from General Fund				250,616	
Expenditures - general government				(562,674)	
Fund balance - beginning Tax Revaluation Fund				731,102	
Fund balance - ending consolidated General Fund				$20,767,304	

See notes to required supplementary information.
The net change in fund balances was included in the budget as an appropriation of fund balance.

Required Supplementary Information
Carolina County, North Carolina
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2026

	Original Budget	Final Budget	Variance with Original Budget - Over (Under) Final Budget	Actual	Variance with Final Budget - Over (Under) Actual

Note to Preparer: This schedule must show budget amounts at the legal level of budgetary control. Also, under the Debt Service section/department, budget lines must be shown for each item: principal, interest, issuance costs, and payments to refunding escrows. The detail to be shown for actual amounts is up to the unit.

Carolina County, North Carolina
Tax Revaluation Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2026

	Original and Final Budget	Actual	Variance with Final Budget - Over (Under) Actual
REVENUES			
Investment earnings	$ 36,000	$ 52,679	$ 16,679
EXPENDITURES			
General government:			
Tax listing	585,500	562,674	(22,826)
Revenues under expenditures	(549,500)	(509,995)	(39,505)
OTHER FINANCING SOURCES			
Transfers from other funds:			
General fund	68,816	250,616	181,800
Net change in fund balance	$ (480,684)	(259,379)	$ 142,295
Fund balance, beginning		731,102	
Fund balance, ending		$ 471,723	

See notes to required supplementary information.
The Tax Revaluation Fund is consolidated into the General Fund.
The net change in fund balance was included in the budget as an appropriation (spenddown) of fund balance.

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.

Carolina County, North Carolina
Opioid Settlement Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2026

	Original and Final Budget	Actual	Variance with Final Budget - Over (Under) Actual
REVENUES			
Opioid Settlement funds	$ 540,000	$ 540,000	$ -
Investment earnings	-	-	-
Total revenues	540,000	540,000	-
EXPENDITURES			
Human services	540,000	500,000	(40,000)
Total expenditures	540,000	500,000	(40,000)
Revenues over expenditures	-	40,000	(40,000)
Net change in fund balance	$ -	40,000	$ 40,000
Fund balances, beginning		290,000	
Fund balances, ending		$ 330,000	

See notes to required supplementary information.

Note to preparer: Grant and project ordinances allowed in G.S. 159-13.2 required 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 legislation creating a Settlement Fund passed in May of 2024 effective July 2023 and is S.L. 2004-1 See the note below.

Note to preparer: If the ARPA and/or Opioid major funds have an annual budget, budget versus actual statements must follow the General Fund budget comparison schedule in the RSI. Major funds with a multiyear budget are shown in Combining and Individual Fund Statements following the RSI.

Required Supplementary Information
Carolina County, North Carolina
Notes to Budgetary Comparison Schedules

1. Budgetary basis of accounting

The County's budgets are adopted as required by NCGS. An annual budget is adopted for the General Fund and for all special revenue funds, except those funds indicated below. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the Capital Reserve (special revenue) Fund, the Capital Projects Fund, the ARPA (special revenue) Fund, the Landfill Closure and Postclosure Fund, and the enterprise capital projects funds. The Landfill Closure and Postclosure Reserve Funds 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 departmental level for all annually budgeted funds and at the project level for multi-year funds. Amendments to the budget are required to be approved by the governing board for any revisions that alter total expenditures of any fund or that change appropriations by more than $10,000. Amendments of $10,000 or less may be approved by the County Manager (budget officer). During the year, several 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 until the annual budget is adopted. All instances of expenditures over appropriations are statutory violations of State law.

2. Excess of expenditures over appropriations

Transfers were made from the General Fund to the Capital Reserve Fund (consolidated into the School Capital Project Fund) and the Revaluation Fund (consolidated into the General Fund). These transfers violated G.S. 159-28(b) as the transfers were in excess of the appropriated budgets. The budget was amended subsequent to year-end to cover the excess and Finance Department staff have completed budget monitoring and control training.

3. General Fund budgetary highlights

Original budget compared to final budget

During the year there were two significant amendments to increase the original estimated revenues and the original budgeted appropriations. The sales taxes revenue budget was increased by $317,776 (2.53%) and the investment earnings revenue budget was increased by $508,631 (49.6%). Both were used to increase the Sheriff and communications and the Jail budgets for adjustments to salaries and overtime pay. The Environmental health budget was decreased by $105,500 in order to increase the Register of Deeds budget for the electronic scanning of old documents.

Final budget to actual results

Sheriff and communications was under budget by $405,433 (9%) due to staff turnover and vacancies. Inspections was $205,158 (16%) under budget from an unanticipated decrease in activity levels. Contribution to the regional airport was under budget by $426,594 (29%) due to a permitting delay for a project anticipated in the budget. Soil & water was under budget by $267,402 (84%) due the delay of a stormwater project included in the budget. Adult daycare was $266,148 (10%) under budget from a census decrease from the prior year not anticipated in the budget. Transfers to other funds were $381,800 over budget due to a staff oversight in the budget amount. See "Excess of expenditures over appropriations" (Note 2) above.

(continued)

4. Opioid Settlement Project Fund budgetary highlights

Final budget to actual results

Expenditures were under budget by $40,000 (7%) due to two projects approved in the Opioid Plan being behind schedule resulting in a delay in expending funds.

Carolina County, North Carolina
Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)
Local Governmental Employees' Retirement System (LGERS)

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
County's proportion of the net pension liability (asset) %	0.26328%	0.266%	0.236%	0.233%	0.224%	0.228%	0.218%	0.219%	0.221%	0.220%
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	$ 2,486,371	$ 2,375,260
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	$11,347,269	$11,121,113	$11,130,864
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%	7.01%	(11.06%)	22.77%	24.19%	22.36%	21.34%
Plan fiduciary net position as a percentage of the total pension liability	85.20%	86.90%	88.20%	90.70%	87.80%	89.40%	90.02%	91.98%	94.18%	91.47%

Notes to the schedule:
The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.
See Notes to Required Supplementary Information for the LGERS on the following schedule.

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: The RSI schedules presented in the updated fiscal year-end 2026 illustrative statements were not changed from the amounts presented in the prior fiscal year other than to add an additional year of data and to enter the updated plan fiduciary net position as a percentage of the total pension liability. Since both the pension and OPEB GASB statements were implemented and updated in the Illustrated statements, 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. 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. Plan fiduciary net position is available in each plan's annual report posted on the NC DST Financial Statement Resources website.

Carolina County, North Carolina
Schedule of County Contributions
Local Governmental Employees' Retirement System (LGERS)

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 1,285,342	$ 1,001,000	$ 910,000	$ 880,000	$ 875,000	$ 864,942	$ 850,000	$ 838,666	$ 819,583	$ 808,472
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	$ 819,583	$ 808,472
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
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	$11,347,269	$11,121,113
Contributions as a percentage of covered payroll	8.00%	8.22%	7.50%	7.28%	7.17%	7.09%	6.99%	7.28%	7.22%	7.27%

Notes to the Required Supplementary Information for LGERS:

For 2024, the total pension liability for the December 31, 2021 actuarial valuation was determined using the following actuarial changes of assumptions:

Inflation and Payroll Growth	2.50% from 3.00%
Mortality Rates	RP-2010 Total Data Set for Healthy Annuitants

For 2023, the discount rate and the investment rate were changed to 6.50% from 7.0%.

For 2021, the total pension liability for the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Smoothed Fair Value
Assumptions:	
Inflation	3.00%
Discount Rate	7.00%
Real Wage Growth	0.50%
Payroll Growth	3.50%
Mortality	RP-2014 Total Data Set for Healthy Annuitants

Note to preparer: The RSI schedules presented in the updated fiscal year-end 2026 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, financial statement preparers should have now had experience with them. LGC Staff reverted 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 current FYE. 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 (LGERS)

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
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%	0.05%	0.05%
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	$ 42,357	$ 42,241
TDA's covered payroll	$ 95,203	$ 91,777	$ 96,543	$ 93,556	$ 91,258	$ 87,111	$ 97,775	$ 94,552	$ 91,243	$ 90,376
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%	46.42%	46.74%
Plan fiduciary net position as a percentage of the total pension liability	85.20%	86.90%	88.20%	90.70%	87.80%	89.40%	90.02%	91.98%	94.18%	91.47%

Notes to the schedule:

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

See Notes to Required Supplementary Information for the LGERS on the Schedule of County Contributions.

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: The RSI schedules presented in the updated fiscal year-end 2026 illustrative statements were not changed from the amounts presented in the prior fiscal year other than to add an additional year of data and to enter the updated plan fiduciary net position as a percentage of the total pension liability. Since both the pension and OPEB GASB statements were implemented and updated in the Illustrated statements, financial statement preparers should have now had experience with them. LGC Staff reverted 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 current FYE. 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

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 8,672	$ 7,616	$ 6,883	$ 7,241	$ 6,810	$ 6,543	$ 6,193	$ 6,854	$ 6,457	$ 6,325
Contributions in relation to the contractually required contribution	8,672	7,616	6,883	7,241	6,810	6,543	6,193	6,854	6,457	6,325
Contribution deficiency (excess)	$ -	$ 7,616	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
TDA's covered payroll	$ 96,887	$ 95,203	$ 91,777	$ 96,543	$ 93,556	$ 91,258	$ 87,111	$ 97,775	$ 93,416	$ 92,119
Contributions as a percentage of covered payroll	8.95%	8.00%	7.50%	7.50%	7.28%	7.17%	7.11%	7.01%	6.91%	6.87%

Notes to the schedule:
See Notes to Required Supplementary Information for the LGERS on the Schedule of County Contributions.

Note to preparer: The RSI schedules presented in the updated fiscal year-end 2026 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, financial statement preparers should have now had experience with them. LGC Staff reverted 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 current FYE. 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 Proportionate Share of the Net Pension Liability (Asset)
Registers of Deeds' Supplemental Pension Fund (RODSPF)

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
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%	0.423%	42.000%
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)	$ (94,864)	$ (93,545)
Plan fiduciary net position as a percentage of the total pension liability	144.60%	150.20%	155.80%	157.10%	154.10%	173.62%	164.11%	160.23%	153.77%	160.17%

Notes to the schedule:
The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.
See Notes to Required Supplementary Information for the RODSPF on the following schedule.

Note to preparer: The RSI schedules presented in the updated fiscal year-end 2026 illustrative statements were not changed from the amounts presented in the prior fiscal year other than to add an additional year of data and to update the plan fiduciary net position as a percentage of the total pension liability. Since both the pension and OPEB GASB statements were implemented and updated in the Illustrated statements, financial statement preparers should have now had experience with them. LGC Staff reverted 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 current FYE. 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 Contributions
Registers of Deeds' Supplemental Pension Fund (RODSPF)

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 4,000	$ 3,200	$ 3,800	$ 4,500	$ 4,000	$ 3,685	$ 3,595	$ 4,635	$ 4,356	$ 4,221
Contributions in relation to the contractually required contribution	4,000	3,200	3,800	4,500	4,000	3,685	3,595	4,635	4,356	4,221
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Notes to the Required Supplementary Information for RODSPF:

For 2024, the real wage growth was changed to 3.25%.

For 2023, the discount rate and the investment rate of return were changed to 3.00% from 3.75%.

For 2021, the total pension liability (asset) beginning with the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Smoothed Fair Value
Assumptions:	
Inflation	3.00%
Investment Rate of Return	3.75%
Discount Rate	3.75%
Real Wage Growth	0.50%
Mortality	RP-2014 Total Data Set for Healthy Annuitants

Note to preparer: The RSI schedules presented in the updated fiscal year-end 2026 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, financial statement preparers should have now had experience with them. LGC Staff reverted 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 current FYE. 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 (LEOSSA)

	2026	2025	2024	2023	2022	2021	2020	2019
Beginning balance	$ 218,891	$ 201,632	$ 215,553	$ 218,226	$ 216,975	$ 215,741	$ 214,221	$ 213,795
Service Cost	7,197	5,865	6,679	7,324	6,944	6,473	6,321	6,124
Interest on the total pension liability	6,822	5,408	7,422	6,816	7,211	7,107	7,101	6,995
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	7,125	7,101	7,001
Changes of assumptions or other inputs	5,127	(5,760)	(1,021)	(4,968)	(3,669)	(3,486)	(3,078)	(3,080)
Benefit payments	(16,272)	(15,865)	(30,300)	(15,951)	(16,587)	(15,985)	(15,925)	(16,614)
Other changes	-	-	-	-	-	-	-	-
Ending balance of the total pension liability	$ 222,672	$ 218,891	$ 201,632	$ 215,553	$ 218,226	$ 216,975	$ 215,741	$ 214,221

Notes to the schedule:
The amounts presented for each fiscal year were determined as of the prior December 31.
This schedule is intended to show 10 years of information, additional years' information will be displayed as it becomes available.
The County has no assets accumulated in a trust that meets the criteria for a pension trust as defined by GASB Statement 67.
See Notes to Required Supplementary Information for the LEOSSA on the following schedule.

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 2026 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, financial statement preparers should have now had experience with them. LGC Staff reverted 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 current FYE.

Carolina County, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance (LEOSSA)

	2026	2025	2024	2023	2022	2021	2020	2019
Total pension liability	$ 222,672	$ 218,891	$ 201,632	$ 215,553	$ 218,226	$ 214,279	$ 212,313	$ 211,555
Covered payroll	783,561	768,197	817,231	816,944	818,471	811,471	809,477	801,175
Total pension liability as a percentage of covered payroll	28.42%	28.49%	24.67%	26.39%	26.66%	26.41%	26.23%	26.41%

Notes to the Required Supplementary Information for LEOSSA:

This schedule is intended to show 10 years of information, additional years' information will be displayed as it becomes available.

The County has no assets accumulated in a trust that meets the criteria for a pension trust as defined by GASB Statement 67.

The total pension liability was determined from an actuarial valuation as of December 31, 2025. Methods and assumptions used were: the actuarial cost method was entry-age normal; a discount rate of 3.71%; inflation at 2.50%; projected individual salary increases of 2.5% to 6.0% annually; projected total payroll increase of 3.0% annually; and cost of living adjustments of 2.0% annually.

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 2026 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, financial statement preparers should have now had experience with them. LGC Staff reverted 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 current FYE.

Note to preparer: Any changes in actuarial methods and assumptions should be disclosed.

Carolina County, North Carolina
Schedule of Changes in the Net OPEB Liability and Related Ratios
Healthcare Benefits Plan (HCBP)

	2026	2025	2024	2023	2022	2021	2020	2019
Total OPEB liability								
Service cost	$ 34,270	$ 35,800	$ 32,667	$ 31,877	$ 35,640	$ 33,740	$ 33,200	$ 32,100
Interest	36,032	33,467	32,113	30,899	33,699	31,549	21,201	21,099
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(200,000)	(136,139)	(124,589)	(122,558)	(126,871)	(123,654)	(121,154)	(117,117)
Changes of assumptions	321,927	(406,032)	481,580	443,211	452,643	452,643	451,151	236,750
Benefit payments	(50,349)	(44,225)	(46,522)	(46,227)	(45,874)	(43,248)	(42,887)	(42,157)
Net change in total OPEB liability	141,880	(517,129)	375,249	337,202	349,237	351,030	341,511	130,675
Total OPEB liability - beginning	2,392,898	2,910,027	2,534,778	2,197,576	1,848,339	1,497,309	1,155,798	1,025,123
Total OPEB liability - ending	$ 2,534,778	$ 2,392,898	$ 2,910,027	$ 2,534,778	$ 2,197,576	$ 1,848,339	$ 1,497,309	$ 1,155,798
Plan fiduciary net position								
Contributions - employer	$ 43,000	$ 36,876	$ 47,239	$ 45,850	$ 46,251	$ 45,651	$ 45,651	$ 42,565
Net investment income	3,047	1,547	2,344	2,250	3,165	2,978	2,978	2,301
Benefit payments	(50,349)	(44,225)	(46,522)	(46,227)	(45,874)	(43,248)	(42,887)	(42,157)
Net change in plan fiduciary net position	(4,302)	(5,802)	3,061	1,873	3,542	5,381	5,742	2,522
Plan fiduciary net position - beginning	918,540	924,342	921,281	919,408	915,866	910,485	904,743	902,221
Plan fiduciary net position - ending	$ 914,238	$ 918,540	$ 924,342	$ 921,281	$ 919,408	$ 915,866	$ 910,485	$ 904,743
County's net OPEB liability - ending	$ 1,620,540	$ 1,474,358	$ 1,985,685	$ 1,613,497	$ 1,278,168	$ 932,473	$ 586,824	$ 251,055
Plan fiduciary net position as a percentage of the total OPEB liability	36.07%	38.39%	31.76%	36.35%	41.84%	49.55%	60.81%	78.28%

Notes to the schedule:

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

This schedule is intended to show 10 years of information, additional years' information will be displayed as it becomes available.

See Notes to Required Supplementary Information for the HCBP on the following schedule.

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 year for which information has been provided to you.

Note to preparer: The RSI schedules presented in the updated fiscal year-end 2026 illustrative statements were not changed from the amounts presented in the prior fiscal year other tha 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 reverted 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 current FYE. 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 and Investment Returns
Healthcare Benefits Plan (HCBP)

	2026	2025	2024	2023	2022	2021	2020	2019
Actuarially determined contribution	$ 1,391,313	$ 1,364,032	$ 1,364,032	$ 1,393,032	$ 1,385,854	$ 1,298,585	$ 1,274,321	$ 1,265,556
Contributions in relation to the actuarially determined contribution	43,000	36,876	47,239	38,939	46,251	42,651	40,217	39,995
Contribution deficiency (excess)	$ 1,348,313	$ 1,327,156	$ 1,316,793	$ 1,354,093	$ 1,339,603	$ 1,255,934	$ 1,234,104	$ 1,225,561
Annual money-weighted rate of return, net of investment expense	4.00%	4.10%	4.50%	4.20%	4.26%	4.16%	3.50%	2.75%

Notes to the Required Supplementary Information for HCBP:

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.

This schedule is intended to show 10 years of information, additional years' information will be displayed as it becomes available.

Methods and assumptions used to determine contribution rates:

Valuation date	December 31, 2025
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 2021 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 2021 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.

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 2026 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 reverted 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 current FYE. 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

Other Major Governmental Funds

Carolina County, North Carolina
American Rescue Plan Major Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2026

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance with Final Budget
Revenues:					
Restricted Intergovernmental:					
State and federal aid	$ 4,200,000	$ 1,940,000	$ 2,260,000	$ 4,200,000	$ -
Total revenues	4,200,000	1,940,000	2,260,000	4,200,000	-
Expenditures:					
General Government:					
Other operating expenditures	2,260,000	-	2,260,000	2,260,000	-
Total	2,260,000	-	2,260,000	2,260,000	-
Other financing uses:					
Transfer to other fund	1,940,000	440,000	1,500,000	1,940,000	-
Total other financing sources (uses)	1,940,000	440,000	1,500,000	1,940,000	-
Net change in fund balance	$ -	$ 1,500,000	$ (1,500,000)	$ -	$ -
Fund balance - beginning			1,500,000		
Fund balance - ending			$ -		

Carolina County, North Carolina
Opioid Settlement Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2026

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance with Final Budget
Revenues:					
Other revenue:					
Opioid settlement funds	$ 3,200,000	$ 290,000	$ 540,000	$ 830,000	$ (2,370,000)
Total revenues	3,200,000	290,000	540,000	830,000	(2,370,000)
Expenditures:					
General Government					
Health and Human Services					
Collaborative strategic planning	-	-	-	-	-
Opioid addiction treatment	3,200,000	-	150,000	150,000	(3,050,000)
Recovery support services	-	-	200,000	200,000	200,000
Recovery housing	-	-	-	-	-
Employment related services	-	-	-	-	-
Early intervention	-	-	100,000	100,000	100,000
Naloxone distribution	-	-	-	-	-
Post-overdose response team	-	-	-	-	-
Syringe service program	-	-	-	-	-
Criminal justice diversion program	-	-	-	-	-
Addiction treatment for incarcerated p	-	-	-	-	-
Reentry programs	-	-	50,000	50,000	50,000
Total	3,200,000	-	500,000	500,000	(2,700,000)
Revenues over expenditures	$ -	$ 290,000	$ 40,000	$ 330,000	$ (330,000)
Fund balance - beginning			290,000		
Fund balance - ending			$ 330,000		

Note to preparer: This schedule is included to present the opioid settlement major special revenue fund at the legal level of budgetary control and is to be used if a project budget ordinance is adopted.

Note to preparer: The Grant and Project Ordinance allowed in § 159-13.2 required 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 legislation creating a Settlement Fund passed in May of 2024 effective July 2023 can be found here: https://www.ncleg.gov/EnactedLegislation/SessionLaws/PDF/2023-2024/SL2024-1.pdf . The correction allows for the funds to be budgeted with an annual budget ordinance or a multi year project budget ordinance.

Non-major Governmental Funds

Carolina County, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2026

	Special Revenue Funds						Capital Projects Funds			
	Emergency Telephone System Fund	Fire District Fund	Representative Payee Fund	Deed of Trust Fund	Fines and Forfeitures 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	-	-	-	-	-	-	1,720	558,550	560,270	560,270
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	$ 141,124	$ 11,337	$ 659,350	$ 670,687	$ 811,811
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
Total liabilities	4,478	-	7,132	2,724	72,179	86,513	3,368	90,530	93,898	180,411
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 for:										
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
Committed for:						-				-
Recreation Capital		-	-	-	-	-	7,969	-	7,969	7,969
Future School Capital	-	-	-	-	-	-	-	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	$ 141,124	$ 11,337	$ 659,350	$ 670,687	$ 811,811

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

Note to Preparer: Under GASB Statement No. 54 the Capital Reserve Fund is consolidated into the 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
Nonmajor Governmental Funds
For the Year Ended June 30, 2026

	Special Revenue Funds						Capital Projects Funds			
	Emergency Telephone System Fund	**Fire District Fund**	**Representative Payee Fund**	**Deed of Trust Fund**	**Fines and Forfeitures 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	31,112	666,829	697,941	1,321,141
Permits and fees	-	-	-	12,600	481,900	494,500	-	-	-	494,500
Investment earnings	-	99	568	-	-	667	15,320	38,250	53,570	54,237
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	-	12,600	-	-	-	12,600
Public safety	55,686	20,800	-	-	-	76,486	20,177	-	20,177	96,663
Human services	-	-	532,637	-	-	532,637	-	-	-	532,637
Education	-	-	-	-	482,577	482,577	-	-	-	482,577
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 (under) 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 financings issued	-	-	-	-	-	-	-	1,200,000	1,200,000	1,200,000
Total other financing sources (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	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
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2026

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Restricted Intergovernmental:			
E-911 system subscriber fees	68,000	57,136	(10,864)
Total revenues	68,000	57,136	(10,864)
Expenditures:			
Public safety:			
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 expenditures	58,000	55,686	(2,314)
Revenues over (under) expenditures	$ 10,000	1,450	(13,178)
Other financing sources (uses):			
Transfer to Capital Project Fund	(10,000)	(10,000)	-
Appropriated fund balance	-	-	-
Net change in fund balance	$ -	(8,550)	$ (13,178)
Fund balance - beginning		11,000	
Fund balance - ending		$ 2,450	

Note: 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: Describe any transfers to/from the Emergency Telephone System Fund as a Note to this schedule.

Carolina County, North Carolina
Fire District Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2026

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

Carolina County, North Carolina
Representative Payee Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2026

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Restricted intergovernmental:			
Collections for beneficiaries	$ 566,000	$ 566,064	$ 64
Investment earnings	-	568	568
Total revenues	566,000	566,632	632
Expenditures:			
Human services:			
Payments on behalf of beneficiaries	566,000	532,637	(33,363)
Total expenditures	566,000	532,637	(33,363)
Net change in fund balance	$ -	33,995	$ 33,995
Fund balance - beginning		12,351	
Fund balance - ending		$ 46,346	

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 reported as a governmental fund type. Carolina County has chosen to report these funds in a special revenue fund. In the notes to the financial statements, consider adding a link to the federal website: https://www.ssa.gov/payee/faqrep.htm.

Carolina County, North Carolina
Deeds of Trust Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2026

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Permits and fees:			
Register of deeds fees	$ 12,700	$ 12,600	$ (100)
Total revenues	12,700	12,600	(100)
Expenditures:			
General government:			
Payment of fees collected to the State of North Carolina	12,700	12,600	(100)
Total expenditures	12,700	12,600	(100)
Net change in fund balance	$ -	-	$ -
Fund balance - beginning		-	
Fund balance - ending		$ -	

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 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, 2026

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Permits and fees:			
Penalties, fines, and forfeitures	$ 483,000	$ 481,900	$ (1,100)
Total revenues	483,000	481,900	(1,100)
Expenditures:			
Education:			
Payment of penalties, fines, and forfeitures to the Carolina County Board of Education	483,000	482,577	(423)
Total expenditures	483,000	482,577	(423)
Net change in fund balance	$ -	(677)	$ (1,523)
Fund balance - beginning		3,364	
Fund balance - ending		$ 2,687	

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 reported as a governmental fund type. Carolina County has chosen to report these funds in a special revenue fund.

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, 2026

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance with Final Budget
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)
Public safety:					
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)	(549,465)
Other financing sources:					
Park Renovation:					
Transfer from General Fund	300,000	300,000	-	300,000	-
Radio Network Switching:					
Transfer 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)
Net change in fund balance	$ -	$ 27,633	$ (19,664)	$ 7,969	$ (1,049,465)
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, 2026

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance with Final Budget
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	2,580,000	-	1,059,929	1,059,929	(1,520,071)
Expenditures:					
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	6,138,550	-	1,700,600	1,700,600	(4,437,950)
Revenues over (under) expenditures	(3,558,550)	-	(640,671)	(640,671)	(5,958,021)
Other financing sources:					
Installment financings issued	3,518,550	-	1,200,000	1,200,000	(2,318,550)
Transfer from General Fund	740,000	-	70,000	70,000	(670,000)
Transfer to General Fund	(700,000)	-	(619,059)	(619,059)	(80,941)
Total other financing sources	3,558,550	-	650,941	650,941	(2,907,609)
Net change in fund balance	$ -	$ -	10,270	$ 10,270	$ (8,865,630)
Fund balance - beginning			-		
Fund balance - ending			$ 10,270		

(continued)

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, 2026

Fund balance - ending	$ 10,270
A legally budgeted Capital Reserve Fund is consolidated into the School Capital Projects Fund for reporting purposes:	
Investment earnings	21,550
Transfer from General Fund	200,000
Fund balance - beginning Capital Reserve Fund	337,000
Fund balance - ending Consolidated School Capital Projects Fund	$ 568,820

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, 2026

	Project Authorization	Actual: Prior Years	Actual: Current Year	Actual: Total to Date	Variance with Final Budget
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 consolidated into 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.

Enterprise Funds

Carolina County, North Carolina
Landfill Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2026

	Final Budget	Actual	Variance with Final Budget
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	$ 337,200	320,380	$ (16,820)
Nonoperating revenues:			
Solid waste disposal tax		1,000	
Scrap tire disposal tax		42,000	
White goods disposal tax		58,000	
Investment earnings		917	
Total	100,800	101,917	1,117
Total revenues	438,000	422,297	(15,703)
Expenditures:			
Landfill administration:			
Salaries and employee benefits		49,318	
Supplies		2,488	
Other operating expenditures		2,014	
Total	43,000	53,820	10,820
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	283,000	265,660	(17,340)
Capital outlays	47,000	46,559	(441)
Total expenditures	373,000	366,039	6,961
Revenues over expenditures	65,000	56,258	(8,742)

(continued)

Carolina County, North Carolina
Landfill Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2026

	Final Budget	Actual	Variance with Final Budget
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:			
Revenues over expenditures and			
other uses		$ (8,742)	
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 compensated absences		(14,250)	
Total reconciling items		(3,806)	
Change in net position		$ (12,547)	

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, 2026

	Project Authorization	Actual: Prior Years	Actual: Current Year	Actual: Total to Date	Variance with Final Budget
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 financing sources (uses)	(40,000)	-	65,000	65,000	105,000
Revenues and other financing sources	$ -	$ -	$ 65,000	$ 65,000	$ 65,000

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, 2026

	Final Budget	Actual	Variance with Final Budget
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	-	37,196	37,196
Total revenues	1,240,313	1,223,834	(16,479)
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)
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

(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, 2026

	Final Budget	Actual	Variance with Final Budget
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
Capital outlay:			
Water extensions	93,000	38,576	
Water taps	27,000	18,495	
Miscellaneous water	21,625	17,310	
Sewer extensions	52,100	32,594	
Sewer taps	12,085	8,043	
Miscellaneous sewer	12,650	10,346	
Total	218,460	125,364	93,096
Total expenditures	1,340,313	1,233,070	107,242
Revenues under expenditures	(100,000)	(9,236)	(123,721)
Other financing sources:			
Transfers from other funds:			
General Fund	100,000	100,000	-
Total other financing sources	100,000	100,000	-
Revenues and other financing sources over expenditures	$ -	$ 90,764	$ 90,764

(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, 2026

Reconciliation from budgetary basis (modified accrual) to full accrual:	
Revenues and other financing sources over expenditures	$ 90,764
Reconciling items:	
Debt principal	250,000
Capital contributions in Water and Sewer Capital Project Fund No. 1	121,348
Decrease in net pension asset	-
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 compensated absences	(28,500)
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 debt proceeds	(32,162)
Total reconciling items	359,899
Change in net position	$ 450,662

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, 2026

	Project Authorization	Actual: Prior Years	Actual: Current Year	Actual: Total to Date	Variance with Final Budget
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	740,000	659,114	80,916	740,030	30
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	550,000	-	72,594	72,594	(477,406)
Total revenues	1,290,000	659,114	153,510	812,624	(477,376)
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	1,740,000	1,304,436	432,064	1,736,500	(3,500)
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	2,650,000	224,649	490,900	715,549	(1,934,451)
Total expenditures	4,390,000	1,529,085	922,964	2,452,049	(1,937,951)
Revenues under expenditures	(3,100,000)	(869,971)	(769,454)	(1,639,425)	(2,415,327)
Other financing sources :					
Capital contributions	-	-	121,348	121,348	121,348
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	3,100,000	1,915,000	496,348	2,411,348	(688,652)
Revenues and other financing sources over (under) expenditures	$ -	$ 1,045,029	$ (273,106)	$ 771,923	$ (3,103,979)

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, 2026

	Final Budget	Actual	Variance with Final Budget
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
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 over expenditures	$ -	$ 2,855	$ (2,435)

(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, 2026

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

Revenues and other financing sources over expenditures	$ 2,855
Reconciling items:	
(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 reconciling items	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, 2026

	Project Authorization	Actual			Variance with Final Budget
		Prior Years	Current Year	Total to Date	
Expenditures - Water Project:					
Engineering	$ 300,000	$ -	$ 145,321	$ 145,321	$ (154,679)
Construction	200,000	-	78,312	78,312	(121,688)
Total	500,000	-	223,633	223,633	(276,367)
Expenditures - Sewer Project:					
Engineering	200,000	-	59,718	59,718	(140,282)
Land	-	-	-	-	-
Construction	200,000	-	12,545	12,545	(187,455)
Total	400,000	-	72,263	72,263	(327,737)
Total expenditures	900,000	-	295,896	295,896	(604,104)
Other financing sources :					
Capital contribution	-	-	4,000	4,000	4,000
Long-term debt issued	900,000	-	300,000	300,000	(600,000)
Total other financing sources	900,000	-	304,000	304,000	(596,000)
Net change in fund balance	$ -	$ -	$ 8,104	$ 8,104	$ (284,471)

Custodial Funds

Carolina County, North Carolina
Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2026

	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	4,273,157	49,363	4,322,520
LIABILITIES			
Accounts payable and accrued liabilities	-	6,298	6,298
Due to other governments	19,156	-	19,156
Total liabilities	19,156	6,298	25,454
NET POSITION			
Restricted for:			
Individuals, organizations, and other governments	4,254,001	43,065	4,297,066
Total net position	$ 4,254,001	$ 43,065	$ 4,297,066

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 in the 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 Memo #2013-16 on the DST website for further information at:

28-Jun-01

Carolina County, North Carolina
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended June 30, 2026

	Municipal Tax Fund	Jail Inmate Pay Fund	Total Custodial Funds
ADDITIONS			
Ad valorem taxes for other governments	$ 27,794,100	$ -	$ 27,794,100
Collections on behalf of inmates	-	624,369	624,369
Total additions	27,794,100	624,369	28,418,469
DEDUCTIONS			
Tax distributions to other governments	27,785,433	-	27,785,433
Payments on behalf of inmates	-	617,557	617,557
Total deductions	27,785,433	617,557	28,402,990
Net increase in fiduciary net position	8,667	6,812	15,479
NET POSITION			
Beginning of year	4,245,334	36,253	4,281,587
End of year	$ 4,254,001	$ 43,065	$ 4,297,066

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 Memo 2013-16 on the DST website (link on prior page).

Component Unit – Carolina County Tourism Development Authority

Carolina County, North Carolina
Tourism Development Authority
Discretely Presented Component Unit
Supplemental Balance Sheet
June 30, 2026

ASSETS		
Cash and cash equivalents	$	689,522
Accounts Receivables, net		36,524
Total assets	$	726,046
LIABILITIES		
Accounts payable and accrued liabilities	$	9,564
Total liabilities		9,564
FUND BALANCES		
Restricted:		
Stabilization by State Statute		36,524
Unassigned		679,958
Total fund balances		716,482
Total liabilities and fund balances	$	726,046

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.		(11,309)
Net position of the Tourism Development Authority	$	681,578

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, 2026

REVENUES		
Occupancy taxes	$	229,168
Investment earnings		7,268
Total revenues		236,436
EXPENDITURES		
Current:		
Salaries and employee benefits		96,458
Grants		50,000
Event expenditures		100,632
Total expenditures		247,090
Net change in fund balance		(10,654)
Fund balances, beginning		727,136
Fund balances, ending	$	716,482

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

Net change in fund balance	$	(10,654)
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 compensated absences		6,489
Total reconciling items		21,901
Change in net position	$	11,247

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, 2026

	Final Budget	Actual	Variance with Final Budget
Revenues:			
Occupancy taxes	$ 228,000	$ 229,168	$ 1,168
Investment earnings	7,000	7,268	268
Total revenues	235,000	236,436	1,436
Expenditures			
Current:			
Salaries and employee benefits	100,000	96,458	3,542
Grants	50,000	50,000	-
Event expenditures	100,000	100,632	(632)
Total expenditures	250,000	247,090	2,910
Revenues over (under) expenditures	(15,000)	(10,654)	4,346
Other financing sources (uses):			
Appropriated fund balance	15,000	-	(15,000)
Total other financing sources (uses)	15,000	-	(15,000)
Revenues and Appropriated Fund Balance Over (Under) Expenditures	$ -	(10,654)	$ (10,654)
Fund balance - beginning		727,136	
Fund balance - ending		$ 716,482	

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

Other Schedules

Carolina County, North Carolina
Analysis of Current Tax Levy
Countywide Levy
June 30, 2026

					Total Levy	
	Property Valuation	Rate	Amount of Levy		Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:						
Property taxed at current year's rate	$ 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	6,479,098,228		55,720,245		54,212,303	1,507,941
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	92,105,328		792,106		785,002	7,104
Releases	(89,238,953)	0.86	(767,455)		(767,455)	-
Total property valuation	$ 6,481,964,603					
Net levy			55,744,896	(a)	54,229,850	1,515,045
Uncollected taxes at June 30, 2026			1,148,114	(c)	1,148,114	-
Current year's taxes collected			$ 54,596,782	(b)	$ 53,081,737	$ 1,515,045
Current levy collection percentage			97.94%		97.88%	100.00%

Note to preparer: Amounts paid to the State by the taxpayer for registered motor vehicles but not remitted to the County should be counted as collected for purposes of this schedule and not included in "Unpaid (by taxpayer)" amount. Motor vehicle current year collection percentage should be 100%.

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 budget purposes interest, discovery/"late listing" penalties, service fees, advertising fees and other costs are not principal tax and should be excluded form the collection percentage calculation. Please refer to Budgets and Tax Collection Percentage at https://canons.sog.unc.edu/2012/03/budgets-and-the-tax-collection-percentage/ 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
General Fund
Schedule of Ad Valorem Taxes Receivable
For the Year Ended June 30, 2026

Tax Year	Fiscal Year	Uncollected Beginning Balance	Additions		Collections And Credits		Uncollected Ending Balance	
2025	2026	$ -	$ 55,744,896	(a)	$ 54,596,782	(b)	$ 1,148,114	(c)
2024	2025	1,611,293	-		779,895		831,398	
2023	2024	832,865	-		307,414		525,451	
2022	2023	579,016	-		129,678		449,338	
2021	2022	365,002	-		52,909		312,093	
2020	2021	229,723	-		15,401		214,322	
2019	2020	179,345	-		6,325		173,020	
2018	2019	171,627	-		3,549		168,078	
2017	2018	107,733	-		1,264		106,469	
2016	2017	60,183	-		942		59,241	
2015	2016	78,673	-		78,673	(e)	-	
		$ 4,215,460	$ 55,744,896		$ 55,972,832	(d)	3,987,524	

Less: allowance for uncollectible accounts:		
General Fund	1,425,295	
Ad valorem taxes receivable - net:		
General Fund	$ 2,562,229	
Reconciliation with revenues:		
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	890,259	
Taxes written off	78,673	(e)
Total reconciling items	629,306	
Total collections and credits	$ 55,972,832	(d)

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
Ten Largest Taxpayers
June 30, 2026

Secondary Market Disclosure

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	0.63%
Total		$ 1,147,878,001	22.31%

Note to Preparer: The additional secondary market disclosures are presented for units which must submit secondary market disclosures under SEC Rule 15c2-12 and wish to present the disclosure within the audit report. Units not required to make secondary market disclosures may present this information but are not required to do so.

Carolina County, North Carolina
Analysis of Current Tax Levy
Countywide Levy
June 30, 2026

Secondary Market Disclosure

Assessed Valuation:	
Assessment Ratio[1]	100%
Real Property	$ 4,299,098,080
Personal Property	1,447,738,458
Public Service Companies[2]	735,128,065
Total Assessed Valuation	$ 6,481,964,603
Tax Rate per $100	0.86
Levy (including 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 is set by State statute.
[2] Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Department of Revenue..
[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 and wish to present the disclosure within the audit report. Units not required to make secondary market disclosures may present this information but are not required to do so.

Carolina County, North Carolina
GASB 34 CALCULATION OF MAJOR FUNDS
June 30, 2026

Note: Governmental and Projects funds revenue includes operating and nonoperating but not other financing sources. Amounts are taken from the fund statements and not the government-wide.
Note: Proprietary funds revenue includes operating, subsidies and nonoperating. Amounts are taken from fund statements and not the government-wide.

		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
Type of Fund	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)	27,789,002	N/A	N/A	7,021,698	N/A	N/A	86,273,994	N/A	N/A	86,317,339	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	-	-	-	-	-	-	2,260,000	-	-	2,260,000	-	-	**RECOMMENDED MAJOR**
Opioid	2,268,038	-	**X**	1,938,038	**X**	**X**	540,000	-	-	500,000	-	-	**MAJOR**
Capital Projects Funds:													
Northwest Park Capital Projects Fund	11,337	-	-	3,368	-	-	116,432	-	-	146,096	-	-	-
School Capital Projects Fund (consolidated)	659,350	-	-	90,530	-	-	1,081,479	-	-	1,700,600	-	-	-
Total Governmental Funds	30,868,851			9,141,492			91,411,133			92,028,335			
10 % of Total Governmental Funds	3,086,885			914,149			9,141,113			9,202,834			
Enterprise Funds:													
Landfill Fund	2,256,984	**X**	**X**	477,017	**X**	-	328,012	**X**	-	340,559	**X**	-	**MAJOR**
Water and Sewer District- No. 1	8,125,631	**X**	**X**	3,309,797	**X**	**X**	1,045,182	**X**	-	594,520	**X**	-	**MAJOR**
Water and Sewer District- No. 2	315,696	-	-	308,330	-	-	10,110	-	-	2,744	-	-	-
Total Enterprise Funds	10,698,311			4,095,144			1,383,304			937,823			
10% of Total Enterprise Funds	1,069,831			409,514			138,330			93,782			
Total Governmental & Enterprise Funds	41,567,162			13,236,636			92,794,437			92,966,158			
5% of Total Governmental & Enterprise Funds	2,078,358			661,832			4,639,722			4,648,308			

Compliance Section

Note to the preparer: A complete set of illustrative audit reports can be found under Single Audit Resources on our website, Single Audit Reporting.