

**GRAHAM COUNTY,
NORTH CAROLINA**

Financial Statements and Supplementary Information

For the Fiscal Year Ended June 30, 2023

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Independent Auditors' Report

To the Board of County Commissioners
Graham County, North Carolina

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Graham County, North Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Graham County as of June 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and each major fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 Graham 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.

Responsibilities of Management for the Financial Statements

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

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 Graham County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 generally accepted auditing standards and *Governmental Auditing Standards* will always detect material statement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that , individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- exercise professional judgement 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 responsible to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 Graham 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 4 through 11, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Liability and County Contributions, the Register of Deeds' Supplemental Pension Fund schedules of the County's Proportionate Share of the Net Pension Asset and County Contributions, and the Law Enforcement Officer's Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Graham County, North Carolina basic financial statements. The combining and individual fund statements, budgetary schedules, other schedules, as well as the accompanying schedule of expenditures of federal and state awards as required by *Title 2, U.S. Cost of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act, 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 were 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. In our opinion, the combining and individual fund statements, the budgetary schedules, other schedules, schedule of expenditures of federal and state awards, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Management is responsible for the other information included in the annual report. The other information comprises statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our reports dated June 9, 2025 on our consideration of Graham 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 the County's internal control over financial reporting and compliance.

RH CPAs, PLLC

Greensboro, North Carolina
June 9, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management’s Discussion and Analysis

As management of Graham County, we offer readers of Graham County’s (the “County”) financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2023. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County’s financial statements, which follow this narrative.

Financial Highlights

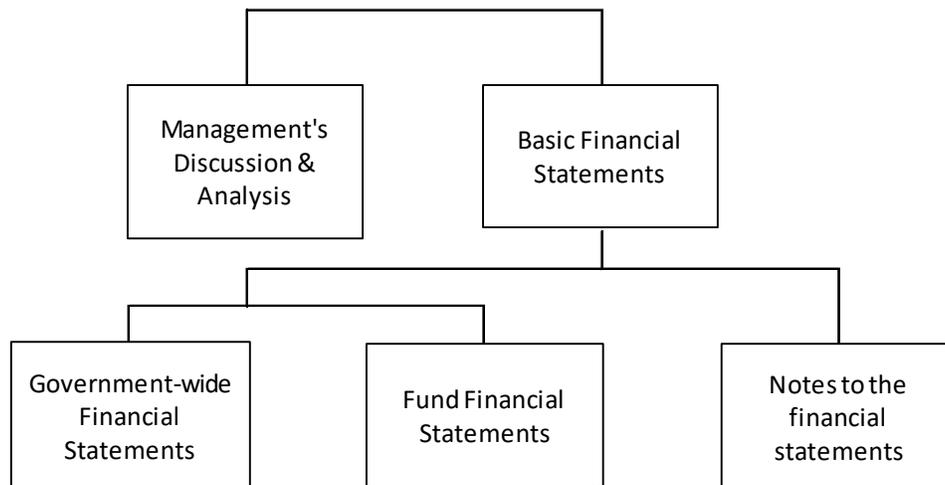
- The assets and deferred outflows of resources of Graham County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$21,733,564 (net position).
- The government’s total net position decreased by \$2,490,786.
- As of the close of the current fiscal year, Graham County’s governmental funds reported combined ending fund balances of \$11,725,836, after a net decrease in fund balance of \$2,967,656. Approximately 62% of this total amount, or \$7,229,402, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the consolidated General fund was \$4,496,145, or 61%, of total General Fund expenditures and transfers.
- Graham County’s total debt increased by \$4,004,483 during the current fiscal year.

Overview of the Financial Statements

This Discussion and Analysis is intended to serve as an introduction to Graham County’s basic financial statements. The County’s basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader’s understanding of the financial condition of Graham County.

Required Components of Annual Financial Report

Figure 1



Summary → Detail

Basic Financial Statements

The first two statements (Exhibits 1 & 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits 3-7) are **Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the government fund statements; 2) the budgetary comparison statements; and 3) the fiduciary fund statements.

The next section of the basic financial statements is the **Notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the **Notes**, is the required **Supplemental Information** to show details about the County's nonmajor governmental funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes can also be found in this part of the statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long term information about the County's financial status as a whole.

The two government-wide statements report the County's net position and how it has changed. Net position is the difference between the County's total assets and deferred outflows and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities, and 2) component units. The governmental activities include most of the County's basic services such as general government, public safety, human services, cultural and recreational, economic and physical development, and education. Property taxes, local option sales taxes and state grant funds finance most of these activities.

The County had two discretely presented component units: the Graham County Travel and Tourism Authority and the Graham County Rural Development Authority.

The Graham County Travel and Tourism (T&T) was created to promote and develop travel and tourism in the area of Graham County. T&T is governed by a seven member board which is appointed by the Graham County Board of Commissioners.

The Graham County Rural Development Authority (RDA) was created to 1) develop recreational facilities, 2) develop agricultural and forestry related processing and marketing facilities operated for public use, 3) install, improve, or maintain facilities contributing to economic development or conservation of natural resources, and 4) provide safe and sanitary low cost housing. RDA is governed by a seven member board which is appointed by the Graham County Board of Commissioners.

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

Fund Financial Statements

The Fund Financial Statements (see Figure 1) provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Graham County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the North Carolina General Statutes or the County's budget ordinance. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds - Governmental Funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in the governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting which provides a current financial focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Fiduciary Funds – Fiduciary funds are used to account for the resources held for the benefit of parties outside the government. The County has three fiduciary funds, all of which are custodial funds.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 22 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the enhanced accounting and financial reporting related to pensions for governments. Required supplementary information can be found on page 75.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$21,733,564 as of June 30, 2023. The County's net position decreased by \$2,490,786 for the fiscal year ended June 30, 2023. One of the largest portions \$11,665,999 (54%) reflects the County's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the County's net position \$2,710,674 (12%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$7,356,891 (34%) is unrestricted.

Graham County, North Carolina's Net Position
Figure 2

	Governmental Activities	
	2023	2022
Current and other assets	\$ 19,782,701	\$ 22,064,150
Capital assets	16,688,216	15,491,974
Total assets	<u>36,470,917</u>	<u>37,556,124</u>
Deferred outflows of resources	<u>3,986,416</u>	<u>1,804,438</u>
Long term-liabilities outstanding	10,200,690	5,688,013
Other liabilities	8,261,227	8,196,997
Total liabilities	<u>18,461,917</u>	<u>13,885,010</u>
Deferred inflows of resources	<u>261,852</u>	<u>1,656,896</u>
Net Position:		
Net investment in capital assets	11,665,999	12,698,721
Restricted	2,710,674	2,490,877
Unrestricted	7,356,891	8,629,058
Total net position	<u>\$ 21,733,564</u>	<u>\$ 23,818,656</u>

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

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 97.30%. The collection percentage decreased slightly in the current fiscal year from 97.91% in the previous fiscal year.
- The County has maintained stricter policies on spending and implemented cost savings measures despite an increase in overall expenditures.

Graham County, North Carolina's Changes in Net Position
Figure 3

	Governmental Activities	
	2023	2022
Revenues		
Program Revenues		
Charges for Services	\$ 2,412,690	\$ 2,531,518
Operating grants and contributions	5,512,611	5,538,310
Capital grants and contributions	1,525,621	1,890,469
General revenues:		
Property taxes	8,044,026	7,791,332
Other taxes	3,448,688	3,304,320
Grants and contributions not restricted to specific programs	972,690	880,226
Investment earnings, unrestricted	377,573	286,204
Other	60,102	93,104
Total revenues	<u>22,354,001</u>	<u>22,315,483</u>
Expenses		
General Government	4,831,073	4,123,905
Public Safety	8,746,406	7,334,842
Economic and Physical Development	477,006	448,755
Human Services	6,473,563	5,645,856
Cultural and Recreation	602,653	548,729
Education	3,252,807	4,057,994
Interest on Long-Term Debt	174,319	108,657
Total expenses	<u>24,557,827</u>	<u>22,268,738</u>
Increase (decrease) in net position before transfers and special items	(2,203,826)	46,745
Special appropriations	(286,960)	-
Increase (decrease) in net position	(2,490,786)	46,745
Net position, beginning, previously reported	23,818,656	23,771,911
Restatement	405,694	-
Net position, beginning, restated	<u>24,224,350</u>	<u>23,771,911</u>
Net position, ending	<u>\$ 21,733,564</u>	<u>\$ 23,818,656</u>

Governmental Activities. Governmental activities decreased the County's net position by \$2,490,786. Key elements of this decrease are as follows:

- Increases in pension related liabilities
- Increases in expenditures for general government, public safety, and human services.

Financial Analysis of the County's Funds

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

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

The general fund is the chief operating fund of the County. At the end of the current fiscal year, the County's fund balance available in the general fund was \$4,496,145 while total fund balance reached \$7,348,380. The Graham County Board of Commissioners has determined that the County should maintain an available

fund balance of 8% of General Fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flows needs of the County. The County currently has an unassigned fund balance of 20% of general fund expenditures and transfers, while the total fund balance represents 33% of the same amount.

At June 30, 2023, the governmental funds of the County reported a combined fund balance of \$11,725.836, a \$2,967,656 decrease from last year.

General Fund Budgetary Highlights:

During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased overall revenues by \$1,902,648.

Capital Asset and Debt Administration

Capital Assets. Graham County’s investments in capital assets for its governmental activities as of June 30, 2023 totaled \$16,166,228 (net of accumulated depreciation). These assets include land, construction in progress, equipment, furniture and fixtures, and vehicles and motorized equipment.

Major capital asset transactions during the fiscal year included:

- Paid for improvements to pools for \$135,866
- Purchased a Kubota Excavator for \$104,375
- Purchased a TruNarc Unlimited Model Narcotics Analyzer for \$31,832
- Purchased two Cisco Catalyst 9300X Switches for \$58,442
- Purchased three transit vans for \$229,359
- Purchased a 2022 Chevy Silverado for \$46,871

**Graham County, North Carolina’s Capital Assets
(Net of Depreciation)
Figure 4**

Governmental Activities:	2023	2022
Land	\$ 1,798,099	\$ 1,798,099
Construction in progress	1,191,103	408,291
Buildings	9,950,282	10,301,097
Other improvements	1,008,677	771,118
Equipment, furniture, and fixtures	1,335,791	1,324,720
Vehicles and motorized equipment	882,276	888,649
Total	\$ 16,166,228	\$ 15,491,974

Construction Commitments. The government has active construction projects as of June 30, 2023. The projects include school construction, the NC Neighborhood project, and the Public Building project. At year-end, the government’s commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
NC Neighborhood Program Grant Projects Fund	\$ 632,891	\$ 1,017,109
Public Building Capital Projects Fund	2,103,158	1,241,842
School Capital Project Fund	5,083,581	113,887
Justice Center Capital Project Fund	374,313	4,625,687
Total	<u>\$ 8,193,943</u>	<u>\$ 6,998,525</u>

Additional information on the County’s capital assets can be found in Note 2 of this audited financial report.

Long-Term Obligations. Debt totals include general obligation bonds, direct placement installation purchases, and leases. As of June 30, 2023, the County had total debt outstanding of \$10,848,789. The entire debt is backed by the full faith and credit of the County. Compensated absences and unpaid pension are included in the total long-term obligations.

**Graham County, North Carolina’s Long-Term Obligations
Figure 5**

Governmental Activities:	2023	2022
General obligation bonds	\$ -	\$ 256,000
Leases	318,949	291,143
Direct placement installment purchases	4,424,424	4,761,595
IT subscription liabilities	215,958	-
Total debt outstanding	<u>4,959,331</u>	<u>5,308,738</u>
Compensated absences	474,035	465,871
Net pension liability (LGERS)	5,366,691	972,453
Total pension liability (LEOSSA)	48,732	68,012
Total	<u>\$ 10,848,789</u>	<u>\$ 6,815,074</u>

Graham County’s total debt increased by \$4,004,483 (59%) during the current fiscal year. The County incurred two new leases for four vehicles to be used by the Sheriff’s office. The primary factor in the net increase in debt was due to the increase in net pension liability (LGERS) from the prior fiscal year.

The State of North Carolina limits the amount of general obligation debt that a unit government can issue to 8% of the total assessed value of taxable property located within that government’s boundaries. The legal debt margin for Graham County is \$88,597,100.

Additional information regarding Graham County’s long-term debt can be found in Note 2 of this audited financial report.

Economic Factors and Next Year's Budgets and Rates

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

- At June 30, 2023, the County had an unemployment rate of 4.2%, slightly higher than the statewide rate of 3.4%.
- The County has maintained stricter policies on spending and implemented cost savings measures.

Budget Highlights for the Fiscal Year Ending June 30, 2024

Governmental Activities

The property tax lowered to \$0.59 per \$100 valuation to maintain current tax revenue streams.

The County has chosen not to appropriate fund balance in the fiscal year 2024 budget. Management believes that increased revenues and continued restrictions on spending will maintain the County's financial position. As the County considers future revenue sources, it will weigh the benefit of increasing the property tax rate against the cost. Though management believes current growth will generate enough revenue to support the County operations, a careful analysis of property tax revenue will be considered in future years' budgets.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in the area. Questions concerning any of the information found in this report or requests for additional information should be directed to:

Stacy Carpenter, Director of Finance
196 Knight Street, Robbinsville, NC 28771
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FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

GRAHAM COUNTY, NORTH CAROLINA

Exhibit 1

Statement of Net Position

June 30, 2023

	Primary Government		
	Governmental Activities	Component Units	
		Travel and Tourism Authority	Rural Development Authority
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 5,205,995	\$ 313,304	\$ 167,933
Investments	1,680,929	354,382	-
Restricted cash and cash equivalents	2,725,866	16,531	-
Restricted investments	8,283,381	136,690	-
Receivables, net	124,127	54,870	-
Taxes receivable, net	283,846	-	-
Due from other governments	1,170,668	1,722	3,627
Due from component unit	8,084	-	-
Prepaid items	259,312	-	-
Net pension asset	40,493	-	-
Total current assets	<u>19,782,701</u>	<u>877,499</u>	<u>171,560</u>
Non-current assets:			
Capital assets:			
Land and construction in progress	2,989,202	-	611,789
Other capital assets, net of depreciation	13,177,026	56,899	-
Right to use leased assets, net of amortization	521,988	60,915	-
Total non-current assets	<u>16,688,216</u>	<u>117,814</u>	<u>611,789</u>
Total assets	<u>\$ 36,470,917</u>	<u>\$ 995,313</u>	<u>\$ 783,349</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	\$ 3,986,416	\$ -	\$ -
Total deferred outflows of resources	<u>3,986,416</u>	<u>-</u>	<u>-</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	1,406,002	8,412	-
Due to component unit	1,192	-	-
Due to primary government	-	8,084	-
Unearned revenue	6,174,385	-	43,358
Accrued interest payable	31,549	4	-
Due within one year	648,099	7,783	135,067
Total current liabilities	<u>8,261,227</u>	<u>24,283</u>	<u>178,425</u>
Long-term liabilities:			
Net pension liability (LGERS)	5,366,691	-	-
Total pension liability (LEOSSA)	48,732	-	-
Due in more than one year	4,785,267	57,589	-
Total long-term liabilities	<u>10,200,690</u>	<u>57,589</u>	<u>-</u>
Total liabilities	<u>\$ 18,461,917</u>	<u>\$ 81,872</u>	<u>\$ 178,425</u>

The accompanying notes to the financial statements are an integral part of these statements.

GRAHAM COUNTY, NORTH CAROLINA

Exhibit 1

Statement of Net Position (Continued)

June 30, 2023

	Primary Government	Component Units	
	Governmental Activities	Travel and Tourism Authority	Rural Development Authority
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	\$ 128,560	\$ -	\$ -
Pension deferrals	133,292	-	-
Total deferred inflows of resources	<u>261,852</u>	<u>-</u>	<u>-</u>
NET POSITION			
Net investment in capital assets	11,665,999	56,899	476,722
Restricted for:			
Stabilization by state statute	1,796,519	56,592	47,696
Register of deeds	127,986	-	-
Human services	195,261	-	-
Law enforcement	106,669	-	-
Public safety	234,653	-	-
Economic and physical development	221,385	-	-
Courts	5,643	-	-
USDA reserve	22,558	-	-
Unrestricted	7,356,891	799,950	80,506
Total net position	<u>\$ 21,733,564</u>	<u>\$ 913,441</u>	<u>\$ 604,924</u>

The accompanying notes to the financial statements are an integral part of these statements.

GRAHAM COUNTY, NORTH CAROLINA
Statement of Activities
For the Year Ended June 30, 2023

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units	
					Governmental Activities	Total	Travel and Tourism Authority	Rural Development Authority
Primary government:								
Governmental activities:								
General government	\$ 4,831,073	\$ 561,699	\$ -	\$ -	\$ (4,269,374)	\$ (4,269,374)		
Public safety	8,746,406	798,945	658,172	-	(7,289,289)	(7,289,289)		
Economic and physical development	477,006	769	452,169	-	(24,068)	(24,068)		
Human services	6,473,563	829,262	4,152,139	201,070	(1,291,092)	(1,291,092)		
Cultural and recreation	602,653	222,015	98,166	-	(282,472)	(282,472)		
Education	3,252,807	-	151,965	1,324,551	(1,776,291)	(1,776,291)		
Special appropriations	286,960	-	-	-	(286,960)	(286,960)		
Interest on long-term debt	174,319	-	-	-	(174,319)	(174,319)		
Total governmental activities	\$ 24,844,787	\$ 2,412,690	\$ 5,512,611	\$ 1,525,621	(15,393,865)	(15,393,865)		
Component units:								
Travel and Tourism Authority	\$ 378,901	\$ -	\$ -	\$ -	-	-	\$ (378,901)	\$ -
Rural Development Authority	18,033	-	-	90,516	-	-	-	72,483
Total component units	\$ 396,934	\$ -	\$ -	\$ 90,516	-	-	(378,901)	72,483
General revenues:								
Taxes:								
Property taxes, levied for general purpose					8,044,026	8,044,026	-	-
Local option sales tax					3,390,465	3,390,465	-	-
Other taxes and licenses					58,223	58,223	475,926	-
Grants and contributions not restricted to specific programs					972,690	972,690	-	-
Unrestricted investment earnings					377,573	377,573	6,938	247
Miscellaneous					60,102	60,102	8,086	-
Total general revenues and transfers					12,903,079	12,903,079	490,950	247
Change in net position					(2,490,786)	(2,490,786)	112,049	72,730
Net position, beginning as previously reported					23,818,656	23,818,656	801,392	532,194
Prior period adjustment					405,694	405,694	-	-
Net position, ending					\$ 21,733,564	\$ 21,733,564	\$ 913,441	\$ 604,924

The accompanying notes to the financial statements are an integral part of these statements.

GRAHAM COUNTY, NORTH CAROLINA
Balance Sheet
Governmental Funds
June 30, 2023

Exhibit 3

	Major Funds					Total Governmental Funds
	General	American Recovery Grant Projects Fund	Justice Center Capital Projects Fund	Public Building Capital Projects Fund	Total Non-Major Funds	
ASSETS						
Cash and cash equivalents	\$ 5,100,344	\$ -	\$ -	\$ -	\$ 105,651	\$ 5,205,995
Investments	1,680,929	-	-	-	-	1,680,929
Restricted cash and cash equivalents	585,134	848,947	-	192,920	1,098,865	2,725,866
Restricted investments	118,648	-	4,904,321	3,260,412	-	8,283,381
Accounts receivable, net	96,305	-	-	-	5,334	101,639
Taxes receivable, net	283,846	-	-	-	-	283,846
Due from other governments	1,049,049	-	-	-	121,619	1,170,668
Due from other funds	200,867	-	-	-	168,859	369,726
Due from component unit	8,084	-	-	-	-	8,084
Prepaid items	259,312	-	-	-	-	259,312
Total assets	<u>\$ 9,382,518</u>	<u>\$ 848,947</u>	<u>\$ 4,904,321</u>	<u>\$ 3,453,332</u>	<u>\$ 1,500,328</u>	<u>\$ 20,089,446</u>
LIABILITIES						
Accounts payable and accrued liabilities	\$ 1,403,734	\$ -	\$ -	\$ -	\$ 2,268	\$ 1,406,002
Due to other governments	-	-	-	-	1,192	1,192
Due to other funds	168,859	-	86,813	113,953	-	369,625
Unearned revenue	49,139	846,362	4,625,687	-	653,197	6,174,385
Total liabilities	<u>1,621,732</u>	<u>846,362</u>	<u>4,712,500</u>	<u>113,953</u>	<u>656,657</u>	<u>7,951,204</u>
DEFERRED INFLOWS OF RESOURCES						
Property taxes receivable	283,846	-	-	-	-	283,846
Unavailable revenue - prepaid taxes	128,560	-	-	-	-	128,560
Total deferred inflows of resources	<u>412,406</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>412,406</u>
FUND BALANCES						
Non-spendable, not in spendable form:						
Prepaid items	259,312	-	-	-	-	259,312
Restricted:						
Stabilization by state statute	1,507,703	-	-	-	288,816	1,796,519
Register of deeds	127,986	-	-	-	-	127,986
Human services	91,710	-	-	-	103,551	195,261
Law enforcement	106,669	-	-	-	-	106,669
Public safety	-	2,585	-	-	232,068	234,653
Economic and physical development	2,438	-	-	-	218,947	221,385
Courts	5,643	-	-	-	-	5,643
USDA reserve	22,558	-	-	-	-	22,558
Committed:						
Capital projects	-	-	191,821	3,339,379	-	3,531,200
Tax revaluation	11,830	-	-	-	-	11,830
Assigned:						
Subsequent year's expenditures	716,386	-	-	-	-	716,386
Unassigned	4,496,145	-	-	-	289	4,496,434
Total fund balances	<u>7,348,380</u>	<u>2,585</u>	<u>191,821</u>	<u>3,339,379</u>	<u>843,671</u>	<u>11,725,836</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,382,518</u>	<u>\$ 848,947</u>	<u>\$ 4,904,321</u>	<u>\$ 3,453,332</u>	<u>\$ 1,500,328</u>	<u>\$ 20,089,446</u>

The accompanying notes to the financial statements are an integral part of these statements.

GRAHAM COUNTY, NORTH CAROLINA
Balance Sheet (Continued)
Governmental Funds
June 30, 2023

Exhibit 3

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

Total fund balance, governmental funds	\$ 11,725,836	
Interest receivable accrued on property taxes are not current financial resources and therefore are not reported in the funds.		22,488
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$ 29,132,956	
Accumulated depreciation	<u>(12,966,728)</u>	16,166,228
Right to use assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross right to use assets at historical cost	871,052	
Accumulated amortization	<u>(349,064)</u>	521,988
Net pension asset		40,493
Net pension liability		(5,366,691)
Total pension liability - LEOSSA		(48,732)
Pension related deferrals		(133,292)
Deferred inflows of resources for taxes		283,846
Deferred outflows of resources related to pensions are not reported in the funds		3,986,416
Long-term liabilities, compensated absences, and accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(5,465,016)</u>
Net position of governmental activities		<u><u>\$ 21,733,564</u></u>

The accompanying notes to the financial statements are an integral part of these statements.

GRAHAM COUNTY, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2023

Exhibit 4

	Major Funds					Total Governmental Funds
	General Fund	American Recovery Grant Projects Fund	Justice Center Capital Projects Fund	Public Building Capital Projects Fund	Total Non-Major Funds	
REVENUES						
Ad valorem taxes	\$ 7,996,528	\$ -	\$ -	\$ -	\$ -	\$ 7,996,528
Local option sales taxes	3,390,465	-	-	-	-	3,390,465
Other taxes and licenses	58,223	-	-	-	-	58,223
Unrestricted intergovernmental	972,690	-	-	-	-	972,690
Restricted intergovernmental	4,656,799	57,966	558,707	114,460	2,066,715	7,454,647
Other restricted revenue	265,970	-	-	-	-	265,970
Permits and fees	292,044	-	-	-	-	292,044
Sales and services	1,728,290	-	-	-	10,754	1,739,044
Investment earnings	75,503	-	-	-	1,288	76,791
Miscellaneous	60,102	-	-	-	-	60,102
Total revenues	<u>19,496,614</u>	<u>57,966</u>	<u>558,707</u>	<u>114,460</u>	<u>2,078,757</u>	<u>22,306,504</u>
EXPENDITURES						
Current:						
General government	4,867,934	-	-	408,499	9,985	5,286,418
Public safety	7,999,897	-	-	-	85,473	8,085,370
Economic and physical development	161,361	-	-	-	302,174	463,535
Human services	5,888,480	-	-	-	390,077	6,278,557
Cultural and recreational	693,242	-	-	-	-	693,242
Intergovernmental:						
Education	1,510,120	-	-	-	-	1,510,120
Special appropriations	286,960	-	-	-	-	286,960
Debt Service						
Principal	812,558	-	-	-	-	812,558
Interest	174,319	-	-	-	-	174,319
Capital outlay	-	-	374,313	-	1,742,687	2,117,000
Total expenditures	<u>22,394,871</u>	<u>-</u>	<u>374,313</u>	<u>408,499</u>	<u>2,530,396</u>	<u>25,708,079</u>
Excess (deficiency) of revenues over expenditures	<u>(2,898,257)</u>	<u>57,966</u>	<u>184,394</u>	<u>(294,039)</u>	<u>(451,639)</u>	<u>(3,401,575)</u>
OTHER FINANCING SOURCES (USES)						
Transfers from other funds	172,429	-	-	237,413	437,854	847,696
Transfers to other funds	(680,266)	(55,748)	-	(111,681)	-	(847,695)
Lease obligations issued	157,647	-	-	-	-	157,647
IT subscription agreements	276,271	-	-	-	-	276,271
Total other financing sources (uses)	<u>(73,919)</u>	<u>(55,748)</u>	<u>-</u>	<u>125,732</u>	<u>437,854</u>	<u>433,919</u>
Net change in fund balance	(2,972,176)	2,218	184,394	(168,307)	(13,785)	(2,967,656)
Fund balances, beginning as previously reported	9,917,839	367	7,427	3,507,686	854,479	14,287,798
Prior period adjustment	402,717	-	-	-	2,977	405,694
Fund balances, beginning	<u>10,320,556</u>	<u>367</u>	<u>7,427</u>	<u>3,507,686</u>	<u>857,456</u>	<u>14,693,492</u>
Fund balances, ending	<u>\$ 7,348,380</u>	<u>\$ 2,585</u>	<u>\$ 191,821</u>	<u>\$ 3,339,379</u>	<u>\$ 843,671</u>	<u>\$ 11,725,836</u>

The accompanying notes to the financial statements are an integral part of these statements.

GRAHAM COUNTY, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance (Continued)
Governmental Funds
For the Year Ended June 30, 2023

Exhibit 4

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

Net changes in fund balances- total governmental funds \$ (2,967,656)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures which were capitalized	1,724,838	
Depreciation expense for governmental assets	(1,050,582)	
Right to use lease asset capital outlay expenditures which were capitalized	433,919	
Amortization expense for intangible assets	<u>(225,709)</u>	882,466

Contributions to the pension plan in the current fiscal year are not included on the statement of activities 867,346

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds

Change in unavailable revenue for tax revenues 47,514

Deferred charges related to advance refunding bond issued - included on government-wide statement of net position but are not current financial resources (5,024)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes 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.

Lease obligations	(434,563)	
Principal payments on long-term debt	812,557	
Change in accrued interest payable	<u>(995)</u>	376,999

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.

Compensated absences	(8,164)	
Pension expense	<u>(1,684,267)</u>	<u>(1,692,431)</u>

Total changes in net position of governmental activities \$ (2,490,786)

The accompanying notes to the financial statements are an integral part of these statements.

**GRAHAM COUNTY, NORTH CAROLINA
General Fund**

Exhibit 5

**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2023**

	General Fund			Variance with Final Budget - Positive (Negative)
	Budget		Actual Amounts	
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 7,867,748	\$ 7,899,748	\$ 7,996,528	\$ 96,780
Local option sales taxes	3,312,480	3,360,880	3,390,465	29,585
Other taxes and licenses	70,243	70,243	58,223	(12,020)
Unrestricted intergovernmental	840,015	840,015	972,690	132,675
Restricted intergovernmental	4,691,092	6,332,515	4,656,799	(1,675,716)
Other restricted revenues	376,011	425,266	265,970	(159,296)
Permits and fees	267,613	267,613	292,044	24,431
Sales and services	1,889,573	1,996,143	1,728,290	(267,853)
Investment earnings	3,916	28,916	75,503	46,587
Miscellaneous	28,400	28,400	60,102	31,702
Total revenues	<u>19,347,091</u>	<u>21,249,739</u>	<u>19,496,614</u>	<u>(1,753,125)</u>
Expenditures:				
Current:				
General government	4,444,122	4,492,522	4,867,934	(375,412)
Public safety	7,366,843	8,230,479	7,999,897	230,582
Economic and physical development	243,453	243,453	161,361	82,092
Human services	5,614,017	6,256,610	5,888,480	368,130
Cultural and recreational	718,946	812,221	693,242	118,979
Intergovernmental:				
Education	1,538,524	1,538,524	1,510,120	28,404
Special appropriations	169,541	219,541	286,960	(67,419)
Debt service:				
Principal	776,420	776,420	812,558	(36,138)
Interest	135,228	135,228	174,319	(39,091)
Total expenditures	<u>21,007,094</u>	<u>22,704,998</u>	<u>22,394,871</u>	<u>310,127</u>
Revenues over (under) expenditures	<u>(1,660,003)</u>	<u>(1,455,259)</u>	<u>(2,898,257)</u>	<u>(1,442,998)</u>
Other financing sources (uses):				
Transfers from other funds	160,000	245,275	172,429	(72,846)
Transfers to other funds	(884,130)	(884,130)	(680,266)	203,864
Lease obligations issued	-	-	157,647	157,647
IT subscription agreements	962,750	962,750	276,271	(686,479)
Total other financing sources (uses)	<u>238,620</u>	<u>323,895</u>	<u>(73,919)</u>	<u>(397,814)</u>
Fund balance appropriated	<u>1,421,383</u>	<u>1,131,364</u>	<u>-</u>	<u>(1,131,364)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(2,972,176)</u>	<u>\$ (2,972,176)</u>
Fund balances, beginning as previously reported			9,917,839	
Prior period adjustment			402,717	
Fund balance, beginning			<u>10,320,556</u>	
Fund balance, ending			<u>\$ 7,348,380</u>	

The accompanying notes to the financial statements are an integral part of these statements.

GRAHAM COUNTY, NORTH CAROLINA
Statement of Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

Exhibit 6

	Custodial Funds
Assets:	
Cash and cash equivalents	\$ 7,231
Accounts receivable, net	331
Total assets	7,562
Total assets	\$ 7,562
Liabilities:	
Due to others	\$ 6,720
Due to other governments	331
Total liabilities	7,051
Net Position:	
Restricted	511
Total fund balance	511
Total liabilities and net position	\$ 7,562

The accompanying notes to the financial statements are an integral part of these statements.

GRAHAM COUNTY, NORTH CAROLINA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

Exhibit 7

	Custodial Funds
Revenues:	
Ad valorem taxes collected for other governments	\$ 584,549
Collection on behalf of inmates	3,049
Collection on behalf of 4-H Club	2,761
Total revenues	590,359
Expenditures:	
Tax distributions to other governments	584,549
Payments on behalf of inmates	3,103
Payments on behalf of 4-H Club	2,761
Total expenditures	590,413
Net change in fiduciary net position	(54)
Net position, beginning	565
Net position, ending	\$ 511

The accompanying notes to the financial statements are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

1. Summary of Significant Accounting Policies

The financial statements of the County and its discretely presented component units have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County’s accounting policies are described below.

A. Reporting Entity

The County, which is governed by a five-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by accounting principles generally accepted in the United States of America, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. The Graham County Rural Development Authority (the RDA) and the Graham County Travel and Tourism Authority (the T&T), which both have June 30 year ends are presented as if they are governmental funds (discrete presentation), The RDA and T&T have elected not to issue separate financial statements, but to include all relevant information required by generally accepted accounting principles as supplementary information in the County’s Annual Financial Report.

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statement
Graham County Rural Development Authority	Discrete	The RDA was created to 1) develop recreational facilities, 2) develop agricultural and forestry related processing and marketing facilities operated for public use, 3) to install, improve or maintain facilities contributing to economic development, and 4) provide safe and sanitary low cost housing. The RDA is governed by a seven member board of directors, all of whom are appointed by the County.	None issued.
Graham County Travel and Tourism Authority	Discrete	The T&T was created to promote activities and programs which encourage travel and tourism in the area. The T&T is governed by a seven member board of directors, all of whom are appointed by the County.	None issued.

B. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. 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. The County had no business-type activities.

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

The statement of activities presents a comparison between direct expenses and program revenues 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 the fiduciary fund. Separate statements for each fund category – *governmental and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The County reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the County. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The Revaluation Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54, it is consolidated in the General Fund.

American Recovery Grant Projects Fund. The federal government signed into law the American Rescue Plan Act on March 11, 2021, and established the Coronavirus State and Local Fiscal Recovery program to provide support to State, territorial, local, and Tribal governments in responding to the economic and public health impacts of COVID-19. This fund accounts for such expenses.

Justice Center Capital Projects Fund. This fund accounts for capital outlay for the construction of a new justice center that will house the Sheriff's office, jail, and judicial branch in Graham County, which is financed by grant monies from the State Capital Infrastructure Fund (SCIF).

Public Building Capital Projects Fund. This fund accounts for the additions and improvements of major County facilities which are financed by transfers from the General Fund, bond proceeds, and financing agreements.

The County reports the following type of fiduciary funds:

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

Custodial Funds. Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Custodial funds are used to account for assets the County holds on behalf of others that meet certain criteria. The County maintains the following custodial funds: the Municipal Tax Fund, which accounts for ad valorem and vehicle property taxes that are billed and collected by the County for various municipalities within the County but that are not revenues to the County, the Jail Inmate Pay Fund, which holds cash deposited for the benefit of incarcerated inmates, and the 4-H Club Fund, which accounts for monies held by the County for the benefit of 4-H activities.

The County reports the following non-major governmental funds:

NC Neighborhood Program Grant Projects Special Revenue Fund. This fund is reported as a special revenue fund account for the revenues and expenditures to rehabilitate owner-occupied homes for County residents with low-income and severe housing needs and to provide community development assistance as a response to the COVID-19 public health emergency. These projects are funded by the North Carolina Department of Commerce, North Carolina General Assembly Special Appropriations, Community Development Block Grants (CDBG), and the North Carolina Neighborhood Program.

School Capital Projects Fund. This fund accounts for capital outlay for the Graham County school system which are financed by grant monies from the Needs-Based State Public School Building Capital Project Fund and transfers from the General Fund.

Emergency Telephone System Fund. This fund accounts for the accumulation of funds used to operate the 911 emergency service operation.

Economic Development Fund. This fund accounts for monies that are required to further the economic development activities within the County.

Opioid Settlement Fund. In April 2022, drug manufacturer Johnson & Johnson, and three drug distributors, McKesson, AmerisourceBergen, and Cardinal Health, finalized a \$26 billion-dollar nationwide settlement related to multiple opioid lawsuits. These funds will be disbursed to each participating state over an 18-year period according to an allocation agreement reached with all participating states. The opioid settlement funds may support programs or services that serve persons with Opioid Use Disorder (OUD) or any co-occurring Substance Use Disorder (SUD) or mental health condition.

Representative Payee Fund. The fund accounts for monies held by the Social Services Department for the benefit of certain individuals in the County.

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

Deed of Trust Fee Fund. This fund accounts for (a) five dollars of each fee collected by the register of deeds for registering or filing a deed of trust or mortgage which is remitted to the State Treasurer on a monthly basis; (b) five dollars of each marriage license fee, which is remitted to the North Carolina Children's Trust Fund; and (c) thirty dollars of each license fee, which is remitted to the North Carolina Department of Administration for Domestic Violence Centers.

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting.

Government-wide, and Fiduciary Fund Financial Statements. The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and fiduciary financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, 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 and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt, leases initiated during the year, and new IT subscription acquisitions are reported as other financing sources.

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable 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. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable for the fiscal year in which they are received. Uncollected taxes that were billed during this period prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Emergency Telephone System Fund, Economic Development Fund, Representative Payee Fund, Fines and Forfeitures Fund, Deed of Trust Fund, and Revaluation Fund. All annual appropriations lapse into the fiscal year-end. Project ordinances are adopted for the Justice Center Capital Projects Fund, Public Building Capital Projects Fund, School Capital Projects Fund, American Recovery Grant Projects Fund, NC Neighborhood Program Grant Projects Special Revenue Fund, and Opioid Settlement Fund.

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Data (Continued)

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the department level for all annually budgeted funds and at the project level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$5,000. The governing board must approve all amendments. 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 that covers that time until the annual ordinance can be adopted.

Discretely presented component units

Graham County Travel and Tourism Authority

The Authority's budget is adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund. All annual appropriations lapse at the fiscal year-end. The annual budget is prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the department level for all annually budgeted funds. The Authority's budget officer is authorized by the budget ordinance to transfer appropriations within a department, in the same fund, not to exceed 10% of the appropriated monies for departments whose allocations are reduced. Amendments are required for any revisions that alter total expenditures of any department or fund. The governing board must approve all amendments. 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 that covers that time until the annual ordinance can be adopted.

Graham County Rural Development Authority

The Authority's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund. All annual appropriations lapse at the fiscal year-end. A project ordinance is adopted for the Moose Branch Road Capital Project Fund. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

1. Summary of Significant Accounting Policies (Continued)

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

1. Deposits and Investments

All deposits of the County, T&T, and RDA are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The County, T&T, and RDA may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County, T&T, and RDA may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the County, T&T, and RDA to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The County, T&T, and RDA's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT – Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at fair value. The NCCMT - Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2023, The Term portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

The County pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The County considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

3. Restricted Assets

Cash restricted for special purposes has been segregated from cash available for general operations. 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 Revaluation Fund is also classified as a restricted asset because its use is restricted per North Carolina General Statute 153A-150. Money in the General Fund is also classified as restricted asset because its use is restricted by North Carolina General Statute 105-524. The unexpended grant proceeds that are restricted by revenue source are also classified as restricted assets. The unexpended debt proceeds are classified as restricted assets within the General Fund and Public Building Capital Projects Fund because their use is completely restricted to the purpose for which the debt was originally issued.

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

Restricted investments at June 30, 2023, consists of the following:

Governmental activities:	
General Fund	\$ 118,648
Public Building Capital Projects Fund	3,260,412
Justice Center Capital Projects Fund	<u>4,904,321</u>
Total governmental activities restricted investments	<u><u>\$ 8,283,381</u></u>

Restricted cash at June 30, 2023, consists of the following:

Governmental activities:	
General Fund	
Facility fund	\$ 5,643
Register of deeds AE&P fund	127,986
Duke Energy STW/shareholder FDS	3,250
Unexpended grant proceeds - ARC	2,438
Unexpended grant proceeds - transit	91,710
Unexpended debt proceeds	92,118
4-H youth education	18,313
Sheriff - impound fees	9,671
Sheriff - concealed handgun permit fees	96,644
Sheriff's office trust	354
Sheriff NC drug tax	41,030
Sheriff federal drug	2,068
Soil and water conservation	59,555
USDA reserve - condition of loan	22,558
Tax revaluation	<u>11,796</u>
Total General Fund restricted cash and cash equivalents	<u>585,134</u>
NC Neighborhood Program Fund	521,504
American Recovery Grants Projects Fund	848,947
Public Building Capital Projects Fund	192,920
School Capital Project Fund	19,750
Economic Development Fund	170,697
Opioid Settlement Fund	153,486
Emergency Telephone System Fund	<u>233,428</u>
Total governmental activities restricted cash and cash equivalents	<u><u>\$ 2,725,866</u></u>

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2022. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

5. 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.

6. Inventory and Prepaid Items

Inventories of the County are reported at cost, using the first-in/first-out (FIFO) method, which approximates market. The County's General Fund inventory consists of expendable supplies that are recorded as expenditures 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 and expensed as the items are used.

7. Capital Assets

Capital assets, which include land, buildings, equipment, and infrastructure assets (e.g. roads, bridges, traffic signals, and other similar items), are reported in the applicable governmental activities columns in the government-wide financial statements.

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The County capitalizes all assets with a minimum cost of \$5,000 and an estimated useful life of two years or greater. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

The County holds titles to certain Graham 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. 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 they County will convey titles to the properties to the Board of Education, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties reflected as capital assets in the financial statements of the Graham County Board of Education.

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

Assets	Estimated Useful Lives
Buildings	5 - 40
Other improvements	5 - 40
Equipment, furniture, and fixtures	3 - 20
Vehicles and motorized equipment	3 - 10

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

Assets	Estimated Useful Lives
Equipment, furniture, and fixtures	5 - 10
Vehicles	5

8. Right to Use Leased Assets

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

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

9. Unearned Revenue

Unearned revenue is reported on the government-wide and fund financial statements. Unearned revenues arise when potential revenues does not meet both the “measurable” and “available” criteria for recognition in the current period (fund financial statements). Unearned revenues also arise when resources are unearned and received before having an enforceable legal claim to the resources, as when grant monies are received prior to the incurrence of qualifying expenditures (fund financial statements and government-wide financial statements). In subsequent periods, when both revenue recognition criteria are met, or when an enforceable legal claim to the resources is established, the liability for unearned revenue is removed from the applicable financial statement and revenue is recognized.

10. Deferred Outflows/Inflows of Resources

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

11. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities’ statement of net position.

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

12. Compensated Absences

The vacation policies of the County and the T&T provides for the accumulation of up to twenty (20) days earned vacation leave with such leave being fully vested when earned. An expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned in the County’s government-wide statements as well as the government-wide financial statements of the T&T. Compensated absences typically are accounted for on last-in, first-out basis, assuming that employees are taking leave time as it is earned.

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

The sick leave policies of the County and the T&T provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since neither the County nor the T&T has any obligation for accumulated sick leave until it is actually taken, no accruals for sick leave have been made.

13. Opioid Settlement Funds

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

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

- 15% direct to the State ("State Abatement Fund")
- 80% to abatement funds established by Local Governments ("Local Abatement Fund")
- 5% to a County Incentive Fund

As of June 30, 2023, the County has received \$153,486 as part of this settlement. Per the terms of the MOA, the County created a special revenue fund, the Opioid Settlement Fund, to account for these funds. All funds are to be used for opioid abatement and remediation activities. Funds are restricted until expended. No funds have been expended as of June 30, 2023. The MOA offered the County two options of expending the funds. The County opted for Option A, which allows the County to fund one or more high-impact strategies from a list of evidence-based strategies to combat the opioid epidemic.

14. Reimbursements for Pandemic-related Expenditures

In the fiscal year ended June 30, 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, and tribal governments. The County was allocated \$1,639,565 of fiscal recovery funds to be paid in two equal installments. The first installment of \$819,783 was received in May 2021. The second installment was received in June 2022. County staff and the Board of Commissioners have elected to use \$553,469 of the ARPA funds for premium pay and the remaining funds for revenue replacement. The \$55,748 used for revenue replacement in the current fiscal year was transferred to the General Fund from the ARPA Fund. The remaining revenue replacements will be transferred to the appropriate funds once intended use of the funds is determined.

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

15. Net Position/Fund Balances

Net Position

Net position in government-wide financial statements is classified as either restricted, unrestricted, or as net investment in capital assets. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Prepaid items – portion of fund balance that is not an available resource because it represents payments to vendors for costs applicable to future accounting periods, which are not spendable resources.

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

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

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

Restricted for Register of Deeds – portion of fund balance constituting the Automation Enhancement and Preservation Fund, funded by 10% of the fees collected and maintained by the Register of Deeds’ office. The funds are available for appropriation but are legally restricted for computer and imaging technology in the Register of Deeds’ office.

Restricted for human services – transit – portion of fund balance constituting the excess of revenues over expenditures for each fiscal year in Public Transit operations per grant agreements held with the NC Department of Transportation and the Federal Transit Authority. The Funds are available for appropriation but are legally restricted for transit purposes.

Restricted for human services – social services – portion of fund balance that is restricted by revenue source for social services and the portion of fund balance that can only be used to benefit beneficiaries under the Social Security’s Representative Payee Program.

Restricted for law enforcement – portion of fund balance that is restricted by revenue source for equipment used in law enforcement activities.

Restricted for public safety – portion of fund balance that is restricted by revenue source for the safety of the public.

Restricted for economic development – portion of fund balance that is restricted by revenue source for economic development.

Restricted for courts – portion of fund balance that is restricted by revenue source for maintenance of court facilities.

Restricted for USDA reserve – portion of fund balance that is restricted to satisfy the condition of a loan from the USDA.

Committed Fund Balance – Portion of fund balance that can only be used for specific purposes imposed by majority vote of Graham 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 general government – capital outlay – portion of fund balance that can only be used for future capital outlay expenditures.

Committed for capital reserve – portion of T&T’s fund balance that can only be used for future capital expenditures.

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

Assigned Fund Balance – Portion of fund balance that the Graham County governing board has budgeted.

Subsequent year’s expenditures – portion of fund balance that is appropriated in next year’s budget that is not already classified in restricted or committed. The governing board approves the appropriation.

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

Graham 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-city 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 County’s best interest.

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

Total fund balance - General Fund	\$	7,348,380
Less:		
Prepaid items	\$	259,312
Register of deeds		127,986
Stabilization by State statute		1,507,703
Human services		91,710
Law enforcement		106,669
Economic development		2,438
Courts		5,643
USDA reserve		22,558
Tax revaluation		11,830
Appropriated fund balance in 2024 budget		716,386
Remaining Fund Balance	<u>\$</u>	<u>4,496,145</u>

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

16. Defined Benefit Pension Plans

The County participates in three cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State: the Local Governmental Employees' Retirement System (LGERS); the Registers of Deeds' Supplemental Pension Fund (RODSPF); and the Law Enforcement Officers' Special Separation Allowance (LEOSSA) (collectively, the "state-administered defined benefit pension plans").

For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of state-administered defined benefit pension plans. Investments for all plans are reported at fair value.

17. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

18. Major Taxpayer

The County has one major taxpayer with property valued at \$210,889,630.

2. Stewardship, Compliance, and Accountability

A. Significant Violations of Finance Related Legal and Contractual Provisions

1. Late Filing of Annual Financial Report

The Local Government Commission of the North Carolina Department of State Treasurer requires the completion and submission of audited financial statements within four (4) months of year-end. The Town is not in compliance with this requirement as the June 30, 2023 audit was due by October 31, 2023.

B. Excess of Expenditures Over Appropriations

For the fiscal year ended June 30, 2023, the expenditures made in the County's General Fund exceeded the authorized appropriations made by the governing board for general government activities by \$375,412, special appropriations by \$67,419, and debt service by \$75,229. These over-expenditures occurred due to unexpected expenditures in each activity. Management and the board will more closely review the budget reports to ensure compliance in future years.

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

3. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the County, T&T, and RDA are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the County's, T&T's, or RDA'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, T&T, and RDA, these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County, T&T, RDA, or with the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the County, T&T, and RDA under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

The County has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2023, the County's deposits had a carrying amount of \$7,931,709 and a bank balance of \$8,207,729. Of the bank balance, \$500,000 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. At June 30, 2023, the County's petty cash fund totaled \$601.

At June 30, 2023, the T&T's deposits had a carrying amount of \$329,835 and a bank balance of \$351,267. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method.

At June 30, 2023, the RDA's deposits had a carrying amount of \$167,933 and a bank balance of \$167,933. All of the bank balance was covered by federal depository insurance.

2. Investments

As of June 30, 2023, the County had \$9,964,310 in investments invested with the North Carolina Capital Management Trust's Governmental Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The County had no policy regarding credit risk.

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

3. Detail Notes on All Funds (Continued)

A. Assets (Continued)

2. Investments (Continued)

As of June 30, 2023, the T&T had \$491,072 in investments invested with the North Carolina Capital Management Trust's Governmental Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The T&T had no policy regarding credit risk.

3. Receivables

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

	Taxes	Interest	Accounts	Total
Governmental Activities:				
General	\$ 489,868	\$ 22,488	\$ 336,875	\$ 849,231
Other governmental	-	-	5,334	5,334
Total receivables	489,868	22,488	342,209	854,565
Allowance for doubtful accounts	(206,022)	-	(240,570)	(446,592)
Total governmental activities	<u>\$ 283,846</u>	<u>\$ 22,488</u>	<u>\$ 101,639</u>	<u>\$ 407,973</u>

Due from other governments that is owed to the County consists of the amount of sales tax to be refunded in the amount of \$1,049,049 to the General Fund and \$121,619 to other governmental funds.

Discretely presented component units

Graham County Travel and Tourism Authority

Graham County Travel and Tourism Authority's \$54,870 in accounts receivable at June 30, 2023 are deemed to be fully collectible and are presented as unpaid balances. Due from other governments that is owed to Graham County Travel and Tourism Authority consists of amount of sales tax to be refunded in the amount of \$1,722 at June 30, 2023.

Graham County Rural Development Authority

Due from other governments that is owed to Graham County Rural Development Authority consists of amount of sales tax to be refunded in the amount of \$3,627 at June 30, 2023.

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

3. Detail Notes on All Funds (Continued)

A. Assets (Continued)

4. Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2023, was as follows:

	Beginning Balances June 30, 2022	Increases	Decreases	Adjustments	Ending Balances June 30, 2023
Governmental Activities:					
Capital assets not being depreciated					
Land	\$ 1,798,099	\$ -	\$ -	\$ -	\$ 1,798,099
Construction in Progress	408,291	782,812	-	-	1,191,103
Total capital assets not being depreciated	<u>2,206,390</u>	<u>782,812</u>	<u>-</u>	<u>-</u>	<u>2,989,202</u>
Capital assets being depreciated					
Buildings	13,948,890	-	-	-	13,948,890
Other improvements	1,458,721	317,658	-	-	1,776,379
Equipment and furniture	4,995,205	341,138	-	-	5,336,343
Vehicles and motorized equipment	5,100,490	283,228	(301,576)	-	5,082,142
Total capital assets being depreciated	<u>25,503,306</u>	<u>942,024</u>	<u>(301,576)</u>	<u>-</u>	<u>26,143,754</u>
Less accumulated depreciation for:					
Buildings	3,647,793	350,815	-	-	3,998,608
Other improvements	687,603	80,099	-	-	767,702
Equipment and furniture	3,670,485	330,067	-	-	4,000,552
Vehicles and motorized equipment	4,211,841	289,601	(301,576)	-	4,199,866
Total accumulated depreciation	<u>12,217,722</u>	<u>\$ 1,050,582</u>	<u>\$ (301,576)</u>	<u>\$ -</u>	<u>12,966,728</u>
Total capital assets being depreciated, net	<u>13,285,584</u>				<u>13,177,026</u>
Governmental activity capital assets, net	<u>\$ 15,491,974</u>				<u>\$ 16,166,228</u>

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

3. Detail Notes on All Funds (Continued)

A. Assets (Continued)

4. Capital Assets (Continued)

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

General Government	\$	255,308
Public Safety		500,519
Human Services		224,524
Culture and Recreational		70,231
Total Depreciation Expense	\$	1,050,582

The government has active construction projects as of June 30, 2023. The projects include school construction, the NC Neighborhood project, the Public Building project, and the Justice Center project. At year-end, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
NC Neighborhood Program Grant Projects Fund	\$ 632,891	\$ 1,017,109
Public Building Capital Projects Fund	2,103,158	1,241,842
School Capital Project Fund	5,083,581	113,887
Justice Center Capital Project Fund	374,313	4,625,687
Total	\$ 8,193,943	\$ 6,998,525

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

3. Detail Notes on All Funds (Continued)

A. Assets (Continued)

4. Capital Assets (Continued)

Discretely presented component units

Capital asset activity for the Travel and Tourism Authority for the year ended June 30, 2023, was as follows:

	Beginning Balances				Ending Balances June 30, 2023
	June 30, 2022	Increases	Decreases	Adjustments	
Travel and Tourism Authority					
Capital assets being depreciated:					
Equipment , furniture and fixtures	\$ 28,500	\$ 32,000	\$ -	\$ -	\$ 60,500
Total capital assets being depreciated	<u>28,500</u>	<u>32,000</u>	<u>-</u>	<u>-</u>	<u>60,500</u>
Less Accumulated Depreciation:					
Equipment , furniture and fixtures	-	3,601	-	-	3,601
Total accumulated depreciation	<u>-</u>	<u>\$ 3,601</u>	<u>\$ -</u>	<u>\$ -</u>	<u>3,601</u>
Total capital assets being depreciated, net	<u>\$ 28,500</u>				<u>\$ 56,899</u>

Capital asset activity for the Rural Development Authority for the year ended June 30, 2023, was as follows:

	Beginning Balances				Ending Balances June 30, 2023
	June 30, 2022	Increases	Decreases	Adjustments	
Rural Development Authority					
Capital assets not being depreciated:					
Land	\$ 529,809	\$ 81,980	\$ -	\$ -	\$ 611,789
Total capital assets not being depreciated	<u>\$ 529,809</u>	<u>\$ 81,980</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 611,789</u>

The authority has an active construction project and the following commitments with contractors as of June 30, 2023.

Project	Spent-to-date	Remaining Commitment
Moose Branch Road	<u>\$ 418,133</u>	<u>\$ 37,372</u>

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

3. Detail Notes on All Funds (Continued)

A. Assets (Continued)

5. Right to Use Leased Assets

Primary Government

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 an Information Technology (IT) Subscription in accordance with the requirements of GASB 87 and GASB 96 respectively. The right to use assets are amortized on a straight-line basis over the terms of the related leases.

Right to use asset activity for the Primary Government for the year ended June 30, 2023, was as follows:

	Beginning Balances June 30, 2022 (Restated)	Increases	Decreases	Ending Balances June 30, 2023
Primary Government				
Right to use assets:				
Leased vehicles	\$ 340,557	\$ 157,647	\$ -	\$ 498,204
Leased equipment	96,577	-	-	96,577
IT subscriptions	-	276,271	-	276,271
Total right to use assets	<u>437,134</u>	<u>433,918</u>	<u>-</u>	<u>871,052</u>
Less accumulated amortization for:				
Leased vehicles	117,319	138,342	-	255,661
Leased vehicles	6,036	24,144	-	30,180
IT subscriptions	-	63,223	-	63,223
Total accumulated amortization	<u>123,355</u>	<u>\$ 225,709</u>	<u>\$ -</u>	<u>349,064</u>
Right to use assets, net	<u>\$ 313,779</u>			<u>\$ 521,988</u>

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

General government	\$ 67,713
Public safety	101,569
Human services	45,142
Cultural and recreational	11,285
Total amortization expense	<u>\$ 225,709</u>

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

3. Detail Notes on All Funds (Continued)

A. Assets (Continued)

5. Right to Use Leased Assets (Continued)

Discretely presented component units

The Travel and Tourism Authority’s capital assets also include certain right to use assets. These right to use assets arise in association with agreements where the Authority reports a lease (only applies when the County is the lessee) or agreements where the County reports an Information Technology (IT) Subscription in accordance with the requirements of GASB 87 and GASB 96 respectively. The right to use activity for the authority for the year ended June 30, 2023, was as follows:

	Beginning Balances June 30, 2022 (Restated)	Increases	Decreases	Ending Balances June 30, 2023
Travel and Tourism Authority				
Right to use assets:				
Leased buildings	\$ 67,951	\$ -	\$ -	\$ 67,951
Leased equipment	7,337	-	-	7,337
Total right to use assets	<u>75,288</u>	<u>-</u>	<u>-</u>	<u>75,288</u>
Less accumulated amortization for:				
Leased buildings	6,040	6,040	-	12,080
Leased equipment	459	1,834	-	2,293
Total accumulated amortization	<u>6,499</u>	<u>\$ 7,874</u>	<u>\$ -</u>	<u>14,373</u>
Right to use assets, net	<u>\$ 68,789</u>			<u>\$ 60,915</u>

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

3. Detail Notes on All Funds (Continued)

B. Liabilities

1. Payables

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

Governmental activities	<u>Vendors</u>	<u>Other</u>	<u>Total</u>
General	\$ 996,633	\$ 409,369	\$ 1,406,002
Total governmental activities	<u>\$ 996,633</u>	<u>\$ 409,369</u>	<u>\$ 1,406,002</u>

Payables at the government-wide level at June 30, 2023 for the discretely presented component units were as follows:

Discretely presented component units	<u>Vendors</u>	<u>Other</u>	<u>Total</u>
Travel and Tourism Authority	\$ 5,127	\$ 3,285	\$ 8,412
Total discretely presented component units	<u>\$ 5,127</u>	<u>\$ 3,285</u>	<u>\$ 8,412</u>

2. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The County is a participating employer 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 (CAFR) 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.

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

3. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan and Postemployment Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued)

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Graham 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 Graham County's contractually required contribution rate for the year ended June 30, 2023, 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 Graham County were \$863,656 for the year ended June 30, 2023.

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

3. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan and Postemployment Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued)

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

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

At June 30, 2023, the County reported a liability of \$5,366,691 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The County’s proportion of the net pension asset was based on a projection of the County’s long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2022 (measurement date), the County’s proportion was 0.09513%, which was an increase of 0.03172% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the County recognized pension expense of \$1,683,072. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 231,246	\$ 22,672
Changes of assumptions	535,476	-
Net difference between projected and actual earnings on pension plan investments	1,773,747	-
Changes in proportion and differences between County contributions and proportionate share of contributions	521,117	11,315
County contributions subsequent to the measurement date	863,656	-
Total	\$ 3,925,242	\$ 33,987

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

3. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan and Postemployment Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued)

\$863,656 was 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, 2024.

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

Year ended June 30:	
2024	\$ 969,350
2025	854,838
2026	358,364
2027	845,046
2028	-
Thereafter	-
	<u>\$ 3,027,598</u>

Actuarial Assumptions. The entry age actuarial cost method was used in December 31, 2021 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

3. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan and Postemployment Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued)

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	33.0%	0.9%
Global Equity	38.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Credit	7.0%	5.0%
Inflation Protection	6.0%	2.7%
Total	<u>100%</u>	

The information is based on 30-year expectations developed with the consulting actuary for the 2022 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.25%. All rates of return and inflation are annualized.

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

3. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan and Postemployment Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued)

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

Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
County's proportionate share of the net pension liability (asset)	\$ 9,686,185	\$ 5,366,691	\$ 1,807,176

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

b. Law Enforcement Officers' Special Separation Allowance (LEOSSA)

Plan Description. The County administers a public employees' 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 based rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increase in salary or retirement allowance 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. A separate report was not issued for the Plan.

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

3. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan and Postemployment Obligations (Continued)

b. Law Enforcement Officers' Special Separation Allowance (LEOSSA) (Continued)

A full-time law enforcement officers of the County are covered by the Separation Allowance. At December 31, 2021, the Separation Allowance's membership consisted of:

Inactive Members Currently Receiving Benefits	0
Active Members	<u>20</u>
Total Membership	<u><u>20</u></u>

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 and refunds 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 following criteria, which are outlined in GASB 73.

Actuarial Assumptions. The entry age actuarial cost method was used in the December 31, 2021 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	4.31 percent

The discount rate used to measure the TPL is the S&P Municipal Bond 20 Year High Grade Rate Index.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five year period ending December 31, 2021.

MORTALITY ASSUMPTIONS: All mortality rates use Pub-2010 amount-weighted rates.

MORTALITY PROJECTION: All mortality rates are projected from 2010 using generational improvement with Scale MP-2019.

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

3. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan and Postemployment Obligations (Continued)

b. Law Enforcement Officers' Special Separation Allowance (LEOSSA) (Continued)

DEATHS AFTER RETIREMENT (HEALTHY): Mortality rates are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and Set Forward by 1 year.

DEATHS BEFORE RETIREMENT: Mortality rates are based on the Safety Mortality Table for Employees.

DEATHS AFTER RETIREMENT (BENEFICIARY): Mortality rates are based on the Below-median Teachers Mortality Table for Contingent Survivors. Rates for male members are Set Forward 3 years. Rates for female members are Set Forward 1 year. Because the contingent survivor tables have no rates prior to age 45, the Below-median Teachers Mortality Table for Employees is used for ages less than 45.

DEATHS AFTER RETIREMENT (DISABLED): Mortality rates are based on the Non-Safety Mortality Table for Disabled Retirees. Rates are Set Back 3 years for all ages.

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 operation budget. There were no contributions made by the 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 \$255,655 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, 2023, the County reported a liability of \$48,732. The total pension liability was measured as of December 31, 2022 based on a December 31, 2021 actuarial valuation. The total pension liability was rolled forward to December 31, 2022 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the County recognized pension expense of \$8,749.

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

3. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan and Postemployment Obligations (Continued)

b. Law Enforcement Officers' Special Separation Allowance (LEOSSA) (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,761	\$ 71,408
Changes of assumptions	27,437	15,778
Benefit payments and administrative expenses subsequent to the measurement date	-	-
Total	\$ 38,198	\$ 87,186

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:	
2024	\$ (14,140)
2025	(10,253)
2026	(8,093)
2027	(7,864)
2028	(7,200)
Thereafter	(1,438)
	\$ (48,988)

Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 4.31%, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.31%) or 1-percentage-point higher (5.31%) than the current rate:

	1% Decrease (3.31%)	Current Discount Rate (4.31%)	1% Increase (5.31%)
Total Pension Liability	\$ 56,187	\$ 48,732	\$ 42,243

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

3. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan and Postemployment Obligations (Continued)

b. Law Enforcement Officers' Special Separation Allowance (LEOSSA) (Continued)

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

	2023
Beginning balance	\$ 68,012
Service cost	23,828
Interest on the total pension liability	1,530
Difference between expected and actual experience in the measurement of the total pension liability	(28,109)
Changes of assumptions or other inputs	(16,529)
Benefit payments	-
Ending balance of the total pension liability	\$ 48,732

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

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

3. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan and Postemployment Obligations (Continued)

c. Supplemental Retirement Income Plan for Law Enforcement Officers (Continued)

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. Contributions for the year ended June 30, 2023 were \$34,428 which consisted of \$31,973 from the County and \$2,455 from the law enforcement officers. No amounts were forfeited.

d. Sheriff's Supplemental Retirement Income Plan

Plan Description. The County contributes to the Sheriff's Supplemental Retirement Plan, a defined contribution pension plan established by the State of North Carolina to provide supplemental pension benefits for all eligible, retired county sheriffs. Membership is comprised of sheriffs who are retired from Local Government Employees' Retirement System and beneficiaries that meet the statutory eligibility requirements. 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 minimum years of service as a sheriff 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. The North Carolina Department of Justice administers the plan. If the plan purchases any investments, they are held as part of the State Treasurer's External Investment Pool. Receipts collected by each county's Clerk of Superior Court under General Statutes 7A-304(a)(3a), along with investment income, support the plan's benefits and administrative expenses.

Funding Policy. At the beginning of each calendar year, the Department of Justice invoices and collects from county governments, on a pro rata basis by population, an amount of funds needed in addition to receipts collected, to pay the pension benefits for that year. Sheriffs do not contribute to the plan.

The County paid invoices in the amount of \$31,973 for the year ended June 30, 2023. No amounts were forfeited.

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

3. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan and Postemployment Obligations (Continued)

e. Register of Deeds' Supplemental Pension Fund

Plan Description. The County also contributes to the Register of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, 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 RODSPF is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for the RODSPF. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$3,690 for the year ended June 30, 2023.

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

3. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan and Postemployment Obligations (Continued)

e. Register of Deeds' Supplemental Pension Fund (Continued)

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

At June 30, 2023, the County reported an asset of \$40,493 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022. The total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2021. The total pension asset was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on 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 RODSPF employers, actuarially determined. At June 30, 2022 (measurement date), the County's proportion was 0.30584%, which was an increase of 0.05764% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the County recognized pension expense of (\$7,554). At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 312	\$ 734
Changes of assumptions	2,144	-
Net difference between projected and actual earnings on pension plan investments	16,830	-
Changes in proportion and differences between County contributions and proportionate share of contributions	-	11,385
County contributions subsequent to the measurement date	3,690	-
Total	<u>\$ 22,976</u>	<u>\$ 12,119</u>

\$3,690 was reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a increase of the net pension asset in the year ended June 30, 2024.

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

3. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan and Postemployment Obligations (Continued)

e. Register of Deeds' Supplemental Pension Fund (Continued)

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

Year ended June 30:	
2024	\$ (2,453)
2025	(216)
2026	5,603
2027	4,233
2028	-
Thereafter	-
	\$ 7,167

Actuarial Assumptions. The entry age actuarial cost method was used in the December 31, 2021 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	3.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

3. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan and Postemployment Obligations (Continued)

e. Register of Deeds' Supplemental Pension Fund (Continued)

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2023 is 1.4%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 3.00%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's total pension asset calculated using the discount rate of 3.00%, as well as what the County's total pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.00%) or 1-percentage-point higher (4.00%) than the current rate:

	1% Decrease (2.00%)	Current Discount Rate (3.00%)	1% Increase (4.00%)
County's proportionate share of the net pension asset	\$ 28,605	\$ 40,493	\$ 50,503

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

3. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan and Postemployment Obligations (Continued)

e. Register of Deeds' Supplemental Pension Fund (Continued)

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

Following is information related to the proportionate share and pension expense for all pension plans:

	LGERS	LEOSSA	RODSPF	Total
Pension expense	\$ 1,683,072	\$ 8,749	\$ (7,554)	\$ 1,684,267
Pension liability (asset)	5,366,691	48,732	(40,493)	5,374,930
Proportionate share of the net pension liability (asset)	0.09513%	n/a	0.30584%	
Deferred of Outflows of Resources				
Differences between expected and actual experience	231,246	10,761	312	242,319
Changes of assumptions	535,476	27,437	2,144	565,057
Net difference between projected and actual earnings on plan investments	1,773,747	-	16,830	1,790,577
Changes in proportion and differences between contributions and proportionate share of contributions	521,117	-	-	521,117
Benefit payments and administrative costs paid subsequent to the measurement date	863,656	-	3,690	867,346
Deferred of Inflows of Resources				
Differences between expected and actual experience	22,672	71,408	734	94,814
Changes of assumptions	-	15,778	-	15,778
Changes in proportion and differences between contributions and proportionate share of contributions	11,315	-	11,385	22,700

f. Other Postemployment Benefits

Graham County has no current plans qualifying as Other Post-Employment Benefits plans in place at year end.

g. Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan administered under its group health insurance plan on a one-year term cost basis. The beneficiaries of those employees who die in active service at the time of death are eligible for death benefits in the amount of \$25,000. Employees not electing coverage in the group health plan receive death benefits coverage as a benefit from the County.

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

3. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan and Postemployment Obligations (Continued)

g. Other Employment Benefits (Continued)

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 may not exceed \$50,000 or be less than \$25,000.

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.

Deferred outflows of resources are comprised of the following:

<u>Source</u>	<u>Amount</u>
Contributions to pension plan subsequent to the measurement date (LGERs, RODSPF)	\$ 867,346
Changes of assumptions (Pensions)	565,057
Difference between projected expected and actual experience (Pensions)	242,319
Changes in proportion and differences between County contributions and proportionate share of contributions (Pensions)	521,117
Net difference between projected and actual earnings on pension plan investments (Pensions)	1,790,577
Total	<u>\$ 3,986,416</u>

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

3. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

3. Deferred Outflows and Inflows of Resources

Deferred inflows of resources at year-end are comprised of the following:

<u>Source</u>	<u>Amount</u>
Prepaid taxes not yet earned (General)	\$ 128,560
Difference between expected and actual experience (Pensions)	94,814
Change in proportion and difference between County contributions and proportionate share of contributions (Pensions)	22,700
Changes of assumptions (Pensions)	15,778
Total	<u>\$ 261,852</u>

4. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of, assets; errors and omissions; injuries to employees; and natural disasters. The County carries commercial insurance for these risks of loss. The County obtains property coverage equal to the replacement cost of owned property subject to a total insured value of \$23,785,046, with sub-limits on coverage for specified perils; general, auto, professional, employment practices, and law enforcement liability at \$2 million per occurrence; auto physical damage for owned autos at actual cash value; crime coverage of \$500,000 per occurrence; and worker's compensation up to the statutory limits. The County is also covered up to \$2 million for flood and earthquake damage. All property coverage and some liability coverage are subject to per occurrence deductibles, as selected by the County.

In accordance with G.S. 159-29, the County's employees that have access to \$100 at any given time of the County's funds bonded through a commercial surety bond. The finance officer, tax collector and register of deeds are individually bonded for \$100,000, \$100,000 and \$25,000, respectively. The deputy finance officer and sheriff are individually bonded for \$25,000 each. Graham County Fire and Rescue has insurance coverage through the Volunteer Firemen's Insurance Services, Inc. The unit carries general liability coverage of \$1 million per occurrence, auto liability coverage of \$1 million per occurrence, real property coverage including earthquake and flood damage up to full value replacement costs of each property and personal property coverage full value replacement costs of each item. They also have worker's compensation coverage of \$100,000 per accident and a policy limit of \$500,000 for disease.

There have been no significant reductions in insurance coverage, and settled claims have not exceeded coverage in any of the past three fiscal years.

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

3. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

4. Risk Management (Continued)

Discretely presented component units

Graham County Travel and Tourism Authority

In accordance with G.S. 159-29, the Finance Officer of Graham County Travel & Tourism Authority is performance bonded through a commercial surety bond at the statutory amount. This bond is a separate individual bond to protect the Authority and that names the Authority as obligee or beneficiary. This bond is in addition to the bond on the Finance Officer that names the County as obligee.

Graham County Rural Development Authority

In accordance with G.S. 159-29, the Finance Officer of Graham County Rural Development Authority is performance bonded through a commercial surety bond at the statutory amount. This bond is a separate individual bond to protect the Authority and that names the Authority as obligee or beneficiary. This bond is in addition to the bond on the Finance Officer that names the County as obligee.

5. Contingent Liabilities

At June 30, 2023, the County was 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.

6. Long-Term Obligations

a. Leases

Primary Government

The County has entered into agreements to lease certain equipment and vehicles. 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.

In July 2021, the County entered into a 33-month lease agreement for a vehicle to be used by the Jail. An initial lease liability was recorded in the amount of \$12,656 and requires monthly payments of \$417. The lease liability was measured at a discount rate of 6.00%. As of June 30, 2023, the value of the lease liability was \$3,661 and the related net book value of the right to use asset was \$3,429.

In July 2021, the County entered into a 34-month lease agreement for seven vehicles to be used by the Sheriff's office. An initial lease liability was recorded in the amount of \$112,719 and requires monthly payments of \$3,599. The lease liability is measured at a discount rate of 5.71%. As of June 30, 2023, the value of the lease liability was \$35,062 and the related net book value of the right to use asset was \$32,917.

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

3. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

6. Long-Term Obligations (Continued)

a. Leases (Continued)

In July 2021, the County entered into a 35-month lease agreement for nine vehicles to be used by various departments. An initial lease liability was recorded in the amount of \$126,987 and requires 35 monthly payments of \$3,947. The lease liability is measured at a discount rate of 5.74%. As of June 30, 2023, the value of the lease liability was \$42,206 and the related net book value of the right to use asset was \$39,753.

In July 2021, the County entered into a 36-month lease agreement for six vehicles to be used by various departments. An initial lease liability was recorded in the amount of \$88,195 and requires 36 monthly payments of \$2,659. The lease liability is measured at a discount rate of 5.40%. As of June 30, 2023, the value of the lease liability was \$30,996 and the related net book value of the right to use asset was \$29,266.

In April 2022, County entered into a 48-month lease agreement for sixteen copiers to be used by various departments. An initial lease liability was recorded in the amount of \$96,577 and requires monthly payments of \$2,155. The lease liability is measured at a discount rate of 3.40%. As of June 30, 2023, the value of the lease liability was \$67,793 and the related net book value of the right to use asset was \$66,397.

In July 2022, the County entered into a 60-month lease agreement for two vehicles to be used by the Sheriff's office. An initial lease liability was recorded in the amount of \$74,695 and requires monthly payments of \$1,465. The lease liability is measured at a discount rate of 6.85%. As of June 30, 2023, the value of the lease liability was \$61,374 and the related net book value of the right to use asset was \$59,756.

In March 2023, the County entered into a 60-month lease agreement for two vehicles to be used by the Sheriff's office. An initial lease liability was recorded in the amount of \$82,953 and requires monthly payments of \$1,659. The lease liability is measured at a discount rate of 7.69%. As of June 30, 2023, the value of the lease liability was \$77,857 and the related net book value of the right to use asset was \$77,423.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023, were as follows:

Year Ending June 30	Principal	Interest
2024	164,079	14,342
2025	55,106	8,245
2026	51,764	5,123
2027	35,101	2,392
2028	12,899	374
Total	\$ 318,949	\$ 30,476

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

3. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

6. Long-Term Obligations (Continued)

a. Leases (Continued)

Discretely presented component units

Graham County Travel and Tourism Authority

The Travel and Tourism Authority has entered into agreements to lease a building and 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 related right to use assets are discussed in more detail in the right to use asset section of this note.

In April 2022, T&T entered into a 48-month lease agreement for a copier. An initial lease liability was recorded in the amount of \$7,337 and requires monthly payments of \$164. The lease liability is measured at a discount rate of 3.40%. As of June 30, 2023, the value of the lease liability was \$5,150 and the related net book value of the right to use asset was \$5,044.

In July 2021, T&T entered into a 48-month lease agreement for a building. An initial lease liability was recorded in the amount of \$30,307 and requires monthly payments of \$600. The lease liability is measured at a discount rate of 3.25%. As of June 30, 2023, the value of the lease liability was \$57,455 and the related net book value of the right to use asset was \$55,871.

The future minimum lease payments and their net present value of these minimum lease payments as of June 30, 2023, were as follows:

Year Ending June 30	Principal	Interest
2024	7,230	1,934
2025	7,472	1,693
2026	7,229	1,445
2027	5,966	1,234
2028	6,163	1,037
Thereafter	28,545	2,054
Total	62,605	9,397

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

3. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

6. Long-Term Obligations (Continued)

b. Subscriptions

For the year ended June 30, 2023, the County implemented the requirements of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). The SBITAs qualify as other than short-term SBITAs under GASB 96 and, therefore, have been recorded at the present value of the future minimum subscription payments as of the date of their inception.

On July 1, 2022, the County entered into a 79-month subscription for the use of Cott Systems Inc. An initial subscription liability was recorded in the amount of \$193,695. As of June 30, 2023, the value of the subscription liability is \$166,875. The County is required to make monthly fixed payments of \$2,700. The subscription liability was measured at a discount rate of 3.38%. The value of the right-to-use asset as of June 30, 2023 is \$193,695 with accumulated amortization of \$29,054.

On July 1, 2022, the County entered into a 29-month subscription for the use of Prodigy Voice and Data. An initial subscription liability was recorded in the amount of \$82,576. As of June 30, 2023, the value of the subscription liability is \$49,083. The County is required to make monthly fixed payments of \$2,961. The subscription liability was measured at a discount rate of 3.38%. The value of the right-to-use asset as of June 30, 2023 is \$82,576 with accumulated amortization of \$34,169.

The future minimum subscription obligations and the net present value of these minimum subscription payments as of June 30, 2024, were as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 61,581	\$ 6,351
2025	42,791	4,413
2026	29,076	3,324
2027	30,074	2,326
2028	31,107	1,293
Thereafter	21,329	271
Total	<u>\$ 215,958</u>	<u>\$ 17,978</u>

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

3. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

6. Long-Term Obligations (Continued)

c. Installment Purchases

Installment Contracts outstanding at June 30, 2023 are as follows:

Primary Government

Governmental Activities

On September 17, 2015, the County entered into a \$453,818 direct placement contract with the United States Department of Agriculture to replace the fund balance reserve that was somewhat depleted by the purchase of the transfer station. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract requires thirty annual payments of \$25,065, including interest at 3.625%, and matures on September 17, 2045.

\$ 386,550

On June 1, 2017, the County entered into a \$2,873,000 direct placement contract for the acquisition, renovation and improvement of the Phillips & Jordan Building located at 191 P&J Road, Robbinsville, North Carolina. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract requires eight annual principal payments of \$192,000 followed by seven annual principal payments of \$191,000, including interest at 2.67% beginning on March 15, 2018. There will also be annual interest only payments beginning September 15, 2017 through September 15, 2031 at 2.67%, and matures on March 15, 2032.

1,721,000

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

3. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

6. Long-Term Obligations (Continued)

c. Installment Purchases (Continued)

On June 14, 2022, the County entered into a \$2,115,000 direct placement contract for the renovation of a portion of the County's Community Building to be used by the Board of Elections, constructing an administrative facility to serve the Parks and Recreation Department, constructing a facility to serve as the County's Cemetary Grounds Maintenance Building, renovating and expanding Robbinsville Middle School, and acquiring an excavator and related equipment. The property and equipment are pledged as collateral for the debt while the debt is outstanding. The financing contract requires twenty annual interest only payments at 3.38%; five annual payments with principal of \$105,000 and interest at 3.38%; and fifteen annual payments with principal of \$106,000 and interest at 3.38%. The maturity date is June 1, 2042.

2,010,000

On June 30, 2022, the County entered into a \$325,000 direct placement contract for the purchase of a sanitation truck, a trailer with walking floor assembly, and refuse containers for the Sanitation Department. The vehicle and equipment are pledged as collateral for the debt while the debt is outstanding. The financing contract requires fifteen annual payments of \$26,251, including interest at 2.50%, and matures on June 28, 2037.

306,874

\$ 4,424,424

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2024	\$ 327,632	\$ 135,573
2025	328,497	125,998
2026	328,388	116,398
2027	329,307	106,797
2028	330,252	97,170
2029-2033	1,475,487	340,382
2034-2038	713,556	171,460
2039-2043	521,363	59,452
2044-2048	69,942	4,254
Total	\$ 4,424,424	\$ 1,157,484

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

3. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

6. Long-Term Obligations (Continued)

c. Installment Purchases (Continued)

Discretely presented component units

Graham County Rural Development Authority

On January 19, 2018, the RDA entered into a direct placement contract to purchase land and provide site development costs for a 14-lot subdivision for construction of affordable housing in conjunction with the United States Department of Agriculture in an amount not to exceed \$369,500. The financing agreement was modified on July 16, 2021, requiring monthly payments commencing July 21, 2022, of accrued interest payments at 4.48%. All accrued interest and outstanding principal mature on July 16, 2022. The land serves as collateral for the debt while the debt is outstanding. The debt contains provisions that an event of default would require the RDA to pay the debt in full and have further commitments of funds withdrawn.

\$ 135,067

Annual debt service requirements to maturity for installment contracts are as follows:

<u>Year Ending June 30</u>	<u>Rural Development Authority</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 135,067	\$ 1,916
Total	<u>\$ 135,067</u>	<u>\$ 1,916</u>

Debt Related to Capital Activities - Of the total Governmental Activities debt listed, only \$1,732,093 relates to assets the County holds title.

d. Refunding

On May 1, 2014, the County issued \$4,275,000 of general obligation refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust and used to refund \$2,200,000 of general obligation bonds on September 23, 2014. 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 \$123,000. This refunding was undertaken to reduce total debt service payments by \$102,950.

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

3. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

6. Long-Term Obligations (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for governmental activities for the year ended June 30, 2023 is as follows:

	Beginning Balances June 30, 2022 (Restated)			Increases	Decreases	Ending Balances June 30, 2023	Current Portion
Governmental Activities:							
General obligation bonds	\$	256,000	\$	-	\$ (256,000)	\$ -	\$ -
Direct placement installment purchase		4,761,595		-	(337,171)	4,424,424	327,632
Net pension liability (LGERS)		972,453		4,394,238	-	5,366,691	-
Compensated absences		465,871		135,473	(127,309)	474,035	94,807
Leases		320,375		157,648	(159,074)	318,949	164,079
LEO Special Separation Allowance		68,012		-	(19,280)	48,732	-
IT subscription liabilities		-		276,271	(60,313)	215,958	61,581
Total governmental activities	\$	6,844,306	\$	4,963,630	\$ (959,147)	\$ 10,848,789	\$ 648,099

Long-term liability activity for the Travel and Tourism Authority for the year ended June 30, 2023 is as follows:

	Beginning Balances June 30, 2022 (Restated)			Increases	Decreases	Ending Balances June 30, 2023	Current Portion
Travel and Tourism Authority							
Leases	\$	69,602	\$	-	\$ (6,997)	\$ 62,605	\$ 7,230
Compensated absences		3,879		846	(1,958)	2,767	553
Total	\$	73,481	\$	846	\$ (8,955)	\$ 65,372	\$ 7,783

Long-term liability activity for the Rural Development Authority for the year ended June 30, 2023 is as follows:

	Beginning Balances June 30, 2022			Increases	Decreases	Ending Balances June 30, 2023	Current Portion
Rural Development Authority							
Direct placement installment purchase	\$	135,067	\$	-	\$ -	\$ 135,067	\$ 135,067
Total	\$	135,067	\$	-	\$ -	\$ 135,067	\$ 135,067

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

3. Detail Notes on All Funds (Continued)

C. Interfund Balances and Activity

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

Fund	To	From
From General Fund	\$ 237,413	
To Public Building Capital Project Fund		\$ 237,413
From General Fund	433,377	
To School Building Capital Project Fund		433,378
From General Fund	4,476	
To Emergency Telephone System Fund		4,476
From General Fund	85,000	
To Revaluation Fund		85,000
From ARPA Fund	55,748	
To General Fund		55,748
From Public Building Capital Project Fund	111,681	
To General Fund		111,681
Total	\$ 927,695	\$ 927,696

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided matching funds for various grant programs.

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

3. Detail Notes on All Funds (Continued)

D. Net Investment in Capital Assets

Net investment in capital assets at June 30, 2023 is computed as follows:

	Governmental Activities
Capital Assets	\$ 16,166,228
Less: long-term debt	4,785,267
Plus: unspent debt proceeds	285,038
Net investment in capital assets	\$ 11,665,999

E. Prior Period Adjustment

During the fiscal year ended June 30, 2023, the County determined that certain transactions were recorded incorrectly in the prior year.

General Fund Balance: The fund balance of the General Fund was understated at June 30, 2022 by \$402,717 due to the following items:

General Fund Balance, beginning as previously reported		\$ 9,876,087
For 2022 sales tax	286,141	
For unallowed costs that had to be reimbursed	(4,477)	
To reconcile prepaid taxes	28,535	
To record EMS receivables and allowance	94,746	
For transit surplus reserve	(2,228)	
Net prior period adjustment		402,717
General Fund Balance, beginning as restated		\$ 10,278,804

Emergency Telephone System Fund Balance: The fund balance of the Emergency Telephone System Fund was understated at June 30, 2022 by \$2,977 due to the following items:

Emergency Telephone System Fund Balance, beginning as previously reported		\$ 428,789
To reverse previous adjustment	(1,500)	
For unallowed costs that had to be reimbursed	4,477	
Net prior period adjustment		2,977
Emergency Telephone System Fund Balance, beginning as restated		\$ 431,766

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

3. Detail Notes on All Funds (Continued)

E. Prior Period Adjustment (Continued)

During the fiscal year ended June 30, 2023, the County determined that certain right to use lease assets and liabilities were recorded incorrectly in the prior year. Certain beginning right of use asset and liability balances have been restated; however, there was no impact effect on beginning net position for governmental activities and the discretely presented component units.

4. Joint Ventures

Tri-County Community College

The County has a commitment to help fund Tri-County Community College with two other local governments. The County does not appoint any members to the board of the College. The County has an ongoing financial responsibility for the joint venture because the College's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the College, so no equity interest has been reflected in the financial statements. The County has an ongoing financial responsibility for the college because of statutory responsibilities to provide funding for the College's facilities. The County contributed \$125,524 during the fiscal year June 30, 2023. Complete financial statements for the College may be obtained from the College's administrative offices at 21 Campus Circle, Murphy, NC 28906.

Nantahala Regional Library

The County participates in a joint venture to operate the Nantahala Regional Library (Library) with five other local governments. The three participating counties may each appoint three board members to the nine-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 an equity interest in the Library, so no equity interest has been reflected in the financial statements. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$89,490 to the Library to supplement its activities during the fiscal year ended June 30, 2023. Complete financial statements for the Library may be obtained from the Library's offices at 101-A Blumenthal Street, Murphy, NC 28906.

5. Jointly Governed Organizations

Southwestern North Carolina Planning and Economic Development Commission

The County, in conjunction with six other counties, seventeen municipalities, and the Eastern Band of Cherokee Indians, established the Southwestern North Carolina Planning and Economic Development Commission (Commission). The participating governments established the Commission to coordinate various funding received from federal and State agencies. The County paid membership fees of \$5,564 to the Commission during the fiscal year ended June 30, 2023.

GRAHAM COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

5. Jointly Governed Organizations (Continued)

Vaya Health

The County participates in a jointly governed organization to operate Region 1 of Vaya Health with six other county governments. Vaya Health is a public managed care organization that oversees Medicaid, federal, state and local funding for services and supports related to mental health, substance use disorder and intellectual/developmental disabilities. Each county within the region appoints up to two members to the Regional Board, one of whom must be an elected county commissioner and one of whom may be either a county commissioner, county manager, Department of Social Services director, public health director, or law enforcement representative. The County does not have an ongoing financial interest or ongoing financial responsibility. The County contributed \$6,000 to Vaya Health during the fiscal year ended June 30, 2023.

6. Federal and State Assisted Programs

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

7. Significant Effects of Subsequent Events

Subsequent events have been evaluated through June 9, 2025, the date which the financial statements were available to be issued.

On September 28, 2023, the Rural Development Authority paid off in full the direct placement contract entered on January 18, 2018.

There were no additional events meriting disclosures.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

GRAHAM COUNTY, NORTH CAROLINA
Schedule of Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Ten Fiscal Years *

Schedule A-1

Local Government Employees' Retirement System

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) (%)	0.095%	0.063%	0.061%	0.059%	0.062%	0.069%	0.076%	0.069%	0.078%	0.083%
County's proportion of the net pension liability (asset) (\$)	\$ 5,366,691	\$ 972,453	\$ 2,174,430	\$ 1,609,878	\$ 1,480,341	\$ 1,056,879	\$ 1,613,401	\$ 307,741	\$ (461,771)	\$ 1,002,880
County's covered-employee payroll	\$ 6,552,248	\$ 4,678,084	\$ 4,116,653	\$ 4,088,931	\$ 3,932,080	\$ 4,040,090	\$ 4,021,910	\$ 3,807,630	\$ 3,994,140	\$ 4,162,209
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	81.91%	20.79%	52.82%	39.37%	37.65%	26.16%	40.12%	8.08%	-11.56%	24.09%
Plan fiduciary net position as a percentage of the total pension liability **	94.18%	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

** This will be the same percentage for all participant employers in the LGERS plan.

Pension schedules in the required supplementary information are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

GRAHAM COUNTY, NORTH CAROLINA
Schedule of Contributions to Local Government Employees' Retirement System
Required Supplementary Information
Last Ten Fiscal Years

Schedule A-2

Local Government Employees' Retirement System

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 863,656	\$ 748,627	\$ 479,005	\$ 372,494	\$ 320,513	\$ 297,575	\$ 299,992	\$ 410,849	\$ 396,494	\$ 418,574
Contributions in relation to the contractually required contribution	<u>863,656</u>	<u>748,627</u>	<u>479,005</u>	<u>372,494</u>	<u>320,513</u>	<u>297,575</u>	<u>299,992</u>	<u>410,849</u>	<u>396,494</u>	<u>418,574</u>
Contribution deficiency (excess)	<u>\$ -</u>									
County's covered-employee payroll	\$ 7,062,275	\$ 6,552,248	\$ 4,678,084	\$ 4,116,653	\$ 4,088,931	\$ 3,932,080	\$ 4,040,090	\$ 4,021,910	\$ 3,807,630	\$ 3,994,140
Contribution as a percentage of covered-employee payroll	12.23%	11.43%	10.24%	9.05%	7.84%	7.57%	7.43%	10.22%	10.41%	10.48%

Pension schedules in the required supplementary information are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

GRAHAM COUNTY, NORTH CAROLINA
Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Ten Fiscal Years *

Schedule A-3

Registers' of Deeds Supplemental Pension Fund

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) (%)	0.3058%	0.2482%	0.1970%	0.0960%	0.0762%	0.0694%	0.0680%	0.6310%	6.7200%	6.7200%
County's proportion of the net pension liability (asset) (\$)	\$ (40,493)	\$ (47,687)	\$ (45,148)	\$ (18,952)	\$ (12,621)	\$ (11,844)	\$ (12,778)	\$ (14,611)	\$ (15,236)	\$ (14,288)
Plan fiduciary net position as a percentage of the total pension liability	153.31%	156.53%	173.62%	164.11%	153.31%	153.77%	160.17%	197.29%	193.88%	190.50%

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

Pension schedules in the required supplementary information are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

GRAHAM COUNTY, NORTH CAROLINA
Schedule of Contributions to Registers of Deeds' Supplemental Pension Fund
Required Supplementary Information
Last Ten Fiscal Years

Schedule A-4

Registers' of Deeds Supplemental Pension Fund

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,690	\$ 3,506	\$ 2,979	\$ 1,886	\$ 912	\$ 597	\$ 600	\$ 565	\$ 556	\$ 549
Contributions in relation to the contractually required contribution	<u>3,690</u>	<u>3,506</u>	<u>2,979</u>	<u>1,886</u>	<u>912</u>	<u>597</u>	<u>600</u>	<u>565</u>	<u>556</u>	<u>549</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Pension schedules in the required supplementary information are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

GRAHAM COUNTY, NORTH CAROLINA
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
For the Year Ended June 30, 2023

Schedule A-5

Law Enforcement Officers' Special Separation Allowance

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 68,012	\$ 114,456	\$ 35,755	\$ 42,963	\$ 53,279	\$ 54,874	\$ 45,225
Service cost	23,828	14,441	9,471	7,253	10,084	8,833	9,590
Interest on the total pension liability	1,530	2,209	1,166	1,564	1,684	2,118	1,615
Differences between expected and actual	(28,109)	(60,781)	19,395	(17,420)	(19,346)	(20,226)	-
Changes of assumptions or other inputs	(16,529)	(2,313)	48,669	1,395	(2,738)	7,680	(1,556)
Benefit payments	-	-	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 48,732</u>	<u>\$ 68,012</u>	<u>\$ 114,456</u>	<u>\$ 35,755</u>	<u>\$ 42,963</u>	<u>\$ 53,279</u>	<u>\$ 54,874</u>

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

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

GRAHAM COUNTY, NORTH CAROLINA
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
For the Year Ended June 30, 2023

Schedule A-6

Law Enforcement Officers' Special Separation Allowance

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 48,732	\$ 68,012	\$ 114,456	\$ 35,755	\$ 42,963	\$ 53,279	\$ 54,874
Covered payroll	835,768	560,896	519,819	340,160	413,888	480,234	483,289
Total pension liability as a percentage of covered payroll	5.83%	12.13%	22.02%	10.51%	10.38%	11.09%	11.35%

Notes to the Schedules:

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

This schedule is intended to show information for ten years.

Additional years' information will be displayed as it becomes available.

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GRAHAM COUNTY, NORTH CAROLINA
Schedule of Revenues, Expenditures, and Changes in Fund Balances
General Fund - Consolidated
For the Fiscal Year Ended June 30, 2023

Schedule 1

	2023			
	General Fund	Revaluation Fund	Eliminations	Total
Revenues:				
Ad valorem taxes	\$ 7,996,528	\$ -	\$ -	\$ 7,996,528
Local option sales taxes	3,390,465	-	-	3,390,465
Other taxes and licenses	58,223	-	-	58,223
Unrestricted intergovernmental	972,690	-	-	972,690
Restricted governmental	4,656,799	-	-	4,656,799
Other restricted revenues	265,970	-	-	265,970
Permits and fees	292,044	-	-	292,044
Sales and services	1,728,290	-	-	1,728,290
Investment earnings	75,472	31	-	75,503
Miscellaneous	60,102	-	-	60,102
Total Revenues	<u>19,496,583</u>	<u>31</u>	<u>-</u>	<u>19,496,614</u>
Expenditures				
Current:				
General government	4,752,981	114,953	-	4,867,934
Public safety	7,999,897	-	-	7,999,897
Economic and physical development	161,361	-	-	161,361
Human services	5,888,480	-	-	5,888,480
Cultural and recreational	693,242	-	-	693,242
Intergovernmental:				
Education	1,510,120	-	-	1,510,120
Special appropriations	286,960	-	-	286,960
Debt service:				
Principal	812,558	-	-	812,558
Interest	174,319	-	-	174,319
Total Expenditures	<u>22,279,918</u>	<u>114,953</u>	<u>-</u>	<u>22,394,871</u>
Revenues over (under) expenditures	<u>(2,783,335)</u>	<u>(114,922)</u>	<u>-</u>	<u>(2,898,257)</u>
Other Financing Sources (Uses)				
Transfers in	172,429	85,000	(85,000)	172,429
Transfers out	(765,266)	-	85,000	(680,266)
Lease liabilities issued	157,647	-	-	157,647
IT subscription agreements	276,271	-	-	276,271
Total other financing sources (uses)	<u>(158,919)</u>	<u>85,000</u>	<u>-</u>	<u>(73,919)</u>
Fund balance appropriated (additions)	-	-	-	-
Net change in fund balance	<u>(2,942,254)</u>	<u>(29,922)</u>	<u>\$ -</u>	<u>(2,972,176)</u>
Fund balance, beginning	9,876,087	41,752		9,917,839
Prior period adjustment	402,717	-		402,717
Fund balance, ending	<u>\$ 7,336,550</u>	<u>\$ 11,830</u>		<u>\$ 7,348,380</u>

GRAHAM COUNTY, NORTH CAROLINA

Schedule 2

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2023

	2023		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Ad valorem taxes:			
Current year taxes	\$ 639,000	\$ 672,930	\$ 33,930
Prior year taxes	6,997,458	7,253,303	255,845
Penalties and interest	263,290	70,295	(192,995)
Total	<u>7,899,748</u>	<u>7,996,528</u>	<u>96,780</u>
Local option sales tax			
Local option sales tax	3,360,880	3,390,465	29,585
Total	<u>3,360,880</u>	<u>3,390,465</u>	<u>29,585</u>
Other taxes and licenses			
Register of deeds - excise tax	67,143	55,281	(11,862)
Cable franchise fees	3,100	2,942	(158)
Total	<u>70,243</u>	<u>58,223</u>	<u>(12,020)</u>
Unrestricted intergovernmental:			
Payments in lieu of taxes	840,015	972,690	132,675
Total	<u>840,015</u>	<u>972,690</u>	<u>132,675</u>
Restricted intergovernmental:			
State grants	4,714,360	3,582,206	(1,132,154)
Federal grants	1,490,473	978,669	(511,804)
Local grants	3,600	-	(3,600)
Court facility fees	-	297	297
Scrap tire disposal fee	9,100	1,836	(7,264)
Solid waste disposal tax	7,500	7,700	200
Controlled substance tax	24,000	4,743	(19,257)
White goods disposal fee	3,000	866	(2,134)
Enhanced medicaid and continuous coverage	80,482	80,482	-
Total	<u>6,332,515</u>	<u>4,656,799</u>	<u>(1,675,716)</u>
Other restricted revenues:			
Private grants and contributions	425,266	265,970	(159,296)
Total	<u>425,266</u>	<u>265,970</u>	<u>(159,296)</u>
Permits and fees:			
Building permits	71,974	62,759	(9,215)
Register of deeds	185,639	213,255	27,616
Health department well permits	10,000	16,030	6,030
Total	<u>\$ 267,613</u>	<u>\$ 292,044</u>	<u>\$ 24,431</u>

GRAHAM COUNTY, NORTH CAROLINA

Schedule 2

General Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2023
(Continued)**

	2023		
	Budget	Actual	Variance Positive (Negative)
Sales and services:			
Rents, concessions, and fees	\$ 1,271,143	\$ 825,944	\$ (445,199)
Jail fees	9,300	26,395	17,095
Ambulance fees	546,700	729,282	182,582
Home health	20,000	26,741	6,741
Tipping fees	85,000	68,014	-
Recycling revenue	19,000	8,646	-
Sheriff fees	45,000	43,268	(1,732)
Total	<u>\$ 1,996,143</u>	<u>\$ 1,728,290</u>	<u>\$ (267,853)</u>
Other revenues:			
Investment earnings	\$ 28,916	\$ 75,472	\$ 46,556
Miscellaneous	28,400	60,102	31,702
Total	<u>57,316</u>	<u>135,574</u>	<u>78,258</u>
Total revenues	<u>21,249,739</u>	<u>19,496,583</u>	<u>(1,753,156)</u>
Expenditures:			
General government:			
Governing body	\$ 950,791	\$ 1,330,732	\$ 379,941
Administration	552,122	519,635	(32,487)
Board of elections	233,327	203,325	(30,002)
Finance	378,962	340,817	(38,145)
Tax assessor	149,916	152,831	2,915
Tax collector	128,916	135,267	6,351
Tax mapping	71,691	29,535	(42,156)
Register of deeds	283,956	438,006	154,050
Public buildings	332,948	343,198	10,250
Building custodial services	324,990	291,056	(33,934)
Vehicle maintenace	55,382	62,279	6,897
Computer support	354,326	519,335	165,009
Grounds maintenance	78,844	100,536	21,692
Cemetery	288,535	285,534	(3,001)
Project manager	2,816	895	(1,921)
Total	<u>4,187,522</u>	<u>4,752,981</u>	<u>565,459</u>
Public safety:			
Sheriff	2,354,870	2,395,740	40,870
Jail	1,276,604	1,258,281	(18,323)
Ambulance service	1,998,833	1,783,367	(215,466)
District court	10,500	5,708	(4,792)
Emergency management	101,365	108,322	6,957
Community paramedicine	80,290	80,917	627
Communications	601,362	641,450	40,088
Sanitation	1,166,501	1,108,847	(57,654)
EMS billing	33,000	39,821	6,821
Contributions to NC Forest Service	63,520	53,885	(9,635)
Contributions to rescue and fire	543,634	523,559	(20,075)
Total	<u>\$ 8,230,479</u>	<u>\$ 7,999,897</u>	<u>\$ (230,582)</u>

**GRAHAM COUNTY, NORTH CAROLINA
General Fund**

Schedule 2

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2023
(Continued)**

	2023		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Economic and physical development:			
County planner	\$ 79,385	\$ 10,321	\$ (69,064)
Building inspector	138,568	145,476	6,908
Capital outlay	7,000	-	(7,000)
EDC small grants	12,000	-	(12,000)
Southwestern commission	6,500	5,564	(936)
Total	<u>243,453</u>	<u>161,361</u>	<u>(82,092)</u>
Human services:			
Health department:			
Communicable diseases	117,497	33,774	(83,723)
Child health	53,138	68,097	14,959
Maternal health	35,128	24,368	(10,760)
TB	5,016	6,627	1,611
Family planning	65,662	70,915	5,253
Healthy communities	51,735	63,817	12,082
Environmental health	131,948	176,461	44,513
HIV/STD	11,290	6,158	(5,132)
Breast cervical cancer prevention	21,786	21,967	181
Dental	496,453	559,948	63,495
Child service coordination	-	1,482	1,482
General health	156,010	145,440	(10,570)
Immunization action plan IAP5.278	60,304	54,383	(5,921)
Smart start	-	4,854	4,854
WIC	58,706	68,129	9,423
Health department food and lodging	40,528	5,669	(34,859)
Adult health	133,862	170,589	36,727
Dogwood health trust opioid grant	149,404	152,995	3,591
CLC	65,081	75,213	10,132
Bioterrorism grant	35,579	33,095	(2,484)
CAP	140,699	134,725	(5,974)
Youth mental health	70,901	70,901	-
Urgent care project	194,499	89,713	(104,786)
Health services contingency	-	996	996
COVID-19 crisis response	-	16,063	16,063
Total	<u>2,095,226</u>	<u>2,056,379</u>	<u>(38,847)</u>
Veteran service officer	<u>\$ -</u>	<u>\$ 205</u>	<u>\$ 205</u>

**GRAHAM COUNTY, NORTH CAROLINA
General Fund**

Schedule 2

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2023
(Continued)**

	2023		Variance Positive (Negative)
	Budget	Actual	
Social services:			
Administration	\$ 1,930,511	\$ 1,833,014	\$ (97,497)
Social service public assistance	616,296	466,824	(149,472)
Total	<u>2,546,807</u>	<u>2,299,838</u>	<u>(246,969)</u>
Senior Citizens program	<u>617,942</u>	<u>570,702</u>	<u>(47,240)</u>
Transit	<u>996,635</u>	<u>961,356</u>	<u>(35,279)</u>
Total	<u>6,256,610</u>	<u>5,888,480</u>	<u>(368,130)</u>
Cultural and recreational:			
4-H	15,000	2,560	(12,440)
Agriculture extension	108,282	96,155	(12,127)
Soil and water	101,976	83,913	(18,063)
Recreation	302,058	237,383	(64,675)
Swimming pool	195,415	183,741	(11,674)
Contributions to regional library	89,490	89,490	-
Total	<u>812,221</u>	<u>693,242</u>	<u>(118,979)</u>
Education:			
Public schools:			
Current	1,263,000	1,263,000	-
Timber receipts title III	30,000	-	(30,000)
SRS USFS timber	120,000	121,596	1,596
Tri-county community college	125,524	125,524	-
Total	<u>\$ 1,538,524</u>	<u>\$ 1,510,120</u>	<u>\$ (28,404)</u>

GRAHAM COUNTY, NORTH CAROLINA

Schedule 2

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2023

(Continued)

	2023		Variance Positive (Negative)
	Budget	Actual	
Special appropriations:			
Contributions:			
JCPC	\$ 73,541	\$ 127,603	\$ 54,062
Regional mental health	6,000	6,000	-
State of Franklin	4,000	4,000	-
Other special appropriations	136,000	149,357	13,357
Total	<u>219,541</u>	<u>286,960</u>	<u>67,419</u>
Debt Service:			
Principal	776,420	812,558	36,138
Interest	135,228	174,319	39,091
Total	<u>911,648</u>	<u>986,877</u>	<u>75,229</u>
Total expenditures	<u>22,399,998</u>	<u>22,279,918</u>	<u>(120,080)</u>
Revenues over (under) expenditures	<u>(1,150,259)</u>	<u>(2,783,335)</u>	<u>(1,633,076)</u>
Other financing sources (uses):			
Appropriated fund balance	-	-	-
Lease obligations issued	-	157,647	157,647
IT subscription agreements	962,750	276,271	(686,479)
Transfers to other funds	(884,130)	(765,266)	118,864
Transfers from other funds	160,275	172,429	12,154
Total	<u>238,895</u>	<u>(158,919)</u>	<u>(397,814)</u>
Fund balance appropriated	<u>911,364</u>	<u>-</u>	<u>(911,364)</u>
Net change in fund balance	<u>\$ -</u>	<u>(2,942,254)</u>	<u>\$ (2,942,254)</u>
Fund balance, beginning, as previously reported		9,876,087	
Prior period restatement		402,717	
Fund balance, beginning		<u>10,278,804</u>	
Fund balance, ending		<u>\$ 7,336,550</u>	

Revaluation Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2023**

	2023		
	Budget	Actual	Variance Over/Under
Revenues:			
Investment earnings	\$ -	\$ 31	\$ 31
Total revenues	<u>-</u>	<u>31</u>	<u>31</u>
Expenditures:			
General government:			
Contracted services	302,500	114,790	(187,710)
Other operating expenditures	2,500	163	(2,337)
Total expenditures	<u>305,000</u>	<u>114,953</u>	<u>(190,047)</u>
Revenues over (under) expenditures	<u>(305,000)</u>	<u>(114,922)</u>	<u>190,078</u>
Other Financing Sources (Uses)			
Transfers from other funds	85,000	85,000	-
Total other financing sources (uses)	<u>85,000</u>	<u>85,000</u>	<u>-</u>
Fund balance appropriated	220,000	-	(220,000)
Net change in fund balance	<u>\$ -</u>	<u>(29,922)</u>	<u>\$ (29,922)</u>
Fund balance, beginning		<u>41,752</u>	
Fund balance, ending		<u>\$ 11,830</u>	

GRAHAM COUNTY, NORTH CAROLINA

Schedule 4

American Recovery Grant Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

From Inception and For the Fiscal Year Ended June 30, 2023

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Restricted intergovernmental					
Coronavirus state and local fiscal recovery funds	\$ 1,639,565	\$ 737,455	\$ 55,748	\$ 793,203	\$ (846,362)
Investment earnings	-	367	2,218	2,585	2,585
Total revenues	<u>1,639,565</u>	<u>737,822</u>	<u>57,966</u>	<u>795,788</u>	<u>(843,777)</u>
Expenditures:					
Public safety					
Salaries and employee benefits	1,148,780	553,469	-	553,469	595,311
Total expenditures	<u>1,148,780</u>	<u>553,469</u>	<u>-</u>	<u>553,469</u>	<u>595,311</u>
Other Financing Sources (Uses)					
Transfer to other funds	(490,785)	(183,986)	(55,748)	(239,734)	251,051
Total other financing sources (uses)	<u>(490,785)</u>	<u>(183,986)</u>	<u>(55,748)</u>	<u>(239,734)</u>	<u>251,051</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 367</u>	2,218	<u>\$ 2,585</u>	<u>\$ 2,585</u>
Fund balance, beginning			367		
Fund balance, ending			<u>\$ 2,585</u>		

GRAHAM COUNTY, NORTH CAROLINA

Schedule 5

Justice Center Capital Project Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2023**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Restricted intergovernmental					
State construction and infrastructure (SCIF)	\$ 5,000,000	\$ -	\$ 374,313	\$ 374,313	\$ 4,625,687
Investment earnings	-	7,427	184,394	191,821	191,821
Total revenues	<u>5,000,000</u>	<u>7,427</u>	<u>558,707</u>	<u>191,821</u>	<u>191,821</u>
Expenditures:					
Capital outlay					
Construction	5,000,000	-	374,313	374,313	4,625,687
Total expenditures	<u>5,000,000</u>	<u>-</u>	<u>374,313</u>	<u>374,313</u>	<u>4,625,687</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 7,427</u>	184,394	<u>\$ (182,492)</u>	<u>\$ 4,817,508</u>
Fund balance, beginning			<u>7,427</u>		
Fund balance, ending			<u>\$ 191,821</u>		

GRAHAM COUNTY, NORTH CAROLINA

Schedule 6

Public Buildings Capital Project Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2023

	Project Authorization	Actual		Variance Positive (Negative)
		Prior Years	Current Year	
Revenues:				
Restricted intergovernmental				
Investment earnings	\$ -	\$ 29,206	\$ 114,460	\$ 143,666
Total revenues	-	29,206	114,460	143,666
Expenditures:				
Capital outlay				
Human services				
Engineering and construction	2,500,000	1,286,368	-	1,213,632
General government				
Planning, engineering, and construction	845,000	408,291	408,499	28,210
Total expenditures	3,345,000	1,694,659	408,499	1,241,842
Other Financing Sources (Uses)				
Transfer from other funds	845,000	1,498,067	237,413	890,480
Transfer to other funds	-	-	(111,681)	(111,681)
Installment purchase proceeds	2,500,000	987,000	-	(1,513,000)
Total other financing sources (uses)	3,345,000	2,485,067	125,732	(734,201)
Net change in fund balance	\$ -	\$ 819,614	(168,307)	\$ 651,307
Fund balance, beginning			3,507,686	
Fund balance, ending			\$ 3,339,379	

GRAHAM COUNTY, NORTH CAROLINA
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

Schedule 7

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 105,651	\$ -	\$ 105,651
Restricted cash and cash equivalents	557,611	541,254	1,098,865
Accounts receivable, net	5,334	-	5,334
Due from other governments	3,508	118,111	121,619
Due from other funds	168,859	-	168,859
Total assets	\$ 840,963	\$ 659,365	\$ 1,500,328
LIABILITIES			
Accounts payable and accrued liabilities	\$ 2,268	\$ -	\$ 2,268
Due to other governments	1,192	-	1,192
Unearned revenue	153,197	500,000	653,197
Total liabilities	156,657	500,000	656,657
FUND BALANCES			
Restricted			
Stabilization by state statute	177,701	111,115	288,816
Public safety	232,068	-	232,068
Economic and physical development	170,697	48,250	218,947
Human services	103,551	-	103,551
Unassigned	289	-	289
Total fund balances	684,306	159,365	843,671
Total liabilities and fund balances	\$ 840,963	\$ 659,365	\$ 1,500,328

GRAHAM COUNTY, NORTH CAROLINA

Schedule 8

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

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Restricted intergovernmental	\$ 439,990	\$ 1,626,725	\$ 2,066,715
Sales and services	10,754	-	10,754
Investment earnings	829	459	1,288
	<u> </u>	<u> </u>	<u> </u>
Total revenues	451,573	1,627,184	2,078,757
	<u> </u>	<u> </u>	<u> </u>
EXPENDITURES			
General government	9,985	-	9,985
Public safety	85,473	-	85,473
Human services	390,077	-	390,077
Economic and physical development	-	302,174	302,174
Capital outlay	-	1,742,687	1,742,687
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	485,535	2,044,861	2,530,396
	<u> </u>	<u> </u>	<u> </u>
Excess (deficiency) of revenues over expenditures	<u>(33,962)</u>	<u>(417,677)</u>	<u>(451,639)</u>
	<u> </u>	<u> </u>	<u> </u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	4,476	433,378	437,854
	<u> </u>	<u> </u>	<u> </u>
Total other financing sources (uses)	4,476	433,378	437,854
	<u> </u>	<u> </u>	<u> </u>
Net changes in fund balances	(29,486)	15,701	(13,785)
	<u> </u>	<u> </u>	<u> </u>
Fund balance, beginning, as previously reported	710,815	143,664	854,479
Prior period restatement	2,977	-	2,977
Fund balance, beginning	713,792	143,664	857,456
	<u> </u>	<u> </u>	<u> </u>
Fund balances, ending	<u>\$ 684,306</u>	<u>\$ 159,365</u>	<u>\$ 843,671</u>

GRAHAM COUNTY, NORTH CAROLINA
Combining Balance Sheet
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2023

Schedule 9

	Emergency Telephone System Fund	Economic Development Fund	Opioid Settlement Fund	Representative Payee Fund	Deed of Trust Fund	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 104,459	\$ 1,192	\$ 105,651
Restricted cash and cash equivalents	233,428	170,697	153,486	-	-	557,611
Accounts receivable, net	5,334	-	-	-	-	5,334
Due from other governments	3,508	-	-	-	-	3,508
Due from other funds	168,859	-	-	-	-	168,859
	<u>411,129</u>	<u>170,697</u>	<u>153,486</u>	<u>104,459</u>	<u>1,192</u>	<u>840,963</u>
Total assets	<u>\$ 411,129</u>	<u>\$ 170,697</u>	<u>\$ 153,486</u>	<u>\$ 104,459</u>	<u>\$ 1,192</u>	<u>\$ 840,963</u>
LIABILITIES						
Accounts payable and accrued liabilities	\$ 1,360	\$ -	\$ -	\$ 908	\$ -	\$ 2,268
Due to other governments	-	-	-	-	1,192	1,192
Unearned revenue	-	-	153,197	-	-	153,197
Total liabilities	<u>1,360</u>	<u>-</u>	<u>153,197</u>	<u>908</u>	<u>1,192</u>	<u>156,657</u>
FUND BALANCES						
Restricted						
Stabilization by state statue	177,701	-	-	-	-	177,701
Public safety	232,068	-	-	-	-	232,068
Economic and physical development	-	170,697	-	-	-	170,697
Human services	-	-	-	103,551	-	103,551
Unassigned	-	-	289	-	-	289
Total fund balances	<u>409,769</u>	<u>170,697</u>	<u>289</u>	<u>103,551</u>	<u>-</u>	<u>684,306</u>
Total liabilities and fund balances	<u>\$ 411,129</u>	<u>\$ 170,697</u>	<u>\$ 153,486</u>	<u>\$ 104,459</u>	<u>\$ 1,192</u>	<u>\$ 840,963</u>

GRAHAM COUNTY, NORTH CAROLINA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2023

Schedule 10

	Emergency Telephone System Fund	Economic Development Fund	Opioid Settlement Fund	Representative Payee Fund	Deed of Trust Fund	Total
REVENUES						
Restricted intergovernmental	\$ 58,677	\$ -	\$ -	\$ 381,313	\$ -	\$ 439,990
Sales and services	-	769	-	-	9,985	10,754
Investment earnings	324	216	289	-	-	829
Total revenues	<u>59,001</u>	<u>985</u>	<u>289</u>	<u>381,313</u>	<u>9,985</u>	<u>451,573</u>
EXPENDITURES						
General government	-	-	-	-	9,985	9,985
Public safety	85,473	-	-	-	-	85,473
Human services	-	-	-	390,077	-	390,077
Total expenditures	<u>85,473</u>	<u>-</u>	<u>-</u>	<u>390,077</u>	<u>9,985</u>	<u>485,535</u>
Excess (deficiency) of revenues over expenditures	<u>(26,472)</u>	<u>985</u>	<u>289</u>	<u>(8,764)</u>	<u>-</u>	<u>(33,962)</u>
OTHER FINANCING SOURCES (USES)						
Transfers from other funds	4,476	-	-	-	-	4,476
Total other financing sources (uses)	<u>4,476</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,476</u>
Net change in fund balance	(21,996)	985	289	(8,764)	-	(29,486)
Fund balance, beginning, as previously reported	428,788	169,712	-	112,315	-	710,815
Prior period restatement	2,977	-	-	-	-	2,977
Fund balance, beginning	<u>431,765</u>	<u>169,712</u>	<u>-</u>	<u>112,315</u>	<u>-</u>	<u>713,792</u>
Fund balances, ending	<u>\$ 409,769</u>	<u>\$ 170,697</u>	<u>\$ 289</u>	<u>\$ 103,551</u>	<u>\$ -</u>	<u>\$ 684,306</u>

Emergency Telephone System Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2023**

	2023		
	Budget	Actual	Variance Over/Under
Revenues:			
Restricted intergovernmental	\$ 64,011	\$ 58,677	\$ (5,334)
Investment earnings	-	324	324
Total revenues	64,011	59,001	(5,010)
Expenditures:			
Public safety	317,451	85,473	(231,978)
Total expenditures	317,451	85,473	(231,978)
Revenues over (under) expenditures	(253,440)	(26,472)	226,968
Other Financing Sources (Uses)			
Transfers from other funds	-	4,476	4,476
Total other financing sources (uses)	-	4,476	4,476
Appropriated fund balance	253,440	-	(253,440)
Net change in fund balance	\$ -	(21,996)	\$ (21,996)
Fund balance, beginning, as previously reported		428,788	
Prior period restatement		2,977	
Fund balance, beginning		431,765	
Fund balance, ending		\$ 409,769	

Economic Development Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2023

	2023		
	Budget	Actual	Variance Over/Under
Revenues:			
Sales and services	\$ -	\$ 769	\$ 769
Investment earnings	12,000	216	(11,784)
Total revenues	12,000	985	(11,015)
Expenditures:			
Economic and physical development			
Other operating expenses	12,000	-	(12,000)
Total expenditures	12,000	-	(12,000)
Revenues over (under) expenditures	-	985	985
Net change in fund balance	\$ -	985	\$ 985
Fund balance, beginning		169,712	
Fund balance, ending		\$ 170,697	

GRAHAM COUNTY, NORTH CAROLINA

Schedule 13

Opioid Settlement Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2023

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Investment earnings	\$ -	\$ -	\$ 289	\$ 289	\$ 289
Total revenues	<u>-</u>	<u>-</u>	<u>289</u>	<u>289</u>	<u>289</u>
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>289</u>	<u>\$ 289</u>	<u>\$ 289</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ 289</u>		

Representative Payee Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2023

	2023		
	Budget	Actual	Variance Over/Under
Revenues:			
Restricted intergovernmental	\$ 450,000	\$ 381,313	\$ (68,687)
Total revenues	450,000	381,313	(68,687)
Expenditures:			
Human services			
Payments made for the benefit of beneficiaries	450,000	390,077	(59,923)
Total expenditures	450,000	390,077	(59,923)
Revenues over (under) expenditures	-	(8,764)	(8,764)
Net change in fund balance	\$ -	(8,764)	\$ (8,764)
Fund balance, beginning		112,315	
Fund balance, ending		\$ 103,551	

Deed of Trust Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2023

	2023		Variance Over/Under
	Budget	Actual	
Revenues:			
Permits and fees			
Register of deeds	\$ 10,000	\$ 9,985	\$ (15)
Total revenues	10,000	9,985	(15)
Expenditures:			
General government			
Payments of fees collected to the State of North Carolina	10,000	9,985	(15)
Total expenditures	10,000	9,985	(15)
Revenues over (under) expenditures	-	-	-
Net change in fund balance	\$ -	-	\$ -
Fund balance, beginning		-	
Fund balance, ending		\$ -	

GRAHAM COUNTY, NORTH CAROLINA
Combining Balance Sheet
Nonmajor Capital Project Funds
For the Fiscal Year Ended June 30, 2023

Schedule 16

	NC Neighborhood Program Grant Projects Fund	School Capital Projects Fund	Total
ASSETS			
Restricted cash and cash equivalents	\$ 521,504	\$ 19,750	\$ 541,254
Due from other governments	26,746	91,365	118,111
Total assets	<u>548,250</u>	<u>111,115</u>	<u>659,365</u>
LIABILITIES			
Unearned revenue	500,000	-	500,000
Total liabilities	<u>500,000</u>	<u>-</u>	<u>500,000</u>
FUND BALANCES			
Restricted			
Stabilization by state statute	-	111,115	111,115
Economic and physical development	48,250	-	48,250
Total fund balances	<u>48,250</u>	<u>111,115</u>	<u>159,365</u>
Total liabilities and fund balances	<u>\$ 548,250</u>	<u>\$ 111,115</u>	<u>\$ 659,365</u>

GRAHAM COUNTY, NORTH CAROLINA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Project Funds
For the Fiscal Year Ended June 30, 2023

Schedule 17

	NC Neighborhood Program Grant Projects Fund	School Capital Projects Fund	Total
REVENUES			
Restricted intergovernmental	\$ 302,174	\$ 1,324,551	\$ 1,626,725
Investment earnings	459	-	459
Total revenues	<u>302,633</u>	<u>1,324,551</u>	<u>1,627,184</u>
EXPENDITURES			
Economic and community development	302,174	-	302,174
Capital outlay	-	1,742,687	1,742,687
Total expenditures	<u>302,174</u>	<u>1,742,687</u>	<u>2,044,861</u>
Excess (deficiency) of revenues over expenditures	<u>459</u>	<u>(418,136)</u>	<u>(417,677)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	433,378	433,378
Total other financing sources (uses)	<u>-</u>	<u>433,378</u>	<u>433,378</u>
Net change in fund balance	459	15,242	15,701
Fund balances, beginning	<u>47,791</u>	<u>95,873</u>	<u>143,664</u>
Fund balances, ending	<u><u>\$ 48,250</u></u>	<u><u>\$ 111,115</u></u>	<u><u>\$ 159,365</u></u>

GRAHAM COUNTY, NORTH CAROLINA

Schedule 18

NC Neighborhood Program Grant Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

From Inception and For the Fiscal Year Ended June 30, 2023

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Restricted intergovernmental					
Community development block grant					
Neighborhood revitalization program	\$ 750,000	\$ 45,932	\$ 63,216	\$ 109,148	\$ (640,852)
Coronavirus (CDBG-CV) program	900,000	284,785	238,958	523,743	(376,257)
Investment earnings	-	60	459	519	519
Total revenues	<u>1,650,000</u>	<u>330,777</u>	<u>302,633</u>	<u>633,410</u>	<u>(1,016,590)</u>
Expenditures:					
Economic and physical development					
Neighborhood revitalization program	750,000	45,932	15,508	61,440	688,560
Coronavirus (CDBG-CV) program	900,000	284,785	286,666	571,451	328,549
Total expenditures	<u>1,650,000</u>	<u>330,717</u>	<u>302,174</u>	<u>632,891</u>	<u>1,017,109</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 60</u>	459	<u>\$ 519</u>	<u>\$ 519</u>
Fund balance, beginning			<u>47,791</u>		
Fund balance, ending			<u>\$ 48,250</u>		

GRAHAM COUNTY, NORTH CAROLINA

Schedule 19

School Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2023

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Restricted intergovernmental					
Needs-based public school capital fund	\$ 3,909,968	\$ 2,533,928	\$ 1,324,551	\$ 3,858,479	\$ (51,489)
Total revenues	<u>3,909,968</u>	<u>2,533,928</u>	<u>1,324,551</u>	<u>3,858,479</u>	<u>(51,489)</u>
Expenditures:					
Capital outlay					
Intergovernmental - education					
Architecture, engineering, and construction	5,197,468	3,340,894	1,742,687	5,083,581	113,887
Total expenditures	<u>5,197,468</u>	<u>3,340,894</u>	<u>1,742,687</u>	<u>5,083,581</u>	<u>113,887</u>
Other Financing Sources (Uses)					
Transfer from other funds	1,287,500	898,739	433,378	1,332,117	44,617
Total other financing sources (uses)	<u>1,287,500</u>	<u>898,739</u>	<u>433,378</u>	<u>1,332,117</u>	<u>44,617</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 91,773</u>	15,242	<u>\$ 107,015</u>	<u>\$ 107,015</u>
Fund balance, beginning			<u>95,873</u>		
Fund balance, ending			<u>\$ 111,115</u>		

GRAHAM COUNTY, NORTH CAROLINA
Combining Statement of Fiduciary Net Position
Custodial Funds
For the Year Ended June 30, 2023

Schedule 20

	<u>Municipal Tax Fund</u>	<u>Jail Inmate Pay Fund</u>	<u>4-H Club Fund</u>	<u>Total Custodial Funds</u>
Assets:				
Cash and cash equivalents	\$ -	\$ 511	\$ 6,720	\$ 7,231
Accounts receivable, net	331	-	-	331
Total assets	<u>\$ 331</u>	<u>\$ 511</u>	<u>\$ 6,720</u>	<u>\$ 7,562</u>
Liabilities:				
Due to others	\$ -	\$ -	\$ 6,720	\$ 6,720
Due to other governments	331	-	-	331
Total liabilities	<u>331</u>	<u>-</u>	<u>6,720</u>	<u>7,051</u>
Net Position:				
Restricted for:				
Individuals, organizations, and other governments	-	511	-	511
Total net position	<u>-</u>	<u>511</u>	<u>-</u>	<u>511</u>
Total liabilities and net position	<u>\$ 331</u>	<u>\$ 511</u>	<u>\$ 6,720</u>	<u>\$ 7,562</u>

GRAHAM COUNTY, NORTH CAROLINA
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended June 30, 2023

Schedule 21

	<u>Municipal Tax Fund</u>	<u>Jail Inmate Pay Fund</u>	<u>4-H Club Fund</u>	<u>Total Custodial Funds</u>
Revenues:				
Ad valorem taxes collected for other governments	\$ 584,549	\$ -	\$ -	\$ 584,549
Collection on behalf of inmates	-	3,049	-	3,049
Collection on behalf of 4-H Club	-	-	2,761	2,761
Total revenues	<u>584,549</u>	<u>3,049</u>	<u>2,761</u>	<u>590,359</u>
Expenditures:				
Tax distributions to other governments	584,549	-	-	584,549
Payments on behalf of inmates	-	3,103	-	3,103
Payments on behalf of 4-H Club	-	-	2,761	2,761
Total expenditures	<u>584,549</u>	<u>3,103</u>	<u>2,761</u>	<u>590,413</u>
Net change in fiduciary net position	-	(54)	-	(54)
Net position, beginning	<u>-</u>	<u>565</u>	<u>-</u>	<u>565</u>
Net position, ending	<u>\$ -</u>	<u>\$ 511</u>	<u>\$ -</u>	<u>\$ 511</u>

GRAHAM COUNTY, NORTH CAROLINA
Travel and Tourism Authority
Discretely Presented Component Unit
Supplemental Balance Sheet
June 30, 2023

Schedule 22

	General
Assets:	
Cash and cash equivalents	\$ 313,304
Investments	354,382
Restricted cash and cash equivalents	16,531
Restricted investments	136,690
Accounts receivable, net	54,870
Due from other governments	1,722
Total assets	\$ 877,499
 Liabilities and Fund Balances:	
Liabilities:	
Accounts payable and accrued liabilities	\$ 8,412
Due to primary government	8,084
Total liabilities	16,496
 Fund Balances:	
Restricted:	
Stabilization by state statute	56,592
Committed:	
Capital reserve	153,221
Unassigned:	
Total fund balance	651,190
Total liabilities and fund balances	\$ 877,499

Amounts reported for the Travel and Tourism Authority in the statement of net position (exhibit 1) are different because:

Total fund balance, Travel and Tourism Authority	\$ 861,003
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	117,814
Right to use assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	-
Some liabilities are not due and payable in the current period and, therefore, not reported in the funds.	(65,376)
Net position of Travel and Tourism Authority	\$ 913,441

Travel and Tourism Authority

Discretely Presented Component Unit

Statement of Revenues, Expenditures, and Changes in Fund Balance

For the Fiscal Year Ended June 30, 2023

	<u>General</u>
Revenues:	
Occupancy tax	\$ 475,926
Investment earnings	6,938
Miscellaneous income	<u>8,086</u>
Total revenues	<u>490,950</u>
Expenditures:	
Culture and recreation:	
Tourism promotion and development	391,371
Administrative expenses	6,195
Debt service:	
Principal retirement	6,997
Interest and other charges	<u>2,168</u>
Total expenditures	<u>406,731</u>
Net change in fund balance	84,219
Fund balance, beginning	<u>776,784</u>
Fund balance, ending	<u><u>\$ 861,003</u></u>
Reconciliation from budgetary basis (modified accrual) to full accrual:	
Net change in fund balance	\$ 84,219
Reconciling items:	
Capital outlay	32,000
Depreciation	(3,601)
Amortization	(7,874)
Principal retirement	6,997
Lease obligations issued	(804)
Decrease (increase) in compensated absences	1,112
Total reconciling items	<u>27,830</u>
Change in net position	<u><u>\$ 112,049</u></u>

GRAHAM COUNTY, NORTH CAROLINA

Schedule 24

Travel and Tourism Authority

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

For the Year Ended June 30, 2023

	2023		
	Final Budget	Actual	Variance Over/Under
Revenues:			
Occupancy tax	\$ 385,000	\$ 475,926	\$ 90,926
Investment earnings	-	6,938	6,938
Miscellaneous income	-	8,086	8,086
Total revenues	385,000	490,950	105,950
Expenditures:			
Culture and recreation:			
Tourism promotion and development	498,027	391,371	106,656
Administrative expenses	18,000	6,195	11,805
Debt service:			
Principal retirement	-	6,997	(6,997)
Interest and other charges	-	2,168	(2,168)
Total expenditures	516,027	406,731	109,296
 Appropriated fund balance	 131,027	 -	 (131,027)
 Revenues and other financing sources over (under) expenditures and other financing uses	 -		 84,219
 Net change in fund balance	 \$ -	 84,219	 \$ 84,219
 Fund balance, beginning		 776,784	
 Fund balance, ending		 \$ 861,003	

GRAHAM COUNTY, NORTH CAROLINA
Rural Development Authority
Balance Sheet
June 30, 2023

Schedule 25

	Major		
	General	Moose Branch Road Capital Project	Total Rural Development Authority Funds
Assets:			
Cash and cash equivalents	\$ 167,933	\$ -	\$ 167,933
Due from other governments	3,627	-	3,627
Due from other funds	44,069	8,536	52,605
Total assets	215,629	8,536	224,165
 Total assets	\$ 215,629	\$ 8,536	\$ 224,165
 Liabilities and Fund Balances:			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -
Due to other funds	8,536	44,069	52,605
Unearned revenue	43,358	-	43,358
Total liabilities	51,894	44,069	95,963
 Fund balances:			
Restricted			
Stabilization by state statute	47,696	-	47,696
Assigned			
Subsequent year's expenditures	-	-	-
Unrestricted	116,039	(35,533)	80,506
Total fund balance	163,735	(35,533)	128,202
 Total liabilities and fund balances	\$ 215,629	\$ 8,536	\$ 224,165

Amounts reported for the Rural Development Authority in the statement of net position (exhibit 1) are different because:

Total fund balance, Rural Development Authority	\$ 128,202
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	611,789
Some liabilities, including bonds payable and other postemployment benefits, are not due and payable in the current period and, therefore, not reported in the funds	
Long-term obligations	(135,067)
Net position of Tourism Development Authority	\$ 604,924

Rural Development Authority

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2023

	<u>Major</u>		Total Rural Development Authority Funds
	<u>General</u>	<u>Moose Branch Road Capital Project Fund</u>	
Revenues:			
Local grants	\$ -	\$ 90,516	\$ 90,516
Investment earnings	247	-	247
Total revenues	<u>247</u>	<u>90,516</u>	<u>90,763</u>
Expenditures:			
Economic development			
Rural development functions	12,066	-	12,066
Capital outlay	-	81,980	81,980
Debt service			
Interest and other charges	5,967	-	5,967
Total expenditures	<u>18,033</u>	<u>81,980</u>	<u>100,013</u>
Net change in fund balance	<u>(17,786)</u>	<u>8,536</u>	<u>(9,250)</u>
Fund balance, beginning	181,521	(44,069)	137,452
Fund balance, ending	<u>\$ 163,735</u>	<u>\$ (35,533)</u>	<u>\$ 128,202</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Net change in fund balance	(17,786)	8,536	(9,250)
Reconciling items:			
Capital outlay	-	81,980	81,980
Total reconciling items	<u>-</u>	<u>81,980</u>	<u>81,980</u>
Change in net position	<u>\$ (17,786)</u>	<u>\$ 90,516</u>	<u>\$ 72,730</u>

GRAHAM COUNTY, NORTH CAROLINA

Schedule 27

Rural Development Authority

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

For the Year Ended June 30, 2023

	<u>2023</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Local grants	\$ -	\$ 90,516	\$ 90,516
Investment earnings	100	247	147
	<hr/>	<hr/>	<hr/>
Total revenues	100	90,763	90,663
	<hr/>	<hr/>	<hr/>
Expenditures:			
Economic development			
Rural development functions	20,125	12,066	(8,059)
Capital outlay	-	81,980	81,980
Debt service			
Interest and other charges	6,000	5,967	(33)
	<hr/>	<hr/>	<hr/>
Total expenditures	26,125	100,013	73,888
	<hr/>	<hr/>	<hr/>
Appropriated fund balance	26,025	-	(26,025)
	<hr/>	<hr/>	<hr/>
Revenues and other financing sources over (under) expenditures and other financing uses	-		(9,250)
	<hr/>		<hr/>
Net change in fund balance	\$ -	(9,250)	\$ (9,250)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Fund balance, beginning		137,452	
		<hr/>	
Fund balance, ending		\$ 128,202	
		<hr/> <hr/>	

OTHER SCHEDULES

Graham County, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2023

Schedule H-1

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2022</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2023</u>
2022-2023	\$ -	\$ 7,987,848	\$ 7,772,526	\$ 215,322
2021-2022	160,936	-	80,319	80,617
2020-2021	83,902	-	29,771	54,131
2019-2020	64,761	-	23,041	41,720
2018-2019	44,283	-	11,738	32,545
2017-2018	29,679	-	6,236	23,443
2016-2017	20,692	-	5,208	15,484
2015-2016	15,678	-	4,136	11,542
2014-2015	12,227	-	3,566	8,661
2013-2014	8,299	-	1,895	6,404
TOTALS	<u>\$ 440,457</u>	<u>\$ 7,987,848</u>	<u>\$ 7,938,436</u>	<u>489,869</u>
				<u>(206,022)</u>
				<u>\$ 283,847</u>
 <u>Reconciliation with revenues:</u>				
				7,996,528
				Ad valorem taxes - General Fund
				Reconciling items:
				Garnishment fees (1,552)
				Interest collected (51,954)
				<u>Total Reconciling Items (53,506)</u>
				<u>\$ 7,943,022</u>
				Total Collections and Credits

Graham County, North Carolina
Analysis of Current Tax Levy
County - Wide Levy
For the Fiscal Year Ended June 30, 2023

Schedule H - 2

	County - wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
	<hr/>				
Original levy:					
Property Taxes at Current Year Rate	\$ 1,169,455,385	0.65%	\$ 7,601,460	\$ 6,964,884	\$ 636,576
Total Original Levy	<u>1,169,455,385</u>		<u>7,601,460</u>	<u>6,964,884</u>	<u>636,576</u>
Discoveries:					
Current year taxes	60,307,692	0.65%	392,000	392,000	-
Total Discoveries	<u>60,307,692</u>		<u>392,000</u>	<u>392,000</u>	<u>-</u>
Abatements					
Current Year Taxes	(863,385)	0.65%	(5,612)	(5,612)	-
Total Abatements	<u>(863,385)</u>		<u>(5,612)</u>	<u>(5,612)</u>	<u>-</u>
Total for Year	<u>\$ 1,228,899,692</u>		7,987,848	7,351,272	636,576
Uncollected taxes at June 30, 2023			<u>215,322</u>	<u>215,322</u>	<u>-</u>
Current year's taxes collected			<u>\$ 7,772,526</u>	<u>\$ 7,135,950</u>	<u>\$ 636,576</u>
Current levy collection percentage			<u>97.30%</u>	<u>97.07%</u>	<u>100.00%</u>

Graham County, North Carolina
Ten Largest Taxpayers
For the Fiscal Year Ended June 30, 2023

Schedule H-3

Taxpayer	Type of Business	Year Ended June 30, 2023		
		Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Brookfield Smoky Mtn Hydro LLC	Commercial	\$ 210,889,630	1	19.68%
Circle G Management LLC	Commercial	\$ 4,816,580	2	0.45%
Phillips Real Estate LLC	Commercial	\$ 3,528,460	3	0.33%
Tapoco Partners LLC	Commercial	\$ 2,834,120	4	0.26%
Snowbird Mountain Lodge	Commercial	\$ 2,505,920	5	0.23%
Britthaven Inc	Commercial	\$ 2,365,330	6	0.22%
MSK Hospitality Inc	Commercial	\$ 2,307,580	7	0.22%
State Employees Credit Union	Commercial	\$ 2,073,150	8	0.19%
Fort Hill Shopping Center	Commercial	\$ 2,005,030	9	0.19%
A 4 Home Center	Commercial	\$ 1,612,960	10	0.15%
		<u>\$ 234,938,760</u>		<u>21.93%</u>

COMPLIANCE SECTION

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

To the Board of County Commissioners
Graham County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Graham County (the County) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 9, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-04 that we consider to be a material weakness and items 2023-01, 2023-02, 2023-03, and 2023-05 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Graham County's Response to Findings

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

Purpose of this Report

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

RH CPAs, PLLC

Greensboro, North Carolina
June 9, 2025

**Independent Auditors' Report On Compliance For Each Major Federal Program;
Report on Internal Control Over Compliance; With OMB Uniform Guidance and
the State Single Audit Implementation Act**

To the Board of County Commissioners
Graham County, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Graham County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Governmental Commission, that could have a direct and material effect on each of Graham County's major federal programs for the year ended June 30, 2023. Graham County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Graham County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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

We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-06 and 2023-07 to be significant deficiencies.

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

Graham County's Response to Findings

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

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

Purpose of this Report

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

RH CPAs, PLLC

Greensboro, North Carolina
June 9, 2025

Independent Auditors' Report On Compliance For Each Major State Program; Report on Internal Control Over Compliance; With OMB Uniform Guidance and the State Single Audit Implementation Act

To the Board of County Commissioners
Graham County, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Graham County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Governmental Commission that could have a direct and material effect on each of Graham County's major state programs for the year ended June 30, 2023. Graham County's major programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Graham County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2023.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *State Single Audit Implementation Act*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Graham County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitation, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

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

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

RH CPAs, PLLC

Greensboro, North Carolina
June 9, 2025



GRAHAM COUNTY, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Internal control over financial reporting:

Material weaknesses identified?	✓	yes	_____	no
Significant deficiency(s) identified that are not considered to be material weaknesses?	✓	yes	_____	none reported
Noncompliance material to financial statements noted	_____	yes	✓	no

Federal Awards

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

Internal control over financial reporting:

Material weaknesses identified?	_____	yes	✓	no
Significant deficiency(s) identified that are not considered to be material weaknesses?	✓	yes	_____	none reported
Noncompliance material to financial statements noted	_____	yes	✓	no

Identification of major Federal program:

CFDA Number	Program Name
21.032	Local Assistance and Tribal Consistency Fund
14.228	Community Development Block Grant Program
93.778	Medicaid Assistance Program

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

Auditee qualified as low-risk auditee? _____ yes ✓ no

GRAHAM COUNTY , NORTH CAROLINA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2023

State Awards

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

Internal control over financial reporting:

Material weaknesses identified?	_____	yes	_____	✓	no
Significant deficiency(s) identified that are not considered to be material weaknesses?	_____	yes	_____	✓	none reported
Noncompliance material to financial statements noted	_____	yes	_____	✓	no

Identification of major state program:

<u>Program Name</u>	
	Public School Building Capital Fund - Needs Based Lottery Proceeds

SECTION II - FINANCIAL STATEMENT FINDINGS

Significant Deficiency

2023-01 Late Submission of Audit

Criteria:

North Carolina General Statute 159-34 requires each unit of local government to have its accounts audited each fiscal year and to submit a copy of the audit report to the Secretary of the Local Government Commission (LGC) within four months after the close of each fiscal year.

Condition:

The County was not able to issue its audit by the due date.

Effect:

The conditions above caused a delay in the issuance of the County's audit report.

Cause:

Significant turnover in the finance department.

Recommendation:

The County finance department should be properly staffed with the appropriate skill level to perform required governmental financial duties. One of those duties is preparing and assisting an external auditor with the required annual audit in the specified time frame.

Views of responsible officials and planned corrective actions:

The Board agrees with this finding and will adhere to the corrective action plan on page 132 of this audit report.

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

Significant Deficiency

2023-02 Prior Period Adjustments

Criteria:

During fiscal year 2023 it was determined that certain transactions in the General fund and Emergency telephone system fund were not properly recorded, resulting in prior period adjustments.

Condition:

Certain transactions in the General Fund and Emergency Telephone System Fund were not properly recorded during the year.

Effect:

Ending fund balance for the General Fund and Emergency Telephone System Fund were both understated in the previous year.

Recommendation:

We encourage management to perform a detailed review of transactions and account balances to ensure all balances are properly presented.

Views of responsible officials and planned corrective actions:

The Board agrees with this finding and will adhere to the corrective action plan on page 133 of this audit report.

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

Significant Deficiency

2023-03 Preparation of Financial Statements

Criteria:

Management is responsible for designing and maintaining a process to ensure transactions and journal entries are processed properly to present accurate financial statements in accordance with generally accepted accounting principles.

Condition:

Due to the significant turnover in the finance department, certain journal entries were not made, or made incorrectly, which required significant adjustments to correct account balances and reflect transactions accurately.

Effect:

Numerous audit adjustments were necessary to properly reflect accounting transactions accurately. Errors or omissions related to journal entries could potentially lead to misstated financial statements.

Cause:

Significant turnover in the finance department during the fiscal year.

Recommendation:

We encourage management to perform a detailed review of transactions and procedures in place to ensure required general ledger postings are made on a monthly basis and at year-end.

Views of responsible officials and planned corrective actions:

The Board agrees with this finding and will adhere to the corrective action plan on page 134 of this audit report.

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

Material Weakness

2023-04 Year-End Closing

Criteria:

The year-end financial statement closing process should be completed in a timely manner to ensure required external reporting deadlines can be met and financial data is readily available to financial statement users.

Condition:

The year-end financial statement closing process was not completed in a timely manner, resulting in delays.

Effect:

The year-end closing process not being completed timely could result in delays in the annual audit and result in financial data not being available to financial statement users.

Cause:

Due to significant turnover in the finance department, the financial statement closing process was not completed timely.

Recommendation:

We encourage management and the Board to hire staff in the finance department and implement a training program to ensure the financial statement closing process can be completed on a timely basis.

Views of responsible officials and planned corrective actions:

The Board agrees with this finding and will adhere to the corrective action plan on page 135 of this audit report.

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

Significant Deficiency

2023-05 Excess of Expenditures over Appropriations

Criteria:

No obligation may be incurred unless the budget resolution includes an appropriation authorizing the obligation and an unencumbered balance remains in the appropriation sufficient to pay in the current fiscal year the sums obligated by the transaction for the current fiscal year.

Condition:

The County reported expenditures within the General Fund that exceeded appropriations in the budget ordinance.

Effect:

The County did not expend funds in accordance with the approved budget.

Cause:

Budget amendments were not adopted to include all expenditures to be incurred in the current year.

Recommendation:

Budget amendments should be adopted to ensure that amounts expended do not exceed those amounts appropriated within the budget ordinance.

Views of responsible officials and planned corrective actions:

The Board agrees with this finding and will adhere to the corrective action plan on page 136 of this audit report.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Significant Deficiency

US Department of Health and Human Services

Passed through the NC Dept. of Health and Human Services

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

CFDA #: 93.778

Finding: 2023-06

Eligibility

Criteria: Medicaid for Aged, Blind and Disabled case records should contain documentation that verifications were done in preparation of the application/recertification and these items will agree to reports in the NC FAST system. In this process, documentation should be present and agree back to the records in the NC FAST system. Any items discovered in the process should be considered in regards to a specific eligibility requirement and explained within the documentation.

Condition: There was one (1) technical error discovered during our procedures that verifications in the County documentation and the representative data contained in NC FAST were not the same amounts or files containing policy requirements were not properly documented to be considered in compliance with program control requirements. The error was as follows: Household composition was keyed incorrectly into NC FAST, resulting in countable income being calculated incorrectly for the participant in NC FAST. No QCs, as this error did not result in the participant receiving a greater or lesser benefit.

Context: We examined 120 Medicaid applicants to re-determine eligibility. These findings were disclosed in a separately issued spreadsheet to the North Carolina Department of Health and Human Services and are being reported with the financial statement audit as it relates to Medicaid administrative cost compliance audit.

Effect: Medicaid benefits are dependent on a variety of factors, some of which include: number of household members, age of household members, and total countable income for the household. Consequently, household composition being keyed incorrectly into NC FAST could result in a participant having been approved for benefits for which they were not eligible.

Cause: Participant information was entered incorrectly into NC FAST.

Recommendation: Upon being entered into NC FAST, participant information should be scanned and reviewed to ensure accuracy.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

Significant Deficiency

US Department of Health and Human Services
Passed through the NC Dept. of Health and Human Services
DSS-0 Crosscutting Requirements
Finding: 2023-07
Internal Control for Information Systems

Criteria: The State of North Carolina's information and information systems are valuable assets that must be protected. Each information asset must be evaluated and classified with protective controls assigned that are commensurate to its established value. Appropriate security measures, including policies and procedures, must be in place to protect all information assets from accidental or unauthorized use, theft, modification, destruction, and to prevent the unauthorized disclosure of restricted information. These measures must ensure the confidentiality (as applicable), integrity, and availability of information assets. Each County DSS Agency, through its management, is required to protect and secure the information assets under its control.

Condition: There were multiple instances noted during our procedures in which confidential participant information was not properly protected and secured to prevent unauthorized use, modification, and theft. The instances were as follows: Personal computers of caseworkers were left unattended while showing confidential participant information.

Context: While on-site at DSS, we performed walkthroughs through 5-10 offices, those of which were vacant at the present time, to ensure the personal computers in those offices left unattended were either locked or logged out, and not showing participant information.

Effect: Personal computers of caseworkers contain confidential information for respective participants. Improper security and protection of this information could result in unauthorized use, modification, and theft- potentially leading to negative consequences for the participant.

Cause: Employees being preoccupied with daily job responsibilities; general human nature.

Recommendation: When leaving personal computers unattended, double-check to make sure computer is either locked or logged off.



CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding: 2023-01 – Late Submission of Audit

Name of Contact Person: Stacy R. Carpenter, Finance Officer

Corrective Action: Graham County to properly staff the finance department with the appropriate skill level to perform required governmental financial duties. These duties include preparing and assisting an external auditor with the required annual audit in the specified time frame.

Proposed Completion Date: Immediately



CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding: 2023-02 – Prior Period Adjustments

Name of Contact Person: Stacy R. Carpenter, Finance Officer

Corrective Action: Graham County management to perform a detailed review of transactions and account balances to ensure all balances are properly presented.

Proposed Completion Date: Immediately



CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2023-03 – Preparation of Financial Statements

Name of Contact Person: Stacy R. Carpenter, Finance Officer

Corrective Action: Graham County management to perform a detailed review of transactions and procedures in place to ensure required general ledger postings are made on a monthly basis and at year-end.

Proposed Completion Date: Immediately



CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2023-04 – Year-End Closing

Name of Contact Person: Stacy R. Carpenter, Finance Officer

Corrective Action: Graham County management and board to hire staff in the finance department and implement a training program to ensure the financial statement closing process can be completed on a timely basis.

Proposed Completion Date: Immediately



CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2023-05 – Excess of Expenditures over Appropriations

Name of Contact Person: Stacy R. Carpenter, Finance Officer

Corrective Action: Graham County to adopt budget amendments to ensure that amounts expended do not exceed those amounts appropriated within the budget ordinance.

Proposed Completion Date: Immediately



**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2023**

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

US Department of Health and Human Services

Passed through NC Department of Health and Human Services

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

CFDA#: 93.778

Finding: 2023-06

Eligibility

Name of Contact Person: Melissa Blevins, Interim Department of Social Services
Director

Corrective Action: Graham County Department of Social Services to scan and review participant information to ensure accuracy upon information being entered into NC FAST.

Proposed Completion Date: Immediately



**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2023**

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

**US Department of Health and Human Services
Passed through NC Department of Health and Human Services
DSS-0 Crosscutting Requirements
Finding: 2023-07
Internal Control for Information Systems**

Name of Contact Person: Melissa Blevins, Interim Department of Social Services
Director

Corrective Action: Graham County Department of Social Services personnel to double-check to make sure the computer is either locked or logged off when leaving computers unattended.

Proposed Completion Date: Immediately

GRAHAM COUNTY, NORTH CAROLINA
Summary Schedule of Prior Year Audit Finding
For the Year Ended June 30, 2023

Prior Year Findings

Status: 2022-01 Not resolved.

Status: 2022-02 Resolved

Status: 2022-03 Resolved

GRAHAM COUNTY, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2023

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass-Through Grantor's Number	Federal Direct and Pass-through Expenditures	State Expenditures	Pass-Through to Subrecipients
FEDERAL AWARDS					
<u>U.S. Department of Agriculture</u>					
Passed-through N.C. Department of Health and Human Services: Division of Social Services: Administration:					
SNAP Cluster					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	XXXX	\$ 175,170	\$ -	\$ -
Passed-through N.C. Department of Health and Human Services: Division of Social Services: Administration:					
Special Supplemental Nutrition Program for Women, Infants, & Children (Note 6)	10.557	XXXX	61,143	-	-
Passed-through N.C. Department of Agriculture and Consumer Services: Natural Resources Conservation Service Direct Program					
Emergency Watershed Protection Program	10.923		37,200	-	-
Total U.S. Department of Agriculture			273,513	-	-
<u>U.S. Department of Housing and Urban Development</u>					
Passed-through the N.C. Department of Commerce Community Development Block Grant					
Neighborhood Revitalization Program	14.241	XXXX	63,215	-	-
Coronavirus (CBBG-CV) Program	14.228	XXXX	238,958	-	-
Total U.S. Department of Housing and Urban Development			302,173	-	-
<u>U.S. Department of Transportation</u>					
Passed-through the N.C. Department of Transportation					
Formula Grants for Other than Urbanized Areas - Capital	20.509	XXXX	179,126	22,391	-
Formula Grants for other than Urbanized Areas - Administration	20.509	XXXX	87,356	5,460	-
Formula Grants for Other than Urbanized Areas - Operating	20.509	XXXX	83,584	-	-
Federal Transit Cluster					
Enhanced Mobility of Seniors and Individuals with Disabilities	50.513	XXXX	75,748	9,468	-
Total U.S. Department of Transportation			\$ 425,814	\$ 37,319	\$ -
<u>U.S. Department of Treasury</u>					
Passed-through the N.C. Department of Public Safety:					
Coronavirus State Local Fiscal Recovery Funds	21.027		55,748	-	-
Local Assistance and Tribal Consistency Fund	21.032		412,318	-	-
Total U.S. Department of Treasury			\$ 468,066	\$ -	\$ -

GRAHAM COUNTY, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2023

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass-Through Grantor's Number	Federal Direct and Pass-through Expenditures	State Expenditures	Pass-Through to Subrecipients
<u>U.S. Department of Health & Human Services</u>					
Passed-through N.C. Department of Health and Human Services:					
Division of Social Services:					
MaryLee Allen Promoting Safe and Stable Families	93.556	XXXX	\$ 6,292	\$ -	\$ -
TANF - Work First	93.558	XXXX	148,972	-	-
Total Division of Social Services			<u>155,264</u>	<u>-</u>	<u>-</u>
Division of Public Health:					
<u>Foster Care and Adoption Cluster (Note 4 & 5)</u>					
Foster Care - Title IV-E	93.658		116,888	2,774	-
Foster Care - Title IV-E - Benefit Payments	93.658		58,204	15,108	-
Adoption Assistance	93.659		632	-	-
Total Foster Care and Adoption Cluster			<u>175,724</u>	<u>17,882</u>	<u>-</u>
Child Support Enforcement	93.563	XXXX	67,464		
Low Income Home Energy Assitance:					
Energy Assistance Payments	93.568	XXXX	36,075	-	-
COVID-19 - Energy Assistance Payments			26,108	-	-
Crisis Intervention Program	93.568	XXXX	35,380	-	-
Total Low-Income Home Energy Assistance			<u>97,563</u>	<u>-</u>	<u>-</u>
Total Division of Public Health					
Division of Social Services:					
Funds - Administration	93.596	XXXX	80,000	-	-
Stephanie Tubbs Jones Child Welfare Services Program:					
Permanency Planning - Families for Kids	9.645	XXXX	7,646	(3,233)	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood					
Administrative and Services	93.674	XXXX	327	82	-
Benefit Payments	93.674	XXXX	3,000	-	-
SSBG - State Adult Day Care	93.667	XXXX	11,249	-	-
SSBG - State Child Protective Services	93.667	XXXX	37,318	-	-
SSBG - Other Service and Training	93.667	XXXX	39,378	-	-

GRAHAM COUNTY, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2023

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass-Through Grantor's Number	Federal Direct and Pass-through Expenditures	State Expenditures	Pass-Through to Subrecipients
Medicaid Cluster					
Medical Assistance Program (Note 6)	93.778	XXXX	\$ 483,420	\$ 87,086	\$ -
Administration:					
Children's Health Insurance Program - N.C. Health Choice (Note 6)	93.767	XXXX	9,662	789	-
Public Health Emergency Preparedness	93.069	XXXX	28,255	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	XXXX	2,050	-	-
Injury Prevention and Control Research and State and Community Based Programs	93.136	XXXX	-	-	-
Family Planning Services	93.217	XXXX	26,584	-	-
Immunization Cooperative Agreements	93.268	XXXX	5,278	-	-
COVID-19 Immunization Cooperative Agreements	93.268	XXXX	13,195	-	-
COVID-19 - Public Health Health Emergency Response:					
Cooperative Agreement for Emergency Response:					
Public Health Response	93.354	XXXX	70,901	-	-
Temporary Assistance for Needy Families	93.558	XXXX	782	-	-
Cancer Prevention and Controls Programs for State	96.898	XXXX	2,850	-	-
HIV Prevention Activities Health Department Based	93.940	XXXX	-	-	-
Sexually Transmitted Diseases (STD) Prevention	93.977	XXXX	100	-	-
Preventative Health and Health Services Block Grant	93.991	XXXX	30,607	-	-
Maternal and Child Health Services Block Grant	93.994	XXXX	22,127	1,964	-
Total U.S. Department of Health and Human Services			\$ 1,370,744	\$ 104,570	\$ -
<u>U.S. Department of Homeland Security</u>					
Passed-through N.C. Department of Public Safety:					
Division of Emergency Management					
Emergency Management Performance Grants	97.039	XXXX	-	39,032	-
Hazard Mitigation Grant	97.039	XXXX	-	-	-
Total U.S. Department of Homeland Security			\$ -	\$ 39,032	\$ -
Total Federal Awards			\$ 2,840,310	\$ 180,921	\$ -
STATE AWARDS					
<u>N.C. Department of Agriculture and Consumer Services</u>					
Division of Soil and Water Conservation					
District Matching and Technical Assistance Program		XXXX	-	3,600	-
Agriculture Cost Share Program		XXXX	-	21,690	-
Streamflow Rehabilitation Assistance Program (stRAP)		XXXX	-	264,622	-
Total N.C. Department of Administration			\$ -	\$ 289,912	\$ -

GRAHAM COUNTY, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2023

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass-Through Grantor's Number	Federal Direct and Pass-through Expenditures	State Expenditures	Pass-Through to Subrecipients
<u>N.C. Department of Environmental Quality</u>					
Division of Waste Management					
Scrap Tire Program		XXXX	\$ -	\$ 3,491	\$ -
Total N.C. Department of Environmental Quality			-	3,491	-
<u>N.C. Department of Health and Human Services</u>					
Division of Aging and Adult Services					
State Appropriation - Congregate Nutrition		XXXX	-	24,813	-
State Appropriation - Home Delivered Meals		XXXX	-	84,032	-
Total Division of Aging and Adult Services			-	108,845	-
Division of Social Services					
State Child Welfare - State Protective Service		XXXX	-	12,703	-
State Foster Home		XXXX	-	6,170	-
State Foster Home Maximization		XXXX	-	(162)	-
Extended Foster Care Maximization Non IV-E Programs		XXXX	-	7,771	-
Total Division of Social Services			-	26,482	-
Division of Public Health					
Other Receipts / State Supported Expenditures					
General Aid to Counties		XXXX	-	75,101	-
General Communicable Disease Control		XXXX	-	11,336	-
Family Planning		XXXX	-	4,171	-
Child Health		XXXX	-	6,326	-
Women Health Service Fund		XXXX	-	4,751	-
Food and Lodging		XXXX	-	1,553	-
School Nurse Funding Initiative		XXXX	-	50,000	-
Maternal Health		XXXX	-	7,656	-
Breast and Cervical Cancer		XXXX	-	3,780	-
HIV/STD State		XXXX	-	552	-
Healthy Communities		XXXX	-	3,747	-
Tuberculosis Control		XXXX	-	1,260	-
Total Division of Public Health			-	170,233	-
Total N.C. Department of Health and Human Services			-	305,560	-
<u>N.C. Department of Insurance</u>					
SHIIP Grant		XXXX	-	4,095	-
Total N.C. Department of Insurance			\$ -	\$ 4,095	\$ -

GRAHAM COUNTY, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2023

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass-Through Grantor's Number	Federal Direct and Pass-through Expenditures	State Expenditures	Pass-Through to Subrecipients
<u>N.C. Department of Public Instruction</u>					
Public Schools Building Capital Fund - Lottery Proceeds		XXXX	\$ -	\$ 977,083	\$ -
Public Schools Repair and Renovation Fund - Lottery Proceeds		XXXX	-	347,468	-
Total N.C. Department of Public Instruction			-	1,324,551	-
<u>N.C. Department of Public Safety</u>					
Juvenile Crime Prevention Programs		XXXX	-	127,603	-
Total N.C. Department of Public Safety			-	127,603	-
<u>N.C. Department of Transportation</u>					
NC DOT Cluster ROAP/SMAP					
ROAP Elderly and Disabled Transportation Assistance Program		36220.10.8.1	-	59,266	-
ROAP Rural General Public Program		36228.22.8.1	-	49,223	-
ROAP Work First Transitional - Employment		36236.11.7.1	-	6,133	-
Total N.C. Department of Transportation			-	114,622	-
Total State Awards			-	2,169,834	-
Total Federal and State Awards			2,840,310	2,350,755	-

GRAHAM COUNTY, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2023

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

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Graham County under the programs of the federal government and the State of North Graham for the year ended June 30, 2023. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Graham County, it is not intended to and does not present the financial position, changes in net position or cash flows of Graham County.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Indirect Cost Rate

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

Note 4: Loans Outstanding

Graham County had the following loan balances outstanding at June 30, 2023 for loans that the grantor/pass-through grantor has still imposed continuing compliance requirements . Loans outstanding at the beginning of the year and loans made during the year are included in the SEFSA. The balance of loans outstanding at June 30, 2023 consist of:

<u>Program Title:</u>	<u>CFDA #</u>	<u>Pass-Through Grantor Number</u>	<u>Amount Outstanding</u>
Community Facilities Loans and Grants	10.766		\$ 386,550
Community Facilities Loans and Grants - Trucks	97.050		<u>\$ 306,874</u>

Note 5: Cluster of Programs

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

Note 6: Benefit Payments Issued by the State

The amounts listed below were paid directly to individual recipients by the State from federal and State moneys. County personnel are involved with certain functions, primarily eligibility determinations that cause benefit payments to be issued by the State. These amounts disclose this additional aid to County recipients that do not appear in the basic financial statements because they are not revenues and expenditures of the County.

<u>Program Title:</u>	<u>CFDA #</u>	<u>Federal</u>	<u>State</u>
Special Supplemental Nutrition Program for Women Infant and Children	10.557	173,908	-
COVID - 19 Special Supplemental Nutrition Program for Women Infant and Children	10.557	-	-
Supplemental Nutrition Assistance Program	10.551	4,358,198	-
Temporary Assistance for Needy Families	93.558	-	-
Adoption Assistance	93.659	-	-
Child Care and Development Block Grant	93.575	-	-
Child Care and Development Fund Mandatory/Match	93.596	-	-
Foster Care - Title IV-E	93.658	-	-
Medical Assistance Program	93.778	19,265,926	7,420,229
Children's Health Insurance Program	93.767	93,342	20,918
Child Welfare Services Adoption		-	-
State / County Special Assistance program		-	-

Note 7: Opioid Settlement Fund

The NC Department of Justice does not consider Opioid Settlement Funds either Federal or State Financial assistance since they are from a settlement with private major drug companies. Since these funds are subject to the State Single Audit Implementation Act, they are reported as "Other Financial Assistance" on the SEFSA, and considered State Awards for State single audit requirements.