

Graham County, North Carolina
Financial Statements
June 30, 2022

Turner & Company CPAs P.A.

31 Peachtree Street • Murphy, NC 28906 • Phone (828) 837-8188 • Fax (828) 837-5313

Graham County, North Carolina

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Introductory Information

Graham County, North Carolina
List of Principal Officials
As of the Date of the Auditors' Report

BOARD OF COUNTY COMMISSIONERS

Connie Orr, Chair
Keith Eller, Vice Chairman
Lynn Cody, Commissioner
Jacob Nelms, Commissioner
Dale Wiggins, Commissioner

COUNTY OFFICIALS

Jason Marino - County Manager
Rebecca E. Garland, MPA, CPA - Director of Finance
Kim Crisp - Clerk to the Board
Kimberly D. LeQuire - Register of Deeds
Brandy Cook - Tax Assessor
Tajuana Ledwell - Tax Collector
Jerry Crisp - Sheriff
J.K. Coward, Jr. - County Attorney

Financial Section

Turner & Company CPAs P.A.

31 Peachtree Street • Murphy, NC 28906 • Phone (828) 837-8188 • Fax (828) 837-5313

Independent Auditors' Report

To the Board of Commissioners
Graham County, North Carolina

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the aggregate 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, 2022, and the related notes to the financial statements, which collectively comprise Graham County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Graham County as of June 30, 2022, and the respective changes in financial position, and the respective budgetary comparison for the General Fund, the Graham County Travel and Tourism Authority, and the Graham County Rural Development Authority 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

Change in Accounting Principle

As discussed in Note VII to the financial statements, the County changed accounting policies related to identifying, classifying and reporting leases by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 87, *Leases*, during the fiscal year ended June 30, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 the County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 9, the Local Government Employees' Retirement System schedules of the County's Proportionate Share of Net Pension Liability (Asset) and the County Contributions, pages 54 and 55, the Register of Deeds' Supplemental Pension Fund schedules of the County's Proportionate Share of the Net Pension Asset and the County Contributions on pages 56 and 57, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 58 and 59 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, budgetary schedules, other schedules, and component unit schedules as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary schedules, other schedules, component unit schedules and the Schedule of Expenditures of Federal and State Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2022, on our consideration of the 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 solely 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 the effectiveness of the County's 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.

Turner & Company CPAs P.A.

Turner & Company CPAs P.A.
Murphy, North Carolina

December 8, 2022

Management's Discussion and Analysis

Graham County, North Carolina
Management's Discussion and Analysis
June 30, 2022

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

Financial Highlights

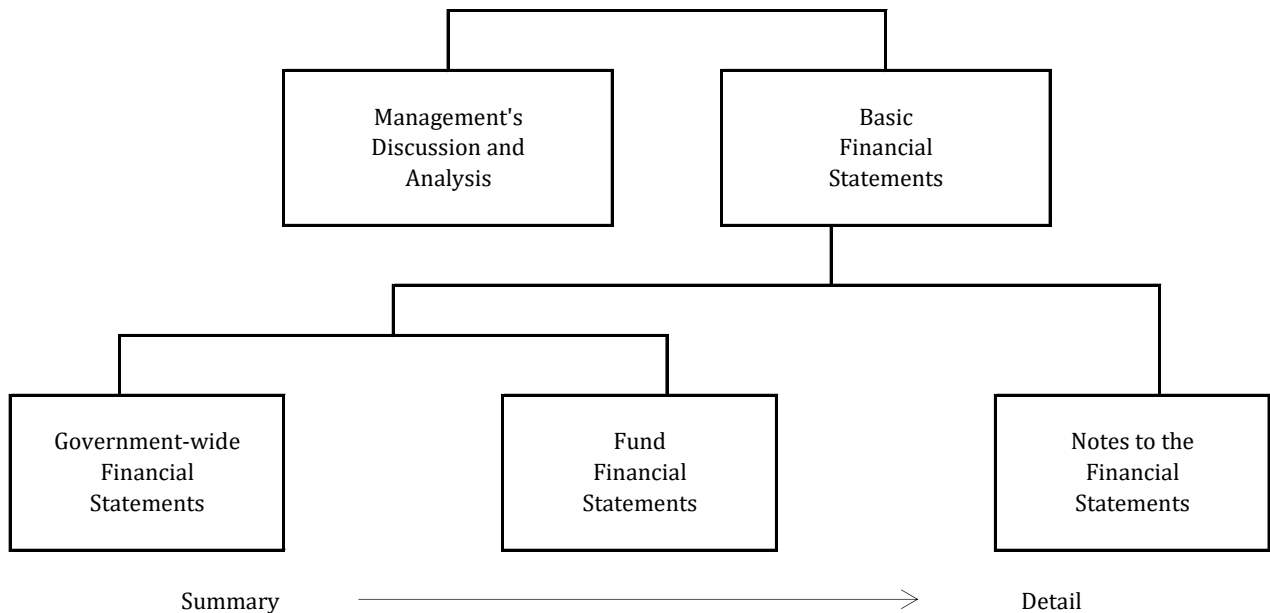
- The assets and deferred outflows of resources of Graham County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$21,818,656 (net position).
- The government's total net position increased by \$46,745.
- As of the close of the current fiscal year, Graham County's governmental funds reported combined ending fund balances of \$14,287,799, after a net increase in fund balance of \$1,538,126. Approximately 43.59 percent of this total amount, or \$6,227,552, is restricted or nonspendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,854,764, or 35.18 percent of total General Fund expenditures for the fiscal year.
- Graham County's total debt increased by \$1,864,458 (54.13%) during the current fiscal year. The County incurred five new leases under GASB 87 for vehicles and equipment and two additional direct placement installment purchases for equipment for the Sanitation Department and construction projects for various County buildings and the schools. The primary factor in the net decrease in debt was due to the scheduled principal payments on debt already outstanding from the prior 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



Basic Financial Statements

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

The next statements (Exhibits 3 through 7) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements of Graham County: 1) the governmental funds 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, supplemental information is provided 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 also can 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 total of the County's assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

Graham County's government-wide statements are divided into two categories: 1) governmental activities and 2) component units. Governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities.

Graham County, North Carolina 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 Authority (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) to 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 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 General Statutes or the County's budget ordinance. All of the funds of Graham 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 governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

Fiduciary Funds - Fiduciary funds are used to account for the resources held for the benefit of parties outside the government. Graham County, North Carolina 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 20 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 beginning on page 53 of this report.

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 \$23,818,636 as of June 30, 2022. The County's net position increased by \$46,745 for the fiscal year ended June 30, 2022. One of the largest portions \$12,698,721 (53.31%) reflects the County's net investment in capital assets (e.g. land, buildings, machinery, and equipment). Graham County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Graham 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 Graham County's net position \$2,490,877 (10.46%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$8,629,058 (36.23%) is unrestricted.

Graham County, North Carolina's Net Position
Figure 2

	Governmental Activities	
	2022	2021
Current and other assets	\$ 22,064,150	\$ 15,280,209
Capital assets	15,491,974	15,627,816
Deferred outflows of resources	1,804,438	1,333,352
Total assets and deferred outflows of resources	39,360,562	32,241,377
Long-term liabilities outstanding	5,688,013	4,886,918
Other liabilities	8,196,997	3,312,078
Deferred inflows of resources	1,656,896	270,470
Total liabilities and deferred inflows of resources	15,541,906	8,469,466
Net position:		
Net investment in capital assets	12,698,721	13,053,633
Restricted	2,490,877	2,906,550
Unrestricted	8,629,058	7,811,728
Total net position	\$ 23,818,656	\$ 23,771,911

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 97.91%, which is lower than the statewide average of 99.10%. The collection percentage increased slightly in the current 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	
	2022	2021
Revenues:		
Program revenues:		
Charges for services	\$ 2,531,518	\$ 2,025,120
Operating grants and contributions	5,538,310	4,807,342
Capital grants and contributions	1,890,469	677,983
General revenues:		
Property taxes	7,791,332	7,844,296
Other taxes	3,304,320	2,990,474
Grants and contributions not restricted to specific programs	880,226	840,712
Investment earnings, unrestricted	286,204	7,570
Other	93,104	59,676
Total revenues	<u>22,315,483</u>	<u>19,253,173</u>
Expenses:		
General government	4,123,905	3,716,554
Public safety	7,334,842	5,846,828
Economic and physical development	448,755	241,662
Human services	5,645,856	5,417,464
Cultural and recreational	548,729	450,277
Education	4,057,994	2,071,214
Interest on long-term debt	108,657	102,864
Total expenses	<u>22,268,738</u>	<u>17,846,863</u>
Change in net position	46,745	1,406,310
Net position, beginning	<u>23,771,911</u>	<u>22,365,601</u>
Net position, ending	<u>\$ 23,818,656</u>	<u>\$ 23,771,911</u>

Governmental Activities. Governmental activities increased the County's net position by \$46,745. Key elements of this increase are as follows:

- Diligence in the collection of property taxes was demonstrated by maintaining a tax collection percentage of 97.91%.
- The County also received an increase in operating grants and contributions, having received additional funds in the public safety and human services departments, primarily from the Coronavirus (CDBG-CV) Program, Dogwood Health Trust, and the Coronavirus State and Local Fiscal Recovery Funds.
- The \$1,212,486 increase in capital grants and contributions was primarily due to an increase in funds received from the Needs-Based Public School Capital Fund.
- Charges for services increased primarily due to an increase in fees from dental services.
- Investment earnings increased by \$278,634.
- Total expenditures increased due to additional costs in salary and related expenses as a result of COVID-19 and related grant activity.

Financial Analysis of the County's Funds

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

Governmental Funds. The focus of Graham 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. Fund balance available may be comprised of amounts shown as restricted, committed, assigned or unassigned.

The General Fund is the chief operating fund of Graham County. At the end of the current fiscal year, Graham County's fund balance available in the General Fund was \$8,440,765 while total fund balance reached \$9,917,839. 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 flow needs of the County. The County currently has an available fund balance of 45.06% of General Fund expenditures (as adjusted), while total fund balance represents 52.95% of that same amount.

At June 30, 2022, the governmental funds of Graham County reported a combined fund balance of \$14,287,799, a 12.06% increase 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 \$2,349,597.

Capital Asset and Debt Administration

Capital Assets. Graham County's capital assets for its governmental activities as of June 30, 2022, total \$15,491,974 (net of accumulated depreciation). These assets include land, construction in progress, buildings, other improvements, equipment, furniture and fixtures, and vehicles and motorized equipment.

Major capital asset transactions during the year included:

- Purchased a 2021 F-350 Ambulance for \$229,002.
- Purchased a Medpod for Paramedicine for \$26,940.
- Purchased Zoll-X Cardiac Monitors for ambulances for \$24,000.
- Purchased a 2020 GMC Terrain for Public Safety for \$36,056.
- Purchased Waste Containers for \$65,480.
- Purchased Computer Software for \$52,576.

Graham County, North Carolina's Capital Assets (net of depreciation)

Figure 4

Governmental Activities:	2022	2021
Land	\$ 1,798,099	\$ 1,798,099
Construction in progress	408,291	9,300
Buildings	10,301,097	10,651,912
Other improvements	771,118	827,472
Equipment, furniture and fixtures	1,324,720	1,372,941
Vehicles and motorized equipment	888,649	968,092
Total	<u>\$ 15,491,974</u>	<u>\$ 15,627,816</u>

Construction commitments

The government has active construction projects as of June 30, 2022. 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	\$ 330,717	\$ 1,319,283
Public Building Capital Projects Fund	1,694,659	1,650,341
School Capital Project Fund	3,340,894	549,881
Total	<u>\$ 5,366,270</u>	<u>\$ 3,519,505</u>

Additional information on the County's capital assets can be found in Note III.A.3 of the Basic Financial Statements.

Long-Term Obligations. Debt totals include general obligation bonds, direct placement installment purchases, and leases. As of June 30, 2022, Graham County had total debt outstanding of \$5,308,738. The entire debt is backed by the full faith and credit of the County. Compensated absences and unpaid pension related debt are included in the total long-term obligations.

Graham County, North Carolina's Long-Term Obligations

Figure 5

Governmental Activities:	2022	2021
General obligation bonds	\$ 256,000	\$ 518,000
Leases	291,143	-
Direct placement installment purchases	4,761,595	2,926,280
Total debt outstanding	<u>5,308,738</u>	<u>3,444,280</u>
Compensated absences	465,871	406,437
Net pension liability (LGERS)	972,453	2,174,430
Total pension liability (LEOSSA)	68,012	114,456
Total long-term obligations	<u>\$ 6,815,074</u>	<u>\$ 6,139,603</u>

Graham County's total debt increased by \$1,864,458 (54.13%) during the current fiscal year. The County incurred five new leases under GASB 87 for vehicles and equipment and two additional direct placement installment purchases for equipment for the Sanitation Department and construction projects for various County buildings and the schools. The primary factor in the net decrease in debt was due to the scheduled principal payments on debt already outstanding from the prior fiscal year.

Under State law counties are fiscally responsible for providing and maintaining school buildings for the public school system and the community college. At June 30, 2022 the County had debt outstanding of \$1,381,000 for these activities.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Graham County is \$90,155,065.

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

Economic Factors and Next Year's Budgets and Rates

The following reflects the economic situation and outlook of the County.

- County leaders enforce stringent controls over spending to help maintain reserves during the current state of the economy.
- The unemployment rate for Graham County is 5.7% as of June 2022, which is higher than the state average of 4.1%.

Impact of Coronavirus on the County

As of June 30, 2022, the County had endured several months of the coronavirus (COVID-19) pandemic. The County has taken several measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for personnel. In June 2022, the County received \$819,782 of its \$1,639,565 allocation of Coronavirus State and Local Fiscal Recovery Funds from the Treasury to meet pandemic response needs. Since the length or severity of this pandemic cannot be reasonably estimated it is not possible to determine the extent to which the pandemic may materially impact the financial position, results of activities, and cash flows of the County in subsequent years. The County will continue to operate under guidelines suggested for the health and safety of workers and the community and will carefully monitor expenses in the upcoming fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2023

The property tax rate was maintained at \$.65 per \$100 valuation to maintain current current tax revenue streams. The County did appropriate \$1,201,383 in fund balance for the fiscal year 2023 budget. Expenditures for the 2022-23 budget increased approximately \$1.7 million over the prior year primarily due to the following: pay rate increases for public safety as well as the purchase of an ambulance, increases in health insurance premiums, increases in the cost of the Sanitation Department which will be purchasing a new excavator, and increases in education expenditures. The County reduced other areas of the budget to help compensate for the increases.

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

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(828) 479-7961
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Basic Financial Statements

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

Exhibit 1

	Primary Government	Component Units	
	Governmental Activities	Travel and Tourism Authority	Rural Development Authority
ASSETS			
Cash and cash equivalents	\$ 7,111,513	\$ 652,519	\$ 271,117
Investments	1,620,117	-	-
Restricted cash and cash equivalents	3,157,476	116,201	-
Restricted investments	8,030,636	-	-
Receivables, net	295,982	55,116	-
Due from other governments	1,273,918	1,235	3,210
Due from component unit	14,710	-	-
Prepaid items	226,943	-	-
Net pension asset	47,687	-	-
Right to use leased asset, net of amortization	285,168	5,668	-
Capital assets:			
Land and construction in progress	2,206,390	-	529,809
Other capital assets, net of depreciation	13,285,584	28,500	-
Total capital assets	<u>15,491,974</u>	<u>28,500</u>	<u>529,809</u>
Total assets	<u>37,556,124</u>	<u>859,239</u>	<u>804,136</u>
DEFERRED OUTFLOWS OF RESOURCES	1,804,438	-	-
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	764,504	33,577	3,000
Payable from restricted assets	6,000	-	-
Due to other governments	4,411	-	-
Due to primary government	-	14,710	-
Unearned revenue	6,264,365	-	133,875
Accrued interest payable	30,656	6	-
Due within one year	1,127,061	4,820	135,067
Total current liabilities:	<u>8,196,997</u>	<u>53,113</u>	<u>271,942</u>
Long-term liabilities:			
Due in more than one year	5,688,013	4,734	-
Total long-term liabilities:	<u>5,688,013</u>	<u>4,734</u>	<u>-</u>
Total liabilities	<u>13,885,010</u>	<u>57,847</u>	<u>271,942</u>
DEFERRED INFLOWS OF RESOURCES	1,656,896	-	-
NET POSITION			
Net investment in capital assets	12,698,721	-	394,742
Restricted for:			
Debt service	20,052	-	-
Law enforcement	109,730	-	-
Public safety	268,103	-	-
Economic development	213,307	-	-
Register of deeds	103,638	-	-
Stabilization by State statute	1,508,541	56,351	47,279
Register of deeds pension plan	47,687	-	-
Courts	1,701	-	-
Human services	218,118	-	-
Unrestricted	8,629,058	745,041	90,173
Total net position	<u>\$ 23,818,656</u>	<u>\$ 801,392</u>	<u>\$ 532,194</u>

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

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	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	\$ 4,123,905	\$ 289,337	\$ -	\$ -	\$ (3,834,568)	\$ (3,834,568)	\$ -	\$ -
Public safety	7,334,842	870,107	1,322,721	-	(5,142,014)	(5,142,014)	-	-
Economic and physical development	448,755	2,932	274,103	-	(171,720)	(171,720)	-	-
Human services	5,645,856	1,299,992	3,713,945	447	(631,472)	(631,472)	-	-
Cultural and recreation	548,729	69,150	48,592	-	(430,987)	(430,987)	-	-
Education	4,057,994	-	178,949	1,890,022	(1,989,023)	(1,989,023)	-	-
Interest on long-term debt	108,657	-	-	-	(108,657)	(108,657)	-	-
Total governmental activities	<u>\$ 22,268,738</u>	<u>\$ 2,531,518</u>	<u>\$ 5,538,310</u>	<u>\$ 1,890,469</u>	<u>(12,308,441)</u>	<u>(12,308,441)</u>	<u>-</u>	<u>-</u>
Component units:								
Travel and Tourism Authority	\$ 270,435	\$ -	\$ -	\$ -			\$ (270,435)	\$ -
Rural Development Authority	10,607	-	-	336,253			-	325,646
Total component units	<u>\$ 281,042</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 336,253</u>			<u>(270,435)</u>	<u>325,646</u>
General revenues:								
Taxes:								
Property taxes, levied for general purpose					7,791,332	7,791,332	-	-
Local option sales tax					3,238,410	3,238,410	-	-
Other taxes and licenses					65,910	65,910	460,055	-
Grants and contributions not restricted to specific programs					880,226	880,226	-	-
Investment earnings, unrestricted					286,204	286,204	335	109
Miscellaneous, unrestricted					93,104	93,104	1,080	3,558
Total general revenues excluding transfers and special items					<u>12,355,186</u>	<u>12,355,186</u>	<u>461,470</u>	<u>3,667</u>
Change in net position					46,745	46,745	191,035	329,313
Net position, beginning					23,771,911	23,771,911	610,357	202,881
Net position, ending					<u>\$ 23,818,656</u>	<u>\$ 23,818,656</u>	<u>\$ 801,392</u>	<u>\$ 532,194</u>

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

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

Exhibit 3

	Major							Total Nonmajor Funds	Total Governmental Funds
	General	NC Neighborhood Program Grant Projects Fund	American Recovery Grant Projects Fund	Justice Center Capital Projects Fund	Public Building Capital Projects Fund	School Capital Projects Fund			
ASSETS									
Cash and cash equivalents	\$ 6,994,787	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 116,726	\$ 7,111,513
Investments	1,620,117	-	-	-	-	-	-	-	1,620,117
Restricted cash and cash equivalents	1,093,465	47,653	902,477	-	626,389	4,100	483,392	-	3,157,476
Restricted investments	114,355	-	-	5,007,427	2,908,854	-	-	-	8,030,636
Receivables, net									
Taxes	238,302	-	-	-	-	-	-	-	238,302
Accounts	14,358	-	-	-	-	-	2,695	-	17,053
Due from other governments	1,168,862	6,138	-	-	-	91,773	7,145	-	1,273,918
Due from other funds	27,557	-	-	-	-	-	149,413	-	176,970
Due from component unit	14,710	-	-	-	-	-	-	-	14,710
Lease receivable	20,092	-	-	-	-	-	-	-	20,092
Prepaid items	225,143	-	-	-	-	-	1,800	-	226,943
Total assets	\$ 11,531,748	\$ 53,791	\$ 902,477	\$ 5,007,427	\$ 3,535,243	\$ 95,873	\$ 761,171	\$ 21,887,730	
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued liabilities	\$ 763,959	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 545	\$ -	\$ 764,504
Payable from restricted assets	-	6,000	-	-	-	-	-	-	6,000
Due to other governments	-	-	-	-	-	-	4,411	-	4,411
Due to other funds	149,413	-	-	-	27,557	-	-	-	176,970
Unearned revenue	316,856	-	902,110	5,000,000	-	-	45,399	-	6,264,365
Total liabilities	1,230,228	6,000	902,110	5,000,000	27,557	-	50,355	7,216,250	
DEFERRED INFLOWS OF RESOURCES									
Property taxes receivable	238,302	-	-	-	-	-	-	-	238,302
Unavailable revenue - prepaid taxes	125,841	-	-	-	-	-	-	-	125,841
Leases	19,538	-	-	-	-	-	-	-	19,538
Total deferred inflows of resources	383,681	-	-	-	-	-	-	-	383,681
Fund balances:									
Nonspendable									
Prepaid items	225,143	-	-	-	-	-	1,800	-	226,943
Leases	554	-	-	-	-	-	-	-	554
Restricted									
Stabilization by State statute	1,251,377	6,138	-	-	-	91,773	159,253	-	1,508,541
Register of deeds	103,638	-	-	-	-	-	-	-	103,638
Human services	105,803	-	-	-	-	-	112,315	-	218,118
Law enforcement	109,730	-	-	-	-	-	-	-	109,730
Public safety	-	-	367	-	-	-	267,736	-	268,103
Economic development	1,942	41,653	-	-	-	-	169,712	-	213,307
Courts	1,701	-	-	-	-	-	-	-	1,701
USDA reserve	20,052	-	-	-	-	-	-	-	20,052
Committed									
Capital projects	-	-	-	7,427	3,507,686	-	-	-	3,515,113
Tax revaluation	41,752	-	-	-	-	-	-	-	41,752
Assigned									
Subsequent year's expenditures	1,201,383	-	-	-	-	-	-	-	1,201,383
Unassigned	6,854,764	-	-	-	-	4,100	-	-	6,858,864
Total fund balances	9,917,839	47,791	367	7,427	3,507,686	95,873	710,816	14,287,799	
Total liabilities, deferred inflows of resources, and fund balances	\$ 11,531,748	\$ 53,791	\$ 902,477	\$ 5,007,427	\$ 3,535,243	\$ 95,873	\$ 761,171	\$ 21,887,730	

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

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

Exhibit 3

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

Total Fund Balance, Governmental Funds	\$ 14,287,799
Charges related to advance refunding bond issue	5,024
Interest receivable accrued on property taxes are not current financial resources and therefore are not reported in the funds	20,535
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	15,491,974
Right to use assets used in governmental activities are not financial resources and therefore are not reported in the funds	285,168
Net pension asset	47,687
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	752,133
Net pension liability	(972,453)
Total pension liability	(68,012)
Deferred inflows of resources for taxes	238,302
Pension related deferrals	(464,236)
Some liabilities, including bonds payable and other postemployment benefits, are not due and payable in the current period and therefore are not reported in the funds	
Accrued interest payable	(30,656)
Long-term obligations	(5,774,609)
Net position of governmental activities	\$ 23,818,656

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

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

Exhibit 4

	Major							Total Nonmajor Funds	Total Governmental Funds
	General	NC Neighborhood Program Grant Projects Fund	American Recovery Grant Projects Fund	Justice Center Capital Projects Fund	Public Building Capital Projects Fund	School Capital Projects Fund			
REVENUES									
Ad valorem taxes	\$ 7,847,428	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,847,428
Local option sales taxes	3,238,410	-	-	-	-	-	-	-	3,238,410
Other taxes and licenses	65,910	-	-	-	-	-	-	-	65,910
Unrestricted intergovernmental	880,226	-	-	-	-	-	-	-	880,226
Restricted intergovernmental	3,943,267	274,103	737,455	-	-	1,890,022	397,470	-	7,242,317
Other restricted revenue	186,612	-	-	-	-	-	-	-	186,612
Permits and fees	284,858	-	-	-	-	-	11,385	-	296,243
Sales and services	2,217,797	-	-	-	-	-	17,328	-	2,235,125
Investment earnings	274,540	24	291	7,427	3,706	-	216	-	286,204
Miscellaneous	93,104	-	-	-	-	-	-	-	93,104
Total revenues	19,032,152	274,127	737,746	7,427	3,706	1,890,022	426,399	-	22,371,579
EXPENDITURES									
Current:									
General government	4,214,440	-	-	-	398,991	-	14,850	-	4,628,281
Public safety	6,996,756	-	553,469	-	-	-	98,191	-	7,648,416
Economic and physical development	181,486	274,103	-	-	-	-	-	-	455,589
Human services	5,210,232	-	-	-	-	-	357,531	-	5,567,763
Cultural and recreational	517,897	-	-	-	-	-	-	-	517,897
Intergovernmental:									
Education	2,185,485	-	-	-	-	2,498,002	-	-	4,683,487
Special appropriations	178,340	-	-	-	-	-	-	-	178,340
Total expenditures	19,484,636	274,103	553,469	-	398,991	2,498,002	470,572	-	23,679,773
Excess (deficiency) of revenues over expenditures	(452,484)	24	184,277	7,427	(395,285)	(607,980)	(44,173)	-	(1,308,194)
OTHER FINANCING SOURCES (USES)									
Transfers from other funds	183,986	-	-	-	421,691	684,104	-	-	1,289,781
Transfers to other funds	(1,105,795)	-	(183,986)	-	-	-	-	-	(1,289,781)
Lease obligations issued	406,320	-	-	-	-	-	-	-	406,320
Installment purchase proceeds	1,453,000	-	-	-	987,000	-	-	-	2,440,000
Total other financing sources (uses)	937,511	-	(183,986)	-	1,408,691	684,104	-	-	2,846,320
Net change in fund balances	485,027	24	291	7,427	1,013,406	76,124	(44,173)	-	1,538,126
Fund balances, beginning as previously reported	9,435,867	47,767	76	-	2,494,280	19,749	751,934	-	12,749,673
Prior period adjustment	(3,055)	-	-	-	-	-	3,055	-	-
Fund balances, beginning as restated	9,432,812	47,767	76	-	2,494,280	19,749	754,989	-	12,749,673
Fund balances, ending	\$ 9,917,839	\$ 47,791	\$ 367	\$ 7,427	\$ 3,507,686	\$ 95,873	\$ 710,816	\$ -	\$ 14,287,799

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

Graham County, North Carolina
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2022

Exhibit 5

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net changes in fund balances - total governmental funds	\$ 1,538,126
<p>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 and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period.</p>	
Capital outlay expenditures which were capitalized	939,205
Depreciation expense for governmental assets	(1,075,047)
Right to used leased asset capital outlay expenditures which were capitalized	406,616
Amortization expense for intangible assets	(121,448)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	752,133
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds</p>	
Change in unavailable revenue for tax revenues	(56,096)
Deferred charges related to advance refunding bond issued - included on government-wide statement of net position but are not current financial resources	(5,024)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>	
Proceeds from long-term debt	(2,440,000)
Lease obligations	(406,320)
Principal payments on long-term debt	981,862
Change in accrued interest payable	190
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Compensated absences	(59,434)
Pension expense	(408,018)
Total changes in net position of governmental activities	\$ 46,745

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

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

	General Fund			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Ad valorem taxes	\$ 7,668,206	\$ 7,853,641	\$ 7,847,428	\$ (6,213)
Local option sales taxes	3,170,000	3,490,555	3,238,410	(252,145)
Other taxes and licenses	60,717	50,717	65,910	15,193
Unrestricted intergovernmental	840,000	840,000	880,226	40,226
Restricted intergovernmental	4,152,258	5,309,784	3,943,267	(1,366,517)
Other restricted revenues	9,400	362,188	186,612	(175,576)
Permits and fees	230,685	240,685	284,858	44,173
Sales and services	1,746,095	1,784,835	2,217,797	432,962
Investment earnings	7,397	275,197	274,486	(711)
Miscellaneous	10,600	37,353	93,104	55,751
Total revenues	<u>17,895,358</u>	<u>20,244,955</u>	<u>19,032,098</u>	<u>(1,212,857)</u>
EXPENDITURES				
Current:				
General government	4,081,102	4,524,977	4,001,856	523,121
Public safety	5,717,692	7,247,864	6,996,756	251,108
Economic and physical development	234,255	214,360	181,486	32,874
Human services	5,557,068	6,005,624	5,210,232	795,392
Cultural and recreational	636,144	636,144	517,897	118,247
Special appropriations	156,541	180,291	178,340	1,951
Intergovernmental:				
Education	1,483,314	2,185,582	2,185,485	97
Total expenditures	<u>17,866,116</u>	<u>20,994,842</u>	<u>19,272,052</u>	<u>1,722,790</u>
Revenues over (under) expenditures	<u>29,242</u>	<u>(749,887)</u>	<u>(239,954)</u>	<u>509,933</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	225,785	490,785	183,986	(306,799)
Transfers out	(745,775)	(1,635,775)	(1,205,795)	429,980
Lease obligations issued	100,000	100,000	406,320	306,320
Proceeds from long term debt issue	-	880,000	1,453,000	573,000
Total other financing sources (uses)	<u>(419,990)</u>	<u>(164,990)</u>	<u>837,511</u>	<u>1,002,501</u>
Fund balance appropriated	<u>390,748</u>	<u>914,877</u>	<u>-</u>	<u>(914,877)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>597,557</u>	<u>\$ 597,557</u>
Fund balances, beginning as previously reported			9,281,585	
Prior period adjustment			<u>(3,055)</u>	
Fund balances, beginning as restated			<u>9,278,530</u>	
Fund balances, ending			<u>\$ 9,876,087</u>	

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

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

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 11,983
LIABILITIES AND NET POSITION	
LIABILITIES	
Due to others	10,217
Due to other governments	1,201
Total liabilities	11,418
NET POSITION	
Restricted for:	
Individuals, organizations, and other governments	565
Total fiduciary net position	\$ 565

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

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

	Custodial Funds
ADDITIONS	
Ad valorem taxes collected for other governments	\$ 575,551
Collection on behalf of inmates	30,026
Total additions	605,577
DEDUCTIONS	
Tax distributions to other governments	575,551
Payments on behalf of inmates	31,507
Total deductions	607,058
Net increase (decrease) in fiduciary net position	(1,481)
Net position, beginning	2,046
Net position, ending	\$ 565

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

Graham County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2022

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Graham County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2022

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Graham County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2022

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

The County, which is governed by a 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 discretely presented component units are reported in separate columns of the County's financial statements in order to emphasize that they are legally separate from the County.

Discretely Presented Component Units

Graham County Rural Development Authority - The Graham County Rural Development Authority (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. The County can remove any board member of the RDA with cause. The RDA, which has a June 30 year end and is presented as if it is a governmental fund (discrete presentation), has elected not to issue separate financial statements, but to include all relevant information required by generally accepted accounting principles as supplementary information in the County's Annual Financial Report.

Graham County Travel and Tourism Authority - The Graham County Travel and Tourism Authority (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. The T&T can remove any board member of T&T with cause. The T&T, which has a June 30 year end and is presented as if it is a governmental fund (discrete presentation), has elected not to issue separate financial statements, but to include all relevant information required by generally accepted accounting principles as supplementary information in the County's Annual Financial Report.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus – Basis of Accounting

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government net position (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. The County had no business-type activities.

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 its fiduciary funds. 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 nonmajor funds.

The County reports the following major governmental funds:

General Fund. This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The 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 Special Revenue Fund (ARPA). The federal government signed into law the American Rescue Plan Act on March 11, 2021, and established the Coronavirus State and Local Fiscal Recovery Funds program, to provide support to State, territorial, local, and Tribal governments in responding to the economic and public health impacts of COVID-19 and in their efforts to contain impacts on their communities, residents, and businesses. This fund accounts for such expenses.

NC Neighborhood Program Grant Projects Special Revenue Fund. This fund which is reported as a special revenue fund accounts 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.

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.

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 Fund and transfers from the General Fund.

Additionally, the County reports the following type of fiduciary funds:

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.

Nonmajor Funds. The County maintains seven legally budgeted nonmajor funds. The Emergency Telephone System, Economic Development (EDC), CARES Act Grant Project, Opioid Settlement, Representative Payee, Fines and Forfeitures, and Deed of Trust are reported as nonmajor special revenue funds.

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

Government-wide 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 fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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 and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year.

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 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 to the fiscal year in which they are received. Uncollected taxes that were billed in periods 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. 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.

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

C. Budgetary Data

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

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the project level for 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 immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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 departmental 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 any 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. All amendments must be approved by the governing board and the Board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

All deposits of the County, T&T, and RDA are made in board-designated official depositories and are secured as required by 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 carried at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is 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 and considers all cash and investments to be cash and cash equivalents. The T&T and RDA 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 a restricted asset because its use is restricted per 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 the Water and Public Building Capital Projects Fund because their use is completely restricted to the purpose for which the debt were originally issued. The following table illustrates the breakdown of Graham County's restricted assets.

Graham County Restricted Investments		
Governmental Activities		
General Fund	Additional sales tax for education	\$ 114,355
Public Building Capital Projects Fund	Reserved for capital expenditures	2,908,854
Justice Center Capital Projects Fund	Reserved for capital expenditures	5,007,427
Total Governmental Activities Restricted Investments		<u>\$ 8,030,636</u>
Graham County Restricted Cash and Cash Equivalents		
Governmental Activities		
General Fund	Facility Fund	\$ 1,701
	Register of Deeds AE&P Fund	103,638
	Duke Energy STW/Shareholder FDS	17,670
	Unexpended grant proceeds - ARC	1,942
	Unexpended grant proceeds - transit	105,803
	Unexpended debt proceeds	508,096
	4-H youth education	16,375
	Sheriff - impound fees	12,148
	Sheriff - concealed handgun permit fees	97,229
	Sheriff's Office Trust	353
	Sheriff NC Drug Tax	51,369
	Sheriff Federal Drug	2,066
	Soil and Water Conservation	66,858
	USDA Reserve - condition of loan	20,052
	Tax revaluation	88,165
Total General Fund Restricted Cash and Cash Equivalents		<u>1,093,465</u>
NC Neighborhood Program Fund	Unexpended grant proceeds - low-income housing	47,653
American Recovery Grant Project Fund	Unexpended grant proceeds - ARPA	902,477
Public Building Capital Projects Fund	Unexpended debt proceeds	626,389
School Capital Project Fund	Unexpended grant proceeds - Needs Based PSBCF	4,100
Economic Development Fund	Unexpended grant proceeds - Golden LEAF	169,712
Opioid Settlement Fund	Unexpended settlement proceeds	45,399
Emergency Telephone System Fund	911 emergency service	268,281
Total Governmental Activities Restricted Cash and Cash Equivalents		<u>\$ 3,157,476</u>

Discretely presented component units

Graham County Travel & Tourism Authority

Governmental Activities

General Fund

Capital reserve

\$ 116,201**4. Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2021. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Lease Receivable

The County recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

6. Allowances for Doubtful Accounts

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

7. Inventory and Prepaid Items

The inventories of the County are valued at cost (first-in, first-out), which approximates market cost. 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 the government-wide and fund financial statements.

8. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. 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.

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

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

	<u>Years</u>
Buildings	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:

	<u>Years</u>
Equipment, furniture and fixtures	5 - 10
Vehicles	5

9. 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.

10. Unearned Revenue

Unearned revenue is reported on the government-wide and fund financial statements. Unearned revenues arise when potential revenue 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.

11. Deferred Outflows/Inflows of Resources

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

12. 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.

13. 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 a last-in, first-out basis, assuming that employees are taking leave time as it is earned.

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.

14. Opioid Settlement Funds

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

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

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

The County received \$45,399 as part of this settlement in Fiscal Year 2022. Per the terms of the MOA, the County created a special revenue fund, the Opioid Settlement Fund, to account for these funds. All funds are to be used for opioid abatement and remediation activities. Funds are restricted until expended. No funds have been expended as of June 30th, 2022. The MOA offered the County two options of expending the funds. The County opted for Option A, which allows the County to fund one or more high-impact strategies from a list of evidence-based strategies to combat the opioid epidemic.

15. Reimbursements for Pandemic-related Expenditures

In FY 2020/21, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for the eligible state, local, territorial, and tribal governments. The County was allocated \$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 \$183,986 used for revenue replacement in the current fiscal year was transferred to the General Fund from the ARPA Fund. The remaining revenue replacement funds will be transferred to the appropriate funds once the intended use of the funds is determined.

16. Net Position/Fund Balances**Net Position**

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

Fund Balances

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

The governmental fund types classify fund balance 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 remain 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.

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

Restricted Fund Balance - This classification includes revenue sources that are restricted to specific purposes externally imposed 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.

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.

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.

17. 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 the state-administered defined benefit pension plans. Investments are reported at fair value.

18. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statement, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

19. Major Taxpayer

The County has one major taxpayer with property valued at \$228,264,110.

E. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. The net adjustment of \$9,530,857 consists of several elements as follows:

Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 27,709,696
Less accumulated depreciation	<u>(12,217,722)</u>
Net capital assets	15,491,974
Right to use assets used in governmental activities are not financial resources and are therefore not reported in the funds	406,616
Less accumulated amortization	<u>(121,448)</u>
Net right to use assets	285,168

Net pension asset	47,687
Contributions to the pension plan in the current fiscal year	752,133
Deferred outflows of resources related to pensions are not reported in the fund statements	1,047,281
Deferred charges related to advance refunding bond issued - included on government-wide statement of net position but are not current financial resources	5,024
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements	20,535
Deferred inflows of resources for taxes reported in the fund statements but not the government-wide statements	238,302
Deferred inflows of resources related to pensions are not reported in the fund statements	(1,511,517)
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Bonds, leases, and installment financing	(5,308,738)
Compensated absences	(465,871)
Pension liabilities (LGERS and LEOSSA)	(1,040,465)
Accrued interest payable	(30,656)
Total adjustment	<u>\$ 9,530,857</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$(1,491,381) as follows:

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 1,345,821
Depreciation and amortization expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(1,196,495)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities - it affects only the government-wide statement of net position	(2,846,320)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements	981,862
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements	
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	752,133
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	(4,834)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(59,434)
County's portion of collective pension expense	(408,018)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements	
Change in unavailable revenue for tax revenues	<u>(56,096)</u>
Total adjustment	<u>\$ (1,491,381)</u>

II. Stewardship, Compliance, and Accountability

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

1. Noncompliance with North Carolina General Statutes

The audited financial statements were not submitted timely in accordance with State law. G.S. 159-34(a) states that each unit of local government shall have its accounts audited as soon as possible after the close of each fiscal year.

The County is working to develop and incorporate procedures to ensure that the data is collected, reviewed and reported accurately and timely.

2. Contractual Violations

None Noted.

3. Deficit in Fund Balance of Individual Funds Not Appropriated in Subsequent Year's Budget Ordinance

None Noted.

4. Excess of Expenditures over Appropriations

None Noted.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All of the County's, T&T's, and RDA's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's, 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 amount of collateral pledged for the County, T&T or RDA under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The 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. The T&T and RDA have no formal policies regarding custodial credit risk for deposits.

At June 30, 2022, the County's deposits had a carrying amount of \$10,280,371 and a bank balance of \$10,775,125. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$10,275,125 was covered by collateral held under the Pooling Method.

At June 30, 2022, Graham County had \$601 cash on hand.

At June 30, 2022, the Tourism Development Authority's deposits had a carrying amount of \$768,720 and a bank balance of \$807,672. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$557,672 was covered by collateral held under the Pooling Method.

At June 30, 2022, the Authority's deposits had a carrying amount of \$271,117 and a bank balance of \$271,117. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$21,117 was covered by collateral held under the Pooling Method.

2. Investments

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

Investments by Type	Valuation Measurement Method	Fair Value	Less Than 6 Months
NC Capital Management Trust - Government Portfolio	Fair Value - Level 1	\$ 9,650,753	\$ 9,650,753
Total		\$ 9,650,753	\$ 9,650,753

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

Level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' benchmark quoted prices.

Interest Rate Risk. The County has no formal investment policy regarding interest rate risk.

Credit Risk. The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2022.

3. Receivables

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

	Landfill	Taxes	Interest	Lease	Accounts	Total
Governmental Activities:						
General	\$ 7,830	\$ 466,965	\$ 20,535	\$ 20,092	\$ 14,358	\$ 529,780
Other governmental	-	-	-	-	2,695	2,695
Total receivables	7,830	466,965	20,535	20,092	17,053	532,475
Allowance for doubtful accounts	7,830	228,663	-	-	-	236,493
Total governmental activities	\$ -	\$ 238,302	\$ 20,535	\$ 20,092	\$ 17,053	\$ 295,982

In July 2021, the County entered into a lease with BalsamWest FiberNet, LLC (BalsamWest). Under the lease, BalsamWest pays the County \$300 per month for 85 months in exchange for a fiber lease. There are no variable components in the lease. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3.250%.

The County recognized revenue of \$3,212 and \$642 of interest revenue under the lease for the fiscal year ended June 30, 2022.

Discretely presented component units

Graham County Travel and Tourism Authority

Graham County Travel and Tourism Authority's \$55,116 in accounts receivable at June 30, 2022 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 the amount of sales tax to be refunded in the amount of \$1,235 at June 30, 2022.

Graham County Rural Development Authority

Due from other governments that is owed to Graham County Rural Development Authority consists of the amount of sales tax to be refunded in the amount of \$3,210 at June 30, 2022.

4. Capital Assets

Primary Government

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

	Beginning Balances	Additions	Retirements	Transfers	Ending Balances
Capital assets not being depreciated:					
Land	\$ 1,798,099	\$ -	\$ -	\$ -	\$ 1,798,099
Construction in progress	9,300	398,991	-	-	408,291
Total capital assets not being depreciated	1,807,399	398,991	-	-	2,206,390

	Beginning Balances	Additions	Retirements	Transfers	Ending Balances
Capital assets being depreciated:					
Buildings	13,948,890	-	-	-	13,948,890
Other improvements	1,445,584	13,137	-	-	1,458,721
Equipment and furniture	4,733,186	262,019	-	-	4,995,205
Vehicles and motorized equipment	4,835,432	265,058	-	-	5,100,490
Total capital assets being depreciated	24,963,092	540,214	-	-	25,503,306
Less accumulated depreciation for:					
Buildings	3,296,978	350,815	-	-	3,647,793
Other improvements	618,112	69,491	-	-	687,603
Equipment and furniture	3,360,245	310,240	-	-	3,670,485
Vehicles and motorized equipment	3,867,340	344,501	-	-	4,211,841
Total accumulated depreciation	11,142,675	1,075,047	-	-	12,217,722
Total capital assets being depreciated, net	13,820,417				13,285,584
Governmental activity capital assets, net	\$ 15,627,816				\$ 15,491,974

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

General government	\$ 262,944
Public safety	501,890
Economic and physical development	752
Human services	253,217
Cultural and recreational	56,244
Total depreciation expense	\$ 1,075,047

Construction commitments

The government has active construction projects as of June 30, 2022. 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	\$ 330,717	\$ 1,319,283
Public Building Capital Projects Fund	1,694,659	1,650,341
School Capital Project Fund	3,340,894	549,881
Total	\$ 5,366,270	\$ 3,519,505

Discretely presented component units

Graham County Travel and Tourism Authority

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

	Beginning Balances	Additions	Retirements	Transfers	Ending Balances
Capital assets being depreciated:					
Equipment, furniture and fixtures	\$ -	\$ 28,500	\$ -	\$ -	\$ 28,500
Total capital assets being depreciated	-	28,500	-	-	28,500
Less accumulated depreciation for:					
Equipment, furniture and fixtures	-	-	-	-	-
Total accumulated depreciation	-	-	-	-	-
Total capital assets being depreciated, net	\$ -				\$ 28,500

Graham County Rural Development Authority

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

	Beginning Balances	Additions	Retirements	Transfers	Ending Balances
Capital assets not being depreciated:					
Land	\$ 192,956	\$ 336,853	\$ -	\$ -	\$ 529,809
Total capital assets not being depreciated	\$ 192,956	\$ 336,853	\$ -	\$ -	\$ 529,809

Construction commitments

The Authority has an active construction project and the following commitment with contractors as of June 30, 2022.

Project	Spent-to-date	Remaining Commitment
Moose Branch Road	\$ 336,153	\$ 119,352

5. Right to Use Leased Assets***Primary Government***

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

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

	Beginning Balances	Additions	Retirements	Transfers	Ending Balances
Right to use assets					
Leased vehicles	\$ -	\$ 340,557	\$ -	\$ -	\$ 340,557
Leased equipment	-	66,059	-	-	66,059
Total right to use assets	-	406,616	-	-	406,616
Less accumulated amortization for:					
Leased vehicles	-	117,319	-	-	117,319
Leased equipment	-	4,129	-	-	4,129
Total accumulated amortization	-	121,448	-	-	121,448
Right to use assets, net	\$ -				\$ 285,168

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

General government	\$ 16,900
Public safety	84,331
Human services	15,433
Cultural and recreational	4,784
Total amortization expense	\$ 121,448

Discretely presented component units*Graham County Travel and Tourism Authority*

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

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

	Beginning Balances	Additions	Retirements	Transfers	Ending Balances
Right to use assets					
Leased buildings	\$ -	\$ 8,832	\$ -	\$ -	\$ 8,832
Leased equipment	-	4,161	-	-	4,161
Total right to use assets	-	12,993	-	-	12,993

Less accumulated amortization for:

Leased buildings	-	7,065	-	-	7,065
Leased equipment	-	260	-	-	260
Total accumulated amortization	-	7,325	-	-	7,325

Right to use assets, net	\$	-		\$	5,668
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B. Liabilities

1. Payables

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

	Vendors	Other	Total
Governmental Activities:			
General	\$ 415,343	\$ 301,959	\$ 717,302
Other governmental	53,202	-	53,202
Total governmental activities	\$ 468,545	\$ 301,959	\$ 770,504

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

	Vendors	Other	Total
Discretely presented component units:			
Graham County Travel and Tourism Authority	\$ 31,332	\$ 2,245	\$ 33,577
Graham County Rural Development Authority	3,000	-	3,000
Total discretely presented component units	\$ 34,332	\$ 2,245	\$ 36,577

2. Unearned Revenues

Unearned revenue at the government-wide level at June 30, 2022, was as follows:

	Escrowed Tax Receipts	Unexpended Contribution	Unexpended Grant Proceeds	Total
Governmental Activities:				
General	\$ -	\$ 6,000	\$ 310,856	\$ 316,856
Other governmental	-	-	5,902,110	5,947,509
Total governmental activities	\$ -	\$ 6,000	\$ 6,212,966	\$ 6,264,365

Discretely presented component units

Unearned revenue at the government-wide level at June 30, 2022, was as follows:

	Escrowed Tax Receipts	Unexpended Contribution	Unexpended Grant Proceeds	Total
Discretely presented component units:				
Graham County Travel and Tourism Authority	\$ -	\$ -	\$ -	\$ -
Graham County Rural Development Authority	-	-	133,875	133,875
Total discretely presented component units	\$ -	\$ -	\$ 133,875	\$ 133,875

3 Pension Plan and Other 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 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.

\$748,627 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, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2023	\$	93,814
2024		(12,232)
2025		(88,629)
2026		(425,146)

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

Inflation	2.50 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	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 assumptions used for the December 31, 2020 actuarial valuation was based on the experience study prepared as of December 31, 2019, and adopted by the Board of Trustees on January 28, 2021.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Opportunistic Fixed Income	7.0%	6.0%
Inflation Sensitive	6.0%	4.0%
Total	<u>100.0%</u>	

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

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

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension 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 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
County's proportionate share of the net pension liability (asset)	\$ 3,774,982	\$ 972,453	\$ (1,333,865)

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

b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description

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

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

Inactive Members Currently Receiving Benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active Members	<u>12</u>
Total	<u><u>12</u></u>

2. Summary of Significant Accounting Policies

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

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

3. Actuarial Assumptions

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

Inflation	2.50 percent
Salary increases	3.25 to 7.75percent, including inflation and productivity factor
Discount rate	2.25 percent

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

Mortality Rate

Mortality Assumption: All mortality rates use Pub-2010 amount-weighted tables.

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

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 After Retirement (Disabled Members at Retirement): Mortality rates are based on the Non-Safety Mortality Table for Disabled Retirees. Rates are Set Back 3 years for all ages.

Deaths After Retirement (Survivors of Deceased Members): 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 Prior to Retirement: Mortality rates are based on the Safety Mortality Table for Employees.

4. Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County did not pay any benefits for the reporting period.

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

At June 30, 2022, the County reported a total pension liability of \$68,012. The total pension liability was measured as of December 31, 2021 based on a December 31, 2020 actuarial valuation. The total pension liability was rolled forward to December 31, 2021 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the County recognized pension expense of \$6,845.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,639	\$ 67,698
Changes of assumptions	36,024	2,924
County benefit payments and plan administrative expense made subsequent to the measurement date	-	-
Total	\$ 49,663	\$ 70,622

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

Year ended June 30:

2023	\$ (9,409)
2024	(6,940)
2025	(3,053)
2026	(893)
2027	(664)

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 2.25 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1- percentage-point higher (3.25 percent) than the current rate:

	1% Decrease (1.25%)	Discount Rate (2.25%)	1% Increase (3.25%)
Total pension liability	\$ 75,506	\$ 68,012	\$ 61,269

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

Total pension liability as of December 31, 2020	\$ 114,456
Changes for the year:	
Service cost	14,441
Interest on the total pension liability	2,209
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(60,781)
Changes of assumptions or other inputs	(2,313)
Benefit payments	-
Other changes	-
Net changes	(46,444)
Total pension liability as of December 31, 2021	\$ 68,012

Changes of assumptions. Since the Prior Measurement Date, the Discount Rate has changed from 1.93% to 2.25%.

Changes in Benefit Terms. There were no changes in benefit terms since the prior Measurement Date.

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

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

The County contributed \$25,142 for the year ended June 30, 2022. No amounts were forfeited.

d. Sheriffs' Supplemental Retirement Plan

Plan Description. The County contributes to the Sheriffs' Supplemental Retirement Plan (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 the Local Governmental 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 the 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 \$2,524 for the year ended June 30, 2022.

e. Registers of Deeds' Supplemental Pension Fund

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

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$3,506 for the year ended June 30, 2022.

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

At June 30, 2022, the County reported an asset of \$47,687 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2022, the Board's proportion was .24820% (measured as of June 30, 2021), which was an increase of .05120% from its proportion as of June 30, 2021 (measured as of June 30, 2020).

For the year ended June 30, 2022, the County recognized pension expense of \$(7,964). At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 509	\$ 578
Changes of assumptions	3,477	-
Net difference between projected and actual earnings on pension plan investments	-	146
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	14,346
County contributions subsequent to the measurement date	3,506	-
Total	\$ 7,492	\$ 15,070

\$3,506 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2023	\$ (9,500)
2024	(2,586)
2025	(112)
2026	1,114

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

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

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

The actuarial assumptions used in the December 31, 2020 valuation were based on the experience study prepared as of December 31, 2019 and adopted by the Board of Trustees on January 28, 2021.

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

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. 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 proportionate share of the net pension asset calculated using the discount rate of 3.00 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.00 percent) or 1-percentage-point higher (4.00 percent) than the current rate:

	1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
County's proportionate share of the net pension liability (asset)	\$ (37,878)	\$ 47,687	\$ (55,929)

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

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

The net pension liability (asset) for LGERS and RODSPF was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of June 30, 2021, with an actuarial valuation date of December 31, 2020. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>LGERS</u>	<u>RODSPF</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate Share of Net Pension Liability (Asset)	\$ 972,453	\$ (47,687)	\$ -	\$ 924,766
Proportion of the of Net Pension Liability (Asset)	0.0634%	0.2482%	n/a	n/a
Total Pension Liability	n/a	n/a	\$ 68,012	\$ 68,012
Pension Expense	\$ 409,137	\$ (7,964)	\$ 6,845	\$ 408,018

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

	<u>LGERS</u>	<u>RODSPF</u>	<u>LEOSSA</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>				
Differences between expected and actual experience	\$ 309,373	\$ 509	\$ 13,639	\$ 323,521
Changes of assumptions	610,949	3,477	36,024	650,450
Net difference between projected and actual earnings on pension plan investments	-	-	-	-
Changes in proportion and differences between County contributions and proportionate share of contributions	73,310	-	-	73,310

County contributions (LGERS, RODSPF)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	748,627	3,506	-	752,133
<u>Deferred Inflows of Resources</u>				
Differences between expected and actual experience	\$ -	\$ 578	\$ 67,698	\$ 68,276
Changes of assumptions	-	-	2,924	2,924
Net difference between projected and actual earnings on pension plan investments	1,389,343	146	-	1,389,489
Changes in proportion and differences between County contributions and proportionate share of contributions	36,482	14,346	-	50,828

g. Other Postemployment Benefit

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

h. 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.

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

4. Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Charge on refunding of debt	\$ 5,024	\$ -
Pensions - difference between expected and actual experience	323,521	68,276
Pensions - changes of assumptions	650,450	2,924
Pensions - difference between projected and actual investment earnings	-	1,389,489
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	73,310	50,828
Contributions to pension plan subsequent to measurement date (LGERS, RODSPF)	752,133	-
Prepaid taxes not yet earned (General)	-	125,841
Leases (general)	-	19,538
Taxes receivable, net, less penalties (General)	-	238,302
Total deferred inflows of resources	<u>\$ 1,804,438</u>	<u>\$ 1,895,198</u>

5. 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.

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.

6. Contingent Liabilities

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

7. Long-Term Obligations

a. Leases

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. The related right to use assets are discussed in more detail in the right to use asset section of this note.

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, 2022, the value of the lease liability was \$8,293 and the related net book value of the right to use asset was \$8,054.

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, 2022, the value of the lease liability was \$74,996 and the related net book value of the right to use asset was \$72,889.

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 5.71%. As of June 30, 2022, the value of the lease liability was \$85,803 and the related net book value of the right to use asset was \$83,498.

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, 2022, the value of the lease liability was \$60,366 and the related net book value of the right to use asset was \$58,797.

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 \$65,763 and requires monthly payments of \$1,382. The lease liability is measured at a discount rate of 0.413%. As of June 30, 2022, the value of the lease liability was \$61,685 and the related net book value of the right to use asset was \$61,930.

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

<u>Year ending June 30</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2023	\$ 133,890	\$ 10,153	\$ 144,043
2024	128,348	3,300	131,648
2025	16,492	88	16,580
2026	12,413	21	12,434
Total	<u>\$ 291,143</u>	<u>\$ 13,562</u>	<u>\$ 304,705</u>

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 July 2021, T&T entered into a 15-month lease agreement for a building. An initial lease liability was recorded in the amount of \$8,832 and requires monthly payments of \$600. The lease liability is measured at a discount rate of 3.25%. As of June 30, 2022, the value of the lease liability was \$1,790 and the related net book value of the right to use asset was \$1,767.

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 \$4,142 and requires monthly payments of \$87. The lease liability is measured at a discount rate of 0.413%. As of June 30, 2022, the value of the lease liability was \$3,885 and the related net book value of the right to use asset was \$3,901.

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

<u>Year ending June 30</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2023	\$ 2,820	\$ 24	\$ 2,844
2024	1,035	10	1,045
2025	1,039	6	1,045
2026	781	1	782
Total	<u>\$ 5,675</u>	<u>\$ 41</u>	<u>\$ 5,716</u>

b. Installment Purchases

The County has entered into direct placements. Direct placements outstanding at June 30, 2022, were as follows:

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. \$ 397,216

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.	1,913,000
On February 24, 2020, the County entered into a \$33,099 direct placement contract for the purchase of computers for the Sheriff's Office. The equipment is pledged as collateral for the debt while the debt is outstanding. The financing contract requires three annual payments of \$11,740, including interest at 3.17%, and matures on February 24, 2023.	11,379
On June 14, 2022, the County entered into a \$2,115,000 direct placement contract for the renovation of a portion 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 Cemetery 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.	2,115,000
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.	325,000
	\$ 4,761,595

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2023	\$ 337,171	\$ 143,674
2024	327,632	133,782
2025	328,497	124,207
2026	328,388	114,607
2027	329,306	105,006
2028-2032	1,661,309	380,015
2033-2037	733,791	186,433
2038-2042	623,817	71,887
2043-2047	91,684	8,576
Total	\$ 4,761,595	\$ 1,268,187

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
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Annual debt service requirements to maturity for the RDA's installment purchase is as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2023	\$ 135,067	\$ 348
Total	\$ 135,067	\$ 348

c. General Obligation Indebtedness

The general obligation bonds are collateralized by the full faith, credit and taxing power of the County. Principal and interest payments are appropriated when due. In the event of a default, the County agrees to pay to the purchaser, on demand, interest on any and all amounts due and owing by the County under this agreement.

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

Serviced by the County's General Fund:

\$2,323,000 from 2014 Refunding Bonds, principal installments ranging from \$245,000 to \$269,000 are due annually on June 1 with semiannual interest payments due on December 1 and June 1, at an annual interest rate of 2.20% through June 1, 2023. \$ 256,000

Annual debt service requirements for general obligation bonds to maturity are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2023	\$ 256,000	\$ 5,632
Total	<u>\$ 256,000</u>	<u>\$ 5,632</u>

Debt Related to Capital Activities - Of the total Governmental Activities debt listed, only \$2,546,738 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.

e. Long-Term Obligation Activity

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

	Beginning Balances	Additions	Retirements	Ending Balances	Due Within One Year
General obligation bonds	\$ 518,000	\$ -	\$ 262,000	\$ 256,000	\$ 256,000
Leases	-	406,320	115,177	291,143	133,890
Direct placement installment purchases	2,926,280	2,440,000	604,685	4,761,595	337,171
Compensated absences	406,437	540,034	480,600	465,871	400,000
Net pension liability (LGERS)	2,174,430	-	1,201,977	972,453	-
Total pension liability (LEOSSA)	114,456	-	46,444	68,012	-
Total	<u>\$ 6,139,603</u>	<u>\$ 3,386,354</u>	<u>\$ 2,710,883</u>	<u>\$ 6,815,074</u>	<u>\$ 1,127,061</u>

No interest was capitalized during the year ended June 30, 2022; interest incurred and charged to expense totaled \$108,657.

Net pension liability and total pension liability for governmental activities are all typically liquidated in the General Fund. Compensated absences for governmental activities typically have been liquidated in the General Fund and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

At June 30, 2022, Graham County had a legal debt margin of \$90,155,065.

Discretely presented component units*Graham County Travel and Tourism Authority*

The following is a summary of changes in T&T's long-term obligations for the fiscal year ended June 30, 2022:

	Beginning Balances	Additions	Retirements	Ending Balances	Due Within One Year
Leases	\$ -	\$ 12,974	\$ 7,299	\$ 5,675	\$ 2,820
Compensated absences	3,106	3,558	2,785	3,879	2,000
Total	<u>\$ 3,106</u>	<u>\$ 16,532</u>	<u>\$ 10,084</u>	<u>\$ 9,554</u>	<u>\$ 4,820</u>

Graham County Rural Development Authority

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

	Beginning Balances	Additions	Retirements	Ending Balances	Due Within One Year
Direct placement installment purchases	\$ 134,467	\$ 600	\$ -	\$ 135,067	\$ 135,067
Total	\$ 134,467	\$ 600	\$ -	\$ 135,067	\$ 135,067

No interest was capitalized during the year ended June 30, 2022; interest incurred and charged to expense totaled \$6,032.

C. Prior Period Adjustment

During the fiscal year ended June 30, 2022, the County determined that certain transactions were recorded incorrectly in the prior year.

Emergency Telephone System Fund Balance: The fund balance of the Emergency Telephone System Fund was understated at June 30, 2022 by \$3,055 due to expenditures that were deemed ineligible for reimbursement.

Emergency Telephone System Fund Balance, beginning as previously reported	\$ 475,629
Ineligible expenditures made in the prior fiscal year	3,055
Net prior period adjustment	3,055
Emergency Telephone System Fund Balance, beginning as restated	<u>\$ 478,684</u>

General Fund Balance: The fund balance in the General Fund was overstated at June 30, 2022 by \$3,055 due to the following items:

General Fund Balance, beginning as previously reported	\$ 9,281,585
Ineligible expenditures made in the prior fiscal year	(3,055)
Net prior period adjustment	(3,055)
General Fund Balance, beginning as restated	<u>\$ 9,278,530</u>

D. Interfund Balances and Activity

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

Due from the General Fund to:

Emergency Telephone Fund	\$ 149,413
Total	<u>\$ 149,413</u>

Due to the General Fund from:

Public Building Capital Projects Fund	\$ 27,557
Total	<u>\$ 27,557</u>

The interfund balances resulted from the time lag between dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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

From the General Fund to the Public Building Capital Projects Fund for construction costs	\$ 421,691
From the General Fund to the Revaluation Fund to provide resources for the next property revaluation	100,000
From the General Fund to the School Capital Project Fund for the County match per grant agreement	684,104
From the American Recovery Grant Projects Fund to the General Fund for revenue replacement	183,986
Total	<u>\$ 1,389,781</u>

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

Discretely presented component units*Graham County Rural Development Authority*

Interfund loan – The Moose Branch Road Capital Project Fund has borrowed \$44,069 from the RDA General Fund for advance funding to begin construction activity in excess of loan proceeds received to date.

E. Net Investment in Capital Assets

Net investment in capital assets at June 30, 2022, is computed as follows:

Capital assets, net of accumulated depreciation		\$ 15,491,974
Less capital debt:		
Gross debt (excluding compensated absences)	5,308,738	
Less:		
Unexpended debt proceeds	1,134,485	
School debt related to assets to which the County does not hold title	1,381,000	
Total capital debt	<u>2,793,253</u>	
Net investment in capital assets		<u><u>\$ 12,698,721</u></u>

F. Fund Balance

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

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

Total fund balance - General Fund	\$ 9,917,839
Less:	
Prepaid items	225,143
Leases	554
Register of deeds	103,638
Stabilization by State statute	1,251,377
Human services	105,803
Law enforcement	109,730
Economic development	1,942
Courts	1,701
USDA reserve	20,052
Tax revaluation	41,752
Appropriated fund balance in 2023 budget	1,201,383
Working capital/ fund balance policy	1,894,382
Remaining fund balance	\$ 4,960,382

Graham County has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is at least equal or greater than 8% of budgeted expenditures.

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

Encumbrances	General Fund	Nonmajor Funds
\$	25,890	\$ -

IV. 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, 2022. 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 have an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements. 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, 2022. Complete financial statements for the Library may be obtained from the Library's offices at 101-A Blumenthal Street, Murphy, NC 28906.

V. Jointly Governed OrganizationsSouthwestern 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 \$6,141 to the Commission during the fiscal year ended June 30, 2022.

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, 2022.

VI. Summary Disclosure of Significant Commitments and Contingencies**Federal and State Assisted Programs**

The County has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant 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.

Coronavirus Disease (COVID-19)

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

VII. Change in Accounting Principle

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

VIII. New Accounting Pronouncements***Pronouncements effective for the 2022 Financial Statements:***

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to improve accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The statement is designed to mitigate costs associated with reporting on certain employee benefit plans. The statement also is intended to improve the reporting of Sec. 457 deferred compensation plans that meet the definition of a pension plan, and for benefits provided through those plans.

In October 2021, the GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments.

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

Pronouncements issued, but not yet effective, which will be adopted by the County in future years. As of the date of this report, the County has not determined the financial impact of implementing the following Statements:

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The effective date of this Statement has been postponed for reporting periods beginning after December 15, 2021.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

IX. Significant Effects of Subsequent Events

Management has evaluated its subsequent events (events occurring after June 30, 2022) through December 5, 2022, which represents the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended June 30, 2022.

1. Graham County was awarded the following grants in October and November 2022:
 - a. Dogwood Health Trust – American Rescue Plan Advantage Funds - \$500,000 – provide supplemental funding for CBDG projects and other low-income housing projects.
 - b. Dogwood Health Trust – Dental Chair Grant \$36,871 to purchase two dental chairs.
 - c. USDOJ – two grants for body cameras and upgrades to the mobile car radio systems – approximately \$50,000.
 - d. VW Mitigation Grant from NCDEQ – County was awarded a total of \$371,982 from NCDEQ out of VW Mitigation funds to purchase two long haul trucks for transport of solid waste from the transfer station to the landfill. There is a required match of \$65,644 on the grant. This will enable the County to replace trucks with mileage in excess of a million miles with energy and emissions efficient vehicles at 15% of the total cost, thus saving the taxpayers \$371,982 as well as fuel costs due to efficiencies.
 - e. Graham County continues to work toward gaining additional funding for the Snowbird Flood remediation project. The County was awarded \$242,000 in funding from NRCS, however, bids for the work to be completed were in excess of the funding by approximately \$650,000. No award to the low bidder has been made pending negotiations with the low bidder and seeking financial support from the State and Federal government.
 - f. Robbinsville Middle School project will be completed in January – February 2023.
2. Capital Outlay
 - a. September 20, 2022 the BOCC approved the bid presented by Northeastern Emergency Vehicles to replace two ambulances at a total cost of \$521,070. Due to supply chain issues the decision was made to replace two vehicles as opposed to one to ensure that all ambulances will be road worthy.
 - b. The sheriff's office purchased a TruNarc narcotic testing system for \$31,832 in August 2022.
 - c. Sanitation purchased a Kubota track hoe for \$111,681 to replace the existing track hoe.
 - d. Graham County entered into a contract negotiations in October 2022 with Moseley Architects to begin the process of design and engineering for a new Justice Center to be located on Fort Hill Road. Design and engineering are expected to be completed in the Spring of 2023 with an estimated construction period into early 2025. The County will begin working with its debt advisors in early 2023 for financing the balance. Proceeds of the quarter cent sales tax in addition to the SCIF grant will be used as well as debt financing.

Required Supplementary Financial Data

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

Local Governmental Employees' Retirement System

- Schedule of Proportionate Share of Net Pension Liability (Asset) for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System

Register of Deeds' Supplemental Pension Fund

- Schedule of Proportionate Share of Net Pension Liability (Asset) for Registers of Deeds' Supplemental Pension Fund
- Schedule of Contributions to Registers of Deeds' Supplemental Pension Fund

Law Enforcement Officers' Special Separation Allowance

- Schedule of Changes in Total Pension Liability
- Schedule of Total Pension Liability as a Percentage of Covered Payroll

Graham County, North Carolina
Schedule of Proportionate Share of Net Pension Liability (Asset)
for Local Government Employees' Retirement System
Required Supplementary Information
Last Nine Fiscal Years *

	2022	2021	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) %	0.063%	0.061%	0.059%	0.062%	0.069%	0.076%	0.069%	0.078%	0.083%
County's proportionate share of the net pension liability (asset) \$	\$ 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	\$ 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	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**	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.

Graham County, North Carolina
Schedule of Contributions to Local Government Employees' Retirement System
Required Supplementary Information
Last Nine Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 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	748,627	479,005	372,494	320,513	297,575	299,992	410,849	396,494	418,574
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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
Contributions as a percentage of covered-employee payroll	11.43%	10.24%	9.05%	7.84%	7.57%	7.43%	10.22%	10.41%	10.48%

Graham County, North Carolina
Schedule of Proportionate Share of Net Pension Liability (Asset)
Registers of Deeds' Supplemental Pension Fund
Required Supplementary Information
Last Nine Fiscal Years *

	2022	2021	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) %	0.2482%	0.1970%	0.0960%	0.0762%	0.0694%	0.0680%	0.6310%	6.7200%	6.7200%
County's proportionate share of the net pension liability (asset) \$	\$(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	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.

Graham County, North Carolina
Schedule of Contributions to Registers of Deeds' Supplemental Pension Fund
Registers of Deeds' Supplemental Pension Fund
Required Supplementary Information
Last Nine Fiscal Years

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

Graham County, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
For the Year Ended June 30, 2022

	2022	2021	2020	2019	2018	2017
Beginning balance	\$ 114,456	\$ 35,755	\$ 42,963	\$ 53,279	\$ 54,874	\$ 45,225
Service cost	14,441	9,471	7,253	10,084	8,833	9,590
Interest on the total pension liability	2,209	1,166	1,564	1,684	2,118	1,615
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(60,781)	19,395	(17,420)	(19,346)	(20,226)	-
Changes of assumptions or other inputs	(2,313)	48,669	1,395	(2,738)	7,680	(1,556)
Benefit payments	-	-	-	-	-	-
Other changes	-	-	-	-	-	-
Ending balance of the total pension liability	<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.

Graham County, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
For the Year Ended June 30, 2022

	2022	2021	2020	2019	2018	2017
Total pension liability	\$ 68,012	\$ 114,456	\$ 35,755	\$ 42,963	\$ 53,279	\$ 54,874
Covered payroll	560,896	519,819	340,160	413,888	480,234	483,289
Total pension liability as a percentage of covered payroll	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.

Combining and Individual Fund
Statements and Schedules

Major Governmental Funds

The County has the following major governmental funds:

- **General Fund** – This fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.
- **Revaluation Fund** – This 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. The Revaluation Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances is presented for informational purposes only.

Special Revenue Funds:

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

- **NC Neighborhood Program Grant Projects Fund** – This fund accounts 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.
- **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 Funds program, to provide support to State, territorial, local, and Tribal governments in responding to the economic and public health impacts of COVID-19 and in their efforts to contain impacts on their communities, residents, and businesses. This fund accounts for such expenses.

Capital Project Funds:

Capital project funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

- **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) and transfers from the General Fund.
- **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.
- **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 Fund and transfers from the General Fund.

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

	General Fund	Revaluation Fund	Eliminations	Total
REVENUES				
Ad valorem taxes	\$ 7,847,428	\$ -	\$ -	\$ 7,847,428
Local option sales taxes	3,238,410	-	-	3,238,410
Other taxes and licenses	65,910	-	-	65,910
Unrestricted intergovernmental	880,226	-	-	880,226
Restricted intergovernmental	3,943,267	-	-	3,943,267
Other restricted revenues	186,612	-	-	186,612
Permits and fees	284,858	-	-	284,858
Sales and services	2,217,797	-	-	2,217,797
Investment earnings	274,486	54	-	274,540
Miscellaneous	93,104	-	-	93,104
Total revenues	<u>19,032,098</u>	<u>54</u>	<u>-</u>	<u>19,032,152</u>
EXPENDITURES				
Current:				
General government	4,001,856	212,584	-	4,214,440
Public safety	6,996,756	-	-	6,996,756
Economic and physical development	181,486	-	-	181,486
Human services	5,210,232	-	-	5,210,232
Cultural and recreational	517,897	-	-	517,897
Intergovernmental:				
Education	2,185,485	-	-	2,185,485
Special appropriations	178,340	-	-	178,340
Total expenditures	<u>19,272,052</u>	<u>212,584</u>	<u>-</u>	<u>19,484,636</u>
Revenues over (under) expenditures	<u>(239,954)</u>	<u>(212,530)</u>	<u>-</u>	<u>(452,484)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	183,986	100,000	(100,000)	183,986
Transfers out	(1,205,795)	-	100,000	(1,105,795)
Lease obligations issued	406,320	-	-	406,320
Proceeds from long term debt issue	1,453,000	-	-	1,453,000
Total other financing sources (uses)	<u>837,511</u>	<u>100,000</u>	<u>-</u>	<u>937,511</u>
Fund balance appropriated/(additions)	-	-	-	-
Net change in fund balance	597,557	(112,530)	<u>\$ -</u>	485,027
FUND BALANCES				
Fund balance, beginning as previously reported	9,281,585	154,282		9,435,867
Prior period adjustment	(3,055)	-		(3,055)
Fund balance, beginning as restated	<u>9,278,530</u>	<u>154,282</u>		<u>9,432,812</u>
Fund balance, ending	<u>\$ 9,876,087</u>	<u>\$ 41,752</u>		<u>\$ 9,917,839</u>

Exhibit 4

A legally budgeted Tax Revaluation fund is consolidated into the General Fund for reporting purposes.

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Ad valorem taxes:			
Current year taxes		\$ 636,085	
Prior year taxes		7,152,489	
Penalties and interest		58,854	
Total	<u>\$ 7,853,641</u>	<u>7,847,428</u>	<u>\$ (6,213)</u>
Local option sales taxes:			
Local option sales tax		3,238,410	
Total	<u>3,490,555</u>	<u>3,238,410</u>	<u>(252,145)</u>
Other taxes and licenses:			
Register of deeds - excise tax		62,770	
Cable franchise fees		3,140	
Total	<u>50,717</u>	<u>65,910</u>	<u>15,193</u>
Unrestricted intergovernmental:			
Payments in lieu of taxes		880,226	
Total	<u>840,000</u>	<u>880,226</u>	<u>40,226</u>
Restricted intergovernmental:			
State grants		3,399,635	
Federal grants		481,642	
Local grants		3,600	
Court facility fees		150	
Scrap tire disposal fee		1,700	
Solid waste disposal tax		7,550	
Controlled substance tax		46,738	
White goods disposal fee		2,252	
Total	<u>5,309,784</u>	<u>3,943,267</u>	<u>(1,366,517)</u>
Other restricted revenues:			
Private grants & contributions		186,612	
Total	<u>362,188</u>	<u>186,612</u>	<u>(175,576)</u>
Permits and fees:			
Building permits		74,273	
Register of deeds		194,125	
Health department well permits		16,460	
Total	<u>240,685</u>	<u>284,858</u>	<u>44,173</u>
Sales and services:			
Rents, concessions, and fees		1,509,542	
Jail fees		9,812	
Ambulance fees		548,103	
Home health		18,352	
Tipping fees		79,325	
Recycling revenue		18,255	
Sheriff fees		34,408	
Total	<u>1,784,835</u>	<u>2,217,797</u>	<u>432,962</u>
Investment earnings:	<u>275,197</u>	<u>274,486</u>	<u>(711)</u>
Miscellaneous:	<u>37,353</u>	<u>93,104</u>	<u>55,751</u>
Total revenues	<u>20,244,955</u>	<u>19,032,098</u>	<u>(1,212,857)</u>

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
EXPENDITURES			
General government:			
Governing body:			
Salaries and employee benefits		337,154	
Operating expenditures		356,692	
Contracted services		235,770	
Contingency fund		5,545	
Debt service:			
Principal retirement		39,266	
Interest and other charges		4,316	
Total	<u>1,287,919</u>	<u>978,743</u>	<u>309,176</u>
Administration:			
Salaries and employee benefits		118,958	
Operating expenditures		135,495	
Insurance - general		233,102	
Capital outlay		20,950	
Contracted services		2,671	
Debt service:			
Principal retirement		4,204	
Interest and other charges		539	
Total	<u>536,306</u>	<u>515,919</u>	<u>20,387</u>
Board of elections:			
Salaries and employee benefits		145,369	
Operating expenditures		36,075	
Capital outlay		8,622	
Debt service:			
Principal retirement		151	
Interest and other charges		2	
Total	<u>201,158</u>	<u>190,219</u>	<u>10,939</u>
Finance:			
Salaries and employee benefits		235,846	
Operating expenditures		63,455	
Contracted services		8,186	
Total	<u>320,068</u>	<u>307,487</u>	<u>12,581</u>
Tax assessor:			
Salaries and employee benefits		82,637	
Operating expenditures		6,861	
Capital outlay		2,637	
Contracted services		34,818	
Debt service:			
Principal retirement		163	
Interest and other charges		2	
Total	<u>131,070</u>	<u>127,118</u>	<u>3,952</u>

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Tax collector:			
Salaries and employee benefits		105,766	
Operating expenditures		18,550	
Capital outlay		2,637	
Debt service:			
Principal retirement		163	
Interest and other charges		2	
Total	<u>129,131</u>	<u>127,118</u>	<u>2,013</u>
Tax mapping:			
Salaries and employee benefits		50,354	
Operating expenditures		8,346	
Capital outlay		14,783	
Contracted services		2,795	
Debt service:			
Principal retirement		308	
Interest and other charges		5	
Total	<u>85,413</u>	<u>76,591</u>	<u>8,822</u>
Register of deeds:			
Salaries and employee benefits		97,100	
Operating expenditures		128,298	
Contracted services		35,298	
Total	<u>261,557</u>	<u>260,696</u>	<u>861</u>
Public buildings:			
Salaries and employee benefits		96,944	
Operating expenditures		169,645	
Capital outlay		21,769	
Contracted services		15,121	
Debt service:			
Principal retirement		196,530	
Interest and other charges		56,884	
Total	<u>569,334</u>	<u>556,893</u>	<u>12,441</u>
Building custodial services:			
Salaries and employee benefits		131,256	
Operating expenditures		23,638	
Total	<u>256,075</u>	<u>154,894</u>	<u>101,181</u>
Vehicle maintenance:			
Salaries and employee benefits		43,019	
Operating expenditures		6,327	
Total	<u>54,394</u>	<u>49,346</u>	<u>5,048</u>
Computer support:			
Salaries and employee benefits		54,368	
Operating expenditures		47,799	
Capital outlay		52,576	
Contracted services		170,616	
Total	<u>341,632</u>	<u>325,359</u>	<u>16,273</u>

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Grounds maintenance:			
Salaries and employee benefits		45,697	
Operating expenditures		11,855	
Capital outlay		16,694	
Contracted services		4,835	
Total	<u>81,840</u>	<u>79,081</u>	<u>2,759</u>
Cemetery:			
Salaries and employee benefits		186,741	
Operating expenditures		24,517	
Capital outlay		31,658	
Debt service:			
Principal retirement		5,844	
Interest and other charges		857	
Total	<u>266,255</u>	<u>249,617</u>	<u>16,638</u>
Project Manager:			
Operating expenditures		2,775	
Total	<u>2,825</u>	<u>2,775</u>	<u>50</u>
Total general government	<u>4,524,977</u>	<u>4,001,856</u>	<u>523,121</u>
Public safety:			
Sheriff:			
Salaries and employee benefits		1,302,635	
Operating expenditures		494,478	
Contracted services		18,978	
Capital outlay		248,391	
Debt service:			
Principal retirement		11,029	
Interest and other charges		11,104	
Total	<u>2,138,873</u>	<u>2,086,615</u>	<u>52,258</u>
Jail:			
Salaries and employee benefits		597,213	
Operating expenditures		334,270	
Capital outlay		12,656	
Contracted services		188,012	
Debt service:			
Principal retirement		4,363	
Interest and other charges		641	
Total	<u>1,176,613</u>	<u>1,137,155</u>	<u>39,458</u>
Ambulance service:			
Salaries and employee benefits		1,271,683	
Operating expenditures		196,743	
Capital outlay		304,281	
Debt service:			
Principal retirement		308	
Interest and other charges		5	
Total	<u>1,780,869</u>	<u>1,773,020</u>	<u>7,849</u>

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
District court:			
Operating expenditures		6,849	
Contracted services		1,735	
Total	<u>9,000</u>	<u>8,584</u>	<u>416</u>
Emergency management:			
Salaries and employee benefits		109,819	
Operating expenditures		16,739	
Total	<u>180,401</u>	<u>126,558</u>	<u>53,843</u>
Community paramedicine:			
Salaries and employee benefits		59,153	
Operating expenditures		20,368	
Capital outlay		26,940	
Total	<u>137,485</u>	<u>106,461</u>	<u>31,024</u>
Communications:			
Salaries and employee benefits		526,311	
Operating expenditures		19,512	
Capital outlay		13,969	
Contracted services		27,432	
Debt service:			
Principal retirement		4,530	
Interest and other charges		680	
Total	<u>602,551</u>	<u>592,434</u>	<u>10,117</u>
Sanitation:			
Salaries and employee benefits		342,983	
Operating expenditures		234,165	
Capital outlay		65,480	
Tipping fees		248,819	
Debt service:			
Principal retirement		10,293	
Interest and other charges		14,772	
Total	<u>949,905</u>	<u>916,512</u>	<u>33,393</u>
EMS billing:			
Operating expenditures		20	
Contracted services		29,105	
Total	<u>35,000</u>	<u>29,125</u>	<u>5,875</u>
Contribution to NC Forest Service	<u>62,125</u>	<u>45,252</u>	<u>16,873</u>
Contributions to rescue and fire	<u>175,042</u>	<u>175,040</u>	<u>2</u>
Total public safety	<u>7,247,864</u>	<u>6,996,756</u>	<u>251,108</u>
Economic development:			
County planner:			
Salaries and employee benefits		51,393	
Operating expenditures		762	
Total	<u>57,954</u>	<u>52,155</u>	<u>5,799</u>

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Urgent care project:			
Salaries and employee benefits		-	
Total	13,850	-	13,850
Building inspector:			
Salaries and employee benefits		118,515	
Operating expenditures		4,675	
Total	136,415	123,190	13,225
Southwestern Commission	6,141	6,141	-
Total economic development	214,360	181,486	32,874
Human services:			
Health department:			
Communicable diseases:			
Salaries and employee benefits		23,181	
Operating expenditures		222	
Total		23,403	
Child health:			
Salaries and employee benefits		30,883	
Operating expenditures		20,861	
Total		51,744	
Maternal health:			
Salaries and employee benefits		16,010	
Operating expenditures		1	
Total		16,011	
TB:			
Salaries and employee benefits		2,911	
Operating expenditures		1,223	
Total		4,134	
Family planning:			
Salaries and employee benefits		52,483	
Operating expenditures		14,696	
Total		67,179	
Healthy communities:			
Salaries and employee benefits		56,379	
Operating expenditures		6,775	
Total		63,154	
Environmental health:			
Salaries and employee benefits		64,567	
Operating expenditures		27,325	
Total		91,892	
HIV/STD:			
Salaries and employee benefits		4,025	
Operating expenditures		1,074	
Total		5,099	

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Breast cervical cancer prevention:			
Salaries and employee benefits		7,773	
Operating expenses		14,380	
Total		<u>22,153</u>	
Dental:			
Salaries and employee benefits		360,082	
Operating expenses		54,001	
Capital outlay		2,063	
Debt service:			
Principal retirement		127	
Interest and other charges		2	
Total		<u>416,275</u>	
General health:			
Salaries and employee benefits		32,256	
Operating expenses		39,239	
Contracted services		7,633	
Capital outlay		21,283	
Debt service:			
Principal retirement		5,343	
Interest and other charges		740	
Total		<u>106,494</u>	
Immunization action plan IAP5.278:			
Salaries and employee benefits		26,224	
Operating expenses		28,500	
Total		<u>54,724</u>	
Smart Start:			
Salaries and employee benefits		98,521	
Total		<u>98,521</u>	
WIC:			
Salaries and employee benefits		54,885	
Operating expenses		164	
Total		<u>55,049</u>	
Health department food and lodging:			
Salaries and employee benefits		9,621	
Total		<u>9,621</u>	
Adult health:			
Salaries and employee benefits		67,467	
Operating expenses		69,699	
Total		<u>137,166</u>	
Dogwood Health Trust Opioid grant:			
Salaries and employee benefits		20,673	
Contracted services		38,704	
Total		<u>59,377</u>	

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Recovery to work:			
Salaries and employee benefits		41,919	
Operating expenses		8,837	
Insurance		6,420	
Contracted services		7,550	
Total		<u>64,726</u>	
CLC:			
Salaries and employee benefits		48,550	
Operating expenses		6,831	
Contracted services		2,346	
Total		<u>57,727</u>	
Bioterrorism Grant:			
Salaries and employee benefits		20,550	
Operating expenses		36	
Total		<u>20,586</u>	
CAP:			
Salaries and employee benefits		123,786	
Operating expenses		5,217	
Total		<u>129,003</u>	
COVID-19 crisis response:			
Salaries and employee benefits		109,680	
Operating expenses		1,664	
Total		<u>111,344</u>	
Total health department	<u>1,887,667</u>	<u>1,665,382</u>	<u>222,285</u>
Veterans service officer:			
Operating expenses		4,217	
Total veterans service officer	<u>4,800</u>	<u>4,217</u>	<u>583</u>
Social services:			
Administration:			
Salaries and employee benefits		1,418,315	
Capital outlay		42,123	
Operating expenses		236,100	
Debt service:			
Principal retirement		8,670	
Interest and other charges		1,188	
Total	<u>1,846,313</u>	<u>1,706,396</u>	<u>139,917</u>
Social service public assistance:			
Work first		11,782	
Foster care		170,749	
Special assistance		37,715	
Crisis intervention		331,845	
Foster care - clothing		4,917	
Total	<u>875,065</u>	<u>557,008</u>	<u>318,057</u>
Total social services	<u>2,721,378</u>	<u>2,263,404</u>	<u>457,974</u>

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Senior citizens program:			
Administration:			
Salaries and employee benefits		201,330	
Operating expenses		240,422	
Capital outlay		2,063	
Contracted services		98,046	
Debt service:			
Principal retirement		127	
Interest and other charges		2	
Total senior citizens program	<u>572,380</u>	<u>541,990</u>	<u>30,390</u>
Transit:			
DOT transportation development grant			
Grant administrative expenditures:			
Salaries and employee benefits		138,790	
Operating expenditures		13,814	
Capital outlay		4,605	
Contracted services		119	
Debt service:			
Principal retirement		284	
Interest and other charges		4	
Grant operating expenditures:			
Salaries and employee benefits		463,544	
Operating expenditures		114,079	
Total transit	<u>819,399</u>	<u>735,239</u>	<u>84,160</u>
Total human services	<u>6,005,624</u>	<u>5,210,232</u>	<u>795,392</u>
Cultural and recreational:			
4-H:			
Operating expenditures		4,828	
Total	<u>15,000</u>	<u>4,828</u>	<u>10,172</u>
Agriculture extension:			
Salaries and employee benefits		85,328	
Operating expenditures		8,460	
Total	<u>104,115</u>	<u>93,788</u>	<u>10,327</u>
Soil and water:			
Salaries and employee benefits		64,547	
Operating expenditures		7,417	
Capital outlay		2,437	
Debt service:			
Principal retirement		150	
Interest and other charges		2	
Total	<u>90,643</u>	<u>74,553</u>	<u>16,090</u>

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Recreation:			
Salaries and employee benefits		138,701	
Operating expenditures		48,438	
Capital outlay		13,969	
Contracted services		14,239	
Debt service:			
Principal retirement		4,530	
Interest and other charges		680	
Total	<u>291,456</u>	<u>220,557</u>	<u>70,899</u>
Swimming pool:			
Salaries and employee benefits		21,186	
Operating expenditures		12,900	
Contracted services		595	
Total	<u>45,440</u>	<u>34,681</u>	<u>10,759</u>
Contributions to regional library	<u>89,490</u>	<u>89,490</u>	<u>-</u>
Total cultural and recreation	<u>636,144</u>	<u>517,897</u>	<u>118,247</u>
Special appropriations:			
Education:			
Public schools - current	1,000,000	1,000,000	-
Public schools - capital outlay	291,308	291,308	-
Public schools - SRS USFS Timber	143,160	143,160	-
Debt service:			
School Bond - capital outlay	262,000	262,000	-
School Bond - capital outlay - interest	11,396	11,396	-
QZAB debt - capital outlay	352,194	352,097	97
Tri-County Community College	125,524	125,524	-
Total education	<u>2,185,582</u>	<u>2,185,485</u>	<u>97</u>
Special appropriations:			
Contributions:			
JCPC	100,091	98,540	1,551
Regional mental health	6,000	6,000	-
State of Franklin	4,000	4,000	-
Other special appropriations	70,200	69,800	400
Total special appropriations	<u>180,291</u>	<u>178,340</u>	<u>1,951</u>
Total expenditures	<u>20,994,842</u>	<u>19,272,052</u>	<u>1,722,790</u>
Revenues over expenditures	<u>(749,887)</u>	<u>(239,954)</u>	<u>509,933</u>

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds:			
American Recovery Grant Project Fund	490,785	183,986	(306,799)
Transfers to other funds:			
School Capital Projects Fund	(690,775)	(684,104)	6,671
Revaluation Fund	(100,000)	(100,000)	-
Public Building Capital Projects Fund	(845,000)	(421,691)	423,309
Total net transfers	<u>(1,144,990)</u>	<u>(1,021,809)</u>	<u>123,181</u>
Lease obligations issued	100,000	406,320	306,320
Proceeds from long term debt issued	880,000	1,453,000	573,000
Total other financing sources (uses)	<u>(164,990)</u>	<u>837,511</u>	<u>1,002,501</u>
Appropriated fund balance	<u>914,877</u>	<u>-</u>	<u>914,877</u>
Net change in fund balance	<u>\$ -</u>	<u>597,557</u>	<u>\$ 597,557</u>
Fund balances, beginning as previously reported		9,281,585	
Prior period adjustment		(3,055)	
Fund balances, beginning as restated		<u>9,278,530</u>	
Fund balance, ending		<u>\$ 9,876,087</u>	

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Investment earnings	\$ -	\$ 54	\$ 54
EXPENDITURES			
General government:			
Other operating expenditures		946	
Contracted services		211,638	
Total expenditures	<u>261,205</u>	<u>212,584</u>	<u>48,621</u>
Revenues over (under) expenditures	<u>(261,205)</u>	<u>(212,530)</u>	<u>48,675</u>
OTHER FINANCING SOURCES (USES)			
Transfer from:			
General Fund	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total other financing sources (uses)	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Appropriated fund balance	<u>161,205</u>	<u>-</u>	<u>(161,205)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures)	<u>\$ -</u>	<u>(112,530)</u>	<u>\$ (112,530)</u>
Fund balance, beginning		<u>154,282</u>	
Fund balance, ending		<u>\$ 41,752</u>	

Graham County, North Carolina
NC Neighborhood Program Grant Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2022

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
		<u>Prior Year</u>	<u>Current Year</u>		
REVENUES					
Restricted intergovernmental:					
Community Development Block Grant					
Neighborhood Revitalization Program	\$ 750,000	\$ 36,814	\$ 9,118	\$ 45,932	\$ (704,068)
Coronavirus (CDBG-CV) Program	900,000	19,800	264,985	284,785	(615,215)
Investment earnings	-	36	24	60	60
Total revenues	<u>1,650,000</u>	<u>56,650</u>	<u>274,127</u>	<u>330,777</u>	<u>(1,319,223)</u>
EXPENDITURES					
Current:					
Economic and physical development:					
Neighborhood Revitalization Program	750,000	36,814	9,118	45,932	704,068
Coronavirus (CDBG-CV) Program	<u>900,000</u>	<u>19,800</u>	<u>264,985</u>	<u>284,785</u>	<u>615,215</u>
Total expenditures	<u>1,650,000</u>	<u>56,614</u>	<u>274,103</u>	<u>330,717</u>	<u>1,319,283</u>
Revenues over (under) expenditures	<u>-</u>	<u>36</u>	<u>24</u>	<u>60</u>	<u>60</u>
OTHER FINANCING SOURCES (USES)					
Transfer in:					
General Fund	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 36</u>	<u>24</u>	<u>\$ 60</u>	<u>\$ 60</u>
Fund balance, beginning			<u>47,767</u>		
Fund balance, ending			<u>\$ 47,791</u>		

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

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Year	Current Year		
REVENUES					
Restricted intergovernmental:					
Coronavirus State and Local Fiscal Recovery Funds	\$ 1,639,565	\$ -	\$ 737,455	\$ 737,455	\$ (902,110)
Investment earnings	-	76	291	367	367
Total revenues	<u>1,639,565</u>	<u>76</u>	<u>737,746</u>	<u>737,822</u>	<u>(901,743)</u>
EXPENDITURES					
Public Safety:					
Salaries and employee benefits		-	553,469	553,469	
Total expenditures	<u>1,148,780</u>	<u>-</u>	<u>553,469</u>	<u>553,469</u>	<u>595,311</u>
Revenues over (under) expenditures	<u>490,785</u>	<u>76</u>	<u>184,277</u>	<u>184,353</u>	<u>(306,432)</u>
OTHER FINANCING SOURCES (USES)					
Transfer in from General Fund	-	-	-	-	-
Transfer out to General Fund	<u>(490,785)</u>	<u>-</u>	<u>(183,986)</u>	<u>(183,986)</u>	<u>(306,799)</u>
Total other financing sources (uses)	<u>(490,785)</u>	<u>-</u>	<u>(183,986)</u>	<u>(183,986)</u>	<u>(306,799)</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 76</u>	<u>291</u>	<u>\$ 367</u>	<u>\$ (613,231)</u>
Fund balance, beginning			<u>76</u>		
Fund balance, ending			<u>\$ 367</u>		

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

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Year	Current Year		
REVENUES					
Restricted intergovernmental:					
State Construction and Infrastructure Fund (SCIF)	\$ 5,000,000	\$ -	\$ -	\$ -	\$ (5,000,000)
Investment earnings	-	-	7,427	7,427	7,427
Total revenues	5,000,000	-	7,427	7,427	(4,992,573)
EXPENDITURES					
Capital outlay:					
Construction	5,000,000	-	-	-	5,000,000
Total expenditures	5,000,000	-	-	-	5,000,000
Revenues over (under) expenditures	-	-	7,427	7,427	7,427
OTHER FINANCING SOURCES (USES)					
Transfer in:					
General Fund	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Revenues and other sources over (under) expenditures	\$ -	\$ -	7,427	\$ 7,427	\$ 7,427
Fund balance, beginning			-		
Fund balance, ending			\$ 7,427		

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

	Actual			Total to Date	Variance Positive (Negative)
	Project Authorization	Prior Year	Current Year		
REVENUES					
Restricted intergovernmental:					
Investment earnings	\$ -	\$ 25,500	\$ 3,706	\$ 29,206	\$ 29,206
Total revenues	-	25,500	3,706	29,206	29,206
EXPENDITURES					
Capital outlay:					
Human services					
Engineering and construction	2,500,000	1,286,368	-	1,286,368	1,213,632
General government					
Planning, engineering and construction	845,000	9,300	398,991	408,291	436,709
Total expenditures	3,345,000	1,295,668	398,991	1,694,659	1,650,341
Revenues over (under) expenditures	(3,345,000)	(1,270,168)	(395,285)	(1,665,453)	1,679,547
OTHER FINANCING SOURCES (USES)					
Transfer in:					
General Fund	845,000	1,076,376	421,691	1,498,067	653,067
Installment purchase proceeds	2,500,000	-	987,000	987,000	(1,513,000)
Total other financing sources (uses)	3,345,000	1,076,376	1,408,691	2,485,067	(859,933)
Revenues and other sources over (under) expenditures	\$ -	\$ (193,792)	1,013,406	\$ 819,614	\$ 819,614
Fund balance, beginning			2,494,280		
Fund balance, ending			\$ 3,507,686		

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

	<u>Actual</u>			Total to Date	Variance Positive (Negative)
	<u>Project Authorization</u>	<u>Prior Year</u>	<u>Current Year</u>		
REVENUES					
Restricted intergovernmental:					
Needs-Based Public School Capital Fund	\$ 3,200,000	\$ 643,906	\$ 1,890,022	\$ 2,533,928	\$ (666,072)
Total revenues	<u>3,200,000</u>	<u>643,906</u>	<u>1,890,022</u>	<u>2,533,928</u>	<u>(666,072)</u>
EXPENDITURES					
Capital outlay:					
Intergovernmental - education					
Architecture, engineering and construction	3,890,775	842,892	2,498,002	3,340,894	549,881
Total expenditures	<u>3,890,775</u>	<u>842,892</u>	<u>2,498,002</u>	<u>3,340,894</u>	<u>549,881</u>
Revenues over (under) expenditures	<u>(690,775)</u>	<u>(198,986)</u>	<u>(607,980)</u>	<u>(806,966)</u>	<u>(116,191)</u>
OTHER FINANCING SOURCES (USES)					
Transfer in:					
General Fund	690,775	214,635	684,104	898,739	207,964
Total other financing sources (uses)	<u>690,775</u>	<u>214,635</u>	<u>684,104</u>	<u>898,739</u>	<u>207,964</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 15,649</u>	76,124	<u>\$ 91,773</u>	<u>\$ 91,773</u>
Fund balance, beginning			<u>19,749</u>		
Fund balance, ending			<u>\$ 95,873</u>		

Combining Statements for Nonmajor Governmental Funds

The County has the following nonmajor governmental funds:

Special Revenue Funds:

- **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.
- **CARES Act Fund** – The federal government passed the Coronavirus Aid, Relief, And Economic Security Act (CARES Act) on March 27, 2020 to provide financial relief to State and local governments for necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19). This fund accounts for such expenses.
- **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** - This fund accounts for monies held by the Social Services Department for the benefit of certain individuals in the County.
- **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.
- **Fines and Forfeitures Fund** – This fund accounts for legal fines and forfeitures collected by the County that are required to be remitted to the Graham County Board of Education.

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

	Special Revenue Funds								Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
	Emergency Telephone Special Revenue Fund	Economic Development Fund	CARES Act Fund	Opioid Settlement Fund	Representative Payee Fund	Deed of Trust Fund	Fines and Forfeitures Fund			
ASSETS										
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 112,315	\$ 946	\$ 3,465	\$ 116,726	\$ 116,726	
Restricted cash and cash equivalents	268,281	169,712	-	45,399	-	-	-	483,392	483,392	
Accounts receivable, net	2,695	-	-	-	-	-	-	2,695	2,695	
Due from other governments	7,145	-	-	-	-	-	-	7,145	7,145	
Due from other funds	149,413	-	-	-	-	-	-	149,413	149,413	
Prepaid items	1,800	-	-	-	-	-	-	1,800	1,800	
Total assets	\$ 429,334	\$ 169,712	\$ -	\$ 45,399	\$ 112,315	\$ 946	\$ 3,465	\$ 761,171	\$ 761,171	
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable and accrued liabilities	\$ 545	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 545	\$ 545	
Due to other governments	-	-	-	-	-	946	3,465	4,411	4,411	
Unearned revenue	-	-	-	45,399	-	-	-	45,399	45,399	
Total liabilities	545	-	-	45,399	-	946	3,465	50,355	50,355	
Fund balances:										
Nonspendable										
Prepaid items	1,800	-	-	-	-	-	-	1,800	1,800	
Restricted										
Stabilization by State statute	159,253	-	-	-	-	-	-	159,253	159,253	
Public safety	267,736	-	-	-	-	-	-	267,736	267,736	
Economic and physical development	-	169,712	-	-	-	-	-	169,712	169,712	
Human services	-	-	-	-	112,315	-	-	112,315	112,315	
Unassigned	-	-	-	-	-	-	-	-	-	
Total fund balances	428,789	169,712	-	-	112,315	-	-	710,816	710,816	
Total liabilities, deferred inflows of resources, and fund balances	\$ 429,334	\$ 169,712	\$ -	\$ 45,399	\$ 112,315	\$ 946	\$ 3,465	\$ 761,171	\$ 761,171	

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

	Special Revenue Funds								Total Nonmajor Governmental Funds
	Emergency Telephone Special Revenue Fund	Economic Development Fund	CARES Act Fund	Opioid Settlement Fund	Representative Payee Fund	Deed of Trust Fund	Fines and Forfeitures Fund	Total Nonmajor Special Revenue Funds	
REVENUES									
Restricted intergovernmental	\$ 32,338	\$ -	\$ 15,820	\$ -	\$ 349,312	\$ -	\$ -	\$ 397,470	\$ 397,470
Permits and fees	-	-	-	-	-	11,385	-	11,385	11,385
Sales and services	-	13,863	-	-	-	-	3,465	17,328	17,328
Investment earnings	138	78	-	-	-	-	-	216	216
Total revenues	32,476	13,941	15,820	-	349,312	11,385	3,465	426,399	426,399
EXPENDITURES									
Current:									
General government	-	-	-	-	-	11,385	3,465	14,850	14,850
Public safety	82,371	-	15,820	-	-	-	-	98,191	98,191
Human services	-	-	-	-	357,531	-	-	357,531	357,531
Total expenditures	82,371	-	15,820	-	357,531	11,385	3,465	470,572	470,572
Excess (deficiency) of revenues over expenditures	(49,895)	13,941	-	-	(8,219)	-	-	(44,173)	(44,173)
Fund balances, beginning as previously reported	475,629	155,771	-	-	120,534	-	-	751,934	751,934
Prior period adjustment	3,055	-	-	-	-	-	-	3,055	3,055
Fund balances, beginning as restated	478,684	155,771	-	-	120,534	-	-	754,989	754,989
Fund balances, ending	\$ 428,789	\$ 169,712	\$ -	\$ -	\$ 112,315	\$ -	\$ -	\$ 710,816	\$ 710,816

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Restricted intergovernmental		\$ 32,338	
Investment earnings		138	
Total revenues	<u>\$ 32,338</u>	<u>32,476</u>	<u>\$ 138</u>
EXPENDITURES			
Public safety	317,451	82,371	235,080
Total expenditures	<u>317,451</u>	<u>82,371</u>	<u>235,080</u>
Revenues over (under) expenditures	<u>(285,113)</u>	<u>(49,895)</u>	<u>235,218</u>
OTHER FINANCING SOURCES (USES)			
Transfer in from General Fund	-	-	-
Transfer out to General Fund	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Appropriated fund balance	<u>285,113</u>	<u>-</u>	<u>(285,113)</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>(49,895)</u>	<u><u>\$ (49,895)</u></u>
Fund balance, beginning as previously reported		475,629	
Prior period adjustment		3,055	
Fund balance, beginning		<u>478,684</u>	
Fund balance, ending		<u><u>\$ 428,789</u></u>	

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Sales and services		\$ 13,863	
Investment earnings		78	
Total revenues	<u>\$ 24,000</u>	<u>13,941</u>	<u>\$ (10,059)</u>
EXPENDITURES			
Economic and physical development			
Other operating expenses		-	
Contingency		-	
Total expenditures	<u>24,000</u>	<u>-</u>	<u>24,000</u>
Revenues over (under) expenditures	<u>-</u>	<u>13,941</u>	<u>13,941</u>
OTHER FINANCING SOURCES (USES)			
Transfer in:			
General Fund	<u>-</u>	<u>-</u>	<u>-</u>
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>13,941</u>	<u>\$ 13,941</u>
Fund balance, beginning		<u>155,771</u>	
Fund balance, ending		<u>\$ 169,712</u>	

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

	Actual		Total to Date	Variance Positive (Negative)
	Project Authorization	Prior Year		
REVENUES				
Restricted intergovernmental				
Coronavirus Relief Fund		\$ 535,340	\$ 15,820	\$ 551,160
Total revenues	\$ 551,160	535,340	15,820	551,160
				\$ -
EXPENDITURES				
Public safety				
Salaries and employee benefits		255,097	8,711	263,808
Operating expenses		65,484	6,598	72,082
Contracted services		202,519	-	202,519
Municipal subrecipients		12,240	511	12,751
Total expenditures	570,160	535,340	15,820	551,160
Revenues over (under) expenditures	(19,000)	-	-	19,000
OTHER FINANCING SOURCES (USES)				
Transfer in from General Fund	-	-	-	-
Transfer out to General Fund	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Appropriated fund balance	19,000	-	-	(19,000)
Revenues and other sources over (under) expenditures	\$ -	\$ -	-	\$ -
Fund balance, beginning			-	
Fund balance, ending			\$ -	

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Restricted intergovernmental		\$ 349,312	
Total revenues	<u>\$ 360,000</u>	<u>349,312</u>	<u>\$ (10,688)</u>
EXPENDITURES			
Current:			
Human services			
Payments made for the benefit of beneficiaries	360,000	357,531	2,469
Total expenditures	<u>360,000</u>	<u>357,531</u>	<u>2,469</u>
Revenues over (under) expenditures	<u>-</u>	<u>(8,219)</u>	<u>(8,219)</u>
OTHER FINANCING SOURCES (USES)			
Transfer in from General Fund	-	-	-
Transfer out to General Fund	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(8,219)</u>	<u>\$ (8,219)</u>
Fund balance, beginning		<u>120,534</u>	
Fund balance, ending		<u>\$ 112,315</u>	

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Permits and fees			
Register of deeds		\$ 11,385	
Total revenues	\$ 60,000	11,385	\$ (48,615)
EXPENDITURES			
Current:			
General government			
Payments of fees collected to the State of North Carolina	60,000	11,385	48,615
Total expenditures	60,000	11,385	48,615
Revenues over (under) expenditures	-	-	-
OTHER FINANCING SOURCES (USES)			
Transfer in from General Fund	-	-	-
Transfer out to General Fund	-	-	-
Total other financing sources (uses)	-	-	-
Appropriated fund balance	-	-	-
Net change in fund balance	\$ -	-	\$ -
Fund balance, beginning		-	
Fund balance, ending		\$ -	

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Sales and services			
Penalties, fines and forfeitures		\$ 3,465	
Total revenues	\$ 7,500	3,465	\$ (4,035)
EXPENDITURES			
Current:			
General government			
Payments of penalties, fines and forfeitures to the Graham County Board of Education	7,500	3,465	4,035
Total expenditures	7,500	3,465	4,035
Revenues over (under) expenditures	-	-	-
OTHER FINANCING SOURCES (USES)			
Transfer in from General Fund	-	-	-
Transfer out to General Fund	-	-	-
Total other financing sources (uses)	-	-	-
Appropriated fund balance	-	-	-
Net change in fund balance	\$ -	-	\$ -
Fund balance, beginning		-	
Fund balance, ending		\$ -	

Custodial Funds

Custodial funds are used to account for assets the County holds on behalf of others that meet certain criteria.

- **Municipal Tax Fund** - This fund accounts for taxes that are billed and collected by the County for the Towns of Robbinsville, Santeetlah, and Fontana but are not revenues to the County.
- **Jail Inmate Pay Fund** - This fund accounts for funds held by the County on the behalf of inmates while they are incarcerated.
- **4-H Club Fund** - This fund accounts for monies held by the County for the benefit of 4-H activities.

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

	Municipal Tax Fund	Jail Inmate Pay Fund	4-H Club Fund	Custodial Funds
ASSETS				
Cash and cash equivalents	\$ 1,201	\$ 565	\$ 10,217	\$ 11,983
LIABILITIES AND NET POSITION				
LIABILITIES				
Due to others	-	-	10,217	10,217
Due to other governments	1,201	-	-	1,201
Total liabilities	1,201	-	10,217	11,418
NET POSITION				
Restricted for:				
Individuals, organizations, and other governments	-	565	-	565
Total fiduciary net position	\$ -	\$ 565	\$ -	\$ 565

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

	Municipal Tax Fund	Jail Inmate Pay Fund	4-H Club Fund	Custodial Funds
ADDITIONS				
Ad valorem taxes collected for other governments	\$ 575,551	\$ -	\$ -	\$ 575,551
Collection on behalf of inmates	-	30,026	-	30,026
Collection on behalf of 4-H Club	-	-	8,910	8,910
Total additions	<u>575,551</u>	<u>30,026</u>	<u>8,910</u>	<u>614,487</u>
DEDUCTIONS				
Tax distributions to other governments	575,551	-	-	575,551
Payments on behalf of inmates	-	31,507	-	31,507
Payments on behalf of 4-H Club	-	-	8,910	8,910
Total deductions	<u>575,551</u>	<u>31,507</u>	<u>8,910</u>	<u>615,968</u>
Net increase (decrease) in fiduciary net position	-	(1,481)	-	(1,481)
Net position, beginning	-	2,046	-	2,046
Net position, ending	<u>\$ -</u>	<u>\$ 565</u>	<u>\$ -</u>	<u>\$ 565</u>

Graham County Travel and Tourism Authority
Discretely Presented Component Unit

This section includes schedules for the Graham County Travel and Tourism Authority, which is a discretely presented component unit. A separate report is not issued for the Authority, but these schedules are added to the County report to provide this supplemental information.

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

	General
ASSETS	
Cash and cash equivalents	\$ 652,519
Restricted cash and cash equivalents	116,201
Accounts receivable (net)	55,116
Due from other governments	1,235
Total assets	\$ 825,071
 LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable and accrued liabilities	\$ 33,577
Due to primary government	14,710
Total liabilities	48,287
Fund balances:	
Restricted:	
Stabilization by State statute	56,351
Committed:	
Capital reserve	116,201
Assigned	
Subsequent year's expenditures	85,527
Unassigned:	
Total fund balances	518,705
Total fund balances	776,784
Total liabilities, deferred inflows of resources, and fund balances	\$ 825,071

Amounts reported for the Graham County Travel and Tourism Authority (Exhibit 1) are different because:

Total Fund Balance, Travel and Tourism Authority	\$ 776,784
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	28,500
Right to use assets used in governmental activities are not financial resources and therefore are not reported in the funds.	5,668
Other long-term liabilities (compensated absences) are not due and payable in the current period and therefore are not reported in the funds.	(9,560)
Total adjustments	(3,392)
Net position of the Travel and Tourism Authority	\$ 801,392

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

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

	General
REVENUES	
Occupancy tax	\$ 460,055
Investment earnings	335
Miscellaneous	1,080
Total revenues	461,470
EXPENDITURES	
Culture and recreation:	
Tourism promotion and development	285,188
Administrative expenditures	18,474
Debt service:	
Principal retirement	7,299
Interest and other charges	162
Total expenditures	311,123
Excess (deficiency) of revenues over expenditures	150,347
OTHER FINANCING SOURCES (USES)	
Lease obligations issued	12,974
Total other financing sources (uses)	12,974
Net change in fund balance	163,321
Fund balance, beginning	613,463
Fund balance, ending	\$ 776,784
Reconciliation from budgetary basis (modified accrual) to full accrual:	
Net change in fund balance	\$ 163,321
Reconciling items:	
Capital outlay	28,500
Right to used leased asset capital outlay	12,993
Amortization	(7,325)
Principal retirement	7,299
Lease obligations issued	(12,974)
Decrease (increase) in accrued interest	(6)
Decrease (increase) in compensated absences	(773)
Total reconciling items	27,714
Change in net position	\$ 191,035

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

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

	General Fund			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Occupancy tax	\$ 359,200	\$ 402,400	\$ 460,055	\$ 57,655
Investment earnings	-	-	335	335
Miscellaneous	-	-	1,080	1,080
Total revenues	<u>359,200</u>	<u>402,400</u>	<u>461,470</u>	<u>59,070</u>
EXPENDITURES				
Culture and recreation:				
Tourism promotion and development	316,100	384,295	285,188	99,107
Administrative expenditures	19,700	29,705	18,474	11,231
Debt service:				
Principal retirement	8,000	8,000	7,299	701
Interest and other charges	400	400	162	238
Total expenditures	<u>344,200</u>	<u>422,400</u>	<u>311,123</u>	<u>111,277</u>
Revenues over (under) expenditures	<u>15,000</u>	<u>(20,000)</u>	<u>150,347</u>	<u>170,347</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(15,000)	(15,000)	-	15,000
Lease obligations issued	-	-	12,974	12,974
Total other financing sources (uses)	<u>(15,000)</u>	<u>(15,000)</u>	<u>12,974</u>	<u>27,974</u>
Fund balance appropriated	<u>-</u>	<u>35,000</u>	<u>-</u>	<u>(35,000)</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	163,321	<u>\$ 163,321</u>
Fund balance, beginning			<u>613,463</u>	
Fund balance, ending			<u>\$ 776,784</u>	

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

Graham County Rural Development Authority
Discretely Presented Component Unit

This section includes schedules for the Graham County Rural Development Authority, which is a discretely presented component unit. A separate report is not issued for the Authority, but these schedules are added to the County report to provide this supplemental information.

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

	Major		
	General Fund	Moose Branch Road Capital Project Fund	Total Rural Development Authority Funds
ASSETS			
Cash and cash equivalents	\$ 271,117	\$ -	\$ 271,117
Due from other governments	3,210	-	3,210
Due from other funds	44,069	-	44,069
Total assets	<u>\$ 318,396</u>	<u>\$ -</u>	<u>\$ 318,396</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 3,000	\$ -	\$ 3,000
Due to other funds	-	44,069	44,069
Unearned revenue	133,875	-	133,875
Total liabilities	<u>136,875</u>	<u>44,069</u>	<u>180,944</u>
Fund balances:			
Restricted:			
Stabilization by State statute	47,279	-	47,279
Assigned			
Subsequent year's expenditures	26,025	-	26,025
Unassigned:			
Total fund balances	<u>108,217</u>	<u>(44,069)</u>	<u>64,148</u>
Total fund balances	<u>181,521</u>	<u>(44,069)</u>	<u>137,452</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 318,396</u>	<u>\$ -</u>	<u>\$ 318,396</u>

Amounts reported for the Graham County Rural Development Authority (Exhibit 1) are different because:

Total Fund Balance, Rural Development Authority	\$ 137,452
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	529,809
Some liabilities, including bonds payable and other postemployment benefits, are not due and payable in the current period and therefore are not reported in the funds	
Long-term obligations	<u>(135,067)</u>
Net position of the Rural Development Authority	<u>\$ 532,194</u>

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

Graham County, North Carolina
Rural Development Authority
Discretely Presented Component Unit
Supplemental Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2022

	<u>Major</u>		
	<u>General Fund</u>	<u>Moose Branch Road Capital Project Fund</u>	<u>Total Rural Development Authority Funds</u>
REVENUES			
Private grants and contributions	\$ -	\$ 336,253	\$ 336,253
Investment earnings	109	-	109
Miscellaneous	3,558	-	3,558
Total revenues	<u>3,667</u>	<u>336,253</u>	<u>339,920</u>
EXPENDITURES			
Economic development:			
Rural development functions	4,575	-	4,575
Capital outlay	-	336,853	336,853
Debt service			
Interest and other charges	6,032	-	6,032
Total expenditures	<u>10,607</u>	<u>336,853</u>	<u>347,460</u>
Excess (deficiency) of revenues over expenditures	<u>(6,940)</u>	<u>(600)</u>	<u>(7,540)</u>
OTHER FINANCING SOURCES (USES)			
Installment purchase proceeds	-	600	600
Total other financing sources (uses)	<u>-</u>	<u>600</u>	<u>600</u>
Net change in fund balance	(6,940)	-	(6,940)
Fund balances, beginning	188,461	(44,069)	144,392
Fund balances, ending	<u>\$ 181,521</u>	<u>\$ (44,069)</u>	<u>\$ 137,452</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Net change in fund balance	\$ (6,940)	\$ -	\$ (6,940)
Reconciling items:			
Capital outlay	-	336,853	336,853
Total reconciling items	<u>-</u>	<u>336,853</u>	<u>336,853</u>
Change in net position	<u>\$ (6,940)</u>	<u>\$ 336,853</u>	<u>\$ 329,913</u>

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

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

	Rural Development Authority - General Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Investment earnings	\$ 100	\$ 100	\$ 109	\$ 9
Miscellaneous	-	-	3,558	3,558
Total revenues	<u>100</u>	<u>100</u>	<u>3,667</u>	<u>3,567</u>
EXPENDITURES				
Economic development:				
Rural development functions	15,875	15,825	4,575	11,250
Debt service				
Interest and other charges	<u>6,000</u>	<u>6,050</u>	<u>6,032</u>	<u>18</u>
Total expenditures	<u>21,875</u>	<u>21,875</u>	<u>10,607</u>	<u>11,268</u>
Revenues over (under) expenditures	<u>(21,775)</u>	<u>(21,775)</u>	<u>(6,940)</u>	<u>14,835</u>
Fund balance appropriated	<u>21,775</u>	<u>21,775</u>	<u>-</u>	<u>(21,775)</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	(6,940)	<u>\$ (6,940)</u>
Fund balance, beginning			<u>188,461</u>	
Fund balance, ending			<u>\$ 181,521</u>	

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

Graham County, North Carolina
Rural Development Authority
Discretely Presented Component Unit
Supplemental Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual - Moose Branch Road Capital Project Fund*
From Inception and for the Fiscal Year Ended June 30, 2022

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Year	Current Year		
REVENUES					
Restricted intergovernmental:					
Private grants and contributions	\$ 470,000	\$ -	\$ 336,253	\$ 336,253	\$ (133,747)
Total revenues	470,000	-	336,253	336,253	(133,747)
EXPENDITURES					
Capital outlay:					
Economic development:					
Engineering and construction	641,200	178,569	336,853	515,422	125,778
Contingency	18,300	-	-	-	18,300
Total expenditures	659,500	178,569	336,853	515,422	144,078
Revenues over (under) expenditures	(189,500)	(178,569)	(600)	(179,169)	10,331
OTHER FINANCING SOURCES (USES)					
Installment purchase proceeds	189,500	134,500	600	135,100	(54,400)
Total other financing sources (uses)	189,500	134,500	600	135,100	(54,400)
Revenues and other sources over (under) expenditures	\$ -	\$ (44,069)	-	\$ (44,069)	\$ (44,069)
Fund balance, beginning			(44,069)		
Fund balance, ending			\$ (44,069)		

* This fund is used to account for the site development costs for a 14 lot subdivision for construction of affordable housing in conjunction with the United States Department of Agriculture.

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

Other Schedules

This section contains additional information on property taxes.

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy
- Ten Largest Taxpayers

Graham County, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2022

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2021</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2022</u>
2021-2022	\$ -	\$ 7,756,434	\$ 7,594,050	\$ 162,384
2020-2021	169,728	-	84,674	85,054
2019-2020	96,251	-	31,490	64,761
2018-2019	60,284	-	16,001	44,283
2017-2018	40,514	-	10,835	29,679
2016-2017	40,702	-	19,747	20,955
2015-2016	32,366	-	16,069	16,297
2014-2015	28,130	-	15,252	12,878
2013-2014	14,983	-	2,128	12,855
2012-2013	19,083	-	1,264	17,819
2011-2012	12,801	-	12,801	-
	<u>\$ 514,842</u>	<u>7756434</u>	<u>\$ 7,804,311</u>	466,965
Less: allowance for uncollectible accounts:				
General Fund				<u>(228,663)</u>
Ad valorem taxes receivable - net:				
General Fund				<u>\$ 238,302</u>
 <u>Reconciliation with revenues:</u>				
Ad valorem taxes - General Fund				\$ 7,847,428
Reconciling items:				
Garnishment fees				(6,527)
Interest collected				<u>(52,327)</u>
Total reconciling items				<u>(58,854)</u>
Total collections and credits				<u>\$ 7,788,574</u>

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

	County - wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 1,158,567,231	0.650	\$ 7,530,687	\$ 6,897,722	\$ 632,965
Total	<u>1,158,567,231</u>		<u>7,530,687</u>	<u>6,897,722</u>	<u>632,965</u>
Discoveries:					
Current year taxes	45,821,231	0.650	297,838	297,838	-
Total	<u>45,821,231</u>		<u>297,838</u>	<u>297,838</u>	<u>-</u>
Abatements	(11,090,923)		(72,091)	(72,091)	-
Total property valuation	<u>\$ 1,193,297,539</u>				
Net levy			7,756,434	7,123,469	632,965
Uncollected taxes at June 30, 2022			(162,384)	(162,384)	-
Current year's taxes collected			<u>\$ 7,594,050</u>	<u>\$ 6,961,085</u>	<u>\$ 632,965</u>
Current levy collection percentage			<u>97.91%</u>	<u>97.72%</u>	<u>100.00%</u>

Secondary Market Disclosures:

Assessed valuation:					
Assessment ratio ¹					100%
Real property				\$ 1,011,219,498	
Personal property				138,797,939	
Public service companies ²				43,280,102	
Total assessed valuation				<u>\$ 1,193,297,539</u>	
Tax rate per \$100					0.650
Levy (includes discoveries, releases and abatements) ³				\$ 7,756,434	

¹ Percentage of appraised value has been established by statute.

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

³ The levy includes interest and penalties.

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

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Brookfield Smoky Mtn Hydro LLC	Commercial	\$ 228,264,110	19.13%
Phillips and Jordan Inc	Commercial	7,720,689	0.65%
Crisp and Crisp Inc	Commercial	4,798,737	0.40%
Cody Family Properties	Commercial	4,712,523	0.39%
Snowbird Mountain Lodge	Commercial	2,505,920	0.21%
Britthaven Inc	Commercial	2,365,330	0.20%
Tapoco Partners LLC	Commercial	2,261,340	0.19%
Circle G Management	Commercial	2,158,850	0.18%
State Employees Credit Union	Commercial	2,073,150	0.17%
MKS Hospitality LLC	Commercial	2,034,410	0.17%
Total		<u>\$ 258,895,059</u>	<u>21.69%</u>

Compliance Section

Turner & Company CPAs P.A.

31 Peachtree Street • Murphy, NC 28906 • Phone (828) 837-8188 • Fax (828) 837-5313

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 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 accompanying financial statements of the governmental activities, the aggregate 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, 2022, and the related notes to the financial statements, which collectively comprises Graham County's basic financial statements, and have issued our report thereon dated December 8, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Graham 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 Graham 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2022-001 and 2022-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Graham 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 instances 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 Graham County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

Turner & Company CPAs P.A.

Turner & Company CPAs P.A.
Murphy, North Carolina
December 8, 2022

Turner & Company CPAs P.A.

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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 Commissioners
Graham County, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Graham County, North Carolina, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Graham County's major federal programs for the year ended June 30, 2022. The Graham County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' 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 federal program. Our audit does not provide a legal determination of the Graham 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 Graham County 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 on Graham 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 Graham 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 Graham 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 Graham 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 Graham 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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-003. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charges with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-003 to be significant deficiencies.

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

Government Auditing Standards requires the auditor to perform limited procedures on Graham County's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Graham 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 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 OMB Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Turner & Company CPAs P.A.

Turner & Company CPAs P.A.

Murphy, North Carolina

December 8, 2022

Turner & Company CPAs P.A.

31 Peachtree Street • Murphy, NC 28906 • Phone (828) 837-8188 • Fax (828) 837-5313

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 Commissioners
Graham County, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

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

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of 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 provide a reasonable basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of the Graham 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 Graham County 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 Graham 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 Graham 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 Graham 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 Graham 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 Graham 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or 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 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 significant deficiencies or material weaknesses in internal control over compliance. Given these limitations, 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 were not 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.



Turner & Company CPAs P.A.

Murphy, North Carolina

December 8, 2022

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

I. Summary of Auditors' Results

Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(s)? X yes ___ none reported

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(s)? X yes ___ none reported

Type of auditors' report issued on compliance for major federal programs: Unmodified.

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

Identification of major federal programs:

Names of Federal Program or Cluster	ALN No(s).
Medical Assistance Program (Title XIX – Medicaid)	93.778
Coronavirus State and Local Fiscal Recovery Funds	21.027

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

Auditee qualified as low-risk auditee X yes ___ no

State Awards

Internal control over major state programs:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(s)? ___ yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act ___ yes X no

Identification of Major State programs (Dollar threshold over \$500,000):

Program Name
Public School Building Capital Fund - Needs Based Lottery Proceeds

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

II. Financial Statement Findings

Finding: 2022-001

SIGNIFICANT DEFICIENCY

Criteria: G.S. 159-34(a) states that each unit of local government shall have its accounts audited as soon as possible after the close of each fiscal year.

Condition: The audited financial statements were not submitted by the due date of October 31, 2022.

Effect: Financial and/or operational problems could go undetected in the current fiscal year. Pertinent information may be inaccessible by various external groups such as the North Carolina General Assembly, federal and state funding agencies, and other public associations.

Cause: The impact of the COVID-19 pandemic created mutual scheduling and logistical difficulties, impeding the completion of the work necessary to deliver the audited financial statements on the due date of October 31, 2022. Despite being able to work remotely, lack of quality, dependable, high-speed internet throughout most of the far western part of the state caused tremendous delays in the exchange of information. By the time the County staff was able to submit the required information to the audit firm, the audit firm was required to focus on other duties and deadlines.

Recommendation: The County should implement procedures to ensure that required reporting is completed timely and accurately.

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

Finding: 2022-002

SIGNIFICANT DEFICIENCY

Criteria: Procedures should be in place to insure proper accounting of funds placed into jail inmate accounts, funds released from the accounts to inmates during their period of incarceration, and when funds are returned to inmates upon their release. The assignment of responsibilities should be segregated, so that one person is not responsible for the authorization and recording of a transaction and the custody of the related asset. There needs to be a reconciliation or a control activity to provide reasonable assurance that transactions are handled appropriately.

Condition: There was a change in leadership in the jail staff. The new jail administrator overrode the existing internal control system set in place by the County in 2009 to account for the inmate funds, by not requiring manual counts, reconciliations, or maintaining underlying records of cash received and disbursed. As a result, the jail failed to maintain appropriate accounting records over a period of several months and failed to reconcile the funds each month.

Effect: There was no way to prove that an amount had been placed into an account by an inmate, that any funds had been released to the inmate during their period of incarceration, or that the correct amount was returned to an inmate upon their release.

Cause: Lack of proper internal controls over the jail inmate accounts.

Recommendation: Maintain records and reconciliations for each of the inmates who has money on account on a timely basis. The duties should be separated as much as possible.

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

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

III. Federal Award Findings and Questioned Costs

U.S. Department of Health & Human Services

Passed-through the N.C. Dept. of Health and Human Services
Program Name: Medical Assistance Program (Medicaid; Title XIX)
Grant Number: XXXX

Finding: 2022-003

SIGNIFICANT DEFICIENCY

Eligibility

Criteria: The Child Support Enforcement Agency (IV-D) can assist the family in obtaining financial and/or medical support or medical support payments from the child's non-custodial parent. Cooperation requirement with Social Services and Child Support Agencies must be met or good cause for not cooperating must be established when determining Medicaid eligibility.

Condition: One case file did not have documentation of referral for IV-D child support.

Cause: Error in reading the ACTS report and/or ineffective case review process.

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

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

Context: We examined 91 Medicaid applicants from the Medicaid Beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to the Medicaid administrative cost compliance audit.

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

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

IV. State Award Findings and Questioned Costs

None reported.



Graham County Board of County Commissioners

*Connie Orr
Chair*

*12 North Main Street
Robbinsville, NC 28771*

*Keith Eller
Vice-Chairman*

*Lynn Cody
Member*

*Phone: 828-479-7961
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*Jacob Nelms
Member*

*Dale Wiggins
Member*

*Jason Maxino
County Manager*

*Kim Crisp
Clerk*

**Corrective Action Plan
For the Fiscal Year Ended June 30, 2022**

II. Financial Statement Findings

Finding: 2022-001

Name of contact person: Rebecca E. Garland, MPA, CPA - Director of Finance

Corrective Action: The County is working to develop and incorporate procedures to ensure that the data is collected, reviewed, and reported accurately and timely. However, the implementation is a challenge because of the continued impact of the COVID-19 pandemic on daily operations.

Proposed Completion Date: As soon as possible

Finding: 2022-002

Name of contact person: Rebecca E. Garland, MPA, CPA - Director of Finance

Corrective Action: The County has re-instituted the internal control system set in place by the Finance Officer to ensure that the jail inmate accounts are maintained and reconciled on a timely basis. An assigned detention officer is doing the reconciliations and providing the reports shortly after month end to the finance officer, who is reviewing them against the records maintained in the finance office. The sheriff's office reassigned personnel to the previous administrator who had followed appropriate procedures in the past.

Proposed Completion Date: As soon as possible

III. Federal Award Findings and Questioned Costs

Finding: 2022-003

Name of contact person: Amy Seay - Director of Social Services

Corrective Action: The Department will continue to provide more in-depth training to ensure cases requiring IV-D Cooperation are meeting policy guidelines.

Proposed Completion Date: As soon as possible

IV. State Award Findings and Questioned Costs

None reported.



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**Summary Schedule of Prior Year Audit Findings
For the Fiscal Year Ended June 30, 2022**

Finding: 2021-001

Status: Repeated. See finding 2022-001.

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

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing No.	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients
Federal Awards:					
<u>U.S. Department of Agriculture</u>					
Natural Resources Conservation Service					
Direct Program:					
Emergency Watershed Protection Program	10.923	EWP NC 5039	\$ 21,892	\$ -	\$ -
Rural Housing Services					
Community Facilities Loans and Grants	10.766	XXXX	400,000	-	-
Passed-through the N.C. Department of Health and Human Services:					
Division of Social Services:					
Administration:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	XXXX	138,310	-	-
Passed-through the N.C. Department of Health and Human Services:					
Division of Public Health:					
Administration:					
Special Supplemental Nutrition Program for Women, Infants, & Children (Note 5)	10.557	XXXX	50,035	-	-
Total U.S. Department of Agriculture			610,237	-	-
<u>U.S. Department of Housing and Urban Development</u>					
Passed-through the N.C. Department of Commerce:					
Community Development Block Grant, State's Program					
Neighborhood Revitalization Program	14.228	17-C-2984	9,118	-	-
Coronavirus (CDBG-CV) Program	14.228	20-V-3514	264,985	-	-
Total U.S. Department of Housing and Urban Development			274,103	-	-
<u>U.S. Department of Transportation</u>					
Passed-through the N.C. Department of Transportation:					
Formula Grants for Other than Urbanized Areas - Capital					
Formula Grants for Other than Urbanized Areas - Administration	20.509	XXXX	85,553	5,268	-
Formula Grants for Other than Urbanized Areas - Operating					
Project 49233.27.1.2	20.509	XXXX	51,256	-	-
Project 49233.27.2.2	20.509	XXXX	23,990	-	-
CARES Act Provider Relief Fund	20.509	XXXX	16,001	-	-
Transit Services Programs Cluster:					
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	XXXX	95,946	11,993	-
Total Transit Services Programs Cluster			95,946	11,993	-
Total U.S. Department of Transportation			273,193	17,261	-
<u>U. S. Department of Homeland Security</u>					
Passed-through N.C. Department of Public Safety:					
Emergency Management Performance Grant	97.039	XXXX	52,081	-	-
Total U. S. Department of Homeland Security			52,081	-	-
<u>Appalachian Regional Commission</u>					
Passed-through Appalachian Regional Commission:					
Recovery to Work: Resilience, Engagement, and Growth in Graham Co.	23.002	NC-19866	16,373	-	-
Total Appalachian Regional Commission			16,373	-	-
<u>U.S. Department of Treasury</u>					
Passed-through the Office of State Budget and Management:					
NC Pandemic Recovery Office					
Coronavirus Relief Fund (Note 6)	21.019	XXXX	15,820	-	511
Coronavirus State and Local Fiscal Recovery Funds					
Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP0971	737,455	-	-
Total U. S. Department of Treasury			753,275	-	511

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

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing No.	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients
<u>U.S. Department of Health & Human Services</u>					
Administration on Aging:					
Passed-through Southwestern Commission Council of Governments:					
Division of Aging and Adult Services:					
<u>Aging Cluster:</u>					
Special Programs for the Aging - Title III C					
Nutrition Services	93.045	XXXX	102,595	-	-
Nutrition Services Incentive Program	93.053	XXXX	9,564	-	9,564
Total Aging Cluster			112,159	-	9,564
Passed-through the N.C. Department of Health and Human Services:					
Division of Social Services:					
<u>Temporary Assistance for Needy Families (TANF) Cluster</u>					
Temporary Assistance for Needy Families (TANF)	93.558	XXXX	3,283	821	-
TANF - Work First Administration	93.558	XXXX	36,542	-	-
TANF - Work First Service	93.558	XXXX	92,400	-	-
Total TANF Cluster			132,225	821	-
<u>Foster Care and Adoption Cluster (Note 4 & 5)</u>					
Adoption Assistance Title IV-E - Optional Adoption Training	93.658	XXXX	6,931	-	-
Foster Care Title IV-E - Administration	93.658	XXXX	19,856	-	-
Foster Care Title IV-E - Child Protective Services	93.658	XXXX	12,985	1,750	-
Foster Care Title IV-E - Foster Care Training	93.658	XXXX	4,528	-	-
Foster Care Title IV-E - Foster Care/Off Training	93.658	XXXX	50,765	-	-
Direct Benefit Payments					
Foster Care Title IV-E - IV-E Administration	93.658	XXXX	272	136	-
Foster Care Title IV-E - Family Foster Care Max	93.658	XXXX	114	-	-
Foster Care Title IV-E - Foster Care	93.658	XXXX	49,026	13,644	-
Foster Care Title IV-E - Foster Care & Extended Max	93.659	XXXX	150	53	-
Total Foster Care and Adoption Cluster (Note 4)			144,627	15,583	-
Promoting Safe and Stable Families	93.556	XXXX	19,704	-	-
Child Support Enforcement	93.563	XXXX	79,723	-	-
Low-Income Home Energy Assistance:					
Administration	93.568	XXXX	7,154	-	-
ARPA - Administration	93.568	XXXX	9,037	-	-
Energy Assistance Payments	93.568	XXXX	93,965	-	-
ARPA - Energy Assistance Payments	93.568	XXXX	63,174	-	-
Total Low-Income Home Energy Assistance			173,330	-	-
Low-Income Household Water Assistance:					
Administration	93.568	XXXX	3,563	-	-
Administration - Consolidated Appropriations Act	93.568	XXXX	20,281	-	-
Total Low-Income Home Energy Assistance			23,844	-	-
Stephanie Tubbs Jones Child Welfare Services Program:					
Permanency Planning - Families for Kids	93.645	XXXX	2,635	-	-
Total Stephanie Tubbs Jones Child Welfare Services Program			2,635	-	-
SSBG - Other Service and Training	93.667	XXXX	80,073	-	-
Division of Aging and Adult Services:					
Division of Social Services:					
SSBG - State In Home Service Fund	93.667	XXXX	12,355	-	-
Total Social Service Block Grant			92,428	-	-
Division of Child Development and Early Education:					
Subsidized Child Care (Note 5)					
<u>Child Care Development Fund Cluster:</u>					
Division of Social Services:					
Child Care Development Mandatory and Match Fund - Administration	93.596	XXXX	125,217	-	-
Total Subsidized Child Care (Note 5)			125,217	-	-

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

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing No.	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients
Passed-through the N.C. Department of Health and Human Services:					
Division of Health Benefits:					
Division of Social Services:					
Administration:					
Medical Assistance Program (Note 5)	93.778	XXXX	514,277	-	-
Total Medical Assistance Program			514,277	-	-
Division of Social Services:					
Administration:					
Children's Health Insurance Program - N.C. Health Choice (Note 5)	93.767	XXXX	6,153	175	-
Total Children's Health Insurance Program - N.C. Health Choice			6,153	175	-
Passed-through the N.C. Department of Health and Human Services:					
Division of Public Health:					
Public Health Emergency Preparedness	93.069	XXXX	21,706	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	XXXX	50	-	-
Immunization Cooperative Agreements	93.268	XXXX	5,278	-	-
COVID-19 -Immunization Cooperation Agreements	93.268	XXXX	101,838	-	-
Family Planning Services	93.217	XXXX	25,888	-	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	XXXX	67,605	-	-
Temporary Assistance for Needy Families	93.558	XXXX	782	-	-
Preventive Health and Health Services Block Grant	93.991	XXXX	30,607	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	XXXX	4,550	-	-
Maternal and Child Health Services Block Grant					
Child Fatality Prevention	93.994	XXXX	124	-	-
Child Health	93.994	XXXX	19,385	-	-
HMHC-FP - February Start	93.994	XXXX	2,618	1,964	-
Total Maternal and Child Health Services Block Grant	93.994	XXXX	22,127	1,964	-
Total U.S. Department of Health and Human Services			1,706,753	18,543	9,564
Total federal awards			3,686,015	35,804	10,075
State Awards:					
<u>N.C. Department of Administration</u>					
Veterans Service		XXXX	-	2,109	-
Total N.C. Department of Administration			-	2,109	-
<u>N.C. Department of Agriculture and Consumer Services</u>					
Division of Soil and Water Conservation					
District Matching and Technical Assistance Agreement		XXXX	-	3,600	-
Agriculture Cost Share Program		XXXX	-	21,892	-
Total N.C. Department of Agriculture and Consumer Services			-	25,492	-
<u>N.C. Department of Environmental Quality</u>					
Division of Waste Management					
Scrap Tire Program		XXXX	-	1,700	-
Total N.C. Department of Environmental Quality			-	1,700	-
<u>N.C. Department of Health and Human Services</u>					
Division of Aging and Adult Services					
Senior Center General Purpose		XXXX	-	10,857	-
Total Division of Aging and Adult Services			-	10,857	-
Division of Social Services					
Direct Benefit Payments					
State Foster Home		XXXX	-	10,421	-
State Child Welfare/CPS/CS LD		XXXX	-	10,884	-
State Foster Home Fund (SFHF) Maximization		XXXX	-	2,949	-
Title IV-B adoption assistance		XXXX	-	12,728	-
Extended Foster Care Maximization Non IV-E programs		XXXX	-	(651)	-
Total Division of Social Service			-	36,331	-

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

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing No.	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients
Division of Public Health					
Food and Lodging Fees		XXXX	-	3,712	-
Public Health Capacity Building		XXXX	-	75,101	-
General Communicable Disease Control		XXXX	-	11,336	-
Child Health		XXXX	-	6,326	-
HIV/STD - State		XXXX	-	500	-
Healthy Communities		XXXX	-	3,747	-
Breast and Cervical Cancer		XXXX	-	4,550	-
School Nurse Funding Initiative		XXXX	-	43,720	-
Family Planning - State		XXXX	-	4,171	-
Maternal Health		XXXX	-	7,656	-
Women Health Service Fund		XXXX	-	4,692	-
Tuberculosis Control		XXXX	-	1,260	-
Total Division of Public Health			-	166,771	-
Total N. C. Department of Health and Human Services			-	213,959	-
<u>N.C. Department of Insurance</u>					
SHIIP Grant		XXXX	-	6,630	-
Total N.C. Department of Insurance			-	6,630	-
<u>N.C. Department of Public Instruction</u>					
Public School Building Capital Fund - Needs Based Lottery Proceeds		XXXX	-	1,890,022	1,890,022
Total N.C. Department of Public Instruction			-	1,890,022	1,890,022
<u>N.C. Department of Public Safety</u>					
Division of Juvenile Justice and Delinquency Prevention					
Juvenile Crime Prevention Programs		XXXX	-	93,608	93,608
Senate Bill Funds		XXXX	-	3,474	-
Total N.C. Department of Public Safety			-	97,082	93,608
<u>N.C. Department of Transportation</u>					
Rural Operating Assistance Program (ROAP)					
- ROAP Elderly and Disabled Transportation Assistance Program		36220.10.10.1	-	50,979	-
- ROAP Rural General Public Program		36228.22.10.1	-	48,214	-
- ROAP Work First Transitional - Employment		36236.11.9.1	-	5,403	-
Total ROAP Cluster			-	104,596	-
Total State awards			-	2,341,590	1,983,630
Total federal and State awards			\$ 3,686,015	\$ 2,377,394	\$ 1,993,705

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

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing No.	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients
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Notes to the Schedule of Expenditures of Federal and State Financial Awards:

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Graham County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2022. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of 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: 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 5: Benefit Payments Issued by the State

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

Program Title	ALN No.	Federal	State
Special Supplemental Nutrition Program for Women Infant and Children	10.557	164,253	-
Supplemental Nutrition Assistance Program	10.551	4,540,287	-
Temporary Assistance for Needy Families	93.558	27,266	-
Pandemic Emergency Assistance Fund	93.558	8,500	-
Adoption Assistance	93.659	123,237	25,155
Medical Assistance Program	93.778	19,227,285	7,235,572
Children's Health Insurance Program	93.767	186,709	41,922
Child Welfare Services Adoption	XXXX	-	54,127
State / County Special Assistance program (Domiciliary Care)	XXXX	-	34,915

Note 6: Balances of federally funded loans

As of June 30, 2022, the County has federally funded loans outstanding as follows:

Program Title	ALN No.	Pass-through Grantor's Number	Amount Outstanding
Community Facilities Loans and Grants	10.766	XXXX	400,000