

**City of Graham, North Carolina
Audited Financial Statements
Year Ended June 30, 2024**

City of Graham, North Carolina

Year Ended June 30, 2024

City Council Members

Jennifer Talley - Mayor

Ricky Hall - Mayor Pro Tem

Bobby Chin

Bonnie Whitaker

Joey Parsons

Administrative and Financial Staff

Megan M. Garner – City Manager

Sandy Callahan – Tax Collector

City of Graham, North Carolina
June 30, 2024
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INDEPENDENT AUDITOR'S REPORT

To The Honorable Mayor and
Members of the City Council
City of Graham
Graham, North Carolina

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Graham (the “City”), North Carolina as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

In our opinion, based upon our audit, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Graham, North Carolina as of June 30, 2024, and the respective changes in financial position, and cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Graham 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 provide a basis for our audit opinions.

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Responsibilities of Management for the Audit of the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raises substantial doubt about the City of Graham's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercised professional judgement and maintained professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsible to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Graham's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Graham's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 13, and the Other Post Employment Benefit on page 61, Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions on pages 59 and 60, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset (Liability) and Contributions, on pages 56 and 57, respectively, and the Firefighter' and Rescue Squad Worker's Pension Fund's Schedule of the Proportionate Share of Net Pension Liability on page 58 be presented to supplement the basic financial statements. Such information is the responsibility of management, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2025 on our consideration of the City of Graham's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City of Graham'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 City of Graham's internal control over financial reporting and compliance.

STOUT STUART MC GOWEN & KINGS, LLP

Burlington, North Carolina
June 9, 2025

Management's Discussion and Analysis

As management of the City of Graham, we offer readers of the City of Graham's financial statements this narrative overview and analysis of the financial activities of the City of Graham for the fiscal year ended June 30, 2024. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

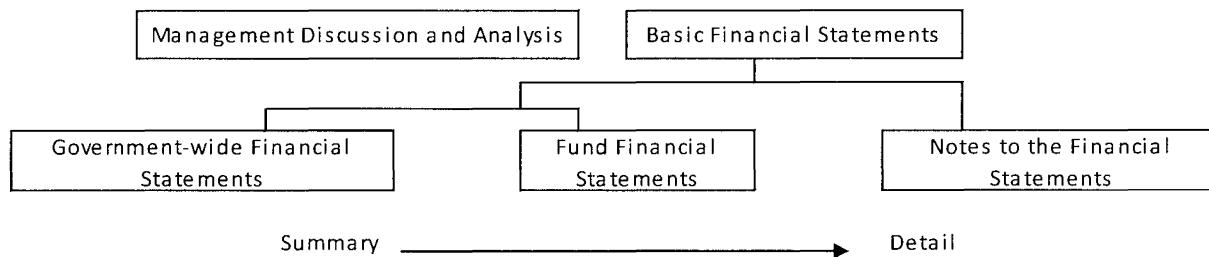
- The assets and deferred outflows of resources of the City of Graham exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$144,332,114 (*net position*).
- The government's total net position increased by \$53,720,521, due to an increase in the business type activities' net position of \$44,478,931 and an increase in the government type activities' net position of \$9,241,590.
- As of the close of the current fiscal year, the City of Graham's governmental funds reported combined ending fund balances of \$22,611,559 an increase of \$3,895,722. Approximately 30% of this total amount, or \$6,718,228, is non-spendable or restricted.
- At the end of the current fiscal year, available fund balance for the General Fund was \$12,445,685 or 62% of total general fund expenditures for the fiscal year.
- The City of Graham's total debt decreased by \$656,048 or 9% during the current fiscal year due to payments of \$656,048.
- The water and sewer fund produced an excess of revenue over expenditures in the amount of \$3,449,502 under budgetary reporting.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to City of Graham's basic financial statements. The city'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 City 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 the City of Graham.

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 City's financial status.

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the city government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements for major governmental funds; and 3) the proprietary 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

Management Discussion and Analysis City of Graham

provided to show details about the City's individual funds. Budgetary information required by the North Carolina 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 City'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 City's financial status as a whole.

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

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property, sales and utility taxes and State and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. These include the water and sewer services offered by the City of Graham.

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

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the City'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. The City of Graham, 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 City's budget ordinance. All of the funds of the City of Graham can be divided into two categories: governmental funds and proprietary 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 City'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* that provides a short-term spending 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 City's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Graham 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 City, the management of the City, and the decisions of the Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City 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 Council; 2) the final budget as amended by

Management Discussion and Analysis

City of Graham

the Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds – The City of Graham has two different kinds of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewer activity. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the functions of the City of Graham. The City uses an internal service fund to account for one activity – its central garage operations. Because this operation benefits predominantly governmental rather than business-type activities, the internal service fund has been included within the governmental activities in the government-wide financial statements.

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 26 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Graham's progress in funding its obligation to provide pension benefits and Other Post Employment Benefits (OPEB) to its employees. Required supplementary information can be found beginning on page 56 of this report.

Interdependence with Other Entities – The City depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the City is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

Government-Wide Financial Analysis

The City of Graham's Net Position

Figure 2

	Governmental Activities			Business-Type Activities			Total		
	2024	2023	2022	2024	2023	2022	2024	2023	2022
Current and other assets									
assets	\$ 24,218,873	\$ 24,783,332	\$ 20,303,605	\$ 22,125,116	\$ 18,858,439	\$ 17,436,715	\$ 46,343,989	\$ 43,641,771	\$ 37,740,320
Capital assets	26,320,100	19,491,654	19,439,814	99,930,111	58,781,412	47,269,844	126,250,211	78,273,066	66,709,658
Deferred outflows of resources									
of resources	5,138,099	5,439,112	4,876,201	1,169,141	1,260,610	1,100,958	6,307,240	6,699,722	5,977,159
Total assets	55,677,072	49,714,098	44,619,620	123,224,368	78,900,461	65,807,517	178,901,440	128,614,559	110,427,137
Long-term liabilities outstanding									
outstanding	2,468,235	577,044	635,660	4,441,171	4,764,082	4,802,298	6,909,406	5,341,126	5,437,958
Other liabilities	17,864,277	21,944,873	18,688,828	6,264,394	5,812,844	4,947,889	24,128,671	27,757,717	23,636,717
Deferred inflows of resources									
resources	2,848,759	3,872,370	3,957,639	682,490	966,153	1,084,546	3,531,249	4,838,523	5,042,185
Total liabilities	23,181,271	26,394,287	23,282,127	11,388,055	11,543,079	10,834,733	34,569,326	37,937,366	34,116,860
Net Position:									
Net invested in capital assets	24,515,908	19,491,654	19,439,814	95,336,766	53,973,604	42,311,172	119,852,674	73,465,258	61,750,986
Restricted	6,718,228	5,361,054	5,166,365	789,776	789,776	789,776	7,508,004	6,150,830	5,956,141
Unrestricted	1,261,665	(1,532,897)	(3,268,868)	15,709,771	12,594,002	11,871,836	16,971,436	11,061,105	8,603,150
Total net position	\$ 32,495,801	\$ 23,319,811	\$ 21,337,493	\$ 111,836,313	\$ 67,357,382	\$ 54,972,784	\$ 144,332,114	\$ 90,677,193	\$ 76,310,277

Management Discussion and Analysis

City of Graham

As noted earlier, the net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the City of Graham exceeded liabilities and deferred inflows by \$144,332,114 as of June 30, 2024. The City's net position increased by \$53,720,521 in the fiscal year ended June 30, 2024. However, the largest portion (83%) reflects the City's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The City of Graham uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Graham's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the City of Graham's net position, 5% represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$16,971,436 is unrestricted.

Several aspects of the City's financial operations influenced the total unrestricted governmental net position:

- There were increases in the Ad valorem taxes due to continued collection diligence and increased Local Option Sales Taxes.
- There was an increase in water and sewer charges, including connections.
- There were also major grants received during the year supporting the capital projects.
- There was an increases in the liability for LGERS and a decrease in the liability for the OPEB benefits.

City of Graham's Change in Net Position
Figure 3

	Governmental Activities			Business-type Activities			Total		
	2024	2023	2022	2024	2023	2022	2024	2023	2022
Revenues:									
Program revenues:									
Charges for services	\$ 2,914,618	\$ 2,479,455	\$ 1,735,075	\$ 12,591,079	\$ 11,021,540	\$ 8,320,580	\$ 15,505,697	\$ 13,500,995	\$ 10,055,655
Grants and contributions									
Operating	1,808,943	1,519,437	1,266,231	-	-	-	1,808,943	1,519,437	1,266,231
Capital	9,592,369	451,092	225,960	40,138,657	9,838,011	2,645,547	49,731,026	10,289,103	2,871,507
General revenues:									
Property taxes	6,868,139	6,480,601	6,128,709	-	-	-	6,868,139	6,480,601	6,128,709
Other taxes	7,703,730	7,406,228	6,932,594	-	-	-	7,703,730	7,406,228	6,932,594
Grants and contributions not restricted to specific program	285,934	258,933	248,157	-	-	-	285,934	258,933	248,157
Unrestricted investment earnings	510,499	290,816	15,550	370,292	208,342	15,063	880,791	499,158	30,613
Transfers	(773,106)	(113,764)	-	773,106	113,764	-	-	-	-
Other	(48,140)	134,935	115,119	-	-	7,512	(48,140)	134,935	122,631
Total revenues	28,862,986	18,907,733	16,667,395	53,873,134	21,181,657	10,988,702	82,736,120	40,089,390	27,656,097
Expenses:									
General government	4,655,324	3,551,368	3,383,381	-	-	-	4,655,324	3,551,368	3,383,381
Public safety	9,371,149	7,971,465	7,376,689	-	-	-	9,371,149	7,971,465	7,376,689
Transportation	1,689,474	1,646,999	1,238,076	-	-	-	1,689,474	1,646,999	1,238,076
Economic protection	1,543,871	1,457,118	1,049,376	-	-	-	1,543,871	1,457,118	1,049,376
Culture and recreation	2,361,578	2,298,465	2,113,602	-	-	-	2,361,578	2,298,465	2,113,602
Water and sewer	-	-	-	9,394,203	8,797,059	7,675,524	9,394,203	8,797,059	7,675,524
Total expenses	19,621,396	16,925,415	15,161,124	9,394,203	8,797,059	7,675,524	29,015,599	25,722,474	22,836,648
Increase (decrease) in net position	9,241,590	1,982,318	1,506,271	44,478,931	12,384,598	3,313,178	53,720,521	14,366,916	4,819,449
Net position, July 1	23,319,811	21,337,493	19,831,222	67,357,382	54,972,784	51,659,606	90,677,193	76,310,277	71,490,828
Net position-July 1-Restated	23,254,211	21,337,493	19,831,222	67,357,382	54,972,784	51,659,606	90,611,593	76,310,277	71,490,828
Net position, June 30	\$ 32,495,801	\$ 23,319,811	\$ 21,337,493	\$ 111,836,313	\$ 67,357,382	\$ 54,972,784	\$ 144,332,114	\$ 90,677,193	\$ 76,310,277

Management Discussion and Analysis
City of Graham

Governmental activities: Governmental activities increased the City's net position by \$9,241,590, accounting for 17% of the total increase in the net position of the City of Graham. Key elements of this change in net position are as follows:

- There was an increase in the Ad valorem taxes in the amount of \$387,538.
- There was an increase in charges for services in the amount of \$435,163 mostly due to the Garage department revenue.
- There was also an increase in the Local Option Sales Tax of \$291,369.
- There was an increase in the LGERS liability of \$737,054 and a decrease in the OPEB liability of \$727,462.

Business-type activities: Business-type activities increased the City of Graham's net position by \$44,478,931 accounting for 83% of the total growth in the government's net position. Key elements of this increase are as follows:

- There were increases in charges for services of \$1,569,539.
- There was an increase in the LGERS liability of \$195,926 and a decrease in the OPEB liability of \$196,318, due to the re-evaluation of cost to provide these benefits.
- There was an increase in grant funding for the capital projects in the amount of \$30,300,646.

Financial Analysis of the City's Funds

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

Governmental Funds. The focus of the City of Graham's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Graham's financing requirements.

The general fund is the chief operating fund of the City of Graham. At the end of the current fiscal year, the City of Graham's fund balance available in the General Funds was \$12,445,685 while total fund balance reached \$16,122,127. The Governing Body of the City of Graham has determined that the City should maintain an available fund balance of 30% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting cash flow needs of the City. The City currently has an available fund balance of 62% of general fund expenditures, while total fund balance represents 81% of the same amount.

At June 30, 2024, the governmental funds of the City of Graham reported a combined fund balance of \$22,611,559, with a net increase in fund balance of \$3,895,722. Included in this change in fund balance is an increase of \$315,298 in the general fund, an increase in the ARPA enabled special revenue fund of \$3,447,646, and an increase in the non-major funds of \$132,778.

General Fund Budgetary Highlights: During the fiscal year, the City 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.

Revenues received were more than the original budgeted amounts during the year, keeping pace with expenditures resulting in revenue over expenditures of \$315,298.

Management Discussion and Analysis

City of Graham

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer fund at the end of the fiscal year amounted to \$15,709,771. The total increase in unrestricted net position was \$44,478,931.

Capital Asset and Debt Administration

Capital assets. The City of Graham's investment in capital assets for its governmental and business-type activities as of June 30, 2024, totals \$126,250,211 (net of accumulated depreciation). These assets include buildings, roads, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following additions and disposals:

- Several infrastructure projects were completed in addition to new vehicles, trucks and equipment.
- There are several very large water and sewer capital projects included in construction in progress.

City of Graham's Capital Assets (net of depreciation)
Figure 4

	Governmental Activities			Business-type Activities			Total		
	2024	2023	2022	2024	2023	2022	2024	2023	2022
Land	\$ 2,956,005	\$ 2,956,005	\$ 2,956,005	\$ 1,281,547	\$ 1,281,547	\$ 1,281,547	\$ 4,237,552	\$ 4,237,552	\$ 4,237,552
Art Collection	62,100	62,100	62,100	-	-	-	62,100	62,100	62,100
Building and systems	1,492,898	1,547,577	1,602,256	9,037,527	9,272,727	9,507,929	10,530,425	10,820,304	11,110,185
Water and sewer systems	-	-	-	13,632,777	13,981,238	14,336,669	13,632,777	13,981,238	14,336,669
Improvements other than buildings	3,650,675	3,519,111	3,452,945	11,678,894	11,939,468	11,749,472	15,329,569	15,458,579	15,202,417
Infrastructure	12,233,376	7,153,195	7,285,671	-	-	-	12,233,376	7,153,195	7,285,671
Vehicles and equipment	5,742,047	4,243,701	4,080,837	2,121,264	2,289,930	2,109,820	7,863,311	6,533,631	6,190,657
Right to use assets	4,983	9,965	14,948	128,827	-	-	133,810	9,965	14,948
Construction in progress	178,016	-	-	62,049,275	20,016,502	8,284,407	62,227,291	20,016,502	8,284,407
Total Capital Assets	\$ 26,320,100	\$ 19,491,654	\$ 19,454,762	\$ 99,930,111	\$ 58,781,412	\$ 47,269,844	\$ 126,250,211	\$ 78,273,066	\$ 66,724,606

Additional information on the city's capital assets can be found in note III.A.4. of the Basic Financial Statements.

Long-term Debt

As of June 30, 2024, the City of Graham had no bonded debt outstanding.

City of Graham's Outstanding Debt

The City of Graham's total debt decreased by 9% during the past fiscal year, this decrease is due payments on the debt and leases which totaled \$707,792. North Carolina General Statutes limit 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 City of Graham is \$185,821,380. Additional information regarding the City of Graham's long-term debt can be found in note III.B.5.

Economic Factors and Next Year's Budgets and Rates

The City's General Fund revenues are most susceptible to fluctuations in the economy. The sales and use tax, the City's second largest revenue, is particularly volatile as it is impacted by the economy and consumer consumption. The chart below shows a summary of the current year General Fund revenues as originally adopted and the proposed revenues for the upcoming fiscal year.

Management Discussion and Analysis
City of Graham

	Summary of General Fund Revenues			Difference
	FY 2023-2024 (Adopted)	FY 2024-2025 (Recommended)		
Ad Valorem Taxes	\$ 6,387,660	\$ 7,030,000	\$ 642,340	
Investment Earnings	\$ 105,000	\$ 215,000	\$ 110,000	
Miscellaneous	\$ 674,800	\$ 727,900	\$ 53,100	
Other Taxes/License	\$ 500	\$ 500	\$ -	
Occupancy Tax	\$ -	\$ 79,000	\$ 79,000	
Permits/Fees	\$ 710,000	\$ 590,000	\$ (120,000)	
Restricted Governmental	\$ 892,000	\$ 1,026,000	\$ 134,000	
Sales/Services	\$ 2,002,000	\$ 2,078,668	\$ 76,668	
Unrestricted Governmental	\$ 7,563,000	\$ 7,745,000	\$ 182,000	
Fund Balance	\$ 1,246,245	\$ 1,156,282	\$ (89,963)	
	\$ 19,581,205	\$ 20,648,350	\$ 1,067,145	

Despite experiencing growing pains, the City works to invest in our infrastructure and employees while remaining dedicated to exploring all funding that become available from state and federal sources. We have continued to experience significant inflation in goods, services, and labor prices with no signs of relief.

Budget Highlights for the Fiscal Year Ending June 30, 2025

The annual budget for the General Fund totals \$20,648,350, an increase of \$1,067,145 above FY 2023- 2024 total of \$19,581,205 as originally adopted. For the Water and Sewer Fund, the adopted budget totaled \$12,249,900 for an increase of \$400,300 over FY 2023-2024 as originally adopted at \$11,847,600.

Governmental Activities: Some of the highlights for the FY 2024-2025 General Fund Budget are:

- The Ad Valorem tax rate is recommended to remain at \$0.2899.
- One penny on the tax rate is estimated to generate \$233,512 in the upcoming year based on a 97% collection rate.
- Refuse fees (garbage and recycling) are recommended to increase from \$11.50 per unit per month total to \$13.50 per unit per month total.
- Stormwater fees are recommended to increase from \$2.00 to \$3.50 per unit per month.
- Water and sewer charges are proposed to increase 9.5%.
- The employee Cost of Living Adjustment (COLA) is proposed at 3.8%, which mirrors the Consumer Price Index 12-month average as of January 2024.
- Staffing levels are proposed to increase with the addition of one Heavy Fleet Technician position. Additionally, one utility position, a Field Operations Technician, is proposed to be reclassified to a Utilities Administrative Coordinator. This move does not increase the full-time equivalents in the department.
- Employee Health Insurance premiums are budgeted to increase by 3.75%.
- Mandatory employer contribution increases of an additional 0.75% and 1.06% to the Local Government Employees' Retirement System (LGERS) is included for general and LEO employees respectively.
- No interfund transfers are included.

Management Discussion and Analysis
City of Graham

- The Warehouse Department (5550) has been absorbed into the Garage Department (5700). Both remain within the General Fund.
- There are no appropriations requested for the Cemeteries Perpetual Care Funds.
- Expenditures for public safety (\$8,670,807) are expected to exceed all of the ad valorem tax levy (\$7,030,000) by over \$1,640,807.
- Funding for Street Resurfacing is proposed to increase for the 11th consecutive year by approximately \$5,000. Local funds are typically paired with Powell Bill to maximize paving efforts.

Business-Type Activities: Ensuring the efficient delivery of services to citizens has required a commitment to making necessary investments in the system's operations and critical water and sewer infrastructure. This enterprise operation is capital-intensive, requiring constant maintenance, replacement, and upgrading. Coupling those aspects with significant regulatory oversight compounds our challenges. The City continued to appropriate funds to cover the debt service for recent projects, including the costly wastewater treatment plant expansion, which is the largest financial undertaking by the City.

Expenditures (Fund 31)

The City is at a critical point in funding much needed upgrades and projects throughout our utility system, which operates as an enterprise fund. These investments not only allow for the efficient delivery of service to our citizens, but also improve capacity throughout our system. This enterprise fund operation is capital intensive, requiring constant maintenance, replacement, and upgrading. The enterprise fund is also subject to significant regulatory oversight that often comes with a substantial cost to meet. In FY 2020-2021, the City began to appropriate funds to cover the debt service for recent projects and look ahead towards major projects that have a significant financial impact. Continuing this practice is recommended for FY 2024-2025. The most notable capital project on the immediate horizon is the upgrade of our wastewater treatment plant, which began construction in the prior fiscal year and is estimated to be complete in February 2026.

Water Rates: Based on expenditures, water rates are proposed for an increase for all tiers of the usage as well as the base rate by 9.5%.

Sewer Rates: Sewer charges must generate enough revenue to cover expenditures including debt service for the Boyd Creek Pump station and the anticipated debt service for Waste Water Treatment Plant Improvements and Expansion. To cover these expenditures, sewer rates are proposed for an increase for all tiers of the usage as well as the base rate by 9.5%.

Examples: The charts below show the existing rate structure for water and sewer customers using 1,000 gallons per month and 5,000 gallons per month.

	\$9.09	Current water	\$24.96
	\$9.95	Proposed water	\$27.33
	\$11.79	Current sewer	\$52.44
	\$12.91	Proposed sewer	\$57.42

Management Discussion and Analysis
City of Graham

Below are highlights from the various departments:

Other Funds

The City operates numerous capital project funds, a perpetual care fund, and other non-major funds. Some may or may not require budgets due to the type of fund, but are nevertheless subject to our internal controls, and placeholder entries are made, at a minimum. Below is a brief description of each and any changes necessary.

- **Cemeteries Perpetual Care Fund:** Established in 2015, the fund ensures the perpetual care and beautification of the City's cemeteries. As with 2023-2024, no appropriations are requested for 2024-2025.
- **Water & Sewer Capital Reserve Fund:** This serves as less of an independent fund and more of a sub-fund of the Water and Sewer Fund. This capital reserve fund accounts for receipts from the levy of System Development Fees. In 2021, the City of Graham completed investigation on growth projects for the water and wastewater systems as well as for both plants. These growth plans outlined a series of projects that were needed to support growth within the City and include projects that are within the 10-year planning window and beyond.
- **Asset Forfeiture Funds:** The City operates both a State and Federal asset forfeiture fund that accounts for assets seized from certain law enforcement activities. Revenues are highly unpredictable as is the timing of their receipt. Expenditures are regulated by the terms of the agreement with the associated agencies/programs and generally cannot be used to subsidize any operating budgets. Therefore, only nominal placeholder entries are included in the budget ordinance to ensure against it.
- **Old Fields Outfall Capital Project Fund:** The Old Fields Subdivision along Cherry Lane has an approved development plan that includes 755 dwelling units and various pods for nonresidential uses. To date, less than 100 of the dwelling units are constructed and further development was restricted due to the lack of collection system capacity. Currently, the extension of the outfall is underway following the completion of the initial phase of the project.

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

Megan M. Garner, City Manager
City of Graham
201 South Main Street
Graham, NC 27253

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City of Graham, North Carolina

Exhibit 1

Statement of Net Position

June 30, 2024

ASSETS	Primary Government		
	Governmental Activities		Business-type Activities
			Total
Current assets:			
Cash and cash equivalents	\$ 16,482,182	\$ 6,655,937	\$ 23,138,119
Taxes receivables (net)	325,100	-	325,100
Accrued interest receivable on taxes	71,425	-	71,425
Accounts receivable (net)	338,652	2,088,827	2,427,479
Lease receivable	-	36,992	36,992
Prepaid expenses	18,295	-	18,295
Due from other governments	3,322,745	9,316,216	12,638,961
Restricted cash and cash equivalents	3,660,474	1,367,514	5,027,988
Non-current assets			
Lease receivable - non-current	-	3,126	3,126
Notes receivable	-	2,656,504	2,656,504
Capital assets (Note 1):			
Land, non-depreciable improvements, and construction in progress	3,196,121	63,330,822	66,526,943
Other capital assets, net of depreciation	23,118,996	36,470,462	59,589,458
Right to use lease assets, net of amortization	4,983	128,827	133,810
Total capital assets	26,320,100	99,930,111	126,250,211
Total assets	50,538,973	122,055,227	172,594,200
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	-	-
Pension deferrals	3,885,565	874,566	4,760,131
OPEB deferrals	1,252,534	294,575	1,547,109
Total deferred outflows of resources	5,138,099	1,169,141	6,307,240
LIABILITIES			
Current liabilities:			
Accounts payable	998,925	1,147,261	2,146,186
Accrued interest payable	372	31,181	31,553
Unearned ARP revenue	-	-	-
Payable from restricted assets	13,575	220,772	234,347
Long-term liabilities:			
Net pension liability - LGERS	5,410,501	1,416,643	6,827,144
Net pension liability - LEO	1,999,806	-	1,999,806
Net OPEB liability	9,048,946	2,864,289	11,913,235
Due within one year	392,152	584,248	976,400
Due in more than one year	2,468,235	4,441,171	6,909,406
Total liabilities	20,332,512	10,705,565	31,038,077
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	(845)	-	(845)
Unearned revenues	199,134	-	199,134
Leases	-	42,794	42,794
Pension deferrals	401,255	29,153	430,408
OPEB deferrals	2,249,215	610,543	2,859,758
Total deferred inflows of resources	2,848,759	682,490	3,531,249
NET POSITION			
Net investment in capital assets	24,515,908	95,336,766	119,852,674
Restricted for:			
Cemetery Perpetual Care	2,841,786	-	2,841,786
Stabilization by State Statute	3,676,442	-	3,676,442
Street repair - Truby Drive	200,000		200,000
Capital Reserve Fund	-	789,776	789,776
Unrestricted	1,261,665	15,709,771	16,971,436
Total net position	\$ 32,495,801	\$ 111,836,313	\$ 144,332,114

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

City of Graham, North Carolina
Statement of Activities
For the Year Ended June 30, 2024

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Operating Grants							
	Expenses	Charges for Services	and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Governmental Activities:								
General government	\$ 4,654,952	\$ 878,935	\$ 456,341	4,565,623	\$ 1,245,947	\$ -	\$ 1,245,947	
Public safety	9,292,393	855,814	670,325	-	(7,766,254)	-	(7,766,254)	
Transportation	1,689,474	-	551,519	5,026,746	3,888,791	-	3,888,791	
Environmental protection	1,543,871	900,006	-	-	(643,865)	-	(643,865)	
Human services	-	-	45,440	-	45,440	-	45,440	
Cultural and recreation	2,361,578	279,863	85,318	-	(1,996,397)	-	(1,996,397)	
Interest on Long Term Debt	79,128	-	-	-	(79,128)	-	(79,128)	
Total governmental activities	19,621,396	2,914,618	1,808,943	9,592,369	(5,305,466)	-	(5,305,466)	
Business-type activities:								
Water and sewer	9,394,203	12,591,079	-	40,138,657	-	43,335,533	43,335,533	
Total business-type activities	9,394,203	12,591,079	-	40,138,657	-	43,335,533	43,335,533	
Total primary government	\$ 29,015,599	\$ 15,505,697	\$ 1,808,943	\$ 49,731,026	(5,305,466)	43,335,533	38,030,067	
General revenues:								
Taxes:								
Property taxes, levied for general purpose					6,868,139	-	6,868,139	
Other taxes					7,703,730	-	7,703,730	
Grants and contributions not restricted to specific programs					285,934	-	285,934	
Unrestricted investment earnings					510,499	370,292	880,791	
Miscellaneous					(48,140)	-	(48,140)	
Total general revenues excluding special items, transfers					15,320,162	370,292	15,690,454	
Transfers					(773,106)	773,106	-	
Total general revenues, special items, and transfers					14,547,056	1,143,398	15,690,454	
Change in net position					9,241,590	44,478,931	53,720,521	
Net position-beginning, as previously reported					23,319,811	67,357,382	90,677,193	
Restatement					(65,600)	-	(65,600)	
Net position-beginning, restated					23,254,211	67,357,382	90,611,593	
Net position-ending					\$ 32,495,801	\$ 111,836,313	\$ 144,332,114	

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

Exhibit 3
City of Graham, North Carolina
Balance Sheet
Governmental Funds
June 30, 2024

	Major Fund		Total		
	Major Fund	American Rescue Plan Fund	Total Non- Major Funds		Total Governmental Funds
			General	Total Non- Major Funds	
ASSETS					
Cash and cash equivalents	\$ 13,443,646	\$ -	\$ 3,038,536	\$ 16,482,182	
Restricted cash and cash equivalents	212,709	3,447,765	-	3,660,474	
Accrued interest receivable	-	-	-	-	
Taxes receivables, net	325,100	-	-	325,100	
Accounts receivables, net	335,402	-	3,250	338,652	
Due from other governments	3,322,745	-	-	3,322,745	
Prepaid expenses	18,295	-	-	18,295	
Total assets	\$ 17,657,897	\$ 3,447,765	\$ 3,041,786	\$ 24,147,448	
LIABILITIES					
Accounts payable and accrued liabilities	998,806	119	-	998,925	
Payable from restricted cash	13,575	-	-	13,575	
Total liabilities	1,012,381	119	-	1,012,500	
DEFERRED INFLOWS OF RESOURCES					
Property taxes receivable	325,100	-	-	325,100	
Prepaid taxes	(845)	-	-	(845)	
Unearned revenue	199,134	-	-	199,134	
Total deferred inflows of resources	523,389	-	-	523,389	
FUND BALANCES					
Non Spendable					
Graham Memorial Park perpetual care	-	-	2,841,786	2,841,786	
Restricted					
Stabilization by State Statute	3,676,442	-	-	3,676,442	
Street repair - Truby Drive			200,000	200,000	
Assigned					
General Government improvements	-	3,447,646	-	3,447,646	
Subsequent year's expenditures	1,159,282	-	-	1,159,282	
Unassigned					
Total fund balances	11,286,403	-	-	11,286,403	
	16,122,127	3,447,646	3,041,786	22,611,559	
Total liabilities, deferred inflows of resources and fund balances	\$ 17,657,897	\$ 3,447,765	\$ 3,041,786		

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

(continued)

City of Graham, North Carolina
Balance Sheet
Governmental Funds
June 30, 2024

Exhibit 3

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Total Fund Balance, Governmental Funds	\$ 22,611,559
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Gross capital assets at historical cost	44,099,572
Accumulated depreciation	<u>(17,784,455)</u>
Total	26,315,117
Less internal service fund net capital assets included as net assets below	-
	<u>26,315,117</u>
Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Right to use assets at historical cost	19,931
Accumulated amortization	<u>(14,948)</u>
	4,983
Deferred outflows of resources related to pensions are not reported in the funds	3,885,565
Deferred outflows of resources related to OPEB are not reported in the funds	1,252,534
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are inflows of resources in the funds	71,425
Internal service funds are used by management to charge the costs of the garage fund, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.	-
Consolidation adjustment for internal balances between the Internal Service Fund and the Governmental Funds	-
Earned revenues considered deferred inflows of resources in fund statements.	325,100
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds	(2,860,759)
Net LEOSSA pension	(1,999,806)
Net OPEB liability	(9,048,946)
Net pension liability	(5,410,501)
Deferred inflows of resources related to pensions are not reported in the funds	(401,255)
Deferred inflows of resources related to OPEB are not reported in the funds	<u>(2,249,215)</u>
Net position of governmental activities	<u>\$ 32,495,801</u>

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

City of Graham, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2024

Exhibit 4

	Major Fund		Total Non-Major Funds	Total Governmental Funds
	General Fund	American Rescue Plan Fnnd		
REVENUES				
Ad valorem taxes	\$ 6,794,460	\$ -	\$ -	\$ 6,794,460
Other taxes and licenses	820	-	-	820
Unrestricted intergovernmental	7,892,645	-	-	7,892,645
Restricted intergovernmental	1,016,594	-	-	1,016,594
Permits and fees	831,968	-	-	831,968
Sales and services	2,154,073	-	250	2,154,323
Investment earnings	382,462	-	132,528	514,990
Other revenues	863,936	4,565,585	-	5,429,521
Total revenues	<u>19,936,958</u>	<u>4,565,585</u>	<u>132,778</u>	<u>24,635,321</u>
EXPENDITURES				
Current:				
General government	4,233,423	-	-	4,233,423
Public safety	9,115,464	-	-	9,115,464
Transportation	2,166,621	-	-	2,166,621
Environmental protection	1,469,298	-	-	1,469,298
Culture and recreation	2,738,223	-	-	2,738,223
Debt Service:				
Principal	164,708	-	-	164,708
Interest and Other charges	78,756	-	-	78,756
Capital Outlay	-	-	-	-
Total expenditures	<u>19,966,493</u>	<u>-</u>	<u>-</u>	<u>19,966,493</u>
Excess of revenues over expenditures	<u>(29,535)</u>	<u>4,565,585</u>	<u>132,778</u>	<u>4,668,828</u>
OTHER FINANCING SOURCES (USES)				
Transfers (to) from other funds	344,833	(1,117,939)	-	(773,106)
Letter of credit funds	-	-	-	-
Total other financing sources (uses)	<u>344,833</u>	<u>(1,117,939)</u>	<u>-</u>	<u>(773,106)</u>
Net change in fund balance	315,298	3,447,646	132,778	3,895,722
Fund balances-beginning	15,806,829	-	2,909,008	18,715,837
Fund balances-ending	<u>\$ 16,122,127</u>	<u>\$ 3,447,646</u>	<u>\$ 3,041,786</u>	<u>\$ 22,611,559</u>

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

(continued)

City of Graham, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2024

Exhibit 4
(continued)

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

Net changes in fund balances - total governmental funds	\$ 3,895,722
---	--------------

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

Capital outlay expenditures which were capitalized	\$ 1,238,125
Depreciation expense for governmental assets	<u>(1,240,034)</u> (1,909)
Book value of disposed capital asset not recorded in fund statements	(137,380)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	1,013,048
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities	51,006
OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities	257,009
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	
Amount of donated assets	5,026,746
Change in unavailable revenue for tax revenue	61,314
Change in accrued interest receivable on taxes	12,366
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 transactions 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	
Principal payments on long-term debt	169,853
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.	
Right to use leased asset	162
Compensated absences	(184,590)
Pension expense	(1,487,886)
Net pension obligation LEOSSA	(238,509)
Other postemployment benefits	<u>804,638</u>
Total changes in net position of governmental activities	<u>\$ 9,241,590</u>

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

City of Graham, North Carolina
General Fund

Exhibit 5

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2024

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	6,364,660	\$ 6,387,660	\$ 6,794,460	\$ 406,800
Other taxes and licenses	500	500	820	320
Unrestricted intergovernmental	7,563,000	7,563,000	7,892,645	329,645
Restricted intergovernmental	892,200	892,200	1,016,594	124,394
Permits and fees	635,000	635,000	831,968	196,968
Sales and services	2,002,100	2,002,100	2,154,073	151,973
Investment earnings	105,000	122,500	382,462	259,962
Other revenues	749,700	855,745	863,936	8,191
Total revenues	18,312,160	18,458,705	19,936,958	1,478,253
Expenditures:				
Current:				
General government	4,166,470	4,370,728	4,233,423	137,305
Public safety	9,173,990	9,217,796	9,115,464	102,332
Transportation	2,088,845	2,103,654	2,166,621	(62,967)
Environmental protection	1,476,400	1,497,718	1,469,298	28,420
Culture and recreation	2,652,700	2,978,299	2,738,223	240,076
Debt Service:				
Principal Retirement	-	196,890	164,708	32,182
Interest and other charges	-	46,575	78,756	(32,181)
Total expenditures	19,558,405	20,411,660	19,966,493	445,167
Revenues over (under) expenditures	(1,246,245)	(1,952,955)	(29,535)	1,923,420
Appropriated fund balance				
General Fund	1,246,245	1,952,955	-	(1,952,955)
Transfers (to) from other funds	-	-	344,833	344,833
Letter of credit funds	-	-	-	-
Total other financing sources (uses)	1,246,245	1,952,955	344,833	(1,608,122)
Net change in fund balance	\$ -	\$ -	315,298	\$ 315,298
Fund balances, beginning of year			15,806,829	
Fund balances, end of year			\$ 16,122,127	

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

City of Graham, North Carolina
Statement of Fund Net Position
Proprietary Funds
June 30, 2024

Exhibit 6

	Water and Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 6,655,937
Accounts receivable (net)	2,088,827
Lease receivable	36,992
Due from other governments	9,316,216
Prepaid expenses	-
Restricted cash and cash equivalents	1,367,514
Total current assets	<u>19,465,486</u>
Noncurrent assets:	
Lease receivable - non-current	3,126
Notes receivable	2,656,504
Capital assets:	
Land and other non-depreciable assets	63,330,822
Other capital assets, net of depreciation	36,470,462
Right to use leased asset	128,827
Capital assets (net)	<u>99,930,111</u>
Total noncurrent assets	<u>102,589,741</u>
Total assets	<u>122,055,227</u>
DEFERRED OUTFLOWS OF RESOURCES	
Contributions to pension plan	874,566
OPEB deferrals	294,575
Deferred charge on refunding	-
Total deferred outflows of resources	<u>1,169,141</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	1,147,261
Accrued interest	31,181
Customer deposits	220,772
Current portion of long term debts	544,983
Current portion of lease liability	39,265
Total current liabilities	<u>1,983,462</u>
Noncurrent liabilities:	
Other noncurrent liabilities:	
Other postemployment benefits	2,864,289
Compensated absences	262,426
Net pension liability	1,416,643
Non-current portion of long term debt	4,093,006
Non-current portion of lease liability	85,739
Total noncurrent liabilities	<u>8,722,103</u>
Total liabilities	<u>10,705,565</u>
DEFERRED INFLOWS OF RESOURCES	
Leases	42,794
Pension deferrals	29,153
OPEB deferrals	610,543
Total deferred inflows of resources	<u>682,490</u>
NET POSITION	
Net investment in capital assets	95,336,766
Restricted for:	
Capital Reserve Funds	789,776
Unrestricted	<u>15,709,771</u>
Total net position	<u>\$ 111,836,313</u>

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

City of Graham, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2024

Exhibit 7

	Water and Sewer Fund
OPERATING REVENUES	
Charges for services	\$ 9,919,460
Other operating revenues	2,618,095
Total operating revenues	12,537,555
OPERATING EXPENSES	
Billing and metering	613,431
Distribution and maintenance	1,386,855
Sewer mains	160,221
Water treatment plant	2,778,945
Sewer treatment plant	2,461,481
Non-departmental	697,170
Depreciation and amortization	1,233,533
Total operating expenses	9,331,636
Operating income	3,205,919
NONOPERATING REVENUES (EXPENSES)	
Interest earned on investment	370,292
Interest on long-term debt	(62,567)
Other	53,524
Total nonoperating revenue (expenses)	361,249
Income before contributions, special item and transfers	3,567,168
Capital contributions	40,138,657
Transfers to / from other funds	773,106
Contributions, special item and transfers	40,911,763
Change in net position	44,478,931
Total net position - beginning	67,357,382
Total net position - ending	\$ 111,836,313

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

City of Graham, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2024

Exhibit 8

	Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 9,361,714
Cash paid for goods and services	(5,913,353)
Cash paid to or on behalf of employees for services	(2,131,304)
Customer deposits received	37,408
Customer deposits returned	-
Other operating revenue received	2,618,095
Net cash provided by operating activities	<u>3,972,560</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(8,261,708)
Payments received on notes receivable	277,403
Principal paid on bonds and notes payable	(491,341)
New Lease	171,769
Interest paid on bonds and notes payable	(61,750)
Other non-operating revenue	11,534
Transfer from Special Revenue Fund	773,106
Net cash used by capital and related financing activities	<u>(7,580,987)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments and assessments	<u>370,292</u>
Net cash provided by investing activities	<u>370,292</u>
Net increase (decrease) in cash and cash equivalents	(3,238,135)
Balances-beginning of the year	11,261,586
Balances-end of the year	<u>\$ 8,023,451</u>

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

City of Graham, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2024

Exhibit 8

	Water and Sewer Fund
Reconciliation of operating gain (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ 3,205,919
Adjustments to reconcile operating gain (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization	1,233,533
Changes in assets and liabilities:	
Increase in accounts receivable	(599,305)
Increase (decrease) in allowance for doubtful accounts	41,559
(Increase) decrease in prepaid expenses	-
(Increase) decrease in deferred outflows of resources - pensions	(67,045)
(Increase) decrease in deferred outflows of resources - refunding	-
(Increase) in deferred outflows of resources - OPEB	158,514
Increase (decrease) in accounts payable	134,105
Increase (decrease) in customer deposits	37,408
Increase in accrued salaries	19,149
Increase (decrease) in accrued vacation pay	58,543
Increase (decrease) in pension liability	195,926
Increase (decrease) in OPEB liability	(196,318)
Increase (decrease) in deferred inflows of resources - pensions	(2,658)
Increase (decrease) in deferred inflows of resources - OPEB	(246,770)
Total adjustments	<hr/> 766,641
Net cash provided (used) by operating activities	<hr/> \$ 3,972,560

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

**City of Graham, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024**

I. Summary of Significant Accounting Policies

The accounting policies of the City of Graham 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 City is a municipal corporation, which is governed by a five-member council, including the elected mayor. The City is located in the central part of Alamance County. As required by generally accepted accounting principles these financial statements present the primary government (i.e. City) and any component units. Component units are defined as legally separate organizations for which the elected officials of the City are financially accountable. The City of Graham has no component units as defined above.

B. Basis of Presentation

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

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City'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 City's funds. Separate statements for each fund category – *governmental* and *proprietary* – are presented. The City of Graham has no fiduciary funds to report. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

Notes to the Financial Statements

The City reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the City. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety and general government.

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

The City reports the following non-major governmental funds:

Graham Memorial Park Fund. This fund is used to account for cemetery funds that are restricted for use for a particular purpose.

Truby Drive Repairs Fund. This fund is used to account for repairs on Truby Drive.

The City reports the following major enterprise fund:

Water and Sewer Fund. This fund is used to account for the City's water and sewer operations. One Special Revenue Fund, One Water and Sewer Capital Reserve Fund and seven Capital Project Funds have been consolidated into the Water and Sewer Fund for financial reporting purposes. The budgetary comparison for the Water and Sewer Special Revenue Fund, Capital Reserve Fund and the Capital Project Funds have been included in the supplemental information.

The City combined its Internal Service Fund – Garage, into the General Fund during the current year.

C. Measurement Focus and Basis of Accounting

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

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary 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. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Notes to the Financial Statements

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation / amortization on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, 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 City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable 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 beer and wine tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Sales taxes are considered a shared revenue for the City of Graham because the tax is levied by Alamance County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the City 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 City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

D. Budgetary Data

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Funds. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for the Capital Project Funds. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. The City's Garage Fund, an internal service fund, operates under a financial plan that was adopted by the governing board at the time

Notes to the Financial Statements

the City's budget ordinance was approved, as is required by the General Statutes. 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. 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. The Graham Memorial Park Fund prepares a budget when incurring expenditures.

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

1. Deposits and Investments

All deposits of the City are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The City may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the City 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 City 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 City's investments are generally reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market 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 City 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.

3. Restricted Assets

The letter of credit funds are restricted due to the possibility these funds could be paid back to developers. The unexpended bond proceeds of Water and Sewer Fund bonds issued by the City are classified as restricted assets for the enterprise fund because their use is completely restricted to fund water related projects as designated by the board. Funds have also been restricted by the City Council for capital improvements. Customer deposits held by the City before any services are supplied are restricted to the service for which the deposit was collected.

City of Graham Restricted Cash

Governmental Activities

General Fund	Letter of Credit	\$	13,575
	Unexpended restricted revenue		199,134
Special Revenue Fund	ARP enabled funds		3,447,765
	Total Governmental Activities		3,660,474

Notes to the Financial Statements

Business - Type Activities

Water and Sewer Fund	Customer deposits	220,772
	10" Water Line Replacement	38,253
	Boyd Creek Pump Station	132,346
	Old Fields Outfall	186,367
	Unexpended capital reserve revenue	789,776
	Total Business-Type activities	<hr/> 1,367,514
	Total Restricted Cash	<hr/> \$ 5,027,988

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the City 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, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2023.

5. Allowances for Doubtful Accounts

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

6. Lease Receivable

The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the City may will receive lease payments that are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

7. Inventory and Prepaid Items

The inventories of the City's enterprise fund consist of expendable materials and supplies held for subsequent use. The cost of these inventories is expensed when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

8. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of one year. Minimum capitalization cost are as follows: Buildings and improvements, \$20,000; infrastructure, \$100,000; equipment, \$5,000. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation.

Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. 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.

Notes to the Financial Statements

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

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 received from the lessor at or prior to the start of the lease term, and plus ancillary charges necessary to place the lease asset into service. The right to use lease assets are amortized on a straight -line basis over the life of the related lease.

The right to use IT subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any subscription payments made at the start of the subscription term, if applicable, plus capitalizable initial implementation costs at the start of the subscription term, less any incentives received from the IT subscription vendor at the start of the subscription term. Subscription payments, as well as payments for capitalizable implementation costs made before the start of the subscription term should be reported as a prepayment (asset). Such prepayments should be reduced by any incentives received from the same vendor before the start of the subscription term if a right of offset exists. The net amount of the prepayments and incentives should be reported as an asset or liability, as appropriate, before the start of the subscription term at which time the amount should be included in the initial measurement of the subscription asset. The right to use subscription assets should be amortized on a straight-line basis over the subscription term. The City of Graham will have IT subscriptions that qualify under GASB 97 next fiscal year.

Capital assets are depreciated using the straight-line method over the following useful lives:

Asset Class	Estimated Useful Lives
Infrastructure	50
Buildings	50
Improvements	25
Vehicles	10
Furniture and equipment	10
Computer software	5
Computer equipment	3
Substations, lines and related equipment	50

9. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. The 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 City has several items that meet this criterion, pension and Other Post Employment Benefits (OPEB) deferrals for the 2024 fiscal year. In addition to liabilities, the statement of financial position will sometimes 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 City has several items that meet the criterion for this category- prepaid taxes, property taxes receivable, unavailable revenues (reported only on the Balance Sheet of the Governmental Funds), leases, and OPEB and pension deferrals.

Notes to the Financial Statements

10. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

11. Compensated Absences

The vacation policy of the City provides for paid vacation to full-time classified employees according to their length of service. The calendar year is the vacation year and all vacation days shall be taken within the year earned, unless specific approval is obtained from the City Manager. Employees at June 30 are entitled to full vacation pay for the year, except that they forfeit accrued vacation pay if they fail to give prior notice of intention to resign. For the City's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The City's sick leave policy provides 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 the City has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

12. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

Perpetual maintenance – Cemetery resources that are required to be retained in perpetuity for maintenance of the City of Graham Cemetery.

Notes to the Financial Statements

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

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

Assigned Fund Balance – portion of fund balance that the City of Graham intends to use for specific purposes.

Assigned for General Government Improvements – portion of fund balance that has been budgeted by the Council for the Capital Project's Funds.

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed.

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

The City of Graham has adopted a minimum fund balance policy for the general fund which instructs management to conduct business of the City in such a manner that available fund balance is at least equal to or greater than 30% of budgeted expenditures.

13. Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The City of Graham's employer contributions are recognized when due and the City of Graham has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

For purposes of measuring the net pension expense, information about the fiduciary net position of the Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF) and additions to/deductions from

Notes to the Financial Statements

FRSWPF's fiduciary net position have been determined on the same basis as they are reported by FRSWPF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

14. 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

15. Accounting for changes and Error Corrections

For the year ended June 30, 2024, the City implemented the requirements of GASB Statement No. 100, *Accounting for Changes and Error Corrections*. The Statement provides a definition of accounting changes made in accounting principles, changes made within the financial reporting entity, changes in accounting estimate, and error corrections. The guidance will enhance the clarity for accounting and financial reporting requirements and results in greater consistency for these transactions.

Accounting errors in effect at the end of the prior fiscal year were in the Government-Wide Governmental Activities. At June 30, 2024 a new loan had been executed for a new fire truck. As a result, an adjustment of \$65,600 was entered in FY 2024 to correct the error and is a decrease to the beginning net assets for the depreciation that should have been recorded on the asset. This restatement has an effect on the major funds, Statement of Activities and Net Assets.

Error correction: During FY 2024, the City identified an error in the Government Wide- Governmental Activities. The effect of that error is shown in the table below:

	6/30/23 as previously reported	Error Correction	6/30/23 as Restated
Government-Wide Governmental Activities - Total Primary Government	\$ 23,319,811	\$ (65,600)	\$ 23,254,211

II. Stewardship, Compliance, and Accountability

A. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2024, the expenditures made in the City's General Fund and Water and Sewer Fund exceeded appropriations made by the governing board for general fund administration, fire department, streets, and water and sewer debt service by \$4,353, \$67,953, \$68,614, and \$4,420, respectively. These over-expenditures occurred because of unexpected expenditures that were not easy to find due to the numerous entries needed to adjust for software implementation issues. Management and the Council will more closely review the trial balances and budget reports to ensure compliance in future years. Management believes most implementation issues have now been addressed and corrected.

Notes to the Financial Statements

III. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the City are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the City's agents in the City's name. 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 City, these deposits are considered to be held by the City's agents in their 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 City, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City 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 City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2024, the City's deposits had a carrying amount of \$19,744,209 and a bank balance of \$23,352,319. Of the bank balance, \$1,000,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2024, the City's petty cash fund totaled \$2,175.

2. Investments

At June 30, 2024, the City of Graham had \$8,419,723 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAm by Standard and Poor's. The City has no policy regarding credit risk but has internal management procedures that limits the City's 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. The City also does not have a formal investment policy.

3. Receivables - Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2024, are net of the following allowances for doubtful accounts:

Funds	2024
General Fund: taxes receivable	\$ 51,643
Water and Sewer Fund: accounts receivable	378,396
Total	\$ 430,039

Notes to the Financial Statements

4. Lease Receivable

In prior years, the City entered into a five year renewable lease with a mobile phone company. Under the lease, the mobile phone company pays the City rent in the amount of \$3,133 per month in exchange for antenna space on the City's water tower. 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 2.6%, which is the City's incremental borrowing rate.

In fiscal year 2024, the City recognized \$34,235 of lease revenue and \$1,553 of interest revenue under the leases.

5. Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2024, was as follows:

Governmental activities:	Beginning			Ending
	Balances	Increases	Decreases	
Capital assets not being depreciated:				
Land	\$ 2,956,005	\$ -	\$ -	\$ 2,956,005
Art collection	62,100	-	-	62,100
Construction in progress	-	178,016	-	178,016
Total capital assets not being depreciated	3,018,105	178,016	-	3,196,121
Capital assets being depreciated:				
Buildings	3,434,958	-	-	3,434,958
Other improvements	6,966,047	364,487	-	7,330,534
Vehicles and motorized equipment	10,334,636	362,881	253,329	10,444,188
Infrastructure	8,934,440	5,246,051	-	14,180,491
Equipment and furniture	5,399,844	113,525	-	5,513,369
Total capital assets being depreciated	35,069,925	6,086,944	253,329	40,903,540
Less accumulated depreciation for:				
Buildings	1,887,381	54,679	-	1,942,060
Other improvements	3,446,936	232,923	-	3,679,859
Vehicles and motorized equipment	5,588,689	539,266	153,639	5,974,316
Infrastructure	1,781,245	165,870	-	1,947,115
Equipment and furniture	3,998,790	242,404	-	4,241,194
Total accumulated depreciation	16,703,041	1,235,142	153,639	17,784,544
Total capital assets being depreciated, net	18,366,884	4,851,802	99,690	23,118,996
Capital assets being amortized:				
Right to use assets	19,931	-	-	19,931
Total capital assets being amortized	19,931	-	-	19,931
Less accumulated amortization for:				
Right to use assets	9,966	4,982	-	14,948
Total accumulated amortization	9,966	4,982	-	14,948
Total capital assets being amortized, net	9,965	(4,982)	-	4,983
Governmental activity capital assets, net	\$ 21,394,954	\$ 5,024,836	\$ 99,690	\$ 26,320,100

Notes to the Financial Statements

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

By Function	CY	PY
Buildings	\$ 54,679	\$ 53,414
Improvements	228,747	218,862
Infrastructure	165,870	162,851
By Department		
General Government	52,134	33,553
Public Safety	445,069	226,231
Transportation	95,474	96,644
Environmental Protection	99,284	105,737
Cultural and Recreation	82,064	87,683
Garage	-	4,824
Graham Memorial Park	11,821	11,821
Total depreciation expense	\$ 1,235,142	\$ 1,001,620

Business-type activities:

Water and Sewer Fund

Capital assets not being depreciated:

	Beginning Balances	Increases	Decreases	Ending Balances
Land	\$ 1,281,547	\$ -	\$ -	\$ 1,281,547
Construction in progress	20,016,502	42,032,773	-	62,049,275
Total capital assets not being depreciated	21,298,049	42,032,773	-	63,330,822

Capital assets being depreciated:

Buildings	17,696,444	-	-	17,696,444
Lines	23,463,499	-	-	23,463,499
Other improvements	17,603,130	71,142	-	17,674,272
Equipment and furniture	4,452,866	106,549	29,021	4,530,394
Total capital assets being depreciated	63,215,939	177,691	29,021	63,364,609

Less accumulated depreciation for:

Buildings	8,423,717	235,202	-	8,658,919
Lines	9,482,261	348,461	-	9,830,722
Other improvements	5,663,662	331,714	-	5,995,376
Equipment and furniture	2,162,936	275,215	29,021	2,409,130
Total accumulated depreciation	25,732,576	1,190,592	29,021	26,894,147
Total capital assets being depreciated, net	37,483,363	(1,012,901)	-	36,470,462

Capital assets being amortized:

Right to use assets	-	171,769	-	171,769
Total capital assets being amortized	-	171,769	-	171,769

Less accumulated amortization for:

Right to use assets	-	42,942	-	42,942
Total accumulated amortization	-	42,942	-	42,942
Total capital assets being amortized, net	-	128,827	-	128,827

Business-type activities capital assets, net

\$ 58,781,412	\$ 41,148,699	\$ -	\$ 99,930,111
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Notes to the Financial Statements

Construction commitments

The government has active construction projects as of June 30, 2024. At year-end, the City's commitments with contractors are as follows:

WATER / SEWER FUND

Project	Remaining Commitment
Boyd Creek Pump Station	3,499,176
Old Fields Outfall	2,314,606
Wastewater Treatment Plant Upgrade	54,686,386
10" Water Line Replacement	452,810
Long and Albright Improvements	1,020,450
Water Line Inventory	61,844
Boyd Creek Water Shed	14,003
	<hr/>
	\$ 62,049,275
	<hr/>
	\$ 49,123,874

GENERAL FUND
\$ 178,016
<hr/>
\$ 62,227,291

6. Right to Use Leased Asset

The City has recorded two right to use leased assets. The assets are right to use assets for lease equipment. The related leases are discussed in the Leases subsection of the Liabilities 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 General Fund for the year ended June 30, 2024 with a beginning balance of \$9,965 less amortization of \$4,982 for an ending balance of \$4,983. Right to use asset activity for the Water and Sewer Fund for the year ended June 30, 2024 was to record a new lease balance of \$171,769 less amortization of \$42,942 for an ending balance of \$128,827.

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The City of Graham 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, or by calling (919) 981-5454, or at www.osc.nc.gov.

Notes to the Financial Statements

Benefits Provided LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters).

Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City of Graham employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City of Graham's contractually required contribution rate for the year ended June 30, 2024, was 14.04% of compensation for law enforcement officers and 12.85% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City of Graham were \$1,282,339 for the year ended June 30, 2024.

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

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

At June 30, 2024, the City reported a liability of \$6,827,144 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to

Notes to the Financial Statements

calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2023 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At the June 30, 2023 measurement date, the City's proportion was 0.10308%, which was an decrease of 0.00140% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the City recognized pension expense of \$1,883,402. At June 30, 2024, the City 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	\$ 760,746	\$ 16,378
Changes of assumptions	290,114	-
Net difference between projected and actual earnings on pension plan investments	1,827,243	-
Changes in proportion and differences between City contributions and proportionate share of contributions	32,735	107,753
City contributions subsequent to the measurement date	1,282,339	-
Total	\$ 4,193,177	\$ 124,131

\$1,282,339 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2025	\$ 988,018	
2026	513,720	
2027	1,207,704	
2028	77,265	
2029	-	
Thereafter	-	
	\$ 2,786,707	

Actuarial Assumptions. The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 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.

Notes to the Financial Statements

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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

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, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Fixed Income	33.0%	2.4%
Global Equity	38.0%	6.9%
Real Estate	8.0%	6.0%
Alternatives	8.0%	8.6%
Opportunistic Fixed Income	7.0%	5.3%
Inflation Sensitive	6.0%	4.3%
Total	<u>100.0%</u>	

The information above is based on 30 year expectations developed with an investing consulting firm's 2024 long term capital market assumptions. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.38%. All rates of return and inflation are annualized figures. Source data provided in the 2023 Annual Comprehensive Financial Report published on website of the NC Office of State Controller.

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 City's proportionate share of the net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the City's proportionate share of the net pension asset or net

Notes to the Financial Statements

pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
City's proportionate share of the pension liability (asset)	\$ 11,827,759	\$ 6,827,144	\$ 2,710,170

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.

The City of Graham administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the City'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 law enforcement officers of the City are covered by the Separation Allowance.

At December 31, 2022, the Separation Allowance's membership consisted of:

Retirees receiving benefits	3
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	42
Total	45

2. Summary of Significant Accounting Policies:

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

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

3. Actuarial Assumptions:

The entry age actuarial cost method was used in the December 31, 2022 valuation. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 7.25 percent, including inflation and productivity factor
Investment rate of return	4.0 percent, net of pension plan investment expense, including inflation

Notes to the Financial Statements

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2022.

Mortality rates are based on the Pub-2010 Mortality tables projected to the valuation data using MP-2019.

3. Contributions.

The City 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 City'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 City paid \$51,006 as benefits came due for the reporting period.

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

At June 30, 2024, the City reported a total pension liability of \$1,999,806. The total pension liability was measured as of December 31, 2023 based on a December 31, 2022 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2023 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2024, the City recognized pension expense of \$240,060.

	Deferred Outflows	Deferred Inflows
	of Resources	of Resources
Differences between expected and actual experience	\$ 284,384	\$ 16,180
Change in assumptions	261,369	290,097
Benefit payment and plan administrative expenses made subsequent to the measurement date	36,499	-
Total	\$ 582,252	\$ 306,277

\$36,499 paid as benefits came due and \$0 of administrative expenses subsequent to the measurement date have been reported as deferred outflows of resources and will be recognized as a decrease of the total pension liability in the year ended June 30, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2025	\$ 80,511	
2026	76,427	
2027	66,002	
2028	1,941	
2029	(1,549)	
Thereafter	16,144	
		<hr/>
	\$ 239,476	

Sensitivity of the City's total pension liability to changes in the discount rate. The following represents the City's total pension liability calculated using the discount rate of 4.00 percent, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point

Notes to the Financial Statements

lower (3.00 percent) or 1-percentage-point higher (5.00 percent) than the current rate:

	1% Decrease (3.00%)	Discount Rate (4.00%)	1% Increase (5.00%)
Total pension liability	\$ 2,184,483	\$ 1,999,806	\$ 1,831,845

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

	2024
Beginning balance	\$ 1,709,953
Service Cost	79,147
Interest on the total pension liability	72,600
Changes of benefit terms	-
total pension liability	138,899
Changes of assumptions or other inputs	50,213
Benefit payments	(51,006)
Other changes	-
Ending balance of the total pension liability	<u>\$ 1,999,806</u>

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

The actuarial assumptions used in December 31, 2022 valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2022.

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

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 1,883,402	\$ 240,060	\$ 2,123,462
Pension Liability	6,827,144	1,999,806	8,826,950
Proportionate share of the net pension liability	0.10308%	n/a	
Deferred Outflows of Resources			
Differences between expected and actual experience	760,746	284,384	1,045,130
Changes of assumptions	290,114	261,369	551,483
Net difference between projected and actual earnings on plan investments	1,827,243	-	1,827,243
Changes in proportion and differences between contributions and proportionate share of contributions	32,735	-	32,735
Benefit payments and administrative costs paid subsequent to the measurement date	1,282,339	36,499	1,318,838
Deferred Inflows of Resources			
Differences between expected and actual experience	16,378	16,180	32,558
Changes of assumptions	-	290,097	290,097
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	107,753	-	107,753

Notes to the Financial Statements

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The City 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 City. 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 City 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 City made contributions of \$160,186 for the reporting year. No amounts were forfeited.

d. Supplemental Retirement Income Plan for Non-Law Enforcement Officers

Plan Description. The City contributes to the Supplemental Retirement Income Plan, (Plan) a defined contribution pension plan administered by a local financial institution. The Plan provides retirement benefits to non-law enforcement officers employed by the City.

Funding Policy. The City contributes an amount equal to five percent of each employee's salary, and all amounts contributed are vested immediately. Also, the employees may make voluntary contributions to the plan. Contributions for the June 30, 2024 were \$586,920 which consisted of \$280,203 from the City and \$306,717 from the employees.

e. Firefighter's and Rescue Squad Workers' Pension Fund

Plan Description. The State of North Carolina contributes, on behalf of the City of Graham, to the Firefighter's and Rescue Squad Workers' Pension Fund (FRSWPF), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. FRSWPF provides pension benefits for eligible fire and rescue squad workers who have elected to become members of the fund. Article 86 of G.S. Chapter 58 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 Firefighter's and Rescue Squad Workers' 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 Firefighter's and Rescue Squad Workers' 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, or by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. FRSWPF provides retirement and survivor benefits. The present retirement benefit is \$170 per month. Plan members are eligible to receive the monthly benefit at age 55 with 20 years of creditable service as a firefighter or rescue squad worker, and have terminated duties as a firefighter or

Notes to the Financial Statements

rescue squad worker. Eligible beneficiaries of members who die before beginning to receive the benefit will receive the amount paid by the member and contributions paid on the member's behalf into the plan. Eligible beneficiaries of members who die after beginning to receive benefits will be paid the amount the member contributed minus the benefits collected.

Contributions. Plan members are required to contribute \$10 per month to the plan. The State, a non-employer contributor, funds the plan through appropriations. The City of Graham funds the plan members required contribution of \$10 per month to the Fund. Contribution provisions are established by General Statute 58-86 and may be amended only by the North Carolina General Assembly. For the fiscal year ending June 30, 2024, the State contributed \$19,352,000 to the plan. The City of Graham's proportionate share of the State's contribution is \$10,928.

Refunds of Contributions – Plan members who are no longer eligible or choose not to participate in the plan may file an application for a refund of their contributions. Refunds include the member's contributions and contributions paid by others on the member's behalf. No interest will be paid on the amount of the refund. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by FRSWPF.

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

At June 30, 2024, the City reported no liability for its proportionate share of the net pension liability, as the State provides 100% pension support to the City through its appropriations to the FRSWPF.

The total portion of the net pension asset that was associated with the City and supported by the State was \$10,928. The net pension asset was measured as of June 30, 2023. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2022. The total pension asset was then rolled forward to the measurement date of June 30, 2023 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension asset was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. As the City is not projected to make any future contributions to the plan, its proportionate share at June 30, 2024 and at June 30, 2023 was 0%.

For the year ended June 30, 2024, the City recognized pension expense of \$26,128 and revenue of \$26,128, for support provided by the State. At June 30, 2024 the City reported no deferred outflows of resources and no deferred inflows of resources related to pensions.

Actuarial Assumptions. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	Not applicable
Investment rate of return	6.5 percent, net of pension plan investment expense, including inflation

For more information regarding actuarial assumptions, including mortality tables, the actuarial experience study, the consideration of future ad hoc COLA amounts, the development of the projected long-term

Notes to the Financial Statements

investment returns, and the asset allocation policy, refer to the discussion of actuarial assumptions for the LGERS plan in Section a. of this note.

Discount rate. The discount rate used to measure the total pension liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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. Other Post-employment Benefits

Healthcare Benefits

Plan Description. Under the terms of a City resolution, the City administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). The City Board has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided. As of June 30, 2003 the plan provides post-employment health care benefits to retirees of the City, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least fifteen years of creditable service with the City. Prior to June 30, 2003, employees qualified for similar level benefits after at least ten years of creditable service with the City. Health care and prescription drug coverage are provided by the City's health plan. The City pays the full cost of coverage for these benefits. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at June 30, 2023, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	47	3
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	<u>32</u>	<u>20</u>
Total	<u>79</u>	<u>23</u>

Total OPEB Liability

The City's total OPEB liability of \$11,913,235 was measured as of June 30, 2023 and was determined by an actuarial valuation as of June 30, 2023.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Notes to the Financial Statements

Inflation	2.50 percent
Real wage growth	0.75 percent
Wage inflation	3.25 percent
Salary increases, including wage inflation	
General Employees	3.25 - 8.41 percent
Firefighters	3.25 - 8.15 percent
Law Enforcement Officers	3.25 - 7.90 percent
Discount rate	3.54 percent
Healthcare cost trend rates	
Pre-Medicare - 7.00 percent for 2023 decreasing to an ultimate rate of 4.5 percent by 2033	
Medicare - 5.125 percent for 2023 decreasing to an ultimate rate of 4.5 percent by 2026	

The discount rate is based on the June average of the Bond Buyer 20-year Municipal Bond Index published weekly by The Bond Buyer.

Changes in the Total OPEB Liability

Balance at June 30, 2022	\$ 12,837,015
Changes for the year	
Service Cost	233,013
Interest	439,291
Changes of benefit terms	
Differences between expected and actual experience	(284,277)
Changes in assumptions or other inputs	21,166
Benefit payments	(1,332,973)
Net Changes	(923,780)
Balance at June 30, 2023	<u><u>\$ 11,913,235</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.54 to 3.65%.

Mortality rates were based on the Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvement using Scale MP-2019.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period January 2015 through December 2019.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65 percent) or 1-percentage-point higher (4.65 percent) than the current discount rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	(2.65%)	(3.65%)	(4.65%)
Total OPEB Liability	\$ 13,974,985	\$ 11,913,235	\$ 10,286,683

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 10,202,524	\$ 11,913,235	\$ 14,102,588

Notes to the Financial Statements

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

For the year ended June 30, 2024, the City recognized OPEB income of \$13,086. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,166	\$ 890,165
Changes of assumptions	1,216,576	1,969,593
Benefit payments and administrative costs made subsequent to the measurement date	326,367	-
	<u>\$ 1,547,109</u>	<u>\$ 2,859,758</u>

\$326,367 reported as deferred outflows of resources and deferred inflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expenses as follows:

Year ended June 30:	
2025	\$ (481,270)
2026	(557,879)
2027	(590,356)
2028	(9,511)
Thereafter	-
	<u>\$ (1,639,016)</u>

2. Risk Management

The City 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 City participates in a self-funded risk-financing pool administered by the North Carolina League of Municipalities. Through this pool, the City has property and liability coverage. General liability, law enforcement liability and public officials liability coverage is limited to \$1,000,000 per occurrence; public employee scheduled bond is limited to \$100,000; public employee blanket bond is limited to \$50,000, automobile liability coverage is limited to \$1,000,000, and watercraft are limited to \$1,000,000 per occurrence. Real and personal property coverage is limited to \$76,221,257 and boiler and machinery coverage is limited to \$5,000,000.

The City carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years. The City has not been designated as being in a flood zone and thus carries no commercial flood insurance.

In accordance with G.S. 159-29, The City's employees that have access to \$100 or more at any given time of the City's funds are performance bonded through a commercial surety bond. The finance officer is bonded for \$1,000,000 and the tax collector for \$50,000. The City Manager and the remaining employees that have access to funds are bonded under a blanket bond for \$25,000.

Notes to the Financial Statements

3. Claims, Judgments, and Contingent Liabilities

At June 30, 2024, the City was a defendant to various lawsuits. In the opinion of the City's management and the City attorney, the ultimate effect of these legal matters will not have a material adverse effect on the City's financial position.

4. Long-Term Obligations

a. Leases

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

The agreement was executed on October 14, 2020, to lease computer equipment and required five payments of \$5,516.64. There are no variable components of the lease. The lease liability is measured at a discount rate of 7.2%, which is the stated rate in the lease agreement. As a result of the lease, the City has recorded as a right to use asset with a net book value of \$4,983 at June 30, 2024. The right to use asset is discussed in more detail in the intangibles section I.E.8 of this note.

The second lease agreement was executed on August 28, 2023, to lease a tractor and required four payments of \$46,765.28. There are no variable components of the lease. The lease liability is measured at a discount rate of 6.0%, which is the stated rate in the lease agreement. As a result of the lease, the City has recorded as a right to use asset with a net book value of \$128,827 at June 30, 2024. The right to use asset is discussed in more detail in the intangibles section I.E.8 of this note.

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

Year Ending June 30	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 5,144	\$ 372	\$ 5,516	\$ 39,265	\$ 7,500	\$ 46,765
2026	-	-	-	41,621	5,144	46,765
2027	-	-	-	44,118	2,647	46,765
	<u>\$ 5,144</u>	<u>\$ 372</u>	<u>\$ 5,516</u>	<u>\$ 125,004</u>	<u>\$ 15,291</u>	<u>\$ 140,295</u>

b. Installment Purchase

Serviced by General Fund

In March, 2023, the City entered into a loan agreement to purchase a Fire Truck. The contract requires principal payments of \$234,464 annually on the indebtedness beginning March 2, 2024. The interest rate as established under this program is 4%. The original amount of the loan was \$1,968,900, with an outstanding balance of \$1,804,192 as of June 30, 2024.

Serviced by the Water and Sewer Fund

In June, 2010, the City entered into a Water Pollution Control Revolving loan agreement for Sewer improvements. The contract requires principal payments of \$19,795 annually on the indebtedness beginning May 1, 2011. The interest rate as established under this program is zero percent. The original amount of the loan was \$395,896, with an outstanding balance of \$118,770.

Notes to the Financial Statements

In November, 2010, the City entered into a Water Pollution Control Revolving loan agreement for Water improvements. The contract requires principal payments of \$3,672 annually on the indebtedness beginning May 1, 2012. The interest rate as established under this program is zero percent. The original amount of the loan was \$73,430, with an outstanding balance of \$25,697.

On May 19, 2014, the City entered into a direct placement contract to finance the water treatment plant improvements and Project Swordfish Capital Project. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract requires principal payments in varying amounts beginning in the fiscal year 2015 with an interest rate of 2.60 percent. The original amount of the loan was \$5,925,000, with an outstanding balance of \$2,207,000.

On May 14, 2021, the City entered into a Water Pollution Control Revolving loan agreement for Sewer improvements. The contract requires principal payments of \$131,875 annually on the indebtedness beginning May 1, 2022. The interest rate as established under this program is zero percent. The total amount of the loan will be \$2,637,500, with a current outstanding balance of \$2,241,875.

c. General Obligation Indebtedness

There were no bonds payable at June 30, 2024.

Annual General Fund debt service payments of the installment purchases as of June 30, 2024, including \$378,381 of interest, are as follows:

Fiscal Year	General Obligation Bonds		Other Long-Term Indebtedness		Total Debt Due	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ -	\$ -	\$ 171,296	\$ 72,167	\$ 171,296	\$ 72,167
2026	-	-	178,148	65,316	178,148	65,316
2027	-	-	185,274	58,190	185,274	58,190
2028	-	-	192,685	50,779	192,685	50,779
2029	-	-	200,392	43,072	200,392	43,072
2030-2034	-	-	876,396	88,857	876,396	88,857
2035-	-	-	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,804,192</u>	<u>\$ 378,381</u>	<u>\$ 1,804,192</u>	<u>\$ 378,381</u>

Annual Water and Sewer Fund debt service payments of the installment purchases as of June 30, 2024, including \$176,449 of interest, are as follows:

Fiscal Year	General Obligation Bonds		Other Long-Term Indebtedness		Total Debt Due	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	-	-	500,340	52,897	500,340	52,897
2026	-	-	508,341	43,823	508,341	43,823
2027	-	-	518,341	34,515	518,341	34,515
2028	-	-	527,341	24,960	527,341	24,960
2029	-	-	537,341	15,158	537,341	15,158
2030-2034	-	-	1,078,512	5,096	1,078,512	5,096
2035-	-	-	923,126	-	923,126	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,593,342</u>	<u>\$ 176,449</u>	<u>\$ 4,593,342</u>	<u>\$ 176,449</u>

Notes to the Financial Statements

d. Changes in Long-Term Liabilities

Compensated absences and the other postemployment benefits for governmental activities have typically been liquidated in the General Fund.

	Balance			Balance June 30, 2024	Current Portion of Balance
	July 1, 2023 As Restated	Increases	Decreases		
Governmental activities:					
Direct placement Installment purchase	\$ 1,968,900	\$ -	\$ 164,708	\$ 1,804,192	\$ 171,296
Compensated absences	866,360	400,402	215,712	1,051,050	215,712
Lease liability	9,941	-	4,797	5,144	5,144
Total OPEB liability	9,776,408	-	727,462	9,048,946	-
Net pension liability (LGERS)	4,673,447	737,054	-	5,410,501	-
Total pension liability (LEO)	1,709,953	289,853	-	1,999,806	-
Governmental activity long-term liabilities	<u>\$ 19,005,009</u>	<u>\$ 1,427,309</u>	<u>\$ 1,112,679</u>	<u>\$ 19,319,639</u>	<u>\$ 392,152</u>
Business-type activities:					
Direct placement Installment purchase	\$ 5,084,683	\$ -	491,340	\$ 4,593,343	500,340
Lease liability	-	171,769	46,765	125,004	39,265
General obligation bonds	-	-	-	-	-
Net pension liability (LGERS)	1,220,717	195,926	-	1,416,643	-
Total OPEB liability	3,060,607	-	196,318	2,864,289	-
Compensated absences	248,525	103,187	44,643	307,069	44,643
Business-type activity Long-term liabilities	<u>\$ 9,614,532</u>	<u>\$ 470,882</u>	<u>\$ 779,066</u>	<u>\$ 9,306,348</u>	<u>\$ 584,248</u>

At June 30, 2024, the City of Graham had a legal debt margin of \$185,821,380.

C. Interfund Balances and Activity

There are no amounts due to or from the City's different funds as of June 30, 2024.

Transfers to / from other funds at June 30, 2024, consist of the following:

From the American Rescue Plan Act (ARPA) Special Revenue Fund (SRF) to the:

General Fund	\$ 251,079
Capital Project Funds	866,858
	<u>\$ 1,117,937</u>

From the Water and Sewer Fund to the :

General Fund	\$ 93,754
Capital Project Funds	761,997
	<u>\$ 855,751</u>

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

Notes to the Financial Statements

During the 2024 fiscal year, the City made a transfer from the ARPA SRF to the following funds:

- General Fund for \$251,079 for GPD vehicles (\$4,874) and equipment (\$30,948), Fire department equipment (\$32,005), Public Works Building (\$178,015) and sales tax (\$5,237).
- Albright Water Line Replacement for \$506,804.
- 10" Water Line Replacement for \$360,054.

During the 2024 fiscal year, the city made a transfer from the Water Sewer Fund to the following funds:

- General Fund for sales tax for \$93,754.
- Old Fields Outfall for \$255,000.
- Albright Water Line Replacement for \$506,998.

D. On-Behalf Payments for Fringe Benefits and Salaries

The City has recognized as a revenue and an expenditure on-behalf payments for fringe benefits and salaries of \$15,200, for the salary supplement and stipend benefits paid to eligible firemen by the local board of trustees of the Firemen's Relief Fund during the fiscal year ended June 30, 2024. Under State law the local board of trustees for the Fund receives an amount each year which the board may use at its own discretion for eligible firemen or their departments.

E. Net Investment in Capital Assets

	Governmental	Business-type
Capital assets	\$ 26,320,100	99,930,111
less: long-term debt	(1,804,192)	(4,593,345)
	<u>\$ 24,515,908</u>	<u>\$ 95,336,766</u>

F. Fund Balance

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	\$ 16,122,127
Less: Stabilization by State Statute	(3,676,442)
Appropriated Fund Balance in 24/25 Budget	(1,159,282)
Working Capital / Fund Balance Policy	(6,195,405)
Remaining Fund Balance	<u>\$ 5,090,998</u>

The City of Graham has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the City in such a manner that available fund balance is at least equal to or greater than 30% of budgeted expenditures.

The were no outstanding encumbrances needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

III. Jointly Governed Organization

The City, in conjunction with twelve counties and sixty other municipalities, established the Piedmont Triad Regional Council (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member, and one alternate if they so desire, to the Council's governing board. The City paid membership fees of \$3,690 and \$3,602 respectively, to the Council during the fiscal years ended June 30, 2024 and June 30, 2023.

IV. Joint Ventures

The City, in conjunction with the Cities of Burlington and Mebane, participates in the Alamance Municipal ABC Board. Each participating government appoints board members. The ABC Board is a joint venture established to facilitate control over alcoholic beverages within the Cities. The ABC Board has been in existence for over 40 years and is self-sustaining. The City has an ongoing financial responsibility for the ABC Board because it and the Cities of Burlington and Mebane are legally obligated under the intergovernmental agreement that created the ABC Board to honor any deficiencies in the event that proceeds from other default remedies are insufficient. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2024. Complete financial statements for the ABC Board can be obtained from the administrative offices at 603 W. Harden Street, Graham, North Carolina, 27253.

The City and the members of the City's fire department each appoint two members to the five-member local board of trustees for the Firemen's Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firemen's Relief Fund is funded by a portion of the fire and lightning insurance premiums which insurers remit to the State. The State passes these moneys to the local board of the Firemen's Relief Fund. The funds are used to assist firefighters in various ways. The City obtains an ongoing financial benefit from the Fund for the on-behalf of payments for salaries and fringe benefits made to members of the City's fire department by the board of trustees. During the fiscal year ended June 30, 2024, the City reported revenues and expenditures for the payments of \$15,200 made through the Firemen's Relief Fund. The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2024. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.

V. Related Organization

The five-member board of the City of Graham Housing Authority is appointed by the City Council of the City of Graham. The City is accountable for the Housing Authority because it appoints the governing board; however, the City is not financially accountable for the Housing Authority. The City of Graham is also disclosed as a related organization in the notes to the financial statements for the Graham Housing Authority. Complete financial statements for the Housing Authority can be obtained from the Authority's offices at 109 East Hill Street, Graham, North Carolina 27253.

VI. Joint Operation

The City of Graham and the City of Mebane are co-owners and operators of a water supply reservoir and water treatment plant per an Intergovernmental Watershed Agreement. Since June 22, 1973, the ownership of the assets and improvements of the joint undertaking remained at 66.7% interest for the City of Graham and 33.3% interest for the City of Mebane. Due to relative growths of the populations in units of government, the parties agreed as of February 3, 2014 to adjust the capacity, treatment and operational costs, improvements, upgrades, and repairs to be borne equally by the units. At this time, the City of Mebane also agreed to pay to the City of Graham an equalizing sum of \$2,548,070 for their capital interest. The amount is to be paid in twenty annual installments of \$127,403 with the first payment due July 31, 2014. No interest is included in the agreement. The receivable balance at June 30, 2024 was \$1,274,040.

Notes to the Financial Statements

VII. Interlocal Cooperation Agreement

The City of Graham and the City of Mebane entered into an interlocal cooperation agreement for the allocation of Twenty One and Forty Three One Hundredths percent (21.43%) of capacity usage of the City of Graham's wastewater treatment plant. The cost of agreed upon improvements or upgrades to the wastewater treatment plant and the Cherry Lane pump station will be shared by the City of Graham and the City of Mebane based on percentage of capacity usage, as noted above. The duration for the continuation of the agreement is 99 years. The City of Mebane has agreed to pay the City of Graham \$2,682,464 for this capacity usage. The amount is to be paid in twenty annual installments of \$200,000 (payments 1-5), \$150,000 (payments 6-10), \$100,000 (payments 11-15), and \$86,493 (payments 16-20) with the first payment due July 10, 2017. No interest is included in the agreement. The balance of the payable as of June 30, 2024 was \$1,382,464.

VIII. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

IX. Significant Effects of Subsequent Events

Subsequent Events

In accordance with ASC 855, the City evaluated subsequent events through June 10, 2025, the date the financial statements were available to be issued.

City of Graham, North Carolina
Schedule of Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Ten Fiscal Years *

Local Government Employees' Retirement System

	2024	2023	2022	2021	2020
Graham's proportion of the net pension liability (asset) (%)	0.10%	0.10%	0.10%	0.11%	0.11%
Graham's proportion of the net pension liability (asset) (\$)	\$ 6,827,144	\$ 5,894,164	\$ 1,558,134	\$ 3,881,098	\$ 3,025,315
Graham's covered-employee payroll	\$ 8,492,423	\$ 7,810,803	\$ 7,143,725	\$ 6,951,557	\$ 6,712,152
Graham's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	80.39%	75.46%	21.81%	55.83%	45.07%
Plan fiduciary net position as a percentage of the total pension liability**	82.49%	84.14%	95.51%	92.60%	91.63%
	2019	2018	2017	2016	2015
Graham's proportion of the net pension liability (asset) (%)	0.11%	0.11%	0.11%	0.11%	-0.11%
Graham's proportion of the net pension liability (asset) (\$)	\$ 2,514,920	\$ 1,679,121	\$ 2,289,787	\$ 496,232	\$ (641,762)
Graham's covered-employee payroll	\$ 6,336,890	\$ 6,087,820	\$ 5,910,245	\$ 5,842,839	\$ 5,419,403
Graham's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	39.69%	27.58%	38.74%	8.49%	-11.84%
Plan fiduciary net position as a percentage of the total pension liability**	94.18%	91.47%	98.09%	99.07%	102.64%

* 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.

City of Graham, North Carolina
Schedule of Contributions
Required Supplementary Information
Last Ten Fiscal Years

Local Government Employees' Retirement System

	2024	2023	2022	2021	2020
Contractually required contribution	\$ 1,070,866	\$ 871,034	\$ 736,524	\$ 637,437	\$ 532,416
Contributions in relation to the contractually required contribution	<u>1,067,749</u>	<u>866,431</u>	<u>743,996</u>	<u>645,554</u>	<u>535,383</u>
Contribution deficiency (excess)	<u>\$ 3,117</u>	<u>\$ 4,603</u>	<u>\$ (7,472)</u>	<u>\$ (8,117)</u>	<u>\$ (2,967)</u>
Graham's covered-employee payroll	10,002,263	8,492,423	7,810,803	7,143,725	6,951,557
Contributions as a percentage of covered-employee payroll	10.68%	10.20%	9.53%	9.04%	7.70%
	2019	2018	2017	2016	2015
Contractually required contribution	\$ 462,401	\$ 452,142	\$ 394,126	\$ 395,212	\$ 399,955
Contributions in relation to the contractually required contribution	<u>490,017</u>	<u>452,142</u>	<u>394,126</u>	<u>395,212</u>	<u>399,955</u>
Contribution deficiency (excess)	<u>\$ (27,616)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Graham's covered-employee payroll	6,712,152	6,336,890	6,087,820	5,910,245	5,842,839
Contributions as a percentage of covered-employee payroll	7.30%	7.14%	6.47%	6.69%	6.85%

City of Graham, North Carolina
Schedule of Proportionate Share of Net Pension Liability
Required Supplementary Information
Last Ten Fiscal Years *

Firefighters' and Rescue Squad Workers' Pension

	2024	2023	2022	2021	2020
Graham's proportionate share of the net pension liability (%)	0.00%	0.00%	0.00%	0.00%	0.00%
Graham's proportionate share of the net pension liability (\$)	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with City of Graham	5,164	10,208	(15,623)	20,693	21,264
Total	\$ 5,164	\$ 10,208	\$ (15,623)	\$ 20,693	\$ 21,264
Graham's covered-employee payroll	\$ 994,602	\$ 791,882	\$ 766,296	\$ 638,026	\$ 602,227
Graham's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.52%	1.29%	-2.04%	3.24%	3.53%
Plan fiduciary net position as a percentage of the total pension liability	89.69%	102.40%	95.80%	92.30%	90.50%

* The amounts presented are for the prior fiscal year.

	2019	2018	2017	2016	2015
Graham's proportionate share of the net pension liability (%)	0.00%	0.00%	0.00%	0.00%	0.00%
Graham's proportionate share of the net pension liability (\$)	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with City of Graham	23,012	21,716	14,435	26,974	21,417
Total	\$ 23,012	\$ 21,716	\$ 14,435	\$ 26,974	\$ 21,417
Graham's covered-employee payroll	\$ 548,192	\$ 549,785	\$ 499,649	\$ 495,512	\$ 480,564
Graham's proportionate share of the net pension liability as a percentage of its covered-employee payroll	4.20%	3.95%	2.89%	5.44%	4.46%
Plan fiduciary net position as a percentage of the total pension liability	89.35%	94.94%	91.40%	93.42%	92.76%

* The amounts presented are for the prior fiscal year.

City of Graham
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
Last Eight Fiscal Years *

	2024	2023	2022	2021	2020
Beginning balance	\$ 1,709,953	\$ 1,898,894	\$ 1,703,124	\$ 1,186,980	\$ 1,050,974
Service Cost	79,147	103,296	101,427	60,460	59,890
Interest on the total pension liability	72,600	42,114	32,346	38,126	37,522
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	138,899	78,249	174,277	(38,120)	35,355
Changes of assumptions or other inputs	50,213	(358,298)	(57,978)	490,637	43,523
Benefit payments	(51,006)	(54,302)	(54,302)	(34,959)	(40,284)
Other changes	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 1,999,806</u>	<u>\$ 1,709,953</u>	<u>\$ 1,898,894</u>	<u>\$ 1,703,124</u>	<u>\$ 1,186,980</u>

	2019	2018	2017
Beginning balance	\$ 986,337	\$ 849,793	\$ 806,147
Service Cost	59,277	50,189	54,233
Interest on the total pension liability	30,865	32,553	28,550
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	44,821	(3,725)	-
Changes of assumptions or other inputs	(51,132)	70,408	(26,256)
Benefit payments	(19,194)	(12,881)	(12,881)
Other changes	-	-	-
Ending balance of the total pension liability	<u>\$ 1,050,974</u>	<u>\$ 986,337</u>	<u>\$ 849,793</u>

* The amounts presented were determined as of the prior fiscal year ending December 31.

City of Graham
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
Last Seven Fiscal Years

	2024	2023	2022	2021	2020
Total pension liability	\$ 1,999,806	\$ 1,709,953	\$ 1,898,894	\$ 1,703,124	\$ 1,186,980
Covered payroll	2,719,189	2,421,319	2,232,777	2,133,496	2,239,931
Total pension liability as a percentage of covered payroll	73.54%	70.62%	85.05%	79.83%	52.99%

Notes to the schedules:

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

	2019	2018	2017
Total pension liability	\$ 1,050,974	\$ 986,337	\$ 849,793
Covered payroll	1,995,372	1,918,587	2,067,710
Total pension liability as a percentage of covered payroll	52.67%	51.41%	41.10%

Notes to the schedules:

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

City of Graham, North Carolina
Schedule of Changes in the Total OPEB Liability and Related Ratios
Last Five Fiscal Years

Total OPEB Liability	2024	2023	2022	2021	2020
Service Cost	\$ 233,013	\$ 346,452	\$ 438,718	\$ 279,721	\$ 353,985
Interest	439,291	343,794	366,595	446,283	470,819
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(284,277)	5,536	(1,673,372)	(17,709)	(444,812)
Changes of assumptions	21,166	(3,234,828)	668,499	3,337,587	62,699
Benefit payments	(1,332,973)	(385,658)	(373,993)	(360,622)	206,024
Net change in total OPEB liability	(923,780)	(2,924,704)	(573,553)	3,685,260	648,715
Total OPEB liability - beginning	12,837,015	15,761,719	16,335,272	12,650,012	12,001,297
Total OPEB liability - ending	<u>\$ 11,913,235</u>	<u>\$ 12,837,015</u>	<u>\$ 15,761,719</u>	<u>\$ 16,335,272</u>	<u>\$ 12,650,012</u>
Covered Payroll	\$ 3,540,644	\$ 3,568,349	\$ 3,568,349	\$ 3,831,598	\$ 3,831,598
Total OPEB Liability as a percentage of covered payroll	336.47%	359.75%	441.71%	426.33%	330.15%

Notes to Schedule

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

<u>Fiscal year</u>	<u>Rate</u>
2024	3.65%
2023	3.54%
2022	2.16%
2021	2.21%
2020	3.50%

City of Graham, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For The Fiscal Year Ended June 30, 2024
With Comparative Actual Amounts for The Fiscal Year Ended June 30, 2023

Statement 1
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	2024			2023	
			Variance		
	Budget	Actual	Positive (Negative)	Actual	
Revenues:					
Ad valorem taxes					
Current taxes	\$ 5,850,371	\$ 6,082,378	\$ 232,007	\$ 5,569,822	
Prior year taxes	50,000	43,921	(6,079)	67,364	
Vehicle taxes	444,289	640,632	196,343	781,601	
Tax cost and interest	43,000	27,529	(15,471)	21,825	
Total	<u>6,387,660</u>	<u>6,794,460</u>	<u>406,800</u>	<u>6,440,612</u>	
Other taxes and licenses					
Privilege license	500	820	320	765	
Total	<u>500</u>	<u>820</u>	<u>320</u>	<u>765</u>	
Unrestricted intergovernmental					
Payment in lieu of taxes	33,000	46,620	13,620	32,585	
Local option sales tax	6,200,000	6,411,914	211,914	6,120,545	
Telecommunications sales tax	-	100,120	100,120	107,836	
Piped natural gas sales tax	-	76,565	76,565	76,035	
Utilities sales tax	900,000	731,722	(168,278)	672,184	
Video franchise fee	-	84,440	84,440	96,404	
Beer and wine tax	70,000	88,759	18,759	79,633	
ABC profit distribution	189,000	148,555	(40,445)	206,076	
Solid waste disposal tax	13,000	14,216	1,216	14,164	
Storm water fee	158,000	189,734	31,734	157,728	
Total	<u>7,563,000</u>	<u>7,892,645</u>	<u>329,645</u>	<u>7,563,190</u>	
Restricted intergovernmental					
Powell Bill allocation	490,000	551,519	61,519	487,524	
School Resource Officer	350,000	375,000	25,000	350,000	
Federal drug monies	100	29,104	29,004	64,327	
State drug monies	100	-	(100)	6,614	
Fire donations	-	-	-	1,007	
Miscellaneous Community grants	5,000	-	(5,000)	-	
ABC revenue for law enforcement	47,000	34,843	(12,157)	52,834	
On-behalf of payments - Fire	-	26,128	26,128	29,047	
Total	<u>892,200</u>	<u>1,016,594</u>	<u>124,394</u>	<u>991,353</u>	
Permits and fees					
Development fees	85,000	40,423	(44,577)	72,997	
Building permits and inspection fees	550,000	791,545	241,545	1,019,567	
Total	<u>635,000</u>	<u>831,968</u>	<u>196,968</u>	<u>1,092,564</u>	

**City of Graham, North Carolina
General Fund**
**Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual**
For The Fiscal Year Ended June 30, 2024

With Comparative Actual Amounts for The Fiscal Year Ended June 30, 2023

**Statement 1
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	2024			2023	
	Budget	Actual	Variance Positive (Negative)		Actual
			(Negative)	Positive	
Sales and services					
Refuse collection fees	\$ 710,000	\$ 900,006	\$ 190,006	\$ 755,882	
Brush and garbage fees	-	415	415	-	
Cemetery fees	65,000	95,950	30,950	100,205	
Concession income	100	234	134	236	
Recreation Department fees	110,000	137,060	27,060	125,053	
Recreation-Graham Mebane Lake	115,000	142,570	27,570	120,489	
Garage fees	973,500	828,978	(144,522)	-	
Rent on city properties	28,500	48,860	20,360	47,300	
Total	<u>2,002,100</u>	<u>2,154,073</u>	<u>151,973</u>	<u>1,149,165</u>	
Investment earnings					
Interest on investments	122,500	377,971	255,471	202,532	
Federal drug monies - interest	-	4,491	4,491	2,246	
State drug monies - interest	-	-	-	74	
Total	<u>122,500</u>	<u>382,462</u>	<u>259,962</u>	<u>204,852</u>	
Miscellaneous					
Other	65,000	71,742	6,742	137,703	
ABC revenue	30,000	45,440	15,440	44,795	
Recycling/surplus proceeds	5,600	22,897	17,297	2,588	
NCCP	300,000	357,535	57,535	199,503	
Police Donations / Contributions	251,000	200,758	(50,242)	-	
Recreation donations	80,000	84,458	4,458	45,512	
Court costs and fines	10,000	23,846	13,846	17,055	
5k run - donations	4,000	-	(4,000)	-	
Sports Hall of Fame	100	860	760	-	
Alarms	3,000	2,230	(770)	3,425	
Processing fees	75,000	2,827	(72,173)	-	
Insurance proceeds	32,045	51,343	19,298	233,319	
Total	<u>855,745</u>	<u>863,936</u>	<u>8,191</u>	<u>683,900</u>	
Total revenues	<u>18,458,705</u>	<u>19,936,958</u>	<u>1,478,253</u>	<u>18,126,401</u>	
Expenditures:					
General government					
Governing Body					
Salaries	33,000	29,530	3,470	32,197	
Professional services	5,000	3,943	1,057	2,684	
Travel	9,000	5,056	3,944	5,055	
Supplies and materials	500	234	266	-	
FICA	2,500	2,259	241	2,463	
Dues and subscriptions	-	300	(300)	-	
Telephone and postage	-	1,134	(1,134)	-	
Miscellaneous	<u>15,000</u>	<u>16,648</u>	<u>(1,648)</u>	<u>8,111</u>	
Total	<u>65,000</u>	<u>59,104</u>	<u>5,896</u>	<u>50,510</u>	

City of Graham, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For The Fiscal Year Ended June 30, 2024
With Comparative Actual Amounts for The Fiscal Year Ended June 30, 2023

Statement 1
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	2024			2023		
	Budget				Positive (Negative)	Actual
Administration						
Salaries	\$ 498,581	\$ 490,381	\$ 8,200	\$ 414,012		
Professional services	178,000	229,681	(51,681)	166,612		
FICA	36,733	37,405	(672)	31,414		
Group insurance	341,500	315,303	26,197	257,517		
Retirement	57,232	59,966	(2,734)	43,952		
Unemployment expense	1,070	-	1,070	-		
Longevity pay	7,500	6,900	600	5,025		
Telephone and postage	13,100	6,766	6,334	7,650		
Vehicle tax administration fee	-	21,783	(21,783)	24,795		
Travel	6,000	6,526	(526)	7,335		
Maintenance and repairs-vehicles	500	-	500	-		
Vehicle and equipment fuel	400	61	339	303		
Advertising	800	376	424	987		
Dues and subscriptions	15,000	15,329	(329)	12,894		
Insurance and bonds	310,000	319,770	(9,770)	289,304		
Miscellaneous	37,900	28,094	9,806	46,200		
Animal Shelter	107,100	107,080	20	89,625		
Contracted services	113,000	103,053	9,947	95,489		
NCCP	135,000	132,335	2,665	146,882		
Supplemental retirement	22,480	14,153	8,327	17,585		
Supplies	8,000	6,738	1,262	3,183		
Sales tax	-	-	-	7,316		
Facade grant	15,000	12,549	2,451	24,317		
Capital outlay - equipment	-	-	-	12,000		
Software maintenance & changes	-	-	-	44,076		
Economic development	20,000	15,000	5,000	20,000		
Total	1,924,896	1,929,249	(4,353)	1,768,473		

Information Technologies				
Salaries	84,965	89,878	(4,913)	75,362
FICA	7,651	6,671	980	5,742
Group insurance	11,000	9,519	1,481	9,095
Unemployment expense	200	-	200	-
Retirement	11,753	11,937	(184)	9,697
Longevity pay	4,000	2,864	1,136	3,669
Travel	3,000	1,020	1,980	1,617

**City of Graham, North Carolina
General Fund**

**Statement 1
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**Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For The Fiscal Year Ended June 30, 2024**

With Comparative Actual Amounts for The Fiscal Year Ended June 30, 2023

	2024		Variance Positive (Negative)	2023	
	Budget	Actual	\$	Actual	
	\$	\$			
Telephone and postage	\$ 48,000	\$ 48,318	\$ (318)	\$ 4,773	
Maintenance and repairs - equipment	11,000	9,752	1,248		3,037
Supplies	2,000	1,803	197		4,822
Contracted services	25,000	24,783	217		18,166
Dues and subscriptions	800	687	113		468
Miscellaneous	5,000	4,381	619		1,670
Capital outlay - equipment	105,000	66,023	38,977		102,108
Software maintenance	100,150	96,745	3,405		51,762
Small equipment purchase	68,000	105,156	(37,156)		18,351
Supplemental retirement	5,099	3,451	1,648		3,030
Total	492,618	482,988	9,630		313,369
 Finance					
Salaries	209,133	204,816	4,317		189,700
FICA	16,123	15,018	1,105		14,011
Group insurance	24,000	23,589	411		29,161
Unemployment expense	300	-	300		-
Retirement	27,046	27,192	(146)		24,117
Longevity pay	9,200	8,452	748		9,125
Bank charges	15,000	856	14,144		5,611
Telephone and postage	3,700	3,582	118		12,319
Travel	6,000	2,226	3,774		2,082
Advertising	-	1,745	(1,745)		1,223
Supplies	5,000	8,167	(3,167)		4,851
Contracted services	5,000	8,078	(3,078)		7,752
Dues and subscriptions	600	-	600		687
Miscellaneous	1,000	1,234	(234)		1,766
Audit	55,000	48,563	6,437		47,910
Software maintenance	40,000	45,797	(5,797)		54,256
Small equipment purchase	500	120	380		-
Supplemental retirement	10,407	7,969	2,438		7,387
Total	428,009	407,404	20,605		411,958
 Public buildings					
Telephone and postage	700	335	365		669
Utilities	50,000	52,809	(2,809)		49,104
Maintenance and repairs	61,000	51,978	9,022		62,829
Supplies and materials	12,000	8,718	3,282		9,281
Uniforms	500	294	206		354

**City of Graham, North Carolina
General Fund**

**Statement 1
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**Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual**

For The Fiscal Year Ended June 30, 2024

With Comparative Actual Amounts for The Fiscal Year Ended June 30, 2023

	2024			2023	
			Variance		
			Positive		
	Budget	Actual	(Negative)	Actual	Actual
	\$	\$	\$	\$	\$
Vehicle and equipment fuel	1,000	1,453	(453)	315	
Miscellaneous	500	-	500	-	
Small equipment purchase	-	38,328	(38,328)	8,574	
Capital outlay-other improvements	75,000	22,946	52,054	21,778	
Capital outlay - equipment	-	-	-	21,995	
Total	<u>200,700</u>	<u>176,861</u>	<u>23,839</u>	<u>174,899</u>	
City garage					
Salaries	152,636	155,653	(3,017)	-	
FICA	12,126	11,483	643	-	
Group insurance	19,500	18,889	611	-	
Retirement expense	19,711	19,765	(54)	-	
Longevity pay	7,000	5,982	1,018	-	
Telephone and postage	4,000	3,065	935	-	
Utilities	3,300	3,023	277	-	
Travel and training	200	-	200	-	
Maintenance and repairs - equipment	2,500	408	2,092	-	
Maintenance and repairs - vehicles	2,000	1,024	976	-	
Vehicle and equipment fuel	1,800	1,886	(86)	-	
Supplies and materials	2,000	4,026	(2,026)	-	
Uniforms	3,300	3,561	(261)	-	
Dues and subscriptions	8,000	7,960	40	-	
Inventory	<u>868,000</u>	<u>793,068</u>	<u>74,932</u>	-	
Small equipment purchases	5,650	3,384	2,266	-	
Capital outlay equipment	17,850	17,842	8	-	
Supplemental retirement	8,082	7,393	689	-	
Miscellaneous	2,000	3,789	(1,789)	-	
Total	<u>1,139,655</u>	<u>1,062,201</u>	<u>77,454</u>	-	
City garage and warehouse					
Salaries	69,000	70,838	(1,838)	62,274	
FICA	5,500	5,391	109	4,780	
Group insurance	10,000	9,439	561	9,082	
Unemployment expense	250	-	250	-	
Retirement	9,000	9,583	(583)	7,968	
Longevity pay	4,500	3,744	756	3,462	
Telephone and postage	1,000	876	124	2,476	
Utilities	3,600	3,073	527	4,840	
Maintenance and repairs-equipment	5,000	2,397	2,603	3,025	
Supplies	1,000	106	894	402	
Miscellaneous	7,500	6,633	867	2,668	
Supplemental retirement	3,500	3,536	(36)	3,114	
Total	<u>119,850</u>	<u>115,616</u>	<u>4,234</u>	<u>104,091</u>	
Total general government	<u>4,370,728</u>	<u>4,233,423</u>	<u>137,305</u>	<u>2,823,300</u>	

City of Graham, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For The Fiscal Year Ended June 30, 2024
With Comparative Actual Amounts for The Fiscal Year Ended June 30, 2023

Statement 1
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	2024			2023	
	Budget	Actual	Variance		Actual
			Positive	(Negative)	
Public safety					
Police department					
Salaries	\$ 3,824,379	\$ 3,748,241	\$ 76,138	\$ 3,137,276	
Professional services	296,460	293,111	3,349	284,183	
FICA	297,118	282,828	14,290	234,719	
Group insurance	521,000	474,359	46,641	432,808	
Unemployment expense	4,000	-	4,000	-	
Retirement	478,887	508,366	(29,479)	397,659	
Longevity pay	93,500	84,997	8,503	71,049	
Training	12,170	11,988	182	36,134	
Telephone and postage	59,300	57,639	1,661	49,276	
Utilities	28,000	18,451	9,549	19,865	
Travel	10,000	6,265	3,735	13,226	
Vehicle and equipment fuel	110,000	117,409	(7,409)	132,246	
Maintenance and repairs - building	18,000	18,500	(500)	15,999	
Maintenance and repairs - equipment	17,685	18,070	(385)	6,736	
Maintenance and repairs - vehicles	105,770	99,120	6,650	92,882	
Radio maintenance	48,000	45,828	2,172	907	
Supplies and materials	20,000	19,445	555	15,896	
Crime prevention	7,000	4,782	2,218	4,696	
K-9 expense	10,000	10,006	(6)	8,035	
Uniforms	57,000	53,403	3,597	48,695	
Contracted services	102,950	121,541	(18,591)	109,071	
Dues and subscriptions	5,000	4,374	626	4,988	
Small equipment purchase	85,500	138,262	(52,762)	65,601	
Miscellaneous	6,200	4,800	1,400	3,933	
Capital outlay - equipment	229,500	186,545	42,955	439,015	
Software maintenance and changes	41,450	38,325	3,125	50,032	
Supplemental retirement	176,384	178,696	(2,312)	145,894	
Total	6,665,253	6,545,351	119,902	5,820,821	
Fire department					
Salaries	947,083	994,602	(47,519)	791,882	
Professional fees	187,700	198,439	(10,739)	180,153	
FICA	72,772	77,156	(4,384)	62,249	
Group insurance	106,500	99,944	6,556	77,936	
Unemployment expense	2,600	-	2,600	-	
Retirement	99,296	101,379	(2,083)	75,941	
Longevity pay	14,500	9,455	5,045	11,936	
Training	4,700	4,661	39	5,577	
Telephone and postage	10,500	6,879	3,621	12,828	
Travel	4,000	6,541	(2,541)	13,729	
Maintenance and repairs - equipment	15,610	19,783	(4,173)	16,250	

**City of Graham, North Carolina
General Fund**

**Statement 1
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**Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For The Fiscal Year Ended June 30, 2024**

With Comparative Actual Amounts for The Fiscal Year Ended June 30, 2023

	2024		Variance Positive (Negative)	2023	
	Budget	Actual		Actual	
Maintenance and repairs - vehicles	\$ 45,000	\$ 37,417	\$ 7,583	\$ 51,884	
Radio maintenance	51,520	23,565	27,955	13,461	
Firemen's fees	28,000	22,120	5,880	27,390	
Firemen's pension fund	22,400	21,120	1,280	22,557	
Vehicle and equipment fuel	23,000	25,864	(2,864)	23,522	
Supplies and materials	20,600	23,438	(2,838)	28,151	
Hazmat equipment	500	150	350	-	
Uniforms	50,000	50,152	(152)	54,607	
Insurance - Firemen's Fraternal Fund	3,600	2,534	1,066	3,148	
Dues and subscriptions	4,655	4,946	(291)	4,386	
Miscellaneous fire prevention	5,500	3,137	2,363	4,584	
Health and safety	24,500	24,411	89	23,722	
Miscellaneous	2,000	1,689	311	1,906	
Small equipment purchase	8,000	22,870	(14,870)	19,537	
Capital outlay - equipment	14,000	29,177	(15,177)	42,314	
Supplemental retirement	35,505	34,438	1,067	23,232	
Police reserves	3,000	3,000	-	2,500	
On-behalf payments	-	26,128	(26,128)	29,047	
Total	1,807,041	1,874,995	(67,954)	1,624,429	
Inspection - planning/zoning					
Salaries	495,615	447,682	47,933	353,262	
Professional services	6,000	32,015	(26,015)	3,915	
FICA	38,006	34,088	3,918	26,829	
Group insurance	58,000	47,271	10,729	51,388	
Unemployment expense	1,000	-	1,000	-	
Retirement	55,850	56,702	(852)	42,129	
Longevity pay	13,500	12,463	1,037	10,642	
Telephone and postage	9,000	6,104	2,896	9,374	
Travel	6,000	1,282	4,718	928	
Maintenance and repairs - vehicles	3,000	3,870	(870)	5,614	
Advertising	1,200	1,829	(629)	1,023	
Vehicle and equipment fuel	3,000	3,499	(499)	3,595	
Dues and subscriptions	1,500	583	917	1,663	
Small equipment purchases	1,000	-	1,000	-	
Supplies and materials	3,000	1,620	1,380	3,127	
Uniforms	2,000	1,004	996	638	
Miscellaneous	2,000	5,546	(3,546)	4,342	
Software maintenance and changes	24,000	18,350	5,650	27,509	
Supplemental retirement	21,831	21,210	621	16,824	
Total	745,502	695,118	50,384	562,802	
Total public safety	9,217,796	9,115,464	102,332	8,008,052	

City of Graham, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For The Fiscal Year Ended June 30, 2024
With Comparative Actual Amounts for The Fiscal Year Ended June 30, 2023

Statement 1
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	2024			2023	
			Variance		Actual
	Budget	Actual	Positive	(Negative)	
Transportation					
Traffic engineering					
Utilities	\$ 3,800	\$ 3,698	\$ 102	\$ 3,074	
Small equipment purchases	1,000	-	1,000	-	
Contracted services	24,000	24,000	-	24,000	
Total	28,800	27,698	1,102	27,074	
Street					
Salaries	485,815	443,455	42,360	386,870	
Professional services	12,000	12,930	(930)	16,713	
Storm water	65,000	57,717	7,283	42,142	
FICA	38,598	34,368	4,230	30,063	
Group insurance	87,000	70,125	16,875	69,675	
Unemployment expense	1,000	-	1,000	-	
Retirement	64,505	58,468	6,037	48,197	
Longevity pay	13,000	11,615	1,385	10,738	
Telephone and postage	7,500	6,833	667	10,731	
Utilities	3,000	2,516	484	2,036	
Travel	3,000	311	2,689	569	
Maintenance and repairs - equipment	1,000	219	781	1,107	
Maintenance and repairs - vehicles	55,000	61,554	(6,554)	66,175	
Vehicle and equipment fuel	22,000	20,195	1,805	21,523	
Supplies and materials	18,000	15,595	2,405	19,786	
Traffic control	10,000	9,449	551	11,957	
Uniforms	7,000	11,179	(4,179)	9,142	
Road repair materials	25,000	22,854	2,146	24,744	
Sidewalk repairs	30,000	13,644	16,356	13,584	
Snow and ice removal	18,000	-	18,000	-	
Storm sewers	25,000	26,998	(1,998)	29,484	
Street resurfacing	595,354	508,713	86,641	500,527	
Right of ways	10,000	-	10,000	2,033	
Dues and subscriptions	5,000	20,954	(15,954)	3,000	
Miscellaneous	3,500	2,466	1,034	2,386	
Contracted services	2,000	-	2,000	236	
Small equipment purchases	-	-	-	14,986	
Capital outlay - other improvements	158,500	428,437	(269,937)	66,336	

City of Graham, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For The Fiscal Year Ended June 30, 2024
With Comparative Actual Amounts for The Fiscal Year Ended June 30, 2023

Statement 1
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	2024			2023
	Budget	Actual	Variance Positive (Negative)	Actual
Capital outlay - equipment	\$ 95,691	\$ 95,691	\$ -	\$ 37,708
Supplemental retirement	25,391	20,365	5,026	17,864
Street improvements	<u>18,000</u>	<u>16,817</u>	1,183	<u>18,002</u>
Total	<u>1,904,854</u>	<u>1,973,468</u>	<u>(68,614)</u>	<u>1,478,314</u>
Street lighting				
Utilities	<u>170,000</u>	<u>165,455</u>	4,545	<u>119,409</u>
Total	<u>170,000</u>	<u>165,455</u>	<u>4,545</u>	<u>119,409</u>
Total transportation	<u>2,103,654</u>	<u>2,166,621</u>	<u>(62,967)</u>	<u>1,624,797</u>
Environmental protection				
Sanitation				
Salaries	440,798	433,623	7,175	394,381
FICA	34,174	33,437	737	30,958
Group insurance	77,500	82,516	(5,016)	73,325
Unemployment expense	1,800	-	1,800	-
Retirement	57,131	58,931	(1,800)	48,116
Longevity pay	14,500	13,040	1,460	15,321
Telephone and postage	6,000	4,577	1,423	5,417
Maintenance and repairs - equipment	200	-	200	-
Maintenance and repairs - vehicles	85,275	84,027	1,248	122,999
Vehicle and equipment fuel	60,000	61,458	(1,458)	66,755
Supplies and materials	1,000	1,457	(457)	1,513
Tipping fees	225,000	220,661	4,339	202,533
Travel	200	31	169	104
Radio maintenance	200	-	200	69
Uniforms	5,500	7,117	(1,617)	6,440
Contracted services	390,000	383,436	6,564	347,382
Small equipment purchases	1,000	81	919	-
Miscellaneous	7,000	4,908	2,092	5,175
Rollout refuse	73,000	65,178	7,822	31,992
Supplemental retirement	<u>17,440</u>	<u>14,820</u>	2,620	<u>15,396</u>
Total environmental protection	<u>1,497,718</u>	<u>1,469,298</u>	<u>28,420</u>	<u>1,367,876</u>

City of Graham, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For The Fiscal Year Ended June 30, 2024
With Comparative Actual Amounts for The Fiscal Year Ended June 30, 2023

Statement 1
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	2024			2023	
	Budget	Actual	Variance		Actual
			Positive	(Negative)	
Culture and recreation					
Recreation					
Salaries	\$ 550,452	\$ 511,439	\$ 39,013	\$ 440,555	
Professional services	8,000	2,977	5,023	1,634	
FICA	42,341	38,439	3,902	33,062	
Group insurance	49,073	65,094	(16,021)	45,430	
Unemployment expense	1,000	-	1,000	-	
Retirement	48,000	48,558	(558)	43,276	
Longevity pay	12,500	7,218	5,282	9,785	
Telephone and postage	12,700	16,248	(3,548)	15,507	
Utilities	35,000	32,368	2,632	31,025	
Travel	6,600	6,083	517	4,741	
Maintenance and repairs - buildings	14,500	16,878	(2,378)	14,900	
Maintenance and repairs - equipment	5,000	1,982	3,018	8,690	
Maintenance and repairs - vehicles	4,200	1,904	2,296	3,977	
Contracted personnel	15,000	19,748	(4,748)	19,903	
Vehicle and equipment fuel	3,000	2,154	846	2,242	
Supplies and materials	9,000	4,552	4,448	8,779	
Uniforms	1,500	1,467	33	1,541	
Uniforms/Equipment from donations	3,000	2,745	255	11,567	
Contracted services	20,000	32,253	(12,253)	24,855	
Dues and subscriptions	8,600	8,654	(54)	4,361	
Miscellaneous	9,000	1,994	7,006	8,624	
Athletics programs	18,000	11,895	6,105	19,915	
Hall of fame	10,000	9,277	723	-	
Other programs	80,000	64,836	15,164	67,943	
Concessions	1,250	869	381	1,092	
Small equipment purchases	4,000	29,269	(25,269)	30,944	
Capital outlay - other improvements	352,029	310,424	41,605	152,554	
Advertising	7,000	7,956	(956)	7,479	
Supplemental retirement	19,223	13,900	5,323	14,653	
Total	<u>1,349,968</u>	<u>1,271,181</u>	<u>78,787</u>	<u>1,029,034</u>	

City of Graham, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For The Fiscal Year Ended June 30, 2024
With Comparative Actual Amounts for The Fiscal Year Ended June 30, 2023

Statement 1
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	2024			2023	
	Budget	Actual	Variance		Actual
			Positive	(Negative)	
Graham-Mebane Lake					
Salaries	\$ 166,755	\$ 119,703	\$ 47,052	\$ 47,052	\$ 104,331
FICA	13,097	9,304	3,793	3,793	8,020
Group insurance	10,000	9,439	561	561	9,075
Professional services	1,500	3,819	(2,319)	(2,319)	440
Unemployment expense	800	-	800	800	-
Retirement expense	8,662	8,707	(45)	(45)	6,928
Longevity pay	3,500	3,815	(315)	(315)	1,306
Telephone and postage	3,300	2,114	1,186	1,186	2,841
Utilities	3,500	4,168	(668)	(668)	3,159
Travel	800	653	147	147	215
Maintenance and repairs - buildings	3,800	8,559	(4,759)	(4,759)	5,982
Maintenance and repairs - equipment	500	752	(252)	(252)	668
Maintenance and repairs - vehicles	1,500	1,081	419	419	2,355
Vehicle and equipment fuel	1,900	1,497	403	403	782
Other programs	2,500	532	1,968	1,968	2,225
Supplies and materials	12,000	10,733	1,267	1,267	13,987
Uniforms	800	216	584	584	123
Contracted services	1,500	1,500	-	-	975
Dues and subscriptions	100	76	24	24	82
Miscellaneous expense	1,200	1,000	200	200	1,633
Small equipment purchases	4,000	5,770	(1,770)	(1,770)	4,816
Capital outlay - other improvements	12,000	-	12,000	12,000	48,537
Supplemental retirement	3,563	3,208	355	355	2,777
Total	257,277	196,646	60,631	60,631	221,257

Property Maintenance				
Salaries	678,187	649,348	28,839	576,372
FICA	52,818	49,181	3,637	43,499
Group insurance	106,500	103,162	3,338	99,822
Unemployment expense	1,500	-	1,500	-
Retirement	79,374	80,446	(1,072)	66,917
Longevity pay	20,000	16,701	3,299	15,171
Telephone and postage	5,500	4,586	914	8,152
Utilities	36,000	33,478	2,522	29,757
Travel	3,000	2,409	591	2,372
Contract labor	3,000	2,165	835	2,675
Equipment rentals	2,200	1,562	638	861
Maintenance and repairs - buildings	34,000	14,905	19,095	9,593
Maintenance and repairs - equipment	48,000	35,702	12,298	55,789
Maintenance and repairs - grounds	50,490	57,437	(6,947)	61,590
Maintenance and repairs - vehicles	21,000	11,361	9,639	25,584

City of Graham, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For The Fiscal Year Ended June 30, 2024
With Comparative Actual Amounts for The Fiscal Year Ended June 30, 2023

Statement 1
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	2024			2023	
	Budget	Actual	Variance Positive (Negative)		Actual
			\$	\$	
Maintenance and repairs - lighting and fencing	\$ 10,000	\$ 16	\$ 9,984	\$ 6,151	
Vehicle and equipment fuel	40,000	34,775	5,225	40,719	
Supplies and materials	15,750	15,084	666	12,471	
Uniforms	7,200	11,148	(3,948)	7,791	
Dues and subscriptions	5,500	6,183	(683)	3,140	
Miscellaneous	4,000	3,463	537	3,654	
Small equipment purchases	5,000	24,273	(19,273)	4,383	
Capital outlay - other improvements	18,000	-	18,000	-	
Capital outlay - equipment	80,000	81,040	(1,040)	63,915	
Supplemental retirement	29,035	26,691	2,344	26,274	
Business beautification grant	15,000	5,280	9,720	12,790	
 Total	 1,371,054	 1,270,396	 100,658	 1,179,442	
 Total culture and recreation	 2,978,299	 2,738,223	 240,076	 2,429,733	
 Debt Service					
Principal Retirement	164,709	164,708	1	-	
Interest and other charges	78,756	78,756	-	-	
 Total Debt Service	 243,465	 243,464	 1	 -	
 Total expenditures	 20,411,660	 19,966,493	 445,167	 16,253,758	
 Revenues over (under) expenditures	 (1,952,955)	 (29,535)	 1,923,420	 1,872,643	
 Other financing sources (uses)					
Transfers:					
Governmental Capital Projects	-	344,833	344,833	306,953	
Letter of credit funds	-	-	-	-	
Appropriated fund balance	1,952,955	-	(1,952,955)	-	
 Total	 1,952,955	 344,833	 (1,608,122)	 306,953	
 Net Change in Fund Balances	 \$ -	 315,298	 \$ 315,298	 2,179,596	
 Fund balances, beginning		 15,806,829		 13,627,233	
 Fund balances, ending		 \$ 16,122,127		 \$ 15,806,829	

Statement 2

City of Graham, North Carolina
Special Revenue Fund - American Rescue Act (ARPA)
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2024

	<u>Project Authorization</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
American Rescue Plan Act	\$ 4,986,300	\$ -	\$ 4,986,300	\$ 4,986,300	\$ -
Total revenues	<u>4,986,300</u>	<u>-</u>	<u>4,986,300</u>	<u>4,986,300</u>	<u>-</u>
Expenditures					
Revenue Replacement - salaries & benefits	4,986,300	-	4,986,300	4,986,300	-
Total expenditures	<u>4,986,300</u>	<u>-</u>	<u>4,986,300</u>	<u>4,986,300</u>	<u>-</u>
Revenues over expenditures	-	-	-	-	-
Other financing sources (uses)					
Transfer in - General Fund					
ARPA Enabled Projects	4,986,300	420,717	4,565,585	4,986,302	(2.00)
Transfer out: General Fund					
Employee Dental	(54,000)	-	-	-	54,000
GPD Positions Equipment	(62,101)	(31,153)	(30,949)	(62,102)	(1)
GPD Vehicles	(204,033)	(198,336)	(4,874)	(203,210)	823
Fire Department Equipment	(33,016)	-	(32,005)	(32,005)	1,011
Public Works Building	(215,000)	-	(178,016)	(178,016)	36,984
Civic Center Repairs	(66,343)	(66,336)	-	(66,336)	7
Cameras at Parks	(11,128)	(11,128)	-	(11,128)	-
GM Lake-Ramp Renovation	(195,000)	-	-	-	195,000
Future Project	(77,679)	-	-	-	77,679
Sales tax	-	-	(5,237)	(5,237)	(5,237)
Transfer out:					
Water and Sewer Fund					-
Fuel Master-System Upgrade	(18,000)	(14,361)	-	(14,361)	3,639
Transfer out:					
Capital Project Fund					-
Albright Water Line Replace	(550,000)	(6,647)	(506,804)	(513,451)	36,549
10" Water Line Replacement	<u>(3,500,000)</u>	<u>(92,756)</u>	<u>(360,054)</u>	<u>(452,810)</u>	<u>3,047,190</u>
Total other financing sources (uses)	<u>(4,986,300)</u>	<u>(420,717)</u>	<u>(1,117,939)</u>	<u>(1,538,656)</u>	<u>3,447,644</u>
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ -	3,447,646	\$ 3,447,646	\$ 3,447,642
Fund balance, beginning			-		
Fund balance, ending			\$ 3,447,646		

**City of Graham, North Carolina
Combining Balance Sheets
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2023**

Statement 3

	Graham Memorial Park	Truby Drive Repair	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 2,838,536	\$ 200,000	\$ 3,038,536
Accrued interest receivable	-	-	-
Accounts receivable, net	3,250	-	3,250
Due from other governments	-	-	-
 Total assets	 <u>\$ 2,841,786</u>	 <u>\$ 200,000</u>	 <u>\$ 3,041,786</u>
 LIABILITIES AND FUND BALANCES			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -
Fund balances:			
Reserved for subsequent years' expenditures	2,841,786	200,000	3,041,786
 Total liabilities and fund balances	 <u>\$ 2,841,786</u>	 <u>\$ 200,000</u>	 <u>\$ 3,041,786</u>

City of Graham, North Carolina
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2024

Statement 4

	Graham Memorial Park	Truby Drive Repair	Total Nonmajor Governmental Funds
<u>REVENUES</u>			
Restricted intergovernmental revenues:			
Investment earnings	\$ 132,528	\$ -	\$ 132,528
Lot sales	250	-	250
Restricted intergovernmental	-	-	-
Total revenues	132,778	-	132,778
Expenditures			
Salaries	-	-	-
FICA	-	-	-
Group insurance	-	-	-
Unemployment expense	-	-	-
Retirement expense	-	-	-
Insurance and bonds	-	-	-
Miscellaneous expense	-	-	-
Supplemental retirement	-	-	-
Capital outlay	-	-	-
Construction costs	-	-	-
Professional services	-	-	-
Total expenditures	-	-	-
Other financing sources:			
Transfer (to) from General Fund	-	-	-
Revenues over expenditures and other financing sources	132,778	-	132,778
Fund balance - beginning of year	2,709,008	200,000	2,909,008
Fund balance - end of year	\$ 2,841,786	\$ 200,000	\$ 3,041,786

City of Graham, North Carolina
Special Revenue Fund - Graham Memorial Park Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2024
With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2023

Statement 5

	2024		Variance Positive (Negative)	2023	
	Budget	Actual		Actual	
Revenues:					
Sale of cemetery lots	\$ -	\$ 250	\$ 250	\$ 1,000	
Investment earnings	- -	132,528	132,528	87,419	
Total revenues	- -	132,778	132,778	88,419	
Expenditures					
Small equipment purchases	- -	- -	- -	- -	
Capital outlay improvements	- -	- -	- -	- -	
Capital outlay equipment	- -	- -	- -	- -	
Total expenditures	- -	- -	- -	- -	
Revenues over expenditures	- -	132,778	132,778	88,419	
Other financing sources (uses)					
Appropriated fund balance	- -	- -	- -	- -	
Revenues and other sources over (under) expenditures	- -	132,778	\$ 132,778	88,419	
Fund balance, beginning	\$ 2,709,008			2,620,589	
Fund balance, ending	\$ 2,841,786			\$ 2,709,008	

City of Graham, North Carolina
Capital Project Fund - Truby Drive Repair
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2024

Statement 6

	Project Authoriza- tion	Actual			Variance Positive (Negative)
		Prior Year	Current Year	Total To Date	
Expenditures					
Repair project	\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000
Total expenditures	200,000	-	-	-	200,000
Other financing sources:					
Operating transfer from General Fund	200,000	200,000	-	200,000	-
Grant proceeds	-	-	-	-	-
Total other financing souces	200,000	200,000	-	200,000	-
Revenues and other sources over (under) expenditures					
	\$ -	\$ <u>200,000</u>	-	\$ <u>200,000</u>	\$ <u>200,000</u>
Fund balance, beginning				<u>200,000</u>	
Fund balance, ending				<u>\$ 200,000</u>	

City of Graham, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures -
Budget and Actual (Non-GAAP)
For The Fiscal Year Ended June 30, 2024
With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2023

Statement 7
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	2024		2023	
	Budget	Actual	Variance Positive (Negative)	
	Actual	Actual		
Revenues:				
Charges for services				
Sewer surcharges	\$ 73,000	\$ 77,018	\$ 4,018	\$ 78,473
Water charges	2,955,000	2,912,814	(42,186)	2,610,588
Sewer charges	5,266,000	5,470,794	204,794	4,806,806
Mebane revenue	1,685,075	1,458,834	(226,241)	1,328,369
Total	<u>9,979,075</u>	<u>9,919,460</u>	<u>(59,615)</u>	<u>8,824,236</u>
Other operating revenues				
Sewer acreage & connection fees	285,000	953,150	668,150	838,622
Water acreage & connection fees	150,000	958,520	808,520	731,353
Fire flow test fee	15,000	6,000	(9,000)	9,600
Plumbing permits and inspections	60,000	111,610	51,610	75,530
Water and sewer taps	125,000	273,636	148,636	195,782
Water and sewer assessments	100	-	(100)	-
Miscellaneous	18,000	8,721	(9,279)	46,395
Cut-offs	<u>115,000</u>	<u>128,894</u>	<u>13,894</u>	<u>136,491</u>
Total	<u>768,100</u>	<u>2,440,531</u>	<u>1,672,431</u>	<u>2,033,773</u>
Total operating revenues	<u>10,747,175</u>	<u>12,359,991</u>	<u>1,612,816</u>	<u>10,858,009</u>
Non-operating revenues:				
Investment earnings	142,500	370,292	227,792	204,965
Lease revenue	37,500	13,884	(23,616)	34,235
Interest on lease receivable	-	1,553	1,553	3,377
Other	80,000	53,524	(26,476)	-
NCCP	<u>100,000</u>	<u>121,285</u>	<u>21,285</u>	<u>129,297</u>
Total non-operating revenues	<u>360,000</u>	<u>560,538</u>	<u>200,538</u>	<u>371,874</u>
Total revenues	<u>11,107,175</u>	<u>12,920,529</u>	<u>1,813,354</u>	<u>11,229,883</u>
Expenditures:				
Water billing and metering				
Salaries	404,364	346,826	57,538	349,481
Professional services	-	-	-	2,291
FICA	29,605	26,129	3,476	26,430
Group insurance	43,500	42,422	1,078	44,942
Unemployment expense	1,600	-	1,600	-
Retirement	40,176	41,319	(1,143)	38,323
Longevity pay	9,000	8,189	811	5,503
Bank charges	80,000	28,366	51,634	84,693
Telephone and postage	40,000	38,705	1,295	40,555
Travel	1,000	880	120	543

City of Graham, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures -
Budget and Actual (Non-GAAP)
For The Fiscal Year Ended June 30, 2024
With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2023

Statement 7
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	2024			2023	
			Variance		
	Budget	Actual	Positive	(Negative)	Actual
Maintenance and repairs - vehicles	\$ 2,500	\$ 1,121	\$ 1,379	\$ 2,714	
Maintenance and repairs-equipment	1,000	-	1,000	-	
Vehicle and equipment fuel	3,000	2,381	619	2,864	
Supplies and materials	800	1,888	(1,088)	2,075	
Uniforms	700	527	173	524	
Contract services	16,500	17,960	(1,460)	18,144	
Sewer treatment	-	0	-	87	
Dues and subscriptions	12,000	10,537	1,463	11,173	
Small equipment	800	-	800	-	
Miscellaneous	10,000	458	9,542	-	
Software maintenance and charges	34,000	27,953	6,047	18,909	
Bad debt expense	-	41,559	(41,559)	39,810	
Supplemental retirement	16,064	14,535	1,529	14,537	
Total	746,609	651,755	94,854	703,598	
Water distribution					
Salaries	469,016	353,683	115,333	305,333	
FICA	39,592	27,180	12,412	23,271	
Group insurance	96,500	72,167	24,333	62,802	
Unemployment expense	2,200	-	2,200	-	
Retirement	65,995	46,070	19,925	37,512	
Longevity pay	6,500	5,722	778	3,908	
Telephone and postage	4,000	3,544	456	6,271	
Utilities	11,500	9,487	2,013	9,366	
Travel	5,000	2,112	2,888	5,328	
Maintenance and repairs - equipment	22,500	11,988	10,512	35,771	
Maintenance and repairs - vehicles	20,000	8,450	11,550	19,516	
Vehicle and equipment fuel	17,500	19,161	(1,661)	16,455	
Supplies and materials	160,000	145,941	14,059	110,524	
Uniforms	8,000	7,749	251	5,586	
Contracted services	340,000	326,583	13,417	343,374	
Dues and subscriptions	5,000	2,119	2,881	1,855	
Miscellaneous	5,500	1,724	3,776	14,331	
Meters, valves, hydrants	350,000	315,080	34,920	328,303	
Small tools and equipment	8,000	43,322	(35,322)	11,125	
Supplemental retirement	25,887	16,073	9,814	13,724	
Total	1,662,690	1,418,155	244,535	1,354,355	

City of Graham, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures -
Budget and Actual (Non-GAAP)
For The Fiscal Year Ended June 30, 2024

With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2023

Statement 7
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	2024			2023	
	Budget	Actual	Variance Positive (Negative)	Actual	
				Actual	Actual
Sewer mains					
Salaries	\$ 101,940	\$ 75,113	\$ 26,827	\$ 63,623	
FICA	7,807	5,827	1,980		4,945
Group insurance	10,000	178	9,822		7,587
Unemployment expense	600	-	600		-
Professional services	15,000	15,708	(708)		7,349
Retirement	8,507	8,502	5		6,826
Longevity pay	1,750	1,375	375		1,259
Telephone and postage	4,500	2,377	2,123		3,846
Utilities	24,000	26,289	(2,289)		30,810
Travel	1,200	85	1,115		129
Maintenance and repairs - buildings	2,000	-	2,000		-
Maintenance and repairs - equipment	40,000	10,500	29,500		440
Maintenance and repairs - vehicles	4,500	757	3,743		3,906
Vehicle and equipment fuel	4,000	1,967	2,033		1,738
Supplies and materials	1,800	1,016	784		1,792
Uniforms	2,000	1,138	862		1,049
Contracted services	8,000	12,714	(4,714)		12,030
Miscellaneous	2,500	-	2,500		-
Small equipment purchase	3,500	1,240	2,260		9,300
Supplemental retirement	3,697	1,950	1,747		1,618
 Total	 247,301	 166,736	 80,565	 158,247	

Water Treatment Plant					
Salaries	752,237	715,441	36,796	611,038	
Professional services	370,000	261,994	108,006	223,473	
FICA	57,666	53,888	3,778	46,941	
Group insurance	96,500	93,051	3,449	88,502	
Unemployment expense	2,400	-	2,400		-
Retirement	90,458	93,818	(3,360)	76,982	
Longevity pay	26,500	22,891	3,609	24,014	
Telephone and postage	6,500	5,637	863	8,885	
Utilities	230,000	276,098	(46,098)	232,617	
Travel	6,000	3,889	2,111	2,624	
Maintenance and repairs - buildings					
and grounds	50,000	47,454	2,546	24,302	
Maintenance and repairs - equipment	55,000	42,088	12,912	38,018	
Maintenance and repairs - vehicles	3,500	2,604	896	899	

City of Graham, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures -
Budget and Actual (Non-GAAP)
For The Fiscal Year Ended June 30, 2024
With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2023

Statement 7
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	2024		2023	
	Budget	Actual	Variance Positive (Negative)	
			\$	\$
Vehicle and equipment fuel	\$ 4,500	\$ 3,350	\$ 1,150	\$ 5,737
Supplies and materials	1,300,000	1,036,950	263,050	1,098,539
Uniforms	2,750	1,535	1,215	2,214
Lab expense	55,000	48,003	6,997	48,906
Contract services	80,000	69,363	10,637	84,127
Dues and subscriptions	8,000	10,160	(2,160)	8,312
Small equipment	35,000	30,742	4,258	2,047
Miscellaneous	2,000	286	1,714	109
Supplemental retirement	<u>35,262</u>	<u>33,106</u>	<u>2,156</u>	<u>28,494</u>
Total	<u>3,269,273</u>	<u>2,852,348</u>	<u>416,925</u>	<u>2,656,780</u>
Waste Water Treatment Plant				
Salaries	793,741	772,526	21,215	629,829
Professional services	12,500	1,605	10,895	3,987
FICA	60,746	58,909	1,837	47,583
Group insurance	116,000	109,175	6,825	97,617
Unemployment expense	3,000	-	3,000	-
Retirement	95,752	98,259	(2,507)	76,091
Longevity pay	28,000	25,764	2,236	17,867
Telephone and postage	6,500	4,609	1,891	9,406
Utilities	165,000	208,137	(43,137)	165,436
Travel	3,000	5,777	(2,777)	3,534
Maintenance and repairs - buildings	24,000	24,169	(169)	22,966
Maintenance and repairs - equipment	40,000	30,096	9,904	47,201
Maintenance and repairs - vehicles	18,000	11,771	6,229	13,842
Vehicle and equipment fuel	14,000	17,554	(3,554)	16,704
Supplies and materials	600,000	403,496	196,504	317,439
Uniforms	3,000	1,675	1,325	2,080
Lab expense	60,000	67,721	(7,721)	57,726
Contracted services	50,000	45,477	4,523	49,929
Sewer treatment	500,000	539,634	(39,634)	522,697
Dues and subscriptions	17,000	16,524	476	14,599
Miscellaneous	1,500	2,761	(1,261)	72
Small equipment purchase	18,000	60,157	(42,157)	14,361
Supplemental retirement	<u>37,488</u>	<u>32,173</u>	<u>5,315</u>	<u>26,129</u>
Total	<u>2,667,227</u>	<u>2,537,969</u>	<u>129,258</u>	<u>2,157,095</u>

City of Graham, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures -
Budget and Actual (Non-GAAP)
For The Fiscal Year Ended June 30, 2024
With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2023

Statement 7
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	2024			2023	
			Variance		
	Budget	Actual	Positive (Negative)	Actual	
Non-departmental					
Professional services	\$ 215,000	\$ 208,670	\$ 6,330	\$ 206,490	
Group Insurance	141,500	103,822	37,678	99,088	
Water - Burlington	5,000	5,000	-	-	
Contracted Services	82,000	105,413	(23,413)	67,634	
NCCP revenue sharing payment	5,000	144	4,856	541	
Insurance and bonds	130,000	137,685	(7,685)	121,859	
Small equipment purchase	30,000	1,294	28,706	30,000	
Miscellaneous	10,000	8,919	1,081	8,743	
Total	618,500	570,947	47,553	534,355	
Debt service					
Interest	62,000	66,579	(4,579)	70,356	
Debt principal	491,500	491,341	159	481,341	
Total	553,500	557,920	(4,420)	551,697	
Capital outlay - equipment & improvements					
Water distribution improvements	925,000	-	925,000	511,554	
Water distribution equipment	25,000	7,500	17,500	158,185	
Water Treatment Plant improvements	60,000	29,375	30,625	-	
Water Treatment Plant equipment	60,000	27,455	32,545	42,933	
Waste Water Plant improvements	100,000	22,844	77,156	32,445	
Waste Water Treatment Plant	190,000	90,516	99,484	188,631	
Total	1,360,000	177,690	1,182,310	933,748	
Total expenditures	11,125,100	8,933,520	2,191,580	9,049,875	
Revenues over (under) expenditures	(17,925)	3,987,009	4,004,934	2,180,008	

City of Graham, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures -
Budget and Actual (Non-GAAP)
For The Fiscal Year Ended June 30, 2024
With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2023

Statement 7
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	2024			2023	
			Variance Positive (Negative)		
	Budget	Actual		Actual	Actual
Other financing sources (uses)					
Fund balance appropriated	\$ 849,625	\$ -	\$ (849,625)	\$ -	\$ -
Mebane WTP Capital Contribution	127,000	127,403	403		127,403
WWTP Equipment and Improvements	65,300	40,841	(24,459)		-
Mebane WWTP Payment	150,000	150,000	-		150,000
Contributed Capital	-	-	-		-
Transfer	(1,175,000)	(855,751)	319,249		(1,645,429)
Sale of surplus property	1,000	-	(1,000)		-
Total	<u>17,925</u>	<u>(537,507)</u>	<u>(555,432)</u>		<u>(1,368,026)</u>
Revenues and other sources (uses)					
over expenditures	\$ -	3,449,502	\$ 3,449,502		811,982
Reconciling items:					
Payment of debt principal		491,341			481,341
Principal payments received		(277,403)			(277,403)
Capital outlay		177,690			933,748
(Accrue) decrease in accrued vacation pay		(58,544)			1,005
Increase (decrease) in deferred outflows of resources					
-OPEB		(158,514)			(160,518)
(Accrue) decrease in deferred inflows of resources					
-OPEB		246,771			(395,866)
(Accrue) decrease in accrued OPEB liability		196,318			635,163
(Accrue) decrease in interest expense accrual		4,012			3,892
(Accrue) decrease in net pension liability		(195,926)			(902,068)
(Accrue) decrease in deferred inflows of resources					
-pensions		2,658			480,023
Increase (decrease) in deferred outflows of resources		67,045			320,170
- pensions					
Gain (loss) on disposal of assets		-			7,512
Depreciation and amortization		(1,233,533)			(1,154,275)
State AIA grant		61,844			
Executed SRP loan		-			(482,464)
Income from SRP loan		-			276,874
Income from ASADRA loan		40,076,813			10,043,601
Transfer from ARPA		866,859			99,403
Transfer to Water and Sewer Capital Projects Fund		<u>761,998</u>			<u>1,659,790</u>
Total reconciling items		<u>41,029,429</u>			<u>11,569,928</u>
Change in Net Position	<u>\$ 44,478,931</u>				<u>\$ 12,381,910</u>

**City of Graham, North Carolina
Capital Reserve Fund - System Development Fees**

Statement 8

**Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual**

From Inception and For the Fiscal Year Ended June 30, 2024

With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2023

	2024		Variance Positive (Negative)	2023
	Budget	Actual		
Expenditures				
Capital outlay improvements	\$ -	\$ -	\$ -	\$ -
Capital outlay equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Transfer to Capital Project Fund	- -	- -	- -	- -
Transfer to Water and Sewer Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfer from Water and Sewer Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>\$ -</u></u>	<u><u>-</u></u>
Fund balance, beginning		<u><u>789,776</u></u>		<u><u>789,776</u></u>
Fund balance, ending	<u><u>\$ 789,776</u></u>			<u><u>\$ 789,776</u></u>

CITY OF GRAHAM, NORTH CAROLINA
Boyd Creek Pump Station Capital Project
Schedule of Revenues and Expenditures - Budget and Actual (Non GAAP)
From Inception and For the Fiscal Year Ended June 30, 2024

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Project Authoriza- tion	Actual			Variance Positive (Negative)
	Prior Year	Current Year	Total To Date	
Expenditures				
Professional services	\$ 220,000	\$ 385,688	\$ -	\$ 385,688 \$ (165,688)
Construction	430,000	392,991	(2,027)	390,964 39,036
Lift station construction	3,250,000	2,660,587	-	2,660,587 589,413
Loan fees	62,000	61,938	-	61,938 62
Total expenditures	3,962,000	3,501,204	(2,027)	3,499,177 462,823
Other financing sources:				
Operating transfer from				
Water and Sewer Fund	712,000	712,000	-	712,000 -
Grant proceeds State SRP Grant	612,500	612,500	-	612,500 -
State SRP Loan	2,637,500	2,453,578	-	2,453,578 (183,922)
Total other financing sources	3,962,000	3,778,078	-	3,778,078 (183,922)
Net change in fund balance	\$ -	\$ 276,874	\$ 2,027	\$ 278,901 \$ 278,901

CITY OF GRAHAM, NORTH CAROLINA
Old Fields Outfall Capital Project
Schedule of Revenues and Expenditures - Budget and Actual (Non GAAP)
From Inception and For the Fiscal Year Ended June 30, 2024

Project Authoriza- tion	Actual			Variance Positive (Negative)
	Prior Year	Current Year	Total To Date	
Expenditures				
Professional services	\$ 150,000	\$ 145,299	\$ 8,624	\$ (3,923)
Construction - Phase 1	1,585,000	1,061,073	-	523,927
Construction - Phase 2	1,200,000	902,170	186,134	111,696
Easements	20,000	11,306	-	8,694
Total expenditures	2,955,000	2,119,848	194,758	640,394
Other financing sources:				
Operating transfer from Water and Sewer Fund	1,355,000	536,703	255,000	(563,297)
Development Revenue	800,000	723,738	-	(76,262)
System Development Capital Reserve Fund	800,000	800,000	-	-
Total other financing sources	2,955,000	2,060,441	255,000	(639,559)
Net change in fund balance	\$ -	\$ (59,407)	\$ 60,242	\$ 835

CITY OF GRAHAM, NORTH CAROLINA
Wastewater Treatment Plant Upgrade Capital Project
Schedule of Revenues and Expenditures - Budget and Actual (Non GAAP)
From Inception and For the Fiscal Year Ended June 30, 2024

Project Authoriza- tion	Actual			Variance Positive (Negative)
	Prior Year	Current Year	Total To Date	
Expenditures				
Professional services - Plan and design	\$ 2,726,845	\$ 2,726,845	\$ -	\$ 2,726,845
Professional services - construction	3,479,228	491,832	1,406,744	1,898,576 1,580,652
Construction-Crowder	74,653,000	9,331,322	39,069,853	48,401,175 26,251,825
Contingencies	2,130,427	-	-	- 2,130,427
Loan fees	1,659,790	1,659,790	-	1,659,790 -
Total expenditures	84,649,290	14,209,789	40,476,597	54,686,386 29,962,904
Other financing sources:				
Operating transfer from Water and Sewer Fund	1,659,790	1,659,790	-	1,659,790 -
ASADRA State Loan	25,300,000	2,906,182	-	2,906,182 (22,393,818)
CWSRF State Loan	57,689,500	10,043,601	40,076,813	50,120,414 (7,569,086)
Total other financing sources	84,649,290	14,609,573	40,076,813	54,686,386 (29,962,904)
Net change in fund balance	\$ -	\$ 399,784	\$ (399,784)	\$ -

CITY OF GRAHAM, NORTH CAROLINA
10" Water Line Replacement
Schedule of Revenues and Expenditures - Budget and Actual (Non GAAP)
From Inception and For the Fiscal Year Ended June 30, 2024

Project Authoriza- tion	Actual			Variance Positive (Negative)
	Prior Year	Current Year	Total To Date	
Expenditures				
Water Main Construction	\$ 15,992,075	\$ -	\$ 20,000	\$ 15,972,075
Engineering	1,257,925	179,015	253,795	825,115
Total expenditures	17,250,000	179,015	273,795	16,797,190
Other financing sources:				
State ARPA Grant	13,750,000	-	-	(13,750,000)
Transfer from ARPA - SRF	3,500,000	92,756	360,054	(3,047,190)
Total revenues	17,250,000	92,756	360,054	(16,797,190)
Net change in fund balance	\$ -	\$ (86,259)	\$ 86,259	\$ -

CITY OF GRAHAM, NORTH CAROLINA
Water Line Inventory
Schedule of Revenues and Expenditures - Budget and Actual (Non GAAP)
From Inception and For the Fiscal Year Ended June 30, 2024

Project Authori- zation	Actual			Variance Positive (Negative)
	Prior Year	Current Year	Total To Date	
Expenditures				
Professional services	\$ 400,000	\$ -	\$ 61,844	\$ 61,844 \$ 338,156
Total expenditures	400,000	-	61,844	61,844 338,156
Other financing sources:				
State AIA Grant	400,000	-	61,844	61,844 (338,156)
Total revenues	400,000	-	61,844	61,844 (338,156)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

CITY OF GRAHAM, NORTH CAROLINA
Long and Albright Improvements
Schedule of Revenues and Expenditures - Budget and Actual (Non GAAP)
From Inception and For the Fiscal Year Ended June 30, 2024

Project Authori- zation	Actual			Variance Positive (Negative)
	Prior Year	Current Year	Total To Date	
Expenditures				
Professional services	\$ 904,860	\$ -	\$ 506,998	\$ 506,998 \$ 397,862
Albright Water Line	<u>550,000</u>	<u>6,647</u>	<u>506,805</u>	<u>513,452</u> <u>36,548</u>
Total expenditures	<u>1,454,860</u>	<u>6,647</u>	<u>1,013,803</u>	<u>1,020,450</u> <u>434,410</u>
Other financing sources:				
Operating transfers from:				
Water and Sewer Fund	749,340	-	506,998	506,998 (242,342)
General Fund	155,520	-	-	- (155,520)
ARPA funding - SRF	<u>550,000</u>	<u>6,647</u>	<u>506,805</u>	<u>513,452</u> <u>(36,548)</u>
Total other financing sources	<u>1,454,860</u>	<u>6,647</u>	<u>1,013,803</u>	<u>1,020,450</u> <u>(434,410)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF GRAHAM, NORTH CAROLINA
Boyd Creek Watershed Point Repair
Schedule of Revenues and Expenditures - Budget and Actual (Non GAAP)
From Inception and For the Fiscal Year Ended June 30, 2024

Project Authori- zation	Actual			Variance Positive (Negative)
	Prior Year	Current Year	Total To Date	
Expenditures				
Professional services	\$ 500,000	\$ -	\$ 14,003	\$ 14,003 \$ 485,997
Total expenditures	<u>500,000</u>	<u>-</u>	<u>14,003</u>	<u>14,003</u> <u>485,997</u>
Other financing sources:				
Operating transfer from Water and Sewer Fund	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u> <u>(500,000)</u>
	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u> <u>(500,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (14,003)</u>	<u>\$ (14,003)</u> <u>\$ (14,003)</u>

City of Graham, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2024

Statement 16

Fiscal Year	Uncollected		Collections		Uncollected	
	Balance June 30, 2023	Additions	and Credits	Balance June 30, 2024		
2023-2024	\$ 6,881,432	\$ 6,740,606	\$ 140,826			
2022-2023	126,618	-	38,484	88,134		
2021-2022	48,043		8,725	39,318		
2020-2021	35,463	-	5,279	30,184		
2019-2020	26,349	-	2,594	23,755		
2018-2019	20,254	-	3,110	17,144		
2017-2018	10,960	-	1,185	9,775		
2016-2017	11,627	-	803	10,824		
2015-2016	9,304	-	381	8,923		
2014-2015	8,027	-	167	7,860		
2013-2014	10,738	-	10,738	-		
	\$ 307,383	\$ 6,881,432	\$ 6,812,072	376,743		

Less: Allowance for uncollectible accounts (General Fund)

51,643

Ad valorem taxes receivable - net

\$ 325,100

Reconciliation with revenues:

Ad valorem taxes - General Fund 6,794.460

Reconciling items:

Tax cost and interest (37,623)

Amounts written off for tax year 2013-2014

per statute of limitations 10,738

Refunds and other adjustments - net

44,497

Subtotal

17,612

Total collections and credits

\$ 6,812,072

**City of Graham, North Carolina
Analysis of Current Tax Levy
City-Wide Levy**

For The Fiscal Year Ended June 30, 2024

Statement 17

	City-Wide				Total Levy
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
				Registered Motor Vehicles	
Original levy:					
Property taxed at current year's rate	\$ 2,422,528,493	\$ 0.29	\$ 7,025,332	\$ 6,385,571	639,762
Penalties	-		-	-	-
Total	<u>2,422,528,493</u>		<u>7,025,332</u>	<u>6,385,571</u>	<u>639,762</u>
Discoveries	17,932,254		52,004	52,004	-
			<u>7,077,337</u>	<u>6,437,575</u>	<u>639,762</u>
Abatements	<u>(67,553,596)</u>		<u>(195,905)</u>	<u>(195,905)</u>	<u>-</u>
Total property valuation	<u>\$ 2,372,907,151</u>				
Net levy			6,881,432	6,241,670	639,762
Uncollected taxes at June 30, 2024			<u>(140,826)</u>	<u>(127,496)</u>	<u>(13,330)</u>
Current year's taxes collected			<u>\$ 6,740,606</u>	<u>\$ 6,114,174</u>	<u>\$ 626,432</u>
Current levy collection percentage			<u>97.95%</u>	<u>97.96%</u>	<u>97.92%</u>
<u>Secondary Market Disclosures:</u>					
Assessed Valuation:			Total		
Assessment Ratio ¹			100%		
Real Property	\$ 1,977,727,693	\$ 1,977,727,693	\$ -		
Personal Property	362,600,594	141,993,096	220,607,498		
Public Service Companies ²	<u>32,578,864</u>	<u>32,578,864</u>	-		
Total Assessed Valuation	2,372,907,151	2,152,299,653	220,607,498		
Tax Rate per \$100	<u>0.290</u>	<u>0.290</u>	<u>0.290</u>		
Levy (includes discoveries, releases and abatements)	<u>\$ 6,881,432</u>	<u>\$ 6,241,670</u>	<u>\$ 639,762</u>		

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.

City of Graham, North Carolina
Ten Largest Taxpayers
For The Fiscal Year Ended June 30, 2024

Statement 18

Taxpayer	Type of Business	Percentage of Total Assessed Valuation	
LIDL US Operations LLC	Manufacturing	\$ 80,134,299	3.38%
SDG, Graham I LLC	Rental	50,675,764	2.14%
Southwood, Waterside LLC	Rental	44,345,352	1.87%
Elevate Haw River, LLC	Rental	43,844,892	1.85%
Triangle, Watercourse LLC	Rental	37,187,465	1.57%
Scott, Mayo Holdings, LLC	Warehouse	30,648,939	1.29%
Duke Energy	Utilities	19,235,451	0.81%
Pines Apartments of Graham LLC	Rental	17,326,690	0.73%
Peak of Graham, LLC	Healthcare	15,717,978	0.66%
Indulor America LP	Manufacturing	<u>15,387,912</u>	0.65%
		<u><u>\$ 354,504,742</u></u>	<u><u>14.94%</u></u>



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STOUT STUART McGOWEN & KING LLP

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

To The Honorable Mayor and
Members of the City Council
City of Graham
Graham, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the 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 business-type activities, each major fund and the aggregate remaining fund information of the City of Graham, North Carolina, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprises the City of Graham's basic financial statements and have issued our report thereon dated June 9, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Graham's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Graham's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Graham'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Graham'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*.

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.

STOUT STUART McGOWEN & KINGS, LLP

Burlington, North Carolina

June 9, 2025



**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**

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of Graham, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Graham, 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 City of Graham's major federal programs for the year ended June 30, 2024. The City of Graham'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 City of Graham 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, 2024.

Basis for Opinion on Each Major Federal Program

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

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

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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 City of Graham federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Graham'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 City of Graham'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 City of Graham'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 City of Graham'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 City of Graham'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 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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance. 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.

STOUT STUART MC GOWEN & KINGS LLP

Burlington, North Carolina

June 9, 2025



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STOUT STUART McGOWEN & KING LLP

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

Independent Auditor's Report

To The Honorable Mayor and
Members of the City Council
City of Graham
Graham, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited City of Graham, 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 the City of Graham's major state programs for the year ended June 30, 2024. The City of Graham's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Graham 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, 2024.

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

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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 City of Graham State programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Graham'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 City of Graham'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 City of Graham'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 City of Graham'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 City of Graham'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 material weaknesses or 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.

STOUT STUART MC GOWEN & KINGS LLP

Burlington, North Carolina
June 9, 2025

CITY OF GRAHAM, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2024

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant Deficiency(s) identified that are not considered to be material weaknesses Yes X 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) identified that are not considered to be material weaknesses Yes X None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

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

Identification of major federal programs:

Federal Assistance Listing No. Names of Federal Program or Cluster

66.458	Clean Water State Revolving Fund
21.027	Coronavirus State and Local Fiscal Recovery Fund

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

Auditee qualified as low-risk auditee? Yes X No

CITY OF GRAHAM, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2024

Section I. Summary of Auditor's Results

State Awards

Internal control over major State programs:

Material weakness(es) identified? _____ Yes No

Significant Deficiency(s) identified that are not
considered to be material weaknesses _____ Yes None Reported

Type of auditor's report issued on compliance for
major State programs: _____ Unmodified

Any audit findings disclosed that are required to be
reported in accordance with State Single Audit
Implementation Act _____ Yes No

Identification of major State program:

State Program Name

Powell Bill

Section II. Financial Statement Findings

None reported.

Section III. Federal Award Findings and Questioned Costs

None reported.

Section IV. State Award Findings and Questioned Costs

None reported.

CITY OF GRAHAM, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2024

None

City of Graham, North Carolina
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2024

Schedule 19

<u>Grantor/Program Title</u>	Federal Assistance Listing Number	State/ Pass-through Grantor's Number	Federal (Direct and Pass-through) Expenditures
Federal Grants:			
U.S. Department of Treasury			
Passed -through the Office of State Budget and Management	21.027		\$ 4,986,341 \$ -
Coronavirus State and Local Fiscal Recovery Fund			
U.S. Environmental Protection Agency			
Passed through N.C. Department of Environmental Quality			
Clean Water State Revolving Fund (CWSRF) Cluster:			
Capitalization Grant for Clean Water State Revolving Funds	66.458	CS370563-04	40,476,597
ARPA Asset Inventory & Assessment Grant (AIA)		Unknown	61,844
State Grants:			
N.C. Department of Transportation			
Powell Bill	N/A	32570	- 551,519
N.C. Department of Education			
Passed through Alamance-Burlington School System			
School Resource Officer	N/A	Unknown	- 375,000
Total Assistance - State Programs			- 926,519
Total assistance			<u><u>\$ 45,524,782</u></u> <u><u>\$ 926,519</u></u>

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 the City of Graham under the programs of the federal government and the State of North Carolina for the year ended June 30, 2024. 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 the City of Graham, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Graham.

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.

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