

**Clay County, North Carolina**  
**Financial Statements**  
**June 30, 2023**

Turner & Company CPAs P.A.

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

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**June 30, 2023**

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## **Introductory Information**

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**Clay County, North Carolina**  
**List of Principal Officials as of November 30, 2023**  
*(the Date of the Auditors' Report)*

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**BOARD OF COUNTY COMMISSIONERS**

Dr. Robert Peck - Chairman  
Randy Nichols - Vice Chairman  
Clay Logan - Commissioner  
Douglas Scott Penland - Commissioner  
Dwight Penland - Commissioner

**COUNTY OFFICIALS**

Debbie Mauney - County Manager / Health & Human Services Director  
Betty Patton - Finance Director  
Betty Bradley - Clerk to the Board  
Angela Shook - Register of Deeds  
Rehnaye Talley - Tax Collector  
Bonnie Lyvers - County Assessor  
Mark Buchanan - Sheriff  
Todd Goins - Director of Social Services  
Rebecca Hall - Director of Elections

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## **Financial Section**

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# Turner & Company CPAs P.A.

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

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## Independent Auditors' Report

To the Board of Commissioners  
Clay County, North Carolina

### Report on the Financial Statements

#### **Opinions**

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

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

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Clay County ABC Board were not audited in accordance with *Government Auditing Standards*.

#### **Change in Accounting Principle**

As discussed in Note VIII to the financial statements, the County adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

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

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

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 10, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of the Net Pension Liability (Asset) and County Contributions, pages 58 through 59, the Register of Deeds' Supplemental Pension Fund Schedules of the County's Proportionate Share of the Net Pension Liability (Asset) and County Contributions on pages 60 and 61, the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll pages 62 and 63, and the Other Postemployment Benefits Schedule of Changes in the Total OPEB Liability and Related Ratios, on page 64, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary and Other Information***

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

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2023, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



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

November 30, 2023

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## **Management's Discussion and Analysis**

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**Clay County, North Carolina**  
**Management's Discussion and Analysis**  
**June 30, 2023**

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

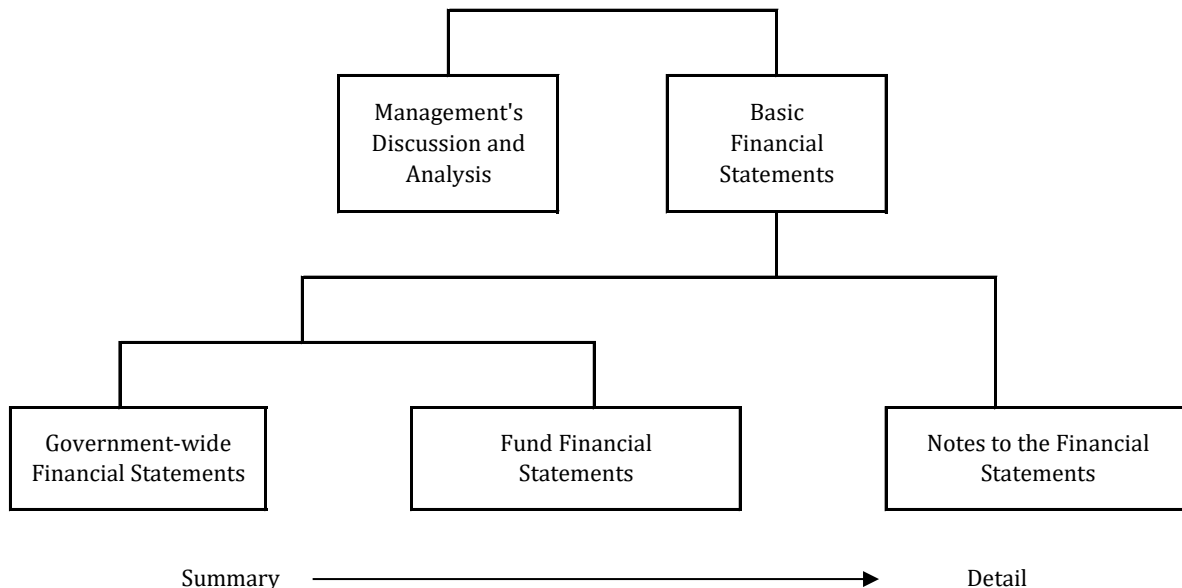
**Financial Highlights**

- The assets and deferred outflows of resources of Clay County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$28,454,926 (net position).
- The County's total net position increased by \$3,877,130 based on an increase in the governmental activities net position of \$4,147,994 and a decrease in the business type activities net position of \$270,864.
- As of the close of the current fiscal year, Clay County's governmental funds reported combined ending fund balances of \$12,277,355, after a net increase in fund balance of \$2,343,010. Approximately 21.25 percent of this total amount, or \$2,609,537, is restricted or nonspendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$9,873,861, or 41.43 percent of total general fund expenditures for the fiscal year.
- The implementation of GASB 96 resulted in an initial increase in IT subscription liabilities of \$122,929. The amount of debt outstanding was subsequently reduced by the planned debt service principal payments of \$1,106,443. This resulted in a net decrease of the County's outstanding debt of \$983,514 (12.49%) during the current fiscal year.

**Overview of the Financial Statements**

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

Required Components of Annual Financial Report  
 Figure 1



## Basic Financial Statements

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

The next statements (Exhibits 3 through 11) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements of Clay County: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

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

Following the notes is the required supplemental information. This section contains information about the County's pension plan and other post employment benefits.

## Government-wide Financial Statements

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

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are for services the County charges customers to provide. This includes the water and sewer services offered by Clay County. The final category is the component unit. Although legally separate from the County, the ABC Board is important to the County because the County exercises control over the Board by appointing its members and because the ABC Board is required to distribute its profits to the County.

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

## Fund Financial Statements

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

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

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

**Proprietary Funds** – Clay County has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Clay County uses enterprise funds to account for its water and sewer activity. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

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

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

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Clay County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information immediately follows the notes to the financial statements.

### Government-Wide Financial Analysis

Clay County, North Carolina's Net Position  
Figure 2

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 17,595,586	\$ 15,120,181	\$ 607,008	\$ 599,140	\$ 18,202,594	\$ 15,719,321
Capital assets	24,524,285	22,943,088	3,504,688	3,848,043	28,028,973	26,791,131
Total assets	42,119,871	38,063,269	4,111,696	4,447,183	46,231,567	42,510,452
Total deferred outflows of resources	4,890,956	3,034,247	146,490	90,227	5,037,446	3,124,474
Long-term liabilities outstanding	14,174,422	10,665,793	846,475	818,764	15,020,897	11,484,557
Other liabilities	6,075,122	5,917,953	256,548	231,946	6,331,670	6,149,899
Total liabilities	20,249,544	16,583,746	1,103,023	1,050,710	21,352,567	17,634,456
Total deferred inflows of resources	1,422,926	3,323,407	38,594	99,267	1,461,520	3,422,674
Net position:						
Net investment in capital assets	20,817,688	18,582,472	2,816,484	3,057,277	23,634,172	21,639,749
Restricted	2,574,319	2,450,172	-	-	2,574,319	2,450,172
Unrestricted	1,946,350	157,719	300,085	330,156	2,246,435	487,875
Total net position	\$ 25,338,357	\$ 21,190,363	\$ 3,116,569	\$ 3,387,433	\$ 28,454,926	\$ 24,577,796

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of Clay County exceeded liabilities by \$28,454,926 as of June 30, 2023. The County's net position increased by \$3,877,130 for the fiscal year ended June 30, 2023. One of the largest portions \$23,634,172 reflects the County's net investment in capital assets (e.g. land, buildings, machinery, and equipment). Clay County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Clay County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Clay County's net position \$2,574,319 represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted balance of net position is \$2,246,435.

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

- Continued diligence in the collection of property taxes by maintaining a high collection percentage of 98.90% (ad valorem), while maintaining the property tax rate.
- The County has maintained stricter policies on spending and implemented cost saving measures.

## Clay County, North Carolina's Changes in Net Position

Figure 3

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 3,594,899	\$ 3,083,907	\$ 749,689	\$ 725,936	\$ 4,344,588	\$ 3,809,843
Operating grants and contributions	5,933,983	5,156,300	106,544	143,414	6,040,527	5,299,714
Capital grants and contributions	2,629,963	902,235	-	-	2,629,963	902,235
General revenues:						
Property taxes	9,874,624	9,729,560	-	-	9,874,624	9,729,560
Other taxes	4,918,367	4,603,820	-	-	4,918,367	4,603,820
Grants and contributions not restricted to specific programs	865,961	748,876	-	-	865,961	748,876
Interest earned on investments	464,973	17,605	721	240	465,694	17,845
Miscellaneous, unrestricted	197,433	564,138	-	-	197,433	564,138
Total revenues	28,480,203	24,806,441	856,954	869,590	29,337,157	25,676,031
Expenses:						
General government	4,689,157	4,099,785	-	-	4,689,157	4,099,785
Public safety	7,626,089	7,046,385	-	-	7,626,089	7,046,385
Transportation	811,289	758,371	-	-	811,289	758,371
Economic and physical development	826,099	799,135	-	-	826,099	799,135
Human services	6,334,687	5,639,984	-	-	6,334,687	5,639,984
Cultural and recreation	943,134	761,381	-	-	943,134	761,381
Education	2,870,248	2,482,083	-	-	2,870,248	2,482,083
Interest on long-term debt	231,506	224,301	-	-	231,506	224,301
Water and sewer	-	-	1,127,818	1,195,887	1,127,818	1,195,887
Total expenses	24,332,209	21,811,425	1,127,818	1,195,887	25,460,027	23,007,312
Change in net position before transfers	4,147,994	2,995,016	(270,864)	(326,297)	3,877,130	2,668,719
Net position, beginning	21,190,363	18,195,347	3,387,433	3,713,730	24,577,796	21,909,077
Net position, ending	\$ 25,338,357	\$ 21,190,363	\$ 3,116,569	\$ 3,387,433	\$ 28,454,926	\$ 24,577,796

**Governmental activities.** Governmental activities increased the County's net position by \$4,147,994. Key elements of this increase are as follows:

- Maintenance of the County's high tax collection rate of 98.81% (excluding motor vehicles).
- General revenues increased mainly due to continued increases in ad valorem tax collections and local option sales taxes.
- Operating grants provided \$5,933,983 in funding for the County's governmental activities. This was an increase from the prior year of \$777,683.
- Capital grants and contributions increased due the grant funding from the NC Department of Commerce in the amount of \$850,000 for the "Stabilization to Transformation: Enhancing Clay County through Property Acquisition and Public Health Facilities Expansion" project. Also, the County was awarded multiple grants from the State Capital Infrastructure Fund (SCIF) passed through the Southwestern Commission for various capital improvements.
- Governmental expenses increased in all areas primarily because of increased expenses for public safety, general government, and human services.

**Business-type Activities.** Business-type activities decreased the County's net position by \$270,864. Revenues of the County's business-type activities totaled \$856,954 with expenses totaling \$1,127,818. This produced a deficit before transfers of \$270,864. The deficit was in part due to the County not funding depreciation.

### Financial Analysis of the County's Funds

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

**Governmental Funds.** The focus of Clay County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Clay County's financing requirements. Specifically, fund balance available for appropriation can be a useful measure of a government's net resources available for spending at the end of the fiscal year. Fund balance available may be comprised of amounts shown as restricted, committed, assigned or unassigned.

The General Fund is the chief operating fund of Clay County. At the end of the current fiscal year, Clay County's fund balance available in the General Fund was \$10,064,670 while total fund balance reached \$11,741,486. The Governing Body of Clay County has determined that the County should maintain an available fund balance of 8% of General Fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 41.98% of General Fund expenditures, while total fund balance represents 48.97% of the same amount.

At June 30, 2023, the governmental funds of Clay County reported a combined fund balance of \$12,277,355 an increase of 23.58% from last year.

**General Fund Budgetary Highlights.** During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased all revenues by \$4,608,736. Budget amendments were made concurrently as facts and circumstances became known with revenue and expenditure streams.

**Proprietary Funds.** Clay County'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 District at the end of the fiscal year amounted to \$300,085. The total decrease in net position for the Water and Sewer District was \$270,864. Other factors concerning the finances of these funds have already been addressed in the discussion of Clay County's business-type activities.

### Capital Asset and Debt Administration

**Capital Assets.** Clay County's capital assets for its governmental and business-type activities as of June 30, 2023, totals \$28,028,973 (net of accumulated depreciation). These assets include buildings, water and sewer lines, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following:

#### Governmental Activities.

- Addition of construction in progress for a 911 building in the amount of \$560,080.
- Addition of construction in progress for the Moss Memorial Library Remodel in the amount of \$42,660.
- Purchased a stretcher for Emergency Management for \$17,500.
- Purchased a tandem axle trailer for Emergency Management for \$15,900.
- Purchased computers/servers for the Department of Social Services for \$120,118.
- Purchased a carrier rooftop unit for \$20,272.
- Purchased a Mobile Clinic for \$77,092.
- Purchased computers for the Sheriff's Office for \$39,424.
- Purchased computers for Public Health for \$26,115.
- Completed and capitalized construction of the multi-purpose building project for a total cost of \$1,224,778.
- Purchased property for multi-purpose use using grant funds for \$850,000 with county supplement of \$101,779.
- Constructed ballfield parking lot for \$167,548.
- Purchased a 2023 Ford Edge for the Health Department for \$41,246.
- Purchased a 2023 Jeep Cherokee for the Department of Social Services for \$41,455.
- Purchased a 2023 Chrysler Pacifica for the Department of Social Services for \$43,335.
- Purchased three 2022 Dodge Durangos for the Sheriff's Office for \$132,949.
- Purchased a 2022 Dodge Ram for the Sheriff's Office for \$45,291.
- Purchased a 2022 Dodge Ram for Animal Control for \$45,792.
- Purchased three 2022 Ford Transit Vans for the Transportation Department for \$225,339.

#### Business-Type Activities.

- Purchased a pipe shed and a dumpster shed for \$13,806.
- Purchased a new gravity sewer tap trench box for \$7,000.

**Construction commitments**

The government has two active construction projects as of June 30, 2023. At year end, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
911 facility building	\$ 763,457	\$ 3,736,543
Intermediate school	507,972	39,492,028
Total	<u>\$ 1,271,429</u>	<u>\$ 43,228,571</u>

**Clay County, North Carolina's Capital Assets  
(Net of depreciation/amortization)**

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Capital Assets:						
Land and construction in progress	\$ 2,597,716	\$ 1,885,023	\$ 120,280	\$ -	\$ 2,717,996	\$ 1,885,023
Plant & distribution systems	-	-	3,293,998	3,636,413	3,293,998	3,636,413
Buildings	14,727,210	14,185,057	35,544	24,294	14,762,754	14,209,351
Other improvements	5,144,063	5,248,805	-	-	5,144,063	5,248,805
Equipment, furniture and fixtures	1,013,212	1,051,831	34,577	40,970	1,047,789	1,092,801
Vehicles and motorized equipment	948,418	572,372	20,289	26,086	968,707	598,458
Right-to-use assets:						
IT subscriptions	93,666	-	-	-	93,666	-
Total capital assets	<u>\$ 24,524,285</u>	<u>\$ 22,943,088</u>	<u>\$ 3,504,688</u>	<u>\$ 3,727,763</u>	<u>\$ 28,028,973</u>	<u>\$ 26,670,851</u>

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

**Long-term Obligations.** Debt totals include direct placement installment purchases and IT subscription liabilities. As of June 30, 2023, Clay County had total debt outstanding of \$6,891,068. The entire debt is backed by the full faith and credit of the County. Compensated absences and unpaid pension related debt are included in the total long-term obligations.

**Clay County, North Carolina's Long-term Obligations**

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Direct placement installment purchases	\$ 6,111,221	\$ 7,083,816	\$ 688,204	\$ 790,766	\$ 6,799,425	\$ 7,874,582
IT subscription liabilities	91,643	-	-	-	91,643	-
Total debt outstanding	<u>6,202,864</u>	<u>7,083,816</u>	<u>688,204</u>	<u>790,766</u>	<u>6,891,068</u>	<u>7,874,582</u>
Compensated absences	501,657	453,203	11,515	5,985	513,172	459,188
Net pension liability (LGERS)	6,010,100	1,421,539	185,880	43,965	6,195,980	1,465,504
Total pension liability (LEOSSA)	316,328	298,341	-	-	316,328	298,341
Total OPEB liability	<u>2,478,208</u>	<u>2,749,488</u>	<u>76,646</u>	<u>85,036</u>	<u>2,554,854</u>	<u>2,834,524</u>
Total long-term obligations	<u>\$ 15,509,157</u>	<u>\$ 12,006,387</u>	<u>\$ 962,245</u>	<u>\$ 925,752</u>	<u>\$ 16,471,402</u>	<u>\$ 12,932,139</u>

The implementation of GASB 96 resulted in an initial increase in IT subscription liabilities of \$122,929. The amount of debt outstanding was subsequently reduced by the planned debt service principal payments of \$1,106,443. This resulted in a net decrease of the County's outstanding debt of \$983,514 (12.49%) during the current fiscal year.

Under State law counties are fiscally responsible for providing and maintaining school buildings for the public school system and the community college. At June 30, 2023 the County had debt outstanding of \$2,496,267 for these activities.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Clay County is about \$163,861,992.

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



**Economic Factors and Next Year's Budgets and Rates**

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

- At June 30, 2023, the County had an unemployment rate of 3.7%, slightly higher than the statewide rate (not seasonally adjusted) of 3.6%.
- The County has maintained stricter policies on spending and implemented cost savings measures.

**Budget Highlights for the Fiscal Year Ending June 30, 2024**

**Governmental Activities:** The property tax rate was maintained at \$.43 per \$100 valuation to maintain current tax revenue streams.

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

**Business-Type Activities:** The County budgeted \$835,357 for the operation of the water and sewer program which represents a minimal increase compared to the prior year.

**Requests for Information**

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

Debbie Mauney, County Manager/Health & Human Services Director

345 Courthouse Drive Hayesville, NC 28904

[dmauney@claync.us](mailto:dmauney@claync.us)

(828) 389-0089

[www.clayconc.com](http://www.clayconc.com)

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## **Basic Financial Statements**

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**Clay County, North Carolina**  
**Statement of Net Position**  
**June 30, 2023**

	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Clay County ABC Board</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,752,968	\$ 385,218	\$ 2,138,186	\$ 353,869
Investments	10,680,686	-	10,680,686	-
Receivables (net)	1,742,438	93,106	1,835,544	-
Due from other governments	777,605	-	777,605	-
Inventories	-	-	-	386,767
Prepaid items	56,115	-	56,115	7,747
Restricted cash and cash equivalents	484,980	128,684	613,664	100,000
Restricted investments	2,079,897	-	2,079,897	-
Net pension asset	20,897	-	20,897	-
Capital assets:				
Land and construction in progress	2,597,716	120,280	2,717,996	-
Other capital assets, net of depreciation	21,832,903	3,384,408	25,217,311	215,680
Right-to-use assets, net of amortization	93,666	-	93,666	-
Total capital assets	<u>24,524,285</u>	<u>3,504,688</u>	<u>28,028,973</u>	<u>215,680</u>
Total assets	<u>42,119,871</u>	<u>4,111,696</u>	<u>46,231,567</u>	<u>1,064,063</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	4,890,956	146,490	5,037,446	122,717
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	1,211,842	11,353	1,223,195	222,781
Accrued interest payable	37,388	541	37,929	-
Unearned revenue	3,491,157	-	3,491,157	-
Current portion of long-term liabilities	1,334,735	115,770	1,450,505	-
Liabilities to be paid from restricted assets	-	128,884	128,884	-
Long-term liabilities:				
Due in more than one year	14,174,422	846,475	15,020,897	163,720
Total liabilities	<u>20,249,544</u>	<u>1,103,023</u>	<u>21,352,567</u>	<u>386,501</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	1,422,926	38,594	1,461,520	1,170
<b>NET POSITION</b>				
Net investment in capital assets	20,817,688	2,816,484	23,634,172	315,680
Restricted for:				
Public safety	298,246	-	298,246	-
Economic development	88,078	-	88,078	-
Cultural and recreation	65,801	-	65,801	-
Register of Deeds' pension plan	20,897	-	20,897	-
Stabilization by State statute	1,990,536	-	1,990,536	-
Human services	66,395	-	66,395	-
Register of deeds	44,366	-	44,366	-
Working capital	-	-	-	81,416
Unrestricted (deficit)	1,946,350	300,085	2,246,435	402,013
Total net position	<u>\$ 25,338,357</u>	<u>\$ 3,116,569</u>	<u>\$ 28,454,926</u>	<u>\$ 799,109</u>

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

**Clay County, North Carolina  
Statement of Activities  
For the Year Ended June 30, 2023**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Total	Clay County ABC Board
<b>Primary government:</b>								
Governmental Activities:								
General government	\$ 4,689,157	\$ 273,244	\$ 488,891	\$ 120,000	\$ (3,807,022)	\$ -	\$ (3,807,022)	
Public safety	7,626,089	1,083,132	1,399,798	658,746	(4,484,413)	-	(4,484,413)	
Transportation	811,289	117,169	668,483	210,724	185,087	-	185,087	
Economic and physical development	826,099	527,305	-	850,000	551,206	-	551,206	
Human services	6,334,687	1,174,431	3,288,560	-	(1,871,696)	-	(1,871,696)	
Cultural and recreation	943,134	419,618	-	97,162	(426,354)	-	(426,354)	
Education	2,870,248	-	88,251	693,331	(2,088,666)	-	(2,088,666)	
Interest on long-term debt	231,506	-	-	-	(231,506)	-	(231,506)	
Total governmental activities	24,332,209	3,594,899	5,933,983	2,629,963	(12,173,364)	-	(12,173,364)	
<b>Business-type activities:</b>								
Water and Sewer District	1,127,818	749,689	106,544	-	-	(271,585)	(271,585)	
Total primary government	\$ 25,460,027	\$ 4,344,588	\$ 6,040,527	\$ 2,629,963	(12,173,364)	(271,585)	(12,444,949)	
<b>Component unit:</b>								
ABC Board	\$ 2,910,994	\$ 2,752,117	\$ -	\$ -			\$ (158,877)	
General revenues:								
Taxes:								
Property taxes, levied for general purpose					9,874,624	-	9,874,624	-
Local option sales tax					4,773,932	-	4,773,932	-
Other taxes and licenses					144,435	-	144,435	-
Grants and contributions not restricted to specific programs					865,961	-	865,961	-
Investment earnings, unrestricted					464,973	721	465,694	163
Miscellaneous, unrestricted					197,433	-	197,433	-
Total general revenues excluding transfers					16,321,358	721	16,322,079	163
Transfers					-	-	-	-
Total general revenues and transfers					16,321,358	721	16,322,079	163
Change in net position					4,147,994	(270,864)	3,877,130	(158,714)
Net position, beginning					21,190,363	3,387,433	24,577,796	957,823
Net position, ending	\$ 25,338,357	\$ 3,116,569	\$ 28,454,926	\$ 799,109				

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

**Clay County, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2023**

	Major			Nonmajor		Total
	General Fund	American Rescue Plan Act Grant Project Fund	Public Schools Capital Project Fund	911 Facility Capital Project Fund	Other Governmental Funds	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,245,999	\$ -	\$ -	\$ -	\$ 506,969	\$ 1,752,968
Investments	10,680,686	-	-	-	-	10,680,686
Restricted cash and cash equivalents	236,443	-	180,416	-	68,121	484,980
Restricted investments	-	-	-	1,902,000	177,897	2,079,897
Receivables, net						
Taxes	435,228	-	-	-	39,930	475,158
Accounts	840,730	-	110,610	241,876	17,349	1,210,565
Due from other governments	777,605	-	-	-	-	777,605
Due from other funds	2,366	-	-	-	-	2,366
Prepaid items	56,115	-	-	-	-	56,115
Total assets	<u>\$ 14,275,172</u>	<u>\$ -</u>	<u>\$ 291,026</u>	<u>\$ 2,143,876</u>	<u>\$ 810,266</u>	<u>\$ 17,520,340</u>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 691,122	\$ -	\$ 224,640	\$ 241,876	\$ 54,204	\$ 1,211,842
Due to other funds	-	-	-	-	2,366	2,366
Unearned revenue	1,344,874	-	66,386	1,902,000	177,897	3,491,157
Total liabilities	<u>2,035,996</u>	<u>-</u>	<u>291,026</u>	<u>2,143,876</u>	<u>234,467</u>	<u>4,705,365</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	435,228	-	-	-	39,930	475,158
Prepaid taxes	62,462	-	-	-	-	62,462
Total deferred inflows of resources	<u>497,690</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,930</u>	<u>537,620</u>
<b>FUND BALANCES</b>						
Nonspendable:						
Prepaid items	56,115	-	-	-	-	56,115
Restricted:						
Stabilization by State statute	1,620,701	-	110,610	241,876	17,349	1,990,536
Public safety	-	-	-	-	286,272	286,272
Economic development	-	-	-	-	88,078	88,078
Cultural and recreation	-	-	-	-	65,801	65,801
Fire Protection	-	-	-	-	11,974	11,974
Register of deeds	44,366	-	-	-	-	44,366
Health services	-	-	-	-	66,395	66,395
Committed:						
Tax revaluation	236,443	-	-	-	-	236,443
Unassigned:	9,783,861	-	(110,610)	(241,876)	-	9,431,375
Total fund balances	<u>11,741,486</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>535,869</u>	<u>12,277,355</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,275,172</u>	<u>\$ -</u>	<u>\$ 291,026</u>	<u>\$ 2,143,876</u>	<u>\$ 810,266</u>	<u>\$ 17,520,340</u>

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

**Clay County, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2023**

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

Total Fund Balances for Governmental Funds	\$ 12,277,355
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	24,430,619
Right-to-use assets used in governmental activities are not financial resources and therefore are not reported in the funds.	93,666
Net pension asset	20,897
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	1,117,513
Contributions and pension administration costs for OPEB are deferred outflows of resources on the Statement of Net Position	118,701
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.	56,715
Net pension liability	(6,010,100)
Total OPEB liability	(2,478,208)
Total pension liability	(316,328)
Deferred inflows of resources for taxes and special assessments receivable	475,158
Pension related deferrals	3,163,714
OPEB related deferrals	(869,436)
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(6,741,909)</u>
Net position of governmental activities	<u><u>\$ 25,338,357</u></u>

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

**Clay County, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2023**

	Major				Nonmajor		Total
	General Fund	American Rescue Plan Act Grant Project Fund	Public Schools Capital Project Fund	911 Facility Capital Project Fund	Other Governmental Funds		
<b>REVENUES</b>							
Ad valorem taxes	\$ 9,170,467	\$ -	\$ -	\$ -	\$ 678,225	\$ 9,848,692	
Local option sales tax	4,773,932	-	-	-	-	4,773,932	
Other taxes and licenses	144,435	-	-	-	-	144,435	
Unrestricted intergovernmental	865,961	-	-	-	-	865,961	
Restricted intergovernmental	5,794,476	1,090,745	693,331	560,080	440,890	8,579,522	
Permits and fees	1,027,072	-	-	-	-	1,027,072	
Sales and services	2,552,251	-	-	-	-	2,552,251	
Investment earnings	464,235	-	-	-	738	464,973	
Miscellaneous	126,057	-	-	-	71,376	197,433	
Total revenues	24,918,886	1,090,745	693,331	560,080	1,191,229	28,454,271	
<b>EXPENDITURES</b>							
Current:							
General government	5,216,959	-	-	-	-	5,216,959	
Public safety	6,377,010	-	-	560,080	840,354	7,777,444	
Transportation	993,557	-	-	-	-	993,557	
Economic and physical development	797,907	-	-	-	-	797,907	
Human services	6,044,006	-	-	-	137,154	6,181,160	
Cultural and recreation	810,315	-	-	-	388,601	1,198,916	
Education	2,176,917	-	693,331	-	-	2,870,248	
Debt service:							
Principal	1,003,881	-	-	-	-	1,003,881	
Interest	194,118	-	-	-	-	194,118	
Total expenditures	23,614,670	-	693,331	560,080	1,366,109	26,234,190	
Excess (deficiency) of revenues over expenditures	1,304,216	1,090,745	-	-	(174,880)	2,220,081	
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers from other funds	1,165,745	-	-	-	285,790	1,451,535	
Transfers to other funds	(360,790)	(1,090,745)	-	-	-	(1,451,535)	
IT subscription agreements	122,929	-	-	-	-	122,929	
Total other financing sources (uses)	927,884	(1,090,745)	-	-	285,790	122,929	
Net change in fund balances	2,232,100	-	-	-	110,910	2,343,010	
Fund balances, beginning	9,509,386	-	-	-	424,959	9,934,345	
Fund balances, ending	\$ 11,741,486	\$ -	\$ -	\$ -	\$ 535,869	\$ 12,277,355	

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

**Clay County, North Carolina**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund**  
**Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2023**

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

Net changes in fund balances - total governmental funds	\$ 2,343,010
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization in the</p>	
Capital outlay expenditures which were capitalized	3,270,424
Depreciation expense for governmental assets	(1,782,893)
	1,487,531
Right-to-use assets capital outlay expenditures which were capitalized	122,929
Amortization expense for intangible assets	(29,263)
	93,666
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	1,117,513
OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities	118,701
Benefit payments and pension administration costs for LEOSSA are not included on the Statement of Activities	625
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	
Change in unavailable revenue - property taxes	25,932
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>	
New long-term debt issued	(122,929)
Principal payments on long-term debt	1,003,881
Change in accrued interest payable	(37,388)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in</p>	
Compensated absences	(48,454)
Pension expense	(1,896,083)
Other postemployment benefits	61,989
Total changes in net position of governmental activities	\$ 4,147,994

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



**Clay County, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - General Fund**  
**For the Fiscal Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Positive (Negative)</u>
<b>REVENUES</b>				
Ad valorem taxes	\$ 9,130,702	\$ 9,130,702	\$ 9,170,467	\$ 39,765
Local option sales tax	4,085,000	4,574,325	4,773,932	199,607
Other taxes and licenses	177,000	177,000	144,435	(32,565)
Unrestricted intergovernmental	675,000	675,000	865,961	190,961
Restricted intergovernmental	4,315,512	7,281,389	5,794,476	(1,486,913)
Permits and fees	1,030,800	1,071,626	1,027,072	(44,554)
Sales and services	2,526,855	3,128,251	2,552,251	(576,000)
Investment earnings	3,000	453,000	464,235	11,235
Miscellaneous	45,350	106,662	126,057	19,395
Total revenues	<u>21,989,219</u>	<u>26,597,955</u>	<u>24,918,886</u>	<u>(1,679,069)</u>
<b>EXPENDITURES</b>				
Current:				
General government	4,100,897	6,279,132	5,216,959	1,062,173
Public safety	6,006,044	6,712,979	6,377,010	335,969
Transportation	1,423,824	1,673,707	993,557	680,150
Economic and physical development	806,324	873,819	797,907	75,912
Human services	5,552,926	7,608,965	6,044,006	1,564,959
Cultural and recreation	652,653	854,653	810,315	44,338
Education	2,088,666	2,176,917	2,176,917	-
Debt service:				
Principal retirement	1,060,785	1,060,785	1,003,881	56,904
Interest and fees	223,100	223,100	194,118	28,982
Total expenditures	<u>21,915,219</u>	<u>27,464,057</u>	<u>23,614,670</u>	<u>3,849,387</u>
Revenues over (under) expenditures	<u>74,000</u>	<u>(866,102)</u>	<u>1,304,216</u>	<u>2,170,318</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	-	1,090,745	1,090,745	-
Transfers to other funds	(75,000)	(362,838)	(360,790)	2,048
IT subscription agreements	-	124,945	122,929	(2,016)
Sale of capital assets	1,000	13,250	-	(13,250)
Total other financing sources (uses)	<u>(74,000)</u>	<u>866,102</u>	<u>852,884</u>	<u>(13,218)</u>
Fund balance appropriated	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,157,100</u>	<u>\$ 2,157,100</u>
Fund balance, beginning			<u>9,347,943</u>	
Fund balance, ending			<u>\$11,505,043</u>	

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

**Clay County, North Carolina**  
**Statement of Net Position - Proprietary Fund**  
**Water and Sewer District**  
**June 30, 2023**

**ASSETS**

## Current assets:

Cash and cash equivalents	\$ 385,218
Restricted cash and cash equivalents	128,684
Receivables, net	93,106
Total current assets	<u>607,008</u>

## Noncurrent assets:

## Capital assets:

Land	120,280
Other capital assets, net of depreciation	3,384,408
Total capital assets	<u>3,504,688</u>
Total noncurrent assets	<u>3,504,688</u>
Total assets	<u>4,111,696</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Total deferred outflows of resources	<u>146,490</u>
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**LIABILITIES**

## Current liabilities:

Accounts payable	11,353
Accrued interest payable	541
Compensated absences payable - current	11,000
Current portion of long term debt	104,770
Liabilities to be paid from restricted assets	128,884
Total current liabilities	<u>256,548</u>

## Noncurrent liabilities:

Long term debt (less current portion)	583,434
Compensated absences	515
Net pension liability	185,880
Total OPEB liability	76,646
Total noncurrent liabilities	<u>846,475</u>

Total liabilities	<u>1,103,023</u>
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**DEFERRED INFLOWS OF RESOURCES**

Total deferred inflows of resources	<u>38,594</u>
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**NET POSITION**

Net investment in capital assets	2,816,484
Unrestricted	300,085
Total net position	<u>\$ 3,116,569</u>

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

**Clay County, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Net Position - Proprietary Fund**  
**Water and Sewer District**  
**For the Year Ended June 30, 2023**

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<b>OPERATING REVENUES</b>	
Charges for services	\$ 749,689
Water and sewer taps	19,750
Miscellaneous	86,794
Total operating revenues	<u>856,233</u>
<b>OPERATING EXPENSES</b>	
Administration	748,236
Depreciation	364,161
Total operating expenses	<u>1,112,397</u>
Operating income (loss)	(256,164)
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest expense	(15,421)
Interest and investment revenue	721
Total nonoperating revenues (expenses)	<u>(14,700)</u>
Income (loss) before contributions and transfers	(270,864)
Transfers from other funds	-
Change in net position	<u>(270,864)</u>
Total net position, beginning	<u>3,387,433</u>
Total net position, ending	<u><u>\$ 3,116,569</u></u>

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

**Clay County, North Carolina**  
**Statement of Cash Flows - Proprietary Fund**  
**Water and Sewer District**  
**For the Year Ended June 30, 2023**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from customers	\$ 848,842
Cash paid for goods and services	(373,527)
Cash paid to employees for services	(345,282)
Customer deposits received	7,971
Other operating revenues	86,794
Net cash used by operating activities	<u>224,798</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Net cash provided (used) by noncapital financing activities	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Acquisition and construction of capital assets	(20,806)
Principal paid on bond maturities and equipment contracts	(102,562)
Interest paid on bond maturities and equipment contracts	(15,421)
Other accrued liabilities	541
Net cash provided (used) by capital and related financing activities	<u>(138,248)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest and dividends received	<u>721</u>
Net cash provided (used) by investing activities	<u>721</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:</b>	
	87,271
Cash and cash equivalents, beginning	<u>426,631</u>
Cash and cash equivalents, ending	<u>\$ 513,902</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
Operating income (loss)	<u>\$ (256,164)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	364,161
Changes in assets, liabilities, and deferred outflows and inflows of resources:	
Decrease (increase) in accounts receivable	79,403
Decrease (increase) in deferred outflows of resources for pensions	(57,416)
Decrease (increase) in deferred outflows of resources - OPEB	1,153
Increase (decrease) in accounts payable and accrued liabilities	7,308
Increase (decrease) in due to other funds	-
Increase (decrease) in customer deposits	7,971
Increase (decrease) in compensated absences payable	5,530
Increase (decrease) in net pension liability	141,915
Increase (decrease) in net OPEB liability	(8,390)
Increase (decrease) in deferred inflows of resources for pensions	(62,323)
Increase (decrease) in deferred inflows of resources - OPEB	1,650
Total adjustments	<u>480,962</u>
Net cash provided (used) by operating activities	<u>\$ 224,798</u>

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

**Clay County, North Carolina  
Statement of Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2023**

	Custodial Funds
<b>ASSETS</b>	
Cash and cash equivalents	\$ 8,762
<b>LIABILITIES AND NET POSITION</b>	
<b>LIABILITIES</b>	
Due to others	-
Due to other governments	-
Total liabilities	-
<b>NET POSITION</b>	
Restricted for:	
Individuals, organizations, and other governments	8,762
Total fiduciary net position	\$ 8,762

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

**Clay County, North Carolina**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2023**

	Custodial Funds
<b>ADDITIONS</b>	
Ad valorem taxes collected for other governments	\$ 117,689
Collection on behalf of inmates	41,206
Total additions	158,895
<b>DEDUCTIONS</b>	
Tax distributions to other governments	117,689
Payments on behalf of inmates	62,257
Total deductions	179,946
Net increase (decrease) in fiduciary net position	(21,051)
Net position, beginning	29,813
Net position, ending	\$ 8,762

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

**Clay County, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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**Clay County, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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**Clay County, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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**I. Summary of Significant Accounting Policies**

The accounting policies of Clay County, its discretely presented component unit, and its blended component unit conform to generally accepted accounting principles as they apply to governments. The following is a summary of the more significant accounting policies:

**A. Reporting Entity**

The County, which is governed by a five-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by accounting principles generally accepted in the United States of America, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable.

**Component Units**

*Blended Component Unit - Clay County Water District*

The Clay County Water District exists to provide and maintain a water system for the County residents within its district. Under State law (G.S. 162A-89), the County's Board of Commissioners also serve as the governing board for the District. The County has operational responsibility for the District. Therefore, the District is reported as an enterprise fund in the County's financial statements. The District does not issue separate financial statements. The blended presentation method presents component units as a department or unit of the County and offers no separate presentation, as with the discrete method.

*Discretely Presented Component Unit - Clay County ABC Board*

The Clay County ABC Board (the "ABC Board") was formed in 2009 and exists for the operation of the County's ABC store. The members of the ABC Board's governing board are appointed by the County. The ABC Board is required by State statute to distribute its surpluses to the General Fund of the County. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). The ABC Board issues separate financial statements, which may be obtained from the entity's administrative office at Clay County ABC Board, P.O. Box 182, Hayesville, NC 28904.

**B. Basis of Presentation, Basis of Accounting**

**Basis of Presentation, Measurement Focus – Basis of Accounting**

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

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

*Fund Financial Statements:* The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component unit. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

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

The County reports the following major governmental funds:

*General Fund.* This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, sales taxes, federal and state grants, and various other taxes and licenses. The primary expenditures are for general government, public safety, economic and physical development, human services, cultural and recreation, and education services. The Tax Revaluation Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54 it is consolidated in the General Fund. The Fines and Forfeitures and Deed of Trust that were formerly accounted for as fiduciary agency funds are consolidated in the General Fund as a result of the implementation of GASB Statement No. 84.

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

*Public Schools Capital Project Fund.* This fund is used to account for the following: 1) the construction of a new school for grades three through eight and 2) the costs associated with the renovations of existing schools within the Clay County School District.

*911 Facility Capital Project Fund.* This fund accounts for the construction of a new 911 facility to replace the current 650 square foot space with a nearly 4500 square foot, highly secured facility which includes a fully equipped state of the art control center, with office, classroom, and training space. The project is funded by grants from the North Carolina 911 Board and the State Capital Infrastructure Fund (SCIF).

The County reports the following major enterprise fund:

*Water and Sewer District Fund.* This fund is used to account for the operations of the water and sewer district within the County.

The County reports the following fund types:

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

*Nonmajor Funds.* The County maintains eight legally budgeted nonmajor governmental funds. The Emergency Telephone Fund, the Fire District Fund, the Industrial Fund, the Opioid Settlement Fund, the Representative Payee Fund, the Veterans Memorial Park Fund, and the Asset Forfeiture Fund are reported as nonmajor special revenue funds. The Sports Complex Capital Project Fund is reported as a capital project fund.

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

*Government-wide, Proprietary, and Fiduciary Fund Financial Statements.* The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Since September 1, 2013, the State of North Carolina has been responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. These property taxes are due when vehicles are registered. Motor vehicle property tax revenues are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013, are 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 beer and wine tax, collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenue rather than program revenues. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

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

### **C. Budgetary Data**

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Special Revenue Funds (excluding the Grant Project Funds). All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Special Revenue Grant Project Funds and the Capital Project Funds, which lapse at the end of each respective project.

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

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

#### **1. Deposits and Investments**

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

State law [G.S. 159-30(c)] authorizes the County and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The County's and the ABC Board's investments are generally reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

**2. Cash and Cash Equivalents**

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

**3. Restricted Assets**

Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected. Money in the Tax Revaluation Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150. Money in the School Capital Building Fund is classified as restricted assets because its use is restricted per North Carolina General Statutes 159-18 through 22. Unexpended grant proceeds and unexpended donations are classified as restricted assets because their use is restricted by purpose. Money in the Opioid Settlement Fund is classified as restricted assets because its use is restricted per North Carolina's Memorandum of Agreement (MOA) between the state and local governments for the settlement funds. The unexpended forfeiture funds (public safety) are restricted by purpose.

Clay County Restricted Cash		
Governmental		
General Fund	Tax revaluation	\$ 236,443
School Capital Building Fund	Unexpended grant proceeds	180,416
Veterans Memorial Park Fund	Unexpended donations	65,801
Asset Forfeiture Fund	Unexpended forfeiture funds	2,320
Total Governmental Activities Restricted Cash		<u>\$ 484,980</u>
Business-type		
Water and Sewer District	Customer Deposits	\$ 128,684
Total Business-type Activities Restricted Cash		<u>\$ 128,684</u>
Clay County Restricted Investments		
Governmental		
Opioid Settlement Fund	Unexpended settlement proceeds	\$ 177,897
911 Capital Project Building Grant Fund	Unexpended grant proceeds	1,902,000
Total Governmental Activities Restricted Investments		<u>\$ 2,079,897</u>

**4. Ad Valorem Taxes Receivable**

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

**5. Leases Receivable**

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

**6. Allowances for Doubtful Accounts**

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

**7. Inventories and Prepaid Items**

The inventories of the County and the ABC Board are valued at cost (first-in, first-out), which approximates market. The County's General Fund inventory consists of expendable supplies that are recorded as expenditures when purchased. The inventory of the County's enterprise fund as well as the ABC Board consists of materials and supplies held for consumption or resale. The cost of the inventory carried in the ABC Board is recorded as an expense as it is sold.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

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

**8. Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to July 1, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015, are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. Minimum capitalization costs are as follows: land, \$10,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$15,000; infrastructure, \$20,000; furniture and equipment, \$2,000; and vehicles and motorized equipment, \$10,000 and computer software \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The County holds title to certain Clay County Board of Education properties that have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Clay County Board of Education.

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

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

Capital assets are depreciated/amortized over their useful lives on a straight-line basis as follows:

<u>Asset Class</u>	<u>Lives</u>
Buildings	30
Other improvements	15
Equipment, furniture and fixtures	3 - 10
Vehicles and motorized equipment	5
Plant and distribution systems	10 - 30
Right-to-use assets:	10 - 30
Leased equipment, furniture and fixtures	Lease Term
IT subscriptions	Subscription Term

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

<u>Asset Class</u>	<u>Lives</u>
Buildings	5 - 40
Leasehold improvements	5
Store and office equipment	3 - 10

**9. Unearned Revenue**

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

**10. Deferred Outflows/Inflows of Resources**

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

**11. Long-term Obligations**

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

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

**12. Compensated Absences**

The vacation policy of the County provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the County'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 sick leave policy of the County 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 County has no obligation for accumulated sick leave until it is actually taken, no accruals for sick leave have been made.

**13. Opioid Settlement Funds**

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

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

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

The County received \$122,367 as part of this settlement in Fiscal Year 2023. Per the terms of the MOA, the County created a special revenue fund, the Opioid Settlement Fund, to account for these funds. All funds are to be used for opioid abatement and remediation activities. Funds are restricted until expended. No funds have been expended as of June 30, 2023. The MOA offered the County two options of expending the funds. The County opted for Option A, which allows the County to fund one or more high-impact strategies from a list of evidence-based strategies to combat the opioid epidemic.

**14. Reimbursements for Pandemic-related Expenditures**

In FY 2020/21, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for the eligible state, local, territorial, and tribal governments. The County was allocated \$2,181,490 of fiscal recovery funds to be paid in two equal installments. The first installment of \$1,090,745 was received in June 2021. The second installment was received in June 2022. The County has elected to take the standard allowance, as authorized by 31 CFR Part 35.6(d)(1) and expend all its ARP/CSLFRF funds for the provision of government services. The \$1,090,745 used for revenue replacement in the current fiscal year was transferred to the General Fund from the American Rescue Plan Act Grant Project Fund.

**15. Net Position/Fund Balances****Net Position**

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

**Fund Balances**

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

The governmental fund types classify fund balances as follows:

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

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

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

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

Restricted for register of deeds – portion of fund balance that is restricted by revenue source to pay for the computer equipment and imaging technology for the Register of Deed's office.

Restricted for cultural and recreation – portion of fund balance that is restricted by revenue source for the Veterans Memorial Park.

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

Restricted for public safety – portion of fund balance that is restricted by revenue source to pay for E911 expenditures or other public safety programs.

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

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

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

Committed for tax revaluation – portion of fund balance that can only be used for tax revaluation.

Assigned Fund Balance – portion of fund balance that the Clay County governing board has budgeted.

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

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

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

Clay County has also adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is at least equal to or greater than 8% of budgeted expenditures. Any portion of the General Fund balance in excess of 8% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the County in a future budget.

**16. Defined Benefit Pension and OPEB Plans**

The County participates in three cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State: the Local Governmental Employees' Retirement System (LERS); the Registers of Deeds' Supplemental Pension Fund (RODSPF); the Law Enforcement Officers' Special Separation Allowance (LEOSSA) (collectively, the "state-administered defined benefit pension plans"); and one other postemployment benefit plan (OPEB), the Healthcare Benefits Plan (HCB). The Clay County ABC Board also participates in the Local Governmental Employees' Retirement System (LERS). For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's and the ABC Board's employer contributions are recognized when due and the County and the ABC Board have a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments for all plans are reported at fair value.

**17. Estimates**

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

**E. Reconciliation of Government-wide and Fund Financial Statements**

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

The governmental fund balance sheet includes a reconciliation between total fund balance for the governmental funds and net position for governmental activities as reported in the government-wide statement of net position. The net adjustment of \$13,061,002 consists of the following:

Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 49,851,638
Less accumulated depreciation	(25,421,019)
Net capital assets	<u>24,430,619</u>
Right-to-use assets used in governmental activities are not financial resources and are therefore not reported in the funds	122,929
Less accumulated amortization	(29,263)
Net right to use assets	<u>93,666</u>



Net pension asset	20,897
Contributions to the pension plan in the current fiscal year	1,117,513
Contributions to the OPEB plan in the current fiscal year	118,701
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements	56,715
Deferred inflows of resources for taxes and special assessments receivable	475,158
Pension related deferrals	3,163,714
OPEB related deferrals	(869,436)
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Bonds, leases, IT subscription liabilities, and installment financing	(6,202,864)
Compensated absences	(501,657)
Total OPEB liability	(2,478,208)
Net pension liability	(6,010,100)
Total pension liability	(316,328)
Accrued interest payable	(37,388)
Total adjustment	<u>\$ 13,061,002</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$1,804,984 as follows:

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 3,393,353
Depreciation and amortization expense, the allocation of those assets over their useful lives that is recorded on the statement of activities, but not in the fund statements	(1,812,156)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities - it affects only the government wide statement of net position	(122,929)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements	1,003,881
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	1,117,513
OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities	118,701
Benefit payments and pension administration costs for LEOSSA are not included on the Statement of Activities	625
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	(37,388)
Compensated absences	(48,454)
OPEB expense	61,989
Pension expense	(1,896,083)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements	
Change in deferred inflows of resources - taxes receivable - at end of year	25,932
Total adjustment	<u>\$ 1,804,984</u>

**II. Stewardship, Compliance, and Accountability**

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

**1. Noncompliance with North Carolina General Statutes**

None Noted.

**2. Contractual Violations**

None Noted.

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

None Noted.

**C. Excess of Expenditures over Appropriations**

For the fiscal year ended June 30, 2023, the expenditures made in the County’s Representative Payee Special Revenue Fund exceeded the authorized appropriations made by the governing board by \$2,154. The net effect of this departure from the budget process was immaterial to the financial statements. Management will continue to monitor budgets monthly and make necessary amendments to avoid expenditures in excess of appropriations.

**III. Detail Notes on All Funds**

**A. Assets**

**1. Deposits**

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

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

At June 30, 2023, the County's deposits had a carrying amount of \$2,759,948, a bank balance of \$2,931,164. Of the bank balance, \$496,217 was covered by federal depository insurance, and \$2,434,947 in interest-bearing deposits was covered by collateral held under the Pooling method.

At June 30, 2023, the County had \$664 cash on hand.

At June 30, 2023, the ABC Board's deposits had a carrying amount of \$451,669 and a bank balance of \$438,916. Of the bank balance, \$250,000 was covered by federal depository insurance and \$188,916 was covered by collateral held by authorized agents in the name of the State Treasurer.

The ABC Board had \$2,200 cash on hand at June 30, 2023.

**2. Investments**

As of June 30, 2023, the County had the following investments and maturities:

Investment Type	Fair Value Level 1	Less Than 6 Months	6 - 12 Months
NC Capital Management Trust Government Portfolio	\$ 12,760,583	\$ 12,760,583	\$ -
Total	\$ 12,760,583	\$ 12,760,583	\$ -

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

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

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

*Credit Risk:* The County and the ABC Board limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAMf by Moody's Investor Service as of June 30, 2023.

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

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

Year Levied	Tax	Interest	Total
2020	\$ 410,874	\$ 100,664	\$ 511,538
2021	405,900	62,915	468,815
2022	391,169	25,426	416,595
2023	387,296	-	387,296
Total	\$ 1,595,239	\$ 189,005	\$ 1,784,244

### 4. Receivables

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

	Accounts Receivable	Taxes Receivable	Interest Receivable	Due From Other Governments	Total
Governmental Activities					
General	\$ 840,730	\$ 550,922	\$ 56,715	\$ 777,605	\$ 2,225,972
Other governmental	369,835	39,930	-	-	409,765
Total receivables	1,210,565	590,852	56,715	777,605	2,635,737
Allowance for doubtful accounts	-	(115,694)	-	-	(115,694)
Total - governmental activities	\$ 1,210,565	\$ 475,158	\$ 56,715	\$ 777,605	\$ 2,520,043
Business-type Activities:					
Water and sewer district	\$ 93,106	\$ -	\$ -	\$ -	\$ 93,106

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

Local option sales taxes	\$ 763,764
Solid waste disposal tax	2,889
Utility sales tax	4,222
White goods disposal tax	1,320
Scrap tire tax	5,410
Total	\$ 777,605

**5. Capital Assets****Primary Government**

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

Governmental Activities:	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Capital assets not being depreciated:					
Land	\$ 839,820	\$ 951,779	\$ -	\$ -	\$ 1,791,599
Construction in progress	1,045,203	602,740	-	(841,826)	806,117
Total capital assets not being depreciated	1,885,023	1,554,519	-	(841,826)	2,597,716
Capital assets being depreciated:					
Buildings	26,541,037	558,464	-	841,826	27,941,327
Other improvements	6,039,604	124,735	-	-	6,164,339
Equipment, furniture and fixtures	6,809,471	379,495	-	-	7,188,966
Vehicles and motorized equipment	5,306,079	653,211	-	-	5,959,290
Total capital assets being depreciated	44,696,191	1,715,905	-	841,826	47,253,922
Less accumulated depreciation for:					
Buildings	12,355,980	858,137	-	-	13,214,117
Other improvements	790,799	229,477	-	-	1,020,276
Equipment, furniture and fixtures	5,757,640	418,114	-	-	6,175,754
Vehicles and motorized equipment	4,733,707	277,165	-	-	5,010,872
Total accumulated depreciation	23,638,126	1,782,893	-	-	25,421,019
Total capital assets being depreciated, net	21,058,065				21,832,903
Capital assets being amortized:					
Right-to-use assets:					
IT subscriptions	-	122,929	-	-	122,929
Total capital assets being amortized	-	122,929	-	-	122,929
Less accumulated depreciation for:					
Right-to-use assets:					
IT subscriptions	-	29,263	-	-	29,263
Total accumulated amortization	-	29,263	-	-	29,263
Total capital assets being amortized, net	-				93,666
Governmental activities capital assets, net	\$ 22,943,088				\$ 24,524,285

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

General government	\$ 730,768
Public safety	379,808
Transportation	75,169
Economic and physical development	13,088
Human services	323,279
Cultural and recreation	290,044
Total depreciation/amortization expense	\$ 1,812,156

Business-type activities:	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Water and Sewer District					
Capital assets not being depreciated:					
Land	\$ 120,280	\$ -	\$ -	\$ -	\$ 120,280
Total capital assets not being depreciated	120,280	-	-	-	120,280

Business-type activities:	Beginning				Ending
Water and Sewer District	Balances	Increases	Decreases	Transfers	Balances
Capital assets being depreciated:					
Buildings	\$ 31,688	\$ 13,806	\$ -	\$ -	\$ 45,494
Plant and distribution systems	11,754,817	-	-	-	11,754,817
Equipment, furniture and fixtures	218,689	7,000	-	-	225,689
Vehicles and motorized equipment	43,184	-	-	-	43,184
Total capital assets being depreciated	12,048,378	20,806	-	-	12,069,184
Less accumulated depreciation for:					
Buildings	7,394	2,556	-	-	9,950
Plant and distribution systems	8,118,404	342,415	-	-	8,460,819
Equipment, furniture and fixtures	177,719	13,393	-	-	191,112
Vehicles and motorized equipment	17,098	5,797	-	-	22,895
Total accumulated depreciation	8,320,615	364,161	-	-	8,684,776
Total capital assets being depreciated, net	3,727,763				3,384,408
Business-type capital assets, net	\$ 3,848,043				\$ 3,504,688

**Construction commitments**

The government has two active construction projects as of June 30, 2023. At year end, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
911 facility building	\$ 763,457	\$ 3,736,543
Intermediate school	507,972	39,492,028
Total	\$ 1,271,429	\$ 43,228,571

**Discretely presented component unit**

Capital asset activity for the ABC Board for the year ended June 30, 2023, was as follows:

	Beginning				Ending
	Balances	Increases	Decreases	Transfers	Balances
Capital assets not being depreciated:					
Land	\$ 25,000	\$ -	\$ -	\$ -	\$ 25,000
Total capital assets not being depreciated	25,000	-	-	-	25,000
Capital assets being depreciated:					
Buildings	258,406	-	-	-	258,406
Leasehold improvements	3,441	-	-	-	3,441
Store equipment	137,134	3,072	-	-	140,206
Total capital assets being depreciated	398,981	3,072	-	-	402,053
Less accumulated depreciation for:					
Buildings	70,798	7,154	-	-	77,952
Leasehold improvements	3,441	-	-	-	3,441
Store equipment	123,859	6,121	-	-	129,980
Total accumulated depreciation	198,098	13,275	-	-	211,373
Total capital assets being depreciated, net	200,883				190,680
ABC Board capital assets, net	\$ 225,883				\$ 215,680

**B. Liabilities****1. Payables**

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

	Vendors	Other	Total
Governmental Activities:			
General	\$ 536,677	\$ 154,445	\$ 691,122
Other governmental	520,720	-	520,720
Total governmental activities	<u>\$ 1,057,397</u>	<u>\$ 154,445</u>	<u>\$ 1,211,842</u>
Business-type Activities:			
Water and Sewer District	\$ 11,353	\$ -	\$ 11,353
Total business-type activities	<u>\$ 11,353</u>	<u>\$ -</u>	<u>\$ 11,353</u>

**2. Pension Plan and Other Postemployment Obligations****a. Local Governmental Employees' Retirement System**

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

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

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

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2023, was 13.04% of compensation for law enforcement officers and 12.10% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$1,150,652 for the year ended June 30, 2023. Contributions to the pension plan from the ABC Board were \$31,152 for the same period.

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

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

**County**

At June 30, 2023, the County reported a liability of \$6,195,980 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The County’s proportion of the net pension liability was based on a projection of the County’s long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2023, the County’s proportion was 0.1098% (measured as of June 30, 2022), which was an increase of 0.0143% from its proportion as of June 30, 2022 (measured as of June 30, 2021).

For the year ended June 30, 2023, the County recognized pension expense of \$1,887,492. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 266,979	\$ 26,176
Change of assumptions	618,220	-
Net difference between projected and actual earnings on pension plan investments	2,047,836	-
Changes in proportion and differences between County contributions and proportionate share of contributions	322,789	9,839
County contributions subsequent to the measurement date	1,150,652	-
Total	\$ 4,406,476	\$ 36,015

\$1,150,652 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2024	\$ 1,049,348
2025	881,434
2026	313,400
2027	975,627
2028	-
Thereafter	-

**Clay County ABC Board**

At June 30, 2023, the Clay County ABC Board reported a liability of \$157,396 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Board’s proportion of the net pension liability was based on a projection of the Board’s long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2023, the Board’s proportion was 0.00206% which was an increase of 0.00016% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Clay County ABC Board recognized pension expense of \$53,831. At June 30, 2023, the Board 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	\$ 6,782	\$ 665
Changes of assumptions	15,705	-
Net difference between projected and actual earnings on pension plan investments	52,021	-
Changes in proportion and differences between ABC Board contributions and proportionate share of contributions	17,057	505
County contributions subsequent to the measurement date	31,152	-
Total	<u>\$ 122,717</u>	<u>\$ 1,170</u>

\$31,152 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2024	29,015
2025	25,991
2026	10,605
2027	24,784
2028	-
Thereafter	-

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

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

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

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

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

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
Fixed Income	29.0%	1.1%
Global Equity	42.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	7.5%
Opportunistic Fixed Income	7.0%	5.0%
Inflation Sensitive	6.0%	2.7%
Total	<u>100.0%</u>	



The information above is based on 30-year expectations developed with an investment consulting firm as part of a study that was completed in early 2022 and is part of the asset liability and investment policy of the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.25%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

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

*Sensitivity of the County’s proportionate share of the net pension asset to changes in the discount rate.* The following presents the County’s proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the County’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
County’s proportionate share of the net pension liability (asset)	\$ 11,182,947	\$ 6,195,980	\$ 2,086,431
ABC Board’s proportionate share of the net pension liability (asset)	\$ 284,079	\$ 157,396	\$ 53,001

*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**

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

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

Inactive members currently receiving benefits	-
Active plan members	<u>21</u>
Total membership	<u><u>21</u></u>

**2. Summary of Significant Accounting Policies**

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

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

**3. Actuarial Assumptions**

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

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

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

Mortality Rates:

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

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

Deaths After Retirement (*Healthy*): Mortality rates are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and set forward by 1 year.

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

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

Deaths Prior to Retirement: Mortality rates are based on the Safety Mortality Table for Employees.

**4. Contributions**

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

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

At June 30, 2023, the County reported a total pension liability of \$316,328. The total pension liability was measured as of December 31, 2022 based on a December 31, 2021 actuarial valuation. The total pension liability was rolled forward to the measurement date of December 31, 2022 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the County recognized pension expense of \$58,928.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 93,095	\$ 22,295
Changes of assumptions	48,088	88,895
County benefit payments and administrative expenses subsequent to the measurement date	-	-
<b>Total</b>	<b>\$ 141,183</b>	<b>\$ 111,190</b>

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

<b>Year ended June 30:</b>	
2024	\$ 9,513
2025	9,447
2026	6,250
2027	6,250
2028	1,712
Thereafter	(3,179)

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

	1% Decrease (3.31%)	Discount Rate (4.31%)	1% Increase (5.31%)
Total pension liability	\$ 358,021	\$ 316,328	\$ 279,397

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

Total pension liability as of December 31, 2021	\$ 298,341
Changes for the year:	
Service cost	43,815
Interest on the total pension liability	6,713
Change of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	59,023
Changes of assumptions or other inputs	(91,564)
Benefit payments	-
Other changes	-
Net changes	<u>17,987</u>
Total pension liability as of December 31, 2022	<u>\$ 316,328</u>

*Changes of assumptions.* Since the Prior Measurement Date, the Discount Rate has changed from 2.25% to 4.31% due to a change in the Municipal Bond Index Rate.

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

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ending December 31, 2019.

**c. Supplemental Retirement Income Plan for Law Enforcement Officers**

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

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

The County contributed \$56,757 for the year ended June 30, 2023. No amounts were forfeited.

**d. Sheriffs' Supplemental Retirement Plan**

*Plan Description.* The County contributes to the Sheriffs' Supplemental Retirement Plan (Plan), a defined contribution pension plan established by the State of North Carolina to provide supplemental pension benefits for all eligible, retired county sheriffs. Membership is comprised of sheriffs who are retired from the Local Governmental Employees' Retirement System and beneficiaries that meet the statutory eligibility requirements. An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on minimum years of service as a sheriff with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed. The North Carolina Department of Justice administers the plan. If the plan purchases any investments, they are held as part of the State Treasurer's External Investment Pool. Receipts collected by each county's Clerk of Superior Court under General Statutes 7A-304(a)(3a), along with investment income, support the plan's benefits and administrative expenses.

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

The County paid invoices for the plan to the Department of Justice in the amount of \$673 for the year ended June 30, 2023.

**e. Registers of Deeds' Supplemental Pension Fund**

*Plan Description.* Clay County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, cost-sharing multiple-employer defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

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

*Contributions.* Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$1,381 for the year ended June 30, 2023.

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

At June 30, 2023, the County reported an asset of \$20,897 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2023, the Board's proportion was 0.1578% (measured as of June 30, 2022), which was a decrease of 0.0142% from its proportion as of June 30, 2022 (measured as of June 30, 2021).

For the year ended June 30, 2023, the County recognized pension expense of \$3,991. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 161	\$ 379
Change of assumptions	1,106	-
Net difference between projected and actual earnings on pension plan investments	8,685	-
Changes in proportion and differences between County contributions and proportionate share of contributions	1,944	1,010
County contributions subsequent to the measurement date	1,381	-
Total	<u>\$ 13,277</u>	<u>\$ 1,389</u>

\$1,381 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2024	\$ 2,536
2025	2,896
2026	2,891
2027	2,184
2028	-
Thereafter	-

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

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

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

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

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

The projected long-term investment returns and inflation assumptions are developed through the review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 99.9% in the fixed income asset class and 0.1% in real estate, alternatives, inflation and credit. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2023 is 1.1%.

The information above is based on 30-year expectations developed with an investment consulting firm as part of a study that was completed in early 2022 and is part of the asset liability and investment policy of the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.25%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

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

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

	1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
County's proportionate share of the net pension liability asset	\$ (14,762)	\$ (20,897)	\$ (26,062)

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

**f. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources**

The net pension liability (asset) for LGERS and RODSPF was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of June 30, 2022, with an actuarial valuation date of December 31, 2021. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	LGERS	RODSPF	LEOSSA	Total
Proportionate share of the net pension liability (asset)	\$ 6,195,980	\$ (20,897)	\$ -	\$ 6,175,083
Proportion of the net pension liability (asset)	0.10983%	0.15783%	n/a	n/a
Total pension liability	n/a	n/a	\$ 316,328	\$ 316,328
Pension expense	\$ 1,887,493	\$ 3,991	\$ 58,928	\$ 1,950,412

At June 30, 2023, the County reported deferred outflows and inflows of resources related to pensions from the following:

	LGERS	RODSPF	LEOSSA	Total
<b><u>Deferred Outflows of Resources</u></b>				
Differences between expected and actual experience	\$ 266,979	\$ 161	\$ 93,095	\$ 360,235
Changes of assumptions	618,220	1,106	48,088	667,414
Net difference between projected and actual earnings on pension plan investments	2,047,836	8,685	-	2,056,521
Changes in proportion and differences between employer contributions and proportionate share of contributions	322,789	1,944	-	324,733
County contributions (LGERS, RODSPF)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	1,150,652	1,381	-	1,152,033
<b><u>Deferred Inflows of Resources</u></b>				
Differences between expected and actual experience	\$ 26,176	\$ 379	\$ 22,295	\$ 48,850
Changes of assumptions	-	-	88,895	88,895
Net difference between projected and actual earnings on pension plan investments	-	-	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,839	1,010	-	10,849

**g. Other Postemployment Benefit**

**Healthcare Benefits**

*Plan Description.* Under the terms of a County resolution, the County administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). The County 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.* The plan provides postemployment benefits for all retirees of the County as long as they were hired prior to February 1, 2018, and who participate in the North Carolina Local Governmental Employees' Retirement System (NCLGERS) and have at least twenty continuous years of creditable service with the County. The County pays the full cost of coverage for the healthcare benefits paid to qualified retirees that choose Plan HSA Retiree Only coverage, \$569.88 per month. The Retiree is responsible for premiums in excess of this amount. Employees who leave employment without meeting the requirements described above cannot remain on the health plan. Health care and prescription drugs are provided in the County's fully insured health care plan until the retiree reaches Medicare eligibility. Dental coverage is available and must be paid in full by the retiree. Dependent coverage cost must be paid in full by the retiree and ends at the earlier of the retiree's death, the retiree reaching age 65, or when the dependent reaches age 65. The County Commissioners may amend the benefit provisions. A separate report was not issued for the plan.

Sworn Officers who meet any of the retirement conditions set forth under the provisions of the NCLGERS and have (1) obtained age 55 and have completed 10 years of service with the County or (2) have completed 20 years of service with the County are eligible to remain on the County's retiree health care plan.

General employees who meet any of the retirement conditions set forth under the provisions of the NCLGERS and have (1) obtained age 60 and have completed 10 years of service with the County or (2) have completed 15 years of service with the County are eligible to remain on the County's retiree health care plan.

Employees hired after February 1, 2018, are not eligible to participate in the County's retiree health plan.

Membership of the HCB Plan consisted of the following at June 30, 2022, the date of the latest actuarial valuation:

Inactive members or beneficiaries currently receiving benefits	13
Inactive members entitled to but not yet receiving benefits	-
Active members	94
Total membership	107

**Total OPEB Liability**

The County’s total OPEB liability of \$2,554,854 was measured as of June 30, 2022 and was determined by a biennial actuarial valuation as of June 30, 2021.

*Actuarial assumptions and other inputs.* The total OPEB liability was determined based on an actuarial valuation as of June 30, 2022, using the following key actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Real wage growth	0.75 percent
Wage inflation	3.25 percent
Salary increases, including wage inflation	
General employees	3.25 to 8.41 percent
Law enforcement officers	3.25 to 7.90 percent
Municipal bond index rate	
Prior measurement date	2.16 percent
Measurement date	3.54 percent
Healthcare cost trend rates	
Pre-Medicare medical and prescription drug	7.00 percent for 2021 decreasing to an ultimate rate of 4.50 percent by 2031

The County selected a Municipal Bond Index Rate equal to the June average of the Bond Buyer 20-year General Obligation Bond Index published at the last Thursday of June by The Bond Buyer, and the Municipal Bond Index Rate as of the measurement date as the discount rate used to measure the TOL.

**Changes in the Total OPEB Liability**

Total OPEB Liability as of June 30, 2021	\$2,834,524
Changes for the year:	
Service cost at the end of the year	148,947
Interest on TOL and cash flows	63,017
Change in benefit terms	-
Difference between expected and actual experience	(8,296)
Changes of assumptions or other inputs	(350,620)
Benefit payments and implicit subsidy credit	<u>(132,718)</u>
Net changes	<u>(279,670)</u>
Total OPEB Liability as of June 30, 2022	<u>\$2,554,854</u>

Since the Prior Measurement Date, the Discount Rate has changed from 2.16% to 3.54% due to a change in the Municipal Bond Rate.

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 - December 31, 2019, adopted by the LGERS Board.

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of the County, as well as what the County’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current discount rate:

	1% Decrease <u>(2.54%)</u>	Discount Rate <u>(3.54%)</u>	1% Increase <u>(4.54%)</u>
Total OPEB Liability	\$ 2,803,998	\$ 2,554,854	\$ 2,330,309

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the total OPEB liability of the County, as well as what the County’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:

	1% <u>Decrease</u>	Current	1% <u>Increase</u>
Total OPEB Liability	\$ 2,247,414	\$ 2,554,854	\$ 2,919,118

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

For the fiscal year ended June 30, 2023 the County recognized an OPEB benefit of \$61,989. At June 30, 2023 the County reported deferred outflows of resources and deferred inflows of resources to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,145	\$ 865,296
Changes of assumptions	347,993	385,168
Benefit payments and administrative expenses subsequent to the measurement date	122,372	-
<b>Total</b>	<b>\$ 476,510</b>	<b>\$ 1,250,464</b>

\$122,372 reported as deferred outflows 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 net 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 expense as follows:

<b>Year ended June 30:</b>		
2024	\$	(226,469)
2025		(224,990)
2026		(201,117)
2027		(117,820)
2028		(71,245)
Thereafter		(54,685)

**h. Other Employment Benefits**

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants.

The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

**3. Deferred Outflows and Inflows of Resources**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience (Pensions, OPEB)	\$ 366,380	\$ 914,146
Net difference between projected and actual investment earnings (Pensions, OPEB)	2,056,521	-
Change in proportion and difference between employer contributions and proportionate share of contributions (Pensions)	324,733	10,849
Change in assumptions (Pensions, OPEB)	1,015,407	474,063
Contributions to pension plan subsequent to measurement date (LGERS, RODSPF)	1,152,033	-
Benefit payments for the OPEB plan paid subsequent to the measurement date	122,372	-
Prepaid taxes not yet earned (General)	-	62,462
Taxes receivable, net (General), less penalties	-	435,228
Taxes receivable, net (Special Revenue), less penalties	-	39,930
<b>Total</b>	<b>\$5,037,446</b>	<b>\$1,936,678</b>



**4. Closure and Postclosure Care Costs - Clay County Landfill**

State and federal laws and regulations require the County to place a final cover on its Landfill Facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Because the landfill stopped accepting waste before April 9, 1994, the County is eligible for exemption from certain cap system requirements pertaining to the 30-year monitoring.

**5. Risk Management**

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk-financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$200 million for any one occurrence, general, auto, professional, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, workers' compensation coverage up to the North Carolina statutory limits. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Both of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000 retention up to a \$2 million limit for liability coverage, \$1,750,000 of each loss in excess of a \$250,000 per occurrence retention for property, and auto physical damage. For workers compensation there is a per occurrence retention of \$750,000. The County provides employee health benefits provided Blue Cross & Blue Shield.

In accordance with GS 159-29, the County employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Director of Finance is bonded for \$1,000,000. The Commissioners and Register of Deeds are each individually bonded for \$50,000. The Tax Collector is bonded for \$250,000.

The County does not carry flood insurance as this has not been a concern in the past.

The County carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year, and settled claims have not exceeded coverage in any of the past three fiscal years.

**Discretely presented component unit***Clay County ABC Board*

The Clay County ABC Board 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 ABC Board has commercial property, general liability, workers' compensation and employee health coverage. The Board also has liquor legal liability. There have been no significant reductions in insurance coverage from coverage in the prior year and settled claims have not exceeded coverage in any of the past two (2) fiscal years. In accordance with G.S. 18B-700(i), each board member and the employees designated as the general manager and finance officer are bonded in the amount of \$50,000, secured by a corporate surety.

**6. Contingent Liabilities**

At June 30, 2023, the County did not appear to be involved in any legal matters which would have a material adverse effect on the County's financial position.

**7. Long-term Obligations****a. Subscriptions**

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 96 for Subscription-Based Information Technology Arrangements (SBITAs). The Statement provides a definition of SBITAs and provides uniform guidance for accounting and financial reporting for such transactions. The guidance will decrease diversity in the accounting and financial reporting for these transactions, thereby increasing comparability in financial reporting among governments. Further, the reporting of a subscription asset (a right-to-use intangible capital asset) and a subscription liability will enhance the relevance and reliability of the financial statements. The right-to-use subscription asset is discussed in more detail in the Capital Asset section III.A.3. of this note.

Serviced by the County's General Fund

<p>In September 2022, the County entered into a five-year subscription for the use of Southern Software, Inc.'s Jail Management System (JMS). An initial subscription liability was recorded in the amount of \$14,837. The County is required to make annual fixed payments of \$3,307. The subscription has no stated interest rate. Accordingly, the County's estimated incremental borrowing rate of 5.73% was used to discount the subscription payments.</p>	<p>\$ 11,530</p>
<p>In April 2022, the County entered into a five-year subscription for the use of Southern Software, Inc.'s Record Management System (RMS). An initial subscription liability was recorded in the amount of \$23,561. The County is required to make annual fixed payments of \$5,464. The subscription has no stated interest rate. Accordingly, the County's estimated incremental borrowing rate of 8.00% was used to discount the subscription payments.</p>	<p>18,097</p>
<p>In July 2022, the County entered into a five-year subscription for the use of Logics financial software. An initial subscription liability was recorded in the amount of \$34,644. The County is required to make annual fixed payments of \$7,600. The subscription has no stated interest rate. Accordingly, the County's estimated incremental borrowing rate of 4.85% was used to discount the subscription payments.</p>	<p>27,044</p>
<p>In July 2022, the County entered into a three-year subscription for the use of HBBS transportation software. An initial subscription liability was recorded in the amount of \$35,081. The County is required to make annual fixed payments of \$11,667. The subscription has no stated interest rate. Accordingly, the County's estimated incremental borrowing rate of 3.25% was used to discount the subscription payments.</p>	<p>23,414</p>
<p>In July 2022, the County entered into a five-year subscription for the use of iWorQ permit management software. An initial subscription liability was recorded in the amount of \$14,806. The County is required to make annual fixed payments of \$3,248. The subscription has no stated interest rate. Accordingly, the County's estimated incremental borrowing rate of 4.85% was used to discount the subscription payments.</p>	<p>11,558</p>
	<p>\$ 91,643</p>

At June 30, 2023, the future minimum subscription obligations and the net present value of these payments were:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 26,950	\$ 4,742	\$ 31,692
2025	28,649	3,466	32,115
2026	17,511	2,109	19,620
2027	18,533	1,086	19,619
	\$ 91,643	\$ 11,403	\$ 103,046

**b. Installment Purchases**

Serviced by the County's General Fund

<p>On April 16, 2008, the County entered into a \$1,500,000 direct placement contract with Branch Banking &amp; Trust Co. (BB&amp;T) for a Sheriff's complex. The property is pledged as collateral for the outstanding debt. The financing contract requires forty semi-annual principal payments of \$37,500, plus interest at 2.59%, and matures on April 16, 2028.</p>	<p>\$ 375,000</p>
<p>On March 17, 2011, the County entered into a \$2,000,000 direct placement contract with BB&amp;T for the construction of a building for the social services department. The property is pledged as collateral for the outstanding debt. The financing contract requires thirty semi-annual principal payments of \$66,667, plus interest at 2.36%, matures on March 17, 2026.</p>	<p>400,000</p>
<p>On November 7, 2013, the County entered into a \$2,700,000 direct placement contract with BB&amp;T for the construction of a building for the health department. The property is pledged as collateral for the outstanding debt. The financing contract requires thirty semi-annual principal payments of \$90,000, plus interest at 3.36%, and matures on November 7, 2028.</p>	<p>990,000</p>

On January 15, 2021, the County entered into a \$43,822 direct placement contract with KS State Bank for the purchase of scoreboards located on the ballfields of the new County sports complex. The scoreboards are pledged as collateral for the outstanding debt. The financing contract requires sixty monthly payments of \$873, including interest at 7.27%, and matures on March 25, 2026. 26,245

On February 19, 2020, the County entered into a \$2,605,298 direct placement contract with Truist Bank for the construction of a multi sports complex for Clay County. The property is pledged as collateral for the outstanding debt. The financing contract requires twenty semi-annual principal payments of \$130,265, plus interest at 2.24%, and matures on February 19, 2030. 1,823,709

On May 17, 2019, the County entered into a \$3,404,000 direct placement contract with BB&T as authorized by G.S.160A-20 and 153A-158.1. The County financed the matching grant funds for the construction of the primary school for the Clay County Board of Education. The property is pledged as collateral for the outstanding debt. The financing contract requires thirty semi-annual principal payments of \$113,467, plus interest at 3.18%, and matures on May 17, 2034. 2,496,267

\$ 6,111,221

Serviced by the Water & Sewer District Fund

On June 13, 2014, the County entered into a \$1,104,060 direct placement contract with United Community Bank for a sewer line project for the occupants of the Town of Hayesville. The financing contract requires thirty semi-annual payments of \$45,305, including interest at 2.79%, and matures on June 15, 2029. \$ 473,546

On November 30, 2010, the County entered into a \$536,644 State Revolving Fund loan from direct borrowings for the Hwy 69 waterline project and is secured by the net revenues for the water and sewer system. The financing contract requires twenty annual payments of \$26,832, including interest at zero percent, and matures on May 1, 2030. 214,658

\$ 688,204

For Clay County, the future minimum payments as of June 30, 2023, including \$797,059 of interest, were:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 884,785	\$ 168,091	\$ 104,770	\$ 12,672
2025	885,408	143,179	106,959	10,482
2026	883,440	118,438	109,211	8,231
2027	742,463	94,820	111,525	5,917
2028	742,463	73,777	113,904	3,538
2029 - 2033	1,745,727	151,411	141,835	1,091
2034 - 2038	226,935	5,412	-	-
Total	<u>\$ 6,111,221</u>	<u>\$ 755,128</u>	<u>\$ 688,204</u>	<u>\$ 41,931</u>

Debt Related to Capital Activities - Of the total Governmental Activities debt listed only \$3,614,954 relates to assets the County holds title.

At June 30, 2023, Clay County had a legal debt margin of \$163,861,992.

**c. Long-term Obligation Activity**

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2023:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
<b>Governmental Activities:</b>					
Direct placement installment purchases	\$ 7,083,816	\$ -	\$ 972,595	\$ 6,111,221	\$ 884,785
IT subscription liabilities	-	122,929	31,286	91,643	26,950
Compensated absences	453,203	472,061	423,607	501,657	423,000
Total OPEB liability	2,749,488	-	271,280	2,478,208	-
Net pension liability (LGRS)	1,421,539	4,588,561	-	6,010,100	-
Total pension liability (LEOSSA)	298,341	17,987	-	316,328	-
Total Government activities	<u>\$ 12,006,387</u>	<u>\$ 5,201,538</u>	<u>\$ 1,698,768</u>	<u>\$ 15,509,157</u>	<u>\$ 1,334,735</u>

**Business-type activities:**

Direct placement installment purchases	\$ 790,766	\$ -	\$ 102,562	\$ 688,204	\$ 104,770
Compensated absences	5,985	10,494	4,964	11,515	11,000
Net pension liability (LGRS)	43,965	141,915	-	185,880	-
Total OPEB liability	85,036	-	8,390	76,646	-
Total business-type activities	<u>\$ 925,752</u>	<u>\$ 152,409</u>	<u>\$ 115,916</u>	<u>\$ 962,245</u>	<u>\$ 115,770</u>

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

No interest was capitalized during 2023; interest incurred and charged to expense totaled \$231,506.

**C. Interfund Balances and Activity**

Balances due to/from other funds at June 30, 2023, consists of the following:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Emergency Telephone System Fund	\$ 2,366	Reimbursable expenditures
		<u>\$ 2,366</u>	

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. None of the abovementioned balances are expected to be repaid within one year of the financial statement date.

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

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

From the General Fund to the Sports Complex Capital Project Fund for capital outlay expenditures that exceeded financed expenditures for the project	\$ 285,790
From the General Fund to the Revaluation Fund to provide resources for the next property revaluation	75,000
From the American Rescue Plan Act Grant Project Fund to the General Fund for pandemic-related expenditure reimbursement	1,090,745
Total	<u>\$ 1,451,535</u>

**D. Net Investment in Capital Assets**

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

	Governmental Activities	Business-type Activities
Capital assets, net of accumulated depreciation	\$ 24,524,285	\$ 3,504,688
Less capital debt:		
Total debt, gross	6,202,864	688,204
Less:		
School debt for assets to which the county does not hold title	<u>(2,496,267)</u>	<u>-</u>
Total capital debt	<u>3,706,597</u>	<u>688,204</u>
Net investment in capital assets	<u>\$ 20,817,688</u>	<u>\$ 2,816,484</u>

**E. Fund Balance**

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

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

<b>Total fund balance - General Fund</b>	<b>\$ 11,741,486</b>
Less:	
Prepaid items	56,115
Stabilization by State statute	1,620,701
Register of deeds	44,366
Tax revaluation	236,443
Working Capital / Fund Balance Policy	2,197,125
Remaining fund balance	7,586,736

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

The County had no outstanding encumbrances at year-end.

#### IV. Related Organization

##### Clay County Rural Development Authority

The County's Governing board is responsible for appointing the members of the board of the Clay County Rural Development Authority, but the County's accountability does not extend beyond making these appointments. The Authority was created for the purpose of the economic development and to provide recreational activities for the county residents of Clay County. The Authority has developed three projects: Chatuge Shores Recreation Area, Mooreview Homesites, and Hayesville Homesites. The Mooreview and Hayesville Homesites projects have been completed and closed out. The Chatuge Shores Recreation Area project is ongoing and provides the funds for the Authority. The County is not responsible for the debt issued by the Authority and the Authority's debt is not included in determining the County's legal debt limit.

#### V. Joint Ventures

##### Nantahala Regional Library

The County participates in a joint venture to operate the Nantahala Regional Library with two other counties. The County appoints three members to the board of the Library. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$150,000 to the Library to supplement its activities for the fiscal year ended June 30, 2023. Complete financial statements for the Library can be obtained from the Library's office at 101 Blumenthal Street, Murphy, NC 28906.

##### Tri-County Community College

The County has a commitment to help fund Tri-County Community College with two other local governments. The County does not appoint any members to the board of the College. The County has an ongoing financial responsibility for the joint venture because the College's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the College, so no equity interest has been reflected in the financial statements. The County has an ongoing financial responsibility for the college because of statutory responsibilities to provide funding for the College's facilities. The County contributed \$207,763 during the fiscal year June 30, 2023. Complete financial statements for the College may be obtained from the College's administrative office at 21 Campus Circle, Murphy, NC 28906.

#### VI. Jointly Governed Organizations

##### Vaya Health

The County participates in a jointly governed organization to operate Region 1 of Vaya Health with six other county governments. Vaya Health is a public managed care organization that oversees Medicaid, federal, state and local funding for services and supports related to mental health, substance use disorder and intellectual/developmental disabilities. Each county within the region appoints up to two members to the Regional Board, one of whom must be an elected county commissioner and one of whom may be either a county commissioner, county manager, social services director, public health director, or law enforcement representative. The County does not have an ongoing financial interest or ongoing financial responsibility. The County contributed \$15,000 to Vaya Health during the fiscal year ended June 30, 2023.

Southwestern North Carolina Planning and Economic Development Commission

The County, in conjunction with six other counties, seventeen municipalities, and the Eastern Band of Cherokee Indians, established the Southwestern North Carolina Planning and Economic Development Commission (Commission). The participating governments established the Commission to coordinate various funding received from federal and State agencies. The County paid membership fees of \$7,993 to the Commission during the fiscal year ended June 30, 2023.

Clay-Towns Joint Industrial Park

Clay County, in conjunction with Towns County located in Georgia, purchased property for a joint industrial park. The participating governments will work together to coordinate the planning process for the industrial park, including the process of planning and development for roads to and within the park, and for providing water and sewer services within the park. Each participating County will have three members to serve on the Industrial Park Board.

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

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

**Coronavirus Disease (COVID-19)**

Since March 2020, management has taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for personnel. The length or severity of this pandemic cannot be reasonably estimated. In addition, it is not possible to determine the extent to which the pandemic may materially impact the financial position, results of activities, and cash flows of the Board in subsequent years. Therefore, the County will continue to monitor current market conditions as the pandemic continues and will make further adjustments if considered necessary.

**VIII. Change in Accounting Principle**

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The primary objective of this statement is to enhance the relevance and consistency of reporting regarding governments' subscription-based information technology arrangements (SBITAs). This statement establishes a single model for accounting based on the principle that SBITAs are financings of the right-to-use, an underlying asset. Under this statement, a subscriber is required to recognize a subscription liability and an intangible right-to-use asset, and a subscriber is required to recognize a subscription receivable and a deferred inflow of resources.

**IX. New Accounting Pronouncements*****Pronouncements effective for the 2023 Financial Statements:***

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

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments).

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

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

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

#### **X. Significant Effects of Subsequent Events**

The County has evaluated events and transactions that occurred between June 30, 2023 and November 30, 2023, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended June 30, 2023.

1. Payments continue from the Opioid Settlement Funds. The County expects to receive an additional \$96,653 in the summer of 2023, and \$116,573 in the summer of 2024. Annual payments are expected to continue through the summer of 2038.
2. In November 2022, the Dogwood Health Trust awarded the County \$134,000 for the next two years to hire an additional community paramedic. The final payment of this award was disbursed in October 2023 in the amount of \$67,000.
3. In July 2023, the Board approved execution of a deed from the County to Clay County Board of Education for the property where the Old Rock Gym presently lies and where the old elementary school was located. This property was deeded to the County in 2002 in order for the County to borrow money to remodel the gym. The deed is being returned to the Board of Education.
4. In September 2023 the Board signed a Resolution declaring two tracks of property as surplus property.

# Required Supplementary Financial Data

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

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## Local Governmental Employees' Retirement System

- Schedule of Proportionate Share of Net Pension Liability (Asset)
- Schedule of Contributions

## Register of Deeds' Supplemental Pension Fund

- Schedule of Proportionate Share of Net Pension Liability (Asset)
- Schedule of Contributions

## Law Enforcement Officers' Special Separation Allowance

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

## Other Postemployment Benefits

- Schedule of Changes in the Total OPEB Liability and Related Ratios



**Clay County, North Carolina**  
**Schedule of Proportionate Share of Net Pension Liability (Asset)**  
**for Local Governmental Employees' Retirement System**  
**Last Ten Fiscal Years\***

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
County's proportion of the net pension liability (asset) %	0.1098%	0.0956%	0.0931%	0.0836%	0.0911%	0.0934%	0.1027%	0.0989%	0.0980%	0.0961%
County's proportionate share of the net pension liability (asset) \$	\$ 6,195,980	\$ 1,465,504	\$ 3,326,860	\$ 2,282,778	\$ 2,164,204	\$ 1,426,741	\$ 2,179,001	\$ 443,992	\$ (577,833)	\$ 1,158,374
County's covered-employee payroll	\$ 8,493,649	\$ 6,931,418	\$ 6,652,963	\$ 6,045,970	\$ 6,238,320	\$ 6,201,819	\$ 6,151,143	\$ 6,187,548	\$ 5,971,989	\$ 5,988,458
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	72.95%	21.14%	50.01%	37.76%	34.69%	23.01%	35.42%	7.18%	(9.68%)	19.34%
Plan fiduciary net position as a percentage of the total pension liability **	84.14%	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

**Clay County, North Carolina**  
**Schedule of Contributions to Local Government Employees' Retirement System**  
**Local Governmental Employees' Retirement System**  
**Last Ten Fiscal Years**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 1,150,652	\$ 971,506	\$ 714,432	\$ 605,213	\$ 473,585	\$ 467,874	\$ 461,051	\$ 421,332	\$ 439,329	\$ 423,384
Contributions in relation to the contractually required contribution	1,150,652	971,506	714,432	605,213	473,585	467,874	461,051	421,332	439,329	423,384
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered-employee payroll	\$ 9,421,475	\$ 8,493,649	\$ 6,931,418	\$ 6,652,963	\$ 6,045,970	\$ 6,238,320	\$ 6,201,819	\$ 6,151,143	\$ 6,187,548	\$ 5,971,989
Contributions as a percentage of covered-employee payroll	12.21%	11.44%	10.31%	9.10%	7.83%	7.50%	7.43%	6.85%	7.10%	7.09%

**Clay County, North Carolina**  
**Schedule of Proportionate Share of Net Pension Liability (Asset)**  
**for Register of Deeds' Supplemental Pension Fund**  
**Last Ten Fiscal Years\***

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
County's proportion of the net pension liability (asset) %	0.1578%	0.1720%	0.1573%	0.1479%	0.1662%	0.1505%	0.1514%	0.1588%	0.1742%	0.1680%
County's proportionate share of the net pension liability (asset) \$	\$ (20,897)	\$ (33,054)	\$ (36,039)	\$ (29,204)	\$ (27,521)	\$ (25,685)	\$ (28,296)	\$ (36,800)	\$ (39,464)	\$ (35,900)
Plan fiduciary net position as a percentage of the total pension liability **	139.04%	156.53%	173.62%	164.11%	153.31%	153.77%	160.17%	197.29%	193.88%	190.50%

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

\*\* This will be the same percentage for all participant employers in the Register of Deeds' Supplemental Pension Fund plan.

**Clay County, North Carolina**  
**Schedule of Contributions to Registers of Deeds' Supplemental Pension Fund**  
**Register of Deeds' Supplemental Pension Fund**  
**Last Ten Fiscal Years**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 3,991	\$ 1,284	\$ 2,065	\$ 1,506	\$ 1,406	\$ 1,422	\$ 1,308	\$ 1,236	\$ 1,801	\$ 1,422
Contributions in relation to the contractually required contribution	3,991	1,284	2,065	1,506	1,406	1,422	1,308	1,236	1,801	1,422
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**Clay County, North Carolina**  
**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**  
**For the Year Ended June 30, 2023**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 298,341	\$ 221,198	\$ 161,862	\$ 137,147	\$ 151,250	\$ 176,612	\$ 187,997
Service cost	43,815	35,733	19,096	14,618	12,172	9,142	10,951
Interest on the total pension liability	6,713	4,269	5,174	4,682	4,400	6,327	6,258
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	59,023	48,822	(37,999)	16,937	(1,206)	(23,696)	-
Changes of assumptions or other inputs	(91,564)	(11,681)	79,389	5,520	(5,438)	8,265	(3,195)
Benefit payments	-	-	(6,324)	(17,042)	(24,031)	(25,400)	(25,399)
Other changes	-	-	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 316,328</u>	<u>\$ 298,341</u>	<u>\$ 221,198</u>	<u>\$ 161,862</u>	<u>\$ 137,147</u>	<u>\$ 151,250</u>	<u>\$ 176,612</u>

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

**Clay County, North Carolina**  
**Schedule of Total Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officers' Special Separation Allowance**  
**For the Year Ended June 30, 2023**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total pension liability	\$ 316,328	\$ 298,341	\$ 221,198	\$ 161,862	\$ 137,147	\$ 151,250	\$ 176,612
Covered payroll	1,095,231	900,848	750,332	629,858	590,026	495,664	515,583
Total pension liability as a percentage of covered payroll	28.88%	33.12%	29.48%	25.70%	23.24%	30.51%	34.25%

Notes to the schedules:

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

**Clay County, North Carolina**  
**Schedule of Changes in the Total OPEB Liability and Related Ratios**  
**Other Postemployment Benefits**  
**For the Year Ended June 30, 2023**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Total OPEB Liability						
Service cost	148,947	\$ 182,070	\$ 137,938	\$ 229,314	\$ 235,315	\$ 251,274
Interest	63,017	69,188	93,669	131,656	116,867	98,074
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(8,296)	(479,245)	3,380	(1,096,995)	11,123	(16,094)
Changes of assumptions	(350,620)	185,950	323,674	44,717	(109,479)	(179,323)
Net benefit payments	(132,718)	(143,284)	(152,937)	(156,615)	(147,817)	(111,479)
Net change in total OPEB liability	(279,670)	(185,321)	405,724	(847,923)	106,009	42,452
Total OPEB liability - beginning	2,834,524	3,019,845	2,614,121	3,462,044	3,356,035	3,313,583
Total OPEB liability - ending	2,554,854	2,834,524	\$ 3,019,845	\$ 2,614,121	\$ 3,462,044	\$ 3,356,035
Covered payroll	3,929,466	3,929,466	6,360,293	6,360,293	6,332,202	6,332,202
Total OPEB liability as a percentage of covered payroll	65.02%	72.14%	47.48%	41.10%	54.67%	53.00%

Notes to Schedule

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>
2018	3.56%
2019	3.89%
2020	3.50%
2021	2.21%
2022	2.16%
2023	3.54%

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## **Combining and Individual Fund Statements and Schedules**

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## Major Governmental Funds

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The County has the following major governmental funds:

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- **General Fund** – This fund accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- **Tax Revaluation Fund** – This fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54 it is consolidated in the General Fund. The Tax Revaluation Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances is presented for informational purposes only.

### ***Special Revenue Fund:***

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

### ***Capital Project Funds:***

- **Public Schools Capital Project Fund** – This fund is used to account for the following: 1) the construction of a new school for grades three through eight and 2) the costs associated with the renovations of existing schools within the Clay County School District.
- **911 Facility Capital Project Fund** – This fund accounts for the construction of a new 911 facility to replace the current 650 square foot space with a nearly 4500 square foot, highly secured facility which includes a fully equipped state of the art control center, with office, classroom, and training space. The project is funded by grants from the North Carolina 911 Board and the State Capital Infrastructure Fund (SCIF).

**Clay County, North Carolina**  
**General Fund - Consolidated**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2023**

	General Fund	Tax Revaluation Fund	Eliminations	Total
<b>REVENUES</b>				
Ad valorem taxes	\$ 9,170,467	\$ -	\$ -	\$ 9,170,467
Local option sales tax	4,773,932	-	-	4,773,932
Other taxes and licenses	144,435	-	-	144,435
Unrestricted intergovernmental	865,961	-	-	865,961
Restricted intergovernmental	5,794,476	-	-	5,794,476
Permits and fees	1,027,072	-	-	1,027,072
Sales and services	2,552,251	-	-	2,552,251
Investment earnings	464,235	-	-	464,235
Miscellaneous	126,057	-	-	126,057
Total revenues	<u>24,918,886</u>	-	-	<u>24,918,886</u>
<b>EXPENDITURES</b>				
Current:				
General government	5,216,959	-	-	5,216,959
Public safety	6,377,010	-	-	6,377,010
Transportation	993,557	-	-	993,557
Economic and physical development	797,907	-	-	797,907
Human services	6,044,006	-	-	6,044,006
Cultural and recreation	810,315	-	-	810,315
Education	2,176,917	-	-	2,176,917
Debt service:				
Principal retirement	1,003,881	-	-	1,003,881
Interest and fees	194,118	-	-	194,118
Total expenditures	<u>23,614,670</u>	-	-	<u>23,614,670</u>
Revenues over (under) expenditures	<u>1,304,216</u>	-	-	<u>1,304,216</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	1,090,745	-	75,000	1,165,745
Transfers to other funds	(360,790)	75,000	(75,000)	(360,790)
Total net transfers	<u>729,955</u>	<u>75,000</u>	-	<u>804,955</u>
IT subscription agreements	122,929	-	-	122,929
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>852,884</u>	<u>75,000</u>	-	<u>927,884</u>
Fund balance appropriated	-	-	-	-
Net change in fund balances	2,157,100	75,000	<u>\$ -</u>	2,232,100
<b>FUND BALANCES</b>				
Fund balance, beginning as previously reported	9,347,943	161,443		9,509,386
Prior period adjustment	-	-		-
Fund balance, beginning	<u>9,347,943</u>	<u>161,443</u>		<u>9,509,386</u>
Fund balance, ending	<u>\$ 11,505,043</u>	<u>\$ 236,443</u>		<u>\$ 11,741,486</u>

**Exhibit 4**

*The Tax Revaluation Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54, it is consolidated in the General Fund.*

**Clay County, North Carolina**

**General Fund**

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

**For the Fiscal Year Ended June 30, 2023**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Ad valorem taxes:			
Taxes		\$ 9,104,350	
Penalties and interest		66,117	
Total	<u>\$ 9,130,702</u>	<u>9,170,467</u>	<u>\$ 39,765</u>
Local option sales taxes:			
Article 39 one percent		1,707,620	
Article 40 one-half of one percent		1,192,459	
Article 42 one-half of one percent		869,951	
Article 44 one-half of one percent		440,826	
Article 46 one-quarter of one percent		391,184	
Medicaid hold-harmless		171,892	
Total	<u>4,574,325</u>	<u>4,773,932</u>	<u>199,607</u>
Other taxes and licenses:			
Register of deeds - deed stamp excise tax		142,945	
Marriage (privilege) licenses		1,490	
Total	<u>177,000</u>	<u>144,435</u>	<u>(32,565)</u>
Unrestricted intergovernmental:			
Payments in lieu of taxes - outside sources		469,709	
ABC profit distribution		330,000	
Beer & wine tax		48,913	
Utility sales tax franchise fees		17,339	
Total	<u>675,000</u>	<u>865,961</u>	<u>190,961</u>
Restricted intergovernmental:			
Federal grants		4,751,856	
State grants		875,194	
Court facility fees		13,916	
Scrap tire disposal tax		32,870	
White goods disposal tax		4,359	
Enforcement fund		880	
Other revenue		80,896	
ABC profits for law enforcement		12,000	
ABC bottle taxes		22,505	
Total	<u>7,281,389</u>	<u>5,794,476</u>	<u>(1,486,913)</u>
Permits and fees:			
Building & well permits		216,290	
Inspection fees		167,680	
Landfill permits and user fees		525,645	
Recreation fees		24,955	
Gun permits and other		12,509	
Register of deeds		79,993	
Total	<u>1,071,626</u>	<u>1,027,072</u>	<u>(44,554)</u>

**Clay County, North Carolina  
General Fund**

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Sales and services:			
Rents, concessions, and fees		140,580	
Jail fees		106,703	
Ambulance and rescue squad fees		558,119	
Fines and forfeitures		62,061	
Recreation fees		394,663	
Health department fees		1,172,956	
Transportation fees		117,169	
Total	<u>3,128,251</u>	<u>2,552,251</u>	<u>(576,000)</u>
Investment earnings	<u>453,000</u>	<u>464,235</u>	<u>11,235</u>
Miscellaneous:			
Donations		20,547	
Other		105,510	
Total	<u>106,662</u>	<u>126,057</u>	<u>19,395</u>
<b>Total revenues</b>	<u>26,597,955</u>	<u>24,918,886</u>	<u>(1,679,069)</u>
<b>EXPENDITURES</b>			
General government:			
Governing body:			
Salaries and employee benefits		242,823	
Operating expenditures		543,653	
Capital outlay		109,309	
Unemployment insurance		13,247	
Total	<u>1,089,214</u>	<u>909,032</u>	<u>180,182</u>
Special appropriations:			
Special appropriations		193,816	
Total	<u>197,078</u>	<u>193,816</u>	<u>3,262</u>
Human resources:			
Salaries and employee benefits		72,564	
Operating expenditures		5,362	
Total	<u>78,357</u>	<u>77,926</u>	<u>431</u>
Board of elections:			
Salaries and employee benefits		169,786	
Operating expenditures		49,025	
Total	<u>243,028</u>	<u>218,811</u>	<u>24,217</u>
Finance:			
Salaries and employee benefits		276,545	
Operating expenditures		77,873	
Capital outlay		34,644	
Total	<u>493,015</u>	<u>389,062</u>	<u>103,953</u>
Tax supervisor:			
Salaries and employee benefits		231,796	
Operating expenditures		33,840	
Capital outlay		2,850	
Total	<u>282,900</u>	<u>268,486</u>	<u>14,414</u>

**Clay County, North Carolina  
General Fund**

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Tax collector:			
Salaries and employee benefits		285,857	
Operating expenditures		66,087	
Total	<u>359,222</u>	<u>351,944</u>	<u>7,278</u>
Legal:			
Contracted services		104,200	
Total	<u>111,750</u>	<u>104,200</u>	<u>7,550</u>
Register of deeds:			
Salaries and employee benefits		214,269	
Operating expenditures		46,599	
Capital outlay		13,275	
Total	<u>277,765</u>	<u>274,143</u>	<u>3,622</u>
Maintenance / public buildings:			
Salaries and employee benefits		481,437	
Operating expenditures		549,293	
Capital outlay		1,066,077	
Total	<u>2,755,195</u>	<u>2,096,807</u>	<u>658,388</u>
Senior center:			
Salaries and employee benefits		169,529	
Operating expenditures		151,789	
Capital outlay		11,414	
Total	<u>391,608</u>	<u>332,732</u>	<u>58,876</u>
<b>Total general government</b>	<u>6,279,132</u>	<u>5,216,959</u>	<u>1,062,173</u>
Public safety:			
Sheriff:			
Salaries and employee benefits		1,350,458	
Operating expenditures		284,055	
Capital outlay		241,938	
Total	<u>1,947,783</u>	<u>1,876,451</u>	<u>71,332</u>
Telecommunicators / emergency communications:			
Salaries and employee benefits		576,783	
Operating expenditures		64,239	
Total	<u>687,000</u>	<u>641,022</u>	<u>45,978</u>
CJPP:			
Operating expenditures		966	
Total	<u>1,300</u>	<u>966</u>	<u>334</u>
Sheriff investigators:			
Salaries and employee benefits		287,403	
Operating expenditures		30,392	
Total	<u>329,283</u>	<u>317,795</u>	<u>11,488</u>
Jail:			
Salaries and employee benefits		910,701	
Operating expenditures		414,678	
Capital outlay		14,837	
Total	<u>1,443,720</u>	<u>1,340,216</u>	<u>103,504</u>

**Clay County, North Carolina  
General Fund**

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Emergency management:			
Salaries and employee benefits		109,029	
Operating expenditures		34,338	
Capital outlay		35,730	
Total	<u>186,879</u>	<u>179,097</u>	<u>7,782</u>
Fire:			
Operating expenditures		68,734	
Total	<u>75,986</u>	<u>68,734</u>	<u>7,252</u>
Building department:			
Salaries and employee benefits		191,602	
Operating expenditures		13,475	
Capital outlay		14,806	
Total	<u>228,573</u>	<u>219,883</u>	<u>8,690</u>
Emergency medical services:			
Salaries and employee benefits		1,375,304	
Operating expenditures		219,020	
Total	<u>1,628,262</u>	<u>1,594,324</u>	<u>33,938</u>
E911 allowable:			
Salaries and employee benefits		27,030	
Operating expenditures		1,208	
Total	<u>67,442</u>	<u>28,238</u>	<u>39,204</u>
E911 nonallowable:			
Salaries and employee benefits		87,533	
Operating expenditures		12,576	
Total	<u>105,292</u>	<u>100,109</u>	<u>5,183</u>
Courthouse security:			
Salaries and employee benefits		7,256	
Total	<u>8,059</u>	<u>7,256</u>	<u>803</u>
Clerk of court:			
Operating expenditures		2,919	
Total	<u>3,400</u>	<u>2,919</u>	<u>481</u>
Total public safety	<u>6,712,979</u>	<u>6,377,010</u>	<u>335,969</u>
Transportation:			
Transportation - operating:			
Salaries and employee benefits		426,510	
Operating expenditures		101,394	
Capital outlay		35,081	
Total	<u>1,059,666</u>	<u>562,985</u>	<u>496,681</u>
Transportation - admin & capital:			
Salaries and employee benefits		172,634	
Operating expenditures		18,281	
Capital outlay		239,657	
Total	<u>614,041</u>	<u>430,572</u>	<u>183,469</u>
Total transportation	<u>1,673,707</u>	<u>993,557</u>	<u>680,150</u>

**Clay County, North Carolina  
General Fund**

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Economic and physical development:			
Sanitary landfill:			
Salaries and employee benefits		238,501	
Operating expenditures		365,788	
Total	<u>608,250</u>	<u>604,289</u>	<u>3,961</u>
Soil and water conservation:			
Salaries and employee benefits		75,423	
Operating expenditures		9,032	
Total	<u>92,821</u>	<u>84,455</u>	<u>8,366</u>
Agricultural extension:			
Salaries and employee benefits		86,835	
Operating expenditures		14,335	
Total	<u>164,248</u>	<u>101,170</u>	<u>63,078</u>
Special appropriations:			
Special appropriations		7,993	
Total	<u>8,500</u>	<u>7,993</u>	<u>507</u>
Total economic and physical development	<u>873,819</u>	<u>797,907</u>	<u>75,912</u>
Human services:			
Health department:			
Administration and health programs:			
Salaries and employee benefits		1,438,319	
Operating expenses		219,455	
Capital outlay		29,086	
Total	<u>2,444,451</u>	<u>1,686,860</u>	<u>757,591</u>
Immunization action plan:			
Operating expenses		-	
Total	<u>2,140</u>	<u>-</u>	<u>2,140</u>
Adult health:			
Operating expenses		7,822	
Total	<u>8,710</u>	<u>7,822</u>	<u>888</u>
Child health:			
Operating expenses		9,813	
Total	<u>13,050</u>	<u>9,813</u>	<u>3,237</u>
Breast and cervical cancer:			
Salaries and employee benefits		800	
Operating expenses		11,388	
Total	<u>14,900</u>	<u>12,188</u>	<u>2,712</u>
Environmental health:			
Operating expenses		32,964	
Total	<u>34,800</u>	<u>32,964</u>	<u>1,836</u>
Communicable disease:			
Operating expenses		5,159	
Capital outlay		50,274	
Total	<u>105,392</u>	<u>55,433</u>	<u>49,959</u>

**Clay County, North Carolina  
General Fund**

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

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
Animal control:			
Salaries and employee benefits		45,169	
Operating expenses		9,948	
Capital outlay		45,792	
Total	<u>113,300</u>	<u>100,909</u>	<u>12,391</u>
Healthy communities:			
Operating expenses		620	
Total	<u>620</u>	<u>620</u>	<u>-</u>
Dental clinic:			
Salaries and employee benefits		404,414	
Operating expenses		103,851	
Total	<u>535,181</u>	<u>508,265</u>	<u>26,916</u>
Family planning:			
Salaries and employee benefits		800	
Operating expenses		32,745	
Total	<u>36,500</u>	<u>33,545</u>	<u>2,955</u>
Immunizations:			
Operating expenses		107,285	
Total	<u>143,500</u>	<u>107,285</u>	<u>36,215</u>
WIC - women, infants, and children:			
Operating expenses		3,747	
Total	<u>7,800</u>	<u>3,747</u>	<u>4,053</u>
Child services coordination:			
Operating expenses		1,195	
Total	<u>1,300</u>	<u>1,195</u>	<u>105</u>
Bioterrorism:			
Operating expenses		238	
Total	<u>300</u>	<u>238</u>	<u>62</u>
Lab:			
Operating expenses		51,726	
Total	<u>52,500</u>	<u>51,726</u>	<u>774</u>
Maternal health:			
Operating expenses		2,263	
Total	<u>2,263</u>	<u>2,263</u>	<u>-</u>
Pregnancy care management:			
Operating expenses		2,120	
Total	<u>2,400</u>	<u>2,120</u>	<u>280</u>
Total health department	<u>3,519,107</u>	<u>2,616,993</u>	<u>902,114</u>
Veterans service officer:			
Salaries and employee benefits		24,877	
Total	<u>25,425</u>	<u>24,877</u>	<u>548</u>



**Clay County, North Carolina**

**General Fund**

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

**For the Fiscal Year Ended June 30, 2023**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Social services:			
Administration:			
Salaries and employee benefits		1,954,901	
Operating expenses		285,393	
Capital outlay		219,854	
Janitorial:			
Salaries and employee benefits		49,149	
Total	<u>2,670,814</u>	<u>2,509,297</u>	<u>161,517</u>
Recipients:			
Assistance payments		450,354	
Total	<u>700,669</u>	<u>450,354</u>	<u>250,315</u>
Total social services	<u>3,371,483</u>	<u>2,959,651</u>	<u>411,832</u>
Community paramedicine:			
Salaries and employee benefits		196,100	
Capital outlay		77,092	
Total	<u>342,950</u>	<u>273,192</u>	<u>69,758</u>
Student academy mentorship:			
Salaries and employee benefits		13,174	
Total	<u>50,000</u>	<u>13,174</u>	<u>36,826</u>
Dogwood opioid planning:			
Salaries and employee benefits		107,343	
Operating expenditures		33,901	
Capital outlay		14,875	
Total	<u>300,000</u>	<u>156,119</u>	<u>143,881</u>
Total human services	<u>7,608,965</u>	<u>6,044,006</u>	<u>1,564,959</u>
Cultural and recreation:			
Recreation:			
Salaries and employee benefits		295,354	
Operating expenditures		49,078	
Capital outlay		10,996	
Total	<u>371,539</u>	<u>355,428</u>	<u>16,111</u>
Recreation sports:			
Salaries and employee benefits		9,842	
Operating expenditures		69,123	
Total	<u>97,465</u>	<u>78,965</u>	<u>18,500</u>
Ball fields:			
Capital outlay		167,548	
Total	<u>168,000</u>	<u>167,548</u>	<u>452</u>
Campground:			
Salaries and employee benefits		11,375	
Operating expenditures		38,734	
Capital outlay		8,265	
Total	<u>67,649</u>	<u>58,374</u>	<u>9,275</u>

**Clay County, North Carolina  
General Fund**

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Libraries:			
Contribution to regional library		150,000	
Total	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Total cultural and recreation	<u>854,653</u>	<u>810,315</u>	<u>44,338</u>
Education:			
Public schools:			
Public schools - current		1,755,903	
Public schools -other		88,251	
Public schools - capital outlay		75,000	
Public schools - school nurse funds		50,000	
Community college:			
Community college - current		207,763	
Total education	<u>2,176,917</u>	<u>2,176,917</u>	<u>-</u>
Debt service:			
Principal retirements	1,060,785	1,003,881	56,904
Interest and fees	223,100	194,118	28,982
Total debt service	<u>1,283,885</u>	<u>1,197,999</u>	<u>85,886</u>
Total expenditures	<u>27,464,057</u>	<u>23,614,670</u>	<u>3,849,387</u>
Revenues over (under) expenditures	(866,102)	1,304,216	2,170,318
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in:			
American Rescue Plan Act Grant Project Fund	1,090,745	1,090,745	-
	<u>1,090,745</u>	<u>1,090,745</u>	<u>-</u>
Transfers to other funds:			
Tax revaluation fund	(75,000)	(75,000)	-
Sports Complex Capital Projects Fund	(287,838)	(285,790)	2,048
Total	<u>(362,838)</u>	<u>(360,790)</u>	<u>2,048</u>
Total net transfers	<u>727,907</u>	<u>729,955</u>	<u>2,048</u>
IT subscription agreements	124,945	122,929	(2,016)
Sale of capital assets	13,250	-	(13,250)
Total other financing sources (uses)	<u>866,102</u>	<u>852,884</u>	<u>(13,218)</u>
Revenues and other sources over (under) expenditures	-	2,157,100	2,157,100
Appropriated fund balance	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>2,157,100</u>	<u>\$ 2,157,100</u>
<b>FUND BALANCE</b>			
Fund balance, beginning		9,347,943	
Fund balance, ending		<u>\$ 11,505,043</u>	

**Clay County, North Carolina**  
**Tax Revaluation Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2023**

	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Investment earnings		\$ -	
Total revenues	\$ -	-	\$ -
<b>EXPENDITURES</b>			
Current:			
General government:			
Tax listing		-	
Total expenditures	75,000	-	75,000
Revenues over (under) expenditures	(75,000)	-	75,000
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer from other funds:			
General Fund	75,000	75,000	-
Total other financing sources (uses)	75,000	75,000	-
Revenues and other sources over (under) expenditures	-	75,000	75,000
Appropriated fund balance	-	-	-
Net change in fund balance	\$ -	75,000	\$ 75,000
<b>FUND BALANCE</b>			
Fund balance, beginning		161,443	
Fund balances, ending		\$ 236,443	

**Clay County, North Carolina**  
**American Rescue Plan Act Grant Project Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2023**

	Budget	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
<b>REVENUES</b>					
Restricted intergovernmental					
Coronavirus State and Local Fiscal Recovery Funds	\$ 2,181,490	\$ 1,090,745	\$ 1,090,745	\$ 2,181,490	\$ -
Total revenues	<u>2,181,490</u>	<u>1,090,745</u>	<u>1,090,745</u>	<u>2,181,490</u>	<u>-</u>
<b>EXPENDITURES</b>					
Public safety					
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	2,181,490	1,090,745	1,090,745	2,181,490	(1,090,745)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer to other funds	(2,181,490)	(1,090,745)	(1,090,745)	(2,181,490)	1,090,745
Total other financing sources (uses)	<u>(2,181,490)</u>	<u>(1,090,745)</u>	<u>(1,090,745)</u>	<u>(2,181,490)</u>	<u>1,090,745</u>
Revenues and other sources over (under) expenditures	-	-	-	-	-
Appropriated fund balance	-	-	-	-	-
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
<b>FUND BALANCE</b>					
Fund balance, beginning			-		
Fund balance, ending			<u>\$ -</u>		

**Clay County, North Carolina**  
**Public Schools Capital Project Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2023**

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>REVENUES</b>					
Restricted intergovernmental					
Public School Building Capital Fund					
- Needs-Based Lottery Fund	\$ 40,000,000	\$ -	\$ 507,972	\$ 507,972	\$ (39,492,028)
- Lottery Fund	90,350	-	77,420	77,420	(12,930)
- Repair and Renovation Lottery Fund	147,650	-	107,939	107,939	(39,711)
Total revenues	<u>40,238,000</u>	<u>-</u>	<u>693,331</u>	<u>693,331</u>	<u>(39,544,669)</u>
<b>EXPENDITURES</b>					
Intergovernmental - education					
Needs-Based Lottery Fund:					
Hayesville Intermediate School					
Construction	33,564,365	-	-	-	33,564,365
Architecture fee	6,435,635	-	507,972	507,972	5,927,663
Other	-	-	-	-	-
	<u>40,000,000</u>	<u>-</u>	<u>507,972</u>	<u>507,972</u>	<u>39,492,028</u>
Lottery Fund	90,350	-	77,420	77,420	12,930
Repair and Renovation Fund	147,650	-	107,939	107,939	39,711
Total expenditures	<u>40,238,000</u>	<u>-</u>	<u>693,331</u>	<u>693,331</u>	<u>39,544,669</u>
Revenues over (under) expenditures	-	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer to General Fund	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Appropriated fund balance	-	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
<b>FUND BALANCE</b>					
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ -</u>		

**Clay County, North Carolina**  
**911 Facility Capital Project Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2023**

	Budget	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
<b>REVENUES</b>					
Restricted intergovernmental					
911 grant	\$ 2,500,000	\$ 203,377	\$ 462,080	\$ 665,457	\$ (1,834,543)
State Capital Infrastructure Fund (SCIF) grant	2,000,000	-	98,000	98,000	(1,902,000)
Total restricted intergovernmental	<u>4,500,000</u>	<u>203,377</u>	<u>560,080</u>	<u>763,457</u>	<u>(3,736,543)</u>
Investment earnings	-	-	-	-	-
Total revenues	<u>4,500,000</u>	<u>203,377</u>	<u>560,080</u>	<u>763,457</u>	<u>(3,736,543)</u>
<b>EXPENDITURES</b>					
Public safety					
Capital outlay	4,500,000	203,377	560,080	763,457	3,736,543
Total expenditures	<u>4,500,000</u>	<u>203,377</u>	<u>560,080</u>	<u>763,457</u>	<u>3,736,543</u>
Revenues over (under) expenditures	-	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer from other funds	-	-	-	-	-
Transfer to other funds	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures	-	-	-	-	-
Appropriated fund balance	-	-	-	-	-
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
<b>FUND BALANCE</b>					
Fund balance, beginning			-		
Fund balance, ending			<u>\$ -</u>		

# Nonmajor Governmental Funds

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The County has the following nonmajor governmental funds:

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## *Special Revenue Funds:*

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

- **Emergency Telephone System Fund** – This fund was established in accordance with North Carolina law to account for the accumulation of telephone surcharges to be used for emergency telephone systems.
- **Fire District Fund** – This fund accounts for the ad valorem tax levies of the fire districts within Clay County.
- **Industrial Fund** – This fund was established to account for funds held to be used by the County in the Industrial Park. The fund had no financial transactions to report for the current fiscal year.
- **Representative Payee Fund** – This fund accounts for monies held by the Social Services Department for the benefit of certain individuals in the County.
- **Veterans Memorial Park Fund** – This fund was established to account for funds held for the creation of a new Veterans Memorial Park.
- **Asset Forfeiture Fund** – This fund is used to account for the expenditure of funds distributed to the County through the federal Equitable Sharing Program.
- **Opioid Settlement Fund** – In April 2022, drug manufacturer Johnson & Johnson, and three drug distributors, McKesson, AmerisourceBergen, and Cardinal Health, finalized a \$26 billion-dollar nationwide settlement related to multiple opioid lawsuits. These funds will be disbursed to each participating state over an 18-year period according to an allocation agreement reached with all participating states. The opioid settlement funds may support programs or services that serve persons with Opioid Use Disorder (OUD) or any co-occurring Substance Use Disorder (SUD) or mental health condition.

## *Capital Project Fund:*

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

- **Sports Complex Capital Project Fund** – This fund accounts for a multi-phase capital project for a new sports complex. Phase I is financed by transfers from the general fund and a direct placement installment purchase for ballfields. Phase II is funded by transfers from the general fund and a grant from the Parks and Recreation Trust Fund (PARTF) for the construction of a multipurpose building, an open-air covered picnic area with picnic tables, a timber-framed pavilion with benches, and court games.

**Clay County, North Carolina**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2023**

	Special Revenue Funds							Capital Project Funds		Total Nonmajor Governmental Funds	
	Emergency Telephone System Fund	Fire District Fund	Industrial Fund	Opioid Settlement Fund	Representative Payee Fund	Asset Forfeiture Fund	Veterans Memorial Park Fund	Total Nonmajor Special Revenue Funds	Sports Complex Capital Project Fund		Total Nonmajor Capital Projects Funds
<b>ASSETS</b>											
Cash and cash equivalents	\$ 326,181	\$ 26,315	\$ 88,078	\$ -	\$ 66,395	\$ -	\$ -	\$ 506,969	\$ -	\$ -	\$ 506,969
Restricted cash and cash equivalents	-	-	-	-	-	2,320	65,801	68,121	-	-	68,121
Restricted investments	-	-	-	177,897	-	-	-	177,897	-	-	177,897
Receivables, net											
Taxes	-	39,930	-	-	-	-	-	39,930	-	-	39,930
Accounts	17,349	-	-	-	-	-	-	17,349	-	-	17,349
Due from other funds	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 343,530</u>	<u>\$ 66,245</u>	<u>\$ 88,078</u>	<u>\$ 177,897</u>	<u>\$ 66,395</u>	<u>\$ 2,320</u>	<u>\$ 65,801</u>	<u>\$ 810,266</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 810,266</u>
<b>LIABILITIES</b>											
Accounts payable and accrued liabilities	\$ 39,863	\$ 14,341	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,204	\$ -	\$ -	\$ 54,204
Unearned revenue	-	-	-	177,897	-	-	-	177,897	-	-	177,897
Total liabilities	<u>42,229</u>	<u>14,341</u>	<u>-</u>	<u>177,897</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>234,467</u>	<u>-</u>	<u>-</u>	<u>234,467</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>											
Taxes receivable	-	39,930	-	-	-	-	-	39,930	-	-	39,930
Total deferred inflows of resources	<u>-</u>	<u>39,930</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,930</u>	<u>-</u>	<u>-</u>	<u>39,930</u>
<b>FUND BALANCES</b>											
Restricted:											
Stabilization by State statute	17,349	-	-	-	-	-	-	17,349	-	-	17,349
Public safety	283,952	-	-	-	-	2,320	-	286,272	-	-	286,272
Economic development	-	-	88,078	-	-	-	-	88,078	-	-	88,078
Cultural and recreation	-	-	-	-	-	-	65,801	65,801	-	-	65,801
Fire protection	-	11,974	-	-	-	-	-	11,974	-	-	11,974
Health services	-	-	-	-	66,395	-	-	66,395	-	-	66,395
Unassigned	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>301,301</u>	<u>11,974</u>	<u>88,078</u>	<u>-</u>	<u>66,395</u>	<u>2,320</u>	<u>65,801</u>	<u>535,869</u>	<u>-</u>	<u>-</u>	<u>535,869</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 343,530</u>	<u>\$ 66,245</u>	<u>\$ 88,078</u>	<u>\$ 177,897</u>	<u>\$ 66,395</u>	<u>\$ 2,320</u>	<u>\$ 65,801</u>	<u>\$ 810,266</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 810,266</u>



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

	Special Revenue Funds							Capital Project Funds			
	Emergency Telephone System Fund	Fire District Fund	Industrial Fund	Opioid Settlement Fund	Representative Payee Fund	Asset Forfeiture Fund	Veterans Memorial Park Fund	Total Nonmajor Special Revenue Funds	Sports Complex Project Fund	Total Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>											
Ad valorem taxes	\$ -	\$ 678,225	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 678,225	\$ -	\$ -	\$ 678,225
Restricted intergovernmental	157,311	-	-	-	139,057	47,360	-	343,728	97,162	97,162	440,890
Investment earnings	404	256	-	-	-	4	74	738	-	-	738
Miscellaneous	-	-	-	-	-	-	71,376	71,376	-	-	71,376
<b>Total revenues</b>	<b>157,715</b>	<b>678,481</b>	<b>-</b>	<b>-</b>	<b>139,057</b>	<b>47,364</b>	<b>71,450</b>	<b>1,094,067</b>	<b>97,162</b>	<b>97,162</b>	<b>1,191,229</b>
<b>EXPENDITURES</b>											
Current:											
Public safety	120,060	675,250	-	-	-	45,044	-	840,354	-	-	840,354
Human services	-	-	-	-	137,154	-	-	137,154	-	-	137,154
Cultural and recreation	-	-	-	-	-	-	5,649	5,649	382,952	382,952	388,601
<b>Total expenditures</b>	<b>120,060</b>	<b>675,250</b>	<b>-</b>	<b>-</b>	<b>137,154</b>	<b>45,044</b>	<b>5,649</b>	<b>983,157</b>	<b>382,952</b>	<b>382,952</b>	<b>1,366,109</b>
Excess (deficiency) of revenues over expenditures	37,655	3,231	-	-	1,903	2,320	65,801	110,910	(285,790)	(285,790)	(174,880)
<b>OTHER FINANCING SOURCES (USES)</b>											
Transfers from other funds	-	-	-	-	-	-	-	-	285,790	285,790	285,790
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>285,790</b>	<b>285,790</b>	<b>285,790</b>
<b>Net change in fund balances</b>	<b>37,655</b>	<b>3,231</b>	<b>-</b>	<b>-</b>	<b>1,903</b>	<b>2,320</b>	<b>65,801</b>	<b>110,910</b>	<b>-</b>	<b>-</b>	<b>110,910</b>
Fund balances, beginning	263,646	8,743	88,078	-	64,492	-	-	424,959	-	-	424,959
<b>Fund balances, ending</b>	<b>\$ 301,301</b>	<b>\$ 11,974</b>	<b>\$ 88,078</b>	<b>\$ -</b>	<b>\$ 66,395</b>	<b>\$ 2,320</b>	<b>\$ 65,801</b>	<b>\$ 535,869</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 535,869</b>

**Clay County, North Carolina**  
**Emergency Telephone System Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2023**

	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Restricted intergovernmental			
E911 Funding		\$ 157,311	
Investment earnings		404	
Total revenues	<u>\$ 157,310</u>	<u>157,715</u>	<u>\$ 405</u>
<b>EXPENDITURES</b>			
Public safety			
Implementation functions		38,882	38,882
Telephone		11,773	11,773
Software maintenance		27,366	27,366
Hardware maintenance		34,389	34,389
Training		729	729
Other		-	-
Total expenditures	<u>182,500</u>	<u>120,060</u>	<u>62,440</u>
Revenues over (under) expenditures	(25,190)	37,655	62,845
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer to other funds	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures	(25,190)	37,655	62,845
Appropriated fund balance	<u>25,190</u>	<u>-</u>	<u>(25,190)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>37,655</u>	<u>\$ 37,655</u>
<b>FUND BALANCE</b>			
Fund balance, beginning		<u>263,646</u>	
Fund balance, ending		<u><u>\$ 301,301</u></u>	

**Clay County, North Carolina**  
**Fire District Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2023**

	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Ad valorem taxes		\$ 667,002	
Ad valorem taxes prior year		11,223	
Total		<u>678,225</u>	
Investment earnings		256	
Total revenues	<u>\$ 729,142</u>	<u>678,481</u>	<u>\$ (50,661)</u>
<b>EXPENDITURES</b>			
Current:			
Public Safety			
Fire District No. 1		105,090	
Fire District No. 2		61,440	
Fire District No. 3		60,454	
Fire District No. 4		448,266	
Total expenditures	<u>729,142</u>	<u>675,250</u>	<u>53,892</u>
Revenues over (under) expenditures	-	3,231	3,231
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer from other funds			
General Fund	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures	-	3,231	3,231
Appropriated fund balance	-	-	-
Net change in fund balance over (under) expenditures	<u>\$ -</u>	<u>3,231</u>	<u>\$ 3,231</u>
<b>FUND BALANCE</b>			
Fund balance, beginning		<u>8,743</u>	
Fund balance, ending		<u>\$ 11,974</u>	

**Clay County, North Carolina**  
**Representative Payee Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2023**

	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Restricted intergovernmental		\$ 139,057	
Total revenues	\$ 135,000	139,057	\$ 4,057
<b>EXPENDITURES</b>			
Current:			
Human Services			
Payments made for the benefit of beneficiaries		137,154	
Total expenditures	135,000	137,154	(2,154)
Revenues over (under) expenditures	-	1,903	1,903
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer to other funds	-	-	-
Total other financing sources (uses)	-	-	-
Revenues and other sources over (under) expenditures	-	1,903	1,903
Appropriated fund balance	-	-	-
Net change in fund balance	\$ -	1,903	\$ 1,903
<b>FUND BALANCE</b>			
Fund balance, beginning		64,492	
Fund balance, ending		\$ 66,395	

**Clay County, North Carolina**  
**Veterans Memorial Park Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2023**

	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Investment earnings		\$ 74	
Donations		71,376	
Total revenues	<u>\$ 75,000</u>	<u>71,450</u>	<u>\$ (3,550)</u>
<b>EXPENDITURES</b>			
Current:			
Cultural and recreation			
Operating expenditures		5,649	
Total expenditures	<u>75,000</u>	<u>5,649</u>	<u>69,351</u>
Net change in fund balance	<u>\$ -</u>	65,801	<u>\$ 65,801</u>
<b>FUND BALANCE</b>			
Fund balance, beginning		<u>-</u>	
Fund balance, ending		<u>\$ 65,801</u>	

**Clay County, North Carolina**  
**Asset Forfeiture Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2023**

	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Restricted intergovernmental			
Equitable Sharing Program		\$ 47,360	
Investment earnings		4	
Total revenues	\$ 48,411	47,364	\$ (1,047)
<b>EXPENDITURES</b>			
Current:			
Public safety			
Operating expenditures		45,044	
Total expenditures	48,411	45,044	3,367
Revenues over (under) expenditures	-	2,320	2,320
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer to other funds		-	
Total other financing sources (uses)	-	-	-
Appropriated fund balance	-	-	-
Net change in fund balance	\$ -	2,320	\$ 2,320
<b>FUND BALANCE</b>			
Fund balance, beginning		-	
Fund balance, ending		\$ 2,320	

**Clay County, North Carolina**  
**Sports Complex Capital Project Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2023**

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
<b>REVENUES</b>					
Restricted intergovernmental					
Parks and Recreation Trust Fund (PARTF)	\$ 500,000	\$ 402,838	\$ 97,162	\$ 500,000	\$ -
Investment earnings	-	189	-	189	-
Total revenues	<u>500,000</u>	<u>403,027</u>	<u>97,162</u>	<u>500,189</u>	<u>189</u>
<b>EXPENDITURES</b>					
Phase I - ballfields	3,189,735	3,188,968	-	3,188,968	767
Phase II - multipurpose building sports complex	1,341,285	841,826	382,952	1,224,778	116,507
Total expenditures	<u>4,531,020</u>	<u>4,030,794</u>	<u>382,952</u>	<u>4,413,746</u>	<u>117,274</u>
Revenues over (under) expenditures	(4,031,020)	(3,627,767)	(285,790)	(3,913,557)	117,463
<b>OTHER FINANCING SOURCES (USES)</b>					
Installment obligations issued	2,605,298	2,605,298	-	2,605,298	-
Transfer from other funds	1,425,722	1,022,469	285,790	1,308,259	(117,463)
Total other financing sources (uses)	<u>4,031,020</u>	<u>3,627,767</u>	<u>285,790</u>	<u>3,913,557</u>	<u>(117,463)</u>
Revenues and other sources over (under) expenditures	-	-	-	-	-
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
<b>FUND BALANCE</b>					
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ -</u>		

# Enterprise Fund

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**Water and Sewer District Fund** – This fund is used to account for the operations of the water and sewer district within the County.

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**Clay County, North Carolina**  
**Water and Sewer District**  
**Schedule of Revenues, Expenditures - Budget and Actual (non-GAAP)**  
**For the Fiscal Year Ended June 30, 2023**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Operating revenues:			
Charges for services:			
Water sales:			
Residential/commercial		\$ 412,990	
Sewer sales:			
Residential/commercial		336,699	
Total	<u>\$ 770,061</u>	<u>749,689</u>	<u>\$ (20,372)</u>
Water and sewer taps	<u>22,830</u>	<u>19,750</u>	<u>(3,080)</u>
Other operating revenues	<u>99,654</u>	<u>86,794</u>	<u>(12,860)</u>
Total operating revenues	<u>892,545</u>	<u>856,233</u>	<u>(36,312)</u>
Nonoperating revenues:			
Investment earnings	<u>250</u>	<u>721</u>	<u>471</u>
Total nonoperating revenues	<u>250</u>	<u>721</u>	<u>471</u>
Total revenues	<u>892,795</u>	<u>856,954</u>	<u>(35,841)</u>
<b>EXPENDITURES</b>			
Administration:			
Salaries and employee benefits		345,282	
Insurance		5,143	
Repairs		72,035	
Other operating expenditures		303,657	
Total	<u>735,353</u>	<u>726,117</u>	<u>9,236</u>
Capital outlay:			
Buildings		13,806	
Equipment, furniture and fixtures		7,000	
Total	<u>40,000</u>	<u>20,806</u>	<u>19,194</u>
Debt service:			
Principal		102,562	
Interest		14,880	
Total debt service	<u>117,442</u>	<u>117,442</u>	<u>-</u>
Total expenditures	<u>892,795</u>	<u>864,365</u>	<u>28,430</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (7,411)</u>	<u>\$ (7,411)</u>

**Clay County, North Carolina**  
**Water and Sewer District**  
**Schedule of Revenues, Expenditures - Budget and Actual (non-GAAP)**  
**For the Fiscal Year Ended June 30, 2023**

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**Reconciliation from Budgetary Basis  
(modified accrual) to full accrual:**

Revenues and other financing sources over	<u>\$ (7,411)</u>
Reconciling items:	
Principal retirement	102,562
Capital outlay	20,806
Increase (decrease) in deferred outflows of resources - pensions	57,416
Increase (decrease) in deferred outflows of resources - OPEB	(1,153)
Decrease (increase) in net pension liability	(141,915)
Decrease (increase) in net OPEB liability	8,390
Decrease (increase) in accrued vacation pay	(5,530)
Decrease (increase) in accrued vacation pay	(541)
Decrease (increase) in deferred inflows of resources - pensions	62,323
Decrease (increase) in deferred inflows of resources - OPEB	(1,650)
Depreciation	<u>(364,161)</u>
Total reconciling items	<u>(263,453)</u>
Change in net position	<u><u>\$ (270,864)</u></u>

# Custodial Funds

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

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- **Municipal Tax Fund** – which accounts for vehicle property taxes that are billed and collected by the County for the municipality within the County but that are not revenues to the County.
- **Jail Inmate Pay Fund** – which accounts for funds held by the County on the behalf of inmates while they are incarcerated.
- **Sheriff's Trust Fund** – which accounts for monies collected by the Sheriff's Office for civil judgements.

**Clay County, North Carolina**  
**Combining Statement of Fiduciary Net Position**  
**Custodial Funds**  
**For the Year Ended June 30, 2023**

	Municipal Tax Fund	Jail Inmate Pay Fund	Sheriff Trust Fund	Total Custodial Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 5,787	\$ 2,975	\$ 8,762
<b>LIABILITIES AND NET POSITION</b>				
<b>LIABILITIES</b>				
Due to others	-	-	-	-
Due to other governments	-	-	-	-
Total liabilities	-	-	-	-
<b>NET POSITION</b>				
Restricted for:				
Individuals, organizations, and other governments	-	5,787	2,975	8,762
Total fiduciary net position	\$ -	\$ 5,787	\$ 2,975	\$ 8,762

**Clay County, North Carolina**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Custodial Funds**  
**For the Year Ended June 30, 2023**

	Municipal Tax Fund	Jail Inmate Pay Fund	Sheriff Trust Fund	Total Custodial Funds
<b>ADDITIONS</b>				
Ad valorem taxes collected for other governments	\$ 117,689	\$ -	\$ -	\$ 117,689
Collection on behalf of inmates/organizations	-	38,918	2,288	41,206
Total additions	<u>117,689</u>	<u>38,918</u>	<u>2,288</u>	<u>158,895</u>
<b>DEDUCTIONS</b>				
Tax distributions to other governments	117,689	-	-	117,689
Payments on behalf of inmates/organizations	-	62,118	139	62,257
Total deductions	<u>117,689</u>	<u>62,118</u>	<u>139</u>	<u>179,946</u>
Net increase (decrease) in fiduciary net position	-	(23,200)	2,149	(21,051)
Net position, beginning	<u>-</u>	<u>28,987</u>	<u>826</u>	<u>29,813</u>
Net position, ending	<u>\$ -</u>	<u>\$ 5,787</u>	<u>\$ 2,975</u>	<u>\$ 8,762</u>

## Other Schedules

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This section contains additional information required on property taxes and transfers.

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- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy – County-Wide Levy
- Ten Largest Taxpayers
- Schedule of Transfers

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

Fiscal Year	Uncollected Beginning Balance	Additions	Collections And Credits	Uncollected Ending Balance
2022-2023	\$ -	\$ 9,161,403	\$ 8,965,518	\$ 195,885
2021-2022	188,392	-	88,045	100,347
2020-2021	98,048	-	33,773	64,275
2019-2020	64,101	-	13,574	50,527
2018-2019	44,240	-	5,453	38,787
2017-2018	29,442	-	1,445	27,997
2016-2017	23,603	-	1,388	22,215
2015-2016	18,768	-	1,225	17,543
2014-2015	16,830	-	1,038	15,792
2013-2014	18,111	-	557	17,554
2012-2013	24,010	-	24,010	-
	<u>\$ 525,545</u>	<u>\$ 9,161,403</u>	<u>\$ 9,136,026</u>	550,922

Less: allowance for uncollectible accounts:  
General Fund

(115,694)

Ad valorem taxes receivable - net:  
General Fund

\$ 435,228

Reconciliation with revenues:

Ad valorem taxes - General Fund

\$ 9,170,467

Reconciling items:

Interest collected

(66,117)

Release and adjustments

23,474

Taxes written off

3,960

Other adjustments

4,242

Total reconciling items

(34,441)

Total collections and credits

\$ 9,136,026

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

	County - Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 2,094,522,791	0.4300	\$ 9,006,448	\$ 8,284,746	\$ 721,702
Total	<u>2,094,522,791</u>		<u>9,006,448</u>	<u>8,284,746</u>	<u>721,702</u>
Discoveries:					
Current year taxes	40,784,186	0.4300	175,372	175,372	-
Total	<u>40,784,186</u>		<u>175,372</u>	<u>175,372</u>	<u>-</u>
Releases:	(4,748,140)	0.4300	(20,417)	(20,417)	-
Total property valuation	<u>\$ 2,130,558,837</u>		<u>(20,417)</u>	<u>(20,417)</u>	<u>-</u>
Net levy			9,161,403	8,439,701	721,702
Uncollected taxes at June 30, 2023			<u>(100,347)</u>	<u>(100,347)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 9,061,056</u>	<u>\$ 8,339,354</u>	<u>\$ 721,702</u>
Current levy collection percentage			<u>98.90%</u>	<u>98.81%</u>	<u>100.00%</u>



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

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<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Blue Ridge Mountain EMC	Utility	\$ 19,494,784	0.92%
Ingles Markets, Inc.	Commercial	10,425,611	0.49%
Advanced Digital Cable, Inc.	Commercial	5,525,075	0.26%
Gabriel Investors, LLC	Commercial	4,818,200	0.23%
Hendrikse Nelson J Trustee	Commercial	4,099,360	0.19%
JWJ of Clay County, LLC	Commercial	3,829,100	0.18%
Ledford, Anthony H & Vickie	Commercial	3,758,681	0.18%
APAC Tennessee, Inc.	Commercial	3,449,466	0.16%
Wright Brothers Construction Co. Inc.	Commercial	3,436,122	0.16%
Elderberry of Hayesville, LLC	Commercial	3,377,394	0.16%
Total		<u>\$ 62,213,793</u>	<u>2.93%</u>

**Clay County, North Carolina**  
**Schedule of Transfers**  
**For the Fiscal Year Ended June 30, 2023**

<b>Operating Transfers From/To Other Funds</b>	Transfers	
	From	To
General Fund	\$ 285,790	
Capital Projects - Sports Complex Capital Projects Fund		\$ 285,790
General Fund	75,000	
Tax Revaluation Fund		75,000
American Rescue Plan Act Grant Project Fund	1,090,745	
General Fund		1,090,745
	\$ 1,451,535	\$ 1,451,535

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## **Compliance Section**

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# Turner & Company CPAs P.A.

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

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## **Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

To the Board of County Commissioners  
Clay County, North Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Clay County, North Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprises the County's basic financial statements, and have issued our report thereon dated November 30, 2023. The financial statements of the Clay County ABC Board were not audited in accordance with *Government Auditing Standards*.

### ***Report on Internal Control over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Report on Compliance and Other Matters***

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

*Turner & Company CPAs P.A.*

Turner & Company CPAs P.A.  
Murphy, North Carolina  
November 30, 2023

# Turner & Company CPAs P.A.

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

To the Board of Commissioners  
Clay County, North Carolina

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

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

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

#### ***Basis for Opinion on Each Major Federal Program***

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

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

#### ***Responsibilities of Management for Compliance***

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

#### ***Auditors' Responsibilities for the Audit of Compliance***

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

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

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

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

**Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies 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 OMB Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Turner & Company CPAs P.A.".

Turner & Company CPAs P.A.

Murphy, North Carolina

November 30, 2023

# Turner & Company CPAs P.A.

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

To the Board of Commissioners  
Clay County, North Carolina

### **Report on Compliance for Each Major State Program**

#### ***Opinion on Each Major State Program***

We have audited Clay County, North Carolina's, 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 County's major state programs for the year ended June 30, 2023. The County's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

#### ***Basis for Opinion on Each Major State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

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

#### ***Auditors' Responsibilities for the Audit of Compliance***

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

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

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

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

**Report on Internal Control Over Compliance**

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

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

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

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



Turner & Company CPAs P.A.

Murphy, North Carolina

November 30, 2023



**Clay County, North Carolina  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2023**

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**I. Summary of Auditors' Results**

**Financial Statements**

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

Internal control over financial reporting:

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

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

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

Identification of major federal programs:

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

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

Auditee qualified as low-risk auditee X yes    \_\_\_ no

**State Awards**

Internal control over major state programs:

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

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

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

Identification of major state programs (Dollar threshold over \$500,000):

Program Name
Medical Assistance Program (Medicaid; Title XIX)
Public School Building Capital Fund
911 Grant

**Clay County, North Carolina**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2023**

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**II. Financial Statement Findings**

None reported.

**III. Federal Award Findings and Questioned Costs**

None reported.

**IV. State Award Findings and Questioned Costs**

None reported.

# CLAY COUNTY

P.O. BOX 118 • HAYESVILLE, NORTH CAROLINA 28904 • (828) 389-0089

**Corrective Action Plan  
For the Fiscal Year Ended June 30, 2023**

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**II. Financial Statement Findings**

None reported.

**III. Federal Award Findings and Questioned Costs**

None reported.

**IV. State Award Findings and Questioned Costs**

None reported.

**COMMISSIONERS**

**CHAIRMAN: DR. ROB PECK**

**CLAY LOGAN • DWIGHT PENLAND • DOUGLAS SCOTT PENLAND • RANDY NICHOLS**

# CLAY COUNTY

P.O. BOX 118 • HAYESVILLE, NORTH CAROLINA 28904 • (828) 389-0089

**Summary Schedule of Prior Year Audit Findings  
For the Fiscal Year Ended June 30, 2023**

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None reported.

## COMMISSIONERS

CHAIRMAN: DR. ROB PECK

CLAY LOGAN • DWIGHT PENLAND • DOUGLAS SCOTT PENLAND • RANDY NICHOLS

**Clay County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Fiscal Year Ended June 30, 2023**

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing No.	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients
<b>Federal Awards:</b>					
<b><u>U.S. Department of Agriculture</u></b>					
<b><u>Food and Nutrition Service</u></b>					
Passed-through the N.C. Department of Health and Human Services:					
Division of Social Services:					
Administration:					
Supplemental Nutrition Assistance Program Cluster					
State Administrative Matching Grants	10.561	XXXX	\$ 105,243	\$ -	\$ -
FNS - ARPA	10.561	XXXX	17,455	-	-
Total Supplemental Nutrition Assistance Program Cluster			<u>122,698</u>	<u>-</u>	<u>-</u>
Passed-through the Office of State Budget and Management:					
Forest Service Schools and Road Cluster					
Schools and Roads - Grants to States and Counties	10.665	XXXX	88,251	-	88,251
Passed-through the N.C. Department of Health and Human Services:					
Division of Public Health:					
Administration:					
Special Supplemental Nutrition Program for Women, Infants, & Children (Note 5)					
	10.557	XXXX	71,394	-	-
<b>Total U.S. Department of Agriculture</b>			<u>282,343</u>	<u>-</u>	<u>88,251</u>
<b><u>U.S. Department of Transportation</u></b>					
Passed-through the N.C. Department of Transportation:					
Formula Grants for Other than Urbanized Areas - Capital	20.509	XXXX	187,310	23,414	-
Formula Grants for Other than Urbanized Areas - Administration	20.509	XXXX	94,151	5,884	-
Formula Grants for Other than Urbanized Areas - Operating	20.509	XXXX	389,286	-	-
<u>Transit Services Programs Cluster:</u>					
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	XXXX	40,000	-	-
Total Transit Services Programs Cluster			<u>40,000</u>	<u>-</u>	<u>-</u>
<b>Total U.S. Department of Transportation</b>			<u>710,747</u>	<u>29,298</u>	<u>-</u>
<b><u>U.S. Department of Homeland Security</u></b>					
Emergency Food and Shelter National Board Program					
Federal Emergency Management Agency:					
Emergency Food and Shelter Program (EFSP) Phase ARPA-R	97.024	XXXX	2,800	-	-
Emergency Food and Shelter Program (EFSP) Phase 39	97.024	XXXX	1,520	-	-
Passed-through N.C. Department of Public Safety:					
Division of Emergency Management					
Disaster Grants - Public Assistance (Presidentially Declared Disaster)	97.036	FEMA-DR-4487-NC	21,150	-	-
Homeland Security Grant Program (HSGP)	97.067	EMW-2020-SS-00023	34,122	-	-
Emergency Management Performance Grants (EMPG)	97.042	EMA-2022-EP-00005	39,032	-	-
<b>Total U. S. Department of Homeland Security</b>			<u>98,624</u>	<u>-</u>	<u>-</u>
<b><u>U.S. Department of Justice</u></b>					
Criminal Division					
Equitable Sharing Program	16.922	NC0220000	45,044	-	-
Passed-through the N.C. Department of Public Safety:					
North Carolina Governor's Crime Commission					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-21-GG-00278-JAGX	23,666	-	-
<b>Total U. S. Department of Justice</b>			<u>68,710</u>	<u>-</u>	<u>-</u>
<b><u>U.S. Department of Treasury</u></b>					
Passed-through the N.C. Department of Commerce:					
Division of Rural Economic Development:					
Rural Transformation Grant Fund	21.027	SLFRP0129	850,000	-	-
Direct Program					
Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP1448	1,090,745	-	-
<b>Total U. S. Department of Treasury</b>			<u>1,940,745</u>	<u>-</u>	<u>-</u>

**Clay County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Fiscal Year Ended June 30, 2023**

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing No.	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients
<b><u>Administration on Aging</u></b>					
Passed-through Southwestern North Carolina Planning and Economic Development Commission:					
Division of Aging and Adult Services:					
<u>Aging Cluster</u>					
Special Programs for the Aging - Title III B					
Grants for Supportive Services and Senior Centers	93.044	XXXX	84,063	4,424	-
ARPA - Special Programs for the Aging - Title III B	93.044	XXXX	12,939	681	-
ARPA - Special Programs for the Aging - Title III C2					
Nutrition Services	93.045	XXXX	12,805	674	-
Special Programs for the Aging - Title III C					
Nutrition Services	93.045	XXXX	92,239	4,855	-
Nutrition Services Incentive Program	93.053	XXXX	15,129	-	-
Total Aging Cluster			217,175	10,634	-
Passed-through the N.C. Department of Health and Human Services:					
Division of Social Services:					
<u>Temporary Assistance for Needy Families (TANF) Cluster</u>					
TANF - Work First Administration	93.558	XXXX	14,086	-	-
TANF - Work First Service	93.558	XXXX	58,797	-	-
Total TANF Cluster			72,883	-	-
<u>Foster Care and Adoption Cluster (Note 5)</u>					
Adoption Assistance Title IV-E - Optional Adoption Training	93.659	XXXX	6,389	-	-
Foster Care Title IV-E - Administration	93.658	XXXX	34,627	-	-
Foster Care Title IV-E - Child Protective Services	93.658	XXXX	18,581	3,993	-
Foster Care Title IV-E - Foster Care/Off Training	93.658	XXXX	49,285	-	-
Direct Benefit Payments					
Foster Care Title IV-E - IV-E Administration	93.658	XXXX	2,874	1,437	-
Foster Care Title IV-E - Family Foster Care Max	93.658	XXXX	517	-	-
Foster Care Title IV-E - Foster Care	93.658	XXXX	27,330	5,956	-
Foster Care Title IV-E - Foster Care & Extended Max	93.658	XXXX	18,232	3,301	-
Total Foster Care and Adoption Cluster (Note 5)			157,835	14,687	-
Promoting Safe and Stable Families	93.556	XXXX	7,458	-	-
Child Support Enforcement	93.563	XXXX	157,634	(44)	-
Low-Income Home Energy Assistance:					
Administration	93.568	XXXX	8,108	-	-
Energy Assistance Payments	93.568	XXXX	54,100	-	-
ARPA - Energy Assistance Payments	93.568	XXXX	7,670	-	-
Crisis Intervention Program	93.568	XXXX	27,908	-	-
Total Low-Income Home Energy Assistance			97,786	-	-
Low-Income Household Water Assistance:					
Administration	93.568	XXXX	4,856	-	-
Administration - Consolidated Appropriations Act	93.568	XXXX	3,515	-	-
Total Household Water Assistance			8,371	-	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood - LINKS	93.674	XXXX	1,070	267	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	XXXX	5,639	-	-
Refugee and Entrant Assistance - State/Replacement					
Designee Administered Programs	93.566	XXXX	(2)	-	-
Stephanie Tubbs Jones Child Welfare Services Program:					
Permanency Planning - Families for Kids	93.645	XXXX	2,215	-	-
Total Stephanie Tubbs Jones Child Welfare Services Program			2,215	-	-

**Clay County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Fiscal Year Ended June 30, 2023**

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing No.	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients
SSBG - TANF Transferred to Social Services Block Grant	93.667	XXXX	82,397	-	-
SSBG - Adult Protective Services	93.667	XXXX	5,047	-	-
SSBG - Other Service and Training	93.667	XXXX	25,983	1,721	-
Division of Aging and Adult Services:					
Division of Social Services:					
SSBG - State In Home Service Fund	93.667	XXXX	36,640	-	-
Total Social Service Block Grant			150,067	1,721	-
Division of Child Development and Early Education:					
Subsidized Child Care (Note 5)					
<u>Child Care Development Fund Cluster:</u>					
Division of Social Services:					
Child Care Development Mandatory and Match Fund - Administration	93.596	XXXX	66,667	-	-
Total Subsidized Child Care			66,667	-	-
Total Subsidized Child Care (Note 5)			66,667	-	-
Passed-through the N.C. Department of Health and Human Services:					
Division of Medical Assistance:					
Division of Social Services:					
Administration:					
Medical Assistance Program (Note 5)	93.778	XXXX	436,098	74,081	-
Total Medical Assistance Program			436,098	74,081	-
Division of Social Services:					
Administration:					
Children's Health Insurance Program - N.C. Health Choice (Note 5)	93.767	XXXX	10,736	464	-
Total Children's Health Insurance Program - N.C. Health Choice			10,736	464	-
Passed-through the N.C. Department of Health and Human Services:					
Division of Public Health:					
Public Health Emergency Preparedness	93.069	XXXX	27,459	-	-
COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	XXXX	30,338	-	-
Project Grants and Cooperative Agreements for					
Tuberculosis Control Programs	93.116	XXXX	1,431	-	-
Family Planning Services	93.217	XXXX	26,536	-	-
Immunization Grants	93.268	XXXX	4,656	-	-
Temporary Assistance for Needy Families	93.558	XXXX	534	-	-
Preventive Health and Health Services Block Grant	93.991	XXXX	30,607	-	-
Injury Prevention and Control Research and					
State and Community Based Programs	93.136	XXXX	100,000	-	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	XXXX	100	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	XXXX	7,030	-	-
Epidemiology and Laboratory Capacity for Infectious Diseases:					
ELC Testing School Health Staffing	93.323	XXXX	110,414	-	-
ELC Enhancing Detection Activities	93.323	XXXX	10,380	-	-
Total Epidemiology and Laboratory Capacity for Infectious Diseases			120,794	-	-
Maternal and Child Health Services Block Grant					
Care Coordination for Children	93.994	XXXX	7,712	-	-
Child Fatality Prevention	93.994	XXXX	160	-	-
Child Health	93.994	XXXX	22,322	-	-
HMHC-FP - February Start	93.994	XXXX	3,904	2,929	-
HMHC-Restoration	93.994	XXXX	684	513	-
Total Maternal and Child Health Services Block Grant	93.994	XXXX	34,782	3,442	-
<b>Total U.S. Department of Health and Human Services</b>			<b>1,775,899</b>	<b>105,252</b>	<b>-</b>
<b>Total federal awards</b>			<b>4,877,068</b>	<b>134,550</b>	<b>88,251</b>

**Clay County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Fiscal Year Ended June 30, 2023**

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing No.	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients
<b>State Awards:</b>					
<b><u>N.C. Office of State Budget and Management</u></b>					
State Capital and Infrastructure Fund (SCIF) Directed Grant		XXXX	-	98,000	-
Register of Deeds Grants Program (Session Law 2021-180)		XXXX	-	2,166	-
Southwestern Commission Council of Government					
State Capital and Infrastructure Fund (SCIF) Directed Grant					
Moss Memorial Library Renovation		XXXX	-	40,000	-
Sheriffs Vehicles		XXXX	-	75,000	-
Government Building Improvements		XXXX	-	80,000	-
			-	<u>295,166</u>	-
<b><u>N.C. Department of Administration</u></b>					
Veterans Service		XXXX	-	2,083	-
			-	<u>2,083</u>	-
<b><u>N.C. Department of Natural and Cultural Resources</u></b>					
Division of Parks and Recreation					
Parks and Recreation Trust Fund (PARTF)		2022-963	-	97,162	-
			-	<u>97,162</u>	-
<b><u>N.C. Department of Health and Human Services</u></b>					
Office of Rural Health					
Community Health Grant		XXXX	-	149,523	-
			-	<u>149,523</u>	-
Division of Social Services					
Direct Benefit Payments					
State Foster Home		XXXX	-	20,273	-
State Child Welfare/CPS/CS LD		XXXX	-	16,365	-
Extended Foster Care Maximization Non IV-E programs		XXXX	-	5,584	-
State Foster Home Fund (SFHF) Maximization		XXXX	-	5,455	-
			-	<u>47,677</u>	-
Division of Public Health					
Food and Lodging Fees		XXXX	-	4,955	-
Public Health Capacity Building		XXXX	-	76,626	-
Healthy Communities		XXXX	-	3,747	-
General Communicable Disease Control		XXXX	-	11,294	-
Child Health		XXXX	-	1,090	-
Family Planning - State		XXXX	-	15,317	-
Maternal Health		XXXX	-	1,066	-
Women's Health Service Fund		XXXX	-	4,742	-
HIV/STD - State		XXXX	-	602	-
School Nurse Funding Initiative		XXXX	-	50,000	-
Breast and Cervical Cancer Control		XXXX	-	4,995	-
Tuberculosis Control		XXXX	-	1,210	-
Communicable Disease Pandemic Recovery		2SF1 249N TT, AA546	-	134,708	-
			-	<u>310,352</u>	-
			-	<u>507,552</u>	-
<b><u>N.C. Department of Public Instruction</u></b>					
Public School Building Capital Fund					
- Lottery Fund		XXXX	-	77,420	77,420
- Repair and Renovation Lottery Fund		XXXX	-	107,939	107,939
- Needs-Based Lottery Fund		XXXX	-	507,972	507,972
			-	<u>693,331</u>	<u>693,331</u>
<b><u>N.C. Department of Information Technology</u></b>					
N.C. 911 Board					
911 Grant		G2021-02	-	462,080	-
			-	<u>462,080</u>	-



**Clay County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Fiscal Year Ended June 30, 2023**

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing No.	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients
<b><u>N.C. Department of Insurance</u></b>					
Seniors' Health Insurance Information Program		XXXX	-	6,595	-
<b>Total N.C. Department of Insurance</b>			-	<b>6,595</b>	-
<b><u>N.C. Department of Public Safety</u></b>					
Enforcing the Law Grant (Session Law 2021-180)		XXXX	-	44,558	-
Division of Juvenile Justice and Delinquency Prevention					
Juvenile Crime Prevention Programs		XXXX	-	64,254	61,067
<b>Total N.C. Department of Public Safety</b>			-	<b>108,812</b>	<b>61,067</b>
<b><u>N.C. Department of Transportation</u></b>					
Rural Operating Assistance Program (ROAP)					
- ROAP Elderly and Disabled Transportation Assistance Program		36220.10.11.1	-	61,921	-
- ROAP Rural General Public Program		36228.22.11.1	-	58,472	-
- ROAP Work First Transitional - Employment		36236.11.10.1	-	5,637	-
Total ROAP Cluster			-	126,030	-
<b>Total N.C. Department of Transportation</b>			-	<b>126,030</b>	-
<b>Total State awards</b>			-	<b>2,298,811</b>	<b>754,398</b>
<b>Total federal and State awards</b>			<b>\$ 4,877,068</b>	<b>\$2,433,361</b>	<b>\$ 842,649</b>

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

Note 2: Summary of Significant Accounting Policies

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

Note 3: Indirect Cost Rate

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

Note 4: Cluster of Programs

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

Note 5: Benefit Payments Issued by the State

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

Program Title	ALN No.	Federal	State
Special Supplemental Nutrition Program for Women Infant and Children	10.557	140,349	-
Supplemental Nutrition Assistance Program	10.551	4,431,451	-
Temporary Assistance for Needy Families	93.558	8,122	-
Temporary Assistance for Needy Families - PEAFF	93.558	2,617	-
Adoption Assistance	93.659	47,740	9,146
Medical Assistance Program	93.778	18,172,353	7,169,905
Children's Health Insurance Program	93.767	84,667	18,935
Child Welfare Services Adoption		-	27,777
Special Assistance Aged / Special Assistance Disabled (SAA/SAD HB 1030)		-	50,658