

Rutherford County, North Carolina
Annual Comprehensive Financial Report
For the Year Ended June 30, 2025



Prepared By
Rutherford County Finance Department

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INTRODUCTORY SECTION

February 27, 2026

To the Board of County Commissioners and the Residents of Rutherford County, North Carolina:

In compliance with the General Statutes of the State of North Carolina, the annual comprehensive financial report (ACFR) of the County of Rutherford, North Carolina, is submitted for the fiscal year ended June 30, 2025. The responsibility for the accuracy, completeness, and clarity of the report rests with the County Finance Director. We believe the data presented is accurate in all material respects; that it is presented in a manner to fairly represent the financial position and the results of operations of the County of Rutherford as measured by the financial activities of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the County's financial activity have been included.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of independent auditors.

REPORTING ENTITY AND ITS SERVICES

The County has a commissioner/manager form of government with five commissioners elected for four-year staggered terms. The Board of Commissioners approves all tax and budget issues by a majority vote. An organizational chart is presented in this introductory section.

The financial reporting entity consists of the primary government, organizations for which a primary government is financially accountable and other organizations for which the nature and significance of their relationships with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The primary government is financially accountable if it appoints a voting majority of the organization's governing body; and (1) is able to impose its will on that organization, or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government. The following agencies have been included in the reporting entity as component units:

Rutherford County Airport Authority
Rutherford County Transit Authority
Rutherford County Tourism Development Authority
Rutherford County Economic Development Association

Based on the foregoing criteria, it was not considered appropriate to include the following entities in the County of Rutherford reporting entity:

Rutherford County Board of Education
Region C Council of Governments
Fire and Sanitary Districts
Isothermal Community College
Foothills Public Health District
Partners Behavioral Health Management

The financial statements of these entities are audited and available at the office of each entity.

The County provides, in total or in part, a full range of governmental services including General Government, Public Safety, Environmental Protection, Human Services, Economic and Physical Development, Education, and Cultural Activities.

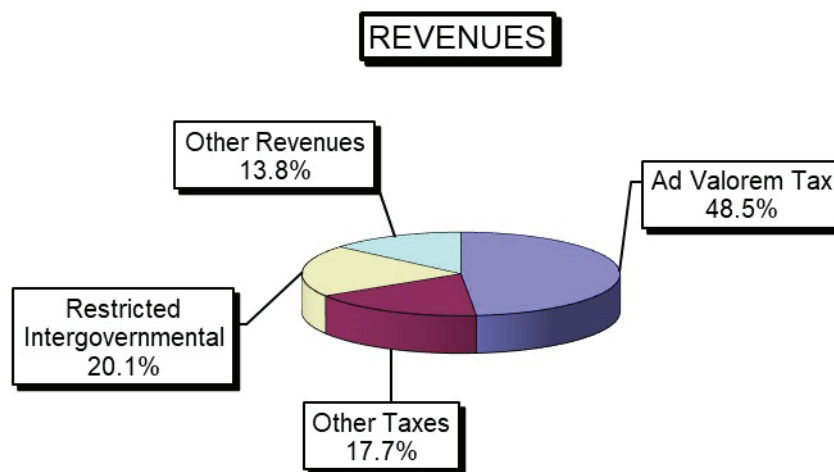
ACCOUNTING SYSTEM AND BUDGETARY CONTROLS

The County's accounting and financial systems have been designed to provide adequate internal accounting controls and to provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or dispositions and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits to be derived, and the evaluation of costs and benefits requires estimates and judgment by management. The County believes that the internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. Budgetary or other control is exercised over all funds. Appropriations are made at the functional level for the General Fund, at the departmental level for the Special Revenue and Proprietary Funds, and at the object level for the Capital Project and Debt Service Funds. The Governing Board amends appropriations as necessary. The budget shown in the financial statements is the budget ordinance as amended through June 30, 2025. The County's budget ordinance is prepared on a modified accrual basis for all governmental fund types. The budgets for the General Fund, Special Revenue Funds except for the Debt Service and Grant Fund, and Enterprise Funds are prepared on an annual basis, and the budgets for the Capital Project and Grant Funds are authorized for the life of the grant/project.

GENERAL GOVERNMENTAL FUNCTIONS

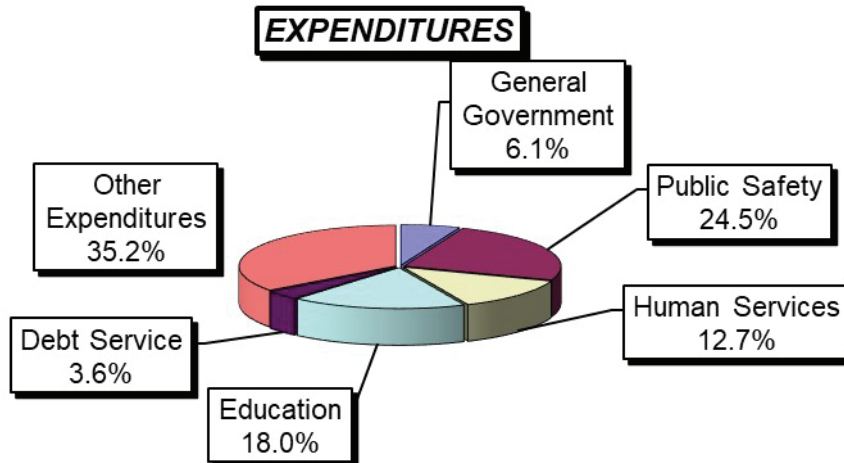
Revenues for annual general governmental functions come primarily from ad valorem taxes, the two and one-half-cent optional sales tax, and intergovernmental revenues (primarily state and federal). These governmental functions include the general, special revenue and debt service funds. Revenues in the General Fund are the sources used to carry out the general operations of the County. Special revenue funds are monies that are restricted by law or administrative action for specific purposes such as emergency telephone system fund, school capital projects and the fire districts tax distribution.

The following graph illustrates the County's general governmental sources of revenue for the general, special revenue and debt service funds only:



Rutherford County's general governmental sources of revenue decreased by approximately 15.84%, or \$22.05 million, attributable to decreases in restricted intergovernmental revenues with the receipt of OSBM state appropriation grants received in FY2024. Ad valorem and restricted intergovernmental are the largest source of revenues for the County accounting for 68.54% of total revenues. Ad valorem taxes account for 48.63% of revenues and increased by \$942,153 or 1.68% due to moderate growth in the tax base and special district taxes and with the continued investments at Andale. Fiscal year 2024-2025 budget was adopted based on a tax rate of 45.4 cents per \$100 of value. Restricted intergovernmental revenues account for 19.91% of revenues and decreased by 51.43% due to approximately \$33.7M in OSBM state grants received in the prior year. The County experienced increases in the areas of fees during FY 2024-2025 with steady building permits related to commercial construction and residential property sales along with increased excise taxes with strong residential property sales.

Management recognizes that local sources of revenue must be used to provide basic services instead of relying on the uncertainty of federal and state funding. Education, human services, and public safety continue to be the largest of County government expenditures representing 55.21% of all expenditures. Due to Hurricane Helene, FEMA eligible debris operations made up \$38.665 million of environmental protection expenditures or 24.57% of all expenditures. The following graph illustrates the County's general governmental expenditures in the general, special revenue and debt service funds only:



Total expenditures increased 45.42% as compared to FY 2023-2024. This increase was largely a result of Hurricane Helene FEMA eligible debris operations which removed over one million cubic yards of debris from the County ROW and waterways by May 2025. Increases in Public Safety were a result of increased operational costs and completion of the animal control facility. Increases in Human Services were due to Medicaid expansion and foster care expenditures. Increases in Education costs were due to the significant completion of the construction of the school transportation facility.

The County's fund balance available for appropriation as of June 30, 2025, of approximately \$38.4 million or 48% of general fund expenditures remains positive when compared to the State-wide average of 47.51% and that of other North Carolina counties of similar size of 50.67%. One of the many reasons that governments retain fund balance is for unforeseen events. The recent Tropical Storm Helene event is one instance where a healthy fund balance for a government can be useful in weathering the event while still providing the services to its citizens that they have come to expect. Rising costs of capital expenditures have also added pressure to fund balance and the need for the county to use reserves to fill the funding gaps of previously planned construction projects such as roof replacements, HVAC replacements and other improvements and to provide funding for unexpected operational costs such as higher than anticipated inmate medical costs.

THE ECONOMY OF RUTHERFORD COUNTY

Rutherford County's population is estimated to be 65,587 with a work force of 25,641. The population has decreased by 1.21% over the past 10 years; however, there is slight increase in most recent years. The goods-producing industry employment has declined over the last decade, while the service industry employment has increased. The median age has increased to 45.4 as compared to 43.48 a decade ago. The County trend in jobs and population seems to be following the national trends in rural America.

Sixty-plus manufacturing firms are located in Rutherford County, and there is a more diverse industrial base than was previously experienced led by valve manufacturing, plastics, and textiles. While utility company employees are the highest paid sector, the telecommunications subsector is a close second. Manufacturing sectors also continue to be the leaders in employment wages. Recent trends closely resemble the national trend of an overall slowdown in manufacturing and textiles.

In recent years, the industrial base in the County has become more diversified with the introduction of composites and automotive components. Current targets for growth include emerging technologies (such as data centers and call centers), alternative energy sources (such as solar farm and wind farm component manufacturing), plastics and composites, and metal working along with a continued focus on traditional manufacturing that is now being performed to advanced standards and with new technologies. Andale (Facebook) has expanded their operations the past few years, continuing to make investments in their facility that opened in 2012, and is the County's second largest taxpayer making up 7.57% of the tax base.

Other recent announcements included an automotive industry supplier TMG & Haartz Solutions, LLC, producer of specialty frozen Foods Wao Bao, and specialty craft ice manufacturer Abstract Ice Inc. Unemployment in Rutherford County peaked at 19.4% in January 2010 and had been in decline each month since that time until fiscal year 2020 due to COVID-19, with 9.5% being the rate in June 2020. Fortunately, it has continued to decrease to 4.4% as of December 2025.

The outlook, however, remains optimistic. In addition to current targets of recruitment that have been previously mentioned, a strong Existing Industry team, through a liaison with the NC Department of Commerce, the NC Community College System, the Rutherford County School system, and Rutherford County government, has been assembled to address current manufacturing issues on a local level. Efforts to seek new commercial growth opportunities are ongoing. A commercial development team comprised of strategic municipal and County personnel is working on several programs to strengthen and grow existing downtown and commercially viable areas in the County. Several projects have looked at Rutherford County during the past 12 months; however, most are indicating wanting to see the overall national economy improve and the overall impacts post-pandemic before taking the next step of announcing and committing to spending significant sums of money and job creation.

Another significant industry in the County is travel and tourism. The County tourism industry employs almost 1,400 people and generates over \$282 million in revenues. Over 1,500 rentable units are available to visitors for overnight stays. In addition to traditional hotels, rental cabins, rental cottages and rental houses – B&Bs are here, as well. Utilizing the 6% occupancy tax revenue (increased to 6% effective January 1, 2018) to promote the area as a travel, tourism,

retirement and convention destination, the Rutherford County Tourism Development Authority (TDA) is the destination management organization for Rutherford County. The TDA invites visitors who are longing to live more simply to come “revisit their senses” here, where “remembered pleasures thrive in abundance.” As the TDA says in its advertising, “With great food, great things to do, and great things to see, the lake may lure you – the rest will keep you.”

INDEPENDENT AUDIT

The General Statutes of North Carolina require an independent financial audit of all local governments in the state. Gould Killian CPA Group, P.A., a firm of independent certified public accountants, has examined the financial records of the County and their opinion is included in this report. Their audit was made in accordance with generally accepted auditing standards and accordingly, included tests of the County's records and any other auditing procedures as they considered necessary. Their unmodified opinion indicates that the accompanying financial statements have been prepared by the County in conformity with generally accepted accounting principles.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Rutherford County for its annual comprehensive financial report for the fiscal year ended June 30, 2024. This was the thirty-sixth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENT

Deserving special recognition are the skilled, talented, and dedicated employees - the work force of the County of Rutherford. We also express sincere appreciation to the Board of County Commissioners for their leadership in providing responsible government.

USE OF REPORT

A copy of this report will be made available to various departments of the County, the Local Government Commission, bond rating agencies, state and federal grant agencies and such other institutions expressing an interest in Rutherford County's financial affairs. A copy of this report will also be placed on the County's website at www.rutherfordcountync.gov.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "B. King", written over a horizontal line.

Bryan A. King, Interim County Manager/
Chairman, Board of Commissioners

A handwritten signature in dark ink, appearing to read "Paula Roach", written over a horizontal line.

Paula Roach, Deputy County Manager/
Finance Director

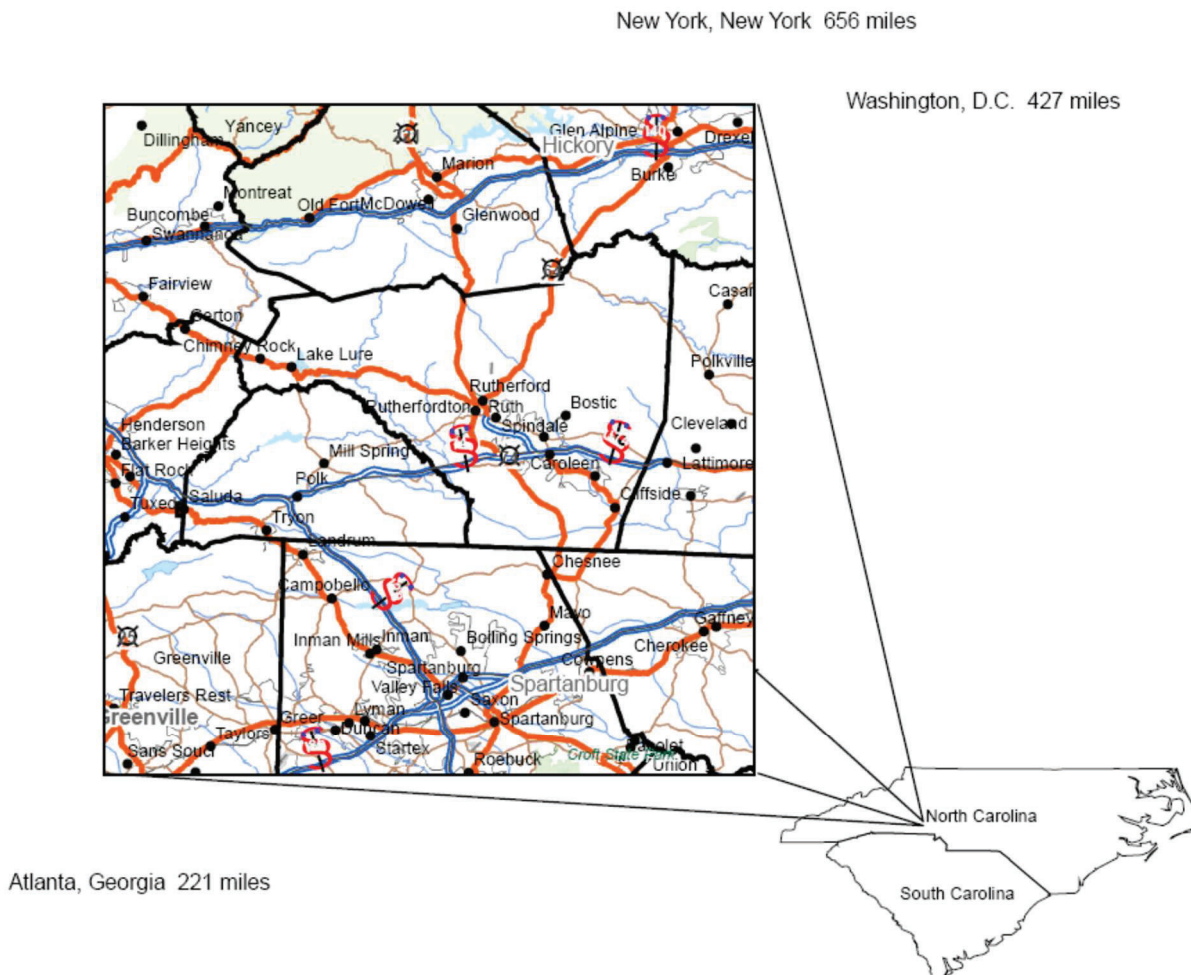
THE COUNTY

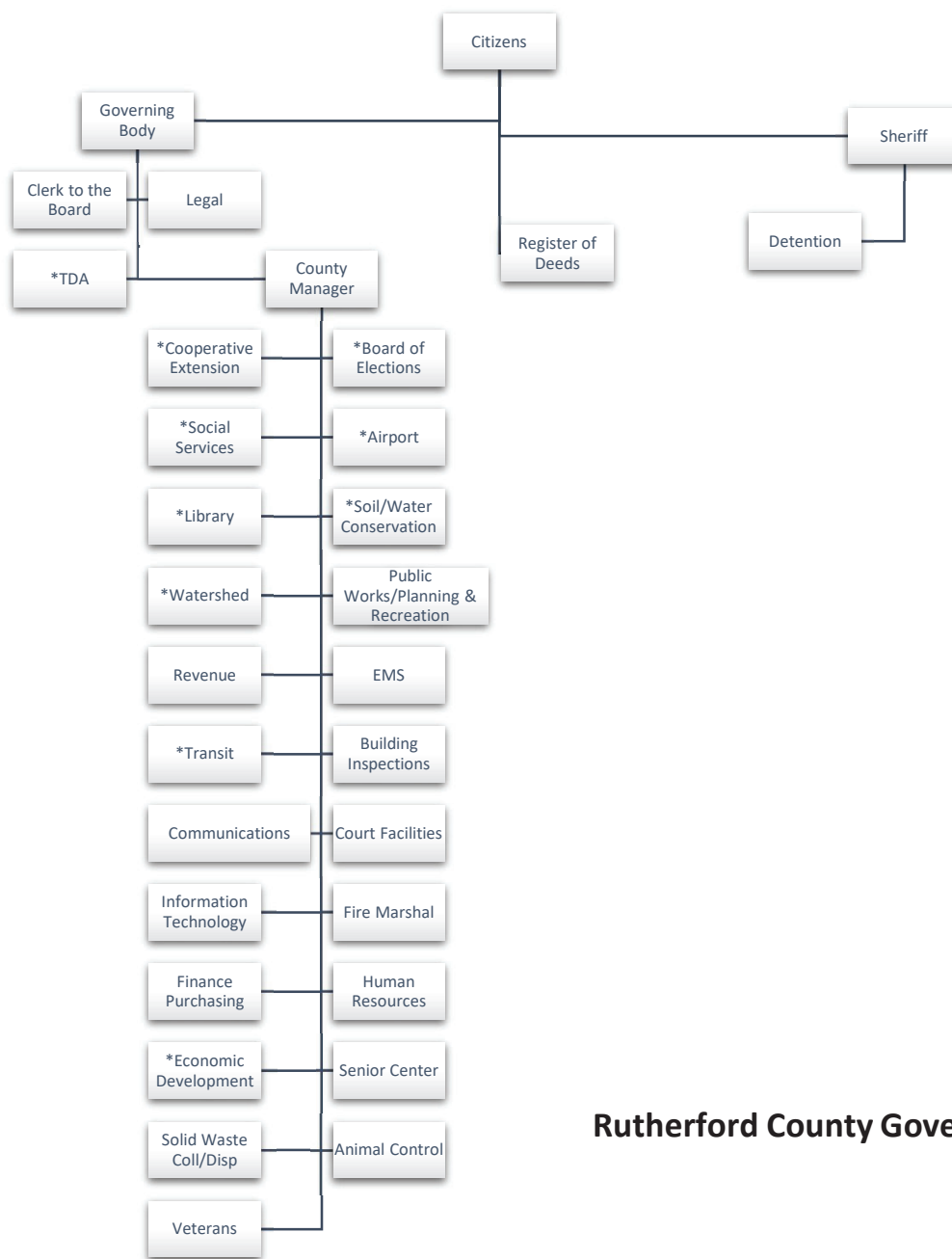
General Description

The County was formed in 1779 from Tryon and named for General Griffith B. Rutherford. The County comprises approximately 566 square miles and is nestled in the rolling foothills of the Blue Ridge Mountains in the heart of the Thermal Belt. These mountain ranges provide shelter from extreme weather conditions in winter, but have cooling mountain breezes in summer. This moderation of weather and temperatures contribute greatly to the pleasant and peaceful living conditions enjoyed by the County residents.

Located in an urban triangle comprised of Charlotte, North Carolina – 70 miles; Asheville, North Carolina – 45 miles; and Spartanburg, South Carolina – 30 miles, the residents of the County enjoy suburban living while having access to urban facilities.

50 MILE RADIUS





Rutherford County Government

**Note: Appointed in whole or in part by others*



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**County of Rutherford
North Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrell

Executive Director/CEO

RUTHERFORD COUNTY, NORTH CAROLINA

As of June 30, 2025

Board of County Commissioners

Bryan King, Chairman

Alan Toney, Vice Chairman

Michal Benfield

Donnie Haulk

Hunter Haynes

County Manager

Steve Garrison

Finance Director

Paula Roach

FINANCIAL SECTION



Independent Auditors' Report

Board of Commissioners
Rutherford County
Rutherfordton, North Carolina

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Rutherford County, North Carolina, as of and for the year then ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Rutherford County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Rutherford County, North Carolina as of June 30, 2025, and the respective changes in financial position and cash flows, where applicable, thereof and the 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Rutherford County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our

opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *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 generally accepted auditing standards 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.

The financial statements of the Tourism Development Authority and the Rutherford County Economic Development Association were not audited in accordance with *Government Auditing Standards*.

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, the Law Enforcement Officers' Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Liability (Asset) and County Contributions, the Register of Deeds' Supplemental Pension Fund Schedules of the County's Proportionate Share of the Net Pension Asset and County Contributions, and the Retiree Health Benefit Fund Schedules of the County's Proportionate Share of the Net OPEB Liability and County Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Rutherford County, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules, the introductory section, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 27, 2026 on our consideration of Rutherford 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 the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Rutherford County's internal control over financial reporting and compliance.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
February 27, 2026

Management's Discussion and Analysis

As management of Rutherford County, we offer readers of Rutherford County's financial statements this narrative overview and analysis of the financial activities of Rutherford County for the fiscal year ended June 30, 2025. We encourage readers to review 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

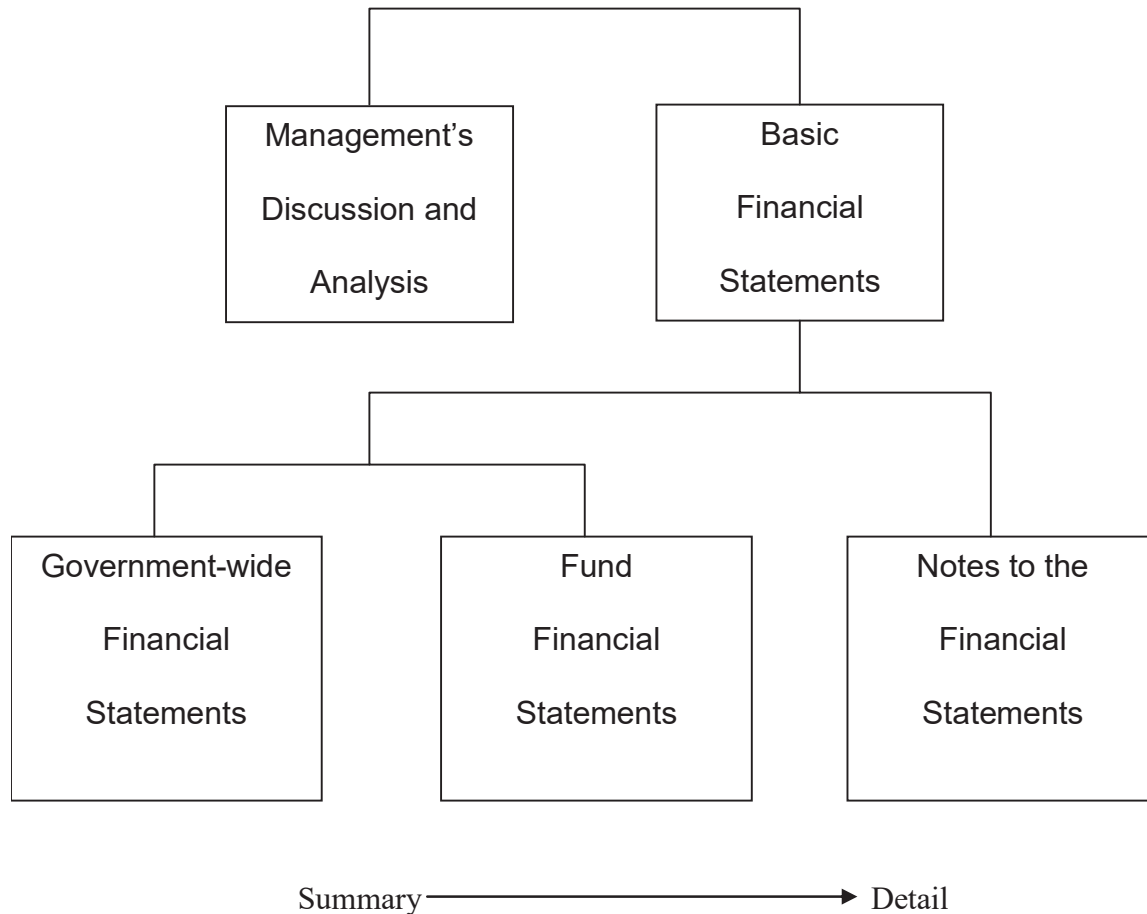
- As of the close of the current fiscal year, Rutherford County's governmental funds reported combined ending fund balances of \$100,232,839, a decrease of \$37,963,850 in comparison with the prior year amount of \$138,196,689. The combined fund balance consisted of: general fund - \$68,563,487 compared to \$62,928,103 (2024); Debt service fund - \$22,044,131; Hurricane Helene Fund - \$(29,001,161), General capital project fund - \$24,817,236; Opioid settlement fund - \$3,169,213, and non-major funds - \$10,639,933.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$31,423,972, or 39.4% of total general fund expenditures.
- The assets and deferred outflows of resources of Rutherford County's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$148,231,698 (*net position*). This compares to June 30, 2024 net position of \$165,050,434. In accordance with North Carolina law, liabilities of the County include \$2,306,081 in long-term debt associated with assets belonging to the Rutherford County Board of Education and Isothermal Community College. As these assets are not reflected in the County's financial statements and the full amount of the long-term debt is reported, it created a deficit on the financial statements. However, much of this debt has now been paid off and not creating as much of a deficit to the net position as it did in prior years along with other debt that has been extinguished over time. The County has reported a deficit of \$18,854,173 in unrestricted net position primarily due to expenditures related to Hurricane Helene that had not been reimbursed as of June 30, 2025.
- The primary government's long-term debt, excluding pension liability, compensated absences and landfill post-closure accrual decreased by \$2,786,380.
- The primary government's total net position decreased by \$16,818,736.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Rutherford County's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. See Figure 1 below. 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 fiscal condition of Rutherford County.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements 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 10) are Fund Financial Statements. These statements focus on the activities of the County and provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The final 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 non-major governmental funds. Budgetary information required by North Carolina General Statutes also can be found in this part of the statements.

Following the notes is the required supplemental information. This section contains funding information about the various pension and other postemployment benefits plans the County participates in.

Government-Wide Financial Statements

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

The two government-wide statements report the County's net position and how it has changed. Net position is the difference between the County's total assets and deferred outflows 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 financial statements are divided into the following three categories:

Governmental activities – These activities of the County include general government, public safety, human services, environmental protection, economic and physical development, education, cultural and recreation, and debt service. Property taxes, the local option sales taxes and state and federal grant funds finance most of these activities.

Business-type activities – The County charges fees to recover the costs associated with providing certain services. These activities include solid waste collection and disposal.

Component units – The government-wide financial statements include not only the County of Rutherford itself (known as the primary government), but also a legally separate airport, a legally separate tourism development authority, and a legally separate transit authority for which the County of Rutherford is financially accountable. Although legally separate from the County, these agencies are important to the County because the County exercises control over the Board by appointing its members and because the Board is required to distribute its profits to the County. The government-wide statements also include a legally separate Economic Development Association, which is economically dependent upon monetary and non-monetary contributions from the County. Financial information for these component units is reported separately from the financial information for the primary government itself.

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. Rutherford 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 Rutherford County can be divided into three categories: governmental, proprietary and fiduciary 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 government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Rutherford 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. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Proprietary Funds – Rutherford County has one type of proprietary fund – enterprise fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Rutherford County uses enterprise funds to account for its landfill operations. 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 – Custodial funds are used to account for resources held for the benefit of parties outside the government. Rutherford County has two 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 Rutherford County’s progress in funding its obligation to provide pension and other postemployment benefits to its employees.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government’s financial condition. The County’s assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$148,231,698 as of June 30, 2025. The County’s net position decreased by \$16,818,736 for the fiscal year ended June 30, 2025, compared to an increase of \$46,680,930 in 2024. One of the largest portions, \$82,465,601, reflects the County’s net investment in capital assets

(e.g. land, buildings, intangible assets, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. Rutherford County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Rutherford 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. A portion of Rutherford County's net position, \$86,266,628, represents resources that are subject to external restrictions on how they may be used. At June 30, 2025, total unrestricted fund deficit was \$20,500,531 is attributable to the governmental activities unrestricted net position of \$27,488,203. This low amount in unrestricted net position relative to the total amount of net position is attributable to significant liabilities for pensions and other postemployment benefits. The County reports \$57,331,590 of these liabilities at June 30, 2025.

Figure 2

	Governmental Activities		Business-type Activities		Total	
	2025	Restated 2024	2025	Restated 2024	2025	Restated 2024
Current and other assets	\$124,118,522	\$157,994,517	\$12,458,450	\$ 10,111,952	\$136,576,972	\$168,106,469
Capital assets	108,204,151	89,312,412	3,353,954	3,319,522	111,558,105	92,631,934
Total Assets	<u>232,322,673</u>	<u>247,306,929</u>	<u>15,812,404</u>	<u>13,431,474</u>	<u>248,135,077</u>	<u>260,738,403</u>
Total deferred outflows of resources	<u>21,167,639</u>	<u>18,771,599</u>	<u>548,697</u>	<u>472,310</u>	<u>21,716,336</u>	<u>19,243,909</u>
Long-term liabilities outstanding	88,750,301	84,870,563	5,400,493	5,386,293	94,150,794	90,256,856
Other liabilities	20,057,462	15,030,776	655,105	553,753	20,712,567	15,584,529
Total liabilities	<u>108,807,762</u>	<u>99,901,339</u>	<u>6,055,598</u>	<u>5,940,046</u>	<u>114,863,360</u>	<u>105,841,385</u>
Total deferred inflows of resources	<u>6,591,943</u>	<u>8,864,617</u>	<u>164,412</u>	<u>225,876</u>	<u>6,756,355</u>	<u>9,090,493</u>
Net position						
Net investment in capital assets	79,312,182	62,973,802	3,153,419	2,940,590	82,465,601	65,914,392
Restricted	86,266,628	76,687,682	-	-	86,266,628	76,687,682
Unrestricted	(27,488,203)	17,651,088	6,987,672	4,797,272	(20,500,531)	22,448,360
Total net position	<u>\$138,090,607</u>	<u>\$157,312,572</u>	<u>\$10,141,091</u>	<u>\$ 7,737,862</u>	<u>\$148,231,698</u>	<u>\$165,050,434</u>

Also, under North Carolina law, the County is responsible for providing capital funding for the School System. The County has chosen to meet its legal obligation to provide the school system capital funding by using a mixture of county funds, general obligation debt and certificates of participation. The assets funded by the County, however, are owned and utilized by the School System. When the County, as the issuing government, acquires no capital assets, the County incurs a liability without a corresponding increase in assets. Sunshine Elementary, Dunbar Elementary, the Isothermal Community College Lifelong Learning Center, Business Sciences and Communication Buildings, Rutherfordton Elementary, and Rutherford-Spindale Middle School are exceptions where the County owns the building. At the end of the fiscal year, \$2,306,081 of the outstanding debt on the County's financial statements was related to assets included in the School System's financial statements. Principal and interest requirements will be provided by an appropriation in the year in which they become due.

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

- Continued diligence in the collection of property taxes with the County's collection percentage of 98.18%.
- Continued efforts of all departments to minimize costs and efficiently serve our citizens with most expenses coming in under budget due to savings in salaries from vacant positions and conservative operating spending.
- Sales tax increases continued above projections and seemed related to continued spending from Federal economic stimulus measures. Building inspections permits, EMS fees, excise taxes and interest earnings remained strong.

Figure 3

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 9,226,879	\$ 8,689,659	\$ 7,864,265	\$ 5,909,969	\$ 17,091,144	\$ 14,599,628
Operating grants and contributions	21,331,383	16,201,656	520,054	508,041	21,851,437	16,709,697
Capital grants and contributions	1,089,139	31,747,225	-	-	1,089,139	31,747,225
General revenues:						
Property taxes	57,355,549	56,152,393	-	-	57,355,549	56,152,393
Other taxes	21,221,693	21,475,144	-	-	21,221,693	21,475,144
Other	6,590,396	5,688,042	-	-	6,590,396	5,688,042
Total revenues	<u>116,815,039</u>	<u>139,954,119</u>	<u>8,384,319</u>	<u>6,418,010</u>	<u>125,199,358</u>	<u>146,372,129</u>
Expenses:						
General government	10,182,525	9,828,626	-	-	10,182,525	9,828,626
Public safety	34,950,565	31,282,106	-	-	34,950,565	31,282,106
Environmental protection	180,258	180,588	-	-	180,258	180,588
Economic and physical development	5,067,567	5,950,085	-	-	5,067,567	5,950,085
Human services	20,358,666	18,794,042	-	-	20,358,666	18,794,042
Cultural and recreation	1,756,635	3,074,127	-	-	1,756,635	3,074,127
Education	23,680,002	23,730,347	-	-	23,680,002	23,730,347
Interest on long-term debt	1,228,833	1,362,981	-	-	1,228,833	1,362,981
Landfill	-	-	5,981,090	5,549,593	5,981,090	5,549,593
Total expenses	<u>97,405,051</u>	<u>94,202,902</u>	<u>5,981,090</u>	<u>5,549,593</u>	<u>103,386,141</u>	<u>99,752,495</u>
Increase in net position before special items	19,409,988	45,751,217	2,403,229	868,417	21,813,217	46,619,634
Gain (loss) on disposal of capital assets	33,198	61,296	-	-	33,198	61,296
Extraordinary item	(38,665,151)	-	-	-	(38,665,151)	-
Increase (decrease) in net position	<u>(19,221,965)</u>	<u>45,812,513</u>	<u>2,403,229</u>	<u>868,417</u>	<u>(16,818,736)</u>	<u>46,680,930</u>
Net position, July 1, as originally stated	-	101,534,635	-	6,869,445	-	108,404,080
Restatement	-	9,965,424	-	-	-	9,965,424
Net position, July 1, as restated	<u>157,312,572</u>	<u>111,500,059</u>	<u>7,737,862</u>	<u>6,869,445</u>	<u>165,050,434</u>	<u>118,369,504</u>
Net position, June 30	<u>\$138,090,607</u>	<u>\$157,312,572</u>	<u>\$ 10,141,091</u>	<u>\$ 7,737,862</u>	<u>\$148,231,698</u>	<u>\$165,050,434</u>

Governmental activities. Governmental activities decreased the County's net position by \$19,221,965. This compares to an increase of \$45,812,513 in 2024. The majority of this decrease is in the General Capital Projects Fund and the School Capital Project Fund due to spending down grants received for capital building and equipment projects and loan proceeds for school transportation facility construction. Projects will be completed over a two-year period. The County building permits increased with additional commercial construction and new home construction, including resort areas by 11% or approximately \$79,000 and EMS fees increased by 24% or approximately \$1.06 million positively impacting the general fund with the impact of Medicaid expansion in rural North Carolina. Property tax collections remain strong in the general fund and the fire district funds. The governmental activity's long-term debt, including pension and OPEB liabilities, and compensated absences, increased by \$4,071,797 as a result of new borrowing of \$1.8M, reduced by scheduled debt payments of \$4M, and an increase in the actuarial valuation of the OPEB liability of \$6.7M.

Business-type activities. Business-type activities increased Rutherford County's net position by \$2,403,229. The key element of this increase in net position was increased tipping fees with Hurricane Helene debris and household user fees while maintaining steady operating costs.

The County established an Enterprise Fund on July 1, 1992 to account for solid waste collection and disposal operations that are financed through solid waste fees. Effective January 1, 1998, the State began requiring that all municipal solid waste (MSW) be placed in a lined landfill. In order to meet this requirement, the County constructed a transfer station and began transporting MSW to a lined landfill outside the County. Studies are currently being conducted on the feasibility of constructing a lined landfill adjacent to our Central Landfill. The County has obtained a site suitability determination (the initial stage of obtaining a permit) from the North Carolina Department of Environment and Natural Resources for this construction. The current contract for MSW transportation out of County expires June 30, 2027.

The County operates a Construction and Demolition (C&D) landfill. As of June 30, 2023, a lateral expansion was completed to maximize the space available for C&D landfill operations. It is estimated that the County has used 13.8 percent of the total estimated capacity of Phase II of this landfill as of June 30, 2025.

The County has established the following tipping fee system. The tipping fee for C&D is \$61 per ton, the commercial-industrial tipping fee is \$74 per ton. There is also a \$61 per ton tipping fee for demolition material and \$130 per ton fee for out of county recycling materials received. In addition, the State established a fee of \$2 per ton on municipal solid waste and construction and demolition debris as a result of the North Carolina General Assembly passing the Solid Waste Act of 2007. The statewide solid waste disposal tax must be collected at the Landfill and submitted to the State. The County's household fee is \$154 per household per year with a reduced homestead exemption fee of \$60 per household per year. The County's recycling availability fee is \$8 for all improved property beginning July 2020. Nine convenience centers and one manned green box site are now in operation throughout the County.

Financial Analysis of the County's Funds

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

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

The General Fund is the chief operating fund of Rutherford County. At the end of the current fiscal year, Rutherford County's fund balance available in the General Fund was \$38,493,236, while total fund balance was \$68,563,487. The Governing Body of Rutherford County has an informal goal that the County should maintain an available fund balance of 20% 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 48% of adjusted General Fund expenditures, while total fund balance represents 86% of that same amount. The County's fund balance as of June 30, 2025 remains comparable to the state-wide average and that of other North Carolina counties in our population group.

At June 30, 2025, the governmental funds of Rutherford County reported a combined fund balance of \$100,232,839 a \$37,963,850 decrease as compared to the prior year end. The primary reason for this decrease is largely due to construction activity on several county project utilizing grant funds received in the prior year, significant completion of the school transportation facility and FEMA eligible debris removal activities the county contracted and reimbursements were still pending as of year end.

The General Fund's net increase in fund balance by \$5.6 million is mainly due to the following reasons:

- Property tax collections were \$1.1 million above budgeted with strong collections and increased investments in the community
- Investment earnings remained strong with rates not experienced since the late 2000s
- Continuation of strong sales tax which seems to be related to continued spending from Federal economic stimulus measures providing more funds to County agencies, citizens and the County itself.
- Strong building permit and excise stamp revenues reflective of the construction and real estate market upswing
- Increased EMS revenues due to increased call volumes an Medicaid expansion in North Carolina
- Conservative revenue forecast and departmental spending were effectively used to minimize any unforeseen shortfalls during this time of continued uncertainty following the hurricane
- Continued to constructively utilize available ARPA enabled and significant State funding covering projects traditionally paid by the County.

Decreases in fund balance in other major funds as a result of the following activities:

- School Capital Fund is nearing the completion of the construction of a school transportation facility.
- General Capital Projects Fund completed two of its major projects – Government Services Center (housing tax office, main library, veterans and elections) and new Animal Control Facility.

Debt Service Fund continues to increase as older debt has been paid off and funds have been able to accumulate for future projects. With the use of a State Directed Grant from State Appropriations, the County has been able to complete significant construction projects and improvements without financing or transferring funds to assist from the Debt Service Fund. Also construction costs continue to escalate this fund balance will help to leverage county resources with future needs.

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 budget amendments to the General Fund increased revenues by \$1,402,766 which represents an increase of 2% of the original revenue budgeted.

The main amended increases in the budget were in general government, public safety, and human services. Amendments in the areas of general government and public safety primarily due to capital expenditures that had been appropriated in the previous year but were unexpended and were therefore carried forward and “re-budgeted” into FY 2024-2025 after the Budget Ordinance was adopted. These carried forward items accounted for over \$2.9 million of the adjustments. Other amendments included additional funding for human services programs for foster care; public safety and information technology capital outlay that were carried forward into the fiscal year due to backorders and equipment delays and inmate medical costs, including housing and medical costs. Expenditures in some functional areas experienced notable positive variances as compared to the budget due to expenditures being curtailed due to the economy and project delays. Growth in ad valorem tax collections, sales tax, excise taxes and public safety revenues helped to offset previously appropriated fund balance. Due to continued delays, many budgeted capital items remained unspent and will need to be carried forward into the next budget year again.

Proprietary Funds. Rutherford 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 Solid Waste Fund at the end of the fiscal year amounted to a balance of \$6,987,672. The total increase in net position was \$2,403,229. Other factors concerning the finances of this fund have already been addressed in the discussion of Rutherford County’s business-type activities.

Capital Asset and Debt Administration

Capital assets. Rutherford County’s capital assets for its governmental and business – type activities as of June 30, 2025, totals \$111,558,105 (net of accumulated depreciation/amortization). These assets include buildings, land, intangible assets, machinery and equipment, park facilities, leased assets, and vehicles.

Major capital asset transactions during the year included the following:

- Purchase of new vehicles, equipment for Public Safety, General Government and Solid Waste
- Continued renovations to the building purchased to enhance county library and revenue department operations
- Completion of the new animal control facility and significant completion of the school transportation facility

Figure 4

RUTHERFORD COUNTY'S CAPITAL ASSETS
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land and CIP	\$ 18,040,163	\$18,295,738	\$ 716,875	\$ 716,875	\$ 18,757,038	\$19,012,613
Buildings and System	84,622,064	65,020,883	1,336,248	1,518,677	85,958,312	66,539,560
Improvements other than buildings	1,402,166	1,516,654	-	-	1,402,166	1,516,654
Machinery and equipment	1,390,539	858,759	723,074	401,081	2,113,613	1,259,840
Intangibles	233,484	287,203	-	-	233,484	287,203
Vehicle and motorized equipment	2,338,791	2,916,149	577,757	682,889	2,916,548	3,599,038
Leased assets	176,944	417,026	-	-	176,944	417,026
Total	<u>\$ 108,204,151</u>	<u>\$89,312,412</u>	<u>\$ 3,353,954</u>	<u>\$ 3,319,522</u>	<u>\$111,558,105</u>	<u>\$92,631,934</u>

Additional information on the County's capital assets can be found in note 2(E) of the Basic Financial Statements.

Long-term Debt. As of June 30, 2025, Rutherford County had total bonded debt outstanding of \$374,000 all of which is debt backed by the full faith and credit of the County. A comparative summary of general obligation bonds, installment purchase and revolving fund debt outstanding is as follows:

Figure 5

RUTHERFORD COUNTY'S OUTSTANDING DEBT

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
General obligation bonds	\$ 374,000	\$ 525,000	\$ -	\$ -	\$ 374,000	\$ 525,000
Installment purchases	33,861,419	37,913,872	200,535	378,932	34,061,954	38,292,804
NC DST Cashflow Loan	1,836,666	-	-	-	1,836,666	-
Leases	52,604	69,189	-	-	52,604	69,189
IT subscription liabilities	78,511	286,552	-	-	78,511	286,552
Revolving fund - NCDENR	33,140	49,710	-	-	33,140	49,710
Total	<u>\$36,236,340</u>	<u>\$38,844,323</u>	<u>\$ 200,535</u>	<u>\$ 378,932</u>	<u>\$36,436,875</u>	<u>\$39,223,255</u>

Rutherford County's total debt (excluding pension and OPEB liabilities, accrued vacation and compensatory pay, landfill post-closure accruals and grant repayments) decreased \$4,550,444 during the past fiscal year.

The County bond rating for the outstanding general obligation debt is "Aa3" with Moody Investor Service, "A+" with Standard & Poors Corporation, and "A+" with Fitch Ratings. The rating for the Limited Obligation Bonds, Series 2011 is "A1" with Moody's Investor Service. The rating for the December 2019 LOBs financing is "A1" with Moody Investor Service and "A+" with Standard and Poors Corporation. The rating for the September 2002 COPS financing is "A+" with Fitch Ratings. The rating process normally rates COPS issues one rate lower than General Obligation issues. This achievement is a primary factor in keeping interest costs low on the County's outstanding debt.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Rutherford County is approximately \$863,000,000. The County has no un-issued authorized bonds at June 30, 2025.

Additional information regarding Rutherford County's long-term debt can be found in note 4 of this Annual Comprehensive Financial Report.

Economic Factors and Next Year's Budgets and Rates

The County has positioned itself for other business expansion opportunities. The County and private developers have developed industrial/business sites and buildings for sale. The County has completed a site-readiness program sponsored by Duke Energy for the shell building in Riverstone Business Park, Rutherford 221 Corporate Center, as well as the county-owned Gateway West site. The County also secured an infrastructure grant to provide public sewer to the Rutherford 221 Corporate Center, which was completed spring 2021. The County has also invested funds to construct the drive and entrance way to the Gateway West site. Summer 2021 the County closed on the sale of a lot to its first expected tenant Charlotte Metro Credit Union at Gateway West. The County completed the sale of another parcel at Gateway West for an industrial expansion for Trelleborg, their second facility within the county. The new facility will begin operations in the upcoming year. The County continues to review other sites that offer opportunity for economic growth and sites marketed as industrial along with supportive workforce housing opportunities. The County has been positively impacted by a strong western North Carolina tourism industry and continued investments by Andale LLC at their existing facility and strong production at American Zinc Products.

In September 2024, Rutherford County was impacted by TS Helene. With a strong fund balance, Rutherford County was able to move forward with recovery for the citizens without being dependent on Federal and State support for cash flow. Debris management contracts were executed late October 2024 and through May 2025 just over 1,000,000 cubic yards of vegetative debris from the public road right of ways and waterways. FEMA reimbursements are anticipated for this work, but fund balance provided the cash flow to support the towns and rural community with cleanup. Debris operations before moving to the State's SMART Program cost \$38.2 million. The County's strong fund balance allowed management to balance the budget and continues to work diligently on the FEMA reimbursements to restore funds leveraged to help the community.

Budget Highlights for the Fiscal Year Ending June 30, 2026

Governmental Activities: The tax rate adopted for fiscal year 2025-2026 was 45.4 cents.

The FY 2025-26 General Fund a slight increase in the property values and budgeted at a conservative collection rate of 98.27% following the 2023 reappraisal. The County may only budget property tax revenues based upon the prior fiscal tax collection by State law as compared to the Fiscal Year 2023-24 actual collection rate of 98.27%. Sales tax revenues are projected to remain relatively flat over the FY2023-24 actuals as the post-pandemic spending has slowed. Budgeted expenditures and transfers in the General Fund are \$87,691,194.

The County does anticipate expending fund balance in the fiscal year ending June 30, 2026, to complete projects that were in process as of the prior fiscal year end and planned expenditures of fund balance. As of the fiscal year ended June 30, 2025, Rutherford County has fund balance available for appropriation of approximately \$46.7 million or 48% of general fund expenditures. On average, other North Carolina counties in our general fund expenditure group were at approximately 50.28% of FY 2023-2024 general fund expenditures and, on average state-wide, other North Carolina counties were at 46.97%.

Business – Type Activities: The County rates for landfill services were increased effective July 2025 and a recycling availability fee added July 2020. The tipping fee structure was analyzed and adjusted in conjunction with the expected costs of operations. The current waste disposal contract expires June 30, 2027.

As mentioned previously, the State established a fee of \$2 per ton on municipal solid waste and construction and demolition debris in FY 2008-2009 as a result of the North Carolina General Assembly passing the Solid Waste Act of 2007. The statewide solid waste disposal tax must be collected at the Landfill and submitted to the State. Once the State's costs of administration have been taken, the funds will be used for inactive hazardous sites cleanup and to fund grants to State agencies and units of local government to initiate or enhance local recycling programs to provide for the management of difficult to manage solid waste, including abandoned mobile homes and household hazardous waste. Since the FY 2016-17 budget the County has appropriated some of these funds to continue an extensive recycling program in the County public school system and throughout the County. This includes retaining a part-time recycling coordinator in addition to using these funds as a match to a grant which will be used to purchase an additional recycling compactor for the convenience centers.

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 the Finance Director, Rutherford County, 289 North Main Street, Rutherfordton, NC 28139. You can also call (828) 287-6085 or visit our website at www.rutherfordcountync.gov for more information.

Rutherford County, North Carolina
Statement of Net Position
June 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 67,631,847	\$ 11,566,988	\$ 79,198,835
Receivables (net)	2,793,673	763,388	3,557,061
Due from other governments	9,180,880	115,862	9,296,742
Restricted opioid receivable, net	7,092,208	-	7,092,208
Lease receivable	-	-	-
Prepaid items and deposits	613,712	12,212	625,924
Inventories	83,354	-	83,354
Cash and cash equivalents - restricted	36,642,889	-	36,642,889
Total current assets	124,038,563	12,458,450	136,497,013
Noncurrent assets:			
Net pension asset (ROD)	79,959	-	79,959
Capital assets:			
Land and construction in progress	18,040,163	716,875	18,757,038
Other capital assets, net of depreciation/amortization	90,163,988	2,637,079	92,801,067
Total capital assets	108,204,151	3,353,954	111,558,105
Total noncurrent assets	108,284,110	3,353,954	111,638,064
Total assets	232,322,673	15,812,404	248,135,077
DEFERRED OUTFLOWS OF RESOURCES	21,167,639	548,697	21,716,336
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	10,649,782	412,863	11,062,645
Accrued interest payable	371,896	-	371,896
Liabilities payable from restricted assets			
Advances from grantors	1,013,503	-	1,013,503
Accounts payable and accrued expenses	2,086,955	-	2,086,955
Long-term liabilities due within one year	5,935,326	242,242	6,177,568
Total current liabilities	20,057,462	655,105	20,712,567
Long-term liabilities:			
Net pension liability - LGERS	16,754,473	458,928	17,213,401
Total pension liability - LEOSA	4,046,215	-	4,046,215
Net OPEB liability	35,110,253	961,721	36,071,974
Due in more than one year	32,839,360	3,979,844	36,819,204
Total long-term debt	88,750,301	5,400,493	94,150,794
Total liabilities	108,807,762	6,055,598	114,863,360
DEFERRED INFLOWS OF RESOURCES	6,591,943	164,412	6,756,355
NET POSITION			
Net investment in capital assets	79,312,182	3,153,419	82,465,601
Restricted for:			
Stabilization by State statute	32,596,534	-	32,596,534
Debt service	22,035,132	-	22,035,132
Health services	3,291,699	-	3,291,699
Capital projects	24,505,471	-	24,505,471
Public safety	2,667,756	-	2,667,756
Building inspections	-	-	-
Register of deeds	898,301	-	898,301
Register of deeds pension plan	79,959	-	79,959
Economic development	191,776	-	191,776
Unrestricted	(27,488,203)	6,987,672	(20,500,531)
Total net position	\$ 138,090,607	\$ 10,141,091	\$ 148,231,698

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

	Component Units			
	Tourism Development Authority	Economic Development Association	Rutherford County Airport Authority	Transit Administration
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 4,221,535	\$ 1,277,142	\$ 189,199	\$ 1,107,385
Receivables (net)	198,373	-	-	-
Due from other governments	-	-	236,032	114,417
Restricted opioid receivable, net	-	-	-	-
Lease receivable	-	-	165,679	-
Prepaid items and deposits	3,388	4,607	1,972	5,420
Inventories	-	-	48,813	-
Cash and cash equivalents - restricted	38,321	-	-	-
Total current assets	4,461,617	1,281,749	641,695	1,227,222
Noncurrent assets:				
Net pension asset (ROD)	-	-	-	-
Capital assets:				
Land and construction in progress	-	-	925,804	-
Other capital assets, net of depreciation/amortization	-	-	5,766,309	708,613
Total capital assets	-	-	6,692,113	708,613
Total noncurrent assets	-	-	6,692,113	708,613
Total assets	4,461,617	1,281,749	7,333,808	1,935,835
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	686,480	1,515	63,395	102,888
Accrued interest payable	-	-	-	-
Liabilities payable from restricted assets				
Advances from grantors	-	10,875	-	-
Accounts payable and accrued expenses	-	-	-	-
Long-term liabilities due within one year	25,854	-	-	-
Total current liabilities	712,334	12,390	63,395	102,888
Long-term liabilities:				
Net pension liability - LGERS	-	-	-	-
Total pension liability - LEOSSA	-	-	-	-
Net OPEB liability	-	-	-	-
Due in more than one year	-	-	-	-
Total long-term debt	-	-	-	-
Total liabilities	712,334	12,390	63,395	102,888
DEFERRED INFLOWS OF RESOURCES	-	-	162,216	-
NET POSITION				
Net investment in capital assets	-	-	6,692,113	708,613
Restricted for:				
Stabilization by State statute	198,373	-	-	-
Debt service	-	-	-	-
Health services	-	-	-	-
Capital projects	-	-	-	-
Public safety	-	-	-	-
Building inspections	-	-	-	-
Register of deeds	-	-	-	-
Register of deeds pension plan	-	-	-	-
Economic development	38,321	-	-	-
Unrestricted	3,512,589	1,269,359	416,084	1,124,334
Total net position	\$ 3,749,283	\$ 1,269,359	\$ 7,108,197	\$ 1,832,947

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

Rutherford County, North Carolina
Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Tourism Development Authority	Economic Development Association	Rutherford County Airport Authority	Transit Administration
					Governmental Activities	Business-type Activities				
Primary government:										
Governmental activities:										
General government	\$ 10,182,525	\$ 476,404	\$ 35,674	\$ -	\$ (9,670,447)	\$ -				
Public safety	34,950,565	7,823,361	848,208	27,674	(26,251,322)	-				
Environmental protection	180,258	13,810	7,675,763	-	7,509,315	-				
Economic and physical development	5,067,567	-	-	261,465	(4,806,102)	-				
Human services	20,358,666	871,138	12,763,402	-	(6,724,126)	-				
Cultural and recreation	1,756,635	42,166	8,336	-	(1,706,133)	-				
Education	23,680,002	-	-	800,000	(22,880,002)	-				
Interest on long-term debt	1,228,833	-	-	-	(1,228,833)	-				
Total governmental activities	97,405,051	9,226,879	21,331,383	1,089,139	(65,757,650)	-				
Business-type activities:										
Solid waste disposal	5,981,090	7,864,265	520,054	-	-	2,403,229				
Total primary government	\$ 103,386,141	\$ 17,091,144	\$ 21,851,437	\$ 1,089,139	(65,757,650)	2,403,229				
Component units:										
Tourism Development Authority	\$ 4,039,915	\$ 12,225	\$ 210,351	\$ -			\$ (3,817,339)	\$ -	\$ -	\$ -
Economic Development Association	61,706	-	176,825	-			-	115,119	-	-
Rutherford County Airport Authority	1,467,850	744,219	90,630	240,362			-	-	(392,639)	-
Transit Administration	1,591,496	751,646	525,243	700,695			-	-	-	386,088
Total component units	\$ 7,160,967	\$ 1,508,090	\$ 1,003,049	\$ 941,057			(3,817,339)	115,119	(392,639)	386,088
General revenues:										
Taxes:										
Property taxes, levied for general purpose					57,355,549	-		-	-	-
Local option sales tax					20,745,907	-		-	-	-
Other taxes and licenses					475,786	-	2,196,148	-	-	-
Investment earnings, unrestricted					5,839,351	-	222,680	-	-	-
Miscellaneous, unrestricted					751,045	-	412	121,565	-	-
Gain on sale of assets					33,198	-	-	-	-	22,830
Total general revenues					85,200,836	-	2,419,240	121,565	-	22,830
Change in net position before extraordinary items					19,443,186	2,403,229	(1,398,099)	236,684	(392,639)	408,918
Extraordinary item (Note 16)					(38,665,151)	-		-	-	-
Change in net position					(19,221,965)	2,403,229	(1,398,099)	236,684	(392,639)	408,918
Net position, beginning, as originally stated					147,347,148	7,737,862	5,153,880	1,032,675	7,500,836	1,424,029
Restatement (Notes 14 and 15)					9,965,424	-	(6,498)	-	-	-
Net position, beginning					157,312,572	7,737,862	5,147,382	1,032,675	7,500,836	1,424,029
Net position, ending					\$ 138,090,607	\$ 10,141,091	\$ 3,749,283	\$ 1,269,359	\$ 7,108,197	\$ 1,832,947

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

Rutherford County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2025

	Major					Non-major	
		Hurricane Helene Fund	Debt Service Fund	Opioid Settlement Fund	General Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
	General						
ASSETS							
Cash and cash equivalents	\$ 43,514,578	\$ -	\$ 22,035,132	\$ -	\$ -	\$ 1,952,155	\$ 67,501,865
Receivables, net	2,282,378	134,391	-	-	-	202,204	2,618,973
Due from other governments	7,534,677	2,084	8,999	-	311,765	1,323,355	9,180,880
Restricted opioid receivable, net	-	-	-	7,092,208	-	-	7,092,208
Due from other funds	21,001,597	-	-	-	-	1,577,391	22,578,988
Prepaid items	613,012	-	-	-	-	-	613,012
Inventories	83,354	-	-	-	-	-	83,354
Cash and cash equivalents - restricted	46,927	-	-	3,199,689	25,653,126	7,743,147	36,642,889
Total assets	\$ 75,076,523	\$ 136,475	\$ 22,044,131	\$ 10,291,897	\$ 25,964,891	\$ 12,798,252	\$ 146,312,169
LIABILITIES							
Accounts payable and accrued liabilities	\$ 2,479,912	\$ 8,136,039	\$ -	\$ 30,476	\$ -	\$ -	\$ 10,646,427
Due to other funds	1,577,391	21,001,597	-	-	-	-	22,578,988
Liabilities payable from restricted assets:							
Accounts payable and accrued liabilities	-	-	-	-	1,147,655	939,300	2,086,955
Advances from grantors - ARPA	-	-	-	-	-	1,013,503	1,013,503
Total liabilities	4,057,303	29,137,636	-	30,476	1,147,655	1,952,803	36,325,873
DEFERRED INFLOWS OF RESOURCES							
Prepaid taxes	178,729	-	-	-	-	3,312	182,041
Property taxes and other receivables	2,277,004	-	-	-	-	202,204	2,479,208
Opioid Settlement receivable	-	-	-	7,092,208	-	-	7,092,208
Total deferred inflows of resources	2,455,733	-	-	7,092,208	-	205,516	9,753,457
FUND BALANCES							
Nonspendable:							
Inventories and prepaid items	696,366	-	-	-	-	-	696,366
Restricted:							
Stabilization by State statute	29,373,885	-	8,999	-	311,765	2,901,885	32,596,534
Debt service	-	-	22,035,132	-	-	-	22,035,132
Health services	-	-	-	3,169,213	-	122,486	3,291,699
Education	-	-	-	-	-	3,904,656	3,904,656
Capital projects	-	-	-	-	24,505,471	-	24,505,471
Public safety	46,927	-	-	-	-	2,620,829	2,667,756
Register of deeds	-	-	-	-	-	898,301	898,301
Economic development	-	-	-	-	-	191,776	191,776
Assigned:							
Subsequent year's expenditures	6,167,203	-	-	-	-	-	6,167,203
HVAC replacement	459,388	-	-	-	-	-	459,388
Roof replacement	395,746	-	-	-	-	-	395,746
Unassigned (deficit)	31,423,972	(29,001,161)	-	-	-	-	2,422,811
Total fund balances	68,563,487	(29,001,161)	22,044,131	3,169,213	24,817,236	10,639,933	100,232,839
Total liabilities, deferred inflows of resources and fund balances	\$ 75,076,523	\$ 136,475	\$ 22,044,131	\$ 10,291,897	\$ 25,964,891	\$ 12,798,252	\$ 146,312,169

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

Rutherford County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2025

Total fund balances for governmental funds	\$	100,232,839
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Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

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 the governmental activities column)		164,308,150
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Less accumulated depreciation/amortization		(56,103,999)
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Net pension asset		79,959
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Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position		139,457
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Contributions for OPEB are deferred outflows of resources on the Statement of Net Position		1,639,399
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Accrued interest receivable on property taxes in the government-wide statements as these funds are unavailable in the fund statements.		174,700
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Net position of internal service fund		127,327
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Net pension liability - LGERS		(16,754,473)
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Total pension liability - LEOSSA		(4,046,215)
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Net OPEB liability		(35,110,253)
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Pension related deferrals		5,104,791
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OPEB-related deferrals		4,376,361
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Liabilities for deferred inflows of resources recorded in the fund statements but not the government-wide		9,571,416
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Deferred charges related to advance refunding bonds issued recorded on the government-wide statement of net position but are not current financial resources		192,466
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Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:

Bonds, leases, direct placement installment purchases, and direct borrowings		(36,236,340)
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Compensated absences		(2,538,345)
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Accrued interest payable		(371,896)
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Net position of governmental activities	\$	138,090,607
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The accompanying notes are an integral part of these financial statements.

Rutherford County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	Major					Non-major	
	School	Hurricane				Other	Total
	Capital Project	Helene	Debt Service	Opioid	General Capital	Governmental	Governmental
	Fund	Fund	Fund	Settlement Fund	Projects Fund	Funds	Funds
REVENUES	General						
Ad valorem taxes	\$ 50,857,993	\$ -	\$ -	\$ -	\$ -	\$ 6,128,166	\$ 56,986,159
Local option sales taxes	8,456,508	-	-	10,024,018	-	2,265,381	20,745,907
Restricted intergovernmental	11,941,447	-	7,643,530	800,000	973,067	2,227,525	23,585,569
Permits and fees	1,604,908	-	-	-	-	-	1,604,908
Sales and services	7,888,416	-	-	12,750	-	-	7,901,166
Investment earnings	3,680,409	-	13,133	413,925	82,401	1,268,277	5,839,351
Miscellaneous	483,380	-	500	-	-	286,263	770,143
Total revenues	84,913,061	-	7,657,163	11,250,693	1,055,468	11,288,541	117,433,203
EXPENDITURES							
Current:							
General government	9,438,466	-	-	-	156,000	931	9,595,397
Public safety	24,216,186	-	-	-	5,341,107	8,961,429	38,518,722
Environmental protection	179,595	-	38,665,151	-	-	-	38,844,746
Economic and physical development	4,454,572	-	-	-	-	545,701	5,000,273
Human services	18,628,643	-	-	-	362,265	1,043,815	20,034,723
Cultural and recreational	864,520	-	-	-	10,389,048	294,425	11,547,993
Intergovernmental:							
Education	21,686,524	-	-	-	-	6,650,514	28,337,038
Debt service:							
Principal	324,289	-	-	3,964,570	-	-	4,288,859
Interest and other charges	5,904	-	-	1,312,655	-	-	1,318,559
Total expenditures	79,798,699	-	38,665,151	5,277,225	15,886,155	17,496,815	157,486,310
Revenues over (under) expenditures	5,114,362	-	(31,007,988)	5,973,468	693,203	(6,208,274)	(40,053,107)
OTHER FINANCING SOURCES (USES)							
Transfers from other funds	611,534	-	-	81,700	-	133,607	1,218,083
Transfers to other funds	(172,942)	-	-	(620,454)	-	(424,687)	(1,218,083)
Proceeds from sale of assets	82,430	-	-	-	-	-	82,430
Insurance proceeds	-	-	170,161	-	-	-	170,161
Issuance of debt - NC cashflow loan	-	-	1,836,666	-	-	-	1,836,666
Total other financing sources (uses)	521,022	-	2,006,827	(538,754)	-	(33,445)	2,089,257
Net changes in fund balances	5,635,384	-	(29,001,161)	5,434,714	693,203	(6,241,719)	(37,963,850)
Fund balances, beginning, as originally reported	62,928,103	8,966,928	-	16,609,417	58,159	39,301,507	135,778,838
Adjustment (Note 14 and 15)	-	(8,966,928)	-	-	2,417,851	-	2,417,851
Fund balances, beginning, as adjusted	62,928,103	-	-	16,609,417	2,476,010	39,301,507	138,196,689
Fund balances (deficit), ending	\$ 68,563,487	\$ -	\$ (29,001,161)	\$ 22,044,131	\$ 3,169,213	\$ 24,817,236	\$ 100,232,839

Rutherford County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

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

Net change in fund balances - total governmental funds	\$ (37,963,850)
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of net position	23,334,016
Net book value of disposed assets not recorded in fund statements	(49,232)
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	(4,393,045)
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	(1,836,666)
Principal payments on debt owed are recorded as a use of funds on the fund statements but affect only the statement of net position in the government-wide statements	4,288,859
Contributions to pension plans in the current fiscal year are not included on the statement of activities	3,305,263
Contributions to the OPEB plan in the current fiscal year are not included on the statement of activities	1,639,399
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position.	139,457
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)	38,451
Amortization of debt premiums	155,790
Amortization of refunding costs not recorded on fund statements	(104,514)
Pension expense (LGRS, ROD)	(4,740,111)
Pension expense (LEOSSA)	(440,275)
OPEB expense	(1,522,746)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(284,655)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements:	
Difference in interest revenue between fund statements (modified accrual) and government-wide statements (full accrual)	42,777
Increase of deferred inflows of resources – taxes receivable	326,610
Decrease of deferred inflows of resources – other receivables	(1,157,713)
Net income, including transfers, of internal funds determined to be governmental type	220
Governmental activities change in net position	<u>\$ (19,221,965)</u>

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

Rutherford County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 49,802,780	\$ 49,802,780	\$ 50,857,993	\$ 1,055,213
Local option sales taxes	7,511,702	7,203,100	8,456,508	1,253,408
Restricted intergovernmental	11,514,310	12,923,912	11,941,447	(982,465)
Permits and fees	1,269,000	1,269,000	1,604,908	335,908
Sales and services	6,290,653	6,335,635	7,888,416	1,552,781
Investment earnings	1,500,000	1,500,000	3,680,409	2,180,409
Miscellaneous	141,249	398,033	483,380	85,347
Total revenues	<u>78,029,694</u>	<u>79,432,460</u>	<u>84,913,061</u>	<u>5,480,601</u>
Expenditures:				
Current:				
General government	10,493,711	12,240,558	9,438,466	2,802,092
Public safety	24,021,411	26,644,902	24,216,186	2,428,716
Environmental protection	199,778	202,918	179,595	23,323
Economic and physical development	4,631,123	4,715,871	4,454,572	261,299
Human services	18,358,993	20,885,391	18,628,643	2,256,748
Cultural and recreational	857,410	885,179	864,520	20,659
Intergovernmental:				
Education	21,395,444	21,996,122	21,686,524	309,598
Total current expenditures	<u>79,957,870</u>	<u>87,570,941</u>	<u>79,468,506</u>	<u>8,102,435</u>
Debt service:				
Principal retirement			324,289	
Interest and other charges			5,904	
Total debt service	<u>823,887</u>	<u>1,412,113</u>	<u>330,193</u>	<u>1,081,920</u>
Total expenditures	<u>80,781,757</u>	<u>88,983,054</u>	<u>79,798,699</u>	<u>9,184,355</u>
Revenues over (under) expenditures	<u>(2,752,063)</u>	<u>(9,550,594)</u>	<u>5,114,362</u>	<u>14,664,956</u>
Other financing sources (uses):				
Transfers from other funds	320,454	558,838	611,534	52,696
Transfers to other funds	(153,750)	(153,750)	(172,942)	(19,192)
Installment obligations issued	779,000	1,986,000	-	(1,986,000)
Sale of capital assets	35,000	35,000	82,430	47,430
Appropriated fund balances	1,771,359	7,124,506	-	(7,124,506)
Total other financing sources (uses)	<u>2,752,063</u>	<u>9,550,594</u>	<u>521,022</u>	<u>(9,029,572)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>5,635,384</u>	<u>\$ 5,635,384</u>
Fund balance, beginning			<u>62,928,103</u>	
Fund balance, ending			<u>\$ 68,563,487</u>	

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

Rutherford County, North Carolina
Statement of Fund Net Position
Proprietary Funds
June 30, 2025

	Enterprise Fund	Internal Service Fund
	Solid Waste Disposal Fund	County Technology Upgrade Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 11,566,988	\$ 129,982
Receivables, net	763,388	-
Due from other governments	115,862	-
Prepaid expenses	12,212	700
Total current assets	<u>12,458,450</u>	<u>130,682</u>
Capital assets:		
Land and construction in progress	716,875	-
Other capital assets, net of depreciation	2,637,079	-
Total capital assets	<u>3,353,954</u>	<u>-</u>
Total assets	<u>15,812,404</u>	<u>130,682</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>548,697</u>	<u>-</u>
LIABILITIES		
Current liabilities:		
Accounts payable	412,863	3,355
Current portion of long-term debt	242,242	-
Total current liabilities	<u>655,105</u>	<u>3,355</u>
Noncurrent liabilities:		
Accrued landfill closure and postclosure care costs	3,964,121	-
Net pension liability (LGRS)	458,928	-
Net OPEB liability	961,721	-
Long-term debt	15,723	-
Total long-term liabilities	<u>5,400,493</u>	<u>-</u>
Total liabilities	<u>6,055,598</u>	<u>3,355</u>
DEFERRED INFLOWS OF RESOURCES	<u>164,412</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	3,153,419	-
Unrestricted	6,987,672	127,327
Total net position	<u>\$ 10,141,091</u>	<u>\$ 127,327</u>

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

Rutherford County, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2025

	Enterprise Fund	Internal Service Fund
	Solid Waste Disposal Fund	County Technology Upgrade Fund
OPERATING REVENUES		
Charges for services	\$ 7,864,265	\$ 89,446
Miscellaneous	520,054	-
Total operating revenues	<u>8,384,319</u>	<u>89,446</u>
OPERATING EXPENSES		
Salaries, wages, and fringe benefits	1,430,329	89,226
Maintenance and repairs	158,217	-
Other operating expenses	3,789,235	-
Landfill closure and postclosure care costs	113,445	-
Depreciation	479,296	-
Total operating expenses	<u>5,970,522</u>	<u>89,226</u>
Operating income	2,413,797	220
NON-OPERATING REVENUES (EXPENSES)		
Interest expense	<u>(10,568)</u>	<u>-</u>
Change in net position	2,403,229	220
Total net position, beginning	<u>7,737,862</u>	<u>127,107</u>
Total net position, ending	<u><u>\$ 10,141,091</u></u>	<u><u>\$ 127,327</u></u>

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

Rutherford County, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

	Enterprise Fund	Internal Service Fund
	Solid Waste Disposal Fund	County Technology Upgrade Fund
Cash flows from operating activities:		
Cash received from customers	\$ 7,997,221	\$ 89,446
Cash paid to employees for services	(1,377,206)	(88,771)
Cash paid for goods and services	(3,998,728)	-
Net cash provided by operating activities	<u>2,621,287</u>	<u>675</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(513,728)	-
Principal paid on long-term debt	(178,398)	-
Interest paid on long-term debt	(10,568)	-
Net cash used by capital and related financing activities	<u>(702,694)</u>	<u>-</u>
Net increase in cash and cash equivalents	1,918,593	675
Cash and cash equivalents, beginning of year	9,648,395	129,307
Cash and cash equivalents, end of year	<u>\$ 11,566,988</u>	<u>\$ 129,982</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 2,413,797	\$ 220
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	479,296	-
Landfill closure and postclosure care costs	113,445	-
Changes in assets and liabilities:		
(Increase) decrease in receivables	(424,163)	-
(Increase) decrease in prepaid expenses	(3,742)	-
(Increase) decrease in deferred outflows of resources - LGERS	46,426	-
(Increase) decrease in deferred outflows of resources - OPEB	(122,813)	-
Increase (decrease) in accounts payable and accrued liabilities	(10,469)	455
Increase (decrease) in net LGERS liability	(12,409)	-
Increase (decrease) in net OPEB liability	186,207	-
Increase (decrease) in accrued compensated absences	17,176	-
Increase (decrease) in deferred inflows of resources - LGERS	5,124	-
Increase (decrease) in deferred inflows of resources - OPEB	(66,588)	-
Total adjustments	<u>207,490</u>	<u>455</u>
Net cash provided by operating activities	<u>\$ 2,621,287</u>	<u>\$ 675</u>

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

Rutherford County, North Carolina
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2025

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 197,651
Taxes receivable for other governments, net	88,802
Total assets	286,453
 NET POSITION	
Restricted for:	
Individuals and other governments	 \$ 286,453

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

Rutherford County, North Carolina
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2025

	Custodial Funds
ADDITIONS	
Ad valorem taxes collected for other governments	\$ 21,528,956
Collections on behalf of inmates	336,068
Total additions	<u>21,865,024</u>
DEDUCTIONS	
Tax distributions to other governments	21,508,238
Payments on behalf of inmates	320,740
Total deductions	<u>21,828,978</u>
Net increase in fiduciary net position	36,046
Net position beginning	<u>250,407</u>
Net position, ending	<u><u>\$ 286,453</u></u>

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

RUTHERFORD COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies

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

(A) Reporting Entity

The County, which is governed by a five-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by accounting principles generally accepted in the United States of America, these financial statements present the County and its component units, legally-separate entities for which the County is financially accountable. One component unit of the County has no financial transactions or account balances; therefore, it does not appear in the basic financial statements.

Rutherford County Industrial Facility and Pollution Control Financing Authority

The Rutherford County Industrial Facility and Pollution Control Financing Authority ("Financing Authority") exists to issue and service revenue bond debt of private businesses for economic development purposes. The Financing Authority is governed by a seven-member board of commissioners, all of whom are appointed by the County Commissioners. The County can remove any commissioner of the Financing Authority with or without cause. The Financing Authority has no financial transactions or account balances; therefore, it is not presented in the financial statements. The Financing Authority does not issue separate financial statements.

The three discretely presented component units discussed below are reported in separate columns in the County's government-wide financial statements in order to emphasize that they are legally separate from the County.

Rutherford County Airport Authority

The County appoints a majority of the Board of Directors of the Rutherford County Airport Authority ("Authority"). Operations of the Authority are budgeted and administered as a part of the general fund. The Authority does not issue separate financial statements. The Statement of Net Position and Statement of Activities for this governmental activity component unit are discretely presented in separate columns in the government-wide financial statements.

Rutherford County Transit Administration

The Rutherford County Transit Administration, Inc. ("Transit Administration") is a non-profit corporation organized to coordinate and provide the most cost effective method of transportation services for Rutherford County. The County appoints a majority of the Board of Directors for the Transit Administration and is able to impose its will on the Transit Administration. The Transit Administration, which has a June 30 year-end, is presented as if it were a business activity component unit. The Transit Administration does not issue separate financial statements. The Statement of Net Position and Statement of Activities include a separate column for this business-type activity.

Rutherford County Tourism Development Authority

The Rutherford County Tourism Development Authority (“Development Authority”) was established as a component unit on June 9, 2011 when the North Carolina General Assembly passed Session Law 2011-115, House Bill 414, An Act to Modify the Rutherford County Occupancy Tax. As a result of this amendment, the Tourism Development Authority has issued separate financial statements as a discretely presented component unit of Rutherford County beginning with the fiscal year ended June 30, 2012. The County appoints a majority of the Board of Directors for the Authority and is able to impose its will on the Authority. The Statement of Net Position and the Statement of Activities for this governmental activity component unit are discretely presented in the separate columns in the government-wide financial statements.

Rutherford County Economic Development Association

The Rutherford County Economic Development Association (“Association”) was established as a 501(c)(6) nonprofit association to support economic development efforts in the County. The Association is fiscally dependent upon the County. A financial burden also exists for the County as it is contractually required to provide monetary support, staffing, IT services, and substantially all other administrative services necessary for the Association to operate. The Statement of Net Position and the Statement of Activities for this governmental activity component unit are discretely presented in the separate columns in the government-wide financial statements.

Component Unit	Reporting Method	Separate Financial Statements
Rutherford County Industrial Facility and Pollution Control Financing Authority	Discrete	None issued (no amounts have been presented because no financial transactions or account balances exist).
Rutherford County Airport Authority	Discrete	None issued.
Rutherford County Transit Administration	Discrete	None issued.
Rutherford County Tourism Development Authority	Discrete	Tourism Development Authority 146 North Main Street Rutherfordton, NC 28139
Rutherford County Economic Development Association	Discrete	Economic Development Association 142 East Main Street, Suite 100 Forest City, NC 28139

(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. 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 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 and investment earnings, result from non-exchange transactions or ancillary activities.

The County reports the following major governmental funds:

General Fund. This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Hurricane Helene Fund. This fund accounts for the transactions related to Hurricane Helene repairs ongoing in the County.

Opioid Settlement Fund. This fund accounts for the funding received by the County from the Opioid Settlement.

Debt Service Fund. This fund accounts for the accumulated resources in anticipation of debt service payments, or other related expenditures, for County and school facilities.

General Capital Projects Fund. This fund accounts for the transactions related to numerous capital projects ongoing in the County.

The County reports the following major enterprise fund:

Solid Waste Disposal Fund. This fund accounts for the solid waste collection and disposal operations and is financed with user fees.

The County also reports the following fund types:

County Technology Upgrade Fund. This internal service fund is used to account for the accumulation and allocation of costs associated with the County's efforts to upgrade and improve certain areas of the technological infrastructure.

Custodial Funds. Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private purpose trust funds. Custodial funds are used to account for assets the County holds on behalf of others that meet certain criteria. The County maintains the following custodial funds: the Municipal Tax Fund, which accounts for ad valorem and vehicle property taxes that are billed and collected by the County for various municipalities within the County but that are not revenues to the County, and the Detention Center Commissary Fund, which holds cash collections for the benefit of inmates from their friends and families.

Non-major Funds. The County maintains ten legally budgeted non-major funds. The Schools Capital Project Fund and the Queen's Gap Capital Project Fund are reported as capital projects funds. The ICC Capital Projects Fund, Covid Relief Fund, Grant Fund, Emergency Telephone System Fund, the

Fire Districts Fund, the ARPA Fund, the Register of Deeds Automation Enhancement Fund, and the Representative Payee Fund, are reported as non-major special revenue funds.

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

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and 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.

Enterprise Fund. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Internal Service Fund. The County has appropriated funds for the purpose of upgrading and improving various technologies used in County operations. A portion of these funds are also allocated to administrative support related to these systems.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there 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, Debt Service Fund, Fire Districts Fund, Register of Deeds Automation Enhancement Fund, Isothermal Community College Capital Project Fund, the Grant Fund, Representative Payee Fund, and Solid Waste Disposal Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the ARPA Fund, Opioid Settlement Fund, School Capital Project Fund, Hurricane Helene Fund, Queen's Gap Capital Project Fund, and the General Capital Projects Fund.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the department level for the general fund, the special revenue funds, and proprietary funds, and at the object level for the capital projects funds. All amendments at the departmental level must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

(D) Assets, Liabilities, Deferred Inflows and Outflows, and Fund Equity

(1) Deposits and Investments

The deposits of the County, Airport Authority, Transit Administration, Economic Development Association and Tourism Development Authority are made in board-designated official depositories and are secured as required by G.S. 159-31. The County, Airport Authority, Transit Administration, Economic Development Association and Tourism Development Authority may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. The County, Airport Authority, Transit Administration, Economic Development Association, and Tourism Development Authority may also establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law (G.S. 159-30(c)) authorizes the County, Airport Authority, Transit Administration, Economic Development Association, and Tourism Development Authority 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, Airport Authority, Transit Administration, Economic Development Association, and Tourism Development Authority's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The North Carolina Capital Management Trust (NCCMT) Government Portfolio is authorized by G.S. 159-30(c)(8). The Government Portfolio, is a SEC-registered (2a-7) money market mutual fund which invests in treasuries and government agencies and is rated AAAM by S&P and AAAMF by Moodys

Investor Service. The Government Portfolio is reported at fair value.

(2) **Cash and Cash Equivalents**

The County pools money from several funds to facilitate disbursement and investment and maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

(3) **Restricted Assets**

The following table illustrates the breakdown of Rutherford County's restricted cash:

Governmental Activities:

General Fund

Drug forfeiture funds	\$ 46,927
Building inspection funds	-

Grant Fund

Unexpended grant funds	89,649
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ARPA Fund

Unexpended grant funds	1,029,408
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Queen's Gap Capital Project Fund

Unexpended surety bond settlement proceeds	129,989
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Rep payee fund

Unexpended social security funds	122,486
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Covid Relief fund

Unexpended grant funds	11,428
------------------------	--------

School Capital Projects Fund

Unexpended loan proceeds	2,888,484
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General Capital Projects

Unexpended grant funds	25,653,126
------------------------	------------

Fire District Fund

Taxes collected and held on behalf of County fire districts	2,573,063
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Opioid Settlement Fund

Unexpended grant funds	3,199,689
------------------------	-----------

Register of Deeds Automation Enhancement Fund

Unexpended restricted Register of Deeds fees	898,640
--	---------

Total restricted cash and cash equivalents	<u>\$ 36,642,889</u>
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(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 July 1, the beginning of the fiscal year. The taxes are due on September 1; however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2024. As allowed by State law, the County has established a schedule of discounts that apply to taxes which are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

(5) **Lease Receivable**

The County's lease receivable is measured at the present value of lease payments expected to be received during the lease term. There are no variable components under the lease agreement. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at

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

(6) Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years and evaluating potential collectability issues for certain troubled receivables. For the Opioid Settlement receivable, the County has estimated an uncollectable allowance using the term over which the amounts are to be paid and the possibility of bankruptcies or going concern issues of the corporations' party to the settlement. The initial allowance estimate has been established as 10% of the outstanding receivable balance.

(7) Inventories and Prepaid Items

The inventories of the County are valued at cost (first-in, first-out), which approximates market. The inventories are held for consumption and the costs are recorded as expenditure when consumed.

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.

(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. Minimum capitalization cost is \$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 Rutherford 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 Rutherford County Board of Education. Sunshine Elementary, Dunbar Elementary, the Isothermal Community College Lifelong Learning Center, and Rutherfordton Elementary are exceptions in that the County owns the buildings.

Capital assets of the County, Airport Authority, and Transit Administration are depreciated on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Buildings	20-50
Improvements	25-39
Intangibles	20
Furniture and equipment	5-7
Vehicles	5
Computer equipment	3

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 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 are amortized on a straight-line basis over the subscription term.

(9) **Deferred Outflows/Inflows of Resources**

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

(10) **Long-Term Obligations**

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

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

(11) **Compensated Absences**

The vacation policies of the County and its component units provide 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 policies of the County provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. In accordance with GASB Statement No. 101 for the County's government-wide funds, an expense and liability for sick leave is recognized using the "practical expedient approach" allowed by the Standard for the portion of sick leave expected to be used and paid by the County.

(12) 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.

As of June 30, 2025, the County received \$3,390,918 as part of this settlement. Per the terms of the MOA, the County created a special revenue fund, the Opioid Settlement Fund, to account for these funds. All funds are to be used for opioid abatement and remediation activities. Funds are restricted until expended. As of June 30, 2025 the County has expended \$362,265. 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.

(13) Reimbursements for Pandemic-Related Expenditures

During the fiscal year ending June 30, 2021, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for the eligible state, local, territorial, and tribal governments. The County was allocated \$13,019,596 of fiscal recovery funds to be paid in two equal installments. The first installment of \$6,509,798 was received in June 2021. The second installment was received in June 2022. County staff and the Board of Commissioners elected to use \$10,000,000 of the ARPA funds for revenue replacement during the fiscal year ending June 30, 2022. During the fiscal year ending June 30, 2024, the County expended \$1,674,518 on various projects. During the fiscal year ending June 30, 2025, the County expended \$345,079 on various projects. The remaining \$1,000,000 will be expended during fiscal year ended June 30, 2026.

(14) Net Position/Fund Balances**Net Position**

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

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent. The general fund is the only fund that reports a positive unassigned fund balance amount. 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.

Inventories – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

Prepaid Expenditures – portion of fund balance that is not an available resource because it represents the year-end balance of prepaid expenditures, 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 within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

Restricted for Debt Service – portion of fund balance that can only be used for debt service payments.

Restricted for Education – portion of fund balance that represents unspent bond proceeds in the School Capital Projects fund.

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

Restricted for Capital Projects – portion of fund balance that is restricted by revenue sources for capital projects.

Restricted for Public Safety – portion of fund balance that is restricted by revenue source for public safety purposes such as emergency communications, fire protection, or law enforcement.

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

Restricted for Building Inspections – portion of fund balance that can only be used for building inspections and related activities.

Restricted for Economic Development – portion of fund balance that can only be used for economic development.

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

Subsequent year's expenditures – portion of fund balance that has been budgeted by the board to pay for purchase orders and commitments that will be fulfilled in the next fiscal year.

HVAC replacement – portion of fund balance that has been budgeted by the board for replacement of County HVAC systems throughout the County.

Roof replacement – portion of fund balance that has been budgeted by the board for replacement of various County building roofs throughout the County.

Unassigned Fund Balance – portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The general fund is the only fund that reports a positive unassigned fund balance. In governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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

Rutherford County has an informal management goal to conduct the business of the County in such a manner that the General Fund available fund balance is at least 20% of annual expenditures. At this time, the Board has not adopted a formal fund balance policy.

(15) **Defined Benefit Pension and OPEB Plans**

The County participates in two cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LGERS) and the Registers of Deeds' Supplemental Pension Fund (RODSPF) (collectively, the "state-administered defined benefit pension plans"). The County also participates in a cost sharing, multiple employer plan providing certain retiree health benefits: the Retiree Health Benefit Fund (RHBF). For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions or OPEB, and pension/OPEB expense, information about the fiduciary net position of LGERS, RODSPF, and the RHBF, the additions to/deductions from the respective fiduciary net positions have been determined on the same basis as they are reported by the respective benefit plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the when the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS, RODSPF, and RHBF. Investments are reported at fair value.

Note 2 – Assets

(A) **Deposits**

All of the County's, Airport Authority's, Transit Administration's, and Tourism Develop Authority'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, Airport Authority, Transit Administration, and Tourism Development Authority's agents in those 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, Airport Authority, Transit Administration, and Tourism Development Authority, 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, Airport Authority, Transit Administration, Tourism Develop Authority, or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County 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.

At June 30, 2025, the County's deposits had a carrying amount of \$21,646,869 and a bank balance of \$41,958,278. Of the bank balance, \$500,000 was covered by federal depository insurance, and the remainder was covered by collateral held under the Pooling Method.

The County also had petty cash on hand at June 30, 2025 of \$2,680.

The Transit Administration's deposits had a carrying amount and bank balance of \$1,107,385, all of which was covered by collateral held under the pooling method.

The Tourism Development Authority's deposits had a carrying amount and bank balance of \$4,259,856 all of which was covered by collateral held under the pooling method.

The Airport Authority's deposits had a carrying amount and bank balance of \$189,199, all of which was covered by collateral held under the pooling method.

The Fiduciary Funds' deposits had a carrying amount and bank balance of \$197,651 all of which was covered by collateral held under the pooling method.

At June 30, 2025, the Economic Development Authority's deposits had a carrying amount and bank balance of \$1,277,142. Of the bank balance, \$500,000 was covered by federal depository insurance, and the remainder was uncovered. The EDA's board does not consider this to be a significant risk.

(B) **Investments**

At June 30, 2025, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Fair Value</u>	<u>Less than 6 months</u>
NC Capital Management Trust – Government Portfolio	Fair Value Level I	\$94,192,175	\$94,192,175

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 Two: Debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Credit Risk. The County's policy is to limit investments to the provisions of G.S. 159-30 and restrict the purchase of securities to the highest possible ratings whenever particular types of securities are rated. In fiscal year ended June 30, 2025, the County only invested in North Carolina Capital Cash Management Trust's Government Portfolio and as of June 30, 2025, had no investment securities with a counterparty.

A reconciliation of deposits and investments held by the County to the government-wide financial statements is as follows:

	Primary Government	Transit Administration	Tourism Development Authority	Airport Authority	Economic Development Association	Fiduciary Funds	Total
Deposits	\$ 21,646,869	\$ 1,107,385	\$ 4,259,856	\$ 189,199	\$ 1,277,142	\$ 197,651	\$ 28,678,102
Cash on hand	2,680	-	-	-	-	-	2,680
Investments	94,192,175	-	-	-	-	-	94,192,175
	<u>\$ 115,841,724</u>	<u>\$ 1,107,385</u>	<u>\$ 4,259,856</u>	<u>\$ 189,199</u>	<u>\$ 1,277,142</u>	<u>\$ 197,651</u>	<u>\$ 122,872,957</u>

Reported on government-wide statement of net position:

	Primary Government	Transit Administration	Tourism Development Authority	Airport Authority	Economic Development Association	Fiduciary Funds	Total
Cash and cash equivalents	\$ 79,198,835	\$ 1,107,385	\$ 4,221,535	\$ 189,199	\$ 1,277,142	\$ 197,651	\$ 86,191,747
Restricted cash	36,642,889	-	38,321	-	-	-	36,681,210
	<u>\$ 115,841,724</u>	<u>\$ 1,107,385</u>	<u>\$ 4,259,856</u>	<u>\$ 189,199</u>	<u>\$ 1,277,142</u>	<u>\$ 197,651</u>	<u>\$ 122,872,957</u>

(C) **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 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
2024	\$ 1,258,581	\$ -	\$ 1,258,581
2023	1,245,124	71,595	1,316,719
2022	980,911	144,684	1,125,595
2021	975,286	231,631	1,206,917
Total	<u>\$ 4,459,902</u>	<u>\$ 447,910</u>	<u>\$ 4,907,812</u>

(D) Receivables

Receivables at the government-wide level at June 30, 2025, were as follows:

	Accounts	Other	Taxes and Related Accrued Interest	Total
Governmental Activities:				
General	\$ 5,296,318	\$ -	\$ 2,091,629	\$ 7,387,947
Other Governmental	-	134,391	202,204	336,595
Total receivables	5,296,318	134,391	2,293,833	7,724,542
Allowance for doubtful accounts	(4,327,869)	-	(603,000)	(4,930,869)
Total - governmental activities	<u>\$ 968,449</u>	<u>\$ 134,391</u>	<u>\$ 1,690,833</u>	<u>\$ 2,793,673</u>
Business-type Activities				
Solid waste	\$ 890,307	\$ -	\$ -	\$ 890,307
Allowance for doubtful accounts	(126,919)	-	-	(126,919)
Total - business-type activities	<u>\$ 763,388</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 763,388</u>

The Rutherford County Airport Authority has numerous leases with various tenants for hangars located at the airport. Under these leases, the Authority receives from \$126 to \$1,140 annually in exchange for the use of the Authority's hangar space. The leases mature between FY26 and FY62. There are no variable components in the leases. The lease receivables are measure as the present value of the future minimum rent payments expected to be received during the term of the respective leases at a discount rate ranging from 0.5% to 2%. At June 30, 2025 the lease receivable balance was \$165,679.

In fiscal year 2025, the Authority recognized \$35,297 of lease revenue under the lease.

Amounts due from other governments at the government-wide level at June 30, 2025 consists of the following:

	Local Option Sales Tax	Other	Total
Governmental Activities:			
General	\$ 5,387,972	\$ 2,146,705	\$ 7,534,677
Internal service fund	-	-	-
Other Governmental	-	1,646,203	1,646,203
Total - governmental activities	<u>\$ 5,387,972</u>	<u>\$ 3,792,908</u>	<u>\$ 9,180,880</u>
Business-type Activities			
Solid waste	<u>\$ -</u>	<u>\$ 115,862</u>	<u>\$ 115,862</u>

(E) Capital Assets

Capital asset activity for the year ended June 30, 2025 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 6,682,068	\$ 43,600	\$ -	\$ 6,725,668
Construction in progress	11,613,670	19,602,206	19,901,381	11,314,495
Total capital assets not being depreciated	18,295,738	19,645,806	19,901,381	18,040,163
Capital assets being depreciated:				
Buildings	99,457,638	22,162,383	-	121,620,021
Other improvements	2,574,880	-	-	2,574,880
Intangibles	1,518,419	-	-	1,518,419
Equipment	10,058,821	1,008,341	-	11,067,162
Vehicles	9,043,498	418,867	627,562	8,834,803
Total capital assets being depreciated	122,653,256	23,589,591	627,562	145,615,285
Less accumulated depreciation for:				
Buildings	34,436,755	2,561,202	-	36,997,957
Other improvements	1,058,226	114,488	-	1,172,714
Intangibles	1,231,216	53,719	-	1,284,935
Equipment	9,200,062	476,561	-	9,676,623
Vehicles	6,127,349	946,993	578,330	6,496,012
Total accumulated depreciation	52,053,608	4,152,963	578,330	55,628,241
Capital assets being depreciated, net	70,599,648			89,987,044
Capital assets being amortized:				
Right-to-use lease asset (equipment)	119,371	-	119,371	-
Right-to-use lease asset (buildings)	101,477	-	-	101,477
Right-to-use subscription assets	712,148	-	160,923	551,225
Total capital assets being amortized	932,996	-	280,294	652,702
Less accumulated amortization for:				
Right-to-use lease asset (equipment)	117,844	1,527	119,371	-
Right-to-use lease asset (buildings)	33,826	16,913	-	50,739
Right-to-use subscription assets	364,300	221,642	160,923	425,019
Total accumulated amortization	515,970	240,082	280,294	475,758
Capital assets being amortized, net	417,026			176,944
Governmental Activities capital assets, net	<u>\$ 89,312,412</u>			<u>\$ 108,204,151</u>

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

Governmental activities:

General government	\$ 396,375
Public safety	1,629,066
Economic and physical development	39,713
Human services	239,302
Cultural and recreational	95,111
Education	1,993,478
Total depreciation/amortization expense	<u>\$ 4,393,045</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 716,875	\$ -	\$ -	\$ 716,875
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>716,875</u>	<u>-</u>	<u>-</u>	<u>716,875</u>
Capital assets being depreciated:				
Buildings and improvements	5,158,656	-	-	5,158,656
Equipment	3,003,180	513,728	-	3,516,908
Vehicles	1,706,294	-	-	1,706,294
Total capital assets being depreciated	<u>9,868,130</u>	<u>513,728</u>	<u>-</u>	<u>10,381,858</u>
Less accumulated depreciation for:				
Buildings and improvements	3,639,979	182,429	-	3,822,408
Equipment	2,602,099	191,735	-	2,793,834
Vehicles	1,023,405	105,132	-	1,128,537
Total accumulated depreciation	<u>7,265,483</u>	<u>479,296</u>	<u>-</u>	<u>7,744,779</u>
Solid Waste Disposal capital assets, net	<u>2,602,647</u>			<u>2,637,079</u>
	<u>\$ 3,319,522</u>			<u>\$ 3,353,954</u>

Construction Commitments

The County had the following construction commitments as of June 30, 2025:

Project	Spent to Date	Remaining Commitment
Library Project	\$ 8,951,708	\$ 48,292

Discretely presented component units

	Beginning Balances	Increases	Decreases	Ending Balances
Airport Authority:				
Capital assets not being depreciated				
Land	\$ 925,804	\$ -	\$ -	\$ 925,804
Construction in progress	996,222	168,665	1,164,887	-
Total capital assets not being depreciated	1,922,026	168,665	1,164,887	925,804
Capital assets being depreciated:				
Land improvements	93,355	1,164,887	-	1,258,242
Equipment	9,387,809	-	-	9,387,809
Vehicles	1,036,626	55,000	-	1,091,626
Total capital assets being depreciated	10,517,790	1,219,887	-	11,737,677
Less accumulated depreciation for:				
Equipment	4,544,307	619,541	-	5,163,848
Vehicles	729,525	77,995	-	807,520
Total accumulated depreciation	5,273,832	697,536	-	5,971,368
Airport Authority capital assets, net	5,243,958			5,766,309
	<u>\$ 7,165,984</u>			<u>\$ 6,692,113</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Transit Administration:				
Capital assets being depreciated:				
Buildings and improvements	\$ 29,915	\$ -	\$ -	\$ 29,915
Equipment	87,824	-	-	87,824
Vehicles	1,810,565	741,826	284,459	2,267,932
Total capital assets being depreciated	1,928,304	741,826	284,459	2,385,671
Less accumulated depreciation for:				
Buildings and improvements	14,211	1,496	-	15,707
Equipment	45,418	10,951	-	56,369
Vehicles	1,734,248	155,193	284,459	1,604,982
Total accumulated depreciation	1,793,877	167,640	284,459	1,677,058
Transit Authority capital assets, net	134,427			708,613
	<u>\$ 134,427</u>			<u>\$ 708,613</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Tourism Development Authority (TDA):				
Capital assets being depreciated:				
Buildings and improvements	\$ 241,867	\$ -	\$ -	\$ 241,867
Less accumulated depreciation for:				
Buildings and improvements	241,867	-	-	241,867
TDA capital assets, net	<u>\$ -</u>			<u>\$ -</u>

Note 3 – Liabilities**(A) Payables**

Payables at the government-wide level at June 30, 2025, were as follows:

	Vendors	Salaries and Accrued Benefits	Total
Governmental Activities			
General	\$ 9,288,068	\$ 1,327,883	\$ 10,615,951
Other Governmental	2,117,431	-	2,117,431
Internal service fund	3,355	-	3,355
Total - governmental activities	<u>\$ 11,408,854</u>	<u>\$ 1,327,883</u>	<u>\$ 12,736,737</u>
Business-type Activities			
Solid Waste	<u>\$ 368,935</u>	<u>\$ 43,928</u>	<u>\$ 412,863</u>

(B) Pension Plan Obligations**North Carolina 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 the Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full

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

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

Contributions. Contribution provisions are established by 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, 2025, was 15.10% of compensation for law enforcement officers and 13.60% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$3,395,799 for the year ended June 30, 2025.

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

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

At June 30, 2025, the County reported a liability of \$17,213,401 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2024 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, 2025, the County's proportion was .25534% (measured as of June 30, 2024), which was a decrease of .01159% from its proportion measured as of June 30, 2024 (measured as of June 30, 2023).

For the year ended June 30, 2025, the County recognized pension expense of \$4,863,915. At June 30, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,016,440	\$ 20,282
Changes of assumptions	-	-
Net difference between projected and actual earnings on plan investments	2,340,151	-
Changes in proportion and differences between County contributions and proportionate share of contributions	-	498,934
County contributions subsequent to the measurement date	<u>3,395,799</u>	<u>-</u>
Total	<u>\$ 8,752,390</u>	<u>\$ 519,216</u>

\$3,395,799 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2026	\$ 1,442,455
2027	3,221,298
2028	438,228
2029	(264,606)
Thereafter	<u>-</u>
Total	<u>\$ 4,837,375</u>

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

Inflation	3.25 percent
Salary increases	3.25-8.25 percent
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

The plan actuary currently uses mortality rates based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2024 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2020 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

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

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset 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:

	<u>1% Decrease (5.50%)</u>	<u>Discount (6.50%)</u>	<u>1% Increase (7.50%)</u>
County's proportionate share of the net pension liability (asset)	\$ 30,502,652	\$ 17,213,401	\$ 6,281,266

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.

Law Enforcement Officers' Special Separation Allowance

Plan Description: The 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 .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the County are covered by the Separation Allowance. At December 31, 2023 (valuation date), the Separation Allowance's membership consisted of:

Retirees receiving benefits	18
Active plan members	<u>89</u>
Total	<u>107</u>

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 following criteria, which are outlined in GASB Statement 73.

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

Inflation	2.50 percent per annum
Salary increases	3.25 -7.75% per annum
Discount rate	4.28% per annum, compounded annually

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2024. The actuarial assumptions used in the December 31, 2023 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, 2023.

Deaths after retirement (healthy): RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 104% for males and 100% for females.

Deaths before retirements: RP-2014 Employee base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015.

Deaths after retirement (beneficiary): RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 123% for males and females.

Deaths after retirement (disabled): RP-2014 Disabled Retiree base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 103% for males and 99% for females.

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

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. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$238,445 as benefits came due for the reporting period.

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

At June 30, 2025, the County reported a total pension liability of \$4,046,215. The total pension liability was measured as of December 31, 2024 based on a December 31, 2023 actuarial valuation. The total pension liability was rolled forward to December 31, 2024 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2025, the County recognized pension expense of \$440,275.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 573,482	\$ -
Changes of assumptions	191,410	405,929
Benefit payments and administrative costs subsequent to the measurement date	139,457	-
Total	<u>\$ 904,349</u>	<u>\$ 405,929</u>

The County paid \$138,484 in benefit payments and \$973 in administrative expenditures subsequent to the measurement date that are reported as deferred outflows of resources related to pensions, which will be recognized as a decrease of the total pension liability in the year ended June 30, 2026. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2026	\$ 184,611
2027	39,852
2028	40,011
2029	55,538
2030	40,578
Thereafter	(1,627)
Total	<u>\$ 358,963</u>

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 4.28 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 (3.28 percent) or 1-percentage-point higher (5.28 percent) than the current rate:

	1% Decrease (3.28%)	Discount (4.28%)	1% Increase (5.28%)
County's proportionate share of the net pension liability (asset)	\$ 4,377,223	\$ 4,046,215	\$ 3,745,694

Changes in the Total Pension Liability

	2025
Beginning Balance	\$ 3,996,080
Service cost	163,051
Interest on the total pension liability	155,074
Changes of benefit terms	-
Differences between expected and actual in the measurement of the total pension	59,970
Changes of assumptions or other inputs	(89,515)
Benefit payments	(238,445)
Ending balance of the total pension liability	<u>\$ 4,046,215</u>

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

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study as of December 31, 2019.

Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The County contributes to the Supplemental Retirement Income Plan (the 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 Service 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's Contributions for the year ended June 30, 2025 were \$253,657. No amounts were forfeited.

Supplemental Retirement Income Plan for General Employees

Plan Description: The County, Rutherford County Transit Administration and Rutherford County Tourism Development Authority voluntarily contribute to the Supplemental Retirement Income Plan of North Carolina, often referred to as the State's 401(k) Plan, a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees, for all full-time non-law enforcement employees. The Plan provides retirement benefits to employees of the County who are members of the Local Government Employees' Retirement System. Article 5 of G.S. Chapter 135

assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy. The County, Rutherford County Airport Authority, Rutherford County Transit Administration, and Rutherford County Tourism Development Authority contribute each month an amount equal to 5% of each full-time non-law enforcement employee's salary. Employee contributions are voluntary. An additional amount equal to one percent of an employee's salary is contributed by the County, Rutherford County Transit Administration, and Tourism Development Authority each month for those employees who have chosen to contribute at least one percent themselves. All amounts are vested immediately. The County's contributions for the fiscal year ended June 30, 2025 were \$918,231. Contributions from Rutherford County Transit Administration for its employees for the fiscal year ended June 30, 2025 were \$19,447. Contributions from Tourism Development Authority for its employees for the fiscal year ended June 30, 2025 were \$10,778. Contributions from Airport Authority for its employees were \$5,233. No amounts were forfeited.

Other Postemployment Benefits:

Postemployment Healthcare Benefits

Plan Description. The Retiree Health Benefit Fund (RHBF) has been established as a fund to provide health benefits to retired and disabled employees and their applicable beneficiaries. RHBF is established by General Statute 135-7, Article 1. It is a cost-sharing, multiple-employer, defined benefit healthcare plan, exclusively for the benefit of former employees of the State, the University of North Carolina System, and community colleges. In addition, LEAs, charter schools, and some select local governments also participate.

Management of the plan is vested in the State Health Plan Board of Trustees, which consists of 13 members – eight appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer, the State Superintendent, and the Director of the Office of State Human Resources who serve as ex-officio members. RHBF is supported by a percent of payroll contribution from participating employing units. Each year the percentage is set in legislation, as are the maximum per retiree contributions from RHBF to the State Health Plan. The State Treasurer, with the approval of the State Health Plan Board of Trustees, then sets the employer contributions (subject to the legislative cap) and the premiums to be paid by retirees, as well as the health benefits to be provided through the State Health Plan.

The financial statements and other required disclosures for the plan are presented in the State of North Carolina's Annual Comprehensive Financial Report, which can be found at <https://www.osc.nc.gov/public-information/report>.

Benefits provided. Plan benefits received by retired employees and disabled employees from RHBF are OPEB. The healthcare benefits for retired and disabled employees who are not eligible for Medicare are the same as for active employees. The plan options change when former employees become eligible for Medicare. Medicare retirees have the option of selecting one of two fully-insured Medicare Advantage/Prescription Drug Plan (MA-PDP) options of the self-funded Traditional 70/30 preferred Provider Organization plan option that is also offered to non-Medicare members. If the Traditional 70/30 Plan is selected by a Medicare retiree, the self-funded State Health Plan coverage is secondary to Medicare.

Those former employees who are eligible to receive medical benefits from RHBF are long-term disability beneficiaries of the Disability Income Plan of North Carolina (DIPNC) and retirees of the TSERS, the Consolidated Judicial Retirement System (CJRS), the Legislative Retirement System (LRS), the University Employees' Optional Retirement Program (ORP), and a small number of local governments, with five or more years of contributory membership service in their retirement system prior to disability or retirement, with the following exceptions: for employees first hired on or after October 1, 2006, and members of the General Assembly first taking office on or after February 1, 2007, future coverage as retired employees and retired members of the General Assembly is subject to

the requirement that the future retiree have 20 or more years of retirement service credit in order to receive coverage on a noncontributory basis. Employees first hired on or after October 1, 2006 and members of the General Assembly first taking office on or after February 1, 2007 with 10 but less than 20 years of retirement service credit are eligible for coverage on a partially contributory basis. For such future retirees, the State will pay 50% of the State Health Plan's noncontributory premium.

Section 35.21 (c) and (d) of Session Law 2017-57 repeals retiree medical benefits for employees first hired January 1, 2021. The new legislation amends Article 3B of Chapter 135 of the General Statutes to require that retirees must earn contributory retirement service in TSERS (or in an allowed local system unit), CJRS, or LRS prior to January 1, 2021, and not withdraw that service, in order to be eligible for retiree Revised August 2018 35-K-57 medical benefits under the amended law. Consequently, members first hired on and after January 1, 2021, will not be eligible to receive retiree medical benefits.

RHBF's benefit and contribution provisions are established by Chapter 135-7, Article 1 and Chapter 135, Article 3B of the General Statutes and may be amended only by the North Carolina General Assembly. RHBF does not provide for automatic post-retirement benefit increases.

Contribution. By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state—supported retired employees' health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the Appropriations Bill. For the current fiscal year, the County contributed 7.04% of covered payroll which amounted to \$1,745,341.

At June 30, 2025, County reported a liability of \$36,071,974 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. The total OPEB liability was then rolled forward to the measurement date of June 30, 2024 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net OPEB liability was based on a projection of the County's present value of future salary, actuarially determined. At June 30, 2025 (measured as of June 30, 2024), the County's proportion was 0.10605%, a decrease of .00311% compared to its proportion as of June 30, 2024 (measured as of June 30, 2023).

Actuarial assumptions. The following actuarial assumptions were used to measure the total OPEB liability for the RHBF.

Inflation	3.50%
Salary increases	3.25-8.05%, including inflation and productivity factor
Investment rate of return	6.50%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rate – medical	5.00-6.50%
Healthcare cost trend rate – prescription drug	5.00-7.25%
Healthcare cost trend rate – Medicare advantage	4.00-5.00%
Healthcare cost trend rate – administrative	3.00%

The total OPEB liability was determined by an actuarial valuation performed as of December 31, 2023 using the following actuarial assumptions, applied to all periods in the measurement, unless otherwise specified. The total OPEB liability was calculated through the use of update procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2024. The update procedures

incorporated the actuarial assumptions used in the valuation. The entry age normal cost method was utilized.

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. teacher, 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 mortality rates also contain a provision to reflect future mortality improvements. The actuarial assumptions were based on the results of an actuarial experience review for the period January 1, 2015 through December 31, 2019.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return are developed for each major asset class. These ranges 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 and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

Discount rate. The discount rate used to measure the total OPEB liability for the RHBF was 3.93 %. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 3.93% was used as the discount rate used to measure the total OPEB liability. The 3.93% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2024.

Sensitivity of the County's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the County's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.93 percent) or 1-percentage point higher (4.93 percent) than the current discount rate:

	<u>1% Decrease (2.93%)</u>	<u>Discount (3.93%)</u>	<u>1% Increase (4.93%)</u>
County's proportionate share of the net OPEB liability	\$ 42,916,313	\$ 36,071,974	\$ 30,576,567

Sensitivity of the County's proportionate share of the net OPEB liability to changes in the healthcare trend rates. The following presents the County's proportionate share of the net OPEB liability, as well as what the County's proportionate share of the net OPEB liability would be if it were to calculate healthcare cost trend rates that are 1-percentage-point lower or 1-percentage point higher than the current healthcare cost trend rate:

	1% Decrease (Medical - 5.50%, Pharmacy - 6.25%, Administrative - 2.00%)	Healthcare Trend Rates (Medical - 6.50%, Pharmacy - 7.25%, Administrative - 3.00%)	1% increase (Medical - 7.50%, Pharmacy - 8.25%, Administrative - 4.00%)
County's proportionate share of the net OPEB liability	\$ 29,774,825	\$ 36,071,974	\$ 44,225,556

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2025, the County recognized an OPEB expense of \$1,636,466. At June 30, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 294,008	\$ -
Changes of assumptions	8,687,604	4,703,049
Net difference between projected and actual earnings on plan investments	154,574	-
Changes in proportion and differences between County contributions and proportionate share of contributions	946,479	944,416
County contributions subsequent to the measurement date	1,745,341	-
Total	<u>\$ 11,828,006</u>	<u>\$ 5,647,465</u>

\$1,745,341 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2026. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2026	\$ 108,032
2027	879,457
2028	1,917,721
2029	1,529,990
Thereafter	-
Total	<u>\$ 4,435,200</u>

OPEB Plan Fiduciary Net Position. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the State of North Carolina.

Post-Employment Death Benefits

The County, Rutherford County Transit Administration, and Tourism Development Authority, have elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple- employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. The County, Rutherford County Transit Administration, and Tourism Development Authority have no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payrolls, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, Rutherford County Transit Administration, Airport Authority, nor Tourism Development Authority, the County, Rutherford County Transit Administration, Airport Authority, and Tourism Development Authority, do not determine the number of eligible participants. For the fiscal year ended June 30, 2025, the County made \$16,919 in contributions to the State for death benefits. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.05% and 0.25% of covered payroll, respectively. For the fiscal year ended June 30, 2025, the Rutherford County Transit Administration, Airport Authority, and Tourism Development Authority made no required contributions. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount.

Registers of Deeds' Supplemental Pension Fund

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

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$5,962 for the year ended June 30, 2025.

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

At June 30, 2025, the County reported a net pension asset of \$79,959 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2024. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2024 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2025 (measured June 30, 2024), the County's proportion was .69391%, which was a decrease of .00451% from its proportion as of June 30, 2024 (measured June 30, 2023).

For the year ended June 30, 2025, the County recognized pension expense of \$11,830. At June 30, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,756	\$ 1,429
Changes of assumptions	-	-
Net difference between projected and actual earnings on plan investments	30,879	-
Changes in proportion and differences between County contributions and proportionate share of contributions	528	275
County contributions subsequent to the measurement date	5,962	-
Total	<u>\$ 39,125</u>	<u>\$ 1,704</u>

\$5,962 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, 2026. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2026	\$ 14,978
2027	13,566
2028	2,803
2029	112
Thereafter	-
Total	<u>\$ 31,459</u>

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

Inflation	3.00 percent
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Discount rate	3.00 percent

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, 2023 valuation were based on the results of an actuarial experience study as of December 31, 2019.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2024 is 1.4%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2020 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension asset 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 asset.

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 (3.00%)	1% Increase (4.00%)
County's proportionate share of the net pension liability (asset)	\$ (52,980)	\$ (79,959)	\$ (102,685)

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.

Deferred Compensation Plans

The County offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans are administered by Equitable Assurance Company and Public Employees Benefit Service Corporation (PEBSO). The plans, available to all County employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The County has complied with changes in the laws which govern the County's Deferred Compensation Plan, requiring all assets of the plan to be held in trust for the exclusive benefit of the participants and their beneficiaries. Formerly, the undistributed amounts which had been deferred by the plan participants were required to be reported as assets of the County. In accordance with GASB Statement 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans," the County's Deferred Compensation Plan is no longer reported within the County's custodial Funds.

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

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

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate share of the net pension liability (asset)	\$ 17,213,401	\$ (79,959)	\$ -	\$ 17,133,442
Proportion of the net pension liability (asset)	0.25534%	0.69391%	n/a	
Total pension liability	-	-	4,046,215	4,046,215
Pension expense	4,863,915	11,830	440,275	5,316,020

At June 30, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>				
Differences between expected and actual experience	\$ 3,016,440	\$ 1,756	\$ 573,482	\$ 3,591,678
Changes of assumptions	-	-	191,410	191,410
Net difference between projected and actual earnings on pension plan investments	2,340,151	30,879	-	2,371,030
Changes in proportion and differences between County contributions and proportionate share of contributions	-	528	-	528
County contributions/benefit payments subsequent to the measurement date	3,395,799	5,962	139,457	3,541,218
Total	<u>\$ 8,752,390</u>	<u>\$ 39,125</u>	<u>\$ 904,349</u>	<u>\$ 9,695,864</u>

Deferred Inflows of Resources

Differences between expected and actual experience	\$ 20,282	\$ 1,429	\$ -	\$ 21,711
Changes of assumptions	-	-	405,929	405,929
Changes in proportion and differences between County contributions and proportionate share of contributions	498,934	275	-	499,209
	<u>\$ 519,216</u>	<u>\$ 1,704</u>	<u>\$ 405,929</u>	<u>\$ 926,849</u>

(D) 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 Joint Risk Management Agency.

Through these pools, the County obtains property coverage equal to the replacement cost of owned property subject to total insured values, with sub-limits on coverage for specified perils; general, auto, professional, employment practices, and law enforcement liability coverage of \$2 million per occurrence (some members purchase higher limits); auto physical damage for owned autos at actual cash value; crime coverage of \$250,000 per occurrence; and workers' compensation coverage up to the statutory limits.

All property coverage and some liability coverage are subject to per occurrence deductibles, as selected by the County. The pools are audited annually by certified public accountants, and 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, up to a \$2 million limit for liability coverage, and single occurrence losses in excess of \$750,000 for workers' compensation.

Through the captive, the Liability and Property Pool is reinsured for \$2,000,000 of annual aggregate losses in excess of \$500,000 per occurrence for property, auto physical damage and crime coverage, with additional limits of \$998 million purchased through a group of commercial carriers through the multi-state public entity captive.

The County carries commercial coverage for 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.

The County also participates in the State's Comprehensive Major Medical Plan (also referred to as The State Health Plan), a self-funded risk financing pool of the State administered by Blue Cross and Blue Shield of North Carolina. Participants in the Plan include all full-time agency employees, retired employees, disabled employees and other participants who have the option to participate at their own expense (employee family members and terminated employees up to 18 months after termination). The County pays the full cost of coverage for employees enrolled in the Comprehensive Major Medical Plan. As of June 30, 2023, the program had 446 active participants in the Plan. The plan provides medical coverage with no lifetime maximum. Dental coverage is provided up to a maximum of \$1,500 per employee per year other than orthodontics, which is a lifetime maximum of \$2,000 per eligible employee. The Insurance Plan Administrators for the fiscal year ended June 30, 2022 were North Carolina State Health Plan for medical and Delta Dental for dental.

In accordance with G.S. 159-29, the County's 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 finance officer is bonded for \$1,000,000; the County manager, tax collector and DSS director are each individually bonded for \$100,000 each; the Register of Deeds is bonded for \$50,000 and the Sheriff is bonded for \$10,000. The remaining employees that have access to funds are bonded under a blanket bond for \$50,000.

(E) Claims and Judgments

At June 30, 2025, the County was a defendant to various lawsuits. In the opinion of the County's management, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

(F) Deferred Outflows and Inflows of Resources

The balances in deferred outflows of resources and deferred inflows of resources on the fund statements and on the government-wide statements at year-end is composed of the following elements:

Deferred Outflows of Resources:

	Statement of Net Position
Pensions and OPEB - difference between expected and actual experience	\$ 3,885,686
Pensions and OPEB - changes of assumptions	8,879,014
Pensions and OPEB- change in proportion and differences between employer contributions and proportionate share of contributions	947,007
Contributions to pension plans subsequent to the measurement date	3,401,761
Benefit payments/administration costs paid subsequent to the measurement date (LEOSSA)	139,457
Contributions to the OPEB plan paid subsequent to the measurement date	1,745,341
Charge on refunding of debt	192,466
Total	<u>\$ 21,716,336</u>

Deferred Inflows of Resources:

	Statement of Net Position	Governmental Fund Balance Sheet
Difference between expected and actual experience (pensions, OPEB)	\$ 21,711	\$ -
Change in proportion and differences between employer contributions and proportionate share of contributions (pensions, OPEB)	1,443,625	-
Changes of assumptions (pensions, OPEB)	5,108,978	-
Prepaid taxes not yet earned	182,041	182,041
Ad valorem taxes receivable, net (General Fund)	-	1,313,929
Other receivables, net (Opioid Fund)	-	7,092,208
Other receivables, net (General Fund)	-	963,075
Ad valorem taxes receivable, net (Special Revenue)	-	202,204
Total	<u>\$ 6,756,355</u>	<u>\$ 9,753,457</u>

Note 4 – Long-Term Obligations**(A) Leases**

For the year ended June 30, 2024, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

As of June 30, 2025, the County had 3 active leases. The leases have payments that range from \$14,298 to \$39,931 and interest rates that range from 0.3150% to 2.1840%. As of June 30, 2025, the total combined value of the lease liability is \$52,604. The combined value of the right to use asset, as of June 30, 2025 was \$101,477 with accumulated amortization of \$50,739. The future minimum lease obligations and net present value of these minimum lease payments as of June 30, 2025, were as follows:

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 17,154	\$ 978
2027	17,532	599
2028	17,918	213
Total	<u>\$ 52,604</u>	<u>\$ 1,790</u>

(B) Subscriptions

For the year ended June 30, 2025 the City implemented the requirements of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (Subscriptions). The Statement provides a definition of Subscriptions 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.

As of June 30, 2025, the County had 1 active subscription. The subscription has a final payment of \$80,789 and an interest rate of 2.9010%. As of June 30, 2025, the total combined value of the subscription liability is \$78,511. The combined value of the right to use asset, as of June 30, 2025 was \$551,225 with accumulated amortization of \$425,019. The future minimum subscription obligations and net present value of these minimum subscription payments as of June 30, 2025, were as follows:

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 78,511	\$ 2,278
Total	<u>\$ 78,511</u>	<u>\$ 2,278</u>

(C) Installment Purchases

As authorized by State law (G.S. 160A-20 and 153A-158.1), the County financed, in a direct placement, various property acquisitions, construction and improvements for use by Rutherford County, Rutherford County Board of Education and Isothermal Community College as of the fiscal year ended June 30, 2025 by installment purchases, private placement, certificates of participation

(COP's), or limited obligation bonds (LOB's). The property is pledged as collateral for the debt.

	Balance June 30, 2024	Additions	Retirements	Balance June 30, 2025
<u>Governmental Activities</u>				
<u>Serviced by the General Fund:</u>				
Vehicle and equipment lease purchase agreement, 2023, \$300,000 issue, monthly payments of \$8,797, including interest at 3.55% through July 2026	\$ 211,694	\$ -	\$ 99,663	\$ 112,031
<u>Serviced by the Debt Service Fund:</u>				
Public facilities project lease purchase agreement, 2015 \$1,800,000 issue, interest at 2.65%, due semiannually to 2030.	720,000	-	120,000	600,000
Refunding certificates of participation, 2013, \$9,790,000 issue interest at 2.190%, payable semiannually, due semiannually to 2028.	3,328,000	-	867,000	2,461,000
Public facilities project installment purchase agreement, 2023 \$15,000,000 issue, interest at 3.61%, due semiannually to 2033.	13,500,000	-	1,500,000	12,000,000
Public facilities project installment purchase agreement, 2019 \$17,080,000 issue, interest at 1.995%, due semiannually to 2040. A premium of \$3,218,105 is included and will be amortized over the life of the debt.	16,578,340	-	1,010,790	15,567,550
Public facilities project lease purchase agreement, 2017, \$6,825,000 issue, interest at 2.49% due semiannually to 2032	3,575,838	-	455,000	3,120,838
Total direct placement installment purchases	\$37,913,872	\$ -	\$ 4,052,453	\$ 33,861,419

	Balance June 30, 2024	Additions	Retirements	Balance June 30, 2025
<u>Business-type Activities</u>				

Serviced by the Landfill Fund:

Vehicle and equipment lease purchase agreement, 2023, \$537,000 issue, monthly payments of \$15,747, including interest at 3.55% through July 2026	\$ 378,932	\$ -	\$ 178,397	\$ 200,535
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For Rutherford County, the future minimum payments for installment obligations as of June 30, 2025, including interest are:

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2026	\$ 3,877,259	\$ 1,163,321	\$ 184,812	\$ 4,131
2027	3,759,771	1,031,398	15,723	46
2028	3,726,000	901,716	-	-
2029	2,930,000	782,130	-	-
2030	2,930,000	620,721	-	-
2031-2035	9,620,839	1,807,218	-	-
Total	31,108,869	\$ 6,817,704	\$ 200,535	\$ -
Add unamortized premium	2,752,550			
	<u>33,861,419</u>			

(D) **Direct Borrowing Revolving Fund – Water Quality Loan**

The County has received a loan through North Carolina Department of Environment and Natural Resources State Revolving Fund Program. This loan provided funds to pay the capital costs of providing loans and grants to municipalities, water authorities and sanitary districts for the extension of water and sewer lines in the County.

	Balance June 30, 2024	Additions	Retirements	Balance June 30, 2025
<u>Governmental Activities</u>				
<u>Serviced by the Debt Service Fund:</u>				
Public utilities DENR water quality loan, 2007 \$331,400 issue, interest at 2.305% due semiannually to 2027.	\$ 49,170	\$ -	\$ 16,570	\$ 33,140

For Rutherford County, the future minimum payments as of June 30, 2025, including interest are:

	Governmental Activities	
	Principal	Interest
2026	\$ 16,570	\$ 764
2027	16,570	764
Total	<u>\$ 33,140</u>	<u>\$ 1,528</u>

(E) **General Obligation Indebtedness**

The general obligation bonds are issued to finance the construction of County facilities. All bonds are collateralized by the faith, credit and taxing power of the County. These bonds are being serviced by the Debt Service Fund.

	Balance June 30, 2024	Additions	Retirements	Balance June 30, 2025
<u>General Obligation Bonds</u>				
General obligation bonds, 2008 \$1,555,000 issue interest at 3.875% to 4.2%, payable semiannually, due serially 2028.	\$ 355,000	\$ -	\$ 75,000	\$ 280,000
Refunding bonds, 2013 \$1,683,000 issue interest at 2.020%, payable semiannually, due serially 2026.	170,000	-	76,000	94,000
Total general obligation bonds	<u>\$ 525,000</u>	<u>\$ -</u>	<u>\$ 151,000</u>	<u>\$ 374,000</u>

Annual debt service requirements to maturity for the County's general obligation bonds are as follows:

	Governmental Activities	
	Principal	Interest
2026	\$ 169,000	\$ 12,624
2027	100,000	8,200
2028	105,000	4,200
Total	<u>\$ 374,000</u>	<u>\$ 25,024</u>

Debt Related to Capital Activities - Of the total Governmental Activities debt listed only \$31,242,200 relates to assets for which the County holds title. Unspent restricted cash related to this debt amounts to \$1,906,279. See also Note 8 regarding the County's net investment in capital assets.

(F)

Conduit Debt Obligations

In May 2025, the County entered into a cashflow loan agreements with the State of North Carolina through the Department of State Treasurer under the Disaster Recovery Act of 2024. The agreements provide a principal-only loan of \$1,836,666 to fund disaster response activities related to Hurricane Helene. The loan bears no interest or administrative fees and is scheduled for repayment as follows: \$1 by the first anniversary of the loan date; 10% on June 30, 2027; 20% on June 30, 2028; 30% on June 30, 2029; and the remaining 40% (less \$1) on the earlier of the fifth anniversary or June 30, 2030. Loan proceeds are to be repaid earlier if the County receive reimbursement from federal disaster assistance or insurance proceeds.

(G) Long-Term Obligation Activity

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2025:

	Balance June 30, 2024	Additions	Retirements	Balance June 30, 2025	Current Portion
Governmental Activities:					
By type of debt:					
Direct placement installment purchases	\$ 37,913,872	\$ -	\$ 4,052,453	\$ 33,861,419	\$ 3,877,248
NC DST Cash Flow Loans	-	1,836,666	-	1,836,666	1
Direct borrowing revolving fund -					
DENR	49,710	-	16,570	33,140	16,570
Leases	69,189	-	16,585	52,604	17,154
IT subscription liabilities	286,552	-	208,041	78,511	78,511
General obligation bonds	525,000	-	151,000	374,000	169,000
Total pension liability (LEOSSA)	3,996,080	50,135	-	4,046,215	-
Net pension liability (LGERS)	17,207,469	-	452,996	16,754,473	-
Net OPEB liability	28,312,268	6,797,985	-	35,110,253	-
Compensated absences	2,253,689	284,656	-	2,538,345	1,776,842
	<u>\$ 90,613,829</u>	<u>\$ 8,969,442</u>	<u>\$ 4,897,645</u>	<u>\$ 94,685,626</u>	<u>\$ 5,935,326</u>

	Balance June 30, 2024	Additions	Retirements	Balance June 30, 2025
By purpose:				
School	\$ 36,564,946	\$ -	\$ 3,773,050	\$ 32,791,896
General government				
-equipment/vehicles/software	567,434	-	324,289	243,145
-public facilities	1,137,232	1,836,666	179,740	2,794,158
-economic development	574,711	-	167,570	407,141
Total pension liability (LEOSSA)	3,996,080	50,135	-	4,046,215
Net pension liability (LGERS)	17,207,469	-	452,996	16,754,473
Net OPEB liability	28,312,268	6,797,985	-	35,110,253
Compensated absences	2,253,689	284,656	-	2,538,345
	<u>\$ 90,613,829</u>	<u>\$ 8,969,442</u>	<u>\$ 4,897,645</u>	<u>\$ 94,685,626</u>

Reconciliation:

Current portion	\$ 5,935,326
Subsequent years	88,750,301
	<u>\$ 94,685,626</u>

Compensated absences typically have been liquidated in the General Fund. The liability for pension and OPEB-related debt is fully liquidated by the General Fund.

	Balance			Balance	Current
	June 30, 2024	Additions	Retirements	June 30, 2025	Portion
Business-type activities:					
By type of debt:					
Direct placement installment					
purchases - equipment	\$ 378,932	\$ -	\$ 178,397	\$ 200,535	\$ 184,812
Closure and post-closure care costs	3,938,879	25,242	-	3,964,121	-
Net pension liability (LGERS)	471,337	-	12,409	458,928	-
Net OPEB liability	775,514	186,207	-	961,721	-
Compensated absences	40,254	17,176	-	57,430	57,430
	<u>\$ 5,604,916</u>	<u>\$ 228,625</u>	<u>\$ 190,806</u>	<u>\$ 5,642,735</u>	<u>\$ 242,242</u>

At June 30, 2025, the County had a legal debt margin of approximately \$863,000,000.

(H) **Conduit Debt Obligations**

Rutherford County Industrial Facility and Pollution Control Financing Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as by letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2024, there were no industrial revenue bonds outstanding.

Note 5 – Closure and Post-Closure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfills when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County reports a portion of closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

Closed Municipal Solid Waste (MSW) Landfill:

Effective January 1, 1998, the State began requiring that all municipal solid waste (MSW) be placed in a lined landfill. Therefore, Rutherford County closed the Rutherford County Central Landfill on December 31, 1997. In accordance with state and federal laws and regulations, the County placed a final cover on this landfill upon its closure and is performing certain maintenance and monitoring functions at this site for thirty years after its closure. 100% of projected closure and post-closure costs were accrued at the time the landfill was closed. As of June 30, 2025, the County is responsible for 3 years of additional monitoring and reports a remaining post-closure liability of \$115,674 related to this landfill. Actual costs may be higher due to inflation, changes in technology, or changes in regulation.

Closed Phase 1 Construction and Demolition Landfill:

In 2013, the County closed phase 1 of their construction and demolition landfill. 100% of projected closure and post-closure costs were accrued at the time the landfill was closed. As of June 30, 2025, the County is responsible for 19 years of additional monitoring and reports a remaining post-closure liability of \$583,930 related to this landfill. Actual costs may be higher due to inflation, changes in technology, or changes in regulation.

Active Construction and Demolition (C&D) Landfill:

The County currently operates a C&D Landfill with anticipated closure and post-closure costs of \$497,400 reported as of June 30, 2025 representing a cumulative amount reported to date based on the

use of 100% of the total estimated capacity of this landfill. This amount is based on what it would cost to perform all closure and post-closure care in 2025. The County expects to close this landfill in the year 2026. Therefore, the County has recognized 100% of the anticipated closure and post-closure care costs as of June 30, 2025. In addition, the County is now under a potential assessment and corrective action plan for this landfill for which the County has accrued a projected cost of \$2,767,117 as of June 30, 2025. This liability represents the projected actual costs over the next 30 years based on what it would cost to perform all action in 2025. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

The County has met the requirements of a local government financial test that is one option under state and federal laws and regulations that help determine if a unit is financially able to meet closure and post-closure care requirements. However, the County has also elected to establish a reserve fund to accumulate resources for the payment of closure and post-closure costs.

Note 6 – Interfund Balances and Activities

Balances due from the general fund at June 30, 2025 consist of \$1,577,391 due to the fire districts fund. Funds were advanced by the fire districts fund to the general capital project fund for the construction of a new Emergency Services Training Facility. The general fund then assumed the payable since the fire district fund will be repaid in the coming years with funds from the general fund.

Transfers between funds and during the year ended June 30, 2025 consists of the following:

From	To	For	Amount
General Fund	Register of Deeds Automation	Accumulate resources for office automation	\$ 74,326
General Fund	Debt Service Fund	Contribution for EMS station	81,700
General Fund	911 Fund	Reimbursement of expenditures	16,916
			<u>172,942</u>
Debt Service Fund	General Fund	School capital improvements	320,454
Debt Service Fund	School Capital Projects Fund	Chiller at Elementary School	300,000
			<u>620,454</u>
ARPA Fund	General Capital Projects Fund	Capital outlay	<u>133,607</u>
ICC Capital Project	General Fund	College capital outlay	<u>291,080</u>
Total			<u><u>\$ 1,218,083</u></u>

Note 7 – Fund Balance

The following schedule provides management and citizens with information on the portion of fund balance in the general fund that is available for appropriation.

Total fund balance - general fund	\$ 68,563,487
Less:	
Prepaid items and inventories	696,366
Stabilization by State statute	29,373,885
Restricted for public safety	46,927
Assigned - subsequent year's expenditures	6,167,203
Assigned - HVAC replacement	459,388
Assigned - roof replacement	395,746
Minimum fund balance informal policy	<u>15,959,740</u>
Remaining fund balance	<u>\$ 15,464,232</u>

The County has an informal fund balance policy for the General Fund which instructs management to conduct business of the County in such a manner that available fund balance is at least equal to or greater than 20% of actual expenditures.

The County had outstanding encumbrances in the general fund in the amount of approximately \$830,000 at June 30, 2025.

Note 8 – Net Investment in Capital Assets

	<u>Governmental</u>	<u>Business-Type</u>
Capital assets, net of depreciation	\$ 108,204,151	\$ 3,353,954
Less:		
Installment obligations	(33,861,419)	(200,535)
Revolving fund - DENR	(33,140)	-
General obligation bonds	(374,000)	-
Leases and subscription liabilities	(131,115)	-
Add:		
Debt for assets owned by school system	<u>2,306,081</u>	-
Water/Sewer debt	<u>313,140</u>	-
Unspent debt proceeds	<u>2,888,484</u>	-
	<u>\$ 79,312,182</u>	<u>\$ 3,153,419</u>

Note 9 – Joint Ventures**(A) Mental Health**

Rutherford County realigned with Partners Behavioral Health Management effective July 1, 2019. Partners Behavioral Health Management is a leading local managed care organization (LME/MCO), providing access to care for central and western North Carolina's most vulnerable citizens. Partners manages all Medicaid, state and local funding for intellectual/developmental disabilities, mental health and substance use disorder (IDD/MH/SUD) services in its covered areas. Through Partners' community focus and longstanding partnerships with local stakeholders, agencies and elected officials, Partners' members receive the care and support they need. Partners serves individuals in Burke, Cabarrus, Catawba, Cleveland, Davie, Forsyth, Gaston, Iredell, Lincoln, Rutherford, Stanly, Surry, Union and Yadkin counties and has community offices in Gastonia, Hickory and Elkin. The County contributed \$102,168 to fund operations during the fiscal year ended June 30, 2025. Complete

financial statements for Partners Behavioral Health Management may be obtained from the offices at 901 S. New Hope Road, Gastonia, NC 28054.

(B) Public Health

The County, in conjunction with McDowell County, participates in the Foothills Public Health District. Each Board of Commissioners of the counties appoints one of its own members to the public health board. These commissioner-members then appoint the other eleven members jointly with six of these members being from Rutherford County and five being from McDowell County. All commissioner-members must agree on the appointments for the appointments to occur. The County contributes funds annually to fund operations of the District. None of the participating counties have any equity interest in the District, so no equity interest has been reflected in the financial statements at June 30, 2025. The County contributed \$964,468 to the District to fund operations during fiscal year June 30, 2025. Complete financial statements for the District may be obtained from the District's offices at 221 Callahan Koon Rd., Spindale, NC 28160.

(C) Community College

The County, in conjunction with the State of North Carolina and the Rutherford County Board of Education, participates in a joint venture to operate the Isothermal Community College. The County appoints four members of the fifteen-member Board of Trustees of the Community College. The Community College is included as a component unit of the state. The County has the basic responsibility for providing funding for the facilities of the Community College and also provides some financial support for the Community College's operations. The County has an ongoing financial responsibility for the Community College because of the statutory responsibilities to provide funding for the Community College's facilities. The County contributed \$3,026,755 to the Community College for operating and \$291,080 for capital expenditure purposes during the fiscal year ended June 30, 2025. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2025. Complete financial statements for the Community College may be obtained from the Community College's administrative offices at P.O. Box 804, Spindale, NC 28160.

Note 10 – Region C Council of Government (Jointly Governed Organization)

The Council is a voluntary association of four county governments, including Rutherford County for the purpose of coordinating federal and state projects of a planning nature in the four county area comprising Region C in Southwestern North Carolina. General support of the Council is provided by the counties based upon their respective populations. Each county appoints one member to the Council's governing body and this governing body selects the management and determines the budget and financing requirements of the Council. The County paid membership fees of \$46,295 to the Council during the fiscal year ended June 30, 2025.

Note 11 – Federal and State Assisted Programs

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

Note 12 – Benefit Payments Issued by the State

Certain amounts were paid directly to individual recipients by the State from federal and State monies. County personnel are involved with certain functions, primarily eligibility determinations, which cause benefit payments to be issued by the State. This additional aid to County recipients does not appear in the financial statements because they are not revenues and expenditures of the County.

Note 13 – Concentration of Tax Base

One taxpayer represented approximately 9% of the County's tax base for the 2024 tax year. Taxes collected from this taxpayer amounted to \$3,901,427 for the fiscal year ended June 30, 2025. Also, economic development incentive payments were made to this taxpayer in the amount of \$3,582,303 during the fiscal year ended June 30, 2025. Economic development incentive payments equal to 85% of real property taxes paid and 95% of personal property taxes paid will continue to be made to this taxpayer until the year 2040.

Note 14 – Prior Period Adjustment/Changes in Accounting Principles

The County implemented GASB Statement No. 101, Compensated Absences in the current fiscal year. 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 implementation of this Statement required a prior period adjustment to reduce government-wide net position by \$370,988 to record the estimated liability for sick leave at June 30, 2024.

Additionally, a restatement resulted from an accounting treatment requirement issued by the N.C. Department of State Treasurer to treat the Opioid Settlement Fund amounts as government mandated and voluntary non-exchange transactions. The activity is the result of settlement agreements which provide the County with a legal claim to the resources upon execution and are, therefore, exchange and exchange-like transactions. Thus, a receivable of \$7,918,561 and prior year revenue of \$2,417,851 should have been recognized on a full accrual basis as of June 30, 2024. The County has increased beginning net position of governmental activities by \$10,336,412 and beginning fund balance of the Opioid Settlement Fund by \$2,417,851 as a result of this.

Note 15 – Adjustments and restatements of beginning balances

Other financing sources in the Schools Capital Project Fund significantly decreased due to the one time issuance of debt in fiscal year 2024. Therefore, the Schools Capital Project Fund no longer meets the quantitative threshold that would require it to be reported as a major governmental fund. The adjustment to the Opioid Settlement Fund was discussed in Note 14.

The effect of the change within the financial reporting entity is summarized below in the following table.

	Fund balance, 6/30/24, as previously reported	Adjustments	Fund balance, 6/30/24, as adjusted
Governmental Funds			
General Fund	\$ 62,928,103	\$ -	\$ 62,928,103
ARPA Fund	-	-	-
School Capital Project Fund	8,966,928	(8,966,928)	-
Debt Service Fund	16,609,417	-	16,609,417
Opioid Settlement Fund	58,159	2,417,851	2,476,010
General Capital Project Fund	39,301,507	-	39,301,507
Nonmajor funds	7,914,724	8,966,928	16,881,652
Total revenues	<u>\$ 135,778,838</u>	<u>\$ 2,417,851</u>	<u>\$ 138,196,689</u>

Note 16 – Extraordinary Item – Hurricane Helene Repairs

In September 2024, Western North Carolina was severely impacted by Hurricane Helene leading to a Federal disaster area declaration which included Surry County, as well as all surrounding counties and municipalities. Because it is unusual for a non-coastal area to have severe damage from the effects of a Hurricane and the event was not under the control of management, these financial statements include an extraordinary item for repairs related to Hurricane Helene in the amount of \$38,665,151. The most significant of these costs were for debris removal from roads and waterways, emergency repairs at County buildings and for County equipment and vehicles. Management does not believe any of these repairs involve a temporary or permanent impairment to any capital asset.

Note 17 – Stewardship, Compliance, and AccountabilityDeficit Fund Balance of Individual Funds

At June 30, 2025, the Hurricane Helene Fund had a deficit fund balance of \$29,001,161 as a result of a timing issue between when the expenditures were incurred and when reimbursement of grant-funded expenditures was available. Management expects the deficit fund balance to be resolved in the coming fiscal year once the anticipated grant funding is received.

**REQUIRED SUPPLEMENTAL
FINANCIAL DATA**

RUTHERFORD COUNTY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
LAST NINE FISCAL YEARS*

Schedule of Changes in Total Pension Liability

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Beginning balance	\$ 3,996,080	\$ 3,398,491	\$ 3,344,901	\$ 3,319,165	\$ 2,325,298	\$ 2,248,750	\$ 2,221,777	\$ 2,132,626	\$ 2,115,637
Service cost	163,051	149,345	167,698	165,324	102,527	91,208	98,933	90,562	89,955
Interest on the total pension liability	155,074	141,663	72,952	62,124	73,063	79,528	68,244	80,054	73,794
Changes of benefit terms	-	-	255,346	-	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	59,970	436,967	320,629	84,293	122,219	(32,954)	70,591	(98,306)	-
Change of assumptions or other inputs	(89,515)	92,890	(557,851)	(85,347)	864,275	66,616	(86,469)	134,196	(49,578)
Benefit payments	(238,445)	(223,276)	(205,184)	(200,658)	(168,217)	(127,850)	(124,326)	(117,355)	(97,182)
Other changes	-	-	-	-	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 4,046,215</u>	<u>\$ 3,996,080</u>	<u>\$ 3,398,491</u>	<u>\$ 3,344,901</u>	<u>\$ 3,319,165</u>	<u>\$ 2,325,298</u>	<u>\$ 2,248,750</u>	<u>\$ 2,221,777</u>	<u>\$ 2,132,626</u>

Schedule of Total Pension Liability as a Percentage of Covered Employee Payroll

Total pension liability	\$ 4,046,215	\$ 3,996,080	\$ 3,398,491	\$ 3,344,901	\$ 3,319,165	\$ 2,325,298	\$ 2,248,750	\$ 2,221,777	\$ 2,132,626
Covered employee payroll	4,945,284	4,573,804	3,994,839	3,812,709	3,651,228	3,516,026	3,471,684	3,609,219	3,523,604
Total pension liability as a percentage of covered employee payroll	81.82%	87.37%	85.07%	87.73%	90.91%	66.13%	64.77%	61.56%	60.52%

Notes to the schedules:

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

* The amounts presented for each fiscal year were determined as of the prior calendar year ending December 31

RUTHERFORD COUNTY, NORTH CAROLINA

**COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS ***

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Local Government Employees' Retirement System										
County's proportionate share of the net pension liability (asset) (%)	0.25534%	0.26693%	0.26955%	0.27187%	0.27560%	0.26901%	0.26498%	0.28707%	0.27643%	0.27445%
County's proportion of the net pension liability (asset) (\$)	\$ 17,213,401	\$ 17,678,806	\$ 15,206,468	\$ 4,169,386	\$ 9,848,361	\$ 7,346,453	\$ 6,286,232	\$ 4,385,634	\$ 5,866,771	\$ 1,231,719
County's covered payroll	23,664,499	21,959,961	19,556,927	19,046,183	18,614,759	19,366,760	16,644,520	16,488,891	16,224,597	16,011,558
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	72.74%	80.50%	77.75%	21.89%	52.91%	37.93%	37.77%	26.60%	36.16%	7.69%
Plan fiduciary net position as a percentage of the total pension liability (asset)	83.30%	82.49%	84.14%	95.51%	88.61%	90.86%	92.00%	94.18%	91.47%	98.09%

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

RUTHERFORD COUNTY, NORTH CAROLINA

**SCHEDULE OF COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS**

Local Government Employees' Retirement System

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 3,395,799	\$ 3,040,904	\$ 2,666,955	\$ 2,270,122	\$ 1,936,788	\$ 1,666,926	\$ 1,502,541	\$ 1,251,698	\$ 1,090,181	\$ 1,088,227
Contribution in relation to the contractually required contribution	3,395,799	3,040,904	2,666,955	2,270,122	1,936,788	1,666,926	1,502,541	1,251,698	1,090,181	1,088,227
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$24,784,088	\$23,664,499	\$21,959,961	\$19,556,927	\$19,046,183	\$18,614,759	\$19,366,760	\$16,644,520	\$16,488,891	\$16,224,597
Contributions as a percentage of covered payroll	13.70%	12.85%	12.14%	11.61%	10.17%	8.95%	7.76%	7.52%	6.61%	6.71%

RUTHERFORD COUNTY, NORTH CAROLINA

COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS *

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Register of Deeds' Supplemental Pension Fund										
County's proportionate share of the net pension liability (asset) (%)	0.69391%	0.69842%	0.69415%	0.62087%	0.63701%	0.60494%	0.67662%	0.68475%	0.65884%	0.65574%
County's proportion of the net pension liability (asset) (\$)	\$ (79,959)	\$ (83,929)	\$ (91,905)	\$ (119,288)	\$ (145,990)	\$ (119,427)	\$ (112,070)	\$ (116,880)	\$ (123,176)	\$ (151,964)
Plan fiduciary net position as a percentage of the total pension liability (asset)	(133.61%)	(135.74%)	(139.04%)	(156.53%)	(173.62%)	(162.50%)	(153.31%)	(153.77%)	(160.17%)	(197.29%)

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

RUTHERFORD COUNTY, NORTH CAROLINA

**SCHEDULE OF COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS**

	Register of Deeds' Supplemental Pension Fund									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 5,962	\$ 5,971	\$ 6,233	\$ 7,328	\$ 6,791	\$ 6,099	\$ 5,750	\$ 5,790	\$ 5,950	\$ 5,373
Contribution in relation to the contractually required contribution	5,962	5,971	6,233	7,328	6,791	6,099	5,750	5,790	5,950	5,373
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

RUTHERFORD COUNTY, NORTH CAROLINA
COUNTY'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION
LAST NINE FISCAL YEARS *

	2025	2024	2023	2022	2021	2020	2019	2018	2017
	Retiree Health Benefit Fund								
County's proportionate share of the net OPEB liability (%)	0.10605%	0.10916%	0.111056%	0.10879%	0.10464%	0.10155%	0.09749%	0.10419%	0.09258%
County's proportion of the net OPEB liability (\$)	\$ 36,071,974	\$ 29,087,782	\$ 26,255,448	\$ 33,632,629	\$ 29,029,365	\$ 32,129,165	\$ 27,772,726	\$ 34,160,722	\$ 40,276,690
County's covered payroll	23,664,499	21,959,961	19,556,927	19,046,183	18,614,759	19,366,760	16,644,520	16,488,891	16,224,597
County's proportionate share of the net OPEB liability as a percentage of its covered payroll	152.43%	132.46%	134.25%	176.58%	155.95%	165.90%	166.86%	207.17%	248.24%
Plan fiduciary net position as a percentage of the total OPEB liability	9.79%	10.73%	10.58%	7.72%	4.40%	4.40%	4.40%	3.52%	2.41%

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

RUTHERFORD COUNTY, NORTH CAROLINA

**SCHEDULE OF COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST NINE FISCAL YEARS**

	Retiree Health Benefit Fund								
	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ 1,745,341	\$ 1,689,654	\$ 1,518,621	\$ 1,180,063	\$ 1,274,654	\$ 1,205,029	\$ 1,210,874	\$ 1,009,703	\$ 951,746
Contribution in relation to the contractually required contribution	1,745,341	1,689,654	1,518,621	1,180,063	1,274,654	1,205,029	1,210,874	1,009,703	951,746
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 24,784,088	\$ 23,664,499	\$ 21,959,961	\$ 19,556,927	\$ 19,046,183	\$ 18,614,759	\$ 19,366,760	\$ 16,644,520	\$ 16,488,891
Contributions as a percentage of covered payroll	7.04%	7.14%	6.92%	6.03%	6.69%	6.47%	6.25%	6.07%	5.77%

**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

GENERAL FUND

RUTHERFORD COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2025

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Current year	\$ 48,725,280	\$ 49,878,428	\$ 1,153,148
Prior years	670,000	557,645	(112,355)
Penalties and interest	407,500	421,920	14,420
Total	<u>49,802,780</u>	<u>50,857,993</u>	<u>1,055,213</u>
Local option sales taxes	<u>7,203,100</u>	<u>8,456,508</u>	<u>1,253,408</u>
Restricted intergovernmental revenues:			
ABC net revenues	20,000	19,044	(956)
Court facilities	73,350	78,156	4,806
Federal and state grants	12,830,562	11,844,247	(986,315)
Total	<u>12,923,912</u>	<u>11,941,447</u>	<u>(982,465)</u>
Permits and fees:			
Building permits	478,000	788,984	310,984
Register of deeds	300,000	343,819	43,819
Marriage licenses	10,500	10,510	10
Revenue stamps	410,000	388,929	(21,071)
Video programming tax	28,000	23,435	(4,565)
Other fees	42,500	49,231	6,731
Total	<u>1,269,000</u>	<u>1,604,908</u>	<u>335,908</u>
Sales and services:			
Rents, concessions and fees	437,470	438,256	786
Sheriff's fees	1,477,798	1,508,527	30,729
Senior center meals	72,000	76,096	4,096
EMS fees	4,064,400	5,487,780	1,423,380
Court costs, fees and charges	67,412	68,484	1,072
Detention center fees	171,555	245,453	73,898
Tax collection fees	45,000	63,300	18,300
Animal shelter fees	-	520	520
Total	<u>6,335,635</u>	<u>7,888,416</u>	<u>1,552,781</u>
Investment earnings	<u>1,500,000</u>	<u>3,680,409</u>	<u>2,180,409</u>
Miscellaneous	<u>398,033</u>	<u>483,380</u>	<u>85,347</u>
Total revenues	<u>79,432,460</u>	<u>84,913,061</u>	<u>5,480,601</u>

RUTHERFORD COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2025

	Budget	Actual	Variance Positive (Negative)
Expenditures:			
General Government:			
Governing body	432,485	321,892	110,593
Manager	220,704	216,026	4,678
Board of elections	417,185	387,842	29,343
Finance	566,130	510,455	55,675
Information technology	2,942,096	2,150,681	791,415
Revenue collections	2,280,583	1,953,542	327,041
Legal	261,512	236,285	25,227
Register of deeds	349,125	333,911	15,214
Human resources	259,997	230,226	29,771
Public buildings/recreation	3,617,293	2,452,797	1,164,496
County garage	319,875	271,266	48,609
Court facilities	271,002	145,159	125,843
Special appropriations	302,571	228,384	74,187
Total general government	12,240,558	9,438,466	2,802,092
Public Safety:			
Sheriff's department	8,311,395	8,081,199	230,196
College security officer	1,362,726	1,316,321	46,405
Detention center	5,109,700	4,905,206	204,494
Communications	2,073,544	1,821,727	251,817
Inspections	718,902	674,936	43,966
Coroner	110,000	107,575	2,425
Emergency services	7,872,045	6,291,271	1,580,774
Special appropriations	10,203	10,203	-
Fire prevention	508,513	462,263	46,250
Animal control	567,874	545,485	22,389
Total public safety	26,644,902	24,216,186	2,428,716
Environmental Protection:			
Soil conservation	166,568	158,745	7,823
Watershed	36,350	20,850	15,500
Total environmental protection	202,918	179,595	23,323
Economic and Physical Development:			
Agricultural extension	286,903	242,396	44,507
Forestry	196,372	108,267	88,105
Airport Authority	256,610	140,075	116,535
Economic Development Commission	3,975,986	3,963,834	12,152
Total economic and physical development	4,715,871	4,454,572	261,299

RUTHERFORD COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2025

	Budget	Actual	Variance Positive (Negative)
Human Services:			
Contribution to public health district	964,468	964,468	-
Contribution to mental health district	328,527	102,168	226,359
Veterans service officers	177,240	169,245	7,995
Special appropriation	275,234	211,234	64,000
Social services administration	12,656,712	11,793,315	863,397
Social services programs	5,250,527	4,210,192	1,040,335
Senior citizens center	576,794	488,265	88,529
Meals program	655,889	689,756	(33,867)
Total human services	20,885,391	18,628,643	2,256,748
Cultural and recreational:			
Libraries	885,179	864,520	20,659
Education:			
Public schools:			
Current expenditures	17,368,689	17,368,689	-
Capital outlay	1,000,000	1,000,000	-
Community college:			
Current expenditures	3,026,755	3,026,755	-
Capital outlay	600,678	291,080	309,598
Total education	21,996,122	21,686,524	309,598
Debt Service:			
Principal retirement		324,289	
Interest and fees		5,904	
Total debt service	1,412,113	330,193	1,081,920
Total expenditures	88,983,054	79,798,699	9,184,355
Revenues over (under) expenditures	(9,550,594)	5,114,362	14,664,956
Other Financing Sources (Uses):			
Transfers:			
From other funds	558,838	611,534	52,696
To other funds	(153,750)	(172,942)	(19,192)
Installment obligations issued	1,986,000	-	(1,986,000)
Sale of capital assets	35,000	82,430	47,430
Appropriated fund balance	7,124,506	-	(7,124,506)
Total other financing sources (uses)	9,550,594	521,022	(9,029,572)
Net change in fund balance	\$ -	5,635,384	\$ 5,635,384
Fund balance, beginning of year		62,928,103	
Fund balance, end of year		\$ 68,563,487	

OTHER GOVERNMENTAL FUNDS

RUTHERFORD COUNTY, NORTH CAROLINA

HURRICANE HELENE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
From inception and for the year ended June 30, 2025

	Project Authorization	Actual through June 30, 2025			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
Revenues:					
Restricted intergovernmental	\$ 47,250,000	\$ -	\$ 7,643,530	\$ 7,643,530	\$ (39,606,470)
Miscellaneous	3,000	-	500	500	(2,500)
Investment income	-	-	13,133	13,133	13,133
Total revenues	<u>47,253,000</u>	<u>-</u>	<u>7,657,163</u>	<u>7,657,163</u>	<u>(39,595,837)</u>
Expenditures:					
Environmental Protection:					
Hurricane Helene	<u>47,253,000</u>	<u>-</u>	<u>38,665,151</u>	<u>38,665,151</u>	<u>8,587,849</u>
Revenues under expenditures	<u>-</u>	<u>-</u>	<u>(31,007,988)</u>	<u>(31,007,988)</u>	<u>(31,007,988)</u>
Other Financing Sources:					
Issuance of debt - NC cashflow loan	-	-	1,836,666	1,836,666	1,836,666
Insurance proceeds	<u>-</u>	<u>-</u>	<u>170,161</u>	<u>170,161</u>	<u>170,161</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>2,006,827</u>	<u>2,006,827</u>	<u>2,006,827</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(29,001,161)</u>	<u>\$ (29,001,161)</u>	<u>\$ (29,001,161)</u>
Fund balance, beginning of year			<u>-</u>		
Fund balance (deficit), end of year			<u>\$ (29,001,161)</u>		

RUTHERFORD COUNTY, NORTH CAROLINA

DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL For the year ended June 30, 2025

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Local option sales tax	\$ 10,024,018	\$ 10,024,018	\$ -
Lottery funds	800,000	800,000	-
Taps fees	-	12,750	12,750
Investment earnings	-	413,925	413,925
Total revenues	<u>10,824,018</u>	<u>11,250,693</u>	<u>426,675</u>
Expenditures:			
Debt service:			
Principal retirement	3,964,570	3,964,570	-
Interest	1,309,555	1,309,555	-
Bond fees	15,000	3,100	11,900
Contingency	4,996,139	-	4,996,139
Total expenditures	<u>10,285,264</u>	<u>5,277,225</u>	<u>5,008,039</u>
Revenues over expenditures	<u>538,754</u>	<u>5,973,468</u>	<u>5,434,714</u>
Other Financing Sources (Uses):			
Transfer to general fund	(320,454)	(320,454)	-
Transfer to school capital projects fund	(300,000)	(300,000)	-
Transfer from the general fund	81,700	81,700	-
Total other financing sources (uses)	<u>(538,754)</u>	<u>(538,754)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>5,434,714</u>	<u>\$ 5,434,714</u>
Fund balance, beginning of year		<u>16,609,417</u>	
Fund balance, end of year		<u>\$ 22,044,131</u>	

RUTHERFORD COUNTY, NORTH CAROLINA

OPIOID SETTLEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
From inception and for the year ended June 30, 2025

		Actual through June 30, 2025			Variance Positive (Negative)
	<u>Project Authorization</u>	<u>(As restated) Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	
Revenues:					
Restricted intergovernmental	\$ 2,124,252	\$ 2,417,851	\$ 973,067	\$ 3,390,918	\$ 1,266,666
Investment income	-	58,159	82,401	140,560	140,560
Total revenues	<u>2,124,252</u>	<u>2,476,010</u>	<u>1,055,468</u>	<u>3,531,478</u>	<u>1,407,226</u>
Expenditures:					
Human Services:					
Opioid addiction treatment	2,124,252	-	362,265	362,265	1,761,987
Revenues over expenditures	<u>\$ -</u>	<u>\$ 2,476,010</u>	<u>693,203</u>	<u>\$ 3,169,213</u>	<u>\$ 3,169,213</u>
Fund balance, beginning of year, as originally stated			58,159		
Restatement (Note 14 and 15)			<u>2,417,851</u>		
Fund balance, beginning of year, as restated			<u>2,476,010</u>		
Fund balance, end of year			<u>\$ 3,169,213</u>		

RUTHERFORD COUNTY, NORTH CAROLINA

GENERAL CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
From inception and for the year ended June 30, 2025

	Project Authorization	Actual through June 30, 2025			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
Revenues:					
Restricted intergovernmental	\$ 36,641,808	\$ 35,706,808	\$ -	\$ 35,706,808	\$ (935,000)
Investment income	109,789	361,376	1,268,277	1,629,653	1,519,864
Miscellaneous	-	3,690	-	3,690	3,690
Total revenues	<u>36,751,597</u>	<u>36,071,874</u>	<u>1,268,277</u>	<u>37,340,151</u>	<u>588,554</u>
Expenditures:					
General government:					
ARPA enabled projects	10,163,007	775,599	-	775,599	9,387,408
Courthouse improvements	3,107,500	-	156,000	156,000	2,951,500
Public safety:					
ARPA enabled projects	3,825,568	384,518	2,279,521	2,664,039	1,161,529
Animal Control Building	5,000,000	2,214,549	2,254,711	4,469,260	530,740
Detention Facility Improvements	10,000,000	-	627,902	627,902	9,372,098
EMS Equipment & Vehicles	935,000	-	178,973	178,973	756,027
Human services:					
ARPA enabled projects	370,340	325,705	-	325,705	44,635
Cultural and recreation:					
Soccer complex	2,609,789	2,136,500	473,289	2,609,789	-
Library project	11,000,000	518,151	9,913,079	10,431,230	568,770
ARPA enabled projects	2,800,000	1,758,568	2,680	1,761,248	1,038,752
Education:					
Isothermal Library Renovation	1,500,000	-	-	-	1,500,000
Economic and physical development:					
Emergency Services Training Facility	2,150,000	1,990,473	-	1,990,473	159,527
ARPA enabled projects	39,000	-	-	-	39,000
Gateway West Infrastructure	715,000	605,304	-	605,304	109,696
Total expenditures	<u>54,215,204</u>	<u>10,709,367</u>	<u>15,886,155</u>	<u>26,595,522</u>	<u>27,619,682</u>
Revenues over (under) expenditures	<u>(17,463,607)</u>	<u>25,362,507</u>	<u>(14,617,878)</u>	<u>10,744,629</u>	<u>28,208,236</u>
Other Financing Sources (Uses):					
Appropriated fund balance	3,500,000	-	-	-	(3,500,000)
Transfers in (out):					
General Fund	12,556,000	12,617,355	-	12,617,355	61,355
Airport Fund	(50,000)	-	-	-	50,000
ARPA Fund	133,607	-	133,607	133,607	-
Debt Service Fund	(526,000)	(528,355)	-	(528,355)	(2,355)
ICC Capital Project Fund	1,850,000	1,850,000	-	1,850,000	-
Total other financing sources (uses)	<u>17,463,607</u>	<u>13,939,000</u>	<u>133,607</u>	<u>14,072,607</u>	<u>(3,391,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 39,301,507</u>	<u>(14,484,271)</u>	<u>\$ 24,817,236</u>	<u>\$ 24,817,236</u>
Fund balance, beginning of year			<u>39,301,507</u>		
Fund balance, end of year			<u>\$ 24,817,236</u>		

RUTHERFORD COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET

NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2025

	Capital Project Funds			Special Revenue Funds							Total Non-Major Governmental Funds
	Queen's Gap Capital Project Fund	School Capital Project Fund	ICC Capital Projects Fund	Grant Fund	Emergency Telephone System Fund	Fire Districts Fund	Register of Deeds Automation Enhancement Fund	Covid Relief Fund	ARPA Fund	Representative Payee Fund	
ASSETS											
Cash and cash equivalents	\$ -	\$ -	\$ 1,240,170	\$ -	\$ 711,985	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,952,155
Cash and cash equivalents, restricted	129,989	2,888,484	-	89,649	-	2,573,063	898,640	11,428	1,029,408	122,486	7,743,147
Receivables, net	-	-	-	-	-	202,204	-	-	-	-	202,204
Due from other governments	-	161,435	-	1,062,803	43,720	48,990	-	2,173	4,234	-	1,323,355
Due from other funds	-	-	-	-	-	1,577,391	-	-	-	-	1,577,391
Total assets	\$ 129,989	\$ 3,049,919	\$ 1,240,170	\$ 1,152,452	\$ 755,705	\$ 4,401,648	\$ 898,640	13,601	1,033,642	122,486	\$ 12,798,252
LIABILITIES											
Liabilities payable from restricted assets:											
Accounts payable and accrued liabilities	\$ -	\$ 223,998	\$ -	\$ 27,862	\$ 19,743	\$ 667,260	\$ 339	\$ 98	\$ -	\$ -	\$ 939,300
Advances due to grantors	-	-	-	-	-	-	-	13,503	1,000,000	-	1,013,503
Total liabilities	-	223,998	-	27,862	19,743	667,260	339	13,601	1,000,000	-	1,952,803
DEFERRED INFLOWS OF RESOURCES											
Prepaid taxes	-	-	-	-	-	3,312	-	-	-	-	3,312
Property taxes receivable	-	-	-	-	-	202,204	-	-	-	-	202,204
Total deferred inflows of resources	-	-	-	-	-	205,516	-	-	-	-	205,516
FUND BALANCES											
Restricted:											
Stabilization by State statute	-	161,435	-	1,062,803	43,720	1,629,693	-	-	4,234	-	2,901,885
Public health	-	-	-	-	-	-	-	-	-	122,486	122,486
Education	-	2,664,486	1,240,170	-	-	-	-	-	-	-	3,904,656
Public safety	-	-	-	-	692,242	1,899,179	-	-	29,408	-	2,620,829
Economic development	129,989	-	-	61,787	-	-	-	-	-	-	191,776
Register of deeds	-	-	-	-	-	-	898,301	-	-	-	898,301
Total fund balances	129,989	2,825,921	1,240,170	1,124,590	735,962	3,528,872	898,301	-	33,642	122,486	10,639,933
Total liabilities, deferred inflows of resources, and fund balances	\$ 129,989	\$ 3,049,919	\$ 1,240,170	\$ 1,152,452	\$ 755,705	\$ 4,401,648	\$ 898,640	\$ 13,601	\$ 1,033,642	\$ 122,486	\$ 12,798,252

RUTHERFORD COUNTY, NORTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS**

For the year ended June 30, 2025

	Capital Project Funds			Special Revenue Funds								Total Non-Major Governmental Funds
	Queen's Gap Capital Project Fund	Capital Project Fund	School Capital Project Fund	ICC Capital Projects Fund	Grant Fund	Emergency Telephone System Fund	Fire Districts Fund	Register of Deeds Automation Enhancement Fund	Covid Relief Fund	ARPA Fund	Representative Payee Fund	
REVENUES												
Ad valorem taxes	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ 6,128,166	\$ -	\$ -	\$ -	\$ -	\$ 6,128,166
Local option sales tax	-	-	-	700,000	-	-	1,565,381	-	-	-	-	2,265,381
Restricted intergovernmental	-	-	-	-	1,046,994	345,845	-	-	35,674	345,079	453,933	2,227,525
Miscellaneous	-	-	-	-	242,045	-	44,218	-	-	-	-	286,263
Investment earnings	3,510	209,507	-	115,683	18,864	-	-	-	-	33,642	-	381,206
Total revenues	3,510	209,507	-	815,683	1,307,903	345,845	7,737,765	-	35,674	378,721	453,933	11,288,541
EXPENDITURES												
General government	-	-	-	-	931	-	-	-	-	-	-	931
Public safety	-	-	-	-	605,571	240,333	8,005,663	-	-	109,862	-	8,961,429
Economic and physical development	11,920	-	-	-	298,564	-	-	-	-	235,217	-	545,701
Human services	-	-	-	-	550,082	-	-	-	-	-	493,733	1,043,815
Cultural and recreation	-	-	-	-	258,751	-	-	-	35,674	-	-	294,425
Education	-	6,650,514	-	-	-	-	-	-	-	-	-	6,650,514
Total expenditures	11,920	6,650,514	-	-	1,713,899	240,333	8,005,663	-	35,674	345,079	493,733	17,496,815
Revenues over (under) expenditures	(8,410)	(6,441,007)	-	815,683	(405,996)	105,512	(267,898)	-	-	33,642	(39,800)	(6,208,274)
OTHER FINANCING SOURCES (USES)												
Transfers:												
From other funds	-	300,000	-	-	-	16,916	-	74,326	-	-	-	391,242
To other funds	-	-	-	(291,080)	-	-	-	-	-	(133,607)	-	(424,687)
Total other financing sources (uses)	-	300,000	-	(291,080)	-	16,916	-	74,326	-	(133,607)	-	(33,445)
Net change in fund balance	(8,410)	(6,141,007)	-	524,603	(405,996)	122,428	(267,898)	74,326	-	(99,965)	(39,800)	(6,241,719)
Fund balances, beginning, as originally reported	138,399	-	-	715,567	1,530,586	613,534	3,796,770	823,975	-	133,607	162,286	7,914,724
Adjustment (Note 15)	-	8,966,928	-	-	-	-	-	-	-	-	-	8,966,928
Fund balances, beginning, as adjusted	138,399	8,966,928	-	715,567	1,530,586	613,534	3,796,770	823,975	-	133,607	162,286	16,881,652
Fund balance, end of year	\$ 129,989	\$ 2,825,921	-	\$ 1,240,170	\$ 1,124,590	\$ 735,962	\$ 3,528,872	\$ 898,301	\$ -	\$ 33,642	\$ 122,486	\$ 10,639,933

RUTHERFORD COUNTY, NORTH CAROLINA

CAPITAL PROJECTS FUND - QUEEN'S GAP
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
From inception and for the year ended June 30, 2025

	Project Authorization	Actual through June 30, 2025			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
Revenues:					
Surety bond settlement	\$ 12,100,000	\$ 12,100,000	\$ -	\$ 12,100,000	\$ -
Miscellaneous revenue	-	3,708	-	3,708	3,708
Investment earnings	-	53,579	3,510	57,089	57,089
Total revenues	<u>12,100,000</u>	<u>12,157,287</u>	<u>3,510</u>	<u>12,160,797</u>	<u>60,797</u>
Expenditures:					
Economic and physical development:					
Land development	12,100,000	12,018,888	11,920	12,030,808	69,192
Total expenditures	<u>12,100,000</u>	<u>12,018,888</u>	<u>11,920</u>	<u>12,030,808</u>	<u>69,192</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 138,399</u>	<u>(8,410)</u>	<u>\$ 129,989</u>	<u>\$ 129,989</u>
Fund balance, beginning of year			<u>138,399</u>		
Fund balance, end of year			<u>\$ 129,989</u>		

RUTHERFORD COUNTY, NORTH CAROLINA

SCHOOL CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
From inception and for the year ended June 30, 2025

	Project Authorization	Actual through June 30, 2025			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
Revenues:					
Investment income	\$ -	\$ 790,079	\$ 209,507	\$ 999,586	\$ 999,586
Expenditures:					
School Transportation Facility	16,132,938	8,677,813	6,650,514	15,328,327	804,611
East High Chiller Replacement	500,000	468,631	-	468,631	31,369
School Security Camera Upgrades	300,000	300,000	-	300,000	-
Total expenditures	16,932,938	9,446,444	6,650,514	16,096,958	835,980
Revenues under expenditures	(16,932,938)	(8,656,365)	(6,441,007)	(15,097,372)	1,835,566
Other financing sources:					
Prior year surplus	-	525,974	-	525,974	525,974
Proceeds from installment obligations	15,000,000	15,000,000	-	15,000,000	-
Transfer from other funds	1,932,938	2,097,319	300,000	2,397,319	464,381
Total other financing sources	16,932,938	17,623,293	300,000	17,923,293	990,355
Net change in fund balance	\$ -	\$ 8,966,928	(6,141,007)	\$ 2,825,921	\$ 2,825,921
Fund balance, beginning of year			8,966,928		
Fund balance, end of year			\$ 2,825,921		

RUTHERFORD COUNTY, NORTH CAROLINA

ISOTHERMAL COMMUNITY COLLEGE CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2025

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Local option sales tax	\$ 700,000	\$ 700,000	\$ -
Investment earnings	<u>-</u>	<u>115,683</u>	<u>115,683</u>
Total revenues	700,000	815,683	115,683
Expenditures	<u>99,322</u>	<u>-</u>	<u>99,322</u>
Revenues over expenditures	600,678	815,683	215,005
Other financial sources (uses):			
Transfer to general fund	<u>(600,678)</u>	<u>(291,080)</u>	<u>309,598</u>
Net change in fund balance	<u>\$ -</u>	524,603	<u>\$ 524,603</u>
Fund balance, beginning of year		<u>715,567</u>	
Fund balance, ending of year		<u>\$ 1,240,170</u>	

RUTHERFORD COUNTY, NORTH CAROLINA

GRANT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

From inception and for the year ended June 30, 2025

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted intergovernmental	\$ 2,730,951	\$ 1,046,994	\$ (1,683,957)
Private grants and contributions	1,141,357	242,045	(899,312)
Investment earnings	-	18,864	18,864
Total revenues	<u>3,872,308</u>	<u>1,307,903</u>	<u>(2,564,405)</u>
Expenditures:			
General government	8,880	931	7,949
Public safety	1,267,277	605,571	661,706
Economic and physical development	1,298,802	298,564	1,000,238
Human services	921,141	550,082	371,059
Cultural and recreational	395,000	258,751	136,249
Total expenditures	<u>3,891,100</u>	<u>1,713,899</u>	<u>2,177,201</u>
Revenues under expenditures	(18,792)	(405,996)	(387,204)
Other Financing Sources:			
Appropriated fund balance	<u>18,792</u>	<u>-</u>	<u>(18,792)</u>
Revenues and other sources under expenditures	<u>\$ -</u>	<u>(405,996)</u>	<u>\$ (405,996)</u>
Fund balance, beginning of year		<u>1,530,586</u>	
Fund balance, end of year		<u>\$ 1,124,590</u>	

RUTHERFORD COUNTY, NORTH CAROLINA

EMERGENCY TELEPHONE SYSTEM FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL For the year ended June 30, 2025

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Restricted intergovernmental:			
Wireless 911 revenues	\$ 345,845	\$ 345,845	\$ -
Expenditures:			
Public safety:			
Phone		19,497	
Software		103,236	
Hardware		110,275	
Training		6,820	
Functions		505	
Total expenditures	620,845	240,333	380,512
Revenues over (under) expenditures	(275,000)	105,512	380,512
Other financial sources:			
Transfer from general fund	-	16,916	16,916
Appropriated fund balance	275,000	-	(275,000)
Total other financing sources	275,000	16,916	(258,084)
Net change in fund balance	\$ -	122,428	\$ 122,428
Fund balance, beginning of year		613,534	
Fund balance, end of year		\$ 735,962	

RUTHERFORD COUNTY, NORTH CAROLINA

FIRE DISTRICTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL For the year ended June 30, 2025

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Current year	\$ 5,886,296	\$ 5,966,283	\$ 79,987
Prior years	31,600	108,291	76,691
Penalties and interest	-	53,592	53,592
	<u>5,917,896</u>	<u>6,128,166</u>	<u>210,270</u>
Other taxes and licenses:			
Local option sales tax	1,441,510	1,565,381	123,871
Miscellaneous	74,757	44,218	(30,539)
Total revenues	<u>7,434,163</u>	<u>7,737,765</u>	<u>303,602</u>
Expenditures:			
Public safety:			
Cliffside	925,093	925,093	-
Chimney Rock	69,908	69,908	-
Sandy Mush	906,570	906,570	-
Bills Creek	559,448	559,448	-
Shingle Hollow	376,152	376,152	-
Shiloh, Danielstown, and Oakland	877,534	877,534	-
Cherry Mountain	529,959	529,959	-
Hudlow	736,223	736,223	-
Rutherfordton	691,665	691,665	-
Ellenboro	835,861	835,861	-
Bostic	345,974	345,974	-
Union Mills	238,400	238,400	-
Green Hill	475,712	475,712	-
Spindale	26,049	26,049	-
Hollis Community	16,597	16,597	-
Edneyville	74,340	74,340	-
Broad River	3,553	3,553	-
Forest City	29,338	29,338	-
Lake Lure	17,812	17,812	-
Fairfield	17,243	17,243	-
Contracted	240,745	240,745	-
Cliffside Sanitary District	11,487	11,487	-
Total expenditures	<u>8,005,663</u>	<u>8,005,663</u>	<u>-</u>
Revenues under expenditures	(571,500)	(267,898)	303,602
Other Financing Sources:			
Appropriated fund balance	571,500	-	(571,500)
Net change in fund balance	<u>\$ -</u>	<u>(267,898)</u>	<u>\$ (267,898)</u>
Fund balance, beginning of year		<u>3,796,770</u>	
Fund balance, end of year		<u>\$ 3,528,872</u>	

RUTHERFORD COUNTY, NORTH CAROLINA

REGISTER OF DEEDS AUTOMATION ENHANCEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:			
General Government:			
Automation equipment	<u>139,648</u>	<u>-</u>	<u>139,648</u>
Revenues under expenditures	<u>(139,648)</u>	<u>-</u>	<u>139,648</u>
Other Financing Sources:			
Appropriated fund balance	67,598	-	(67,598)
Transfer from general fund	<u>72,050</u>	<u>74,326</u>	<u>2,276</u>
Total other financing sources	<u>139,648</u>	<u>74,326</u>	<u>(65,322)</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>74,326</u>	<u><u>\$ 74,326</u></u>
Fund balance, beginning of year		<u>823,975</u>	
Fund balance, end of year		<u><u>\$ 898,301</u></u>	

RUTHERFORD COUNTY, NORTH CAROLINA

COVID-19 RELIEF FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL For the year ended June 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Restricted intergovernmental	\$ 49,177	\$ 35,674	\$ (13,503)
Expenditures:			
Cultural and recreation	<u>49,177</u>	<u>35,674</u>	<u>13,503</u>
Revenues over expenditures	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ -</u>	

RUTHERFORD COUNTY, NORTH CAROLINA

CORONAVIRUS STATE LOCAL FISCAL RECOVERY FUNDS (ARPA FUNDS)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
From inception and for the year ended June 30, 2025

		Actual through June 30, 2025			Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Total To Date	
Revenues:					
Restricted intergovernmental	\$ 13,019,597	\$ 11,674,518	\$ 345,079	\$ 12,019,597	\$ (1,000,000)
Investment income	133,607	133,607	33,642	167,249	33,642
Total revenues	<u>13,153,204</u>	<u>11,808,125</u>	<u>378,721</u>	<u>12,186,846</u>	<u>(966,358)</u>
Expenditures:					
Public Safety	1,592,697	1,482,835	109,862	1,592,697	-
Economic Development	1,426,900	191,683	235,217	426,900	1,000,000
Total expenditures	<u>3,019,597</u>	<u>1,674,518</u>	<u>345,079</u>	<u>2,019,597</u>	<u>1,000,000</u>
Revenues over expenditures	<u>10,133,607</u>	<u>10,133,607</u>	<u>33,642</u>	<u>10,167,249</u>	<u>33,642</u>
Other Financing Uses:					
Transfers out:					
General Fund	(10,000,000)	(10,000,000)	-	(10,000,000)	-
Capital Project Fund	<u>(133,607)</u>	<u>-</u>	<u>(133,607)</u>	<u>(133,607)</u>	<u>-</u>
Total other financing uses	<u>(10,133,607)</u>	<u>(10,000,000)</u>	<u>(133,607)</u>	<u>(10,133,607)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 133,607</u>	<u>(99,965)</u>	<u>\$ 33,642</u>	<u>\$ 33,642</u>
Fund balance, beginning of year			<u>133,607</u>		
Fund balance, end of year			<u>\$ 33,642</u>		

RUTHERFORD COUNTY, NORTH CAROLINA

**REPRESENTATIVE PAYEE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2025**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Restricted intergovernmental	\$ 700,000	\$ 453,933	\$ (246,067)
Expenditures:			
Human Services:	<u>700,000</u>	<u>493,733</u>	<u>206,267</u>
Net change in fund balance	<u>\$ -</u>	<u>(39,800)</u>	<u>\$ (39,800)</u>
Fund balance, beginning of year		<u>162,286</u>	
Fund balance, end of year		<u>\$ 122,486</u>	

PROPRIETARY FUNDS

RUTHERFORD COUNTY, NORTH CAROLINA

ENTERPRISE FUND

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the year ended June 30, 2025

	Solid Waste Fund	Solid Waste Reserve Fund	Total
Operating Revenues:			
Charges for services	\$ 7,864,265	\$ -	\$ 7,864,265
Other operating revenues	520,054	-	520,054
Total operating revenues	<u>8,384,319</u>	<u>-</u>	<u>8,384,319</u>
Operating Expenses:			
Salaries	987,433	-	987,433
Employee benefits	442,896	-	442,896
Operating expenses	3,789,235	-	3,789,235
Landfill closure and postclosure care costs	-	113,445	113,445
Depreciation	479,296	-	479,296
Maintenance	158,217	-	158,217
Total operating expenses	<u>5,857,077</u>	<u>113,445</u>	<u>5,970,522</u>
Operating income (loss)	2,527,242	(113,445)	2,413,797
Nonoperating Expense:			
Interest expense	<u>(10,568)</u>	<u>-</u>	<u>(10,568)</u>
Change in net position before transfers	2,516,674	(113,445)	2,403,229
Transfers in (out):			
Landfill postclosure expenditures	<u>(88,203)</u>	<u>88,203</u>	<u>-</u>
Change in net position	2,428,471	(25,242)	2,403,229
Net position (deficit), beginning of year	<u>9,822,900</u>	<u>(2,085,038)</u>	<u>7,737,862</u>
Net position (deficit), end of year	<u><u>\$ 12,251,371</u></u>	<u><u>\$ (2,110,280)</u></u>	<u><u>\$ 10,141,091</u></u>

RUTHERFORD COUNTY, NORTH CAROLINA

**SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
For the year ended June 30, 2025**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Charges for services	\$ 6,124,827	\$ 7,864,265	\$ 1,739,438
Other operating revenues	349,175	520,054	170,879
Total operating revenues	<u>6,474,002</u>	<u>8,384,319</u>	<u>1,910,317</u>
Expenditures:			
Salaries		934,310	
Employee benefits		442,896	
Operating expenses		3,789,235	
Landfill closure		88,203	
Maintenance		158,217	
Capital outlay		513,728	
Debt principal		178,398	
Interest and fees		10,568	
Total expenditures	<u>6,952,665</u>	<u>6,115,555</u>	<u>837,110</u>
Revenues over (under) expenditures	<u>(478,663)</u>	<u>2,268,764</u>	<u>2,747,427</u>
Other Financing Sources:			
Fund balance appropriated	323,663	-	(323,663)
Issuance of long-term obligations	<u>155,000</u>	<u>-</u>	<u>(155,000)</u>
Total other financing sources	<u>478,663</u>	<u>-</u>	<u>(478,663)</u>
Revenues and other sources over expenditures	<u><u>\$ -</u></u>	<u><u>2,268,764</u></u>	<u><u>\$ 2,268,764</u></u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling Items:			
Capital outlay		513,728	
Depreciation		(479,296)	
Increase (decrease) in deferred outflows of resources - LGERS		(46,426)	
Increase (decrease) in deferred outflows of resources - OPEB		122,813	
(Increase) decrease in net LGERS liability		12,409	
(Increase) decrease in net OPEB liability		(186,207)	
(Increase) decrease in deferred inflows of resources - LGERS		(5,124)	
(Increase) decrease in deferred inflows of resources - OPEB		66,588	
(Increase) decrease in accrued vacation pay		(17,176)	
Payment of debt principal		178,398	
Total reconciling items		<u>159,707</u>	
Change in net position		<u><u>\$ 2,428,471</u></u>	

RUTHERFORD COUNTY, NORTH CAROLINA

SOLID WASTE RESERVE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
For the year ended June 30, 2025

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues	\$ -	\$ -	\$ -
Expenditures	-	-	-
Revenues over expenditures	<u>\$ -</u>	-	<u>\$ -</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling Items:			
Landfill closure and postclosure care accrual		(113,445)	
Payment for landfill closure by solid waste fund		<u>88,203</u>	
Change in net position		<u>\$ (25,242)</u>	

RUTHERFORD COUNTY, NORTH CAROLINA

**INTERNAL SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
For the year ended June 30, 2025**

	Financial Plan	Actual	Variance Positive (Negative)
Revenues	\$ 86,988	\$ 89,446	\$ 2,458
Expenditures			
Salaries, wages, and fringe benefits	86,988	89,226	(2,238)
Revenues over expenditures	<u>\$ -</u>	<u>\$ 220</u>	<u>\$ 220</u>

CUSTODIAL FUNDS

RUTHERFORD COUNTY, NORTH CAROLINA

CUSTODIAL FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
June 30, 2025

	<u>Municipal Tax Fund</u>	<u>Detention Center Commissary Fund</u>	<u>Total Custodial Funds</u>
Assets			
Cash and cash equivalents	\$ 111,927	\$ 85,724	\$ 197,651
Taxes receivable for other governments, net	<u>88,802</u>	<u>-</u>	<u>88,802</u>
Total assets	<u>200,729</u>	<u>85,724</u>	<u>286,453</u>
Net Position			
Restricted for:			
Individuals, organizations, and other governments	200,729	85,724	286,453
Total net position	<u>\$ 200,729</u>	<u>\$ 85,724</u>	<u>\$ 286,453</u>

RUTHERFORD COUNTY, NORTH CAROLINA

CUSTODIAL FUNDS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the year ended June 30, 2025

	<u>Municipal Tax Fund</u>	<u>Detention Center Commissary Fund</u>	<u>Total Custodial Funds</u>
Additions			
Ad valorem taxes for other governments	\$ 21,528,956	\$ -	\$ 21,528,956
Collections on behalf of inmates	-	336,068	336,068
Total additions	<u>21,528,956</u>	<u>336,068</u>	<u>21,865,024</u>
Deductions			
Tax distributions to other governments	21,508,238	-	21,508,238
Payments on behalf of inmates	-	320,740	320,740
Total deductions	<u>21,508,238</u>	<u>320,740</u>	<u>21,828,978</u>
Net increase in fiduciary net position	20,718	15,328	36,046
Net position, beginning	<u>180,011</u>	<u>70,396</u>	<u>250,407</u>
Net position, ending	<u><u>\$ 200,729</u></u>	<u><u>\$ 85,724</u></u>	<u><u>\$ 286,453</u></u>

**DISCRETELY PRESENTED
COMPONENT UNITS**

RUTHERFORD COUNTY, NORTH CAROLINA

COMPONENT UNIT RUTHERFORD COUNTY TRANSIT ADMINISTRATION SCHEDULE OF REVENUES AND EXPENDITURES BUDGET AND ACTUAL (NON-GAAP) For the year ended June 30, 2025

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	\$ 671,126	\$ 751,646	\$ 80,520
Restricted intergovernmental	1,278,238	1,225,938	(52,300)
Total revenue	<u>1,949,364</u>	<u>1,977,584</u>	<u>28,220</u>
Expenditures:			
Human services			
Salaries		696,083	
Employee benefits		278,554	
Operating expenses		220,551	
Maintenance		215,536	
Capital outlay		741,826	
Total expenditures	<u>2,428,712</u>	<u>2,152,550</u>	<u>276,162</u>
Revenue under expenditures	<u>(479,348)</u>	<u>(174,966)</u>	<u>304,382</u>
Other Financing Sources:			
Sale of capital assets	88,000	22,830	(65,170)
Fund balance appropriated	391,348	-	(391,348)
Total other financing sources	<u>479,348</u>	<u>22,830</u>	<u>(456,518)</u>
Revenues and other sources under expenditures	<u>\$ -</u>	<u>(152,136)</u>	<u>\$ (152,136)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling Items:			
Capital outlay - items capitalized		741,826	
(Increase) decrease in compensated absences		(13,132)	
Depreciation		(167,640)	
Total reconciling items		<u>561,054</u>	
Change in net position		<u>\$ 408,918</u>	

RUTHERFORD COUNTY, NORTH CAROLINA

COMPONENT UNIT RUTHERFORD COUNTY TRANSIT ADMINISTRATION STATEMENT OF CASH FLOWS For the year ended June 30, 2025

	<u>2025</u>
Cash flows from operating activities:	
Cash received from operating revenues	\$ 751,646
Cash paid to employees for services	(967,903)
Cash paid for goods and services	<u>(438,198)</u>
Net cash used by operating activities	<u>(654,455)</u>
 Cash flows from noncapital financing activities:	
Cash received from operating grants	<u>620,233</u>
 Cash flows from capital and related financing activities:	
Cash received from capital grants	700,695
Proceeds from sale of capital assets	22,830
Acquisition of capital assets	<u>(741,826)</u>
Net cash used by capital and related financing activities	<u>(18,301)</u>
 Net decrease in cash and cash equivalents	(52,523)
 Cash and cash equivalents at beginning of year	<u>1,159,908</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,107,385</u></u>
 Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	<u>\$ (826,718)</u>
 Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	167,640
Changes in operating assets and liabilities:	
(Increase) decrease in prepaid expenses	1,727
Increase (decrease) in accounts payable and accrued liabilities	<u>2,896</u>
Total adjustments	<u>172,263</u>
Net cash used by operating activities	<u><u>\$ (654,455)</u></u>

RUTHERFORD COUNTY, NORTH CAROLINA

COMPONENT UNIT RUTHERFORD COUNTY AIRPORT AUTHORITY SCHEDULE OF REVENUES AND EXPENDITURES BUDGET AND ACTUAL (NON-GAAP) For the year ended June 30, 2025

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted intergovernmental	\$ 445,000	\$ 190,917	\$ (254,083)
Operating grant from Rutherford County	207,665	90,630	(117,035)
Capital grant from Rutherford County	49,445	49,445	-
Charges for services	722,000	708,922	(13,078)
Lease revenue	40,000	35,297	(4,703)
Total revenues	<u>1,464,110</u>	<u>1,075,211</u>	<u>(388,899)</u>
Expenditures:			
Economic and physical development			
Salaries and benefits	201,649	191,778	9,871
Other operating expenses	768,642	578,536	190,106
Capital outlay	596,929	223,665	373,264
Total expenditures	<u>1,567,220</u>	<u>993,979</u>	<u>573,241</u>
Revenues under expenditures	(103,110)	81,232	184,342
Other Financing Sources:			
Fund balance appropriated	<u>103,110</u>	<u>-</u>	<u>(103,110)</u>
Revenues and other sources under expenditures	<u>\$ -</u>	<u>81,232</u>	<u>\$ 81,232</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlay		223,665	
Depreciation		<u>(697,536)</u>	
Change in net position		<u>\$ (392,639)</u>	

RUTHERFORD COUNTY, NORTH CAROLINA

COMPONENT UNIT
RUTHERFORD COUNTY AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS
For the year ended June 30, 2025

	<u>2025</u>
Cash flows from operating activities:	
Cash received from operating revenues	\$ 708,922
Cash paid to employees for services	(182,115)
Cash paid for goods and services	<u>(599,363)</u>
Net cash used by operating activities	<u>(72,556)</u>
Cash flows from noncapital financing activities:	
Cash received from operating grants	<u>90,630</u>
Cash flows from capital and related financing activities:	
Cash received from grants	67,231
Cash received from lease receivable	34,532
Acquisition and construction of capital assets	<u>(223,665)</u>
Net cash used by capital and related financing activities	<u>(121,902)</u>
Net decrease in cash and cash equivalents	(103,828)
Cash and cash equivalents at beginning of year	<u>293,027</u>
Cash and cash equivalents at end of year	<u><u>\$ 189,199</u></u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	<u>\$ (758,928)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	697,536
Changes in operating assets and liabilities:	
(Increase) decrease in inventory	(9,307)
(Increase) decrease in prepaid expenses	1,548
Increase (decrease) in accounts payable and accrued liabilities	<u>(3,405)</u>
Total adjustments	<u>686,372</u>
Net cash used by operating activities	<u><u>\$ (72,556)</u></u>

OTHER SCHEDULES

This section contains additional information on Taxes Receivable and Tax Levy.

RUTHERFORD COUNTY, NORTH CAROLINA

**SCHEDULE OF AD VALOREM TAXES RECEIVABLE
GENERAL FUND
June 30, 2025**

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2024</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2025</u>
2024-2025	\$ -	\$ 51,140,662	\$ 50,208,469	\$ 932,193
2023-2024	875,172	-	565,127	310,045
2022-2023	226,082	-	92,398	133,684
2021-2022	127,020	-	41,520	85,500
2020-2021	118,463	-	29,048	89,415
2019-2020	114,052	-	28,402	85,650
2018-2019	103,683	-	20,629	83,054
2017-2018	83,682	-	17,439	66,243
2016-2017	83,249	-	15,305	67,944
2015-2016	75,281	-	12,080	63,201
2014-2015	62,041	-	62,041	-
	<u>\$ 1,868,725</u>	<u>\$ 51,140,662</u>	<u>\$ 51,092,458</u>	1,916,929
Less allowance for uncollectible ad valorem taxes receivable				<u>(603,000)</u>
Ad valorem taxes receivable - net				<u>\$ 1,313,929</u>
Reconcilement with revenues:				
Ad valorem taxes - General fund				<u>\$ 50,857,993</u>
Reconciling items:				
Interest collected				(403,910)
Discounts/adjustments				576,336
Taxes written off				62,039
Total reconciling items				<u>234,465</u>
Total collections and credits				<u>\$ 51,092,458</u>

RUTHERFORD COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
GENERAL FUND
For the year ended June 30, 2025

	Property Valuation	Rate	Total Levy	Total Levy	
				Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 11,254,317,841	0.454	\$ 51,094,603	\$ 47,533,248	\$ 3,561,355
Penalties	-		101,660	101,660	-
Total	<u>11,254,317,841</u>		<u>51,196,263</u>	<u>47,634,908</u>	<u>3,561,355</u>
Discoveries:					
Current year taxes	7,259,471	0.454	32,958	32,958	-
Advertising costs			7,742	7,742	-
Abatements	<u>(21,211,674)</u>	0.454	<u>(96,301)</u>	<u>(96,301)</u>	<u>-</u>
Total property valuation	<u><u>\$ 11,240,365,639</u></u>				
Net levy			51,140,662	47,579,307	3,561,355
Uncollected taxes at June 30, 2025			<u>932,193</u>	<u>932,193</u>	<u>-</u>
Current year's taxes collected			<u>\$ 50,208,469</u>	<u>\$ 46,647,114</u>	<u>\$ 3,561,355</u>
Current levy collection percentage			<u>98.18%</u>	<u>98.04%</u>	<u>100.00%</u>

RUTHERFORD COUNTY, NORTH CAROLINA

**SCHEDULE OF AD VALOREM TAXES RECEIVABLE
SPECIAL DISTRICTS LEVY
June 30, 2025**

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2024</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2025</u>
2024-2025	\$ -	\$ 6,125,614	\$ 5,981,357	\$ 144,257
2023-2024	130,704	-	82,543	48,161
2022-2023	21,639	-	9,980	11,659
2021-2022	13,406	-	4,089	9,317
2020-2021	11,119	-	2,834	8,285
2019-2020	11,349	-	2,948	8,401
2018-2019	8,856	-	1,927	6,929
2017-2018	6,608	-	1,447	5,161
2016-2017	6,273	-	1,279	4,994
2015-2016	5,880	-	840	5,040
2014-2015	4,961	-	4,961	-
	<u>\$ 220,795</u>	<u>\$ 6,125,614</u>	<u>\$ 6,094,205</u>	252,204
Less allowance for uncollectible ad valorem taxes receivable				<u>(50,000)</u>
Ad valorem taxes receivable, net				<u>\$ 202,204</u>
Reconciliation with revenues:				
Ad valorem taxes - special districts				<u>\$ 6,128,166</u>
Reconciling items:				
Interest collected				(24,257)
Discounts/adjustments				(14,665)
Taxes written off				<u>4,961</u>
Total reconciling items				<u>(33,961)</u>
Total collections and credits				<u>\$ 6,094,205</u>

RUTHERFORD COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
SPECIAL DISTRICTS LEVY
For the year ended June 30, 2025

			Total Levy		
			Property Excluding Registered Motor Vehicle	Registered Motor Vehicles	
	Property Valuation	Rate	Total Levy		
Original Levy:					
Chimney Rock Fire					
Property taxed at current year's rate	\$ 97,576,000	0.05	\$ 48,788	\$ 48,042	\$ 746
Sandy Mush Fire					
Property taxed at current year's rate	633,127,500	0.12	759,753	684,584	75,169
Cliffside Sanitary					
Property taxed at current year's rate	11,781,950	0.08	9,426	8,218	1,208
Bills Creek Fire					
Property taxed at current year's rate	549,857,333	0.075	412,393	394,626	17,767
Shingle Hollow Fire					
Property taxed at current year's rate	216,027,692	0.13	280,836	255,180	25,656
Shiloh, Danielstown, and Oakland Fire					
Property taxed at current year's rate	847,131,250	0.08	677,705	614,805	62,900
Cherry Mountain Fire					
Property taxed at current year's rate	330,140,833	0.12	396,169	366,196	29,973
Hudlow Fire					
Property taxed at current year's rate	553,780,000	0.10	553,780	503,908	49,872
Rutherfordton Fire					
Property taxed at current year's rate	500,435,455	0.11	550,479	506,884	43,595
Cliffside Fire					
Property taxed at current year's rate	781,741,111	0.09	703,567	668,308	35,259
Ellenboro Fire					
Property taxed at current year's rate	655,774,000	0.10	655,774	587,971	67,803
Bostic Fire					
Property taxed at current year's rate	268,714,000	0.10	268,714	244,406	24,308
Union Mills Fire					
Property taxed at current year's rate	298,468,333	0.06	179,081	164,017	15,064
Green Hill Fire					
Property taxed at current year's rate	408,158,889	0.09	367,343	338,354	28,989
Hollis/Polkville Fire					
Property taxed at current year's rate	73,940,000	0.08	59,152	54,543	4,609
Contracted Fire					
Property taxed at current year's rate	262,757,889	0.045	118,241	81,676	36,565

(Continued on next page)

RUTHERFORD COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
SPECIAL DISTRICTS LEVY
For the year ended June 30, 2025

				Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicle	Registered Motor Vehicles
Lake Lure Rural					
Property taxed at current year's rate	11,822,727	0.11	13,005	12,333	672
Fairfield Fire					
Property taxed at current year's rate	12,682,000	0.10	12,682	12,566	116
Broad River Fire					
Property taxed at current year's rate	7,235,000	0.16	11,576	10,864	712
Edneyville Fire					
Property taxed at current year's rate	2,664,167	0.12	3,197	3,197	-
Forest City Rural					
Property taxed at current year's rate	21,965,455	0.11	24,162	20,751	3,411
Spindale Rural					
Property taxed at current year's rate	18,270,000	0.10	18,270	15,703	2,567
Total			6,124,093	5,597,132	526,961
Penalties			11,134	11,134	-
Discoveries			3,312	3,312	-
Gross tax levy			6,138,539	5,611,578	526,961
Releases			(12,925)	(12,925)	-
Net levy			6,125,614	5,598,653	526,961
Less: uncollected taxes at June 30, 2025			144,257	144,257	-
Current year taxes collected			\$ 5,981,357	\$ 5,454,396	\$ 526,961
Percent current year collected			97.65%	97.42%	100.00%

STATISTICAL SECTION

Statistical Section

This part of Rutherford County's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

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Tables

Financial Trends

1 – 4

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Capacity

5 – 8

These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property taxes.

Debt Capacity

9 – 12

These schedules present information to help the reader assess the affordability of the County's current level of outstanding debt and the County's ability to issue additional debt in the future.

Demographic and Economic Information

13 – 14

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.

Operating Information

15 – 16

These schedules contain information about how the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.

Sources: *Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Reports for the relevant year.*

Rutherford County, North Carolina
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

Table 1

	Fiscal Year									
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Governmental activities:										
Net investment in capital assets	\$ 79,312,182	\$ 62,973,802	\$ 55,660,151	\$ 71,606,467	\$ 60,777,613	\$ 31,584,957	\$ 28,409,580	\$ 27,967,835	\$ 32,295,655	\$ 18,093,988
Restricted	86,266,628	66,722,258	33,030,720	32,668,227	24,057,816	20,946,728	19,911,412	24,698,803	19,330,487	21,895,919
Unrestricted (deficit)	(27,488,203)	17,651,088	12,843,764	(17,833,330)	(35,529,132)	(24,184,398)	(24,480,919)	(31,329,784)	3,343,607	6,149,661
	\$ 138,090,607	\$ 147,347,148	\$ 101,534,635	\$ 86,441,364	\$ 49,306,297	\$ 28,347,287	\$ 23,840,073	\$ 21,336,854	\$ 54,969,749	\$ 46,139,568
Business-type activities:										
Net investment in capital assets	\$ 3,153,419	\$ 2,940,590	\$ 3,508,736	\$ 3,168,681	\$ 2,421,566	\$ 2,283,283	\$ 2,132,935	\$ 2,085,062	\$ 2,291,339	\$ 2,416,009
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted (deficit)	6,987,672	4,797,272	3,360,709	2,904,760	2,959,668	2,516,917	2,183,967	1,593,463	1,954,994	1,362,149
	\$ 10,141,091	\$ 7,737,862	\$ 6,869,445	\$ 6,073,441	\$ 5,381,234	\$ 4,800,200	\$ 4,316,902	\$ 3,678,525	\$ 4,246,333	\$ 3,778,158
Primary government:										
Net investment in capital assets	\$ 82,465,601	\$ 65,914,392	\$ 59,168,887	\$ 74,775,148	\$ 63,199,179	\$ 33,868,240	\$ 30,542,515	\$ 30,052,897	\$ 34,586,994	\$ 20,509,997
Restricted	86,266,628	66,722,258	33,030,720	32,668,227	24,057,816	20,946,728	19,911,412	24,698,803	19,330,487	21,895,919
Unrestricted (deficit)	(20,500,531)	22,448,360	16,204,473	(14,928,570)	(32,569,464)	(21,667,481)	(22,296,952)	(29,736,321)	5,298,601	7,511,810
	\$ 148,231,698	\$ 155,085,010	\$ 108,404,080	\$ 92,514,805	\$ 54,687,531	\$ 33,147,487	\$ 28,156,975	\$ 25,015,379	\$ 59,216,082	\$ 49,917,726

Rutherford County, North Carolina
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Table 2

Expenses	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental activities:										
General government	\$ 10,182,525	\$ 9,828,626	\$ 9,272,507	\$ 9,013,052	\$ 8,192,851	\$ 8,082,599	\$ 7,509,984	\$ 7,862,677	\$ 7,101,860	\$ 7,123,583
Public safety	34,950,565	31,282,106	26,129,414	22,582,881	24,315,731	21,532,305	20,947,285	19,224,486	18,222,247	16,918,343
Environmental protection	180,258	180,588	167,752	178,361	153,651	163,749	158,446	147,226	154,628	142,376
Econ & phys development	5,067,567	5,950,085	7,058,442	8,130,390	9,399,072	12,003,810	8,216,310	12,832,750	10,274,454	10,774,441
Human services	20,358,666	18,794,042	16,307,403	16,489,404	16,236,555	15,400,704	13,940,305	13,621,683	15,302,178	14,971,333
Cultural & recreational	1,756,635	3,074,127	760,440	791,880	766,581	1,268,891	3,354,411	661,114	624,210	131,504
Education	23,680,002	23,730,347	21,435,865	20,283,748	20,142,537	22,615,387	20,318,305	18,759,965	18,001,176	18,212,776
Interest on long-term debt	1,228,833	1,362,981	1,025,297	1,227,226	1,375,928	1,221,318	914,471	1,014,822	986,126	1,133,416
Total governmental activities expenses	97,405,051	94,202,902	82,157,120	78,696,942	80,582,906	82,288,763	74,124,723	70,666,879	69,407,772	68,210,748
Business-type activities:										
Solid Waste Disposal	5,981,090	5,549,593	5,256,978	4,649,849	4,767,946	4,495,193	4,276,769	4,090,275	3,917,969	3,786,627
Total primary government expenses	\$ 103,386,141	\$ 99,752,495	\$ 87,414,098	\$ 83,346,791	\$ 85,350,852	\$ 86,783,956	\$ 78,214,998	\$ 74,584,848	\$ 73,194,399	\$ 71,975,619
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 476,404	\$ 458,263	\$ 461,945	\$ 560,547	\$ 511,434	\$ 468,341	\$ 426,861	\$ 453,966	\$ 436,638	\$ 407,846
Public safety	7,823,361	7,784,527	6,331,984	5,461,468	5,336,459	5,051,270	4,334,145	4,941,096	4,377,039	3,675,180
Environmental protection	13,810	1,005	656	736	666	460	780	1,300	2,105	1,219
Econ & phys development	-	13,500	11,250	10,500	27,000	3,000	56,175	30,750	2,975	11,500
Human services	871,138	388,342	367,484	308,179	359,673	350,137	298,638	503,655	502,923	551,751
Cultural & recreational	42,166	44,022	21,177	17,068	11,377	6,125	4,130	-	-	-
Op. grants and contributions	21,331,383	16,201,656	12,560,827	23,378,454	15,730,427	10,529,620	9,656,092	9,380,573	11,551,304	12,056,219
Cap.grants and contributions	1,089,139	31,747,225	1,280,631	12,767,771	8,167,842	3,321,954	1,044,591	4,462,108	8,199,819	1,266,916
Total governmental activities program revenues	31,647,401	56,638,540	21,035,954	42,504,723	30,144,878	19,730,907	19,773,448	25,072,803	17,970,631	18,865,594
Business-type activities:										
Charges for services:										
Solid Waste Disposal	7,864,265	5,909,969	5,177,010	5,207,274	5,014,106	4,541,317	4,523,607	4,064,889	3,804,863	3,786,670
Op. grants and contributions	520,054	508,041	522,490	670,594	414,413	427,174	391,539	436,085	453,146	445,914
Total business-type program revenues	8,384,319	6,418,010	5,699,500	5,877,868	5,428,519	4,968,491	4,500,974	4,258,009	4,232,584	4,037,538
Total primary government program revenues	\$ 40,031,720	\$ 63,056,550	\$ 26,735,454	\$ 48,382,591	\$ 35,573,397	\$ 24,699,398	\$ 24,274,422	\$ 29,330,812	\$ 22,203,215	\$ 22,903,132
Net (expense)/revenue										
Governmental activities	\$ (65,757,650)	\$ (37,564,362)	\$ (61,121,166)	\$ (36,192,219)	\$ (50,438,028)	\$ (62,557,856)	\$ (54,351,275)	\$ (45,594,076)	\$ (51,437,141)	\$ (49,345,154)
Business-type activities	2,403,229	868,417	442,522	1,228,019	660,573	473,298	410,699	340,040	445,957	272,667
Total primary government net	\$ (63,354,421)	\$ (36,695,945)	\$ (60,678,644)	\$ (34,964,200)	\$ (49,777,455)	\$ (62,084,558)	\$ (53,940,576)	\$ (45,254,036)	\$ (50,991,184)	\$ (49,072,487)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	\$ 57,355,549	\$ 56,152,393	\$ 52,634,782	\$ 51,104,830	\$ 50,659,023	\$ 49,264,705	\$ 45,278,842	\$ 44,832,190	\$ 41,622,198	\$ 41,137,349
Local Option Sales Tax	20,745,907	20,924,960	21,555,057	20,292,994	19,047,383	15,734,847	15,348,484	13,051,607	13,331,022	11,122,892
Other Taxes and Licenses	475,786	550,184	570,200	699,067	619,804	392,726	368,728	328,841	322,530	293,483
Investment earnings	5,839,351	5,257,946	2,282,522	74,815	29,666	574,246	581,065	208,550	66,120	39,246
Gain (loss) on disposal of capital assets	33,198	61,296	174,597	616,512	207,676	-	-	-	-	-
Miscellaneous, unrestricted	751,045	430,096	407,416	539,068	628,199	760,146	464,205	641,270	402,997	483,235
Extraordinary/special items	(38,665,151)	-	-	-	-	338,400	-	-	-	-
Transfers	-	-	(350,000)	-	-	-	-	(100,000)	(125,000)	(125,000)
Total governmental activities	46,535,685	83,376,875	77,274,574	73,327,286	71,191,751	67,065,070	58,962,458	55,619,867	52,951,205	51,132,216
Business-type activities:										
Investment earnings	-	-	3,482	32	-	-	-	2,355	3,135	3,045
Miscellaneous, unrestricted	-	-	-	25,200	2,800	10,000	-	-	-	-
Transfers	-	-	350,000	-	-	-	-	100,000	125,000	125,000
Total business-type activities	-	-	353,482	25,232	2,800	10,000	102,355	128,135	128,045	129,878
Total primary government	\$ 46,535,685	\$ 83,376,875	\$ 77,628,056	\$ 73,352,518	\$ 71,194,551	\$ 67,075,070	\$ 59,064,813	\$ 55,748,002	\$ 53,079,250	\$ 51,262,094
Change in Net Position										
Governmental activities	\$ (19,221,965)	\$ 45,812,513	\$ 16,153,408	\$ 37,135,067	\$ 20,753,723	\$ 4,507,214	\$ 4,611,183	\$ 10,025,791	\$ 1,514,064	\$ 1,787,062
Business-type activities	2,403,229	868,417	796,004	1,253,251	663,373	483,298	513,054	468,175	574,002	402,545
Total primary government	\$ (16,818,736)	\$ 46,680,930	\$ 16,949,412	\$ 38,388,318	\$ 21,417,096	\$ 4,990,512	\$ 5,124,237	\$ 10,493,966	\$ 2,088,066	\$ 2,189,607

Rutherford County, North Carolina
Fund Balances of Governmental Funds
Last Ten Fiscal Years

Table 3

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
General Fund										
Nonspendable	\$ 696,366	\$ 853,716	\$ 792,974	\$ 845,684	\$ 914,616	\$ 1,110,811	\$ 1,052,943	\$ 984,996	\$ 846,578	\$ 714,826
Restricted	29,420,812	8,458,609	8,164,074	8,430,124	8,470,044	7,769,204	6,623,337	8,437,266	7,481,346	5,331,125
Assigned	7,022,337	6,895,523	3,945,723	5,269,510	4,243,932	2,305,994	2,463,850	2,745,044	3,720,193	1,632,802
Unassigned	31,423,972	46,720,255	41,770,350	33,340,010	28,038,610	22,721,302	20,897,032	17,134,051	12,663,518	13,784,520
Total General Fund	\$ 68,563,487	\$ 62,928,103	\$ 54,673,121	\$ 47,885,328	\$ 41,667,202	\$ 33,907,311	\$ 31,037,162	\$ 29,301,357	\$ 24,711,635	\$ 21,463,273
All other governmental funds										
Nonspendable	\$ -	\$ 29,159	\$ 32,221	\$ 123,576	\$ 135,740	\$ 158,136	\$ 614,585	\$ 511,913	\$ 621,334	\$ -
Restricted	60,670,513	67,146,648	26,527,510	25,417,597	20,292,041	29,772,993	13,152,187	17,106,476	20,025,638	16,564,794
Committed	-	5,390,335	7,873,790	10,000,000	-	-	-	-	-	-
Assigned	-	284,593	46,718	-	846,759	572,478	-	-	-	-
Unassigned	(29,001,161)	-	-	4,041	(144,091)	(133,731)	(21,907)	-	-	-
Total all other governmental funds	\$ 31,669,352	\$ 72,850,735	\$ 34,480,239	\$ 35,545,214	\$ 21,130,449	\$ 30,369,876	\$ 13,744,865	\$ 17,618,389	\$ 20,646,972	\$ 16,564,794

Rutherford County, North Carolina
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
Revenues	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Ad valorem taxes	\$ 56,986,159	\$ 56,044,006	\$ 52,747,138	\$ 52,241,332	\$ 51,739,044	\$ 50,333,204	\$ 45,628,481	\$ 43,965,348	\$ 41,522,825	\$ 41,009,138
Local option sales taxes	20,745,907	20,924,960	21,555,057	20,292,994	19,047,383	15,734,847	15,348,484	13,051,607	13,331,022	11,122,892
Restricted intergovernmental	23,585,569	48,027,935	13,928,200	36,239,893	23,970,839	13,941,763	10,732,626	13,857,817	13,023,541	13,336,984
Permits and fees	1,604,908	1,589,125	1,439,385	1,689,360	1,526,428	1,369,557	1,122,728	1,176,793	1,022,166	1,020,999
Sales and services	7,901,166	6,951,996	6,478,747	5,148,557	4,730,648	4,895,532	4,368,474	4,838,662	4,738,390	4,446,218
Investment earnings	5,839,351	5,257,946	2,282,522	74,815	29,666	574,246	581,065	208,550	66,120	39,246
Miscellaneous	770,143	430,096	407,416	539,068	628,199	527,502	418,151	610,108	506,835	411,316
<i>Total revenues</i>	117,433,203	139,226,064	98,838,465	116,226,019	101,672,207	78,200,009	77,708,885	74,210,899	71,386,793	69,764,734
Expenditures										
Current:										
General government	9,528,526	9,300,553	9,087,925	8,720,882	7,798,414	7,537,347	7,390,726	7,196,011	6,571,578	6,761,457
Public safety	32,281,887	29,509,749	25,375,905	22,117,319	23,135,206	20,246,037	20,369,888	17,518,670	17,093,898	16,176,256
Environmental protection	38,844,746	180,321	167,833	178,148	152,788	159,650	159,893	147,048	155,627	142,280
Economic and physical development	5,000,273	5,905,910	7,090,000	8,352,280	9,613,329	11,744,645	8,285,218	12,896,595	10,452,144	10,275,103
Human services	19,658,006	18,513,244	16,670,465	16,836,158	16,136,591	15,039,955	13,994,803	12,840,852	14,889,517	14,884,684
Cultural and recreational	1,634,914	3,010,997	744,192	771,824	710,626	1,196,890	3,315,683	572,278	560,934	606,405
Intergovernmental:										
Education	21,686,524	21,769,412	19,995,615	19,209,389	19,068,176	21,541,026	19,243,943	17,685,604	17,099,713	17,311,313
Capital outlay	23,244,016	13,066,735	7,391,693	13,380,687	19,393,233	5,376,583	1,345,768	1,187,909	1,306,967	1,755,425
Debt service										
Principal	4,288,859	5,700,032	4,773,060	5,856,676	6,296,216	5,736,678	5,751,177	6,005,524	5,257,782	5,312,057
Interest	1,318,559	1,264,930	1,086,002	1,240,538	1,585,853	816,929	997,683	1,164,348	1,195,604	1,382,066
<i>Total expenditures</i>	157,486,310	108,221,883	92,382,690	96,663,901	103,890,432	80,854,782	77,214,839	74,583,764	74,607,046	73,716,724
Revenues over (under) expenditures	(40,053,107)	31,004,181	6,455,775	19,562,118	(2,218,225)	(2,654,773)	494,046	(372,865)	(3,220,253)	(3,951,990)
Other financing sources (uses)										
Transfers from other funds	1,218,083	2,413,648	3,861,273	21,881,506	1,241,411	4,703,136	3,898,876	2,291,827	3,292,158	228,493
Transfers to other funds	(1,218,083)	(2,413,648)	(4,211,273)	(21,881,506)	(1,241,411)	(4,703,136)	(3,898,876)	(2,391,827)	(3,417,158)	(353,493)
Proceeds from bond issuance	-	-	-	-	-	20,298,105	-	-	-	-
Installment obligations issued	1,836,666	15,300,000	-	-	376,000	983,500	471,000	1,135,931	7,791,719	640,825
Lease liabilities issued	-	237,148	502,583	299,778	-	-	-	-	-	-
Insurance proceeds	170,161	-	-	-	-	-	-	-	-	-
Sale of capital assets	82,430	84,149	174,597	770,995	239,741	232,644	46,054	31,162	36,686	71,919
<i>Total other financing sources (uses)</i>	2,089,257	15,621,297	327,180	1,070,773	615,741	517,054	1,067,093	7,703,405	587,744	2,827,557
Net change in fund balances	\$ (37,963,850)	\$ 46,625,478	\$ 6,782,955	\$ 20,632,891	\$ (1,602,484)	\$ (2,137,719)	\$ 1,561,139	\$ 7,330,540	\$ (2,632,509)	\$ (1,124,433)
Debt services as a percentage of noncapital expenditures	4.18%	7.32%	6.89%	8.52%	9.33%	8.49%	9.43%	8.81%	9.19%	9.28%

Rutherford County, North Carolina
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Table 5

Fiscal Year	Assessed Value in Thousands						Total Direct Tax Rate per \$100	Estimated Actual Taxable Value (in thousands)	Assessed Value as a Percentage of Actual Value
	Real Property		Personal Property		Public Service Companies	Total Taxable Assessed Value			
	Residential Property	Commercial Property	Motor Vehicles	Other					
2025	\$ 6,511,819	\$ 1,678,252	\$ 730,693	\$ 1,452,016	\$ 867,586	\$ 11,240,366	0.454	11,845,680	94.89
2024	6,391,435	1,664,646	676,734	1,466,637	864,524	11,063,976	0.454	11,183,641	98.93
2023	3,989,687	1,550,209	464,293	1,338,045	807,325	8,149,559	0.597	11,857,353	68.73
2022	4,162,266	1,081,765	617,456	1,455,132	767,798	8,084,417	0.597	9,144,234	88.41
2021	4,607,804	715,324	538,134	1,429,606	726,409	8,017,277	0.597	8,703,080	92.12
2020	4,411,410	709,498	521,235	1,600,813	696,602	7,939,558	0.597	8,053,107	98.59
2019	4,083,633	656,799	490,432	1,181,326	599,256	7,011,446	0.607	7,528,665	93.13
2018	4,403,803	653,253	480,451	523,957	540,677	6,602,141	0.607	7,102,895	92.95
2017	4,023,982	643,142	461,383	724,934	604,769	6,458,210	0.607	6,338,414	101.89
2016	3,561,551	476,050	449,007	1,321,286	549,277	6,357,171	0.607	6,357,171	100.00

Rutherford County, North Carolina
Direct and Overlapping Property Tax Rates
Last Ten Years

(rate per \$100 of assessed value)

Table 6

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
County Direct Rate	\$ 0.454	\$ 0.454	\$ 0.597	\$ 0.597	\$ 0.597	\$ 0.597	\$ 0.607	\$ 0.607	\$ 0.607	\$ 0.607
Town Rates										
Bostic	0.300	0.280	0.280	0.260	0.260	0.260	0.260	0.260	0.260	0.260
Chimney Rock	0.110	0.110	0.140	0.140	0.140	0.140	0.120	0.110	0.110	0.085
Ellenboro	0.200	0.220	0.220	0.220	0.220	0.220	0.220	0.220	0.220	0.220
Forest City	0.590	0.590	0.590	0.280	0.280	0.280	0.290	0.290	0.290	0.290
Lake Lure	0.157	0.157	0.230	0.230	0.309	0.269	0.269	0.194	0.1943	0.189
Ruth	0.330	0.310	0.310	0.280	0.280	0.280	0.280	0.280	0.280	0.280
Rutherfordton	0.470	0.470	0.590	0.540	0.540	0.540	0.567	0.567	0.567	0.567
Spindale	0.592	0.522	0.593	0.593	0.593	0.593	0.633	0.633	0.633	0.633
Special Districts										
Bill's Creek Fire	0.075	0.075	0.075	0.070	0.070	0.070	0.070	0.060	0.060	0.060
Bostic Fire	0.100	0.100	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060
Broad River Fire	0.160	0.160	0.160	0.160	0.160	0.140	0.140	0.140	0.120	0.100
Cherry Mountain Fire	0.120	0.120	0.120	0.120	0.110	0.110	0.110	0.100	0.100	0.090
Chimney Rock Fire	0.050	0.050	0.060	0.060	0.050	0.050	0.050	0.050	0.050	0.050
Cliffside Fire	0.090	0.090	0.090	0.080	0.080	0.080	0.080	0.080	0.080	0.080
Cliffside Sanitary	0.080	0.080	0.080	0.080	0.080	0.100	0.080	0.080	0.080	0.080
Contracted Fire	0.045	0.045	0.045	0.045	0.045	0.045	0.030	0.030	0.030	0.060
Edneyville Fire	0.120	0.120	0.115	0.115	0.115	0.115	0.100	0.100	0.100	0.100
Ellenboro Fire	0.100	0.090	0.095	0.085	0.080	0.080	0.080	0.075	0.070	0.070
Fairfield Fire	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Forest City Rural	0.110	0.110	0.110	0.080	0.080	0.080	0.080	0.080	0.080	0.080
Green Hill Fire	0.090	0.090	0.090	0.070	0.070	0.070	0.070	0.070	0.070	0.070
Hollis/Polkville Fire	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.050	0.050	0.050
Hudlow Fire	0.100	0.100	0.100	0.100	0.100	0.080	0.080	0.080	0.080	0.080
Lake Lure Rural Fire	0.110	0.110	0.110	0.110	0.090	0.090	0.090	0.090	0.090	0.090
Rutherfordton Fire	0.110	0.110	0.110	0.110	0.110	0.110	0.090	0.090	0.090	0.090
Sandy Mush Fire	0.120	0.120	0.120	0.100	0.080	0.080	0.080	0.070	0.080	0.050
Shiloh Danieltown Oakland Fire	0.080	0.080	0.080	0.070	0.060	0.060	0.050	0.050	0.050	0.050
Shingle Hollow Fire	0.130	0.130	0.130	0.120	0.120	0.120	0.115	0.100	0.100	0.100
Spindale Rural Fire	0.100	0.100	0.100	0.080	0.080	0.080	0.080	0.080	0.080	0.080
Union Mills Fire	0.060	0.060	0.060	0.050	0.050	0.050	0.050	0.050	0.050	0.050

Note: Property was revalued as of January 1, 2019 which affected the 2020 tax levy and January 1, 2023 which affected the 2024 tax levy.

Rutherford County, North Carolina
Principal Property Tax Payers
Current Year and Nine Years Ago

Table 7

	Fiscal Year 2025				Fiscal Year 2016			
	Taxpayer	Type Of Business	Assessed Value (Thousands)	Rank	Percentage of Total County Taxable Assessed Value		Assessed Value (Thousands)	Rank
	Duke Energy	Public Utility	\$ 904,612	1	8.05%		\$ 547,964	2
	Andale Inc. FKA	Software	850,470	2	7.57%		578,007	1
	Befesa Zinc Metal (formerly American Zinc Products)	Manufacturing	337,766	3	3.00%		107,787	3
	Rutherford Solar LLC	Public Utility	167,887	4	1.49%			
	Public Service Co of NC Inc	Public Utility	153,868	5	1.37%		13,057	10
	CSX Transportation	Public Utility	80,812	6	0.72%		29,752	6
	Rutherford Electric Membership Corp	Public Utility	60,314	7	0.54%		51,577	5
	Sol Systems LLC	Public Utility	44,702	8	0.40%			
	Everest Textiles USA LLC	Manufacturing	43,163	9	0.38%			
	Fox Run Property Owners Assoc	Resort Property	42,856	10	0.38%			
	Dell Equipment Funding LP	Leasing Company					53,013	4
	DLP Rutherford Regional Health System LLC	Hospital					25,283	7
	Trelleborg	Manufacturing					20,514	8
	Bellsouth	Public Utility					19,734	9
	Other		8,553,916		76.10%		4,792,561	
	Total		\$ 11,240,366		100.00%		\$ 6,239,249	

Source: Rutherford County Revenue Department

Rutherford County, North Carolina
Property Tax Levies and Collections (1)
Last Ten Fiscal Years

Table 8

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)	Collected within the		Collections in Subsequent Years	Total Collections to Date	
		Fiscal Year of the Levy	Percentage of Original Levy		Amount	Percentage of Original Levy
2025	\$ 57,266,276	\$ 56,189,825	98.1	\$ -	\$ 56,189,825	98.1
2024	56,426,161	55,420,285	98.2	647,670	56,067,955	98.2
2023	52,779,243	52,145,576	98.8	488,324	52,633,900	99.5
2022	51,801,268	51,124,036	98.7	478,330	51,602,366	99.5
2021	51,214,237	50,480,760	98.6	572,670	51,053,430	99.6
2020	50,503,804	49,426,788	97.9	927,110	50,353,898	97.9
2019	45,227,869	44,317,085	98.0	778,402	45,095,487	98.9
2018	42,603,043	41,592,341	97.6	899,161	42,491,502	99.1
2017	41,700,452	40,529,750	97.2	1,069,206	41,598,956	99.2
2016	41,030,225	39,779,746	97.0	1,152,657	40,932,403	99.3

(1) Includes general fund and special districts.

Source: Rutherford County Revenue Department

Rutherford County, North Carolina
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Table 9

Fiscal Year	Population in thousands (Estimated)	Governmental Activities					Business-type Activities		Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
		General Obligation Bonds	Installment Purchase (1)	Leases	IT Subscription Liabilities	Revolving Fund - DENR	Installment Purchases				
2016	67	3,233,000	34,628,775			182,270	69,630	38,113,675	1.97%	569	
2017	67	2,884,000	37,256,012			165,700	114,808	40,420,520	2.03%	603	
2018	67	2,272,955	32,785,539			149,130	651,174	35,858,798	1.91%	535	
2019	67	1,930,955	27,713,219			132,560	847,557	30,624,291	1.58%	457	
2020	67	1,591,955	43,502,373			115,990	831,682	46,042,000	2.31%	687	
2021	64	1,261,955	37,827,149			99,420	477,678	39,666,202	1.61%	620	
2022	64	933,955	32,404,469	115,133		82,850	156,980	33,693,387	1.23%	526	
2023	64	677,000	27,973,982	139,503	286,124	66,280	-	29,142,889	1.05%	455	
2024	64	525,000	37,913,872	69,189	286,552	49,710	378,932	39,223,255	1.36%	613	
2025	64	374,000	35,698,084	52,604	78,511	33,140	200,535	36,436,874	1.17%	569	

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) Includes certificates of participation, private placement debt and vehicle/equipment installment purchase.

(2) See the Schedule of Demographic and Economic Statistics, Table 13, for personal income and population data.

Rutherford County, North Carolina
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Table 10

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated	
				Actual Taxable Value of Property (1)	Per Capita (2)
2016	3,233,000	-	3,233,000	0.05%	49
2017	2,884,000	-	2,884,000	0.05%	43
2018	2,272,955	-	2,272,955	0.03%	34
2019	1,930,955	-	1,930,955	0.03%	29
2020	1,591,955	-	1,591,955	0.02%	24
2021	1,261,955	-	1,261,955	0.02%	20
2022	933,955	-	933,955	0.01%	14
2023	677,000	-	677,000	0.01%	10
2024	525,000	-	525,000	0.00%	8
2025	374,000	-	374,000	0.00%	6

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

- (1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property, Table 5, for property value data.
(2) Population data can be found in the Schedule of Demographic and Economic Statistics, Table 13.

Rutherford County, North Carolina
Direct and Overlapping Governmental Activities Debt
As of June 30, 2025

Table 11

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
None currently outstanding	\$ -	100%	\$ -
Subtotal, overlapping debt			-
Rutherford County direct debt - general obligation	374,000	100%	374,000
Rutherford County direct debt - other outstanding (1)	35,862,339	100%	35,862,339
			<u>36,236,339</u>
Total direct and overlapping debt			<u>\$ 36,236,339</u>

Source: Local finance offices as reported to North Carolina Local Government Commission.

(1) Certificates of participation, installment purchase agreements, and DENR water quality loan, leases and IT subscriptions.

Rutherford County, North Carolina
Legal Debt Margin
Last Ten Fiscal Years

Table 12

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Assessed value of property	\$ 6,374,447,776	\$ 6,458,210,247	\$ 6,602,141,122	\$ 7,011,446,395	\$ 7,939,557,866	\$ 8,017,276,881	\$ 8,068,767,555	\$ 8,149,559,412	\$ 11,063,975,771	\$ 11,240,365,617
Debt limit	509,955,822	516,656,820	528,171,290	560,915,712	635,164,629	641,382,150	645,501,404	651,964,753	885,118,061	899,229,249
Total net debt applicable to limit	38,113,675	40,420,520	35,858,798	29,776,734	39,188,524	39,188,526	33,421,274	28,717,262	38,488,042	36,105,224
Legal debt margin	\$ 471,842,147	\$ 476,236,300	\$ 492,312,492	\$ 531,138,978	\$ 595,976,105	\$ 602,193,624	\$ 612,080,130	\$ 623,247,491	\$ 846,630,019	\$ 863,124,025

Total net debt applicable to the limit
as a percentage of debt limit

9.63%

7.47%

9.29%

7.82%

6.79%

5.31%

6.17%

5.21%

4.40%

4.02%

Legal Debt Margin Calculation for Fiscal Year 2024

Assessed value - January 1, 2024

\$ 11,240,365,617

Debt Limit (8% of total assessed value)

\$ 899,229,249

Debt applicable to limit:

General obligation bonds

374,000

Other outstanding debt

35,862,339

Net debt applicable to limit

36,236,339

Legal debt margin

\$ 862,992,910

Note: The County is subject to the Local Government Bond Act of North Carolina which limits the amount of net bonded debt the County may have outstanding to 8% of the appraised value of property subject to taxation. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Rutherford County, North Carolina
Demographic and Economic Statistics
Last Ten Fiscal Years

Table 13

Fiscal Year	Population (1)	Personal Income (2) (amounts expressed in thousands)	Per Capita Personal Income	Median Age (3)	School Enrollment (4)	Unemployment Rate (5)
2016	66,390	1,934,743	29,142	43.48	8,169	6.8
2017	66,421	1,995,025	30,036	43.57	8,014	5.8
2018	66,551	2,099,349	31,555	43.59	7,948	5.6
2019	66,826	2,179,155	32,634	43.58	7,775	5.6
2020	67,029	2,280,387	34,021	43.57	7,548	9.5
2021	64,421	2,462,642	36,714	43.45	7,336	6.6
2022	64,586	2,736,899	42,376	42.86	7,252	5.6
2023	64,963	2,762,552	42,525	41.64	7,191	4.7
2024	65,507	2,888,271	44,091	44.60	7,061	5.5
2025	65,587	3,115,387	47,500	45.40	7,397	5.1

- (1) 2005-2007 population projected by the Office of State Planning 2008-2014 population is from the Population Division, U.S. Census Bureau. 2011
- (2) Personal income information is from Bureau of Economic Analysis, U.S. Department of Commerce.
- (3) NC Office of State Budget and Management.
- (4) Public school enrollment from the North Carolina Department of Public Instruction (Final ADM).
- (5) Unemployment data from U.S Bureau of Labor Statistics.

**Rutherford County, North Carolina
Principal Employers
Current Year and Nine Years Ago**

Table 14

MANUFACTURING

Employer	2025		2016	
	Employment Range	Rank	Employment Range	Rank
American Greetings Corporation (formerly West Rock)	250-499	1	250-499	2
Trelleborg Coated Systems US Inc (formerly Reeves Brothers)	250-499	2	100-249	3
Fountain Services LLC	250-499	3		
Tepdb Opco LLC	100-249	4		
The Timken Company	100-249	5	250-499	1
Parker-Hannifin Corporation	100-249	6	100-249	4
Watts Regulator Company (A Corp)	100-249	7		
American Zinc Products (formerly Horsehead Corporation)	100-249	8		
Meritor Heavy Vehicle Systems LLC	100-249	9		
Ampac Holdings LLC	100-249	10		
Milliken & Co			100-249	5
Allied Die Casting Co of NC			100-249	6
Eaton Corporation			100-249	7
Sonoco Molded Plastics			100-249	8
Parton Lumber			100-249	9
Valley Fine Foods			100-249	10

NON-MANUFACTURING

Employer	2025		2016	
	Employment Range	Rank	Employment Range	Rank
Rutherford County Board of Education (1)	1000+	1	1000+	1
Rutherford County - Local Government	500-999	2	250-499	4
Wal-Mart Associates Inc	250-499	3		
DLP Wilson Rutherford LLC	250-499	4		
Isothermal Community College	250-499	5		
State of North Carolina			500-999	2
Rutherford Hospital			500-999	3
Ameridial			100-249	5

Source: Economic Development Commission October 2025 and October 2016

(1) includes all permanent full- and part-time positions

Rutherford County, North Carolina
Full-time Equivalent County Government Employees by Function
Last Ten Fiscal Years

Table 15

	Full-time Equivalent Employees									
Function	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
General government	80.0	78.0	77.0	74.0	74.0	75.0	73.0	72.0	71.7	71.7
Public safety	228.5	227.5	225.5	217.5	201.5	200.5	199.5	198.5	197.8	193.8
Environmental protection	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Economic and physical development	13.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Human services	152.0	152.0	140.0	140.0	140.0	139.0	138.0	135.0	133.0	129.0
Cultural and recreational	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	9.0
Enterprise Fund - Solid Waste	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0
Total	502.5	498.5	483.5	472.5	456.5	455.5	451.5	446.5	443.5	434.5

Source: Rutherford County Finance Office

Rutherford County, North Carolina
Operating Indicators by Function
Last Ten Fiscal Years

Table 16

Function	Fiscal Year									
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
General Government										
# Deeds/Deeds of Trusts Processed	5,132	5,330	5,712	7,491	7,393	5,715	5,211	5,283	5,393	4,876
Parcel Count	58,596	58,451	55,228	58,275	57,787	57,343	57,064	57,060	56,756	56,188
Public Safety										
# Arrests	2,363	2,319	2,881	2,778	2,310	1,953	2,193	2,385	3,885	2,779
# Building Permits Issued	1,069	1,157	913	1,016	864	685	608	636	558	503
Human Services										
# Senior Center Meals Served	79,080	83,551	79,338	78,087	110,491	90,640	77,935	79,658	77,924	79,005
# of Medicaid Recipients	23,101	21,242	22,162	21,147	18,985	16,749	16,066	16,068	16,302	16,585
Culture										
Library Book Circulation*	148,543	77,612	155,095	141,948	121,223	118,248	182,430	188,757	197,084	201,574
Library Electronic Book Circulation	83,279	73,753	69,466	68,264	70,956	59,744	42,074	32,206	32,118	26,396
<i>*FY2024, numbers do not include local consortium resources handled by the library.</i>										
Enterprise Fund - Transit										
# Trips	59,550	53,733	56,557	43,315	32,728	55,053	56,955	56,261	56,571	51,616
Enterprise Fund - Landfill										
Total Tonnage	75,018	66,262	62,918	69,354	68,811	62,755	61,279	54,315	55,395	53,119

Sources: Various government departments.

**Rutherford County, North Carolina
Capital Assets Statistics by Function
Last Ten Fiscal Years**

Table 17

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
General Government										
County Buildings	37	37	37	36	36	36	35	35	35	34
County Vehicles	284	275	265	240	245	260	254	263	252	241
Public Safety										
Detention Center Capacity	205	205	205	205	205	205	205	205	205	205
EMS Stations	5	5	5	5	5	5	5	5	5	5
Volunteer Fire Departments	14	14	14	14	14	14	14	14	14	14
Volunteer Rescue Squads	0	0	0	0	1	1	1	1	1	1
Volunteer EMS Agencies	0	0	0	0	1	1	1	1	1	1
Cultural and Recreation										
Park Acreage	144	144	144	144	144	144	144	144	144	144
Public Libraries	3	3	3	3	3	3	3	3	3	3
Education (Not included in the Reporting Entity)										
Elementary Schools	11	11	11	11	11	11	11	11	11	11
Middle Schools	3	3	3	3	3	3	3	3	3	3
High Schools	3	3	3	3	3	3	3	3	3	3
Community Colleges	1	1	1	1	1	1	1	1	1	1
Airport										
Acreage	313	313	313	313	313	313	313	313	313	313
Solid Waste										
Convenience Centers	9	9	9	9	9	9	9	9	9	9
Manned Green Box Sites	1	1	1	1	1	1	1	1	1	1

Sources: Various government departments.

COMPLIANCE SECTION



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

To the Board of Commissioners
Rutherford County
Rutherfordton, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Rutherford County, North Carolina, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprises Rutherford County's basic financial statements, and have issued our report thereon dated February 27, 2026. The financial statements of the Rutherford County Tourism Development Authority and the Rutherford County Economic Development Association 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 Rutherford County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rutherford 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 and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rutherford County's financial statements are free of 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 the 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.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
February 27, 2026



**GOULD KILLIAN
CPA GROUP, P.A.**
CERTIFIED PUBLIC ACCOUNTANTS

**Report On Compliance For Each Major Federal Program; Report on Internal Control
Over Compliance; In accordance with OMB Uniform Guidance; and the State Single
Audit Implementation Act**

Independent Auditors' Report

To the Board of Commissioners
Rutherford County
Rutherfordton, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Rutherford County, North Carolina's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and *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 Rutherford County's major federal programs for the year ended June 30, 2025. Rutherford 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, Rutherford 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, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Rutherford 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 Rutherford 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 Rutherford 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 Rutherford 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 Rutherford County's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a *material weakness in internal control over compliance*, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of 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.

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.

David Killian CPA Group, P.A.

Asheville, North Carolina
February 27, 2026



**GOULD KILLIAN
CPA GROUP, P.A.**
CERTIFIED PUBLIC ACCOUNTANTS

**Report On Compliance For Each Major State Program; Report on Internal Control
Over Compliance; In accordance with OMB Uniform Guidance and the State Single
Audit Implementation Act**

Independent Auditors' Report

To the Board of Commissioners
Rutherford County
Rutherfordton, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Rutherford County, North Carolina's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and *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 Rutherford County's major State programs for the year ended June 30, 2025. Rutherford 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, Rutherford 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, 2025.

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

Auditor's Responsibilities for the Audit of Compliance

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

Donald Killian CPA Group, P.A.

Asheville, North Carolina
February 27, 2026

RUTHERFORD COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2025

I. Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified? ___yes Xno
- Significant deficiency(s) identified that are not considered to be material weaknesses ___yes Xnone reported
- Noncompliance material to financial statements noted ___yes Xno

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ___yes Xno
- Significant deficiency(s) identified that are not considered to be material weaknesses? ___yes Xnone reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ___yes Xno

The following were audited as major federal programs for the fiscal year ended June 30, 2025:

<u>Program Name</u>	<u>AL #</u>
Medicaid Cluster	93.778
Supplemental Nutrition Assistance Program	10.561
Disaster Grants - Public Assistance	97.036

The threshold for determining Type A programs for Rutherford County is \$1,323,746.

Rutherford County does not qualify as a low risk auditee.

RUTHERFORD COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2025

State Awards

Internal control over major State programs:

- Material weakness identified? ☐ yes ☒ no
- Significant deficiency identified
that are not considered to be
material weakness ☐ yes ☒ none reported

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

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

Major State programs for Rutherford County for the fiscal year ended June 30, 2025 are:

Program Name
Medicaid Cluster
Disaster Grants - Public Assistance
OSBM Contract #20555
OSBM Contract #20554
State Cash Flow Loans for Disaster Response

RUTHERFORD COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2025

II. Financial Statement Findings

None reported.

III. Federal Award Finding and Questioned Costs

None reported.

IV. State Award Finding and Questioned Costs

None reported.

RUTHERFORD COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS
For the year ended June 30, 2025

No findings were reported for the fiscal year ending June 30, 2024.

RUTHERFORD COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2025

Grantor/Pass-through Grantor/Program Title	Federal AL Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients
Federal Awards:					
<u>U.S. Dept. of Agriculture</u>					
Food and Nutrition Service					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Administration:					
SNAP Cluster					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10,561	FNS	\$ 1,075,857	\$ 103,353	\$ -
COVID-19 Food Nutrition Services	10,561	FNS	-	-	-
Total SNAP Cluster			1,075,857	103,353	-
<u>U.S. Dept. of Treasury</u>					
Coronavirus State Local Fiscal Recovery Funds	21,027		345,079	-	-
Passed-through N.C. Dept. of Environmental Quality					
Rutherfordton/Spindale MRF Study	21,027	MRF-W-ARP-0001	214,170	-	-
			559,249	-	-
<u>U.S. Dept. of Justice</u>					
Bureau of Justice Assistance					
Bulletproof Vest Partnership Program	16,607		5,907	-	-
Equitable Sharing - Department of Justice	16,922		1,882	-	-
Total U.S. Dept. of Justice			7,789	-	-
<u>U.S. Dept. of Transportation</u>					
Federal Aviation Administration					
Federal Transit Administration					
Passed-through the N.C. Department of Transportation:					
Formula Grants for Rural Areas - Admin	20,509	DOT-11	976,868	17,162	-
Federal Transit Cluster					
Bus and Bus Facilities Formula Program					
Enhanced Mobility for Seniors and Individuals with Disabilities	20,513	DOT-14	71,481	8,835	80,316
Total U.S. Dept. of Transportation			1,048,349	25,997	80,316

RUTHERFORD COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2025

Grantor/Pass-through Grantor/Program Title	Federal AL Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients
<u>U.S. Dept. of Health & Human Services</u>					
<u>Administration on Aging</u>					
<u>Division of Aging and Adult Services</u>					
Passed-through Isothermal Planning and Development Commission:					
<u>Aging Cluster</u>					
Special Programs for the Aging - Title III D					
Special Programs for the Aging - Title III B	93.044		96,598	79,035	-
Grants for Supportive Services and Senior Centers	93.044		17,245	-	-
ARPA Grants for Support Services					
Special Programs for the Aging - Title III C	93.045		141,416	115,704	-
HCCBG Nutrition Services	93.045		11,704	-	-
HCCBG Nutrition Services- Support Services	93.045		55,622	-	-
HCCBG - USDA			322,585	194,739	-
Total Aging Cluster					
<u>Passed-through NC Department of Health and Human Services</u>					
<u>Social Services Block Grant</u>					
SSBG - State In Home Service Fund	93.667		24,750	-	-
Adult Protective Services	93.667		21,042	-	-
SSBG - State Adult Day Care	93.667		15,639	9,096	-
Total SSBG passed-through Division of Aging and Adult Services			61,431	9,096	-
<u>Administration for Community Living</u>					
<u>MIPPA Grant</u>					
	93.071	1701NCMIAA-01, 1801NCMISH-00	18,846	-	-
<u>Administration for Children and Families</u>					
<u>Passed-through Department of Insurance</u>					
<u>Division of Social Services:</u>					
MaryLee Allen Promoting Safe and Stable Families Program					
Foster Care and Adoption Cluster (Note 3)	93.556	Special Children Adoption Fund	34,451	-	-
Foster Care	93.658	Foster Care, Adoption, and Guardianship Assistance Program	360,878	41,013	-
Title IV-E Foster Care - Administration	93.658	Foster Care, Adoption, and Guardianship Assistance Program	560,316	-	-
Foster Care - Child Protective Services	93.658	Foster Care, Adoption, and Guardianship Assistance Program	98,148	62,773	-
Title IV-E Adoption Assistance - Administration	93.659	Foster Care, Adoption, and Guardianship Assistance Program	84,686	34	-
Total Foster Care and Adoption Cluster			1,104,028	103,820	-
<u>Special Children Adoption Fund Cluster</u>					
Work First Admin	93.558	Work First Program	151,048	-	-
Work First Service	93.558	Work First Program	412,608	-	-
Total TANF Cluster			563,656	-	-

RUTHERFORD COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2025

Grantor/Pass-through Grantor/Program Title	Federal AL Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients
<u>Child Care Development Fund Cluster:</u>					
Child Care Development Fund-Administration	93.596		152,392	-	-
Stephanie Tubbs Jones Welfare Services Program:					
Permanency Planning - Families for Kids	93.645		15,470	-	-
Total Administration for Children and Families			1,869,997	103,820	-
<u>Division of Social Services</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
IV-D Administration	93.563	2004NC4007	734,898	(797)	-
Low-Income Home Energy Assistance Block Grant:					
Administration	93.568		69,975	-	-
Crisis Intervention Program	93.568		(3,899)	-	-
Total Low-Income Home Energy Assistance Block Grant			66,076	-	-
Social Services Block Grant					
SSBG - Other Services and Training	93.667		303,178	-	-
CPS TANF to SSBG	93.667		239,513	-	-
Total Social Services Block Grant passed through DSS			542,691	-	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood:					
Administration	93.674	NC LINKS Program	23,992	5,998	-
Total Division of Social Services			1,367,657	5,201	-
<u>Division of Health Benefits</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Children's Health Insurance Program	93.767		235,300	75,455	-
Medicaid Cluster					
Administration					
Medical Assistance Program	93.778	MEDICAL ASSISTANCE	2,740,413	232,847	-
Total Division of Health Benefits			2,975,713	308,302	-
Total U.S. Dept. of Health and Human Services			6,616,229	621,158	-
<u>U.S. Dept. of Homeland Security</u>					
<u>Public Assistance</u>					
Passed-through the N.C. Dept. of Public Safety					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		34,798,636	3,866,515	-
<u>Emergency Management</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Emergency Management Performance Grant Program	97.042	EMA-2022-EP-00005, EMA-2021-EP-00015	20,625	-	-
Total U.S. Dept. of Homeland Security			34,819,261	3,866,515	-
Total Federal Awards			44,126,734	4,513,670	80,316

RUTHERFORD COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2025

Grantor/Pass-through Grantor/Program Title	Federal AL Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients
State Awards:					
N.C. Dept. of Cultural and Natural Resources					
Division of State Library:					
State Aid to Public Libraries		State Aid 23	-	146,272	-
N.C. Arts Council:					
Rutherford County Recreation, Cultural, & Heritage Commission		91935	-	47,786	-
Recreational Trails Program		RTP 2021-9267		50,000	
Recreational Trails Program		RTP 2020-7825		100,000	
Total N.C. Dept. of Cultural Resources			-	344,058	-
N.C. Department of Commerce					
One North Carolina Fund		2024-35846		12,500	-
Total N.C. Dept. of Commerce			-	12,500	-
N.C. Department of Information					
NC 911 PSAP Equipment Grant		PR2024-22	-	37,763	-
Total N.C. Dept of Information			-	37,763	-
N.C. Department of Environmental Quality					
Division of Soil & Water Conservation:					
Local activities		RUTH220401	-	26,550	-
Division of Water Resources:					
Water Resources Development Project Grant Program		CW18276	-	37,618	-
Water Resources Development Project Grant Program		CW18430	-	71,133	-
Total N.C. Dept. of Environmental Quality			-	135,301	-
N.C. Dept. of Health and Human Services					
Passed-through Isothermal Planning and Development Commission:					
Division of Aging and Adult Services:					
Senior Center General Fund		Senior Center General Purpose	-	10,765	-
Division of Social Services					
DCD Smart Start		Smart Start - DSP	-	17,185	-
State Child Protective Services		Child Protective Services	-	399,973	-
Extended Foster Care Non IVE - Direct Benefit Payments		State Foster Care and Guardian Assistance Benefits Program	-	152,415	-
State Foster Home - Direct Benefit Payments		State Foster Care and Guardian Assistance Benefits Program	-	1,382,781	-
Aid to Families with Dependent Children Integrity Program		Work First Program	-	943	-
Total Division of Social Services			-	1,953,297	-
Total N. C. Department of Health and Human Services			-	1,964,062	-

RUTHERFORD COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2025

Grantor/Pass-through Grantor/Program Title	Federal AL Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients
<u>Office of State Budget and Management</u>					
Rutherford County - Capital Improvements					
ROD Grant		20554	-	12,346,763	-
		2055RD	-	931	-
Detention Center		20555	-	627,902	-
Courthouse		20551	-	156,000	-
Sheriff Equipment		20556	-	55,200	-
Rutherford County Forest City Soccer Complex		20552	-	473,289	-
Total Office of State Budget and Management			-	13,660,085	-
<u>N.C. Dept. of Public Safety</u>					
Juvenile Crime Prevention Programs		JCDPC Funds	-	161,234	161,234
Emergency Management		TS Fed Unmet Needs	-	432,086	-
Total N.C. Dept. of Public Safety			-	593,320	161,234
<u>N.C. Dept. of Public Instruction</u>					
Public School Building Capital Fund:					
Repair and Renovation Lottery Projects Fund		PSBRR FY25	-	300,000	-
Public School Building Capital Fund (PSBCF)		Lottery Fund LEA 810	-	500,000	-
Total N.C. Dept. of Public Instruction			-	800,000	-
<u>N.C. Dept. of Transportation</u>					
NCDOT Cluster ROAP					
ROAP Elderly and Disabled Transportation Assistance Program		DOT-16CL	-	90,525	-
ROAP Rural General Public Program		DOT-16CL	-	108,489	-
ROAP Work First Transitional - Employment Transportation Assistance Program		DOT-16CL	-	17,984	-
Total Rural Operating Assistance Program			-	216,998	-
State Aid to Airports					
<u>N.C. Dept. of Agriculture</u>					
STRAP Stream Restoration			-	67,727	-
<u>N.C. Dept. of Military and Veterans Affairs</u>					
PMVA Community Grant		143B-211C4	-	2,273	-
<u>N.C. Dept. of State Treasurer</u>					
Statewide Cashflow Loan Program			-	1,836,666	-
Total State Awards			-	19,632,990	161,234
Other Financial Assistance:					
<u>N.C. Dept. of Justice</u>					
Opioid Settlement Fund			-	362,265	-
Total Federal and State Awards			\$ 44,126,734	\$ 24,508,925	\$ 241,550

RUTHERFORD COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2025

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

1. Basis of Presentation
The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Rutherford County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, Single Audit Requirements and the State Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Rutherford County, it is not intended to and does not present the financial position, changes in net position or cash flows of Rutherford County.
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. Rutherford County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.
3. 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:

Subsidized Child Care, Foster Care, Adoption, and Guardianship Assistance Program
4. Opioid Settlement Fund
The NC Department of Justice does not consider Opioid Settlement Funds either Federal or State Financial assistance since they are from a settlement with private major drug companies. Since these funds are subject to the State Single Audit Implementation Act, they are reported as "Other Financial Assistance" on the SEFSA, and considered State Awards for State single audit requirements.
5. Loans Outstanding
Rutherford County had the following loan balance outstanding at June 30, 2025 for loans that the grantor/pass-through grantor has still imposed continuing compliance requirements. Loans outstanding at the beginning of the year and loans made during the year are included in the SEFSA. The balance of loans outstanding at June 30, 2025 consist of:

<u>Program Title</u>	<u>State/Pass-through Grantor's Number</u>	<u>Amount Outstanding</u>
Statewide Cashflow Loan Program	DST-1	\$ 1,836,666