

**ALEXANDER COUNTY
NORTH CAROLINA**

ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2025

MARTIN  STARNES

& ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

**ALEXANDER COUNTY
NORTH CAROLINA**

BOARD OF COMMISSIONERS

LARRY YODER, CHAIRMAN

JOSH LAIL, VICE CHAIRMAN

KENT HERMAN

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RONNIE REESE

JUSTIN MUNDY, COUNTY MANAGER

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Independent Auditor’s Report

To the Board of Commissioners
Alexander County
Taylorsville, North Carolina

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Alexander County, North Carolina, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and the Opioid Settlement Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Alexander County ABC Board, which represents 100% of the assets, net position, and revenues of the discretely presented component units as of June 30, 2025. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Alexander County ABC Board, is based solely on the report of the other auditors.

Basis for Opinions

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

Change in Accounting Principle

As discussed in Note 7 to the financial statements, in 2025 the County adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Other Post-Employment Benefits' schedules, the Local Governmental Employees' Retirement System's schedules, the Register of Deeds' Supplemental Pension Fund schedules, and the Law Enforcement Officers' Special Separation Allowance schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. We and the other auditors 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 Alexander County's basic financial statements. The combining and individual fund financial statements, budget and actual schedules, and supplemental ad valorem tax schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and the report of the other auditors, the combining and individual fund financial statements, budget and actual schedules, and supplemental ad valorem tax schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2026, on our consideration of Alexander County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of Alexander County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Alexander County's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
February 9, 2026

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Management's Discussion and Analysis

As management of Alexander County, we offer readers of Alexander County's financial statements this narrative overview and analysis of the financial activities of Alexander County for the fiscal year ended June 30, 2025. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

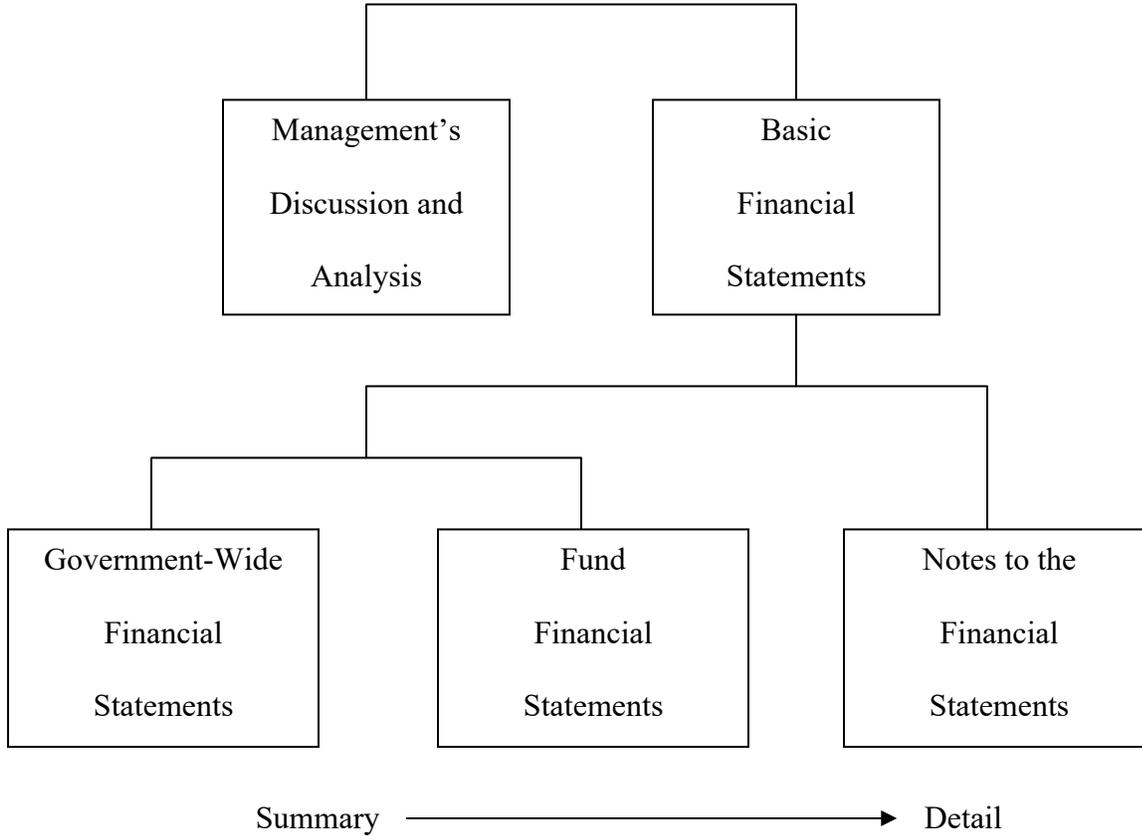
- The assets and deferred outflows of Alexander County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$66,510,784 (*net position*).
- The government's total net position increased by \$15,392,659, primarily due to adopting a property tax rate higher than the revenue-neutral tax rate, increases in investment income, increases in Federal and state grants, recognition of revenue for the use of the American Rescue Plan Act direct Federal grant funds, and continued growth in sales tax revenues.
- As of the close of the current fiscal year, Alexander County's governmental funds reported combined ending fund balances of \$46,022,184 after a net increase in fund balance of \$6,164,100. Approximately 28.82% of this total amount, or \$13,264,577 is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$19,645,419, or 33.19%, of total General Fund expenditures and transfers out for the fiscal year.
- Alexander County's total debt decreased by \$1,374,140 during the current fiscal year. The key factor in this decrease is the timely debt service payments.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits A and B) 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 C through L) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the fund financial statements: 1) the governmental funds statements, 2) the budgetary comparison statements for major governmental funds, 3) the proprietary fund statements, and 4) the fiduciary fund statements.

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

Following the notes is the required supplemental information. This section contains funding information about the County's pension and benefit plans.

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 they have 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 statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include most of the County's basic services such as public safety, human services, education, and general government administration. Property taxes, sales taxes, and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water and sewer and landfill services offered by Alexander County. The Alexander County ABC Board is a legally separate entity; however, the County is accountable for the Board by appointing its members. In addition, the ABC Board is required to distribute certain of its profits to Alexander County.

The government-wide financial statements are on Exhibits A and B 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. Alexander 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 Alexander County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Alexander County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the

budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds. Alexander County has one kind of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Alexander County uses enterprise funds to account for its water and sewer activity and 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. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Alexander County has three fiduciary funds, which are custodial funds.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start after Exhibit L of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Alexander County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on Schedules 1 through 7 after the notes to the financial statements.

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 exceeded liabilities and deferred inflows of resources by \$66,510,784 as of June 30, 2025. The County's net position increased by \$15,392,659 for the fiscal year ended June 30, 2025. The increase was primarily due to adopting a property tax rate higher than the revenue-neutral tax rate, an increase in sales tax revenues and investment income, and recognition of revenue for the use of the American Rescue Plan Act direct Federal grant funds. One of the largest portions, \$37,496,575 (56.58%), reflects the County's net investment in capital assets (e.g., land, buildings, machinery, and equipment). Alexander County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Alexander County's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Alexander County's net position, \$13,256,049 (19.93%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$15,758,160 (23.69%) is unrestricted net position.

Alexander County's Net Position

Figure 2

	Governmental		Business-Type		Total	
	Activities		Activities			
	2025	2024	2025	2024	2025	2024
Assets:						
Current and other assets	\$ 56,420,292	\$ 56,566,033	\$ 17,826,730	\$ 12,654,979	\$ 74,247,022	\$ 69,221,012
Capital assets	<u>24,569,708</u>	<u>22,205,418</u>	<u>24,085,920</u>	<u>23,063,023</u>	<u>48,655,628</u>	<u>45,268,441</u>
Total assets	<u>80,990,000</u>	<u>78,771,451</u>	<u>41,912,650</u>	<u>35,718,002</u>	<u>122,902,650</u>	<u>114,489,453</u>
Deferred Outflows						
of Resources	<u>7,996,142</u>	<u>10,006,993</u>	<u>138,726</u>	<u>179,366</u>	<u>8,134,868</u>	<u>10,186,359</u>
Liabilities:						
Long-term liabilities						
outstanding	41,160,271	39,141,627	15,170,149	15,541,057	56,330,420	54,682,684
Other liabilities	<u>3,943,392</u>	<u>11,475,843</u>	<u>1,072,372</u>	<u>137,559</u>	<u>5,015,764</u>	<u>11,613,402</u>
Total liabilities	<u>45,103,663</u>	<u>50,617,470</u>	<u>16,242,521</u>	<u>15,678,616</u>	<u>61,346,184</u>	<u>66,296,086</u>
Deferred Inflows						
of Resources	<u>3,024,666</u>	<u>3,793,905</u>	<u>155,884</u>	<u>178,195</u>	<u>3,180,550</u>	<u>3,972,100</u>
Net Position:						
Net investment in capital						
assets	23,431,929	20,563,889	14,064,646	12,171,359	37,496,575	32,735,248
Restricted	13,256,049	12,842,134	-	-	13,256,049	12,842,134
Unrestricted	<u>4,169,835</u>	<u>961,046</u>	<u>11,588,325</u>	<u>7,869,198</u>	<u>15,758,160</u>	<u>8,830,244</u>
Total net position	<u>\$ 40,857,813</u>	<u>\$ 34,367,069</u>	<u>\$ 25,652,971</u>	<u>\$ 20,040,557</u>	<u>\$ 66,510,784</u>	<u>\$ 54,407,626</u>

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

- Adopting a property tax rate higher than the revenue-neutral tax rate
- Recognition of revenue for the use of American Rescue Plan Act direct Federal grant funds
- Increased sales tax revenues
- Increased investment income

Alexander County's Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 6,153,352	\$ 5,489,257	\$ 6,588,742	\$ 6,510,538	\$ 12,742,094	\$ 11,999,795
Operating grants and contributions	9,967,756	9,172,146	91	724	9,967,847	9,172,870
Capital grants and contributions	8,335,922	1,474,153	446,515	26,874	8,782,437	1,501,027
General revenues:						
Property taxes	29,415,707	29,505,318	-	-	29,415,707	29,505,318
Other taxes	16,689,190	14,922,668	-	-	16,689,190	14,922,668
Grants and contributions not restricted to specific programs	9,103	36,700	124,187	130,723	133,290	167,423
Other	2,184,745	1,988,029	237,673	259,482	2,422,418	2,247,511
Total revenues	72,755,775	62,588,271	7,397,208	6,928,341	80,152,983	69,516,612
Expenses:						
General government	9,357,388	9,347,410	-	-	9,357,388	9,347,410
Public safety	19,940,096	19,371,440	-	-	19,940,096	19,371,440
Environmental protection	888,766	1,084,394	-	-	888,766	1,084,394
Economic and physical development	632,045	(1,482,575)	-	-	632,045	(1,482,575)
Human services	12,699,853	12,287,983	-	-	12,699,853	12,287,983
Cultural and recreation	1,603,022	1,674,354	-	-	1,603,022	1,674,354
Education	13,033,250	12,264,197	-	-	13,033,250	12,264,197
Interest and fees	20,240	28,192	-	-	20,240	28,192
Water and sewer	-	-	3,645,571	4,098,270	3,645,571	4,098,270
Solid waste	-	-	2,940,093	2,762,076	2,940,093	2,762,076
Total expenses	58,174,660	54,575,395	6,585,664	6,860,346	64,760,324	61,435,741
Change in net position before transfers	14,581,115	8,012,876	811,544	67,995	15,392,659	8,080,871
Transfers	(4,898,099)	(870,886)	4,898,099	870,886	-	-
Change in net position	9,683,016	7,141,990	5,709,643	938,881	15,392,659	8,080,871
Net Position:						
Beginning of year - July 1	34,367,069	27,225,079	20,040,557	19,101,676	54,407,626	46,326,755
Restatement	(3,192,272)	-	(97,229)	-	(3,289,501)	-
Beginning of year - July 1, Restated	31,174,797	27,225,079	19,943,328	19,101,676	51,118,125	46,326,755
End of year - June 30	\$ 40,857,813	\$ 34,367,069	\$ 25,652,971	\$ 20,040,557	\$ 66,510,784	\$ 54,407,626

Governmental Activities. Governmental activities increased the County's net position by \$9,683,016, thereby accounting for 62.91% of the total increase in the net position of Alexander County. Key elements of this increase are as follows:

- Adopting a property tax rate that was 8.50 cents higher than the revenue-neutral tax rate
- Recognition of revenue for the use of American Rescue Plan Act direct Federal grant funds
- Increase in sales tax revenues
- Increase in investment income

Business-Type Activities. Business-type activities increased Alexander County's net position by \$5,709,643, accounting for 37.09% of the total increase in the government's net position. Key elements of this increase are as follows:

- Increased revenues due to rate increases and growth in the activities that generate these revenues
- Increase in grant revenues for infrastructure projects

Financial Analysis of the County's Funds

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

Governmental Funds. The focus of Alexander County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Alexander 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 Alexander County. At the end of the current fiscal year, Alexander County's fund balance available in the General Fund was \$26,527,047, while total fund balance reached \$31,046,430. The County currently has an available fund balance of 44.82% of total General Fund expenditures and transfers out, while total fund balance represents 52.46% of that same amount.

At June 30, 2025, the American Rescue Plan Act Fund was a major special revenue fund. The County received its first allocation of the Federal American Rescue Plan funding in June 2021 and the second in August 2022. During fiscal years 2023 and 2024, the County spent \$92,585 in the ARPA special revenue fund for a broadband project. The County spent \$233,380 from fiscal year 2022 to 2024 for engineering expenses in the ARPA Water Capital Project Fund. That amount was transferred from the special revenue fund to the capital project fund during fiscal years 2022 through 2024. The County used the rest of the ARPA funds, \$6,957,388, for revenue replacement concerning salaries. Revenue replacement funds and the related interest income were transferred from the ARPA Special Revenue Fund to the General Fund during fiscal year 2025 for reimbursement of salaries and benefits expenditures of fiscal year 2022. The Opioid Settlement Fund is also a major special revenue fund. The proceeds to be received are expected to reduce the receivable over the next 15 years. Activity in this fund is restricted for public safety purposes. The Capital Improvements Fund was also a major governmental capital project fund at year end. The General Fund transferred money into this fund of \$3,101,169 during the year for future school capital expenditures. A portion of sales tax hold harmless funds are also maintained in this fund

At June 30, 2025, the governmental funds of Alexander County reported a combined fund balance of \$46,022,184, a 15.47% increase over last year. The primary reason for this increase is the increase in fund balance in the General Fund, not considering transfers, and the continued increase in fund balance for the Capital Improvements Fund since school debt was retired in 2021.

General Fund Budgetary Highlights. During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and state grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased estimated revenues by approximately \$1,400,000, which is 2.60% more than originally budgeted. The County appropriated fund balance for the following types of activity: A) transfer sales tax funds to school capital improvements fund after the retirement of all school debt, B) purchase a building the County had been leasing, and C) maintain services-use of appropriated fund balance to maintain service levels. The County also received additional federal and state funding during the year for emergency management, information technology, social services, public health, and library programs. The additional funding consisted of increases in grant revenues that were included in the original budget as well as new grants that had not been awarded when the budget was adopted. These items accounted for the primary difference between the originally adopted budget and the final budget.

Proprietary Funds. Alexander 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 major proprietary funds at the end of the fiscal year were as follows: County Water and Sewer Fund – \$15,323,971; Solid Waste Fund – (\$701,174) deficit; and Landfill Closure Fund – (\$3,034,472) deficit. The total increase in net position for these three major funds was \$5,709,643. Other factors concerning the finances of these funds have already been addressed in the discussion of Alexander County's business-type activities.

Capital Asset and Debt Administration

Capital Assets. Alexander County's capital assets for its governmental and business-type activities as of June 30, 2025 total \$48,655,628 (net of accumulated depreciation). These assets include buildings, land, equipment, vehicles, construction in progress, and right to use assets for leases and subscriptions.

Major capital asset transactions during the year include:

- Purchase of vehicles for public safety, human services, and general government functions
- Purchase of equipment for public safety and general government functions
- Purchase a previously leased building for general government functions
- Completion of Bethlehem Park improvements project
- Construction in progress for additions and renovations to County buildings (public safety and economic development functions)
- Retirement of surplus vehicles from public safety, human services, and general government
- Retirement/demolition of surplus equipment and buildings for the Bethlehem Park improvements project
- Construction in progress for water and sewer infrastructure projects
- Purchase of garbage truck for the landfill

Alexander County's Capital Assets

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 6,007,959	\$ 6,007,959	\$ 559,519	\$ 537,519	\$ 6,567,478	\$ 6,545,478
Construction in progress	1,009,655	741,501	2,418,180	294,160	3,427,835	1,035,661
Buildings	24,961,653	23,225,962	651,404	651,404	25,613,057	23,877,366
Other improvements	2,359,673	1,875,855	263,584	263,584	2,623,257	2,139,439
Equipment and machinery	6,186,994	5,594,670	672,968	665,911	6,859,962	6,260,581
Vehicles	6,323,952	5,492,197	761,539	352,494	7,085,491	5,844,691
Infrastructure	-	-	38,693,492	38,693,492	38,693,492	38,693,492
Furniture and fixtures	183,318	183,318	-	-	183,318	183,318
Right-to-use lease assets	37,496	155,490	82,440	76,536	119,936	232,026
Subscription assets	940,632	850,891	-	-	940,632	850,891
	<u>48,011,332</u>	<u>44,127,843</u>	<u>44,103,126</u>	<u>41,535,100</u>	<u>92,114,458</u>	<u>85,662,943</u>
Less: accumulated depreciation and amortization	<u>(23,441,624)</u>	<u>(21,922,425)</u>	<u>(20,017,206)</u>	<u>(18,472,077)</u>	<u>(43,458,830)</u>	<u>(40,394,502)</u>
Total	<u>\$ 24,569,708</u>	<u>\$ 22,205,418</u>	<u>\$ 24,085,920</u>	<u>\$ 23,063,023</u>	<u>\$ 48,655,628</u>	<u>\$ 45,268,441</u>

Additional information on the County's capital assets can be found in Note 3A of the basic financial statements.

Long-Term Debt. As of June 30, 2025, Alexander County had total debt outstanding of \$11,159,053, all of which is debt backed by the full-faith and credit of the County.

Alexander County's Outstanding Debt Notes Payable and General Obligation Bonds

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Notes payable - direct placements and direct borrowings	\$ 652,000	\$ 1,317,000	\$ 9,970,498	\$ 10,833,423	\$ 10,622,498	\$ 12,150,423
Subscription liabilities	471,478	260,450	-	-	471,478	260,450
Lease liabilities	14,301	64,079	50,776	58,241	65,077	122,320
Total	<u>\$ 1,137,779</u>	<u>\$ 1,641,529</u>	<u>\$ 10,021,274</u>	<u>\$ 10,891,664</u>	<u>\$ 11,159,053</u>	<u>\$ 12,533,193</u>

Alexander County's total debt decreased by \$1,374,140 (10.96%) during the fiscal year due to timely debt service payments.

The state of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Alexander County is approximately \$323,071,269.

Additional information regarding Alexander County's long-term debt can be found in Note 3B of this audited financial report.

Accounting Change

During fiscal year 2025, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. This standard requires governments to recognize a liability for certain types of compensated absences when the leave is earned, rather than when it is taken. The application of GASB 101 resulted in a restatement of \$3,192,272 and \$97,229 to the beginning net position of the governmental activities and business-type activities, respectively. As a result, amounts reported in Management's Discussion and Analysis for fiscal year 2025 are not comparable to those reported for fiscal year 2024, which have not been restated in the prior year comparative information. See Note 7 for additional information regarding the impact of this standard on the current year's financial statements.

Economic Factors and Fiscal Year End 2025 Budgets and Rates

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

- According to the NC Department of Commerce, the County's unemployment rate declined slightly during fiscal year 2025, from 3.9% in June 2024 to 3.8% in June 2025, which was below the state average unemployment rate of 4.0%. The labor force totaled 16,054 individuals, with 614 unemployed.
- NC Department of Commerce data for 2025 indicate 9,658 Alexander County residents commuted to other counties for employment. The primary destinations were Catawba County (3,646), Iredell County (1,211), and Mecklenburg County (838). During the same period, 4,983 individuals commuted into Alexander County for employment, primarily from Catawba County (1,483), Iredell County (649), and Caldwell County (636).
- Rehabilitation of the County-owned property located at 16 West Main Avenue in Taylorsville progressed during fiscal year 2025 and is expected to be completed in February 2026. The project is supported by Rural Transformation Grant Funds and Downtown Economic Development Grant Funds awarded by the NC Department of Commerce.
- During fiscal year 2025, the Downtown Taylorsville Historic District was listed on the National Register of Historic Places, representing the first National Register Historic District in Alexander County. The approximately 10-acre district includes seven blocks surrounding the Alexander County Courthouse and consists of 33 properties with approximately 171,250 square feet of commercial and residential space.
- State and private broadband initiatives expanded access to high-speed internet within Alexander County during fiscal year 2025. Through the State of North Carolina's Completing Access to Broadband (CAB) program, funding was awarded to connect 394 homes and businesses, with Zirus selected as the service provider. In addition, Spectrum announced the expansion of internet, mobile, television, and voice services to more than 355 homes and small businesses in the Stony Point and Taylorsville areas of the County.

- The Board of Commissioners adopted updated guidelines in fiscal year 2025 for the County's economic development incentive grant program. Under the revised guidelines, existing businesses may qualify with a minimum capital investment of \$500,000, while new businesses must invest at least \$2,000,000 to be eligible.

Budget Highlights for the Fiscal Year Ending June 30, 2026

Governmental Activities. General Fund revenues, excluding transfers, are projected to decrease \$932,000 (1.64%) from 2025 amounts. This is primarily due to a decrease in estimated grant revenues for public safety and human services functions.

General Fund expenditures, excluding transfers and debt refunding, are projected to increase \$6,700,000 (13.53%) from 2025 amounts. The main factors for this include a 2.5% cost of living adjustment for employees, additional salary increases for public safety positions, increases in retirement expense due to higher employer contribution rates, the addition of new employee positions, increased funding to the school system, and capital outlay items.

Capital projects beginning or continuing in fiscal year 2026 include economic development initiatives and improvements to County parks.

Business-Type Activities. Budgeted expenditures in the Solid Waste Fund are projected to increase \$322,000 (12.47%) from 2025 amounts. The main factors for this include higher costs of waste disposal, the 2.5% cost of living adjustment and increase in retirement contributions for employees, and the addition of a new position late in fiscal year 2025.

Water and sewer rates will increase 5.00% to cover increased operating costs passed on from the County's water supplier. Capital projects beginning or continuing in fiscal year 2026 include two water line extension projects, an elevated water tank project, and a sewer pump station project. These projects will utilize a combination of ARP State Fiscal Recovery Fund grants, other federal and state grants, and local funds.

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, Alexander County, 621 Liledoun Road, Taylorsville, North Carolina 28681. You can also call (828) 352-7587, visit our website www.alexandercountync.gov, or send an email to jherman@alexandercountync.gov for more information.

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ALEXANDER COUNTY, NORTH CAROLINA

**STATEMENT OF NET POSITION
JUNE 30, 2025**

	Primary Government			Component Unit
	Governmental	Business-Type	Total	Alexander
	Activities	Activities		County
				ABC
				Board
Assets:				
Current assets:				
Cash and investments	\$ 40,419,541	\$ 17,035,700	\$ 57,455,241	\$ 87,672
Taxes receivable, net	1,456,389	-	1,456,389	-
Accounts receivable, net	1,605,037	873,541	2,478,578	-
Inventories	-	-	-	239,953
Due from other governments	5,516,662	-	5,516,662	-
Internal balances	82,511	(82,511)	-	-
Prepaid items	41,437	-	41,437	-
Cash and investments, restricted	4,198,642	-	4,198,642	-
Non-current assets:				
Accounts receivable, net	3,067,164	-	3,067,164	-
Net pension asset	32,909	-	32,909	-
Capital assets:				
Land and other non-depreciable assets	7,017,614	2,977,699	9,995,313	-
Depreciable assets, net of depreciation and amortization	17,552,094	21,108,221	38,660,315	96,974
Capital assets, net	24,569,708	24,085,920	48,655,628	96,974
Total assets	80,990,000	41,912,650	122,902,650	424,599
Deferred Outflows of Resources:				
OPEB deferrals	484,014	3,895	487,909	-
Pension deferrals	7,512,128	134,831	7,646,959	-
Total deferred outflows of resources	7,996,142	138,726	8,134,868	-
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	2,725,280	1,072,372	3,797,652	7,797
Miscellaneous liabilities	967,371	-	967,371	77,579
Advances from grantor	244,713	-	244,713	-
Liabilities payable from restricted assets	6,028	-	6,028	-
Accrued interest	10,108	13,919	24,027	-
Current portion of compensated absences	1,903,806	22,761	1,926,567	-
Current portion of long-term debt	928,678	876,515	1,805,193	17,181
Total current liabilities	6,785,984	1,985,567	8,771,551	102,557
Non-current liabilities:				
Net pension liability - LGERS	13,776,053	241,151	14,017,204	-
Total pension liability - LEOSA	1,195,118	-	1,195,118	-
Accrued landfill post-closure care costs	-	4,307,410	4,307,410	-
Non-current compensated absences	4,061,862	112,569	4,174,431	-
Total OPEB liability	19,075,545	451,065	19,526,610	-
Non-current portion of long-term debt	209,101	9,144,759	9,353,860	75,965
Total non-current liabilities	38,317,679	14,256,954	52,574,633	75,965
Total liabilities	45,103,663	16,242,521	61,346,184	178,522

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

ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Alexander County ABC Board
Deferred Inflows of Resources:				
OPEB deferrals	2,326,897	144,014	2,470,911	-
Pension deferrals	647,334	11,870	659,204	-
Prepaid taxes	50,435	-	50,435	-
Total deferred inflows of resources	<u>3,024,666</u>	<u>155,884</u>	<u>3,180,550</u>	-
Net Position:				
Net investment in capital assets	23,431,929	14,064,646	37,496,575	3,959
Restricted for:				
Stabilization by state statute	5,294,457	-	5,294,457	-
Register of Deeds	19,370	-	19,370	-
Register of Deeds' pension plan	32,909	-	32,909	-
Public safety	3,116,448	-	3,116,448	-
General government	97,054	-	97,054	-
Human services	1,176,031	-	1,176,031	-
Economic and physical development	45,780	-	45,780	-
Education	3,474,000	-	3,474,000	-
Working capital	-	-	-	43,812
Unrestricted	<u>4,169,835</u>	<u>11,588,325</u>	<u>15,758,160</u>	<u>198,306</u>
Total net position	<u>\$ 40,857,813</u>	<u>\$ 25,652,971</u>	<u>\$ 66,510,784</u>	<u>\$ 246,077</u>

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

ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 9,357,388	\$ 835,401	\$ 28,656	\$ 6,957,388
Public safety	19,940,096	3,277,643	368,006	-
Environmental protection	888,766	31,355	189,822	32,563
Economic and physical development	632,045	61,441	101,679	1,345,971
Human services	12,699,853	1,721,015	5,689,762	-
Cultural and recreation	1,603,022	104,758	114,915	-
Education	13,033,250	121,739	3,474,916	-
Interest and fees	<u>20,240</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>58,174,660</u>	<u>6,153,352</u>	<u>9,967,756</u>	<u>8,335,922</u>
Business-Type Activities:				
Water and sewer	3,645,571	4,301,017	-	446,515
Solid waste	<u>2,940,093</u>	<u>2,287,725</u>	<u>91</u>	<u>-</u>
Total business-type activities	<u>6,585,664</u>	<u>6,588,742</u>	<u>91</u>	<u>446,515</u>
Total primary government	<u>64,760,324</u>	<u>12,742,094</u>	<u>9,967,847</u>	<u>8,782,437</u>
Component Unit:				
Alexander County				
ABC Board	<u>\$ 1,416,206</u>	<u>\$ 1,473,132</u>	<u>\$ -</u>	<u>\$ -</u>

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

ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Net (Expense) Revenue and Changes in Net Position</u>			<u>Component Unit</u> <u>Alexander County ABC Board</u>
	<u>Primary Government</u>			
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ (1,535,943)	\$ -	\$ (1,535,943)	
Public safety	(16,294,447)	-	(16,294,447)	
Environmental protection	(635,026)	-	(635,026)	
Economic and physical development	877,046	-	877,046	
Human services	(5,289,076)	-	(5,289,076)	
Cultural and recreation	(1,383,349)	-	(1,383,349)	
Education	(9,436,595)	-	(9,436,595)	
Interest and fees	(20,240)	-	(20,240)	
Total governmental activities	<u>(33,717,630)</u>	<u>-</u>	<u>(33,717,630)</u>	
Business-Type Activities:				
Water and sewer	-	1,101,961	1,101,961	
Solid waste	-	(652,277)	(652,277)	
Total business-type activities	<u>-</u>	<u>449,684</u>	<u>449,684</u>	
Total primary government	<u>(33,717,630)</u>	<u>449,684</u>	<u>(33,267,946)</u>	
Component Unit:				
Alexander County ABC Board				\$ <u>56,926</u>
General Revenues:				
Ad valorem taxes	29,415,707	-	29,415,707	-
Local option sales taxes	16,280,730	-	16,280,730	-
Other taxes and licenses	408,460	-	408,460	-
Unrestricted intergovernmental revenues	9,103	124,187	133,290	-
Miscellaneous	-	-	-	-
Investment earnings, unrestricted	2,184,745	237,673	2,422,418	-
Total general revenues, excluding transfers	48,298,745	361,860	48,660,605	-
Transfers	(4,898,099)	4,898,099	-	-
Total general revenues and transfers	<u>43,400,646</u>	<u>5,259,959</u>	<u>48,660,605</u>	-
Change in net position	<u>9,683,016</u>	<u>5,709,643</u>	<u>15,392,659</u>	<u>56,926</u>
Net Position:				
Beginning of year - July 1	34,367,069	20,040,557	54,407,626	189,151
Restatement	(3,192,272)	(97,229)	(3,289,501)	-
Beginning of year - July 1, restated	<u>31,174,797</u>	<u>19,943,328</u>	<u>51,118,125</u>	<u>189,151</u>
End of year - June 30	<u>\$ 40,857,813</u>	<u>\$ 25,652,971</u>	<u>\$ 66,510,784</u>	<u>\$ 246,077</u>

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

ALEXANDER COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025

	Major					Total
	General Fund	American Rescue Plan Act Fund	Opioid Settlement Fund	Capital Improvements Fund	Other Governmental Funds	
Assets:						
Cash and investments	\$ 26,976,722	\$ -	\$ -	\$ 11,630,454	\$ 1,812,365	\$ 40,419,541
Taxes receivable, net	1,345,509	-	-	-	110,880	1,456,389
Accounts receivable, net	422,783	-	3,461,126	788,292	-	4,672,201
Due from other governments	5,391,383	-	-	-	125,279	5,516,662
Due from other funds	85,074	-	-	-	-	85,074
Prepaid items	41,437	-	-	-	-	41,437
Restricted assets:						
Cash and investments, restricted	1,595,432	-	1,454,180	-	1,149,030	4,198,642
Total assets	<u>\$ 35,858,340</u>	<u>\$ -</u>	<u>\$ 4,915,306</u>	<u>\$ 12,418,746</u>	<u>\$ 3,197,554</u>	<u>\$ 56,389,946</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	\$ 979,639	\$ -	\$ -	\$ 988,142	\$ 757,499	\$ 2,725,280
Due to other funds	-	-	-	-	2,563	2,563
Miscellaneous liabilities	967,371	-	-	-	-	967,371
Advances from grantor	47,662	-	-	-	197,051	244,713
Liabilities payable from restricted assets:						
Payables	-	-	4,804	-	1,224	6,028
Total liabilities	<u>1,994,672</u>	<u>-</u>	<u>4,804</u>	<u>988,142</u>	<u>958,337</u>	<u>3,945,955</u>
Deferred Inflows of Resources:						
Taxes receivable	1,345,509	-	-	-	110,880	1,456,389
Unavailable revenues	1,378,175	-	3,461,126	-	32,563	4,871,864
Health department receivables	43,119	-	-	-	-	43,119
Prepaid taxes	50,435	-	-	-	-	50,435
Total deferred inflows of resources	<u>2,817,238</u>	<u>-</u>	<u>3,461,126</u>	<u>-</u>	<u>143,443</u>	<u>6,421,807</u>
Fund Balances:						
Non-spendable:						
Prepaid items	41,437	-	-	-	-	41,437
Restricted:						
Stabilization by state statute	4,477,946	-	-	788,292	28,219	5,294,457
Restricted, all other	1,572,385	-	1,449,376	3,474,000	1,432,922	7,928,683
Committed	500,000	-	-	7,168,312	667,196	8,335,508
Assigned	4,809,243	-	-	-	-	4,809,243
Unassigned	19,645,419	-	-	-	(32,563)	19,612,856
Total fund balances	<u>31,046,430</u>	<u>-</u>	<u>1,449,376</u>	<u>11,430,604</u>	<u>2,095,774</u>	<u>46,022,184</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 35,858,340</u>	<u>\$ -</u>	<u>\$ 4,915,306</u>	<u>\$ 12,418,746</u>	<u>\$ 3,197,554</u>	<u>\$ 56,389,946</u>

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

ALEXANDER COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025

	<u>Total</u>
Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:	
Total fund balances	\$ 46,022,184
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	24,569,708
Net pension asset (ROD)	32,909
Net pension liability (LGERS)	(13,776,053)
OPEB liability	(19,075,545)
Total pension liability (LEOSSA)	(1,195,118)
Deferred inflows of resources related to pensions are not reported in the funds.	
ROD	(1,038)
LGERS	(342,435)
LEOSSA	(303,861)
Deferred inflows of resources related to OPEB are not reported in the funds.	(2,326,897)
Deferred outflows of resources related to pensions are not reported in the funds.	
ROD	16,996
LGERS	7,270,652
LEOSSA	224,480
Deferred outflows of resources related to OPEB are not reported in the funds.	484,014
Long-term liabilities, accrued interest, and compensated absences are not due and payable in the current period and, therefore, not reported in the funds.	(7,113,555)
Deferred inflows of resources in the governmental funds are used to offset accounts receivable not expected to be available within 60 days of year-end. These receivables are a component of net position in the Statement of Net Position.	<u>6,371,372</u>
Net position of governmental activities	<u>\$ 40,857,813</u>

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

ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Major					Total
	General Fund	American Rescue Plan Act Fund	Opioid Settlement Fund	Capital Improvements Fund	Other Governmental Funds	
Revenues:						
Ad valorem taxes	\$ 26,976,269	\$ -	\$ -	\$ -	\$ 2,353,584	\$ 29,329,853
Local option sales taxes	14,974,271	-	-	-	-	14,974,271
Other taxes and licenses	262,276	-	-	-	74,468	336,744
Unrestricted intergovernmental revenues	9,103	-	-	-	-	9,103
Restricted intergovernmental revenues	6,229,222	6,957,388	504,094	3,474,916	1,379,295	18,544,915
Permits and fees	1,525,748	-	-	-	-	1,525,748
Sales and services	4,450,014	-	-	-	-	4,450,014
Interest earned on investments	1,639,464	3,691	67,769	455,105	18,716	2,184,745
Miscellaneous	176,180	-	-	-	-	176,180
Total revenues	<u>56,242,547</u>	<u>6,961,079</u>	<u>571,863</u>	<u>3,930,021</u>	<u>3,826,063</u>	<u>71,531,573</u>
Expenditures:						
General government	8,958,301	-	-	-	557,367	9,515,668
Public safety	17,228,240	-	356,732	-	2,763,152	20,348,124
Environmental protection	865,427	-	-	-	32,563	897,990
Economic and physical development	565,880	-	-	-	470,159	1,036,039
Human services	12,312,532	-	-	-	-	12,312,532
Cultural and recreation	1,498,545	-	-	-	1,520,456	3,019,001
Education	7,761,008	-	-	5,081,901	-	12,842,909
Debt service:						
Principal repayments	978,106	-	17,500	-	-	995,606
Interest	19,936	-	-	-	-	19,936
Total expenditures	<u>50,187,975</u>	<u>-</u>	<u>374,232</u>	<u>5,081,901</u>	<u>5,343,697</u>	<u>60,987,805</u>
Revenues over (under) expenditures	<u>6,054,572</u>	<u>6,961,079</u>	<u>197,631</u>	<u>(1,151,880)</u>	<u>(1,517,634)</u>	<u>10,543,768</u>
Other Financing Sources (Uses):						
Transfers in	7,013,384	-	-	3,101,169	998,192	11,112,745
Transfers (out)	(8,996,768)	(7,013,384)	-	-	(692)	(16,010,844)
Subscriptions issued	467,188	-	51,243	-	-	518,431
Total other financing sources (uses)	<u>(1,516,196)</u>	<u>(7,013,384)</u>	<u>51,243</u>	<u>3,101,169</u>	<u>997,500</u>	<u>(4,379,668)</u>
Net change in fund balances	4,538,376	(52,305)	248,874	1,949,289	(520,134)	6,164,100
Fund Balances:						
Beginning of year - July 1	<u>26,508,054</u>	<u>52,305</u>	<u>1,200,502</u>	<u>9,481,315</u>	<u>2,615,908</u>	<u>39,858,084</u>
End of year - June 30	<u>\$ 31,046,430</u>	<u>\$ -</u>	<u>\$ 1,449,376</u>	<u>\$ 11,430,604</u>	<u>\$ 2,095,774</u>	<u>\$ 46,022,184</u>

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

ALEXANDER COUNTY, NORTH CAROLINA

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

Amounts reported for governmental activities in the Statement of Activities (Exhibit B) are different due to the following items:

Net change in fund balances - total governmental funds (Exhibit D)	\$ 6,164,100
Property tax revenues in the Statement of Activities earned in prior periods are reported as revenues in the governmental funds statement.	85,854
Health Department fees in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds statement.	3,551
Grant and unavailable revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds statement.	1,136,938
Expenses related to compensated absences, other post-employment benefits, net pension obligation, and pension expense that do not require current financial resources and are not reported as expenditures in the governmental funds statement.	
Compensated absences	(903,462)
Pension expense - LGERS	(1,534,640)
Pension expense - ROD	(3,463)
Pension expense - LEOSSA	(88,387)
Other post-employment benefits	1,954,789
Expenses related to accrued interest that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(304)
Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets or right to use assets.	4,638,960
Cost of capital outlay disposed of in the current year, not recognized on the modified accrual basis	(28,716)
Depreciation and amortization expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(2,245,954)
Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	1,022,181
Proceeds from issuance of debt are reported as revenues in the governmental funds statement. However, in the Statement of Activities, it is not a revenue, rather it is an increase in liabilities.	<u>(518,431)</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 9,683,016</u>

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

ALEXANDER COUNTY, NORTH CAROLINA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund			Variance with Final Budget Over/Under
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 26,184,200	\$ 26,184,200	\$ 26,976,269	\$ 792,069
Local option sales taxes	14,777,000	14,786,000	14,974,271	188,271
Other taxes and licenses	292,000	292,000	262,276	(29,724)
Unrestricted intergovernmental revenues	40,000	40,000	9,103	(30,897)
Restricted intergovernmental revenues	5,152,460	5,797,511	6,229,222	431,711
Permits and fees	1,482,545	1,505,920	1,525,748	19,828
Sales and services	3,857,365	3,913,630	4,450,014	536,384
Investment earnings	775,000	1,375,000	1,639,464	264,464
Miscellaneous	607,551	670,618	176,180	(494,438)
Total revenues	<u>53,168,121</u>	<u>54,564,879</u>	<u>56,242,547</u>	<u>1,677,668</u>
Expenditures:				
General government	9,530,290	9,866,350	8,958,301	908,049
Public safety	18,245,588	18,703,351	17,228,240	1,475,111
Environmental protection	883,807	926,158	865,427	60,731
Economic and physical development	643,395	621,650	565,880	55,770
Human services	13,215,177	13,876,554	12,312,532	1,564,022
Cultural and recreation	1,611,947	1,694,451	1,498,545	195,906
Education	7,793,040	7,795,540	7,761,008	34,532
Debt service:				
Principal retirement	667,000	1,161,971	978,106	183,865
Interest and fees	15,000	19,936	19,936	-
Contingency	300,000	201,350	-	201,350
Total expenditures	<u>52,905,244</u>	<u>54,867,311</u>	<u>50,187,975</u>	<u>4,679,336</u>
Revenues over (under) expenditures	<u>262,877</u>	<u>(302,432)</u>	<u>6,054,572</u>	<u>6,357,004</u>
Other Financing Sources (Uses):				
Lease liabilities issued	175,000	175,000	-	(175,000)
Subscriptions issued	500,000	500,000	467,188	(32,812)
Transfers in	-	7,013,387	7,013,384	(3)
Transfers out	(3,711,250)	(9,320,349)	(8,996,768)	323,581
Appropriated fund balance	2,773,373	1,934,394	-	(1,934,394)
Total other financing sources (uses)	<u>(262,877)</u>	<u>302,432</u>	<u>(1,516,196)</u>	<u>(1,818,628)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	4,538,376	<u>\$ 4,538,376</u>
Fund Balance:				
Beginning of year - July 1			<u>26,508,054</u>	
End of year - June 30			<u>\$ 31,046,430</u>	

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

ALEXANDER COUNTY, NORTH CAROLINA

OPIOID SETTLEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Opioid Settlement Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Over/Under
	Original	Final		
Revenues:				
Opioid settlement funds	\$ 427,756	\$ 427,756	\$ 504,094	\$ 76,338
Investment earnings	20,000	20,000	67,769	47,769
Total revenues	<u>447,756</u>	<u>447,756</u>	<u>571,863</u>	<u>124,107</u>
Expenditures:				
Public safety	430,256	555,256	356,732	198,524
Debt service:				
Principal retirement	<u>17,500</u>	<u>17,500</u>	<u>17,500</u>	<u>-</u>
Total expenditures	<u>447,756</u>	<u>572,756</u>	<u>374,232</u>	<u>198,524</u>
Revenues over (under) expenditures	-	(125,000)	197,631	322,631
Other Financing Sources (Uses):				
Subscriptions issued	<u>-</u>	<u>125,000</u>	<u>51,243</u>	<u>(73,757)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	248,874	<u>\$ 248,874</u>
Fund Balance:				
Beginning of year - July 1			<u>1,200,502</u>	
End of year - June 30			<u>\$ 1,449,376</u>	

ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	Enterprise Funds			Total
	County Water and Sewer Fund	Solid Waste Fund	Landfill Closure Fund	
Assets:				
Current assets:				
Cash and investments	\$ 15,664,530	\$ 94,632	\$ 1,276,538	\$ 17,035,700
Accounts receivable, net	706,613	166,928	-	873,541
Total current assets	<u>16,371,143</u>	<u>261,560</u>	<u>1,276,538</u>	<u>17,909,241</u>
Non-current assets:				
Land and other non-depreciable assets	2,556,680	421,019	-	2,977,699
Depreciable assets, net	<u>20,218,612</u>	<u>889,609</u>	<u>-</u>	<u>21,108,221</u>
Total capital assets, net of accumulated depreciation and amortization	<u>22,775,292</u>	<u>1,310,628</u>	<u>-</u>	<u>24,085,920</u>
Total assets	<u>39,146,435</u>	<u>1,572,188</u>	<u>1,276,538</u>	<u>41,995,161</u>
Deferred Outflows of Resources:				
OPEB deferrals	-	3,895	-	3,895
Pension deferrals	-	134,831	-	134,831
Total deferred outflows of resources	<u>-</u>	<u>138,726</u>	<u>-</u>	<u>138,726</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	951,884	116,888	3,600	1,072,372
Due to other funds	82,511	-	-	82,511
Accrued interest	12,777	1,142	-	13,919
Current portion of long-term debt	862,925	13,590	-	876,515
Current portion of compensated absences	-	22,761	-	22,761
Total current liabilities	<u>1,910,097</u>	<u>154,381</u>	<u>3,600</u>	<u>2,068,078</u>
Non-current liabilities:				
Net pension liability	-	241,151	-	241,151
Non-current accrued landfill post-closure care costs	-	-	4,307,410	4,307,410
Non-current compensated absences	-	112,569	-	112,569
Total OPEB liability	-	451,065	-	451,065
Non-current portion of long-term debt	<u>9,107,573</u>	<u>37,186</u>	<u>-</u>	<u>9,144,759</u>
Total non-current liabilities	<u>9,107,573</u>	<u>841,971</u>	<u>4,307,410</u>	<u>14,256,954</u>
Total liabilities	<u>11,017,670</u>	<u>996,352</u>	<u>4,311,010</u>	<u>16,325,032</u>
Deferred Inflows of Resources:				
OPEB deferrals	-	144,014	-	144,014
Pension deferrals	-	11,870	-	11,870
Total deferred inflows of resources	<u>-</u>	<u>155,884</u>	<u>-</u>	<u>155,884</u>
Net Position:				
Net investment in capital assets	12,804,794	1,259,852	-	14,064,646
Unrestricted	<u>15,323,971</u>	<u>(701,174)</u>	<u>(3,034,472)</u>	<u>11,588,325</u>
Total net position	<u>\$ 28,128,765</u>	<u>\$ 558,678</u>	<u>\$ (3,034,472)</u>	<u>\$ 25,652,971</u>

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

ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Enterprise Funds			Total
	County Water and Sewer Fund	Solid Waste Fund	Landfill Closure Fund	
Operating Revenues:				
Water and sewer sales	\$ 4,301,017	\$ -	\$ -	\$ 4,301,017
Convenience centers	-	282,817	-	282,817
Landfill	-	1,993,685	-	1,993,685
Total operating revenues	<u>4,301,017</u>	<u>2,276,502</u>	<u>-</u>	<u>6,577,519</u>
Operating Expenses:				
Convenience centers	-	287,760	-	287,760
Water and sewer operations	2,150,558	-	-	2,150,558
Landfill operations	-	2,151,885	358,350	2,510,235
Depreciation and amortization	<u>1,411,400</u>	<u>140,668</u>	<u>-</u>	<u>1,552,068</u>
Total operating expenses	<u>3,561,958</u>	<u>2,580,313</u>	<u>358,350</u>	<u>6,500,621</u>
Operating income (loss)	<u>739,059</u>	<u>(303,811)</u>	<u>(358,350)</u>	<u>76,898</u>
Non-Operating Revenues (Expenses):				
Investment earnings	236,403	-	1,270	237,673
Intergovernmental revenues	-	124,187	-	124,187
Grant revenue	-	91	-	91
Interest and fees paid	(83,613)	(1,430)	-	(85,043)
Miscellaneous revenues	<u>11,223</u>	<u>-</u>	<u>-</u>	<u>11,223</u>
Total non-operating revenues (expenses)	<u>164,013</u>	<u>122,848</u>	<u>1,270</u>	<u>288,131</u>
Income (loss) before contributions and transfers	903,072	(180,963)	(357,080)	365,029
Capital contributions	<u>446,515</u>	<u>-</u>	<u>-</u>	<u>446,515</u>
Income (loss) before transfers	1,349,587	(180,963)	(357,080)	811,544
Transfers:				
Transfer from other funds	<u>4,666,620</u>	<u>137,479</u>	<u>94,000</u>	<u>4,898,099</u>
Change in net position	<u>6,016,207</u>	<u>(43,484)</u>	<u>(263,080)</u>	<u>5,709,643</u>
Net Position:				
Beginning of year - July 1	22,112,558	699,391	(2,771,392)	20,040,557
Restatement	-	(97,229)	-	(97,229)
Beginning of year - July 1, restated	<u>22,112,558</u>	<u>602,162</u>	<u>(2,771,392)</u>	<u>19,943,328</u>
End of year - June 30	<u>\$ 28,128,765</u>	<u>\$ 558,678</u>	<u>\$ (3,034,472)</u>	<u>\$ 25,652,971</u>

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

ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Enterprise Funds			Total
	County Water and Sewer Fund	Solid Waste Fund	Landfill Closure Fund	
Cash Flows from Operating Activities:				
Cash received from customers	\$ 4,117,204	\$ 2,244,053	\$ -	\$ 6,361,257
Cash paid for goods and services	(1,250,383)	(1,775,678)	(66,190)	(3,092,251)
Cash paid to employees for services	-	(499,365)	-	(499,365)
Net cash provided (used) by operating activities	<u>2,866,821</u>	<u>(30,990)</u>	<u>(66,190)</u>	<u>2,769,641</u>
Cash Flows from Non-Capital Financing Activities:				
Other non-operating revenues (expenses)	72,003	124,278	-	196,281
Change in due to/from other funds	21,731	-	-	21,731
Interfund transfer in (out), net	(1,185,192)	137,479	94,000	(953,713)
Net cash provided (used) by non-capital financing activities	<u>(1,091,458)</u>	<u>261,757</u>	<u>94,000</u>	<u>(735,701)</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(2,146,020)	(428,945)	-	(2,574,965)
Principal paid on bonds, notes payable, and leases	(862,925)	(13,369)	-	(876,294)
Issuance of long-term debt	-	5,904	-	5,904
Interest and fees paid on debt	(85,003)	(1,582)	-	(86,585)
Interfund transfer in (out), net	3,200	-	-	3,200
Capital contributions	6,298,327	-	-	6,298,327
Net cash provided (used) by capital and related financing activities	<u>3,207,579</u>	<u>(437,992)</u>	<u>-</u>	<u>2,769,587</u>
Cash Flows from Investing Activities:				
Interest on investments	236,403	-	1,270	237,673
Net increase (decrease) in cash and cash equivalents	5,219,345	(207,225)	29,080	5,041,200
Cash and Cash Equivalents:				
Beginning of year - July 1	<u>10,445,185</u>	<u>301,857</u>	<u>1,247,458</u>	<u>11,994,500</u>
End of year - June 30	<u>\$ 15,664,530</u>	<u>\$ 94,632</u>	<u>\$ 1,276,538</u>	<u>\$ 17,035,700</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 739,059	\$ (303,811)	\$ (358,350)	\$ 76,898
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	1,411,400	140,668	-	1,552,068
(Increase) decrease in accounts receivable	(183,813)	(32,449)	-	(216,262)
(Increase) decrease deferred outflows - pension	-	26,949	-	26,949
Increase (decrease) in net pension liability	-	1,405	-	1,405
Increase (decrease) deferred inflows - pension	-	2,965	-	2,965
Increase (decrease) in accounts payable	900,175	30,150	-	930,325
Increase (decrease) in accrued salaries	-	4,488	-	4,488
(Increase) decrease deferred outflows - OPEB	-	13,691	-	13,691
Increase (decrease) deferred inflows - OPEB	-	(25,276)	-	(25,276)
Increase (decrease) in other post-employment benefits	-	91,589	-	91,589
Increase (decrease) in landfill post-closure liability	-	-	292,160	292,160
Increase (decrease) in accrued vacation pay	-	18,641	-	18,641
Net cash provided (used) by operating activities	<u>\$ 2,866,821</u>	<u>\$ (30,990)</u>	<u>\$ (66,190)</u>	<u>\$ 2,769,641</u>

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

ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025

	<u>Custodial Funds</u>
Assets:	
Cash and cash equivalents	\$ 18,433
Taxes receivable for other governments, net	<u>32,696</u>
Total assets	<u>51,129</u>
Liabilities:	
Accounts payable	4,408
Due to other governments	<u>16,998</u>
Total liabilities	<u>21,406</u>
Net Position:	
Restricted for:	
Individuals, organizations, and other governments	<u>\$ 29,723</u>

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

ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Custodial Funds</u>
Additions:	
Property taxes collected for other governments	\$ 910,247
Collections on behalf of individuals/organizations	<u>206,389</u>
Total additions	<u>1,116,636</u>
Deductions:	
Property taxes distributed to other governments	903,782
Payments on behalf of individuals/organizations	<u>207,982</u>
Total deductions	<u>1,111,764</u>
Net increase (decrease) in fiduciary net position	4,872
Net position, beginning	<u>24,851</u>
Net position, ending	<u>\$ 29,723</u>

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

1. Summary of Significant Accounting Policies

The accounting policies of Alexander County (the “County”) and its discretely presented component unit conform to generally accepted accounting principles as they apply to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

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

Component Unit

Discretely Presented Component Unit

The Alexander County ABC Board (the “ABC Board”) was formed in 2020 and exists for the operation of the County’s ABC store. The members of the ABC Board’s governing board are appointed by the County. The ABC Board is required by state statute to distribute its surpluses to the General Fund of the County. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). The ABC Board issues separate financial statements, which may be obtained from General Manager James Pearson at 9469-A Hwy 127 North, Hickory, 28601 or by calling 828-598-0251.

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 (the County) and its component unit. 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.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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 of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

The County reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the County. It is used to account for all financial resources, except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, sales taxes, federal and state grants, and various other taxes and licenses. The primary expenditures are for general government, public safety, environmental protection, economic and physical development, human services, cultural and recreation, and education services.

American Rescue Plan Act Fund. The American Rescue Plan Act Fund is a Special Revenue Fund used to account for federal grant funds that are restricted for use for a particular purpose. This fund tracks the activities of that funding.

Opioid Settlement Fund. This fund reports revenues for amounts paid by a number of corporations to settle various opioid lawsuits. These amounts are restricted to be spent for certain opioid abatement and remediation activities.

Capital Improvements Fund. This capital project fund tracks the County's resources provided for school capital expenditures as well as receipt of school sales tax hold harmless funds.

The County reports the following major enterprise funds:

County Water and Sewer Fund – The County Water and Sewer Fund is used to account for the water and sewer operations for all areas of the County.

Solid Waste Fund – The Solid Waste Fund is used to account for the operations of the County's landfill, solid waste transfer station, and garbage disposal and recycling convenience centers.

Landfill Closure Fund – The Landfill Closure Fund is used to account for the closure and post-closure care costs of the County's landfill facility.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

The County has several enterprise fund capital project funds: Bethlehem Water Tank Project, 2021 American Rescue Plan Water Line Extension Project, Alexander Industrial Park Sewer Project, Three Forks Church Road Water Project, and Bowman Court Sewer Pump station Project funds are consolidated with the County Water and Sewer Fund for reporting purposes.

The County reports the following fiduciary fund types:

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

Nonmajor Special Revenue Funds. Special revenue funds are used to account for specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The County has the following nonmajor special revenue funds: Fire Districts Fund, Revaluation Fund, Emergency Telephone System Fund, America 250 NC Project, Paragon Films Rail Infrastructure Project, Soil & Water Streamflow Rehab Assistance Program (StRAP #2), 2022 State Appropriation Act Grant Fund, and 2021 CDBG Neighborhood Revitalization Program.

Nonmajor Capital Project Funds. Capital project funds are used to account for the acquisition and or construction of major governmental capital assets. The County has the following nonmajor capital project funds: Park Improvements Capital Project Fund, 16 West Main Avenue Downtown Revitalization Project Fund, and 2023 State Appropriation Act Grant Fund.

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

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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

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

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

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

The County considers all revenues available if they are collected within 60 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. These property taxes are due when vehicles are registered. Motor vehicle property tax revenues are applicable to the fiscal year in which they are received. Uncollected taxes that were billed by the County for periods prior to September 1, 2013, or those for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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, the special revenue funds (excluding the American Rescue Plan Act Fund, Soil & Water Streamflow Rehab Assistance Program (StRAP #2), 2022 State Appropriations Act – Directed Grants to Local Governments, Paragon Films Rail Infrastructure Project, and 2021 CDBG Neighborhood Revitalization Program, America 250 NC Project and Hancock & Moore Building Reuse Project), the Capital Improvements Fund, and the enterprise funds. All annual appropriations lapse at the fiscal year-end. A project ordinance is adopted for all capital project funds (excluding the Capital Improvements Fund), enterprise capital project funds, and those special revenue funds noted above.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds.

The Budget Officer is authorized by the budget ordinance to:

- Transfer amounts between line-item expenditures within a department without limitation and without a report being required. Transfers resulting in increases in recurring obligations such as salaries, are subject to approval by the County Manager.
- Transfer amounts up to \$15,000 between departments within the same fund, including contingency appropriations.

The Budget Officer may not transfer any amounts between funds except as approved by the Board of Commissioners in the Budget Ordinance as amended. During the year, several amendments to the original budget were necessary, the effects of which were not material. 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. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant areas where estimates are made are allowance for doubtful accounts and depreciation lives.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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

Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the County 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 mutual fund shares when the mutual fund is certified by the Local Government Commission. The North Carolina Capital Management Trust (NCCMT) Government Portfolio is a SEC-registered money market mutual fund that is currently certified by the Local Government Commission under the provisions of G.S. 159-30(c)(8) and the North Carolina Administrative Code. The Government Portfolio is a 2a-7 fund that invests in treasuries, government agencies, and repurchase agreements collateralized by treasuries. It is rated AAAm by S&P and AAAmf by Moody Investor Services and is reported at fair value.

Cash and Cash Equivalents

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Restricted Assets

Restricted assets in the General Fund consist of cash restricted for the purposes outlined below by external third parties or by law. For other governmental funds, money in the Revaluation Fund is classified as restricted because its use is restricted per North Carolina General Statute 153A-150. Monies in the American Rescue Plan Act, Opioid Settlement, America 250 NC Project Fund, and 2023 State Appropriation Act Grant Fund are restricted due to unspent proceeds, funds to be used for a specific purpose only.

<u>Restricted Cash</u>	<u>Purpose</u>	<u>Amount</u>	<u>Total</u>
Governmental Activities:			
<i>General Fund:</i>			
Public safety	Sheriff/substance abuse	\$ 234,150	
Human services	Adoption services	91,009	
Human services	Public Health services	452,437	
Human services	CSE Incentives	13,515	
Human services	DSS Child Welfare Funds	613,825	
Economic and physical development	Cooperative extension services	45,780	
General government	PEG Channel	97,054	
General government	Unspent grant proceeds	<u>47,662</u>	
Total General Fund			\$ 1,595,432
<i>Other governmental funds:</i>			
Revaluation Fund	Tax revaluation	\$ 549,988	
America 250 NC Fund	Unspent grant proceeds	5,000	
2023 State Appropriation Act Grant Fund	Unspent grant proceeds	594,042	
Opioid Settlement Fund	Unspent opioid settlement proceeds	<u>1,454,180</u>	
Total other governmental funds			<u>2,603,210</u>
Total governmental activities			<u>\$ 4,198,642</u>

Ad Valorem Taxes Receivable

In accordance with state law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2024.

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 ten years. The County has estimated the Opioid Settlement Fund receivables allowance for uncollectible accounts even in the absence of

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

historical data to serve as the basis of the calculation. The County believes this is prudent given the term over which these amounts are to be paid and the possibility that corporations party to the settlement may experience bankruptcy or going concern issues. The initial allowance estimate has been established as a flat 20% of the outstanding receivable balance.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used. Prepaid items for the County's governmental funds are treated using the consumption method.

Capital Assets

Purchased or constructed capital assets are recorded at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015, are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical value. The County has elected not to capitalize those interest costs, which are incurred during the construction period of capital assets.

Minimum capitalization costs are as follows: land, \$5,000; other improvements, \$5,000; equipment and vehicles, \$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's capital assets also include certain right to use assets. These right to use assets arise in association with agreements where the County reports a lease (only applies when the County is the lessee) or agreements where the County reports an Information Technology (IT) Subscription in accordance with the requirements of GASB 87 and GASB 96, respectively.

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

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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

<u>Asset</u>	<u>Estimated Useful Lives</u>
Buildings - new construction	40 years
Buildings - purchased	varies
Infrastructure	25 years
Other improvements	10-40 years
New vehicles	3-5 years
Equipment and used vehicles	3 years
Furniture and fixtures	3 years

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net 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 two items that meet the criteria - pension and OPEB deferrals.

In addition to liabilities, the Statement of Net Position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net assets that applies to a future period and so will not be recognized as revenue until then. The County has several items that meet the criteria for this category – prepaid taxes and pension and OPEB deferrals as presented on the Statement of Net Position and taxes receivable, prepaid taxes, unavailable revenues, and health department receivables additionally presented on the governmental balance sheet.

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 other financing source.

The County's long-term debt for the water and sewer and landfill is carried within the Enterprise Fund. The debt service requirements for the water and sewer debt are being met by water and sewer revenues.

Compensated Absences

The County recognizes a liability of compensated absences for leave time that has been earned for services previously rendered by employees, accumulates and is allowed to be carried over to subsequent years, and is more likely than not to be used as time off. Based on the criteria listed,

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

The vacation policy of the County provides for the accumulation of up to two hundred forty (240) hours earned vacation leave, with such leave being fully vested when earned. In the County's government-wide financial statements and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The County has assumed a FIFO method of using accumulated time for compensated absences. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide and proprietary fund statements.

The County's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. In the County's government-wide financial statements and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The County has assumed a FIFO method of using accumulated time for compensated absences. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide and proprietary fund statements.

Opioid Settlement Funds

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

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

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

The County received \$1,327,450 in previous years and \$504,094 during FY2025 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. \$181,777 has been spent in prior years and \$356,732 has been spent in the current fiscal year. 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.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Reimbursements for Pandemic-Related Expenditures

In FY 2020/21 the American Rescue Plan (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for eligible state, local, territorial, and tribal governments. The County was allocated \$7,283,353 of fiscal recovery funds to be paid in two equal installments. The first installment of \$3,641,677 was received in June 2021. The second installment was received in August 2022 for \$3,641,676. The County used the ARPA funds for revenue replacement purposes. The Board of Commissioners adopted a resolution to use up to \$163,815 of the ARPA funds to support a project to deploy broadband services to approximately 305 households and businesses in Alexander County. The broadband project was carried out by a retail provider of communications services with a grant from the Growing Rural Economies with Access to Technology Act (GREAT Act). During fiscal years 2023 and 2024, the County's expenditures of \$92,585 in the ARPA special revenue fund were for the broadband project. The County also used a portion of the ARPA funds for engineering expenses for a water capital project to extend water lines to unserved areas and provide networking of the existing water system for water quality and quantity purposes. During fiscal years 2022 through 2024, the County spent \$233,380 for the water capital project and has transferred that amount to the ARPA Water Capital Project Fund. The County used the rest of the ARPA funds for revenue replacement concerning salaries. Revenue replacement funds and related interest income, totaling \$7,013,384 were transferred to the General Fund during fiscal year 2025 for reimbursement of salaries and benefits expenditures of fiscal year 2022.

Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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

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 non-spendable. Outstanding encumbrances are included within RSS. RSS is included as a component of restricted net position and restricted fund balance on the face of the balance sheet.

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

Restricted for General Government – portion of fund balance restricted by revenue source for general government purposes.

Restricted for Education – portion of fund balance restricted by revenue source for school debt service and school capital outlay.

Restricted for Human Services – portion of fund balance restricted by revenue source for Human Services related activities such as DSS Adoption Enhancement funds – state, CSE Incentive – state, DSS representative payee, DSS Child Welfare Funds, and Public Health services.

Restricted for Economic and Physical Development – portion of fund balance restricted by revenue source for economic and physical development purposes.

Restricted for Public Safety – portion of fund balance restricted by revenue source for public safety related activities such as Sheriff (\$140,374 federal shared assets and \$93,776 state unauthorized substance in the General Fund) and fire protection (\$78,529) and Emergency Telephone System Fund (\$395,992) in the Special Revenue Funds. \$1,449,376 is restricted in the Opioid Settlement Fund for public safety purposes. \$958,401 is restricted in the Capital Project Funds for public safety purposes.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Restricted fund balance at June 30, 2025, is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Opioid Settlement Fund</u>	<u>Capital Improvements Fund</u>	<u>Other Governmental Funds</u>
Restricted, All Other:				
Register of Deeds	\$ 19,370	\$ -	\$ -	\$ -
General government	97,054	-	-	-
Education	-	-	3,474,000	-
Human services	1,176,031	-	-	-
Economic and physical development	45,780	-	-	-
Public safety	-	1,449,376	-	1,432,922
Public safety - Federal Shared Asset program	140,374	-	-	-
Public safety - state unauthorized substance	93,776	-	-	-
Total	<u>\$ 1,572,385</u>	<u>\$ 1,449,376</u>	<u>\$ 3,474,000</u>	<u>\$ 1,432,922</u>

Restricted fund balance on Exhibit C differs from restricted net position on Exhibit A due to restricted for Register of Deeds pension plan of \$32,909.

Committed Fund Balance. This classification represents the portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Alexander County’s governing body (highest level of decision-making authority, Board of Commissioners). The Board of Commissioners can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (adoption of another ordinance) to remove or reverse the limitation.

Committed for General Government – portion of fund balance committed by revenue source for general government purposes.

Committed for Tax Revaluation – portion of fund balance budgeted by the Board to be used for tax revaluation.

Committed for Future Capital Projects – portion of fund balance budgeted by the Board to be used for various future capital projects.

Committed for Economic and Physical Development– portion of fund balance budgeted by the Board to be used for economic and physical development.

Committed for Cultural and Recreation– portion of fund balance budgeted by the Board to be used for cultural and recreation.

ALEXANDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Committed fund balance at June 30, 2025, is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Other Governmental Funds</u>
General government	\$ 500,000	\$ -	\$ 23,508
Tax revaluation	-	-	548,764
Future capital projects	-	7,168,312	-
Culture and Recreation	-	-	85,405
Economic and physical development	-	-	9,519
Total	<u>\$ 500,000</u>	<u>\$ 7,168,312</u>	<u>\$ 667,196</u>

Assigned Fund Balance. Assigned fund balance is the portion of fund balance that Alexander County intends to use for specific purposes. The County’s governing body has the authority to assign fund balance.

Subsequent Year’s Expenditures – portion of fund balance that is appropriated in the next year’s budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the Budget Officer to modify appropriations up to \$25,000 between departments within the same fund.

<u>Purpose</u>	<u>General Fund</u>
Subsequent year's expenditures	<u>\$ 4,809,243</u>

Unassigned Fund Balance. Unassigned fund balance represents the portion of fund balance that has not been assigned to another fund or is not restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, 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.

Alexander 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: debt proceeds, federal funds, state funds, local non-County funds, and County funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the County or when required by grant or other contractual agreements.

The County has not officially adopted a minimum fund balance policy.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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

Total fund balance - General Fund	\$ 31,046,430
Less:	
Prepays	(41,437)
Stabilization by state statute	<u>(4,477,946)</u>
Fund balance available for appropriation	<u>\$ 26,527,047</u>

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

2. Stewardship, Compliance, and Accountability

Deficit Fund Balance of Individual Funds not Appropriated in Subsequent Year's Budget Ordinance

At June 30, 2025, the County had a deficit fund balance in the Soil and Water Streamflow Rehab Assistance Program Fund of \$32,563. The deficit is temporary and is the result of timing of when the County will receive the reimbursement from the NCDACS for grant monies received and fiscal year end. Management concurs and expects the deficit to resolve itself in the following fiscal year.

3. Detail Notes on All Funds

A. Assets

Deposits

All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's agent in its name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

the State Treasurer is acting in a fiduciary capacity for the County, these deposits are held by the County's agent in the entity's name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or with 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.

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

At June 30, 2025, the County's deposits had a carrying amount of \$1,452,325 and a bank balance of \$1,452,753. Of the bank balance, \$250,000 was covered by federal depository insurance and \$1,202,753 was covered by collateral held under the Pooling Method. Cash on hand was \$4,930 at June 30, 2025.

Investments

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

Investment Type	Valuation Measurement Method	Fair Value	Less Than	6-12	1 - 3
			6 Months	Months	Years
US Treasuries	Level 1	\$ 5,368,025	\$ 813,798	\$ 512,824	\$ 4,041,403
N.C. Capital Management Trust - Government Portfolio	Fair Value - Level 1	366,862	366,862	-	-
N.C. Capital Management Trust - Government Portfolio	Fair Value - Level 1	54,480,174	54,480,174	-	-
Total investments		<u>\$ 60,215,061</u>	<u>\$ 55,660,834</u>	<u>\$ 512,824</u>	<u>\$ 4,041,403</u>

Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

All investments of the County 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.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Interest Rate Risk. The County has not adopted a formal investment policy addressing interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County’s internal investment policy limits at least half of the County’s investment portfolio to maturities of less than 12 months. Also, the County’s internal management policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than three years.

Credit Risk. The County has no formal policy regarding credit risk but limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The County’s investments in the N.C. Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor’s and AAA-mf by Moody’s Investor Services as of June 30, 2025. The County’s investments in US Treasuries are rated AA+ by Standard and Poor’s and Aa1 by Moody’s Investor Services.

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-valuation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 2,216,125	\$ 576,193	\$ 2,792,318
2023	1,993,374	338,874	2,332,248
2024	1,959,163	156,733	2,115,896
2025	<u>2,029,557</u>	<u>-</u>	<u>2,029,557</u>
Total	<u>\$ 8,198,219</u>	<u>\$ 1,071,800</u>	<u>\$ 9,270,019</u>

ALEXANDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Receivables

Receivables at the government-wide level (Exhibit A) at June 30, 2025 were as follows:

	<u>Accounts Receivable</u>	<u>Taxes Receivable</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental Activities:				
General	\$ 1,472,163	\$ 1,652,029	\$ 5,391,383	\$ 8,515,575
Opioid Settlement Fund	4,326,408	-	-	4,326,408
Other governmental	-	120,360	125,279	245,639
Total receivables	5,798,571	1,772,389	5,516,662	13,087,622
Allowance for doubtful accounts	(1,126,370)	(316,000)	-	(1,442,370)
Total governmental activities	<u>\$ 4,672,201</u>	<u>\$ 1,456,389</u>	<u>\$ 5,516,662</u>	<u>\$ 11,645,252</u>
Business-Type Activities:				
County Water and Sewer	\$ 706,613	\$ -	\$ -	\$ 706,613
Solid Waste	167,106	-	-	167,106
Total receivables	873,719	-	-	873,719
Allowance for doubtful accounts	(178)	-	-	(178)
Total business-type activities	<u>\$ 873,541</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 873,541</u>

Due from other governments consisted of the following:

Local option sales tax	\$ 3,606,823
DHHS revenues	711,963
Sales tax refund	296,456
Motor vehicle taxes	266,590
Medicaid hold harmless	207,538
Grants receivable	230,262
Other	197,030
Total	<u>\$ 5,516,662</u>

At June 30, 2025, property taxes for other governments in the custodial fund is net of an allowance for doubtful account of \$37,558.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Capital Assets

A summary of changes in the County's governmental capital assets is as follows:

	<u>July 1, 2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2025</u>
Governmental Activities:					
Non-Depreciable Assets:					
Land	\$ 6,007,959	\$ -	\$ -	\$ -	\$ 6,007,959
Construction in progress	741,501	2,462,485	-	(2,194,331)	1,009,655
Total non-depreciable assets	<u>6,749,460</u>	<u>2,462,485</u>	<u>-</u>	<u>(2,194,331)</u>	<u>7,017,614</u>
Depreciable Assets:					
Buildings	23,225,962	385,518	(24,000)	1,374,173	24,961,653
Other improvements	1,875,855	-	(77,520)	561,338	2,359,673
Equipment and machinery	5,594,670	358,352	(24,848)	258,820	6,186,994
Vehicles	5,492,197	914,174	(82,419)	-	6,323,952
Furniture and fixtures	183,318	-	-	-	183,318
Subscription assets	850,891	518,431	(428,690)	-	940,632
Right-to-use lease land	28,524	-	-	-	28,524
Right-to-use lease equipment	8,972	-	-	-	8,972
Right-to-use lease buildings	117,994	-	(117,994)	-	-
Total depreciable assets	<u>37,378,383</u>	<u>2,176,475</u>	<u>(755,471)</u>	<u>2,194,331</u>	<u>40,993,718</u>
Total assets	<u>44,127,843</u>	<u>4,638,960</u>	<u>(755,471)</u>	<u>-</u>	<u>48,011,332</u>
Less Accumulated Depreciation and Amortization:					
Buildings	(11,426,889)	(829,157)	22,500	-	(12,233,546)
Other improvements	(524,208)	(81,473)	77,520	-	(528,161)
Equipment and machinery	(4,981,694)	(365,114)	24,848	-	(5,321,960)
Vehicles	(4,237,913)	(621,715)	82,419	-	(4,777,209)
Furniture and fixtures	(130,454)	(26,432)	-	-	(156,886)
Subscription assets	(529,443)	(300,066)	428,690	-	(400,819)
Right-to-use lease land	(10,934)	(5,705)	-	-	(16,639)
Right-to-use lease equipment	(4,610)	(1,794)	-	-	(6,404)
Right-to-use lease buildings	(76,280)	(14,498)	90,778	-	-
Total accumulated depreciation and amortization	<u>(21,922,425)</u>	<u>(2,245,954)</u>	<u>726,755</u>	<u>-</u>	<u>(23,441,624)</u>
Capital assets, net	<u>\$ 22,205,418</u>				<u>\$ 24,569,708</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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

Governmental Activities:

General government	\$	777,196
Public safety		942,187
Environmental protection		20,763
Human services		206,441
Cultural and recreation		109,026
Education		<u>190,341</u>
Total	\$	<u><u>2,245,954</u></u>

Proprietary Capital Assets

The capital assets of the proprietary funds at June 30, 2025 are as follows:

	<u>July 1, 2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2025</u>
Business-Type Activities:				
County Water and Sewer Fund:				
Non-Depreciable Assets:				
Land	\$ 116,500	\$ 22,000	\$ -	\$ 138,500
Construction in progress	<u>294,160</u>	<u>2,124,020</u>	<u>-</u>	<u>2,418,180</u>
Total non-depreciable assets	<u>410,660</u>	<u>2,146,020</u>	<u>-</u>	<u>2,556,680</u>
Depreciable Assets:				
Infrastructure	38,476,081	-	-	38,476,081
Equipment and machinery	<u>8,500</u>	<u>-</u>	<u>-</u>	<u>8,500</u>
Total depreciable assets	<u>38,484,581</u>	<u>-</u>	<u>-</u>	<u>38,484,581</u>
 Total assets	 <u>38,895,241</u>	 <u>2,146,020</u>	 <u>-</u>	 <u>41,041,261</u>
Less Accumulated Depreciation:				
Infrastructure	(16,846,069)	(1,411,400)	-	(18,257,469)
Equipment and machinery	<u>(8,500)</u>	<u>-</u>	<u>-</u>	<u>(8,500)</u>
Total accumulated depreciation	<u>(16,854,569)</u>	<u>(1,411,400)</u>	<u>-</u>	<u>(18,265,969)</u>
County Water and Sewer capital assets, net	<u>22,040,672</u>			<u>22,775,292</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

	<u>July 1, 2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2025</u>
Business-Type Activities (cont):				
Solid Waste Fund:				
Non-Depreciable Assets:				
Land	\$ 240,573	\$ -	\$ -	\$ 240,573
Land improvements	180,446	-	-	180,446
Total non-depreciable assets	421,019	-	-	421,019
Depreciable Assets:				
Buildings	651,404	-	-	651,404
Other improvements	263,584	-	-	263,584
Infrastructure	217,411	-	-	217,411
Vehicles	352,494	409,045	-	761,539
Equipment and machinery	657,411	13,996	(6,939)	664,468
Right-to-use lease land	76,536	5,904	-	82,440
Total depreciable assets	2,218,840	428,945	(6,939)	2,640,846
Total assets	2,639,859	428,945	(6,939)	3,061,865
Less Accumulated Depreciation and Amortization:				
Buildings	(436,659)	(16,007)	-	(452,666)
Other improvements	(28,555)	(13,179)	-	(41,734)
Infrastructure	(216,847)	(34)	-	(216,881)
Vehicles	(352,494)	(54,539)	-	(407,033)
Equipment and machinery	(567,975)	(44,646)	6,939	(605,682)
Right-to-use lease land	(14,978)	(12,263)	-	(27,241)
Total accumulated depreciation and amortization	(1,617,508)	(140,668)	6,939	(1,751,237)
Solid Waste capital assets, net	1,022,351			1,310,628
Total business-type activities capital assets, net	\$ 23,063,023			\$ 24,085,920

The County contracts with the City of Hickory to provide billing and collection services, as well as maintenance on the water and sewer lines for the County Water and Sewer Fund. Total service fees paid for the year ended June 30, 2024, were \$2,109,013.

ALEXANDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Construction Commitments

The County has active construction projects at June 30, 2025. The County’s commitments with contractors are listed as follows for the following projects:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Bowman Court Sewer Pump Station Project	\$ 562,507	\$ 1,719,698
EMS Station 1 Building Project	507,300	925,261
Three Forks Church Rd Waterline Project	143,900	203,100
Bethlehem Water Tank Project	847,074	4,258,428
American Rescue Plan Water Capital Project	800,884	3,792,250
16 W. Main Ave Downtown Revitalization Project	394,916	300,833
Industrial Park Sewer Project	-	365,727
Total	<u>\$ 3,256,581</u>	<u>\$ 11,565,297</u>

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2025 is composed of the following elements:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets	\$ 24,569,708	\$ 24,085,920
Long-term debt	(1,137,779)	(10,021,274)
Net investment in capital assets	<u>\$ 23,431,929</u>	<u>\$ 14,064,646</u>

ALEXANDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

B. Liabilities

Payables

Payables at the government-wide level (Exhibit A) at June 30, 2025 were as follows:

	Vendors	Salaries and Benefits	Total
Governmental Activities:			
General	\$ 1,033,741	\$ 913,269	\$ 1,947,010
Capital Improvements Fund	988,142	-	988,142
Other governmental	757,499	-	757,499
Total governmental activities	\$ 2,779,382	\$ 913,269	\$ 3,692,651
Business-Type Activities:			
County Water and Sewer	\$ 951,884	\$ -	\$ 951,884
Solid Waste	105,178	11,710	116,888
Landfill closure	3,600	-	3,600
Total business-type activities	\$ 1,060,662	\$ 11,710	\$ 1,072,372

Pension Plan and Other Post-Employment Obligations

Local Governmental Employees' Retirement System

Plan Description. The County is a participating employer in the state-wide 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, firefighters and rescue squad workers. 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 (ACFR) for the state of North Carolina. The state's ACFR 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, disability 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. General employee plan members are eligible to retire with unreduced retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

age with 30 years of creditable service. General employee plan members are eligible to retire with reduced 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 and rescue squad workers). Disabled members may qualify for disability benefits at earlier ages. Survivor benefits are available to eligible beneficiaries of general employee plan 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 workers 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 in lieu of the return of the member's contributions that is generally available to beneficiaries of deceased members. The plan does not provide for automatic post-retirement benefit increases. Cost of living benefit increases are contingent upon investment gains of the plan at the discretion of the LGERS Board of Trustees, except as authorized by the General Assembly.

LGERS plan members who are LEOs are eligible to retire with unreduced 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 reduced retirement benefits at age 50 with 15 years of creditable service as an officer. LEOs who complete 25 years of creditable service with 15 years as an officer are eligible to retire with reduced retirement benefits. 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 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 in lieu of the return of the member's contributions that is generally available to beneficiaries of deceased members.

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 15.04% of compensation for law enforcement officers and 13.64% 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 \$2,671,834 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 include interest (currently 4% per year) regardless of the number of years of retirement service credit or for the reason for separation from service. 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.

ALEXANDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
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 liability of \$14,017,204 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 0.20793% (measured as of June 30, 2024), which was an decrease of 0.00265% from its proportion as of June 30, 2024 (measured as of June 30, 2023).

For the year ended June 30, 2025, the County recognized pension expense of \$4,237,794. At June 30, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,456,345	\$ 16,515
Net difference between projected and actual earnings on pension plan investments	1,905,631	-
Changes in proportion and differences between County contributions and proportionate share of contributions	371,673	337,790
County contributions subsequent to the measurement date	2,671,834	-
Total	\$ 7,405,483	\$ 354,305

\$2,671,834 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2026	\$ 1,364,993
2027	2,847,583
2028	382,239
2029	(215,471)
Total	\$ 4,379,344

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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	2.5 percent
Salary increase	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.5 percent, net of pension plan investment expense, including inflation

The plan actuary 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. public plan population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions and methods used in the December 31, 2023 actuarial valuation were based on the results of an actuarial experience study prepared as of December 31, 2019 and adopted by the Board of Trustees on January 28, 2021.

Future and ad hoc cost of living adjustment 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%
Opportunistic fixed income	7.0%	5.3%
Inflation sensitive	6.0%	4.3%
Total	<u>100.0%</u>	

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

The information above is based on 30-year expectations developed with an investment consulting firm. The long-term nominal rates of return underlying the real rates of return are arithmetic annual figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.38%. Return projections do not include any excess return expectations over benchmark averages for public markets. All rates of return and inflation are annual amounts.

Discount Rate. The discount rate used to measure the total pension liability was 6.50%. This discount rate is in line with the long-term nominal expected return on pension plan investments. The calculation of the net pension liability is a present value calculation of the future net pension payments. These net pension payments assume that contributions from plan members will be made at the current statutory contribution rate and that contributions from employers will be made at the contractually required rates, actuarially determined. Based on those 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 benefits payments to determine the total pension liability.

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

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
County's proportionate share of the net pension liability (asset)	\$ 24,838,896	\$ 14,017,204	\$ 5,114,874

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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

Retirees receiving benefits	6
Active plan members	<u>46</u>
Total	<u><u>52</u></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 criteria which are outlined in GASB 73.

Actuarial Assumptions

The entry age normal 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 to 7.75 percent, including inflation and productivity factor per annum
Discount rate	4.28 percent per annum, compounded annually

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

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five-year period ended December 31, 2019.

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

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

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

ALEXANDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

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

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

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

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 \$57,809 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 \$1,195,118. 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 the measurement date of December 31, 2024, utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2025, the County recognized pension expense of \$148,370.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 134,460	\$ 178,580
Changes of assumptions	59,120	125,281
County benefit payments and plan administrative expense made subsequent to the measurement date	30,900	-
Total	\$ 224,480	\$ 303,861

ALEXANDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

The County paid \$30,900 in benefit payments 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 ending June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2026	\$ 3,103
2027	(38,329)
2028	(21,448)
2029	(24,664)
2030	(28,943)
Total	<u>\$ (110,281)</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%)	Current Discount Rate (4.28%)	1% Increase (5.28%)
Total pension liability	<u>\$ 1,299,729</u>	<u>\$ 1,195,118</u>	<u>\$ 1,101,661</u>

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

	2025
Beginning balance	\$ 1,372,851
Service cost	71,256
Interest on the total pension liability	53,758
Difference between expected and actual experience in the measurement of the total pension liability	(216,820)
Changes of assumptions or other inputs	(28,118)
Benefit payments	<u>(57,809)</u>
Ending balance of the total pension liability	<u>\$ 1,195,118</u>

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 4.00% at December 31, 2023, to 4.28% at December 31, 2024 (measurement date).

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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.

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 (ACFR) for the state of North Carolina. The state’s ACFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to 5% of each officer’s salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. The County contributed \$125,585 for the reporting year. No amounts were forfeited.

Register of Deeds’ Supplemental Pension Fund

Plan Description. The County also contributes to the Registers of Deeds’ Supplemental Pension Fund (RODSPF), a non-contributory, cost-sharing multiple-employer defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Governmental Employees’ Retirement System (LGERS) or an equivalent locally sponsored plan and has met the statutory eligibility requirements. 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 (ACFR) for the state of North Carolina. The state’s ACFR 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.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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. The plan does not provide for automatic post-retirement benefit increases.

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 \$2,588 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 an asset of \$32,909 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, the County’s proportion was 0.28559% (measured as of June 30, 2024), which was an decrease of 0.00832% from its proportion as of June 30, 2024 (measured as of June 30, 2023).

For the year ended June 30, 2025, the County recognized pension expense of \$6,053. At June 30, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 723	\$ 588
Net difference between projected and actual earnings on pension plan investments	12,709	-
Changes in proportion and differences between County contributions and proportionate share of contributions	976	450
County contributions subsequent to the measurement date	2,588	-
Total	\$ 16,996	\$ 1,038

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

\$2,588 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 ending June 30, 2026. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Amount</u>
2026	\$ 6,206
2027	5,963
2028	1,154
2029	47
Total	<u>\$ 13,370</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	2.50 percent
Salary increase	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	3.00 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, 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. public plan population. The mortality rates also contain a provision to reflect future mortality improvements.

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

Future and ad hoc cost of living adjustment 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 returns 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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 99.8% 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 2.4%.

The information above is based on 30-year expectations developed with an investment consulting firm. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.38%. Return projections do not include any excess return expectations over benchmark averages for public markets. All rates of return and inflation are annual amounts.

Discount Rate. The discount rate used to measure the total pension liability was 3.00%. This discount rate is in line with the long-term nominal expected return on pension plan investments. The calculation of the net pension asset is a present value calculation of the future net pension payments. These net pension payments assume that contributions from plan members will be made at the current statutory contribution rate and that contributions from employers will be made at the contractually required rates, actuarially determined. Based on those 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 benefits payments to determine the total pension liability.

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

	1% Decrease (2.00%)	Current Discount Rate (3.00%)	1% Increase (4.00%)
County's proportionate share of the net pension liability (asset)	\$ (21,805)	\$ (32,909)	\$ (42,262)

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.

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

The net pension liability (asset) for LGERS and ROD was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2023. The total pension liability for LEOSSA was

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

measured as of December 31, 2024, with an actuarial valuation date of December 31, 2023. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities.

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

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate share of net pension liability (asset)	\$ 14,017,204	\$ (32,909)	n/a	\$ 13,984,295
Proportion of the net pension liability (asset)	0.20793%	0.28559%	n/a	-
Total pension liability	\$ -	\$ -	\$ 1,195,118	\$ 1,195,118
Pension expense	\$ 4,237,794	\$ 6,053	\$ 148,370	\$ 4,392,217

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>				
Pensions - difference between expected and actual experience	\$ 2,456,345	\$ 723	\$ 134,460	\$ 2,591,528
Pensions - difference between projected and actual investment earnings	1,905,631	12,709	-	1,918,340
Changes of assumptions	-	-	59,120	59,120
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	371,673	976	-	372,649
County contributions (LGERS, ROD) and benefit payments and administration costs (LEOSSA) subsequent to the measurement date	<u>2,671,834</u>	<u>2,588</u>	<u>30,900</u>	<u>2,705,322</u>
Total	<u>\$ 7,405,483</u>	<u>\$ 16,996</u>	<u>\$ 224,480</u>	<u>\$ 7,646,959</u>

<u>Deferred Inflows of Resources:</u>				
Pensions - difference between expected and actual experience	\$ 16,515	\$ 588	\$ 178,580	\$ 195,683
Changes of assumptions	-	-	125,281	125,281
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	<u>337,790</u>	<u>450</u>	<u>-</u>	<u>338,240</u>
Total	<u>\$ 354,305</u>	<u>\$ 1,038</u>	<u>\$ 303,861</u>	<u>\$ 659,204</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Other Post-Employment Benefits

Plan Description. The County (by local policy) provides post-employment medical insurance benefits to retirees of the County through a single employer defined benefit plan, provided they retire through the North Carolina Local Governmental Employees' Retirement System (LGERS) and meet the following requirements.

Benefits Provided. Employees who have at least fifteen (15) years of consecutive service with Alexander County, were hired before July 1, 2008, retire under the North Carolina Local Governmental Employees' Retirement System (NCLGERS), and are actively employed with the County at the time of retirement are eligible to participate in the County's retiree health care benefits plan upon retirement.

Employees who have at least thirty (30) years of consecutive service with Alexander County, were hired on and after July 1, 2008, but before July 1, 2009, retire under the North Carolina Local Governmental Employees' Retirement System (NCLGERS), and are actively employed with the County at the time of retirement are eligible to participate in the County's retiree health care benefits plan upon retirement.

Employees hired on or after July 1, 2009, are not eligible to participate in the County's retiree health care benefits plan upon retirement.

Contributions. The County will contribute to the cost of retiree insurance premiums based on the years of service with Alexander County at retirement using the following schedule:

<u>Date of Hire with County</u>	<u>Years of County Service at Retirement</u>	<u>County Contribution</u>
On or After July 1, 2009	Any	Not eligible
July 1, 2008 to June 30, 2009	30 or more	100%
July 1, 2008 to June 30, 2009	Less than 30	Not eligible
Before July 1, 2008	20 or more	100%*
Before July 1, 2008	15 – 19	0%
Before July 1, 2008	Less than 15	Not eligible

*For qualified retirees who occupy a part-time with benefits position (50% or greater) and are paying a pro-rated share of insurance at retirement, the retiree will continue to pay the pro-rated share.

Qualified retirees (those receiving 100% County contribution in the table above) will be provided with Medicare Supplement insurance upon Medicare eligibility age. Healthcare and prescription drugs are provided in the County's retiree healthcare plan. Dependents are offered COBRA coverage for 18 months after retirement, and the coverage must be paid in full by the retiree. COBRA benefits were deemed to be de minimis and were not valued.

A separate report was not issued for the Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Medical insurance coverage will only be extended to qualified retirees until they become eligible for Medicare. For participants in the non-reduced retiree health benefits plan: when the qualified retiree becomes eligible for Medicare, the County will provide retiree health benefits by supplemental medical insurance only. For participants in the reduced retiree health benefits plan: when the qualified retiree becomes eligible for Medicare, participation in the County’s group health plan will cease. The County Commissioners may amend the benefit provisions. The County has chosen to fund the benefits on a pay-as-you-go basis.

Membership of the Plan consisted of the following at June 30, 2024, the date of the latest actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefit payments	66
Active plan members	<u>66</u>
Total	<u><u>132</u></u>

Total OPEB Liability

The County’s total OPEB liability of \$19,526,610 was measured as of June 30, 2024 and was determined by an actuarial valuation as of June 30, 2024.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Real wage growth	0.75 percent
Wage inflation	3.25 percent
Salary increases, including wage inflation	
General employees	3.25 to 8.41 percent
Firefighters	3.25 to 8.15 percent
Law enforcement officers	3.25 to 7.90 percent
Municipal bond index rate	
Prior measurement date	3.65 percent
Measurement date	3.93 percent
Health Care Cost Trends	
Pre-Medicare medical and prescription drug	7.00 percent for 2024 decreasing to an ultimate rate of 4.50% by 2034
Medicare medical and prescription drug	5.125 percent for 2024 decreasing to an ultimate rate of 4.50% by 2027

ALEXANDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2023	\$ 20,899,768
Changes for the year:	
Service cost	325,494
Interest	764,113
Differences between expected and actual experience	(1,513,047)
Changes of assumptions or other inputs	(363,142)
Benefit payments	<u>(586,576)</u>
Net changes	<u>(1,373,158)</u>
Balance at June 30, 2024	<u>\$ 19,526,610</u>

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.65% to 3.93%.

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

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019, adopted by the LGERS Board.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2024 valuation were based on a review of recent plan experience performed concurrently with the June 30, 2024, valuation.

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

	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
Total OPEB liability	<u>\$ 22,676,945</u>	<u>\$ 19,526,610</u>	<u>\$ 17,008,355</u>

ALEXANDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the County, as well as what the County’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current	1% Increase
Total OPEB liability	\$ 16,903,299	\$ 19,526,610	\$ 22,803,525

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

For the year ended June 30, 2025, the County recognized OPEB expense of \$(1,322,125). At June 30, 2025, the County reported deferred outflows 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	\$ 176	\$ 1,434,818
Changes of assumptions	31,707	1,036,093
Benefit payments and plan administrative expense made subsequent to the measurement date	456,026	-
Total	\$ 487,909	\$ 2,470,911

\$456,026 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date and an estimated implicit subsidy credit, will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2026. Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Total
2026	\$ (1,828,771)
2027	(610,257)
Total	\$ (2,439,028)

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, state-administered, cost-sharing plan funded on a one-year 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 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 but will not exceed \$50,000. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the state. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

The County provides life insurance in the amount of \$12,500 to all full-time and eligible part-time employees. Internal Revenue Service (IRS) regulations dictate that the cost of group-term life insurance provided to an employee by his employer for coverage that exceeds \$50,000 is taxable to the employee as a fringe benefit.

Closure and Post-Closure Care Costs – Landfill Facility

Federal and state laws and regulations require the County to place a final cover on its current operating cell at the landfill facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. The County also has a closed cell at the landfill facility for which the entire amount of the closure and post-closure costs has been recognized as the cell capacity was used. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$4,307,410 reported as landfill closure and post-closure care liability at June 30, 2025, represents a cumulative amount reported to date based on the use of 66% of the total estimated capacity of the construction and demolition operating cell of the landfill. The County will recognize the remaining estimated cost of closure and post-closure care of \$2,218,967 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2025. The County closed the material solid waste operating cell at the landfill facility in fiscal year 1998 and expects to close the construction and demolition operating cell in 2033. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

The County has met the requirements of a local government financial test that is one option under federal and state laws and regulations that help determine if a unit is financially able to meet closure and post-closure care requirements. However, the County has elected to establish a Landfill Closure Fund, a proprietary fund type, to accumulate resources for the payment of closure and post-closure care costs. A transfer of \$94,000 was made to the Landfill Closure Fund during the fiscal year ended June 30, 2025. The Landfill Closure Fund has \$1,276,538 in cash at June 30, 2025.

The County expects that future inflation costs will be paid from the interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or by future tax revenues.

Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience (pensions, OPEB)	\$ 2,591,704	\$ 1,630,501
Changes of assumptions (pensions, OPEB)	90,827	1,161,374
Net difference between projected and actual earnings on pension plan investments (pensions)	1,918,340	-
Changes in proportion and differences between County contributions and proportionate share of contributions (pensions)	372,649	338,240
Benefit payments for the OPEB plan paid subsequent to the measurement date	456,026	-
Benefit payments/administration costs paid subsequent to the measurement date (LEOSSA)	30,900	-
County contributions subsequent to the measurement date (LGERS & ROD)	2,674,422	-
Taxes receivable, net (General Fund and Special Revenue Fund)	-	1,456,389
Unavailable revenues (Governmental Activities)	-	4,871,864
Health department receivables, net (General Fund)	-	43,119
Prepaid taxes (General Fund)	-	50,435
Total	\$ 8,134,868	\$ 9,551,922

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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 obtains workers' compensation and employer liability insurance through Key Risk Insurance Company with workers' compensation coverage up to the statutory limits and employer liability coverage subject to a limit of \$1,000,000. The County obtains property coverage through Arch Insurance Company and Ascot Insurance Company equal to replacement cost values of owned property subject to a limit of \$62 million for any one occurrence; general, auto, public officials, law enforcement, and employment practices liability coverage of \$1 million per occurrence; auto physical damage coverage for owned autos at actual cash value (ambulances at replacement cost); and crime coverage of \$250,000 per occurrence. The County obtains medical and dental insurance for employees through BlueCross BlueShield of NC and Delta Dental, respectively. The County uses a third-party administrator to manage the group medical and dental insurance plans.

The County participates in the National Flood Insurance Program (NFIP) with Flood Insurance Rate Maps that designate two County-owned properties as having a one-percent annual chance of a 100-year flood in any given year. For the Law Enforcement and Detention Center, the County carries a NFIP policy through Auto-Owners Insurance with a \$500,000 limit and a \$5,000 deductible. For all other properties, the County has not secured flood insurance through the NFIP but carries flood insurance with a \$1,000,000 limit and a \$50,000 deductible through the County's property insurance carrier.

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

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 covered by a blanket faithful performance bond for \$250,000. The Finance Director is individually bonded for \$1,000,000 and the Tax Administrator/Assessor is individually bonded for \$100,000. The Sheriff and Register of Deeds are bonded for \$25,000 and \$10,000, respectively. The remaining employees that have access to funds and the County positions named above are also covered by the \$250,000 blanket bond.

Contingent Liabilities

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Long-Term Obligations

Leases

The County has entered into agreements to lease certain buildings, equipment, and land. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

Governmental Funds:

As of June 30, 2025, Alexander County, had four active leases. The leases have payments that range from \$1,874 to \$6,000 and interest rates that range from 1.0110% to 2.5360%. As of June 30, 2025, the total combined value of the lease liability is \$14,301 and the total combined value of the short-term lease liability is \$7,551. The combined value of the right to use asset, as of June 30, 2025 of \$37,496 with accumulated amortization of \$23,043 is included in the County's capital assets.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2025, were as follows:

Governmental Funds:

Year Ending	Principal	Interest	Total
<u>June 30</u>			
2026	\$ 7,551	\$ 322	\$ 7,873
2027	<u>6,750</u>	<u>150</u>	<u>6,900</u>
Total governmental funds	<u>\$ 14,301</u>	<u>\$ 472</u>	<u>\$ 14,773</u>

Proprietary Funds:

Solid Waste Fund:

As of June 30, 2025, Alexander County, had five active leases. The leases have payments that range from \$1,700 to \$4,800 and interest rates that range from 1.3350% to 2.9600%. As of June 30, 2025, the total combined value of the lease liability is \$50,776 and the total combined value of the short-term lease liability is \$13,590. The combined value of the right to use asset as of June 30, 2025 of \$82,440 with accumulated amortization of \$27,241 is included in the County's capital assets.

ALEXANDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2025, were as follows:

Business-Type Activities:

Proprietary Funds:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 13,590	\$ 1,360	\$ 14,950
2027	7,488	1,062	8,550
2028	7,690	860	8,550
2029	4,149	651	4,800
2030	4,271	529	4,800
2031-2033	<u>13,588</u>	<u>812</u>	<u>14,400</u>
Total proprietary funds	<u>\$ 50,776</u>	<u>\$ 5,274</u>	<u>\$ 56,050</u>

Subscriptions

The County has entered into subscription-based agreements qualifying as other than short-term agreements under GASB96 and, therefore, have been recorded at the present value of the future minimum subscription payments as of the date of their inception.

Governmental Funds:

As of June 30, 2025, Alexander County, had 24 active subscriptions. The subscriptions have payments that range from \$150 to \$122,383 and interest rates that range from 2.1940% to 3.4450%. As of June 30, 2025, the total combined value of the subscription liability is \$471,478, and the total combined value of the short-term subscription liability is \$269,127. The combined value of the right to use asset as of June 30, 2025 of \$940,632 with accumulated amortization of \$400,819 is included in the County's capital assets.

The future minimum subscription obligations and the net present value of these minimum payments as of June 30, 2025, were as follows:

Governmental Funds:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 269,127	\$ 11,007	\$ 280,134
2027	201,632	4,691	206,323
2028	719	18	737
Total governmental funds	<u>\$ 471,478</u>	<u>\$ 15,716</u>	<u>\$ 487,194</u>

ALEXANDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Direct Placement Notes Payable

Notes payable at June 30, 2025 are comprised of the following individual agreements:

Governmental Funds (notes payable from direct placement):

\$3,396,000 October 2020 agreement to refinance an existing loan that paid for the construction of the County's law enforcement and detention center, due in 10 semi-annual principal payments ranging from \$326,000 to \$354,000, plus interest at 1.10% through January 2026, secured by a deed of trust. \$ 652,000

The County's outstanding note from direct placement related to the law enforcement and detention center and courthouse of \$652,000 is secured by a deed of trust. This borrowing contains provisions that in the event of a default, the bank may, without any further demand or notice, exercise any one or more of the following remedies:

- (a) Declare the unpaid principal components of the installment payments immediately due and payable;
- (b) Proceed by appropriate court action to enforce the County's performance of the applicable covenants of the contract or to recover for the breach thereof; and
- (c) Avail itself of all available remedies under the contract, including execution and foreclosure on the mortgaged property and recovery of attorneys' fees and other expenses.

Annual debt service requirements to maturity for the County's direct placements notes payable are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	<u>\$ 652,000</u>	<u>\$ 5,379</u>	<u>\$ 657,379</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Proprietary Funds (notes payable from direct borrowing):

County Water and Sewer Fund:

\$3,600,645 June 2009 Drinking Water State Revolving Fund agreement to construct water system due on May 1 in installments of \$200,036, with interest payable on May 1 and November 1 at 2.10% through May 2028, unsecured.	\$ 600,108
\$3,287,176 February 2015 Drinking Water State Revolving Fund agreement to construct a water system improvement project payments beginning May 2016 in annual installments of \$164,359, with 0% interest payable through May 2035, unsecured.	1,643,588
\$5,059,972 March 2020 Drinking Water State Revolving Fund agreement to construct water lines due on May 1 in annual installments of \$249,676, with interest payable on May 1 and November 1 at 0.86% through May 2040, unsecured.	3,745,140
\$4,987,289 June 2020 Drinking Water State Revolving Fund agreement to construct sewage system due on May 1 in annual installments of \$248,854, with interest payable on May 1 and November 1 at 0.80% through May 2041, unsecured.	<u>3,981,662</u>
Total proprietary funds	<u>\$ 9,970,498</u>
Total all funds	<u>\$ 10,622,498</u>

The County's outstanding notes from direct borrowings related to construction of a water system, construction of water system improvement project, construction of water lines, and construction of a sewage system of \$600,108, \$1,643,588, \$3,745,140, and \$3,981,662 respectively, contain provisions that the County may be required by NC Department of Environmental Quality to prepay the promissory note in whole and any further commitment of funds be withdrawn if the County fails to adopt on or before completion of the project, place into effect, and agree to maintain until the principal sum is paid, a schedule of fees, charges and other available funds, that will adequately provide for proper operation, maintenance, and administration of the project and for repayment of all principal and interest on the loans. Additionally, any monies due to the County from the state may be withheld by the state and applied to the payment of the obligation whenever the County fails to pay any payment of principal or interest on the note when due.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Annual debt service requirements to maturity for the County's direct borrowings notes payable are as follows:

Proprietary Funds:

Year Ending June 30	County Water and Sewer	
	Principal	Interest
2026	\$ 862,925	\$ 76,664
2027	862,925	68,325
2028	862,925	59,986
2029	662,889	51,647
2030	662,889	47,509
2031-2035	3,314,444	175,476
2036-2040	2,492,650	72,025
2041	248,851	1,991
Total proprietary funds	<u>\$ 9,970,498</u>	<u>\$ 553,623</u>

A summary of changes in long-term obligations follows:

	July 1, 2024	Additions	Retirements	June 30, 2025	Current Portion
Governmental Activities:					
Notes payable - direct placements	\$ 1,317,000	\$ -	\$ 665,000	\$ 652,000	\$ 652,000
Lease liabilities	64,079	-	49,778	14,301	7,551
Subscription liabilities	260,450	518,431	307,403	471,478	269,127
Compensated absences	5,062,206	903,462	-	5,965,668	1,903,806
Total OPEB liability	20,540,292	941,144	2,405,891	19,075,545	-
Total pension liability (LEOSSA)	1,372,851	125,014	302,747	1,195,118	-
Net pension obligation (LGERS)	13,707,217	68,836	-	13,776,053	-
Total	<u>\$ 42,324,095</u>	<u>\$ 2,556,887</u>	<u>\$ 3,730,819</u>	<u>\$ 41,150,163</u>	<u>\$ 2,832,484</u>
Business-Type Activities:					
County Water and Sewer Fund:					
Notes payable - direct borrowings	\$ 10,833,423	\$ -	\$ 862,925	\$ 9,970,498	\$ 862,925
Solid Waste Fund:					
Lease liabilities	58,241	5,904	13,369	50,776	13,590
Total OPEB liability	359,476	148,463	56,874	451,065	-
Compensated absences	116,689	18,641	-	135,330	22,761
Net pension obligation (LGERS)	239,746	1,405	-	241,151	-
Total	<u>774,152</u>	<u>174,413</u>	<u>70,243</u>	<u>878,322</u>	<u>36,351</u>
Landfill Closure Fund:					
Accrued landfill post-closure costs	4,015,250	357,840	65,680	4,307,410	-
Total business-type activities	<u>\$ 15,622,825</u>	<u>\$ 532,253</u>	<u>\$ 998,848</u>	<u>\$ 15,156,230</u>	<u>\$ 899,276</u>

At June 30, 2025, the County had a legal debt margin of \$323,071,269.

ALEXANDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Pension obligations, and OPEB for governmental activities have typically been liquidated in the General Fund.

C. Interfund Balances and Activity

The following is a summary of interfund receivables and payables as of June 30, 2025:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	County Water and Sewer Fund	82,511	Local funds advanced for project costs prior to grant reimbursement
	SRF - Soil & Water Streamflow Rehab Assistance (StRAP #2)	<u>2,563</u>	Local funds advanced for project costs prior to grant reimbursement
Total		<u><u>\$ 85,074</u></u>	

Transfers for the year ended June 30, 2025, are summarized below:

	<u>Transfers</u>		<u>Purpose</u>
	<u>From</u>	<u>To</u>	
Transfers From/to Other Funds:			
General Fund	\$ 8,996,768	\$ -	
Major Capital Project (Capital Improvements) Fund	-	3,101,169	School sales tax hold harmless funds; Resources for school capital expenditures
Special Revenue (2021 CDBG Neighborhood Revitalization Program) Fund	-	35,000	County local funds for grant project
Special Revenue (America 250 NC Proj)	-	5,000	County local funds for grant project
Capital Project (2023 State Appropriations Act) Fund	-	957,500	County local funds for capital project
Enterprise (ARPA Water CPF)	-	4,666,620	County local funds for water infrastructure project
Enterprise (Solid Waste) Fund	-	137,479	Resources for current year operations
Enterprise (Landfill Closure Fund) Fund	-	94,000	Resources for landfill closure and post-closure

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

	Transfers		Purpose
	From	To	
Transfers From/to Other Funds (continued):			
Special Revenue (2022 State Appropriations)			
Act - Directed Grants to Local Govts) Fund	692	-	Used interest earned on 2022 State Approp Act grant funds for Bethlehem Park capital project
Capital Project (Park Improvements Capital Project) Fund	-	692	
Enterprise (County Water and Sewer) Fund	1,000	-	County local funds for sewer infrastructure grant project
Alexander Industrial Park Sewer Project Fund	-	1,000	
Enterprise (County Water and Sewer) Fund	782,452	-	County local funds for water infrastructure grant project
Bethlehem Water Tank (enterprise capital project fund)	-	782,452	
Enterprise (County Water and Sewer) Fund	37,500	-	County local funds for water infrastructure grant project
Three Forks Church Road Water (enterprise capital project) fund	-	37,500	
Enterprise (County Water and Sewer) Fund	365,000	-	County local funds for sewer infrastructure grant project
Bowman Court Sewer Pump Station (enterprise capital project fund)	-	365,000	
Bethlehem Water Tank (enterprise capital	139,895	-	Reimburse County Water & Sewer Fund for preliminary project expenses.
Enterprise (County Water and Sewer) Fund	-	139,895	
Three Forks Church Road Water (enterprise capital project) fund	36,000	-	Reimburse County Water & Sewer Fund for preliminary project expenses
Enterprise (County Water and Sewer) Fund	-	36,000	
Bowman Court Sewer Pump Station (enterprise capital project fund)	75,000	-	Reimburse County Water & Sewer Fund for preliminary project expenses
Enterprise (County Water and Sewer) Fund	-	75,000	
Total transfers	\$ 10,434,307	\$ 10,434,307	

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

4. Summary Disclosure of Significant Contingencies

Federal and State-Assisted Programs

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

5. Jointly Governed Organizations

The County, in conjunction with three other counties and twenty-three municipalities, established the Western Piedmont Council of Governments (the "Council"). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$80,958 and administrative and other fees of \$142,625 to the Council during the fiscal year ended June 30, 2025.

Vaya Health is the MH/DD/SAS area program for the following 22 counties: Alexander, Alleghany, Ashe, Avery, Buncombe, Caldwell, Cherokee, Clay, Graham, Haywood, Henderson, Jackson, Macon, Madison, McDowell, Mitchell, Polk, Swain, Transylvania, Watauga, Wilkes, and Yancey. The County Commissioners are responsible for appointing two of the 46 members of the Board of Directors of Vaya Health for MH/DD/SAS. The County Commissioners also appoint one at-large member to the Vaya Health Board, but this member has no voting power. The County's accountability for this organization does not extend beyond making these appointments.

The County, in conjunction with three other counties (Burke, Caldwell, and Catawba) and three municipalities (Hickory, Conover, and Newton), established the Western Piedmont Regional Transit Authority (RTA) which began operations as of July 1, 2008. Each participating government appoints one member and one alternate to the RTA's governing board. The County paid \$49,350 as a special appropriation to the RTA during the fiscal year ended June 30, 2025.

6. Related Organizations and Parties

For the fiscal year ended June 30, 2025, the County received the following from the Alexander County ABC Board: \$3,814 for tax distributions, \$2,102 for profit distributions-law enforcement, \$2,795 for profit distributions-alcohol education and \$45,103 for County general distributions. At June 30, 2025 the County's receivable from the Alexander County ABC Board profit distributions was for the following amounts: \$2,300 law enforcement, \$3,000 alcohol education, and \$40,000 County general distributions.

ALEXANDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

7. Adjustments and Restatement of Beginning Balances

During the current year, the County implemented GASB Statement No. 101, *Compensated Absences*. In addition to the value of unused vacation time owed to employees upon separation of employment, the County now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The effects of the change in accounting principle are summarized below in the "Restatement - GASB 101 implementation" column in the table below.

	Net position/fund balance 6/30/24 as previously reported	Restatement - GASB 101 implementation	Net position/fund balance 6/30/24 as restated/adjusted
Government-wide:			
Governmental activities	\$ 34,367,069	\$ (3,192,272)	\$ 31,174,797
Business-type activities	20,040,557	(97,229)	19,943,328
Total government-wide	\$ 54,407,626	\$ (3,289,501)	\$ 51,118,125
Proprietary funds:			
Enterprise fund			
Major fund:			
Solid Waste	\$ 699,391	\$ (97,229)	\$ 602,162

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ALEXANDER COUNTY, NORTH CAROLINA

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION
LAST EIGHT FISCAL YEARS

	Other Post-Employment Benefits			
	2025	2024	2023	2022
Beginning balance	\$ 20,899,768	\$ 20,772,183	\$ 27,569,399	\$ 26,396,584
Service cost	325,494	325,718	616,852	625,155
Interest on TOL and cash flows	764,113	738,517	604,045	591,161
Differences between expected and actual experience	(1,513,047)	(120,538)	(2,897,759)	2,800
Changes of assumptions or other inputs	(363,142)	(340,271)	(4,675,537)	501,467
Benefit payments	(586,576)	(475,841)	(444,817)	(547,768)
Ending balance of the total pension liability	<u>\$ 19,526,610</u>	<u>\$ 20,899,768</u>	<u>\$ 20,772,183</u>	<u>\$ 27,569,399</u>
Covered employee payroll	\$ 3,878,042	\$ 3,934,214	\$ 3,934,214	\$ 4,313,896
Total OPEB liability as a percentage of covered employee payroll	503.52%	531.23%	527.99%	639.08%

Notes to Schedule:

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

Fiscal Year	Rate
2025	3.93%
2024	3.65%
2023	3.54%
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

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

ALEXANDER COUNTY, NORTH CAROLINA

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION
LAST EIGHT FISCAL YEARS

	Other Post-Employment Benefits			
	2021	2020	2019	2018
Beginning balance	\$ 21,063,577	\$ 18,919,608	\$ 21,096,276	\$ 22,281,113
Service cost	502,516	447,913	614,532	701,420
Interest on TOL and cash flows	747,199	728,543	746,404	666,149
Differences between expected and actual experience	(44,869)	20,141	(2,026,704)	318
Changes of assumptions or other inputs	4,567,029	1,333,049	(1,248,862)	(2,250,682)
Benefit payments	(438,868)	(385,677)	(262,038)	(302,042)
Ending balance of the total pension liability	<u>\$ 26,396,584</u>	<u>\$ 21,063,577</u>	<u>\$ 18,919,608</u>	<u>\$ 21,096,276</u>
Covered employee payroll	\$ 4,313,896	\$ 4,844,429	\$ 4,844,429	\$ 5,395,422
Total OPEB liability as a percentage of covered employee payroll	611.90%	434.80%	390.54%	391.00%

ALEXANDER COUNTY, NORTH CAROLINA

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

	Local Governmental Employees' Retirement System				
	2025	2024	2023	2022	2021
County's proportion of the net pension liability (asset) (%)	0.20793%	0.21058%	0.18589%	0.19700%	0.19092%
County's proportion of the net pension liability (asset) (\$)	\$ 14,017,204	\$ 13,946,963	\$ 10,486,851	\$ 3,021,185	\$ 6,822,384
County's covered payroll	\$ 17,444,898	\$ 17,268,763	\$ 13,960,240	\$ 13,462,439	\$ 13,224,436
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	80.35%	80.76%	75.12%	22.44%	51.59%
Plan fiduciary net position as a percentage of total pension liability**	83.30%	82.49%	84.14%	95.51%	88.61%

Notes to the Schedule:

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

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

ALEXANDER COUNTY, NORTH CAROLINA

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

	Local Governmental Employees' Retirement System				
	2020	2019	2018	2017	2016
County's proportion of the net pension liability (asset) (%)	0.18491%	0.18217%	0.18628%	0.19470%	0.19330%
County's proportion of the net pension liability (asset) (\$)	\$ 5,049,748	\$ 4,321,696	\$ 2,845,844	\$ 4,132,187	\$ 867,519
County's covered payroll	\$ 12,478,024	\$ 11,840,407	\$ 11,273,216	\$ 11,190,724	\$ 11,199,058
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	40.47%	36.50%	25.24%	36.93%	7.75%
Plan fiduciary net position as a percentage of total pension liability**	90.86%	91.63%	94.18%	91.47%	98.09%

ALEXANDER COUNTY, NORTH CAROLINA

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

Local Governmental Employees' Retirement System					
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ 2,671,834	\$ 2,356,454	\$ 2,116,789	\$ 1,603,507	\$ 1,384,770
Contributions in relation to the contractually required contribution	<u>2,671,834</u>	<u>2,356,454</u>	<u>2,116,789</u>	<u>1,603,507</u>	<u>1,384,770</u>
Contribution deficiency (excess)	<u>\$ -</u>				
County's covered payroll	\$ 19,326,109	\$ 17,444,898	\$ 17,268,763	\$ 13,960,240	\$ 13,462,439
Contributions as a percentage of covered payroll	13.82%	13.51%	12.26%	11.49%	10.29%

ALEXANDER COUNTY, NORTH CAROLINA

ALEXANDER COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS

Local Governmental Employees' Retirement System					
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 1,203,342	\$ 986,192	\$ 905,906	\$ 843,491	\$ 771,344
Contributions in relation to the contractually required contribution	<u>1,203,342</u>	<u>986,192</u>	<u>905,906</u>	<u>843,491</u>	<u>771,344</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 13,224,436	\$ 12,478,024	\$ 11,840,407	\$ 11,273,216	\$ 11,190,724
Contributions as a percentage of covered payroll	9.10%	7.90%	7.65%	7.48%	6.89%

ALEXANDER COUNTY, NORTH CAROLINA

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

	Register of Deeds' Supplemental Pension Fund				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
County's proportion of the net pension liability (asset) (%)	0.28559%	0.29391%	0.28691%	0.27344%	0.26904%
County's proportion of the net pension liability (asset) (\$)	\$ (32,909)	\$ (35,319)	\$ (37,987)	\$ (52,536)	\$ (61,659)
Plan fiduciary net position as a percentage of the total pension liability**	133.61%	135.74%	139.04%	156.53%	173.62%

Notes to the Schedule:

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

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

ALEXANDER COUNTY, NORTH CAROLINA

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

	Register of Deeds' Supplemental Pension Fund				
	2020	2019	2018	2017	2016
County's proportion of the net pension liability (asset) (%)	0.25802%	0.28513%	0.27700%	0.28472%	0.28474%
County's proportion of the net pension liability (asset) (\$)	\$ (50,938)	\$ (47,226)	\$ (47,281)	\$ (53,232)	\$ (65,986)
Plan fiduciary net position as a percentage of the total pension liability**	164.11%	153.31%	153.77%	160.17%	197.29%

ALEXANDER COUNTY, NORTH CAROLINA

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

	Register of Deeds' Supplemental Pension Fund				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ 2,588	\$ 2,457	\$ 2,623	\$ 3,289	\$ 3,282
Contributions in relation to the contractually required contribution	<u>2,588</u>	<u>2,457</u>	<u>2,623</u>	<u>3,289</u>	<u>3,282</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ALEXANDER COUNTY, NORTH CAROLINA

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

Register of Deeds' Supplemental Pension Fund					
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 2,576	\$ 2,452	\$ 2,440	\$ 2,407	\$ 2,326
Contributions in relation to the contractually required contribution	<u>2,576</u>	<u>2,452</u>	<u>2,440</u>	<u>2,407</u>	<u>2,326</u>
Contribution deficiency (excess)	<u>\$ -</u>				

ALEXANDER COUNTY, NORTH CAROLINA

**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
LAST NINE FISCAL YEARS**

	Law Enforcement Officers' Special Separation Allowance			
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 1,372,851	\$ 1,119,120	\$ 1,275,155	\$ 1,246,557
Service cost	71,256	57,969	74,272	72,243
Interest on the total pension liability	53,758	46,964	27,853	23,360
Differences between expected and actual experience in the measurement of the total pension liability	(216,820)	178,604	21,055	38,969
Changes of assumptions or other inputs	(28,118)	29,111	(204,720)	(33,624)
Benefit payments	<u>(57,809)</u>	<u>(58,917)</u>	<u>(74,495)</u>	<u>(72,350)</u>
Ending balance of the total pension liability	<u>\$ 1,195,118</u>	<u>\$ 1,372,851</u>	<u>\$ 1,119,120</u>	<u>\$ 1,275,155</u>

Notes to the Schedule:

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

This schedule is intended to show information for ten years.

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

ALEXANDER COUNTY, NORTH CAROLINA

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
LAST NINE FISCAL YEARS

	<u>Law Enforcement Officers' Special Separation Allowance</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 900,925	\$ 831,550	\$ 828,599	\$ 736,944	\$ 703,068
Service cost	48,443	37,141	36,574	36,484	42,066
Interest on the total pension liability	28,438	29,627	25,679	27,937	24,851
Differences between expected and actual experience in the measurement of the total pension liability	3,238	12,183	4,957	(1,409)	-
Changes of assumptions or other inputs	322,680	25,642	(32,286)	55,020	(19,122)
Benefit payments	<u>(57,167)</u>	<u>(35,218)</u>	<u>(31,973)</u>	<u>(26,377)</u>	<u>(13,919)</u>
Ending balance of the total pension liability	<u>\$ 1,246,557</u>	<u>\$ 900,925</u>	<u>\$ 831,550</u>	<u>\$ 828,599</u>	<u>\$ 736,944</u>

ALEXANDER COUNTY, NORTH CAROLINA

**SCHEDULE OF TOTAL PENSION LIABILITY AS A
PERCENTAGE OF COVERED EMPLOYEE PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
LAST NINE FISCAL YEARS**

Law Enforcement Officers' Special Separation Allowance				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total pension liability	\$ 1,195,118	\$ 1,372,851	\$ 1,119,120	\$ 1,275,155
Covered-employee payroll	2,422,117	2,101,106	1,735,541	1,676,493
Total pension liability as a percentage of covered-employee payroll	49.34%	65.34%	64.48%	76.06%

Notes to the Schedule:

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

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

ALEXANDER COUNTY, NORTH CAROLINA

**SCHEDULE OF TOTAL PENSION LIABILITY AS A
PERCENTAGE OF COVERED EMPLOYEE PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
LAST NINE FISCAL YEARS**

Law Enforcement Officers' Special Separation Allowance					
	2021	2020	2019	2018	2017
Total pension liability	\$ 1,246,557	\$ 900,925	\$ 831,550	\$ 828,599	\$ 736,944
Covered-employee payroll	1,700,625	1,499,809	1,390,740	1,580,388	1,652,773
Total pension liability as a percentage of covered-employee payroll	73.30%	60.07%	59.79%	52.43%	44.59%

ALEXANDER COUNTY, NORTH CAROLINA

GENERAL 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 Over/Under</u>
Revenues:			
Ad Valorem Taxes:			
Taxes	\$ 26,018,200	\$ 26,774,743	\$ 756,543
Penalties and interest	166,000	201,526	35,526
Total	<u>26,184,200</u>	<u>26,976,269</u>	<u>792,069</u>
Local Option Sales Taxes:			
Article 39 one percent	3,975,000	4,034,718	59,718
Article 40 one-half of one percent	3,993,000	3,951,236	(41,764)
Article 42 one-half of one percent	2,232,000	2,177,896	(54,104)
Article 46 one-fourth of one percent	938,000	955,311	17,311
Article 44*524	2,488,000	2,487,686	(314)
Medicaid Hold Harmless	1,160,000	1,367,424	207,424
Total	<u>14,786,000</u>	<u>14,974,271</u>	<u>188,271</u>
Other Taxes and Licenses:			
ABC \$.05 per bottle	9,000	7,205	(1,795)
Alcoholic beverage tax distribution	150,000	135,221	(14,779)
Video programming distribution	133,000	119,850	(13,150)
Total	<u>292,000</u>	<u>262,276</u>	<u>(29,724)</u>
Unrestricted Intergovernmental Revenues:			
ABC net revenues	40,000	9,103	(30,897)
Restricted Intergovernmental Revenues:			
Federal and state grants	5,641,511	6,122,256	480,745
Controlled substance tax	8,000	11,548	3,548
Representative payee	125,000	71,476	(53,524)
Court facility fees	23,000	23,942	942
Total	<u>5,797,511</u>	<u>6,229,222</u>	<u>431,711</u>
Permits and Fees:			
Register of Deeds	473,375	497,708	24,333
Building inspections	550,000	411,215	(138,785)
Gun and concealed weapon permits	25,000	32,220	7,220
Other fees	457,545	584,605	127,060
Total	<u>1,505,920</u>	<u>1,525,748</u>	<u>19,828</u>

ALEXANDER COUNTY, NORTH CAROLINA

GENERAL 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 Over/Under</u>
Sales and Services:			
Rents, concessions, and fees	158,120	158,001	(119)
Detention center fees	208,000	252,447	44,447
Ambulance fees	1,700,000	1,911,648	211,648
Parks and Recreation	68,700	84,371	15,671
Health department	1,382,831	1,636,404	253,573
Information technology	1,500	1,856	356
Social services	14,500	7,880	(6,620)
Senior center	3,000	5,061	2,061
License plate agency	168,000	201,500	33,500
Library	500	234	(266)
Animal services	38,000	43,394	5,394
Fines and Forfeitures	145,000	121,739	(23,261)
State payments - soil and water technical assistance	25,479	25,479	-
Total	<u>3,913,630</u>	<u>4,450,014</u>	<u>536,384</u>
Investment Earnings	<u>1,375,000</u>	<u>1,639,464</u>	<u>264,464</u>
Miscellaneous:			
Insurance claim reimbursement	402,700	25,421	(377,279)
Donations	42,663	50,479	7,816
Private Grants	210,755	58,193	(152,562)
Sale of capital assets	7,500	13,051	5,551
Other	7,000	29,036	22,036
Total	<u>670,618</u>	<u>176,180</u>	<u>(494,438)</u>
Total revenues	<u>54,564,879</u>	<u>56,242,547</u>	<u>1,677,668</u>
Expenditures:			
General Government:			
Governing body	505,989	311,821	194,168
Administration	476,949	453,559	23,390
Planning	357,848	288,920	68,928
Elections	423,324	367,768	55,556
Finance	1,038,547	982,475	56,072
Tax office	755,530	696,199	59,331
Legal	205,677	198,840	6,837
Information technology	1,637,758	1,637,758	-
Register of Deeds	585,218	532,191	53,027
License plate agency	255,180	242,276	12,904
Public buildings	1,660,478	1,586,749	73,729

ALEXANDER COUNTY, NORTH CAROLINA

GENERAL 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 Over/Under</u>
Garage	536,804	457,377	79,427
Human resources	1,262,852	1,075,959	186,893
Court facilities	164,196	126,409	37,787
Total	<u>9,866,350</u>	<u>8,958,301</u>	<u>908,049</u>
Public Safety:			
Sheriff's office	5,388,556	4,806,680	581,876
Detention center	3,698,541	3,498,601	199,940
Pre-trial release program	186,775	138,254	48,521
RRS program	137,226	65,514	71,712
Fire Marshal	438,333	414,147	24,186
Fire Districts	215,570	215,570	-
Emergency communications	1,761,506	1,751,680	9,826
Forestry	105,128	88,622	16,506
Inspections	600,832	570,317	30,515
Emergency medical services	6,103,884	5,659,755	444,129
Medical examiner	67,000	19,100	47,900
Total	<u>18,703,351</u>	<u>17,228,240</u>	<u>1,475,111</u>
Environmental Protection:			
Soil and water	242,145	219,900	22,245
Animal services	684,013	645,527	38,486
Total	<u>926,158</u>	<u>865,427</u>	<u>60,731</u>
Economic and Physical Development:			
Economic development	343,427	321,268	22,159
Agricultural extension	278,223	244,612	33,611
Total	<u>621,650</u>	<u>565,880</u>	<u>55,770</u>
Health Department:			
Environmental health	602,257	679,740	(77,483)
General health	691,197	340,638	350,559
Maternal health	206,444	6,215	200,229
WIC program	187,597	195,408	(7,811)
Dental health	861,721	708,052	153,669
Family planning	213,648	264,186	(50,538)
Communicable disease	374,641	336,065	38,576
Health promotion	126,397	90,216	36,181
Child health	267,853	324,884	(57,031)

ALEXANDER COUNTY, NORTH CAROLINA

GENERAL 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 Over/Under</u>
Preparedness	107,014	71,899	35,115
Care management for at-risk children	124,817	91,567	33,250
Care management for high-risk pregnancy	136,636	105,551	31,085
Behavioral health	169,302	36,097	133,205
COVID-19 crisis response	21,258	6,841	14,417
Primary care	273,919	286,535	(12,616)
Total	<u>4,364,701</u>	<u>3,543,894</u>	<u>820,807</u>
Veterans Service	<u>114,963</u>	<u>98,176</u>	<u>16,787</u>
Juvenile Crime Prevention	<u>140,199</u>	<u>140,199</u>	<u>-</u>
Social Services Department:			
Administration	6,723,247	6,460,628	262,619
Ward assistance	19,003	7,574	11,429
In-home services	42,996	31,667	11,329
Public assistance	144,750	139,278	5,472
Emergency assistance account	8,500	7,118	1,382
Medical assistance	16,450	5,138	11,312
General assistance	377,913	349,217	28,696
Foster care	802,989	557,268	245,721
Adoption Enhancement Fund	50,225	11,762	38,463
Work first	44,559	33,302	11,257
Representative Payee	125,000	85,622	39,378
Aging nutrition	162,735	131,767	30,968
Total	<u>8,518,367</u>	<u>7,820,341</u>	<u>698,026</u>
Special appropriations	440,338	438,049	2,289
Senior center	297,986	271,873	26,113
Total human services	<u>13,876,554</u>	<u>12,312,532</u>	<u>1,564,022</u>
Cultural and Recreation:			
Recreation	437,006	400,748	36,258
County Parks	447,830	387,150	60,680
Library	809,615	710,647	98,968
Total	<u>1,694,451</u>	<u>1,498,545</u>	<u>195,906</u>
Education:			
Alexander County Board of Education:			
Current expenses	<u>7,493,040</u>	<u>7,493,040</u>	<u>-</u>

ALEXANDER COUNTY, NORTH CAROLINA

GENERAL 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 Over/Under</u>
CVCC - Alexander County:			
Current expenses	135,500	126,984	8,516
Adult Basic Education Academy	22,000	22,000	-
Total	<u>157,500</u>	<u>148,984</u>	<u>8,516</u>
Fines and Forfeitures	<u>145,000</u>	<u>118,984</u>	<u>26,016</u>
Total education	<u>7,795,540</u>	<u>7,761,008</u>	<u>34,532</u>
Debt Service:			
Principal retirement	1,161,971	978,106	183,865
Interest and fees	19,936	19,936	-
Total	<u>1,181,907</u>	<u>998,042</u>	<u>183,865</u>
Contingency	<u>201,350</u>	<u>-</u>	<u>201,350</u>
Total expenditures	<u>54,867,311</u>	<u>50,187,975</u>	<u>4,679,336</u>
Revenues over (under) expenditures	<u>(302,432)</u>	<u>6,054,572</u>	<u>6,357,004</u>
Other Financing Sources (Uses):			
Lease liabilities issued	175,000	-	(175,000)
Subscriptions issued	500,000	467,188	(32,812)
Transfers in:			
Special revenue funds	7,013,387	7,013,384	(3)
Transfers out:			
Special revenue funds	(40,000)	(40,000)	-
Capital project funds	(4,284,500)	(4,058,669)	225,831
Enterprise funds	(4,995,849)	(4,898,099)	97,750
Appropriated fund balance	1,934,394	-	(1,934,394)
Total	<u>302,432</u>	<u>(1,516,196)</u>	<u>(1,818,628)</u>
Net change in fund balance	<u>\$ -</u>	<u>4,538,376</u>	<u>\$ 4,538,376</u>
Fund Balance:			
Beginning of year - July 1		<u>26,508,054</u>	
End of year - June 30		<u>\$ 31,046,430</u>	

ALEXANDER COUNTY, NORTH CAROLINA

MAJOR SPECIAL REVENUE FUND

AMERICAN RESCUE PLAN ACT FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

	Budget	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
American Rescue Plan Act funds	\$ 7,283,353	\$ 325,965	\$ 6,957,388	\$ 7,283,353
Investment earnings	56,000	52,304	3,691	55,995
Total revenues	<u>7,339,353</u>	<u>378,269</u>	<u>6,961,079</u>	<u>7,339,348</u>
Expenditures:				
Broadband infrastructure expenses	<u>92,586</u>	<u>92,584</u>	<u>-</u>	<u>92,584</u>
Revenues over (under) expenditures	<u>7,246,767</u>	<u>285,685</u>	<u>6,961,079</u>	<u>7,246,764</u>
Other Financing Sources (Uses):				
Transfers out:				
General Fund	(7,013,387)	-	(7,013,384)	(7,013,384)
County Water and Sewer Capital Project Fund	<u>(233,380)</u>	<u>(233,380)</u>	<u>-</u>	<u>(233,380)</u>
Total other financing sources (uses)	<u>(7,246,767)</u>	<u>(233,380)</u>	<u>(7,013,384)</u>	<u>(7,246,764)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 52,305</u>	<u>\$ (52,305)</u>	<u>\$ -</u>

ALEXANDER COUNTY, NORTH CAROLINA

**MAJOR SPECIAL REVENUE FUND
 OPIOID SETTLEMENT 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 Over/Under</u>
Revenues:			
Opioid settlement funds	\$ 427,756	\$ 504,094	\$ 76,338
Investment earnings	20,000	67,769	47,769
Total revenues	<u>447,756</u>	<u>571,863</u>	<u>124,107</u>
Expenditures:			
Public safety			
Salaries and benefits	207,686	196,455	11,231
Operating expenditures	175,070	45,569	129,501
Capital outlay	172,500	114,708	57,792
Debt Service:			
Principal retirement	17,500	17,500	-
Total expenditures	<u>572,756</u>	<u>374,232</u>	<u>198,524</u>
Revenues over (under) expenditures	(125,000)	197,631	322,631
Other Financing Sources (Uses):			
Subscriptions issued	125,000	51,243	(73,757)
Net change in fund balance	<u>\$ -</u>	248,874	<u>\$ 248,874</u>
Fund Balance:			
Beginning of year - July 1		<u>1,200,502</u>	
End of year - June 30		<u>\$ 1,449,376</u>	

ALEXANDER COUNTY, NORTH CAROLINA

**MAJOR CAPITAL PROJECT FUND
CAPITAL IMPROVEMENTS 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 Over/Under</u>
Revenues:			
State lottery revenue	\$ 5,206,846	\$ 43,078	\$ (5,163,768)
Public School Building Capital Fund Needs Based	6,654,337	3,431,838	(3,222,499)
Investment earnings	250,000	455,105	205,105
Total revenues	<u>12,111,183</u>	<u>3,930,021</u>	<u>(8,181,162)</u>
Expenditures:			
Education	15,413,183	5,081,901	10,331,282
Contingency	25,000	-	25,000
Total expenditures	<u>15,438,183</u>	<u>5,081,901</u>	<u>10,356,282</u>
Revenues over (under) expenditures	(3,327,000)	(1,151,880)	2,175,120
Other Financing Sources (Uses):			
Transfers in	<u>3,327,000</u>	<u>3,101,169</u>	<u>(225,831)</u>
Net change in fund balance	<u>\$ -</u>	1,949,289	<u>\$ 1,949,289</u>
Fund Balance:			
Beginning of year - July 1		<u>9,481,315</u>	
End of year - June 30		<u>\$ 11,430,604</u>	

ALEXANDER COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2025**

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total
Assets:			
Cash and investments	\$ 538,807	\$ 1,273,558	\$ 1,812,365
Taxes receivable, net	110,880	-	110,880
Due from other governments	60,782	64,497	125,279
Cash and investments, restricted	554,988	594,042	1,149,030
Total assets	<u>\$ 1,265,457</u>	<u>\$ 1,932,097</u>	<u>\$ 3,197,554</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 79,767	\$ 677,732	\$ 757,499
Due to other funds	2,563	-	2,563
Advance from grantor	5,000	192,051	197,051
Liabilities payable from restricted assets:			
Payables	1,224	-	1,224
Total liabilities	<u>88,554</u>	<u>869,783</u>	<u>958,337</u>
Deferred Inflows of Resources:			
Taxes receivable	110,880	-	110,880
Unavailable revenues	32,563	-	32,563
Total deferred inflows of resources	<u>143,443</u>	<u>-</u>	<u>143,443</u>
Fund Balances:			
Restricted:			
Stabilization by state statute	28,219	-	28,219
Restricted for public safety	474,521	958,401	1,432,922
Committed for tax revaluation	548,764	-	548,764
Committed for cultural and recreation	5,000	80,405	85,405
Committed for general government	-	23,508	23,508
Committed for economic and physical development	9,519	-	9,519
Unassigned	(32,563)	-	(32,563)
Total fund balances	<u>1,033,460</u>	<u>1,062,314</u>	<u>2,095,774</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,265,457</u>	<u>\$ 1,932,097</u>	<u>\$ 3,197,554</u>

ALEXANDER COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2025**

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total
Revenues:			
Ad valorem taxes	\$ 2,353,584	\$ -	\$ 2,353,584
Other taxes and licenses	74,468	-	74,468
Intergovernmental revenues	422,547	956,748	1,379,295
Investment earnings	17,991	725	18,716
Total revenues	<u>2,868,590</u>	<u>957,473</u>	<u>3,826,063</u>
Expenditures:			
Public safety	2,205,203	557,949	2,763,152
General government	127,329	430,038	557,367
Cultural and recreation	-	1,520,456	1,520,456
Environmental protection	32,563	-	32,563
Economic and physical development	470,159	-	470,159
Total expenditures	<u>2,835,254</u>	<u>2,508,443</u>	<u>5,343,697</u>
Revenues over (under) expenditures	<u>33,336</u>	<u>(1,550,970)</u>	<u>(1,517,634)</u>
Other Financing Sources (Uses):			
Transfers in	40,000	958,192	998,192
Transfers out	(692)	-	(692)
Total other financing sources (uses)	<u>39,308</u>	<u>958,192</u>	<u>997,500</u>
Net change in fund balances	72,644	(592,778)	(520,134)
Fund Balances:			
Beginning of year - July 1	<u>960,816</u>	<u>1,655,092</u>	<u>2,615,908</u>
End of year - June 30	<u>\$ 1,033,460</u>	<u>\$ 1,062,314</u>	<u>\$ 2,095,774</u>

ALEXANDER COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2025

	Special Revenue Funds			
	Fire Districts Fund	Revaluation Fund	Emergency Telephone System Fund	Paragon Films Rail Infrastructure Project
Assets:				
Cash and investments	\$ 78,529	\$ -	\$ 400,530	\$ 31,313
Taxes receivable, net	110,880	-	-	-
Due from other governments	22,013	-	6,206	-
Cash and investments, restricted	-	549,988	-	-
Total assets	<u>\$ 211,422</u>	<u>\$ 549,988</u>	<u>\$ 406,736</u>	<u>\$ 31,313</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 4,538	\$ 25,000
Due to other funds	-	-	-	-
Advance from grantor	-	-	-	-
Liabilities payable from restricted assets:				
Payables	-	1,224	-	-
Total liabilities	<u>-</u>	<u>1,224</u>	<u>4,538</u>	<u>25,000</u>
Deferred Inflows of Resources:				
Taxes receivable	110,880	-	-	-
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	<u>110,880</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted:				
Stabilization by state statute	22,013	-	6,206	-
Restricted for public safety	78,529	-	395,992	-
Committed	-	548,764	-	6,313
Unassigned	-	-	-	-
Total fund balances	<u>100,542</u>	<u>548,764</u>	<u>402,198</u>	<u>6,313</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 211,422</u>	<u>\$ 549,988</u>	<u>\$ 406,736</u>	<u>\$ 31,313</u>

ALEXANDER COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2025

	<u>Special Revenue Funds</u>				Total Nonmajor Special Revenue Funds
	America 250 NC Project	Soil & Water Streamflow Rehab Assistance (StRAP #2)	2022 State Appropriation Act Grant Fund	2021 CDBG Neighborhood Revitalization Program	
Assets:					
Cash and investments	\$ 5,000	\$ -	\$ -	\$ 23,435	\$ 538,807
Taxes receivable, net	-	-	-	-	110,880
Due from other governments	-	32,563	-	-	60,782
Cash and investments, restricted	5,000	-	-	-	554,988
Total assets	<u>\$ 10,000</u>	<u>\$ 32,563</u>	<u>\$ -</u>	<u>\$ 23,435</u>	<u>\$ 1,265,457</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable	\$ -	\$ 30,000	\$ -	\$ 20,229	\$ 79,767
Due to other funds	-	2,563	-	-	2,563
Advance from grantor	5,000	-	-	-	5,000
Liabilities payable from restricted assets:					
Payables	-	-	-	-	1,224
Total liabilities	<u>5,000</u>	<u>32,563</u>	<u>-</u>	<u>20,229</u>	<u>88,554</u>
Deferred Inflows of Resources:					
Taxes receivable	-	-	-	-	110,880
Unavailable revenues	-	32,563	-	-	32,563
Total deferred inflows of resources	<u>-</u>	<u>32,563</u>	<u>-</u>	<u>-</u>	<u>143,443</u>
Fund Balances:					
Restricted:					
Stabilization by state statute	-	-	-	-	28,219
Restricted for public safety	-	-	-	-	474,521
Committed	5,000	-	-	3,206	563,283
Unassigned	-	(32,563)	-	-	(32,563)
Total fund balances	<u>5,000</u>	<u>(32,563)</u>	<u>-</u>	<u>3,206</u>	<u>1,033,460</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,000</u>	<u>\$ 32,563</u>	<u>\$ -</u>	<u>\$ 23,435</u>	<u>\$ 1,265,457</u>

ALEXANDER COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Special Revenue Funds</u>			
	<u>Fire Districts Fund</u>	<u>Revaluation Fund</u>	<u>Emergency Telephone System Fund</u>	<u>Paragon Films Rail Infrastructure Project</u>
Revenues:				
Ad valorem taxes	\$ 2,125,584	\$ 228,000	\$ -	\$ -
Other taxes and licenses	-	-	74,468	-
Intergovernmental revenues	-	-	33,324	365,875
Investment earnings	-	17,618	373	-
Total revenues	<u>2,125,584</u>	<u>245,618</u>	<u>108,165</u>	<u>365,875</u>
Expenditures:				
Public safety	2,085,632	-	119,571	-
General government	-	127,329	-	-
Environmental protection	-	-	-	-
Economic and physical development	-	-	-	433,688
Total expenditures	<u>2,085,632</u>	<u>127,329</u>	<u>119,571</u>	<u>433,688</u>
Revenues over (under) expenditures	<u>39,952</u>	<u>118,289</u>	<u>(11,406)</u>	<u>(67,813)</u>
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	39,952	118,289	(11,406)	(67,813)
Fund Balances:				
Beginning of year - July 1	<u>60,590</u>	<u>430,475</u>	<u>413,604</u>	<u>74,126</u>
End of year - June 30	<u>\$ 100,542</u>	<u>\$ 548,764</u>	<u>\$ 402,198</u>	<u>\$ 6,313</u>

ALEXANDER COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025

	Special Revenue Funds				Total Nonmajor Special Revenue Funds
	America 250 NC Project	Soil & Water Streamflow Rehab Assistance (StRAP #2)	2022 State Appropriation Act Grant Fund	2021 CDBG Neighborhood Revitalization Program	
Revenues:					
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,353,584
Other taxes and licenses	-	-	-	-	74,468
Intergovernmental revenues	-	-	-	23,348	422,547
Investment earnings	-	-	-	-	17,991
Total revenues	-	-	-	23,348	2,868,590
Expenditures:					
Public safety	-	-	-	-	2,205,203
General government	-	-	-	-	127,329
Environmental protection	-	32,563	-	-	32,563
Economic and physical development	-	-	-	36,471	470,159
Total expenditures	-	32,563	-	36,471	2,835,254
Revenues over (under) expenditures	-	(32,563)	-	(13,123)	33,336
Other Financing Sources (Uses):					
Transfers in	5,000	-	-	35,000	40,000
Transfers (out)	-	-	(692)	-	(692)
Total other financing sources (uses)	5,000	-	(692)	35,000	39,308
Net change in fund balances	5,000	(32,563)	(692)	21,877	72,644
Fund Balances:					
Beginning of year - July 1	-	-	692	(18,671)	960,816
End of year - June 30	\$ 5,000	\$ (32,563)	\$ -	\$ 3,206	\$ 1,033,460

ALEXANDER 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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 2,025,050	\$ 2,125,584	\$ 100,534
Expenditures:			
Public safety:			
Bethlehem Fire District	536,274	536,274	-
Wittenburg Fire District	322,156	322,156	-
Hiddenite Fire District	269,395	269,395	-
East Alexander Fire District	203,811	203,811	-
Ellendale Fire District	214,445	214,445	-
Sugarloaf Fire District	177,496	177,496	-
Central Alexander Fire District	241,450	241,450	-
Vashti Fire District	120,605	120,605	-
Total expenditures	<u>2,085,632</u>	<u>2,085,632</u>	<u>-</u>
Revenues over (under) expenditures	(60,582)	39,952	100,534
Other Financing Sources (Uses):			
Appropriated fund balance	<u>60,582</u>	-	<u>(60,582)</u>
Net change in fund balance	<u>\$ -</u>	39,952	<u>\$ 39,952</u>
Fund Balance:			
Beginning of year - July 1		<u>60,590</u>	
End of year - June 30		<u>\$ 100,542</u>	

ALEXANDER COUNTY, NORTH CAROLINA

REVALUATION 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 Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 228,000	\$ 228,000	\$ -
Investment earnings	18,000	17,618	(382)
Total revenues	<u>246,000</u>	<u>245,618</u>	<u>(382)</u>
Expenditures:			
General government	<u>246,000</u>	<u>127,329</u>	<u>118,671</u>
Net change in fund balance	<u>\$ -</u>	<u>118,289</u>	<u>\$ 118,289</u>
Fund Balance:			
Beginning of year - July 1		<u>430,475</u>	
End of year - June 30		<u>\$ 548,764</u>	

ALEXANDER 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>	<u>Variance Over/Under</u>
Revenues:			
Other taxes and licenses	\$ 74,468	\$ 74,468	\$ -
Grant revenue	33,324	33,324	-
Investment earnings	-	373	373
Total revenues	<u>107,792</u>	<u>108,165</u>	<u>373</u>
Expenditures:			
Public safety:			
Telephone	17,880	10,890	6,990
Furniture	4,538	4,538	-
Software and software maintenance	83,922	45,463	38,459
Hardware and hardware maintenance	28,340	23,751	4,589
Training	2,500	1,605	895
Grant expenditures	<u>37,124</u>	<u>33,324</u>	<u>3,800</u>
Total expenditures	<u>174,304</u>	<u>119,571</u>	<u>54,733</u>
Revenues over (under) expenditures	(66,512)	(11,406)	55,106
Other Financing Sources (Uses):			
Appropriated fund balance	<u>66,512</u>	<u>-</u>	<u>(66,512)</u>
Net change in fund balance	<u>\$ -</u>	<u>(11,406)</u>	<u>\$ (11,406)</u>
Fund Balance:			
Beginning of year - July 1		<u>413,604</u>	
End of year - June 30		402,198	
PSAP Reconciliation:			
Amounts reported on the Emergency Telephone System Fund budget to actual are different from the PSAP revenue - expenditure report because:			
Rounding difference due to audit software rounding to whole dollars for financial statement preparation.		<u>4</u>	
Ending balance, PSAP Revenue-Expenditure Report		<u>\$ 402,202</u>	

ALEXANDER COUNTY, NORTH CAROLINA

SOIL & WATER STREAMFLOW REHAB ASSISTANCE PROGRAM (StRAP) #2
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

	<u>Budget</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Revenues:				
Construction grant - NCDACS	\$ 85,714	\$ -	\$ -	\$ -
Expenditures:				
Environmental protection:				
Construction	75,214	-	30,000	30,000
Administration	10,500	-	2,563	2,563
Total expenditures	<u>85,714</u>	<u>-</u>	<u>32,563</u>	<u>32,563</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (32,563)</u>	<u>\$ (32,563)</u>

ALEXANDER COUNTY, NORTH CAROLINA

2022 STATE APPROPRIATIONS ACT - DIRECTED GRANTS TO LOCAL GOVERNMENTS
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

	<u>Budget</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Revenues:				
2022 State Appropriations Act - OSBM	\$ 750,000	\$ 750,000	\$ -	\$ 750,000
Investment earnings	692	692	-	692
Total revenues	<u>750,692</u>	<u>750,692</u>	<u>-</u>	<u>750,692</u>
Other Financing Sources (Uses):				
Transfers out:				
General Fund	(327,000)	(327,000)	-	(327,000)
Capital Projects Fund	<u>(423,692)</u>	<u>(423,000)</u>	<u>(692)</u>	<u>(423,692)</u>
Total other financing sources (uses)	<u>(750,692)</u>	<u>(750,000)</u>	<u>(692)</u>	<u>(750,692)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 692</u>	<u>\$ (692)</u>	<u>\$ -</u>

ALEXANDER COUNTY, NORTH CAROLINA

HANCOCK & MOORE LLC BUILDING REUSE PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

	<u>Budget</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Revenues:				
NC Department of Commerce	\$ 40,000	\$ 40,000	\$ -	\$ 40,000
Expenditures:				
Economic and physical development:				
Building renovation	40,000	40,000	-	40,000
Grant administration	<u>4,000</u>	<u>4,000</u>	<u>-</u>	<u>4,000</u>
Total expenditures	<u>44,000</u>	<u>44,000</u>	<u>-</u>	<u>44,000</u>
Revenues over (under) expenditures	(4,000)	(4,000)	-	(4,000)
Other Financing Sources (Uses):				
Transfers in:				
General Fund	<u>4,000</u>	<u>4,000</u>	<u>-</u>	<u>4,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ALEXANDER COUNTY, NORTH CAROLINA

**2021 CDBG NEIGHBORHOOD REVITALIZATION PROGRAM
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budget</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Revenues:				
CDBG grant	\$ 1,318,640	\$ -	\$ 23,348	\$ 23,348
Expenditures:				
Economic and physical development:				
Administration	154,640	18,671	25,342	44,013
Street improvements	889,000	-	10,129	10,129
Rehab of privately-owned dwellings	310,000	-	1,000	1,000
Total expenditures	<u>1,353,640</u>	<u>18,671</u>	<u>36,471</u>	<u>55,142</u>
Revenues over (under) expenditures	(35,000)	(18,671)	(13,123)	(31,794)
Other Financing Sources (Uses):				
Transfers in:				
General Fund	<u>35,000</u>	<u>-</u>	<u>35,000</u>	<u>35,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (18,671)</u>	<u>\$ 21,877</u>	<u>\$ 3,206</u>

ALEXANDER COUNTY, NORTH CAROLINA

AMERICA 250 NC PROJECT
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

	<u>Budget</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Revenues:				
NC Dept of Natural and Cultural Resources Grant	\$ 10,000	\$ -	\$ -	\$ -
Expenditures:				
Project expenses	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	(5,000)	-	-	-
Other Financing Sources (Uses):				
Transfers in:				
General Fund	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>

ALEXANDER COUNTY, NORTH CAROLINA

PARAGON FILMS RAIL INFRASTRUCTURE PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

	<u>Budget</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Revenues:				
NC Department of Transportation grant	\$ 143,539	\$ -	\$ 143,500	\$ 143,500
CDBG grant	222,375	-	222,375	222,375
Total revenues	<u>365,914</u>	<u>-</u>	<u>365,875</u>	<u>365,875</u>
Expenditures:				
Professional services	410,111	-	408,688	408,688
Administration	29,929	-	25,000	25,000
Total expenditures	<u>440,040</u>	<u>-</u>	<u>433,688</u>	<u>433,688</u>
Revenues over (under) expenditures	(74,126)	-	(67,813)	(67,813)
Other Financing Sources (Uses):				
Transfers in:				
General Fund	<u>74,126</u>	<u>74,126</u>	<u>-</u>	<u>74,126</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 74,126</u>	<u>\$ (67,813)</u>	<u>\$ 6,313</u>

ALEXANDER COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2025

	Park Improvements Capital Project Fund	16 West Main Avenue Downtown Revitalization Project Fund	2023 State Appropriation Act Grant Fund	Total Nonmajor Capital Project Funds
Assets:				
Cash and investments	\$ 279,744	\$ 36,314	\$ 957,500	\$ 1,273,558
Due from other governments	-	64,497	-	64,497
Cash and investments, restricted	-	-	594,042	594,042
Total assets	<u>\$ 279,744</u>	<u>\$ 100,811</u>	<u>\$ 1,551,542</u>	<u>\$ 1,932,097</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 199,339	\$ 77,303	401,090	\$ 677,732
Advance from grantor	-	-	192,051	192,051
Total liabilities	<u>199,339</u>	<u>77,303</u>	<u>593,141</u>	<u>869,783</u>
Fund Balances:				
Restricted:				
Restricted for public safety	-	-	958,401	958,401
Committed	80,405	23,508	-	103,913
Total fund balances	<u>80,405</u>	<u>23,508</u>	<u>958,401</u>	<u>1,062,314</u>
Total liabilities and fund balances	<u>\$ 279,744</u>	<u>\$ 100,811</u>	<u>\$ 1,551,542</u>	<u>\$ 1,932,097</u>

ALEXANDER COUNTY, NORTH CAROLINA

**NONMAJOR CAPITAL PROJECT FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2025**

	Park Improvements Capital Project Fund	16 West Main Avenue Downtown Revitalization Project Fund	2023 State Appropriation Act Grant Fund	Total Nonmajor Capital Project Funds
Revenues:				
Intergovernmental revenues	\$ -	\$ 398,799	\$ 557,949	\$ 956,748
Investment earnings	-	-	725	725
Total revenues	<u>-</u>	<u>398,799</u>	<u>558,674</u>	<u>957,473</u>
Expenditures:				
Public safety	-	-	557,949	557,949
General government	-	430,038	-	430,038
Cultural and recreation	1,520,456	-	-	1,520,456
Total expenditures	<u>1,520,456</u>	<u>430,038</u>	<u>557,949</u>	<u>2,508,443</u>
Revenues over (under) expenditures	(1,520,456)	(31,239)	725	(1,550,970)
Other Financing Sources (Uses):				
Transfers in	692	-	957,500	958,192
Net change in fund balances	(1,519,764)	(31,239)	958,225	(592,778)
Fund Balances:				
Beginning of year - July 1	<u>1,600,169</u>	<u>54,747</u>	<u>176</u>	<u>1,655,092</u>
End of year - June 30	<u>\$ 80,405</u>	<u>\$ 23,508</u>	<u>\$ 958,401</u>	<u>\$ 1,062,314</u>

ALEXANDER COUNTY, NORTH CAROLINA

2023 STATE APPROPRIATIONS ACT - DIRECTED GRANTS TO LOCAL GOVERNMENTS
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

	Budget	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
2023 State Appropriations Act - OSBM	\$ 1,050,000	\$ 300,000	\$ 557,949	\$ 857,949
Investment earnings	-	176	725	901
Total revenues	<u>1,050,000</u>	<u>300,176</u>	<u>558,674</u>	<u>858,850</u>
Expenditures:				
Public safety:				
Capital outlay - EMS building	1,707,500	-	557,949	557,949
General government:				
Community grants	<u>300,000</u>	<u>300,000</u>	<u>-</u>	<u>300,000</u>
Total expenditures	<u>2,007,500</u>	<u>300,000</u>	<u>557,949</u>	<u>857,949</u>
Revenues over (under) expenditures	(957,500)	176	725	901
Other Financing Sources (Uses):				
Transfers in:				
General Fund	<u>957,500</u>	<u>-</u>	<u>957,500</u>	<u>957,500</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 176</u>	<u>\$ 958,225</u>	<u>\$ 958,401</u>

ALEXANDER COUNTY, NORTH CAROLINA

**PARK IMPROVEMENTS CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025**

	Budget	Prior Years	Actual Current Year	Total to Date
Expenditures:				
Construction/renovation costs	\$ 2,404,867	\$ 844,290	\$ 1,498,083	\$ 2,342,373
Professional/technical services	240,300	200,016	22,373	222,389
Total expenditures	2,645,167	1,044,306	1,520,456	2,564,762
Revenues over (under) expenditures	(2,645,167)	(1,044,306)	(1,520,456)	(2,564,762)
Other Financing Sources (Uses):				
Transfers in:				
Special revenue funds	423,692	423,000	692	423,692
General Fund	2,221,475	2,221,475	-	2,221,475
Total other financing sources (uses)	2,645,167	2,644,475	692	2,645,167
Net change in fund balance	\$ -	\$ 1,600,169	\$ (1,519,764)	\$ 80,405

ALEXANDER COUNTY, NORTH CAROLINA

**16 WEST MAIN AVENUE DOWNTOWN REVITALIZATION PROJECT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025**

	Budget	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Rural Downtown Economic Development Grant	\$ 412,500	\$ -	\$ -	\$ -
Rural Transformation Grant Fund Grant	650,000	-	398,799	398,799
Total revenues	<u>1,062,500</u>	<u>-</u>	<u>398,799</u>	<u>398,799</u>
Expenditures:				
General government:				
Building rehab/construction (grant)	1,041,875	45,253	406,453	451,706
Building rehab/construction	67,500	-	-	-
Grant administration	53,125	-	23,585	23,585
Total expenditures	<u>1,162,500</u>	<u>45,253</u>	<u>430,038</u>	<u>475,291</u>
Revenues over (under) expenditures	(100,000)	(45,253)	(31,239)	(76,492)
Other Financing Sources (Uses):				
Transfers in:				
General Fund	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 54,747</u>	<u>\$ (31,239)</u>	<u>\$ 23,508</u>

ALEXANDER COUNTY, NORTH CAROLINA

MAJOR ENTERPRISE FUND
COUNTY WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Water revenues	\$ 4,205,000	\$ 3,976,113	\$ (228,887)
Sewer revenues	380,000	324,904	(55,096)
Non-operating revenues:			
Investment earnings	235,000	236,403	1,403
Other non-operating revenues	8,000	11,223	3,223
	<u>4,828,000</u>	<u>4,548,643</u>	<u>(279,357)</u>
Expenditures:			
Water and distribution	2,739,797	2,150,558	589,239
Capital outlay	272,896	272,896	-
Budgetary appropriations:			
Debt principal	886,000	862,925	23,075
Interest and fees paid	92,000	85,003	6,997
Total expenditures	<u>3,990,693</u>	<u>3,371,382</u>	<u>619,311</u>
Revenues over (under) expenditures	<u>837,307</u>	<u>1,177,261</u>	<u>339,954</u>
Other Financing Sources (Uses):			
Transfer from General Fund	97,750	-	(97,750)
Transfer to Water and Sewer Capital Project Funds	(1,185,952)	(1,185,952)	-
Transfer from Water and Sewer Capital Project Funds	250,895	250,895	-
Total other financing sources (uses)	<u>(837,307)</u>	<u>(935,057)</u>	<u>(97,750)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 242,204</u>	<u>\$ 242,204</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 242,204	
Reconciling items:			
Capital contributions - capital project grants		446,515	
Capital project transfer from Bowman Court Sewer Pump Station Project		(75,000)	
Capital project transfer to Bowman Court Sewer Pump Station Project		365,000	
Capital project transfer from Three Forks Ch Rd Water Project		(36,000)	
Capital project transfer to Three Forks Ch Rd Water Project		37,500	
Capital project transfer from Bethlehem Water Tank Project		(139,895)	
Capital project transfer to Bethlehem Water Tank Project		782,452	
Capital project transfer to Industrial Park Sewer Project		1,000	
Capital project transfer from General Fund		4,666,620	
Capital outlay		272,896	
Debt principal		862,925	
Depreciation		(1,411,400)	
Change in accrued interest		1,390	
Change in net position		<u>\$ 6,016,207</u>	

ALEXANDER COUNTY, NORTH CAROLINA

**COUNTY WATER AND SEWER CAPITAL PROJECT FUND
 BOWMAN COURT SEWER PUMP STATION PROJECT
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025**

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
NCDEQ grant	\$ 1,554,000	\$ -	\$ 242,616	\$ 242,616
NC commerce grant	776,205	-	-	-
Total revenues	<u>2,330,205</u>	<u>-</u>	<u>242,616</u>	<u>242,616</u>
Expenditures:				
Sewer improvements - DEQ grant	1,554,000	-	487,507	487,507
Sewer improvements - NC commerce	701,205	-	-	-
Sewer improvements- local	365,000	-	-	-
Total expenditures	<u>2,620,205</u>	<u>-</u>	<u>487,507</u>	<u>487,507</u>
Revenues over (under) expenditures	<u>(290,000)</u>	<u>-</u>	<u>(244,891)</u>	<u>(244,891)</u>
Other Financing Sources (Uses):				
Transfer to County W&S Fund	(75,000)	-	(75,000)	(75,000)
Transfer from County W&S Fund	<u>365,000</u>	<u>-</u>	<u>365,000</u>	<u>365,000</u>
Total other financing sources (uses)	<u>290,000</u>	<u>-</u>	<u>290,000</u>	<u>290,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,109</u>	<u>\$ 45,109</u>

ALEXANDER COUNTY, NORTH CAROLINA

**COUNTY WATER AND SEWER CAPITAL PROJECT FUND
 THREE FORKS CHURCH ROAD WATER LINE EXPANSION PROJECT
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Revenues:				
2023-134 Directed Projects State grant	\$ 2,462,500	\$ -	\$ -	\$ -
Expenditures:				
Professional/technical services - grant	293,500	-	107,900	107,900
Professional/technical services - local	37,500	-	-	-
Construction	2,133,000	-	-	-
Total expenditures	<u>2,464,000</u>	<u>-</u>	<u>107,900</u>	<u>107,900</u>
Revenues over (under) expenditures	<u>(1,500)</u>	<u>-</u>	<u>(107,900)</u>	<u>(107,900)</u>
Other Financing Sources (Uses):				
Transfer to County W&S Fund	(36,000)	-	(36,000)	(36,000)
Transfer from County W&S Fund	<u>37,500</u>	<u>-</u>	<u>37,500</u>	<u>37,500</u>
Total other financing sources (uses)	<u>1,500</u>	<u>-</u>	<u>1,500</u>	<u>1,500</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (106,400)</u>	<u>\$ (106,400)</u>

ALEXANDER COUNTY, NORTH CAROLINA

COUNTY WATER AND SEWER CAPITAL PROJECT FUND
 BETHLEHEM WATER TANK PROJECT
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
2023-134 Directed Projects State grant	\$ 2,583,248	\$ -	\$ -	\$ -
NC Department of Environment Quality - ARPA	<u>2,065,000</u>	-	<u>203,399</u>	<u>203,399</u>
Total revenues	<u>4,648,248</u>	-	<u>203,399</u>	<u>203,399</u>
Expenditures:				
Engineering	260,105	-	79,733	79,733
Construction - grant	4,648,248	-	627,446	627,446
Construction - local	<u>382,452</u>	-	<u>123</u>	<u>123</u>
Total expenditures	<u>5,290,805</u>	-	<u>707,302</u>	<u>707,302</u>
Revenues over (under) expenditures	<u>(642,557)</u>	-	<u>(503,903)</u>	<u>(503,903)</u>
Other Financing Sources (Uses):				
Transfer to County W&S Fund	(139,895)	-	(139,895)	(139,895)
Transfer from County W&S Fund	<u>782,452</u>	-	<u>782,452</u>	<u>782,452</u>
Total other financing sources (uses)	<u>642,557</u>	-	<u>642,557</u>	<u>642,557</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 138,654</u>	<u>\$ 138,654</u>

ALEXANDER COUNTY, NORTH CAROLINA

COUNTY WATER AND SEWER CAPITAL PROJECT FUND
 2021 AMERICAN RESCUE PLAN WATER LINE EXTENSION PROJECT
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Expenditures:				
Professional/technical services - grant	\$ 233,380	\$ 233,380	\$ -	\$ 233,380
Professional/technical services - local	366,620	-	88,120	88,120
Water line construction - local	4,300,000	-	479,384	479,384
Total expenditures	<u>4,900,000</u>	<u>233,380</u>	<u>567,504</u>	<u>800,884</u>
Revenues over (under) expenditures	<u>(4,900,000)</u>	<u>(233,380)</u>	<u>(567,504)</u>	<u>(800,884)</u>
Other Financing Sources (Uses):				
Transfer from ARPA Grant Project Fund	233,380	233,380	-	233,380
Transfer from General Fund	4,666,620	-	4,666,620	4,666,620
Total other financing sources (uses)	<u>4,900,000</u>	<u>233,380</u>	<u>4,666,620</u>	<u>4,900,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,099,116</u>	<u>\$ 4,099,116</u>

ALEXANDER COUNTY, NORTH CAROLINA

COUNTY WATER AND SEWER CAPITAL PROJECT FUND
ALEXANDER INDUSTRIAL PARK SEWER PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
NC Department of Environmental Quailty	\$ 226,165	\$ -	\$ -	\$ -
Appalachian Regional Commission	226,165	60,780	500	61,280
Total revenues	<u>452,330</u>	<u>60,780</u>	<u>500</u>	<u>61,280</u>
Expenditures:				
Administration	30,000	25,000	-	25,000
Construction	423,330	35,780	2,911	38,691
Total expenditures	<u>453,330</u>	<u>60,780</u>	<u>2,911</u>	<u>63,691</u>
Revenues over (under) expenditures	(1,000)	-	(2,411)	(2,411)
Other Financing Sources (Uses):				
Transfer from County W&S Fund	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>1,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,411)</u>	<u>\$ (1,411)</u>

ALEXANDER COUNTY, NORTH CAROLINA

MAJOR ENTERPRISE FUND
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>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Landfill	\$ 1,915,000	\$ 1,993,685	\$ 78,685
Convenience center	275,500	282,817	7,317
Non-operating revenues:			
Intergovernmental revenues	127,000	124,187	(2,813)
Grant revenue	-	91	91
Miscellaneous revenue	40,000	-	(40,000)
Total revenues	<u>2,357,500</u>	<u>2,400,780</u>	<u>43,280</u>
Expenditures:			
Convenience centers	291,994	269,119	22,875
Landfill operations	2,103,727	2,040,562	63,165
Capital outlay	552,068	428,945	123,123
Debt principal	14,849	13,369	1,480
Interest and fees paid	651	651	-
Total expenditures	<u>2,963,289</u>	<u>2,752,646</u>	<u>210,643</u>
Revenues over (under) expenditures	<u>(605,789)</u>	<u>(351,866)</u>	<u>253,923</u>
Other Financing Sources (Uses):			
Lease liabilities issued	100,000	5,904	(94,096)
Subscription liabilities issued	25,000	-	(25,000)
Transfers from General Fund	137,479	137,479	-
Appropriated fund balance	343,310	-	(343,310)
Total other financing sources (uses)	<u>605,789</u>	<u>143,383</u>	<u>(462,406)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (208,483)</u>	<u>\$ (208,483)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (208,483)	
Reconciling items:			
Capital outlay capitalized		428,945	
Lease liabilities issued		(5,904)	
Change in deferred outflows of resources - pension		(26,949)	
Change in net pension liability		(1,405)	
Change in deferred inflows of resources - pension		(2,965)	
Change in compensated absences		(18,641)	
Change in OPEB liability		(91,589)	
Change in deferred outflows of resources - OPEB		(13,691)	
Change in deferred inflows of resources - OPEB		25,276	
Debt principal payments - leases		13,369	
Change in accrued interest - leases		(779)	
Amortization - leases		(12,263)	
Depreciation		<u>(128,405)</u>	
Change in net position		<u>\$ (43,484)</u>	

ALEXANDER COUNTY, NORTH CAROLINA

**MAJOR ENTERPRISE FUND
 LANDFILL CLOSURE FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Non-operating revenues:			
Investment earnings	\$ 1,000	\$ 1,270	\$ 270
Expenditures:			
Monitoring	<u>95,000</u>	<u>66,190</u>	<u>28,810</u>
Revenues over (under) expenditures	(94,000)	(64,920)	29,080
Other Financing Sources (Uses):			
Transfer in - General Fund	<u>94,000</u>	<u>94,000</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 29,080</u>	<u>\$ 29,080</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 29,080	
Reconciling items:			
(Increase)/decrease in accrued landfill closure and post-closure care costs		<u>(292,160)</u>	
Change in net position		<u>\$ (263,080)</u>	

ALEXANDER COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF FIDUCIARY NET POSITION

CUSTODIAL FUNDS

JUNE 30, 2025

	<u>Municipal Tax Fund</u>	<u>Sheriff's Civil Executions Fund</u>	<u>Jail Inmate Pay Fund</u>	<u>Total Custodial Funds</u>
Assets:				
Cash and cash equivalents	\$ 12,403	\$ -	\$ 6,030	\$ 18,433
Taxes receivable for other governments, net	<u>32,696</u>	<u>-</u>	<u>-</u>	<u>32,696</u>
Total assets	<u>45,099</u>	<u>-</u>	<u>6,030</u>	<u>51,129</u>
Liabilities:				
Accounts payable	-	-	4,408	4,408
Due to other governments	<u>16,998</u>	<u>-</u>	<u>-</u>	<u>16,998</u>
Total liabilities	<u>16,998</u>	<u>-</u>	<u>4,408</u>	<u>21,406</u>
Net Position:				
Restricted for:				
Individuals, organizations and other governments	<u>\$ 28,101</u>	<u>\$ -</u>	<u>\$ 1,622</u>	<u>\$ 29,723</u>

ALEXANDER COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2025

	<u>Municipal Tax Fund</u>	<u>Sheriff's Civil Executions Fund</u>	<u>Jail Inmate Pay Fund</u>	<u>Total Custodial Funds</u>
Additions:				
Property taxes collected for other governments	\$ 910,247	\$ -	\$ -	\$ 910,247
Collections on behalf of individuals/organizations	<u>-</u>	<u>10,267</u>	<u>196,122</u>	<u>206,389</u>
Total additions	<u>910,247</u>	<u>10,267</u>	<u>196,122</u>	<u>1,116,636</u>
Deductions:				
Property taxes distributed to other governments	903,782	-	-	903,782
Payments on behalf of individuals/organizations	<u>-</u>	<u>10,267</u>	<u>197,715</u>	<u>207,982</u>
Total deductions	<u>903,782</u>	<u>10,267</u>	<u>197,715</u>	<u>1,111,764</u>
Net increase (decrease) in fiduciary net position	6,465	-	(1,593)	4,872
Net position, beginning	<u>21,636</u>	<u>-</u>	<u>3,215</u>	<u>24,851</u>
Net position, ending	<u>\$ 28,101</u>	<u>\$ -</u>	<u>\$ 1,622</u>	<u>\$ 29,723</u>

ALEXANDER COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
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>
2025	\$ -	\$ 27,130,965	\$ 26,414,041	\$ 716,924
2024	790,823	-	398,043	392,780
2023	267,573	-	96,422	171,151
2022	166,573	-	53,113	113,460
2021	111,377	-	31,909	79,468
2020	75,052	-	19,368	55,684
2019	57,995	-	14,933	43,062
2018	39,976	-	7,951	32,025
2017	32,182	-	4,796	27,386
2016	26,289	-	6,200	20,089
2015	15,561	-	15,561	-
Total	<u>\$ 1,583,401</u>	<u>\$ 27,130,965</u>	<u>\$ 27,062,337</u>	1,652,029
Less: allowance for uncollectible ad valorem taxes receivable:				
General Fund				<u>306,520</u>
Ad Valorem Taxes Receivable, net:				
General Fund				<u>\$ 1,345,509</u>
Reconciliation of Collections and Credits with Revenues:				
Ad valorem taxes - General Fund			\$ 26,976,269	
Ad valorem taxes - Revaluation Fund			228,000	
Penalties collected on ad valorem taxes - Custodial Fund			<u>17,782</u>	
Total ad valorem taxes			27,222,051	
Reconciling items:				
Interest and penalties collected				(201,526)
Tax refunds				12,910
Miscellaneous adjustments				13,341
Amounts written off for tax year 2015 per Statute of Limitations				<u>15,561</u>
Total collections and credits				<u>\$ 27,062,337</u>

ALEXANDER COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2025

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
County-wide:					
Property tax	\$ 4,172,501,080	\$ 0.650	\$ 27,121,257	\$ 24,060,576	\$ 3,060,681
Late list penalties	-		18,346	18,346	-
Total original levy	4,172,501,080		27,139,603	24,078,922	3,060,681
Discoveries	6,020,923		39,136	39,136	-
Abatements and Discounts	(7,349,911)		(47,774)	(47,774)	-
Total property valuation	<u>\$ 4,171,172,092</u>				
Net Levy			27,130,965	24,070,284	3,060,681
Uncollected taxes at June 30, 2025			716,924	716,924	-
Current Year's Taxes Collected			<u>\$ 26,414,041</u>	<u>\$ 23,353,360</u>	<u>\$ 3,060,681</u>
Current Levy Collection Percentage			97.36%	97.02%	100.00%

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**ALEXANDER COUNTY
NORTH CAROLINA**

COMPLIANCE LETTERS

FOR THE YEAR ENDED JUNE 30, 2025

MARTIN  STARNES

& ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

ALEXANDER COUNTY, NORTH CAROLINA

COMPLIANCE LETTERS FOR THE YEAR ENDED JUNE 30, 2025

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MARTIN STARNES

& ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To the Board of Commissioners
Alexander County
Taylorsville, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Alexander County, North Carolina, as of and for the year ended June 30, 2025, not presented here, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 9, 2026. Our report includes reference to other auditors who audited the financial statements of the Alexander County ABC Board, as described in our report on Alexander County's financial statements. The financial statements of the Alexander County ABC Board were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal controls over financial reporting compliance and other matters associated with the Alexander County ABC Board or that are reported on separately by those auditors who audited the financial statements of the Alexander County ABC Board.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
February 9, 2026

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Commissioners
Alexander County
Taylorsville, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Alexander County, North Carolina's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Alexander County's major federal programs for the year ended June 30, 2025. Alexander County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

In our opinion, Alexander County complied, in all material respects, with the 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Alexander County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Alexander 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 Alexander County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Alexander 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*, the Uniform Guidance, and the State Single Audit Implementation Act will always detect material non-compliance when it exists. The risk of not detecting material non-compliance 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. Non-compliance 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 Alexander 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*, the Uniform Guidance, and the State Single Audit Implementation Act, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material non-compliance, 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 Alexander 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 Alexander 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 and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of Alexander County's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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, non-compliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2025-001 to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on Alexander County's response to the internal control over compliance finding identified in our compliance audit described in the accompanying Schedule of Findings, Responses, and Questioned Costs. Alexander County's responses was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Report on the Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the State Single Audit Implementation Act

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Alexander County, North Carolina, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Alexander County's basic financial statements. We issued our report thereon dated February 9, 2026, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by the Uniform Guidance and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal and State Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
February 9, 2026

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Report On Compliance for Each Major State Program; Report on Internal Control Over Compliance; Report on the Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Commissioners
Alexander County
Taylorsville, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Alexander County, North Carolina's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Alexander County's major state programs for the year ended June 30, 2025. Alexander County's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

In our opinion, Alexander County complied, in all material respects, with the 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Alexander County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions on compliance for each major state program. Our audit does not provide a legal determination of Alexander 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 Alexander County's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Alexander 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*, the Uniform Guidance, and the State Single Audit Implementation Act will always detect material non-compliance when it exists. The risk of not detecting material non-compliance 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. Non-compliance 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 Alexander 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*, the Uniform Guidance, and the State Single Audit Implementation Act, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material non-compliance, 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 Alexander 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 Alexander 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 and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of Alexander 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

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functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material non-compliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2025-001 to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on Alexander County's response to the internal control over compliance finding identified in our compliance audit described in the accompanying Schedule of Findings, Responses, and Questioned Costs. Alexander County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Report on the Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the State Single Audit Implementation Act

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Alexander County, North Carolina, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Alexander County's basic financial statements. We issued our report thereon dated February 9, 2026, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by the Uniform Guidance and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal and State Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.

Hickory, North Carolina

February 9, 2026

ALEXANDER COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

1. Summary of Auditor’s Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Non-compliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

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

Unmodified

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

Yes No

Identification of major federal programs:

<u>Program Name</u>	<u>AL#</u>
Medicaid Cluster	93.778
COVID-19 – Coronavirus State Local Fiscal Recovery Funds	21.027
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$750,000</u>
Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

ALEXANDER COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

1. Summary of Auditor's Results (continued)

State Awards

Internal control over major state programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? X Yes None reported

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

Any findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? X Yes No

Auditee qualified as low-risk auditee? X Yes No

Identification of major state programs:

Program Name

Medicaid Cluster
Public School Building Capital Fund

2. Financial Statement Findings

None reported.

ALEXANDER COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2025

3. Federal Award Findings, Responses, and Questioned Costs

U.S. Department of Health and Human Services

Passed through the N.C. Dept. Of Health and Human Services

Program Name: Medicaid Cluster

AL # 93.778

Grant Number: XIX-MAP23

Finding 2025-001

Significant Deficiency

Criteria: In accordance with the Division of Social Services Fiscal Manual, DSS employees should control physical access to the state network terminals or personal computers that are connected to the state mainframe.

Condition: Upon surprise inspection, one unattended workstation of a DSS employee was logged onto the state network, without anyone attending to the workstation.

Context: While performing testing of internal control over compliance related to the Division of Social Services, we noted the above condition.

Effect: Unauthorized access to the state system could be obtained due to the unattended logon to the system throughout the DSS building.

Cause: Lack of proper internal controls over data security

Indication of a Repeat Finding: This is a modified and repeated finding from the immediate previous audit, 2024-001.

Questioned Costs: None. The finding represents an internal control issue; therefore, no questioned costs are applicable.

Recommendation: Require the County Data Processing Department to implement procedures to require logout of workstations where access to the state DSS system is granted. The control procedures should include random verification of logout in instances where offices are unattended.

View of Responsible Officials and Planned Corrective Actions: See Corrective Action Plan submitted with this report.

ALEXANDER COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2025

4. State Award Findings, Responses, and Questioned Costs

U.S. Department of Health and Human Services

Passed through the N.C. Dept. Of Health and Human Services

Program Name: Medicaid Cluster

AL # 93.778

Grant Number: XIX-MAP23

Significant Deficiency

Finding: 2025-001 – In accordance with the Division of Social Services Fiscal Manual, DSS employees should control physical access to the state network terminals or personal computers that are connected to the state mainframe. See more details at Finding 2025-001 in Section 3 Federal Award Findings, Responses, and Questioned Costs.



Alexander County Dept. of Social Services

Corrective Action Plan for Finding 2025-001

Name of Contact Person: Keri Jerrell, DSS Director

Corrective Action Plan:

1. PII Policy Monitoring Development – DSS Program Managers will at random, each quarter, complete a walkthrough of their departments offices checking staff computers to ensure they are secured when they are away. Program managers will maintain a log of each inspection and document staff members out of compliance. Quarterly Reports will be sent to the DSS Business Officer for record keeping and audit reporting purposes.
2. Program managers will complete write-ups, and re-trainings with focus on the Security Implementations Policy for those found to be out of compliance. Quarterly reports, write-ups and re-trainings will be reported to the DSS Director and Administrative Assistance for further review and decisions on whether or not further action needs to take place.

Proposed Completion Date: Ongoing Monitoring Procedures

ALEXANDER COUNTY, NORTH CAROLINA

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

2024-001: modified and repeated as 2025-001

2024-002: corrected

2024-003: corrected

ALEXANDER 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	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients
Federal Awards:					
<u>U.S. Dept. of Agriculture</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
<u>Supplemental Nutrition Assistance Program Cluster:</u>					
Administration:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	245NC406S2514	\$ 537,040	\$ 45,679	\$ -
Total Supplemental Nutrition Assistance Program Cluster			<u>537,040</u>	<u>45,679</u>	<u>-</u>
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
Administration:					
WIC Special Supplemental Nutrition Program for Women, Infants, & Children (Note 5)	10.557	13A25403(4,5,9)GD, 13A25405(9)JQ	178,986	-	-
Total U.S. Department of Agriculture			<u>716,026</u>	<u>45,679</u>	<u>-</u>
<u>U.S. Dept. of Justice</u>					
Passed-through N.C. Department of Public Safety					
Governor's Crime Commission					
Edward Byrne Memorial Justice Assistance Grant Program 2025-Alexander County Sheriff's Office Block Grant	16.738	15PBJA-23-GG-03000-JAGX	26,416	-	-
<u>U.S. Department of Housing and Urban Development</u>					
<u>Office of Community Planning and Development</u>					
Passed-through the N.C. Department of Commerce					
Division of Rural Economic Development					
Community Development Block Grant Cluster Entitlement/Special Purpose Grants Cluster					
Community Development Block Grants/Entitlement Grants Neighborhood Revitalization (CDBG-NR) Program					
Alexander County Sterling Road CDBG Project	14.218	21-C-4005	36,471	-	-
Alexander County Rail Infrastructure CDBG Project	14.218	22-E-4112	222,375	-	-
Total Community Development Block Grant Cluster Entitlement/Special Purpose Grants Cluster			<u>258,846</u>	<u>-</u>	<u>-</u>
<u>U.S. Dept. of Treasury</u>					
Direct Programs:					
COVID 19 - Coronavirus State Local Fiscal Recovery Funds	21.027	566000272	6,957,388	-	-
Passed-through the N.C. Department of Cultural Resource					
COVID 19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	2000057929	38,330	-	-
Division of Water Infrastructure - Drinking Water Program					
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds - Bethlehem Water Tank Project	21.027	SRP-D-ARP-0084	847,075	-	-
Division of Water Infrastructure - Wastewater Program					
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds - Bowman Court Sewer Pump Station	21.027	SRP-W-ARP-0086	562,507	-	-
Total U.S. Dept. of Treasury			<u>8,405,300</u>	<u>-</u>	<u>-</u>
<u>U.S. Dept. of Transportation</u>					
Federal Transit Administration					
Passed-through the N.C. Department of Transportation					
<u>Transit Services Programs Cluster:</u>					
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	DOT-14	91,864	8,771	-
Total Transit Services Program Cluster			<u>91,864</u>	<u>8,771</u>	<u>-</u>
<u>Appalachian Regional Commission</u>					
Passed-through the N.C. Department of Commerce					
Appalachian Area Development					
Alexander County Water Sewer Infrastructure Project	23.002	NC19862-2020	2,911	-	-
<u>The Institute of Museum and Library Service</u>					
Passed-through State Library of North Carolina					
Grants to States 2024-2025 Scholarship Grant	45.310	LS-256834-OLS-24	2,603	-	-
Total Grants to states - LSTA			<u>2,603</u>	<u>-</u>	<u>-</u>
<u>U.S. Department of Homeland Security</u>					
Division of Federal Emergency Management Agency					
Passed-through N.C. Department of Public Safety:					
State & Local Cybersecurity Grant Program Tribal Cybersecurity Grant Program	97.137	EMW-2022-CY-00006	22,709	-	-
State & Local Cybersecurity Grant Program Tribal Cybersecurity Grant Program	97.137	EMW-2023-CY-00006	36,000	-	-
Disaster Grants-Public Assistance (Presidentially Declared Disasters) Hurricane Helene	97.036	B4909 4827 HEL PW255	6,963	-	-
Disaster Grants-Public Assistance (Presidentially Declared Disasters) Hurricane Helene	97.036	B4899 4827 HEL PW254	8,325	-	-
Emergency Management Performance Grants	97.042	EMPG-2024-002	20,625	-	-
Total U.S. Department of Homeland Security			<u>94,622</u>	<u>-</u>	<u>-</u>
<u>U.S. Dept. of Health & Human Service:</u>					
Administration for Community Living					
Passed-through Western Piedmont Council of Governments:					
Division of Aging and Adult Services:					
<u>Aging Cluster:</u>					
Special Programs for the Aging - Title III Part B					
Grants for Supportive Services and Senior Centers Special	93.044	566000272-2025	34,573	101,408	-
Programs for the Aging - Title III Part C					
Nutrition Services	93.045	566000272-2025	87,303	5,135	-
Nutrition Services-ARPA Funds	93.045	566000272-2025	19,073	-	-
Nutrition Services Incentive Program	93.045	566000272-2025	6,825	-	-
Total Aging Cluster			<u>147,774</u>	<u>106,543</u>	<u>-</u>
Passed-through N.C. Department of Insurance:					
Division of SHIIP:					
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations:					
State Health Insurance Assistance Program	93.324	90SAPG0099-05-00	5,730	-	-
Special Programs for Aging, Title IV, and Title II, Discretionary Projects - CIP-Senior Medicare Patrol Project	93.048	90MPPG0074-02-00	16,800	-	-
Medicare Enrollment Assistance Program	93.071	2401NCMISH-00	6,003	-	-

ALEXANDER 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	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients
Passed-through N.C. Department of Health and Human Services:					
<u>Special Children Adoption Fund Cluster (Note 4):</u>					
Division of Social Services					
MaryLee Allen Promoting Safe and Stable Families Program - Admin	93.556	2401NCFPSS	14,251	-	-
Stephanie Tubbs Jones Child Welfare Services Program:					
- Permanency Planning - Families for Kids	93.645	2401NCCWSS	20,012	-	-
Total Special Children Adoption Fund Cluster (Note 4)			34,263	-	-
<u>Temporary Assistance for Needy Families:</u>					
Division of Social Services:					
Temporary Assistance for Needy Families (Note 5)	93.558	2401NCTANF	213,295	-	-
Division of Public Health:					
Temporary Assistance for Needy Families (Note 5)	93.558	13A15151T202	3,469	-	-
Total TANF			216,764	-	-
<u>Foster Care, Adoption, and Guardianship Assistance Program Cluster (Note 4):</u>					
Administration:					
Foster Care Title IV-E	93.658	2401NCFOST	222,767	19,152	-
Adoption Assistance (Note 5)	93.659	2401NCADPT	560	-	-
Direct benefits:					
Foster Care - Title IV-E	93.658	2401NCFOST	105,065	29,982	-
Total Foster Care, Adoption, and Guardianship Assistance Program Cluster (Note 4)			328,392	49,134	-
Child Support Services	93.563	2401NCCES	351,590	-	-
Low-Income Home Energy Assistance					
Weatherization Assistance and Heating and Air Repair	93.568	2401NCLIEA	21,621	-	-
Total Low-Income Home Energy Assistance			21,621	-	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood - Admin	93.674	2401NCC1LP	10,555	2,639	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood - Direct benefit payment	93.674	2401NCC1LP	4,166	-	-
Total John H. Chafee Foster Care Program for Successful Transition to Adulthood			14,721	2,639	-
Division of Aging and Adult Services					
Division of Social Services					
Social Services Block Grant - State In Home Service Fund	93.667	2401NCSOSR	8,166	-	-
Social Services Block Grant - State Adult Day Care	93.667	2401NCSOSR	17,876	5,607	-
Social Services Block Grant - State Child Protective Service	93.667	2401NCSOSR	2	-	-
Social Services Block Grant - Other Service and Training	93.667	2401NCSOSR	114,910	-	-
Total Social Services Block Grant			140,954	5,607	-
Division of Child Development and Early Education					
<u>Subsidized Child Care Program Cluster (Note 4):</u>					
<u>Child Care Development Fund Cluster</u>					
Division of Social Services					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund -Administration	93.596	2401NCCCDF	72,545	-	-
Total Subsidized Child Care Program Cluster / Child Care Development Fund Cluster (Note 4)			72,545	-	-
<u>Centers for Medicare and Medicaid Services</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Health Benefits					
<u>Medicaid Cluster:</u>					
Division of Social Services					
Administration:					
Grants to States for Medicaid (Note 5)	93.778	XIX-MAP23	1,302,250	157,951	-
Total Medicaid Cluster			1,302,250	157,951	-
Division of Social Services					
Administration:					
Children's Health Insurance Program - N.C. Health Choice	93.767	CHIP24	123,824	39,701	-
<u>Centers for Disease Control and Prevention</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Passed-through Cabarrus Health Alliance					
COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	NU90TP922192	9,778	-	-
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
Public Health Emergency Preparedness	93.069	12642680EU(EW)02	30,407	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	14602720NF02	50	-	-
Family Planning Services	93.217	13A15900FP02	42,246	-	-
COVID-19 - Immunization Cooperative Agreements	93.268	1331631EEJ02	12,006	-	-
COVID-19 - Immunization Cooperative Agreements	93.268	13316315LD02	15,481	-	-
HIV Care Formula Grants - Ryan White Care Act	93.917	1332002B04536;1332002B04601	947	-	-
Preventive Health and Health Services Block Grant	93.991	12615503PH02; 13A15735AP02; 13A157400002;	30,741	-	-
Maternal and Child Health Services Block Grant to the States	93.994	12715745AR02; 1312042B0SGLH;	16,199	6,562	-
Centers for Disease Control and Prevention's Collaboration with Academia to Strengthen Public Health Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.967	1312042B0SG23	7,092	-	-
	93.977	13114631NB02	100	-	-
Total U.S. Dept. of Health and Human Services			2,948,278	368,137	-
Total federal awards			12,546,866	422,587	-

ALEXANDER 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	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients
State Awards:					
<u>N.C. Dept. of Military and Veteran Affairs</u>					
Veterans Service		011823-1397	-	2,273	-
Grant Program for County Veterans Offices (GPCVO)		2025-0002	-	7,698	-
Total N.C. Dept. of Military and Veteran Affairs			-	9,971	-
<u>N.C. Dept. of Cultural and Natural Resources</u>					
State Library of North Carolina					
State Aid for Public Libraries		566000272-2025	-	114,915	-
<u>N.C. Office of State Budget and Management</u>					
Regional Economic Development Reserve		20813	-	557,949	-
Register of Deeds Grant Program		24-ROD-2081RD-01	-	2,000	-
Register of Deeds Grant Program		24-ROD-2081RD-02	-	2,714	-
Total N. C. Office of State Budget and Management			-	562,663	-
<u>N.C. Dept. of Agriculture and Consumer Services</u>					
Division of Soil & Water Conservation					
StreamFlow Rehabilitation Assistance Program (StRAP)		25-008-4102	-	32,563	-
Total N. C. Dept. of Agriculture and Consumer Services			-	32,563	-
<u>N.C. Dept. of Commerce</u>					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Rural Transformation Grant Fund					
Alexander County - 16 West Main Avenue Downtown Revitalization Project		SA-0218	-	430,038	-
Total N. C. Dept. of Commerce			-	430,038	-
<u>N.C. State Board of Elections</u>					
State Appropriated Funds for Helene Emergency Reimbursement - Absentee Ballots		566000272-2025	-	20	-
Total N.C. State Board of Elections			-	20	-
<u>N.C. Department of Environmental Quality</u>					
Division of Water Infrastructure-Drinking Water Program					
State Reserve Earmark (S.L. 2023-134) - Three Forks Church Rd Water Line Expansion		SRP-D-134-0144	-	107,900	-
Division of Waste Management-Solid Waste Section					
Scrap Tire Disposal Grant		SWS25-1289	-	91	-
Total N. C. Dept. of Environmental Quality			-	107,991	-
<u>N.C. Dept. of Health and Human Services</u>					
Division of Aging and Adult Services					
Passed-through Western Piedmont Council of Governments					
Senior Center General Purpose Funds		ZGA370-11	-	3,755	-
Division of Social Services					
State Child Welfare - State Protective Services			-	126,832	-
Extended FC/Max Non IV-E - direct benefits			-	24,770	-
Foster Care Kinship			-	23,565	-
State-Family Foster Max			-	1,924	-
SFHF Maximization - direct benefits			-	36,529	-
State Foster Home - direct benefits			-	51,193	-
Total Division of Social Service			-	264,813	-
Division of Public Health					
General Aid to Counties / PH Capacity Building		116141100002	-	85,275	-
General Communicable Disease Control		117545100002	-	10,112	-
Communicable Disease Pandemic Recovery - SFRF		2303292B0249N	-	41,882	-
Family Planning - State		13A157350002	-	18,397	-
Healthy Communities		126155030002	-	3,785	-
High Risk Maternity Clinics		116143010002	-	3,589	-
Food and Lodging Fees		11534752SZ02	-	4,622	-
School Nursing Funding Initiative		133253580002	-	150,000	150,000
Child Fatality Case Reporting		1313042B22911	-	865	-
State Fiscal Recovery Funds		25F1249NTT02	-	87,389	-
Tuberculosis Control		14604551(4)0002	-	2,951	-
Total Division of Public Health			-	408,867	150,000
Total N. C. Department of Health and Human Services			-	677,435	150,000
<u>N.C. Dept. of Public Safety</u>					
Emergency Management Capacity Building Competitive Grant		2394015	-	40,099	-
North Carolina Tier II		2471039	-	3,324	-
Juvenile Crime Prevention Programs		536301	-	139,773	-
Emergency Management Hurricane Helene Deployment Funds		313537	-	3,622	-
Emergency Management Hurricane Helene Deployment Funds		310518	-	1,946	-
Emergency Management Hurricane Helene Deployment Funds		312278	-	11,990	-
Emergency Management Hurricane Helene Deployment Funds		312473	-	12,919	-
Emergency Management Hurricane Helene Deployment Funds		314515	-	1,463	-
Emergency Management Hurricane Helene Deployment Funds		315343	-	12,343	-
Emergency Management Hurricane Helene Deployment Funds		315810	-	18,917	-
Emergency Management Hurricane Helene Deployment Funds		315486	-	103,713	-
Emergency Management Hurricane Helene Deployment Funds		318112	-	4,528	-
Emergency Management Hurricane Helene Deployment Funds		326117	-	3,073	-
Total N. C. Department of Public Safety			-	357,710	-
<u>N.C. Dept. of Information Technology</u>					
NC 911 Board Grant - Portable Radio PSAP Grant		PR2024-16	-	33,324	-
<u>N.C. Dept. of Transportation</u>					
NCDOT Rail Division Grant					
Rail Industrial Access Program		DOT-14	-	143,500	-

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

Grantor/Pass-through Grantor/Program Title <u>N.C. Dept. of Public Instruction</u>	Federal AL Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients
Public School Building Capital Fund - Lottery Proceeds Needs-Based			-	3,431,838	3,431,838
Public School Building Capital Fund - Lottery Proceeds Repair and Renovation			-	43,078	43,078
Total Public School Building Capital Fund			-	<u>3,474,916</u>	<u>3,474,916</u>
Total State awards			-	<u>5,945,046</u>	<u>3,624,916</u>
Other Financial Assistance:					
NC Dept. of Justice Opioid Settlement Fund (Note 6)		566000272	-	374,232	-
Total federal and State awards			<u>\$ 12,546,866</u>	<u>\$ 6,741,865</u>	<u>\$ 3,624,916</u>

Notes to the Schedule of Expenditures of Federal and State Financial Award

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Alexander County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2025. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Alexander County, it is not intended to and does not present the financial position, changes in net position or cash flows of Alexander County.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Indirect Cost Rate

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

Note 4: Cluster of Programs

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Foster Care, Adoption, and Guardianship Assistance Program Cluster, Subsidized Child Care Program Cluster, and Special Children Adoption Fund Cluster.

Note 5: Benefit Payments Issued by the State

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

<u>Program Title</u>	<u>AL No.</u>	<u>Federal</u>	<u>State</u>
WIC Special Supplemental Nutrition Program for Women Infant and Children	10.557	\$ 538,944	\$ -
Temporary Assistance for Needy Families	93.558	174,804	-
Adoption Assistance	93.659	292,643	69,960
Medical Assistance Program	93.778	69,896,390	23,530,638
Child Welfare Services Adoption Subsidy & Vendor		-	152,957
State / County Special Assistance program		-	108,959

Note 6: 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.