This Preliminary Official Statement and the information contained herein are subject to completion or amendment in a final Official Statement. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

Ratings:
Moody's: Aaa
S&P: AAA
(See "**RATINGS**" herein)

PRELIMINARY OFFICIAL STATEMENT DATED MAY 8, 2026

NEW ISSUE—Book-Entry Only

This Official Statement has been prepared by the Local Government Commission of North Carolina (the "Commission) and the County of Johnston, North Carolina (the "County") to provide information in connection with the sale and issuance of the Bonds described herein. Selected information is presented on this cover page for the convenience of the user. ***To make an informed decision regarding the Bonds, a prospective investor should read this Official Statement in its entirety.*** *Unless otherwise indicated, capitalized terms used on this cover page have the meanings given in this Official Statement. The County has deemed the Preliminary Official Statement "final" for purposes of S.E.C. Rule 15c2-12 except for information which may be omitted pursuant to Rule 15c2-12.*

County of Johnston, North Carolina

$78,040,000*

Consisting of

$67,000,000 General Obligation Public Improvement Bonds, Series 2026A*

$11,040,000 General Obligation Refunding Bonds, Series 2026B*

Dated: Date of Delivery **Due: As shown on inside cover page**

Tax Exemption	In the opinion of Bond Counsel and subject to the qualifications described herein, (a) interest on the Bonds is not includable in gross income for federal income tax purposes, and (b) interest on the Bonds is exempt from all present State of North Carolina income taxes. See "TAX EXEMPTION" herein for additional information regarding tax consequences arising from ownership or receipt of interest on the Bonds, including information regarding the application of federal alternative minimum tax provisions to the Bonds and certain other federal, State and local tax consequences.
Redemption	The 2026A Bonds are subject to redemption at the times and price set forth herein. The 2026B Bonds are not subject to redemption prior to maturity.
Security	The Bonds constitute general obligations of the County, secured by a pledge of the faith and credit and taxing power of the County.
Interest Payment Dates	February 1 and August 1, commencing February 1, 2027.
Denominations	$5,000 or any integral multiple thereof.
Expected Closing/Settlement	June 10, 2026.
Bond Counsel	Maynard Nexsen PC, Charlotte, North Carolina.
Municipal Advisor	Davenport & Company LLC, Richmond, Virginia.
Sale Date	May 19, 2026.
Sale of Bonds	Pursuant to electronic bids in accordance with the Notice of Sale.

The date of this Official Statement is May __, 2026

**Preliminary, subject to change.*

MATURITY SCHEDULE*

County of Johnson, North Carolina

Due February 1 of the Year Indicated

$67,000,000* General Obligation Public Improvement Bonds, Series 2026A

Year of Maturity	Principal Amount*	Interest Rate	Price or Yield[1]	CUSIP+
2028	$3,530,000			
2029	3,530,000			
2030	3,530,000			
2031	3,530,000			
2032	3,530,000			
2033	3,525,000			
2034	3,525,000			
2035	3,525,000			
2036	3,525,000			
2037	3,525,000			
2038	3,525,000			
2039	3,525,000			
2040	3,525,000			
2041	3,525,000			
2042	3,525,000			
2043	3,525,000			
2044	3,525,000			
2045	3,525,000			
2046	3,525,000			

$11,040,000* General Obligation Refunding Bonds, Series 2026B

Year of Maturity	Principal Amount*	Interest Rate	Price or Yield[2]	CUSIP+
2027	$1,415,000			
2028	1,245,000			
2029	1,265,000			
2030	1,280,000			
2031	1,295,000			
2032	1,310,000			
2033	1,325,000			
2034	1,345,000			
2035	560,000			

*Preliminary, subject to change as described in the Notice of Sale.
[1]Information obtained from the underwriters of the 2026A Bonds.
[2]Information obtained from the underwriters of the 2026B Bonds.

+CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by FactSet Research Systems, Inc. Copyright ©2026 CUSIP Global Services. All rights reserved. The Local Government Commission, the County and their respective agents do not take responsibility for the accuracy of such data. Also, investors should be aware that under certain circumstances the CUSIP identification number assigned to a maturity of the Bonds may be changed to a new replacement number.

COUNTY OF JOHNSTON, NORTH CAROLINA

BOARD OF COMMISSIONERS

Patrick E. Harris. ..... Chairman

R.S. "Butch" Lawter, Jr. ..... Vice-Chairman

Bill Stovall

Ted G. Godwin

Michelle Pace Davis

Michael Rose

April Stephens

COUNTY STAFF

Rick J. Hester..... County Manager

J. Chad McLamb, CPA ..... Director of Finance

Jennifer J. Slusser, Esq. ..... County Attorney

MUNICIPAL ADVISOR

Davenport & Company LLC
Richmond, Virginia

BOND COUNSEL

Maynard Nexsen PC
Charlotte, North Carolina

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INTRODUCTION

This Official Statement, including the cover page and the appendices, is intended to furnish information in connection with the public invitation for bids for the purchase of $78,040,000* General Obligation Bonds, of the County of Johnston, North Carolina (the "County") consisting of $67,000,000* General Obligation Public Improvement Bonds, Series 2026A (the "2026A Bonds"), and $11,040,000* General Obligation Refunding Bonds, Series 2026B (the "2026B Bonds" and together with the Series 2026A Bonds, the "Bonds").

The information furnished herein includes a brief description of the County and its economic condition, government, debt management, tax structure, financial operations, budget, pension plans and contingent liabilities. The County has assisted the North Carolina Local Government Commission (the "Commission") in gathering and assembling the information contained herein.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the Bonds offered hereby, nor shall there be any offer or solicitation of such offer or sale of the Bonds in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Neither the delivery of this Official Statement nor the sale of any of the Bonds implies that the information herein is correct as of any date subsequent to the date hereof. The information contained herein is subject to change after the date of this Official Statement, and this Official Statement speaks only as of its date.

This Official Statement is deemed to be a final official statement with respect to the Bonds within the meaning of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), except, when it is in preliminary form, for the omission of certain pricing and other information to be made available to the successful bidder or bidders for the Bonds by the Commission. In accordance with the requirements of such Rule, the County has agreed in a resolution adopted by the Board of Commissioners of the County to certain continuing disclosure obligations. See the caption "Continuing Disclosure" herein.

THE LOCAL GOVERNMENT COMMISSION OF NORTH CAROLINA

The Commission, a division of the Department of State Treasurer, State of North Carolina (the "State"), is a State agency that supervises the issuance of the bonded indebtedness of all units of local government and assists these units in the area of fiscal management. Appendix A to this Official Statement contains additional information concerning the Commission and its functions.

*Preliminary, subject to change.

THE BONDS

Description

The Bonds will be general obligations of the County, will be dated their date of delivery, and will bear interest at the rates set forth on the inside cover page of this Official Statement from their date. Interest on the Bonds will be payable on February 1, 2027 and semiannually thereafter on each August 1 and February 1. The Bonds will mature on February 1, in the years and principal amounts set forth on the inside cover page of this Official Statement. Interest on the Bonds will be paid on the interest payment date to the person appearing on the books of the County as the registered owner of the Bonds as of the close of business on the fifteenth day of the month ("The Record Date"), whether or not a business day, next preceding such interest payment date.

The Bonds will be issuable as fully registered bonds in a book-entry system maintained by The Depository Trust Company, Jersey City, New Jersey ("DTC"). DTC will act as securities depository for the Bonds. Purchases and transfers of the Bonds may be made only in authorized denominations of $5,000 and any integral multiples thereof and in accordance with the practices and procedures of DTC. See Appendix F hereto for a description of the book-entry system and DTC.

Redemption Provisions

The Series 2026B Bonds are not subject to prior redemption.

The Series 2026A Bonds maturing on or prior to February 1, 2036 will not be subject to redemption prior to maturity. The Series 2026A Bonds maturing on February 1, 2037 and thereafter will be subject to redemption, at the option of the County, from any moneys that may be made available for such purpose, either in whole or in part on any date not earlier than February 1, 2036, at a redemption price equal to 100% of the principal amount of the Series 2026A Bonds to be redeemed, plus interest accrued thereon to the date fixed for redemption.

If less than all of the 2026A Bonds of any one maturity shall be called for redemption, the particular 2026A Bonds or portions of 2026A Bonds to be redeemed shall be selected by lot in such manner as the County in its discretion may determine; provided, however, that the portion of any 2026A Bond to be redeemed shall be in the principal amount of $5,000 or a whole multiple thereof and that, in selecting 2026A Bonds for redemption, each 2026A Bond shall be considered as representing that number of 2026A Bonds which is obtained by dividing the principal amount of such 2026A Bonds by $5,000. Notwithstanding the preceding sentence, so long as a book-entry system with DTC is used for determining beneficial ownership of the 2026A Bonds, if less than all of the 2026A Bonds within a maturity are to be redeemed, DTC shall determine by lot the amount of the interest of each Direct Participant (as defined in Appendix F), in the 2026A Bonds within such maturity to be redeemed. If less than all of the 2026A Bonds stated to mature on different dates are called for redemption, the particular 2026A Bonds or portions of 2026A Bonds to be redeemed shall be called in such manner as the County may determine.

Notice of redemption shall be given by certified or registered mail, or as otherwise prescribed by DTC, or its nominee, as the registered owner of the 2026A Bonds. Such notice shall be mailed not more than 60 days nor less than 30 days prior to the date fixed for redemption. The County will not be responsible for mailing notices of redemption to anyone other than DTC or its nominee for so long as DTC or its nominee is the sole registered owner of the 2026A Bonds.

The election to call 2026A Bonds for redemption may be revoked by the County. The notice of redemption may state that the County retains the right to rescind such notice on or prior to the third business day preceding the scheduled redemption date.

On the date fixed for redemption, notice having been given as described above, the 2026A Bonds or portions thereof called for redemption shall be due and payable at the redemption price provided therefore, plus accrued interest to such date. If moneys sufficient to pay the redemption price of the 2026A Bonds or portions thereof to be redeemed, plus accrued interest thereon to the date fixed for redemption, have been deposited by the County to be held in trust for the registered owners of the 2026A Bonds or portions thereof to be redeemed, interest on the 2026A Bonds or portions thereof called for redemption shall cease to accrue, such 2026A Bonds or portions thereof shall cease to be entitled to any benefits or security under the Local Government Bond Act (as defined below) or the resolution authorizing their issuance, or to be deemed outstanding, and the registered owners of such 2026A Bonds or portions thereof shall have no rights in respect thereof except to receive payment of the redemption price therefor, plus accrued interest to such redemption date. If a portion of a 2026A Bond shall have been selected for redemption, a new 2026A Bond or 2026A Bonds of the same maturity, of any authorized denomination or denominations and bearing interest at the same rate shall be delivered for the unredeemed portion of the principal amount of such 2026A Bond.

Authorization and Purpose

The Bonds are being issued pursuant to the provisions of The Local Government Bond Act, as amended, Article 7, as amended, of Chapter 159 of the General Statutes of North Carolina.

The 2026A Bonds are authorized by bond orders duly adopted by the Board of Commissioners of the County on July 18, 2022 and July 15, 2024, respectively, which orders were approved by a majority of the qualified voters of the County voting at a referendum on November 8, 2022 and November 5, 2024, respectively, and a resolution duly adopted by said Board on April 20, 2026. The 2026A Bonds are being issued for the purpose of providing funds for constructing and improving school and community college facilities in the County and paying for the costs of issuance of the 2026A Bonds.

The 2026B Bonds are authorized by a bond order duly adopted by the Board of Commissioners of the County on April 20, 2026, and a resolution duly adopted by said Board on April 20, 2026. The 2026B Bonds are being issued for the purpose of providing funds to refund the County's outstanding 2015 General Obligation School Bonds, and paying for the costs of issuance of the 2026B Bonds.

Security

The Bonds are general obligations of the County, secured by a pledge of the faith and credit and taxing power of the County. The County is authorized and required by law to levy on all property taxable by the County such ad valorem taxes, without limitation as to rate or amount, as may be necessary to pay the Bonds and the interest thereon.

THE COUNTY

General Description

The County was incorporated in 1746 and was formed largely from Craven County. Located in the mid-central section of the State and the western segment of the Coastal Plains region, the County contains approximately 795 square miles.

The topography of the land has characteristics of both the Coastal Plains and Piedmont regions of the State since it lies almost wholly within the fall zone, the transitional area between these two geographic regions. Except for the extreme northwest section, which is an upland area, the relief of most of the land is gently undulating to rolling. The elevation ranges from 80 feet above sea level to 350 feet above sea level in the upland regions. The main drainage system is the Neuse River which, together with its tributaries and the rolling structure of the land, provides good surface drainage for most of the County. The Neuse River flows through the center of the County.

The estimated 2024 population of the County is 247,249 according to the North Carolina Office of State Budget and Management. Smithfield, the County seat, had a 2024 population of 12,373; Clayton 31,312; Selma 6,783; Archer Lodge 5,371; Benson 4,525; Four Oaks 2,576; Kenly 1,459; Princeton 1,480; Pine Level 2,354; Wilson's Mills 2,891; and Micro 516.

The County was the fastest growing county in the State according to the United States Department of Commerce, Bureau of the Census 2020 census data, and post-pandemic census data reflects the County grew 14.9% from 2020 to 2025, remaining one of the fastest growing counties in the State in the last five years. In addition, according to a 2025 report in The New York Times released by the federal Bureau of Labor Statistics, the County gained over 7,800 jobs post-Covid, the largest increase among all of the State's counties. In particular, the townships along the Johnston County/Wake County line have experienced significant growth over the past 30 to 35 years. A significant factor to such growth is the County's proximity to the Research Triangle Park ("RTP") and to the City of Raleigh, the State's capital and the major urban center of the State's Coastal Plains region where urban development is heavily concentrated. The County offers diversified housing options which, when coupled with the job growth of the region, favorably positions the County to capitalize upon new and expanding commercial and industrial opportunities.

As the population expands and transportation networks improve, the County is experiencing growth further east into central areas of the County, including the towns of Wilson's Mills, Smithfield, Selma, Pine Level and Four Oaks. In addition, more people are moving farther southeast along Interstate Highway 40 into the Cleveland and McGee's Crossroads areas.

Major transportation network projects are ongoing in the region, as construction continues on the Southeast Extension of the Interstate/NC Highway 540 project in southeastern Wake County. Phase 1 of the project, from the Town of Apex to I-40 and future I-42 in the County, opened in September 2024. Once Phase 2 is completed, the project will complete the 540 Outer Loop around the greater Raleigh area. US Highway 70 from the City of Raleigh to the Town of Morehead City has been designated "Future Interstate 42" and a high priority corridor by the US Department of Transportation in 2016. In March 2022, the NC Department of Transportation received federal approval to designate two bypass segments of US Highway 70, including the 10-mile bypass around the Town of Clayton completed in 2008, as Interstate 42. Ongoing improvements to complete the 540 Outer Loop and to bring all of Highway 70 to a fully controlled access highway/interstate should enhance economic growth prospects for the County and the entire Highway 70 Corridor. In addition, the 2021 Federal Infrastructure Investment and Job Act labeled an approximately 100-mile stretch of U.S. Highway 421 between Interstate 85 and Interstate 95 just south of the County as a "high-priority corridor" and in May 2022 the corridor was designated as Future Interstate 685.

The County is uniquely positioned within the geographic center of the State. The Town of Smithfield, the County seat, and the Town of Benson are located midway along the Eastern Seaboard of the United States and benefit from the intersection of transcontinental Interstate 40 and Interstate 95. In addition, the Town of Selma offers a railhead at which the Norfolk-Southern Railroad intersects the CSX mainline.

Demographic Characteristics

The United States Department of Commerce, Bureau of the Census, has recorded the population of the County to be as follows:

1990	2000	2010	2020
81,306	121,965	168,878	215,999

As of July 1, of each year, the North Carolina Office of State Budget and Management has estimated the population of the County to be as follows:

2020	2021	2022	2023	2024
216,905	222,974	231,562	239,529	247,249

Per capita income data for the County and the State are presented in the following table:

Year	County	State
2020	$45,111	$51,816
2021	48,800	57,233
2022	50,324	59,092
2023	52,528	62,233
2024	55,335	65,634

Source: United States Department of Commerce, Bureau of Economic Analysis.

Commerce, Industry and Agriculture

The County's overall economy is diversified with a balance of industrial, commercial, and agriculture enterprises. The production of pharmaceutical products, heavy equipment, and other products, along with durable goods assembly operations and distribution centers have provided relatively stable employment to County residents and have been the object of significant capital expenditures over the years. The County's estimated average labor force for calendar year 2025 was 128,346. The County's estimated average unemployment rate for calendar year 2025 was 3.2%, as compared to the State's estimated average unemployment rate of 3.7% for the same period.

The western portion of the County has directly benefited from its proximity to (1) the Research Triangle Park, with over 6,900 acres of land set aside for research and research-oriented manufacturing activities, which includes more than 385 research and development facilities employing over 55,000 persons; (2) regional employers in and around the City of Raleigh, the State's capitol and a major urban center, which include private sector opportunities with Fortune 500 companies, federal and State government positions and expanding medical service careers; and (3) numerous institutions of higher education including North Carolina State University in the City of Raleigh, The University of North Carolina in the Town of Chapel Hill, Duke University and North Carolina Central University in the City of Durham and East Carolina University in the City of Greenville.

The County's employment base includes approximately 10 - 11% of all biopharmaceutical jobs in the State. The area southeast of the Town of Clayton is home to two large international pharmaceutical companies, as well as a special purpose Research and Training Zone ("RTZ"), which is an economic development and training district created through special legislation that supports the special needs of the local pharmaceutical industries. The RTZ includes a 30,000 square foot workforce development center, an educational and technical skills training center that concentrates on life sciences programming and business training in biotechnology and other sciences. In September 2018, a $1.3 million renovation of the center was completed. The renovation allows more hands-on lab training and simulation opportunities and will improve how skilled employees are trained for regional bio-manufacturing industries. In early 2026, the Johnston County Industrial Development Corporation was awarded a $1.5 million grant from The Golden LEAF Foundation's Community Based Grants Initiative for the expansion of the Center. Plans include new construction to house classroom areas while repurposing the existing facility to provide additional laboratory space. Once complete, the project is expected to increase training capacity by approximately 25%, allowing the center to serve an estimated 80 additional students annually in life sciences programs.

The County and four neighboring counties including Edgecombe, Nash, Pitt and Wilson, being home to major global biopharmaceutical manufacturing facilities, formed the BioPharma Crescent consortium to help companies locate or expand operations within close proximity to the Research Triangle Park. BioPharma Crescent partners, including the NC Biotechnology Center, understand the unique land use and utility requirement for biotech manufacturing, are active in workforce development programs, and participate in incentive grants for new and expanding companies. The BioPharma Crescent consortium's collective colleges, universities, and biopharma-specific training network can provide local businesses with a highly educated and well-trained network.

The largest manufacturing employer in the County currently is Novo Nordisk Pharmaceutical Industries ("Novo Nordisk"), the world's largest supplier of insulin products. Novo Nordisk opened its facility in the Clayton area in 1993 and currently employs approximately 3,000 people at its Diabetes Finished Products ("DFP") manufacturing facility. The DFP facility is responsible for the formulation, filling, inspection, assembly and packaging of diabetes and obesity medicines, which are marketed in North America, Europe, New Zealand and Australia. Novo Nordisk has expanded its operation in the Clayton area several times over the years, including an approximately $102 million expansion completed in 2016 which created approximately 110 new jobs.

Novo Nordisk completed construction in 2020 of a new approximately $2 billion, 825,000 square foot bio-processing facility for Diabetes Active Pharmaceutical Ingredients ("DAPI") adjacent to its original site in the Clayton area. The new facility created approximately 690 jobs with an average annual salary of approximately $68,420. The DAPI facility is one of only two in the world for Novo Nordisk (the first outside of Denmark) and will ensure production capacity for diabetes care products in the US for the decade ahead. Novo Nordisk's manufacturing facilities in the Clayton area are the company's first insulin producing facility in the U.S. and the company expects to double production of its diabetes drugs over the next decade. Once current plans are realized, approximately 25% of the world's insulin manufacturing will take place at the company's facilities in the Clayton area.

In February 2018, Novo Nordisk announced plans for a $65 million expansion of the existing DFP facility in the County, which created approximately 25 jobs. Another $22 million expansion for the DFP facility was announced in December 2018 creating approximately 22 jobs. In September 2022, the County Board of Commissioners approved incentive support for Novo Nordisk's commitment to invest millions of dollars and add hundreds of new jobs through a series of expansions that will happen over the next 12 years. In March 2023, Novo Nordisk also purchased approximately 104 acres adjacent to its complex in the County for future potential expansions. Novo Nordisk was recognized as one of the State's top exporters and was presented with the 2020 Governor's Export Award in February 2021 by the Economic Development Partnership of NC, sharing honors for Top Large Business Export with specialty textile manufacturer Glen Raven.

In June 2024, the County Board of Commissioners amended its previously approved incentive support and Novo Nordisk announced plans to invest $4.1 billion to build a second, 1.4 million square foot fill and finishing manufacturing facility on its Clayton campus. This was the fifth expansion announcement for the company since 2010. The expansion will create approximately 1,000 new jobs, with average salaries of approximately $69,000. The new facility is under construction and will increase the company's ability to produce current and future injectable treatments for people with obesity and other serious chronic diseases. This announcement is the single largest life sciences manufacturing investment in the State.

In response to the COVID-19 pandemic, Novo Nordisk's production facilities near Clayton helped to sustain the supply chain of life-saving diabetes products. Novo Nordisk expanded its Diabetes Patient Assistance Program ("PAP") to support eligible patients with diabetes who lost health insurance coverage because of a change in job status due to the pandemic. Novo Nordisk provided a free 90-day supply of insulin to eligible patients affected by COVID-19. The company also donated more than $500,000 to national and local relief organizations, supported emergency assistance requests from

patient/advocacy organizations to address basic needs of individuals and families, and temporarily suspended standard contractual payment terms and paid submitted invoices immediately for nearly 150 small and diverse companies working with Novo Nordisk.

Another large manufacturing employer in the County is Grifols Therapeutics Inc. ("Grifols"), an international manufacturer of blood plasma related products for a variety of applications, employing approximately 1,850. The blood plasma facility has been in operation since 1981 and is the primary Grifols manufacturing facility. In November 2017, Grifols received recognition as one of the 500 best companies to work for by Forbes Magazine.

Grifols' facilities and operations at its complex near Clayton include a 155,000 square foot, $370 million North Fractionation Facility ("NFF") that opened in 2014, created an additional 200 jobs, and is the world's largest, as well as one of the most technologically advanced plasma fractionation facilities. The NFF was named the 2014 Facility of the Year for Project Execution by the International Society for Pharmaceutical Engineering. Grifols also completed construction in 2017 of a new approximately $22.5 million, three-story, 100,000 square foot office building that houses 400 employees, as well as a new approximately $7.5 million, 59,000 square foot warehouse. In addition, a $210 million expansion was announced in 2016 which includes a $90 million, 82,550 square foot fractionation plant adjacent to the NFF and a $120 million, 150,000 square foot purification and filling facility for the production of intravenous immunoglobulin and factor VIII products. The two facilities together created approximately 250 new jobs. The purification and filling facility is the world's first filling plant of intravenous immunoglobulins in flexible packaging. In June 2020, Grifols announced it will invest approximately $351.6 million to build a specialized blood plasma fractionation facility and logistics center at its campus near Clayton in response to growing global demand for its medicines. The expansion is expected to create approximately 300 additional jobs from 2024 to 2028 with an average salary of $69,032.

In December 2017, Grifols purchased an additional 467 acres adjacent to its site near Clayton for future site expansion. In June 2021, Grifols signed a memorandum of understanding stating its intention to donate nearly 100 acres of land to Johnston Community College (the "College") and the Town of Clayton. The land is located at the intersection of Highway 70 and Veterans Parkway near its Clayton campus.

As a global health company and a leader in humanitarian efforts, Grifols partnered with the Republic of Liberia and constructed a dedicated processing facility at its complex near Clayton to explore an innovative approach to combat the Ebola virus. When the COVID-19 pandemic began, Grifols entered into a formal collaboration with U.S. public health agencies and began more than 25 research initiatives to treat different states of COVID-19. Grifols provided its expertise and resources in the areas of plasma collection, testing and qualifying plasma donors, processing plasma into hyperimmune globulin at its facility in the County, supporting preclinical and clinical studies, providing support to use convalescent plasma for transfusion through the provision of viral inactivation technology used to ensure inactivated plasma units for treatment use.

Another large manufacturing employer in the County is the Building and Construction Products Division of Caterpillar Inc. ("CAT"), a Fortune 100 company, located near the Town of Clayton. The facility currently assembles and distributes all CAT rubber tire front-end loaders for North America and the export market. CAT completed construction of a Machine Development Center on 252 acres adjacent to its Clayton assembly facility in July 2013. The approximately 55,000 square foot facility is where prototype machines are designed, tested and subjected to customer's hands-on operation and critique. At a state-of-the-art heavy equipment test track located at the center, engineers can get hands-on experience testing out new equipment, with a focus on design elements that can be incorporated into new Caterpillar machines. In February 2021, CAT announced plans to add a visitor demonstration center, in-house testing area and storage shelter to its assembly plant near Clayton. CAT employs approximately 600 people at its Clayton facilities.

The area near the Town of Clayton is also home to new, growing companies, such as Blue Pack Marketing ("BPM"). BPM, founded in 2014, specializes in brand development, supply chain logistics and digital marketing and employs over 30 people. The company placed 869th on the Inc. 5000 rankings list for 2021 and is one of the fastest growing technology-based companies in the region.

In November 2021, the Clayton Town Council approved plans for the Copper District, a 69-acre mixed-use project that will include retail shops, apartments, single-family homes and a hotel. A major component is hundreds of thousands of square feet of the County's first Class A office space. Recently the developer, Cary-based Craig Davis Properties, announced the project has grown and will now encompass approximately 270 acres. Plans call for over 735 residential units, approximately 250,000 square feet of commercial/retail space, up to 700,000 square feet of office space in addition to a 120-room hotel or lodging experience of some kind. The development will sit across the street from UNC Health Johnston-Clayton along Veterans Parkway (formerly NC Highway 42).

In July 2022, Baltimore-based Merritt properties announced it had bought 22 acres on Veterans Parkway in the County and plans to develop a flex/light industrial facility called 42 Crossing. Plans include three buildings with a total of 212,400 square feet. The largest building will be 105,600 square feet and the others will be 78,000 and 28,000. Leasable bays will start at 1,800 square feet, with one building offering 16 single-bay warehouses for start-ups and smaller businesses. To date, Buildings 1 and 2 are complete and available for lease.

Johnston Flex LLC, a Charlotte-based commercial real estate investment and development firm, announced in February 2023 plans to invest approximately $20 million to build 42 West Business Park, a 125,000 square foot Class A flex/light industrial facility. The project is complete and over 50% occupied. The facility is in close proximity to the Interstate 40 and Interstate 42 interchange in the County and consists of two, single-story flex buildings totaling 125,000 square feet with ample parking and loading options.

In August 2025, Barings, a global asset management firm, and Trinity Capital Advisors, a commercial real estate firm, announced the development of an approximately $100 million state-of-the-art two-phase industrial park near the I-40 and I-42 interchange in the County to be called I-40-Exchange. Phase I will consist of two buildings totaling approximately 336,000 square feet designed to accommodate a diverse range of tenant requirements.

In February 2026, ARCO Design/Build broke ground near the Town of Clayton on a new three building industrial development called Steel 70. Developed by Blue Steel Development, the project will include approximately 346,000 square feet of modern industrial space designed for distribution, warehousing and light manufacturing operations. The project is expected to cost approximately $50 million.

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Further east in the County along the Interstate Highway 95 ("I-95") corridor, several economic development expansions have been announced or have taken place in recent years as follows:

- Plans were unveiled in 2019 for Eastfield, a 3 million square foot master-planned, mixed-use development, located at the intersection of I-95 and US Highway 70/future Interstate 42 in the Smithfield-Selma area. AdVenture Development, LLC, a full-service real estate company with offices in the Town of Selma as well as the City of Pittsburgh, is developing the project. The development will include industrial space, medical office facilities, single-family and multi-unit housing, retail shops, hotels and a senior living community. Upon completion of the entire development, originally anticipated for 2031, it is expected that Eastfield will be home to as many as 3,100 jobs. Recent announcements and active projects at Eastfield include:
  - The first phase of retail tenants opened in October 2024, including Academy Sports, Ross, Burlington, Five Below, Ulta, Marshall's, Old Navy, and Hobby Lobby. Recently, Rack Room, BJs Wholesale, a Chase Bank branch, and three restaurants (Panda Express, Olive Garden and Longhorn Steakhouse) have opened. Target and Chick-fil-A are under construction and expected to open in May 2026.
  - Construction is underway on Eastfield Village, a 348-unit multifamily housing project. The development will have one-, two-and three-bedroom apartments and many common-area amenities. A residential community comprising approximately 280 single-family homes is also planned.
  - Design is completed on a 104-room Springhill Suites by Marriott.
  - The County was awarded a $750,000 infrastructure grant as part of the NC Railroad Company's Build Ready Sites initiative. The grant funds will be used to clear and grade the 60-acre business park, making it pad-ready for construction.
  - In May 2024, Crystal Window & Door Ltd, a leading building-products manufacturer headquartered in Flushing, N.Y., announced plans to invest $93 million in a new manufacturing plant on 43 acres at Eastfield Crossing, with 500 anticipated new positions with annual salaries averaging $56,000.
  - In September 2024, Veetee Foods, Inc., a global seller of heat-and-eat rice meals, announced plans to establish an approximately 200-job production facility in the County. The privately held company, headquartered in Kent, England, will occupy a 135,000 square foot state-of-the-art industrial building developed by AdVenture Development, LLC at Eastfield Crossing and plans to invest approximately $36 million with jobs expected to average approximately $60,000 in annual compensation.
  - In 2025, AdVenture Development, LLC began providing 7,500 square feet of industrial space for a workforce readiness resource, the North Carolina Robotics Initiative ("NCRI"), for middle and high school students in the County.
- On April 12, 2021, Berry Global, the Fortune 500 manufacturer of nonwoven fabrics and plastic packaging products, announced plans to invest over $70 million to expand its manufacturing plant in the Town of Benson. The company added approximately 60 jobs to its approximately 217 existing employees in the County.
- On June 7, 2021, Bartlett Milling Company, the largest flour miller in the Carolinas, announced plans to invest over $26 million to expand and upgrade its production facility near the Town of Wilson's Mills. The company added 5-10 employees. Headquartered in Kansas City, Missouri, the company produces a full line of commercial patent flours at its facility in the County for bakeries, restaurants and institutional food service operations such as schools and hospitals.
- On May 10, 2021, Amazon.com, the Seattle-based e-retailing firm, announced it would invest approximately $100 million to build a state-of-the-art import processing center in the Town of Smithfield. The 620,000 square foot, inbound cross-dock warehousing facility launched operations in February 2024. The facility has robots and automation

that work with and alongside employees to consolidate inventory into bulk shipments before it is transported to various fulfillment centers. The company exceeded investment and job expectations, with the total investment of the facility at approximately $150 million. Originally, the company expected to create approximately 500 jobs with starting wages of $15 an hour and comprehensive benefits, but there are now more than 1,000 employees at the facility with starting wages of $19 an hour. The Smithfield facility is the second inbound cross dock facility to launch in the State.

- AdvanceTEC, a leader in cleanroom design, construction and mission-critical process integration, announced in November 2021 plans to invest more than $10.7 million in a new site between Smithfield and Clayton, creating approximately 25 new jobs. The facility serves biotechnology companies in the Research Triangle and throughout the U.S. Originally, AdvanceTEC planned to use approximately 30,000 square feet of the approximately 100,000-square foot building and planned to lease the other 70,000 square feet. The County guaranteed AdvanceTEC rental income for up to two years while it searched for a tenant, however, due to market growth AdvanceTEC now occupies the entire building and has doubled the number of jobs.
- Edgewater Ventures, a Raleigh-based commercial real estate investment and development firm with nearly 2.7 million square feet of existing assets across the Southeast, has recently invested approximately $40 million to develop an industrial park near the intersection of Interstates 40 and 95 near the Town of Benson. Phase 1 of Crosspoint Logistics Center is complete. The 500,000 square foot facility is fully leased to Vulcan Elements (see below), which plans to expand the site.
- In September 2022, Becton, Dickinson and Company ("BD"), a global leader in medical devices, announced plans to invest $25-$30 million to construct an approximately 30,000 square foot state-of-the-art medical device processing facility near its existing 720,000 square foot distribution center in Four Oaks Business Park. The new facility has initially employed a 22-person workforce.
- In October 2022, the County Board of Commissioners approved a series of economic development incentives to support creation of a 264,000 square foot industrial building in the Town of Smithfield just off of Interstate 95. Brogden Road Industrial, LLC, a private development company invested approximately $30 million in the building and estimated it will employ approximately 25. Novo Nordisk has recently leased the building and the County's incentive ended with the leasing of the building.
- The Town of Selma is home to a major regional fuel distribution hub that continues to grow. The hub is a critical energy logistics center featuring major infrastructure and serves as a key storage and distribution point for the Southeast. In October 2022, TransMontaigne Partners announced plans to expand its fuel-storage operation in the Town of Selma and build two more fuel storage tanks at its Selma terminal at an approximate cost of $11.5 million, resulting in the addition of approximately three employees. In January 2026, Sunoco Midstream announced plans to build an additional tank as well.
- E.D. Parker Corporation announced in December 2022 that it plans to invest approximately $25 million to build a speculative building in the Town of Benson with up to 295,000 square feet. The new facility, tentatively known as "Benson Global Building" should attract an advanced manufacturer or life sciences operation. The County has guaranteed the developer rental income for up to two years while it searches for a tenant.
- The County was awarded a Motorsports Relief Fund grant totaling $583,586 through the North Carolina Department of Commerce in October 2022. The County applied for the grant on behalf of GALOT Motorsports Park, a 125-acre complex of motor sports amenities near the Town of Benson. With seating for 9,000 spectators, the family-friendly facility has become a highly respected venue for racing teams, competitive events and fans. The grant has helped fund the park's next phase of development, which includes a new outdoor concert venue and additional restroom facilities.

- In December 2023, Dunkin Donuts announced it would move and expand its Dunkin Donut Factory currently located in the Town of Clayton. A 23,000 square foot existing building was purchased for $2.2 million in the Town of Smithfield and work began in the third quarter of 2025 to convert the building into a highly automated bakery. The site will be the location of a Dunkin Donut Central Manufacturing Location, a large-scale commercial kitchen that will produce all the donuts going to stores from Raleigh to the coast.
- In January 2024, Wisconsin-based Scot Industries Inc., a leading North American supplier of specialty tubing products, announced it will invest approximately $40 million in a new manufacturing plant on approximately 77 acres in the Town of Four Oaks and will employ approximately 21. The company will receive workforce development training from the College.
- In January 2024, Studio TK announced an approximately $300,000 renovation and expansion project with the addition of approximately 7 new jobs. The company manufactures workplace furniture and is located between Smithfield and Clayton. A portion of the renovation and expansion is funded with a $35,000 County Economic Development Office building reuse grant.
- Iowa 80 Group, which owns the Kenly 95 Truckstop in the Town of Kenly at I-95 Exit 106, announced in March 2024 announced it would invest approximately $17 million to expand and renovate and add approximately 30 new jobs. A portion of the renovation and expansion will be funded with a $100,000 County Economic Development Office building reuse grant. In 2016, Kenly 95 expanded with a 23,000 square foot Super Truck Showroom, making it the largest truck stop on the East Coast, and in 2018 the truck stop invested approximately $4 million to expand by adding approximately 30,000 square feet for its diesel repair and customer service area.
- In September 2025, the NC Department of Transportation announced plans to construct an approximately $22 million facility to house the State Highway Patrol's Special Operations Division at the Johnston County Regional Airport. The approximately 60,000 square foot complex will contain state-of-the-art air and water rescue equipment, training rooms, offices and a hangar area. The complex will be home to helicopter operations, tactical units, motorcycle teams and other specialized groups.
- In October 2025, the County Board agreed to provide $2 million toward the construction of a 1,500-seat baseball stadium in the Town of Smithfield for the Smithfield Tobs organization (formerly the Wilson Tobs). In November 2025, the town approved a 20-year agreement with the baseball organization. The Tobs is a summer collegiate baseball team and a member of the coastal plain league.
- In November 2025, Vulcan Elements Inc., a manufacturer of Neodymium Iron Boron rare earth magnets, announced it will invest over $918 million in the Town of Benson to expand its magnet production capacity and establish the largest magnet factory in the world outside of China. The company recently announced a $1.4 billion partnership with the U.S. government to expand to 10,000 metric tonnes of magnet manufacturing capacity, a critical milestone for American supply chain and national security. The company plans to execute this partnership in the Benson facility, which is expected to exceed one million square feet and create 1,000 jobs with average salaries of $89,000, nearly triple the average salaries in the Town of Benson currently.

The County's Economic Development office acts as a facilitator between the County and the private sector to encourage and promote development opportunities within the County. Services include custom digitized maps, labor and wage analysis, site selection assistance and incentive packaging. There are several available sites in the County certified under the State's Certified Sites Program, which streamlines the building process for industrial land use and reduces risks associated with developing raw land. Certified sites meet a stringent list of requirements including price transparency, access, proper zoning, completed environmental audits, topographical analyses and maps, and availability of

public utilities. In addition, the County is home to four, federally designated Opportunity Zones ("OZ"). The purpose of an OZ is to stimulate economic growth in low-wealth areas through private investment and job creation, while providing tax benefits to investors.

In recent years, the County Board of Commissioners has partnered with the private sector to expand the local inventory of high-end/Class A industrial real estate. The County's building-lease program includes performance-based incentives that enable the County to be pro-active in recruiting companies that pay above-average salaries and also helps private developers manage the financial risks associated with building speculative space.

The I-95/I-40 Crossroads of America Economic Development Alliance, Inc. (the "Alliance") was formed in 2021 by several municipalities in the southern end of the County and in Harnett County to offer support to existing industry and recruit new industries to the region in and around the intersection of Interstates 95 and 40. The Alliance also collaborates with local educational leaders to bolster and enhance workforce development.

In November 2022 the County Board of Commissioners approved up to $17.5 million for the construction of a 60,000 square foot Advanced Manufacturing Training Center to be constructed in the Town of Four Oaks. The new center, housed on a 16-acre property, is operated by the College as part of a collaboration with the Alliance and Johnston County Economic Development. The College's Advanced Manufacturing Program is based in the facility. A $1.2 million grant from the State supported the building's design and initial engineering work. The grand opening of the facility was held in September 2025. Vulcan Elements, a manufacturer of rare earth magnets, has already announced plans to train its anticipated 1,000 employees at the center.

The County is also a hub for the medical services industry and related employment. UNC Health Johnston-Smithfield, formerly named Johnston Memorial Hospital, is located in the Town of Smithfield and the Town of Clayton is the site of UNC Health Johnston–Clayton, both full-service hospitals affiliated with UNC Health Care. The area surrounding UNC Health Johnston-Clayton is attracting significant new retail, office (including medical offices), and high-density residential development. Medical facilities affiliated with WakeMed, the largest regional hospital in the Raleigh-Durham-Chapel Hill area, and Duke University Medical Center are also located in the Town of Clayton.

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New and expanding employers in the County since 2018 are summarized in the table below:

Calendar Year	Company	Product/Service	Initial Investment	Approximate Number of New Jobs
New Companies				
2021	Amazon.com	Retail products distribution	$150,000,000	1,000
2021	AdvanceTEC	Cleanroom design/construction	10,700,000	25
2021	Copper District – Craig Davis Properties	Real estate development	*	*
2022	Edgewater Ventures	Real estate development	40,000,000	300
2022	Brogden Road Industrial, LLC	Real estate development	30,000,000	25
2022	Merritt Properties	Real estate development	*	*
2023	Johnston Flex LLC	Real estate development	20,000,000	*
2024	Connect Holding II LLC d/b/a Brightspeed	Internet Services	10,028,479	N/A
2024	Scot Industries, Inc.	Special tubing manufacturer	40,000,000	21
2024	Crystal Window & Door Systems Ltd	Building products manufacturer	93,000,000	500
2024	Veetee Foods, Inc.	Shelf-stable food products	36,000,000	200
2025	I-40 Exchange	Industrial development	100,000,000	*
2025	NC Dept. of Transportation	State patrol special operations	22,000,000	*
2025	Vulcan Elements Inc.	Earth magnets manufacturer	918,000,000	1,000
2026	Steel 70	Industrial development	50,000,000	*
Expansions of Existing Companies				
2020	Grifols Therapeutics Inc.	Blood plasma products	$351,600,000	300
2021	Berry Global	Fabrics/Plastic Products Manufacturer	70,000,000	60
2021	Bartlett Milling Company	Flour Miller	26,000,000	5-10
2022	Becton, Dickinson Company	Medical Device manufacturer	30,000,000	22
2022	TransMontaigne Partners	Petroleum/liquid products	11,500,000	3
2022	E. D. Parker Corporation	Commercial contractor	25,000,000	*
2022	GALOT Motorsports	Motorsports park	583,586	*
2023	Dunkin Donuts CML	Commercial bakery	*	*
2024	Novo Nordisk Pharmaceutical Industries	Insulin production	4,100,000,000	1,000
2024	Studio TK	Office furniture manufacturer	300,000	7
2024	IOWA 80	Truckstop	17,000,000	30

*Not available.
Source: Johnston County Economic Development Office.

The following table lists the major employers in the County:

Industry	Product	Approximate Number of Employees
Manufacturing:		
Novo Nordisk Pharmaceutical Industries	Insulin production	2,500+
Grifols Therapeutics Inc.	Pharmaceuticals	1,500+
Caterpillar, Inc.	Wheeled loaders	500-999
AAF/Flanders	Air filters	250-499
Airflow Products Company, Inc.	Air filters	250-499
3C! Packaging, Inc.	Pharmaceutical packaging	250-499
OPW Fueling Containment Systems	Flexible underground tubing	250-499
Berry Global	Nonwoven textiles	100-249
Automatic Rolls of NC	Baker for McDonald's	100-249
Middleby Corporation	Oven/baking equipment	100-249
Tekniplex (formerly Natvar)	Medical tubing	100-249
Non-Manufacturing		
Johnston County School System	Education	4,500+
UNC Health Johnston	Medical care	2,000+
Johnston County Government	County government	1,000+
Asplundh Tree Expert Co. Inc.	Utility contractor/tree removal	1,000+
Food Lion (12 stores)	Retail	1,000+
Amazon.com	E-retailer	500-999
Wal-Mart Associates Inc. (3 stores)	Retail	500-999
Johnston Community College	Education	500-999
Lowes Home Center Inc. (2 stores)	Retail	250-499
Sysco Corporation	Food products distribution	250-499
Carolina Premium Outlets	Retail	250-499
Carolina Comfort Air Inc.	HVAC Contractor	250-499
Coca-Cola Bottling Company	Soft drink distribution	250-499
Town of Clayton	Municipal government	250-499
Iowa 80 Group	Truckstop	100-249
Johnston Correctional Institutional	State prison	100-249
Town of Smithfield	Municipal government	100-249
Becton, Dickinson and Company	Medical product distribution	100-249

Source: North Carolina Department of Commerce and Johnston County Economic Development Office. Data as of 3rd Quarter 2025.

The County's agricultural economy is diversified with field crops, livestock, poultry, horticultural crops, forestry, agritourism, and agribusiness. This diversification in the local agricultural economy complements the industrial and commercial sectors. The major sources of farm income are from the production of tobacco, sweet potatoes, nursery and greenhouse crops, forestry and forest products, cattle, swine, turkeys, vegetable crops, cotton, grain, peanuts, and a mixture of other crops and livestock. There is a strong demand for leasing farmland in the County for the production of crops and farmers purchase land when feasible. However, the price of farmland often exceeds what farmers can invest. The County routinely ranks among the top two to three counties in the nation in the production of sweet potatoes and flue-cured tobacco, and among the top counties in the State in the production of greenhouse and nursery crops. Flue-cured tobacco continues to be a primary cash crop for local farms. Farm businesses have made significant investments in equipment to both continue and modernize agricultural production, while also diversifying farm production with vegetable crops and livestock. At the present time, demand for the products and commodities produced is not the greatest. Trade concerns, demand and tariffs are resulting in global trade concerns. Increased commercial and residential development growth pressure is taking land out of production at a rapid pace and competing with farms for available land resources, however, it is also bringing new demand for direct sales to local consumers. New retail markets for local agricultural products are growing rapidly and constitute a new source of income for farm operations. Inflation is affecting the cost of farm inputs and labor but recent changes to the federal adverse effect wage rate is providing some relief. The County Cooperative Extension Office estimates the approximate farmland acreage in the County to be 174,000 and the approximate annual farm income to be over $299 million.

The retail sector in the County is strong and has also experienced growth in recent years. Many shopping centers offering a variety of retailers, grocery chains and specialty shops are located in the County. Carolina Premium Outlets, the largest retail complex in the County, is located along I-95 in the Town of Smithfield, attracting regional shoppers as well as tourist traffic. The outlet center includes over 75 stores with over 443,000 square feet and several outparcels. Across I-95, the first phase of retail tenants opened in Eastfield in October 2024, including Academy Sports, Ross, Burlington, Five Below, Ulta, Marshall's, Old Navy, and Hobby Lobby. Additional phases will or have included Rack Room Shoes, Target and other retail and dining options.

Taxable retail sales in the County for the fiscal years ended June 30, 2021 through 2025, and a portion of 2026, are shown in the following table:

Fiscal Year Ended/Ending June 30	Total Taxable Sales	Increase Over Previous Year
2021	$2,491,458,161	19.3%
2022	2,930,654,428	17.6
2023	3,090,963,039	5.5
2024	3,272,597,415	5.9
2025	3,506,092,841	7.1
2026 (8 months)[1]	2,519,277,013	--

[1] Taxable sales for the comparable seven-month period ended February 28, 2025, amounted to $2,316,869,234.
Source: North Carolina Department of Revenue, Sales and Use Tax Division.

The County continues to experience significant residential development. According to the U.S. Census, the number of homes in the County increased over 24 percent between 2010 and 2020. The western and northern portions of the County in and around the Town of Clayton, the Cleveland community and the McGee's Crossroads area have experienced significant residential development growth over the past 30-35 years, but recently the eastern portion of the County has also begun to see increases in residential development. Homebuyers have many options in the County, from upscale living in rural settings to family-oriented neighborhoods and master-planned communities, including several live-work communities with housing, neighborhood shopping, employment and entertainment. Many homes of varying sizes and price levels are in various stages of planning and are expected to be built in various communities, often within walking distance of planned amenities and schools.

Residential and commercial growth is reflected in the following table which illustrates building activity in the County:

VALUE OF BUILDING PERMITS

	New Commercial		Residential		
Fiscal Year	**Number**	**Value**	**Number**	**Value**	**Total Value**
2020	57	$ 52,731,752	2,279	$384,266,823	$ 436,998,575
2021	97	165,834,440	2,923	549,031,317	714,865,757
2022	107	155,790,633	2,768	607,007,625	762,798,258
2023	115	130,035,571	1,921	444,271,656	574,307,227
2024	158	282,581,647	2,058	488,749,308	771,330,955
2025	191	900,686,245[1]	2,543	616,001,336	1,516,687,581
2026 (As of 1/31/26)	86	161,944,878	1,011	258,753,503	420,698,381

Source: County Inspection Department.

[1] The increase in commercial construction during fiscal year 2025 was driven by the Novo Nordisk expansion and development of the Eastfield Shopping Center in Selma.

Employment

The North Carolina Employment Security Commission has estimated the unemployment rate in the County to be as follows:

Year	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec
2021	5.1%	4.9%	4.5%	4.1%	4.1%	4.5%	4.2%	4.1%	3.4%	3.5%	3.3%	2.8%
2022	3.4	3.2	3.0	2.8	3.1	3.5	3.4	3.6	3.0	3.2	3.1	2.7
2023	3.2	3.2	3.0	2.6	3.0	3.2	3.2	3.4	2.9	3.1	3.0	2.8
2024	3.1	3.2	3.1	2.7	3.0	3.3	3.5	3.4	2.8	2.8	3.1	2.8
2025	3.3	3.2	3.2	2.9	3.1	3.4	3.4	3.5	3.1	N/A*	3.3	2.9
2026	3.4	3.3	N/A	N/A								

* October unemployment was not calculated due to Federal shutdown.

Source: North Carolina Department of Commerce, Labor and Economic Analysis Division.

For comparison, the average unemployment rate for 2025 was 3.1% for Johnston County, 3.8% for North Carolina and 4.3% for the United States

Government and Major Services

GOVERNMENT STRUCTURE

The County has a commissioner-manager form of government with seven Commissioners comprising the governing body. The Commissioners are elected at large on a staggered basis. The County Manager is appointed by and serves at the pleasure of the County Board of Commissioners. Said Board annually adopts a balanced budget and establishes a tax rate for the support of County programs. The County Manager has the responsibility for administering these programs in accordance with policies and the annual budget adopted by the County Board of Commissioners.

EDUCATION

Johnston County Public Schools — The County has a consolidated County-wide public school system, operated and administered by an elected Board of Education, which appoints a school superintendent. State law provides funding for a basic minimum educational program for each public school administrative unit or district for operational costs only, which is supplemented by the County and federal governments. The building of public school facilities has been a joint State/County effort. Local financial support is provided by the County for capital and operating expenses, not provided by the State or federal government. For the fiscal year ending June 30, 2025, the County has appropriated $104,000,000 for current expenses, $3,500,000 for capital outlay for the school system and $32,392,658 for school system-related debt service.

The school system has approximately 37,079 students and approximately 4,500 full and part-time employees. Current school facilities consist of 50 schools, These facilities include an Innovation Academy, an Early College Academy and a Career and Technical Leadership Academy. The Innovation Academy is a specialized, three-year public middle school program using curriculum to promote STEM education and critical thinking skills. The Early College Academy allows students to take high school classes on a community college campus and graduate in five years with a high school diploma and an associate degree, or two years' credit for college transfer. The Career and Technical Leadership Academy allows students to complete an associate's degree and matriculate to a four-year university or gain employment in their field of study, chosen from five pathways. Both the Early College Academy and the Career and Technical Leadership Academy are located on the campus of Johnston Community College. The school system also has a Virtual Academy.

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The following table illustrates the number of schools and average daily membership of the public school system for the past five years:

School Year	Elementary Schools (K-5)		Intermediate Schools (6-8)		Secondary Schools (9-12)		Total ADM
	No.	ADM	No.	ADM	No.	ADM	
2020-21	23	16,527	15	9,342	10	11,968	37,837
2021-22	24	15,148	15	8,715	10	13,239	37,102
2022-23	24	15,226	15	8,503	10	13,050	36,779
2023-24	25	15,825	15	8,401	12	12,697	36,923
2024-25	25	16,066	15	8,456	12	12,539	37,061
2025-26	26	16,233	15	7,928	12	12,918	37,079

Note: ADM or average daily membership, determined by actual records at the schools, is computed by the North Carolina Department of Public Instruction on a uniform basis for all public school units in the State. The ADM computations are used as a basis for teacher allotments, as well as other allocations.

Source: County School Superintendent's office.

In addition to the public school system, there are also three charter schools located in the County. Charter school enrollment in the County currently totals approximately 4,115.

From February 2000 to the present, the County has financed approximately $662 million in new school facilities and improvements to existing school facilities in the County. New school facilities in the County during this time period include nine elementary schools, nine middle schools and four high schools. Additions and/or renovations at most existing school facilities in the County have taken place during this time frame as well. Voters in the County approved $177 million of general obligation school bonds in November 2022. These school bonds will finance a new high school, a new elementary school, classroom additions at two elementary schools, a new bathroom/storage facility at a high school, and district-wide safety and security upgrades throughout the school system. The Bonds now being offered include the third tranche of such school bonds. In addition, voters in the County approved $120 million of general obligation school bonds in November 2024. The bonds approved in November 2024 will finance additions and/or renovations to eight elementary schools, improvements at one high school, as well as renovations at several schools such as HVAC controls, chiller replacements, and/or fire panel replacement packages. The Bonds now being offered include the first issue of such school bonds.

The County also plans to issue approximately $129 million in Limited Obligation Bonds in the Spring of 2026 to finance a rebuild of Clayton High School on the existing campus site.

Johnston Community College — The County provides current expense funds and a major portion of capital outlay funds for Johnston Community College (the "College"), which is a part of the State-wide system of community colleges and technical institutes. The College, which is accredited by the Commission of Colleges of the Southern Association of Colleges and Schools, provides advanced and professional, technical and vocational training beyond the high school level. The College offers over 159 programs, including curriculum, diploma and certificate programs, as well as a variety of continuing education programs to support industry, public safety fields such as fire, law enforcement, and emergency medical services ("EMS"), medical fields, other occupational fields, extension services and varied community services. The College was recently awarded an Innovative Institution Award from the Education Advisory Board recognizing the College's exceptional leadership, creativity, and transformative impact on campus culture and student success.

In 2023, the College was awarded $500,000 to support the creation of a Respiratory Therapy Program and in 2024, the College was awarded $900,000 to support the creation of a Surgical Technology and Central Sterile Processing Program and expand its Nurse Aide Program. In addition, a 2024

partnership with Richmond Community College allows students to enroll in the Richmond Community College Online 911 Communications & Operations program and complete an associate degree online. The College also recently became the first community college in the State to offer truck driver training through the Career and College Promise dual-enrollment program for high school students.

Fall 2025 enrollment (headcount) was at approximately 6,081 curriculum students and approximately 3,638 continuing education students. The County has appropriated $9,290,303 for operating costs, $4,570,504 for capital outlay for the College and $4,296,778 for college-related debt service for the fiscal year ending June 30, 2026. The College receives a majority of its funds for its annual budget from federal and State sources.

In November 2018, voters in the County approved $15 million general obligation community college bonds to finance renovations to existing community college facilities and a new classroom building to house the College's engineering program. Said community college bonds have been issued and the engineering building opened in August 2023. In addition, voters in the County approved $30 million of general obligation community college bonds in November 2024. The bonds approved in November 2024 will finance construction of a concrete driver training pad; construction of public safety training structures including a simulation building, a burn building, burn props, a concrete pad, a Class A material storage building, and a drill tower; design costs for healthcare projects on main campus; and refurbishing and furnishing existing space on main campus for interim healthcare expansion space. The Bonds now offered include the first issue of such bonds.

The main campus of the College is located in the Town of Smithfield and consists of facilities for both curriculum and continuing education programs, as well as administration and library resources. The College also offers educational programs at its Cleveland Campus (the "Cleveland Center") and the Rudolph Howell and Son Environmental Learning Center ("Howell Woods"). Located 15 miles west of the main campus in the Cleveland community, the Cleveland Center is a 7,000-square-foot building that offers numerous community service, computer, occupational training, and adult basic education and GED courses. Howell Woods is located approximately 15 miles southeast of the main campus and consists of 2,850 acres of farmland, hardwood and pine forests, and wetlands, and provides a facility for workshops, seminars and classes. The College also has outreach centers in the towns of Kenly and Benson that offer numerous community service, computer, occupational training, GED preparation and adult basic education courses. In addition, the College offers both continuing education and curriculum classes and programs at area industrial sites. The College also houses the Early College Academy and the Career and Technical Leadership Academy, which represent a partnership between the College and Johnston County Schools to provide flexible, student-centered learning opportunities for high school students in the County.

Through a collaborative effort with the County's two major biopharmaceutical employers (Grifols, S.A. and Novo Nordisk Pharmaceutical Industries) and North Carolina State University, in the mid-2000's the College designed and programmed a $4 million, 30,000 square-foot Workforce Development Center (the "Center") near the Town of Clayton. The Center is an educational and technical skills training center with a focus on life sciences programming, business training, and workforce development in biotechnology and other sciences. The Center offers a venue for these pharmaceutical companies to provide shut down training, updated program and procedure training, skill enhancement and program certification for their industry. Associate curriculum programs for Bioprocess Technology and Biology Education are offered, in addition to a BioWork curriculum and continuing education courses that include several customized training programs. Initial development costs of the Center were financed through a grant from the Golden LEAF Foundation.

In September 2018, a $1.3 million renovation of the Center was completed. The renovations allow more hands-on lab training and simulation opportunities. The work transformed the Center from its previous academic layout to a design that replicates the current bio-pharma workspaces its trainees will encounter when they go to work at Grifols or Novo Nordisk. In early 2026, the Johnston County

Industrial Development Corporation was awarded a $1.5 million grant from The Golden LEAF Foundation's Community Based Grants Initiative for the expansion of the Center. Plans include new construction to house classroom areas while repurposing the existing facility to provide additional laboratory space. Once complete, the project is expected to increase training capacity by approximately 25%, allowing the center to serve an estimated 80 additional students annually in life sciences programs.

Through special legislation passed in 2003, the County created an economic development and training district, the Research Training Zone, to support the Center. The pharmaceutical companies, the Johnston County Regional Airport and two other firms are included in the district's boundaries and are subject to a special tax which is used to support the facility. Each year, over 9,508 (headcount) students participate in continuing education courses and approximately 78 students are currently involved in the Bioprocessing Technology curriculum program. Shortly after its opening, the Center was named one of the top 50 Government Innovations for 2007 by the Ashe Institute of Harvard University.

In November 2022 the County Board of Commissioners approved up to $17.5 million for the construction of a 60,000 square-foot Advanced Manufacturing Workforce Center to be constructed on 16 acres in the Town of Four Oaks. A $1.2 million grant from the State supported the building's design and initial engineering work. The new center, which opened in the Fall of 2025 is operated by the College as part of a collaboration with the Alliance and Johnston County Economic Development. The College's Advanced Manufacturing Program is based in the facility. Vulcan Elements, a manufacturer of rare earth magnets, has already announced plans to train its anticipated 1,000 employees at the center. The College has received more than $3.6 million in Golden LEAF Foundation funding to procure and install advanced equipment and develop customized hands-on training programs tailored to Vulcan's unique manufacturing requirements.

TRANSPORTATION

The expansion, maintenance and improvement of primary and secondary highways within the County are primarily the responsibility of the State. Each municipality within the County bears the primary responsibility for its local street systems. The County has no financial obligations with respect to construction and maintenance of roads.

The County is served by three Interstate Highways, I-95 (running generally north-south), I-40 (running generally east-west) and I-42 (see below). The County is served by four US Highways: 70, 70 Business, 301 and 701; and ten North Carolina Highways: 27, 39, 42/36, 50, 55, 96, 210, 222, 231, and 242. In addition to the Interstates, US and NC Highways, there are approximately 1,200 miles of secondary roads serving the County. Total mileage of roads on the highway system in the County is approximately 1,500 miles.

Major transportation network projects are ongoing in the region. US Highway 70 from the City of Raleigh to the Town of Morehead City has been designated "Future Interstate 42" and a high priority corridor by the US Department of Transportation ("USDOT"). In March 2022, the USDOT received federal approval to designate two bypass segments of US Highway 70, including the 10 mile bypass around the Town of Clayton completed in 2008, as Interstate 42. Improvements to bring the highway to a fully controlled access highway/interstate are underway in the County and should enhance economic growth prospects for the County and the entire Highway 70 Corridor.

The NC Department of Transportation began construction in 2020 of the Southeast Extension of the Interstate/NC Highway 540 project in southeastern Wake County, a major transportation network improvement in the region. Phase 1 of the project, from the Town of Apex to I-40 and future I-42 in the County, opened in September 2024. Once Phase 2 is completed, the project will extend the Triangle Expressway from the NC Highway 55 Bypass in the Town of Apex to US Highway 64/264 in the Town of Knightdale, completing the 540 Outer Loop around the greater Raleigh area and passing through northern Johnston County. In addition to connecting several towns and cities, the project is expected to

ease congestion on area roadways, including Interstates 40 and 440, NC Highways 42 East, Veterans Parkway and 55. Completion of the 540 Outer Loop will also enhance growth prospects for the County.

In addition, the 2021 Federal Infrastructure Investment and Jobs Act Bill labeled an approximately 100-mile stretch of U.S. Highway 421 between Interstate 85 and Interstate 95 just south of the County as a "high-priority corridor", and in May 2022 the corridor was designated as Future Interstate 685.

Work was recently completed to improve traffic on a 12-mile stretch of Interstate 40 from Raleigh to the Interstate 40/Veterans Parkway interchange in the Clayton/Cleveland area of the County. This section of Interstate 40 serves communities in Wake and Johnston counties, connects the region to Interstate 95 and is a primary route to coastal tourism destinations. The project added two lanes to each side of Interstate 40 on the 12-mile section and involved reconfiguring the congested interchange at NC Highway 42.

Greyhound provides daily bus service to the County, with four arrivals and departures daily.

CSX Transportation and Norfolk-Southern Corporation provide rail service in the County to many local industries as well as passenger service for Amtrak. The two railroads converge in the Town of Selma, west of Interstate 95.

Air transportation services are provided by the Johnston Regional Airport located near the Town of Smithfield, the County seat. The airport is owned & operated by the Johnston County Airport Authority whose board members are appointed by the County Board. There are a variety of tenants and specialty fixed based operators (SFBO's) that collectively provide aircraft fueling, maintenance, avionics, flight training, aircraft charter, restaurant and catering, air cargo, air rescue, medical and air ambulance services. The airport boasts a 5,500-foot paved runway, full LED lighting system, parallel taxiway system, precision and non-precision GPS approaches, and a fully Automated Weather Observation System. There are currently 132 validated and FAA registered aircraft that are based at the airport, including helicopter, jet, turbo prop, twin and single engine. The airport is home to Duke Life Flight and Blue Line Aviation LLC, a professional pilot training center. In addition, the NC State Highway Patrol Special Operations Division announced in September 2025 plans to construct a 60,000 square-foot facility at the airport to house its Special Operations Division. The airport furnishes satellite reliever services for the Raleigh-Durham International Airport located approximately 35 miles from Smithfield. The County provides financial assistance to the airport for capital improvements.

Johnston County Area Transit System ("JCATS") is an intra-County mass transit bus/van system managed by Community and Senior Services of Johnston County, formerly Johnston County Council on Aging. JCATS currently operates over 30 vehicles that run regular routes for clients of the Johnston County Department of Social Services, Alliance Behavioral Healthcare and other federal aid beneficiaries. In addition to its regular routes, JCATS shuttles some clients to area employers. For the fiscal year ending June 30, 2026, the County has appropriated $1,088,569 for the operation of JCATS.

HUMAN SERVICES

Social Services — The Johnston County Department of Social Services provides a wide range of services for individuals and families in need.

Approximately 63,000 County residents, or 25% of the County's population, are served by the Department of Social Services. Services provided are Child Day Care, Family Planning, Adoption, Foster Care, Family Preservation, Child Abuse and Neglect Investigations, Temporary Assistance for Needy Families ("TANF"), Domestic Violence, Nursing and Adult Home Placement, In Home Aide Services for the Elderly, Community Alternative Program for Disabled Adults, Adolescent Parenting Program, Adult Day Care, Adult Care Home Monitoring, Adult Protective Services and Aid to the Blind Services. For the fiscal year ending June 30, 2026, the County's Social Services budget is $118,318,482, of which

$104,557,069 is funded with Federal funds, $2,282,971 with State funds and $9,224,229 in funds appropriated by the County.

Public assistance programs provided by the County include programs such as Work First, Medicaid, Food Stamps, Low Income Energy Assistance, Crisis Intervention, Adoption Assistance and State-County Special Assistance to Adults. For the fiscal year ending June 30, 2026, the County's public assistance programs budget is $94,859,977 with related services and administration budgeted at $22,901,505.

Public Health Department — The primary responsibility of the County Public Health Department is the prevention of disease and adverse environmental conditions. This is accomplished through a variety of health care services and environmental regulatory efforts. The programs are staffed by approximately 155 health care professionals including physicians, psychiatrists, mid-level providers, licensed counselors, public health nurses, environmental sanitarians, laboratory technicians, health educators, nutritionists, social workers, administrators, health care aides and a skilled clerical staff.

The Public Health Department has a wide array of services within four divisions: Administrative, Preventive Health, Behavioral Health (see "Mental Health" below), and Environmental Health. Services include maternal and child health, health education, family planning, adult health primary care services, communicable disease control, behavioral health outpatient services, outpatient, WIC (food supplementation), biological/natural and human hazards preparedness, general environmental regulation, well inspections, septic inspections, restaurant inspections, public pools inspection, and migrant camp inspections.

The Behavioral Health Division, which was transferred to the Public Health Department in January 2013 from the County Mental Health Center, provides outpatient services through the use of psychiatrists, nurse practitioners, social workers, general therapists and nurses. Outpatient services include diagnostic assessments, medication evaluation and management, individual therapy, group therapy, walk-in crisis services, administration of long-acting injectable medications, and connection to community resources. Assistance is provided with medications through the use of samples and reduced cost medications and connection to patient assistance programs. The Behavioral Health Division provides care to patients with a wide variety of mental illness diagnoses with special focus on those patients with severe persistent mental illness.

The Health Director serves at the pleasure of the local Board of Health which is appointed by the Board of Commissioners. The Board of Health is empowered to make rules to protect citizens' health. For the fiscal year ending June 30, 2026, the Health Department's budget is $22,510,822 of which the County has appropriated $14,025,827.

Mental Health—In January 2013, psychiatric and other direct clinical services formerly provided by the County Mental Health Center were transferred to form a Behavioral Health Division in the County Public Health Department. At that time, the County Mental Health Center became a contractual partner with Alliance Behavioral Healthcare, a Managed Care Organization for behavioral health services for Medicaid and indigent consumers in the County.

MEDICAL FACILITIES

UNC Health Johnston

The primary health care system in the County is UNC Health Johnston, formerly Johnston Memorial Hospital. It opened in 1951 in the Town of Smithfield as a five-story, 100-bed, County-owned hospital. Through the years, expansions and additions included north and south wings with additional patient beds, a 20-bed inpatient mental health center, a birthing center, a same day surgery center and family-care practices in the towns of Clayton and Kenly. The Johnston County Health Department is

located on the campus and was added as part of an expansion financed by the County in 1998 that also included a new emergency room and a non-emergent care facility. The Medical Arts Pavilion, which is attached to the hospital, is home to several specialty physicians. Johnston Medical Mall ("JMM") was established in 2003 when property adjacent to the original hospital facility was purchased and renovated. The JMM facility includes hospital support services and medical ancillary services, such as oncology, wound care, cardiopulmonary rehabilitation, and urgent care, as well as physician office space. JMM is anchored by a 28,800 square-foot wellness & fitness center.

In 2006, the County's Board of Commissioners established Johnston Memorial Hospital Authority (the "Authority"), a hospital authority created under the North Carolina Hospital Authorities Act. In 2007, the Authority began a major expansion program and in 2010, a new five-story patient tower with 101 inpatient suites, a cafeteria, modern operating rooms and a 16-bed intensive care unit opened. This $62 million project also included remodeling areas of the original building, which is currently used for office and instructional space, and renovated patient rooms for cardiac recovery, infusions and observation.

In 2009, the Authority opened a new facility on a 75-acre site in the northern part of the County near the Town of Clayton. Originally, the Clayton facility consisted of a $30 million outpatient center with a free-standing emergency department, two outpatient operating rooms, a lab and comprehensive outpatient diagnostic imaging. A three-story physician office building, Johnston Professional Plaza, is also located at the Clayton facility. A 50-bed, 97,000 square-foot wing addition opened in January 2015 at a cost of approximately $50 million, expanding the outpatient center to a full-service hospital. The Authority expects the facility to eventually have as many as 100 inpatient beds.

In February 2014, the board of commissioners of the Authority completed negotiations with UNC Health Care System (now "UNC Health") for a partnership. UNC Health provided $57.6 million in exchange for part ownership of the newly formed Johnston Health Service Corporation, doing business as Johnston Health (now "UNC Health Johnston"). The campuses were renamed with the Smithfield facility now known as UNC Health Johnston Smithfield and the Clayton facility now known as UNC Health Johnston Clayton. Oversight and governance is controlled by a Board of Directors consisting of appointees from both the Authority and UNC Health. In January 2021, the partnership evolved into a joint operating agreement between Johnston and UNC REX. Prior to 2014, the facilities were managed by Quorum Health Resources, Inc.

UNC Health Johnston is currently licensed for 179 acute care and 20 to 26 behavioral health beds. Fifty of those acute care beds are at UNC Health Johnston Clayton, 101 are in the five-story tower at UNC Health Johnston Smithfield and the remaining 48 beds are in the older wings of the UNC Health Johnston Smithfield facility. UNC Health Johnston received State approval in 2024 for an increase in its license for 24 additional beds (split evenly between the two campuses) with expansion plans at the two campuses totaling approximately $100 million. In response to the 2026 State Medical Facilities Plan that identified a need for 63 beds in the County, UNC Health Johnston filed applications in February 2026 with the NC Department of Health and Human Services for an additional 35 beds at the Clayton campus and an additional 28 beds at the Smithfield campus. The expansion, if approved, would grow the system to 118 beds in Clayton and 151 beds in Smithfield. The facilities have a current medical staff of approximately 320 physicians representing a wide range of disciplines and currently employ approximately 2,000 full and part-time employees.

Other Medical Facilities

WakeMed, one of the region's largest medical providers, serves the area through WakeMed Clayton Medical Park, a 38,000 square-foot facility. The complex provides outpatient services, including laboratory, radiology and outpatient rehabilitation services. The complex includes physician offices that specialize in cardiac, pediatric, adolescent, obstetrics, gynecology, plastic surgery, podiatry, urology and ear, nose and throat medicine. The Town of Clayton is also home to a facility operated by Duke Health.

PUBLIC SERVICE ENTERPRISES

The County owns and operates water, wastewater and solid waste systems.

A central water system has been constructed by the County that includes an 18 million gallon per day ("MGD") water treatment plant outside the Town of Wilson's Mills, bulk water purchase agreements with the Town of Smithfield and public utilities in adjacent counties, and a network of transmission mains to all eleven municipalities and into the rural areas of the County. The transmission network is supported by interconnecting 12-inch through 24-inch mains, 25 booster pumping stations, and 12 elevated storage tanks with an aggregate storage volume of 3.7 million gallons. Sixteen water districts have been formed in the County, the first of which became operational in May 1996. The County serves approximately 50,500 retail water customers through the water districts. Approximately 80% of the County (by area) has access to public water. Nine municipalities in the County also own and operate water systems with a portion of those relying solely on bulk water purchases from the County.

The County's wastewater collection system consists of approximately 335 miles of gravity sewer and force mains, approximately 70 wastewater pump stations, the 9.5 MGD Central Johnston County Regional Wastewater Treatment Facility (the "CJCRWWTF") located in the Town of Smithfield and the 4.0 MGD 210 Wastewater Treatment Facility (the "210 WWTF") located on County Home Road. The CJCRWWTF and 210 WWTF provide bulk wastewater treatment for the Towns of Smithfield, Selma, Pine Level, Four Oaks, and a portion of the Town of Clayton service area. The plant also treats wastewater for approximately 9,800 retail customers, covering the County service area and the Town of Wilson's Mills. In addition, the County has capacity with the Town of Benson and Town of Clayton for wastewater treatment. The County operates a reclaimed water system that provides reclaimed water for irrigation on County-owned property, the Johnston County Country Club, at the College and for several local farmers. In addition, the reclaimed water system supplies water for third plumbing systems for several buildings at the College and wet-decking for a local lumber yard. The towns of Benson, Clayton, Kenly and Princeton operate independent wastewater treatment plants.

The County owns and operates a Subtitle D landfill with an estimated remaining useful life of 50-55 years. The County also operates 13 manned convenience sites that offer a full range of recycling, including motor oil, appliances, and tires in addition to traditional items such as newspapers, cans, plastics, glass and aluminum. Each municipality within the County (except the Towns of Wilson's Mills and Archer Lodge) provides residential collection services through either its own operations or a contract with a private hauler. Outside of the municipalities, waste is collected through County drop-off centers and private haulers. Commercial and industrial wastes and construction and demolition debris wastes are collected primarily by private haulers.

PARKS, GREENWAYS AND OPEN SPACE

The towns of Archer Lodge, Benson, Clayton, Four Oaks, Kenly, Selma, and Smithfield each have Parks and Recreation Departments and offer a broad range of programs and facilities. There are also several community athletic leagues in the County. In the past, the County has worked with the school system to provide recreational facilities in the County. It has provided recreation funding to municipalities and community athletic leagues in the past through grants from County general obligation recreation bonds and by disbursing funds collected by the County from developers in lieu of providing open space.

In 2019, the County hired its first Parks, Greenways, and Open Space Director to coordinate efforts in planning parks, greenways, and open space with local officials, community leaders, and athletic associations. The director completed an update of the 2016 Parks and Recreation Master Plan, which the County Board of Commissioners adopted in May 2021. The department now has two employees, with 4 planned positions for 2026. In September 2020, the County purchased an 81-acre piece of property in the Cleveland area, which is being developed into the County's first park with an expected completion of the first phase in Fall 2026. A master plan for the park was completed and adopted by the County

Board of Commissioners in May 2022. In addition, a new partnership between Johnston County Public Schools and the County Parks and Open Space Program allows school athletic facilities to be rented/leased by athletic associations in the County for athletic programs.

The County Parks, Greenways and Open Space Program has also partnered with the Upper Coastal Plain Rural Planning Organization and the NC Department of Transportation to complete 3 additional County master plans. The first is the Clayton to Smithfield Neuse River Trail Feasibility Study, which analyzes a 16-mile corridor and was adopted by the County Board of Commissioners in August 2022. The second plan, the Smithfield to Benson East Coast Greenway Feasibility Study, which studied a 17-mile corridor for expansion of the East Coast Greenway and Mountain to Sea Trail, was adopted by the Board of Commissioners in December 2024. The third plan is the Johnston County Trails and Greenways Master Plan, which will identify new trail corridors to connect towns and communities through the use of trails and greenways. The Board of Commissioners adopted the plan in January 2026. The County purchased a segment of property for the Swift Creek Greenway corridor, a multi-county project.

The County Parks, Greenways and Open Space Program continues to work with Triangle Land Conservancy ("TLC") to acquire and develop parcels for conservation and recreational purposes. TLC has purchased a 312-acre parcel in Four Oaks called Rose Dairy Farm and is turning the property over to the County for a future nature preserve/park office. Another effort being undertaken is to expand water-based recreational opportunities along the Neuse River and major tributaries through boat ramps and fishing piers; the first project is funded and will be in Clayton and includes an ADA fishing dock and cartop boat launch. The first greenway project is fully funded, and engineering is underway along the Neuse River Trail in Wilson's Mills, connecting the Wilson's Mills High School to the community. Staff is planning to start on a new county Parks and Open Space Master Plan in 2026.

In October 2025, the County Board agreed to provide $2 million toward the construction of a 1,500-seat baseball stadium in the Town of Smithfield for the Smithfield Tobs organization (formerly the Wilson Tobs). The town approved a 20-year agreement with the baseball organization and a $6 million contract to build the stadium in November 2025. The Tobs is a summer collegiate baseball team and a member of the coastal plain league.

OTHER SERVICES

The County provides emergency medical services ("EMS") around the clock throughout the County with more than 23 paramedic-staffed ambulances and other response vehicles.

Fire protection is provided in the County by 28 municipal and volunteer fire departments. The County assists the municipalities and volunteer fire departments in funding the fire protection activities and also levies ad valorem taxes in a fire protection service district covering the unincorporated areas.

Electric service is provided in the County by Duke Energy-Progress, Wake Electric Membership Corporation, South River Electric Membership Corporation, and Tri-County Electric Membership Corporation, as well as the towns of Smithfield, Clayton, Selma and Benson.

Piedmont Natural Gas Company, Inc. operates and maintains a 10-inch natural gas main that generally traverses the County from east to west, with numerous two and four-inch laterals extending from this line to provide gas service to the towns of Benson, Clayton, Smithfield, Selma and Wilson's Mills.

Debt Information

LEGAL DEBT LIMIT

In accordance with the provisions of the State Constitution and The Local Government Bond Act, as amended, after issuance of all presently authorized general obligation bonds, including the Bonds offered hereby, the County will have the statutory capacity to incur additional net general obligation debt in the approximate amount of $3,167,240,400 as of February 28, 2026. For a summary of certain constitutional, statutory and administrative provisions governing or relating to the incurrence of debt by units of local government of the State, see Appendix B.

OUTSTANDING GENERAL OBLIGATION DEBT

	Principal Outstanding as of			
General Obligation Bonds	**June 30 2023**	**June 30 2024**	**June 30 2025**	**February 28 2026**
School	$92,165,435	$116,762,323[1]	$210,078,869[1]	$197,806,540[1]
Refunding	66,535,000	47,870,000	30,895,000	19,145,000
Community College	20,104,565	19,267,677	18,406,131	17,438,460
Total GO Bonds	$178,805,000	$183,900,000	$259,380,000	$234,390,000

[1] Bonds Issued:

2023-24 $30,000,000 General Obligation Public School Bonds, Series 2023, 10.87 years average maturity, 3.6788% true interest cost.

2024-25 $100,000,000 General Obligation Public School Bonds, Series 2025, 10.35 years average maturity, 3.4203% true interest cost.

GENERAL OBLIGATION DEBT RATIOS

At July 1	Total G.O. Debt	Assessed Valuation	Total GO Debt to Assessed Valuation	Population[1]	Total GO Debt Per Capita
2021	$227,475,000	$24,147,086,319	0.94%	222,974	$1,020
2022	203,515,000	26,050,397,639	0.78	231,562	879
2023	178,805,000	27,693,627,514	0.65	239,529	746
2024	183,900,000	28,973,359,517	0.63	247,249	744
2025	259,380,000	44,982,879,994[2]	0.58	247,249[3]	1,049
After Bonds Now Offered are Issued	$ 300,630,000[4]	$44,982,879,994[2]	0.67%[4]	247,249[3]	$1,216[4]

[1] Estimates of the North Carolina Office of State Budget and Management.

[2] Estimate of the County.

[3] For purposes of this table, the 2024 population estimate is being used.

[4] Preliminary, subject to change.

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS AND MATURITY OF BONDS NOW OFFERED

Fiscal Year Ending June 30th	Existing Debt		Bonds Now Offered[1]	
	Principal	Principal & Interest	G.O Bonds Series 2026A	G.O. Bonds Series, 2026B
2026	$ 24,990,000	$ 34,747,565		
2027	21,130,000	30,509,190		
2028	18,790,000	27,242,290	$ 3,530,000	$ 1,415,000
2029	15,575,000	23,228,990	3,530,000	1,245,000
2030	15,575,000	22,534,740	3,530,000	1,265,000
2031	15,570,000	21,910,040	3,530,000	1,280,000
2032	15,560,000	21,241,490	3,530,000	1,295,000
2033	15,540,000	20,602,165	3,525,000	1,310,000
2034	14,605,000	19,070,500	3,525,000	1,325,000
2035	13,350,000	17,256,750	3,525,000	1,345,000
2036	12,750,000	16,135,100	3,525,000	560,000
2037	11,000,000	13,884,450	3,525,000	-
2038	11,000,000	13,457,600	3,525,000	-
2039	11,000,000	13,045,750	3,525,000	-
2040	9,815,000	11,448,900	3,525,000	-
2041	8,630,000	9,887,600	3,525,000	-
2042	6,500,000	7,467,500	3,525,000	-
2043	6,500,000	7,220,000	3,525,000	-
2044	6,500,000	6,960,000	3,525,000	-
2045	5,000,000	5,200,000	3,525,000	-
2046	-	-	3,525,000	-
Totals	$ 259,380,000	$ 343,050,620	$ 67,000,000	11,040,000

[1] Preliminary, subject to change. Principal only.

GENERAL OBLIGATION BONDS AUTHORIZED AND UNISSUED

Purpose	**Date Approved**	**Balance Authorized and Unissued**	**Bonds Now Offered[1]**	**Balance[1]**
School	11/08/2022	$ 47,000,000	$35,000,000	$ 12,000,000
School	11/05/2024	120,000,000	30,000,000	90,000,000
Community College	11/05/2024	30,000,000	2,000,000	28,000,000
Refunding	04/19/2021	1,525,000	--	1,525,000[2]
Refunding	04/20/2026	11,040,000	11,040,000	--
Totals		$209,565,000	$78,040,000	$131,525,000

[1] Preliminary, subject to change.
[2] The County does not plan to issue the remainder of this authorization unless sufficient savings can be achieved.

GENERAL OBLIGATION DEBT INFORMATION FOR UNDERLYING UNITS AS OF JUNE 30, 2025

Unit	2024 Population	Assessed Valuation	Tax Rate per $100	Debt Authorized and Unissued		Total GO Debt		Total GO Debt per Capita
				Utility	Other	Utility	Other	
Archer Lodge	5,371[1]	$ 444,071,170	0.32%	$ --	$ --	$ --	$ --	$ --
Benson	4,525[1]	462,609,883	0.61	--	--	--	--	--
Clayton	31,312[1]	3,512,891,376	0.65	--	--	--	15,915,000	508.27
Four Oaks	2,576[1]	285,171,864	0.515	--	--	--	--	--
Kenly	1,675[1]	189,064,850	0.69	--	--	--	--	--
Micro	516[1]	30,307,831	0.62	--	--	19,000	--	36.82
Pine Level	2,354[1]	154,206,898	0.48	--	--	--	--	--
Princeton	1,480[1]	109,163,476	0.69	--	--	--	--	--
Selma	6,783[1]	708,163,861	0.60	--	--	--	--	--
Smithfield	12,373[1]	1,672,260,137	0.57	--	--	--	--	--
Wilson's Mills	2,891[1]	376,937,163	0.50	--	--	--	--	--
Archer's Lodge Water District	13,567[2]	1,321,675,827	--	--	--	1,995,000	--	147.05
Brogden Water District	7,984[2]	444,315,340	--	--	--	2,070,000	--	259.27
Buffalo Water District	12,135[2]	1,214,988,920	--	--	--	2,060,000	--	169.76
Clayton Water District	10,054[2]	1,089,236,090	--	--	--	1,770,000	--	176.05
Cleveland Water District	26,134[2]	3,160,728,863	--	--	--	1,795,000	--	68.68
Elevation Water District	10,401[2]	652,701,020	--	--	--	2,825,000	--	271.61
Hopewell/Pisgah Water District	9,618[2]	763,554,500	--	--	--	665,000	--	69.14
Ingrams Township Water District	6,491[2]	298,250,590	--	--	--	1,905,000	--	293.48
Little Creek Water District	13,552[2]	1,187,813,500	--	--	--	2,175,000	--	160.49
Little River Water District	9,384[2]	478,483,480	--	--	--	6,725,000	--	716.65
McGee's Crossroads Water District	21,516[2]	1,898,908,593	--	--	--	3,145,000	--	146.17
Meadow Water District	9,275[2]	361,176,780	--	--	--	2,215,000	--	238.81
O'Neal's Water District	15,394[2]	1,011,547,040	--	--	--	5,555,000	--	360.85
Princeton/Kenly Water District	5,918[2]	312,140,620	--	--	--	1,610,000	--	272.05
Whitley Heights Sanitary District	265[2]	15,289,080	0.055	--	--	36,000	--	135.85
Wilson's Mills Water & Sewer District	3,949[2]	371,954,870	--	--	--	615,000	--	155.75

Note: Outstanding debt in the above table does not include installment financings or loans from the State under the Clean Water Revolving Loan and Grant Act of 1987.

[1] Estimates of the North Carolina Office of State Budget and Management.

[2] Estimates of the County.

OTHER LONG-TERM COMMITMENTS

As of June 30, 2025, the County has payments due under installment financing agreements and limited obligation bonds, secured by financed facilities and subject to annual appropriation, as follows:

	Payable from General Fund		Payable from Enterprise Funds	
Fiscal Year	**Total Principal**	**Total Principal & Interest***	**Total Principal**	**Total Principal & Interest***
2025-26	$7,579,000	$11,391,653	$5,255,000	$6,768,220
2026-27	7,589,000	11,202,355	4,640,000	6,007,020
2027-28	6,749,000	9,997,156	4,715,000	5,963,070
2028-29	5,549,000	8,565,308	4,795,000	5,959,124
2029-30	5,554,000	8,307,110	4,635,000	5,668,675
2030-31	5,554,000	8,043,661	4,065,000	4,975,153
2031-32	5,548,000	7,774,213	4,135,000	4,948,006
2032-33	5,553,000	7,516,048	3,955,000	4,665,288
2033-34	5,548,000	7,276,733	3,925,000	4,539,120
2034-35	5,548,000	7,061,018	4,015,000	4,533,167
2035-36	5,548,000	6,845,304	3,990,000	4,406,332
2036-37	5,548,000	6,629,589	3,570,000	3,881,092
2037-38	4,098,000	4,963,874	3,325,000	3,537,848
2038-39	4,098,000	4,810,109	3,310,000	3,433,538
2039-40	4,098,000	4,656,344	445,000	478,150
2040-41	2,253,000	2,657,580	325,000	344,800
2041-42	2,253,000	2,559,165	165,000	175,050
2042-43	1,385,000	1,592,750	170,000	175,100
2043-44	1,385,000	1,523,500		
2044-45	1,385,000	1,454,250		
Totals	**$92,822,000**	**$124,827,720**	**$59,435,000**	**$70,458,753**

* Totals may not foot due to rounding.

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The County has also entered into a number of State revolving fund loan agreements and water and sewer system revenue bonds payable from County enterprise funds to finance water and sewer facilities in the County due as follows:

	State and Federal Revolving Loans		Water and Sewer System Revenue Bonds	
Fiscal Year	Total Principal	Total Principal & Interest*	Total Principal	Total Principal & Interest*
2025-26	$6,464,155	$7,750,206	$ 1,825,000	$ 9,793,538
2026-27	6,510,028	7,730,399	3,090,000	10,967,287
2027-28	6,556,406	7,710,591	3,240,000	10,962,788
2028-29	6,603,294	7,690,784	3,395,000	10,955,787
2029-30	6,650,698	7,670,977	3,565,000	10,956,038
2030-31	6,698,624	7,651,169	3,750,000	10,962,787
2031-32	6,672,076	7,556,362	3,940,000	10,965,288
2032-33	6,721,062	7,536,555	4,130,000	10,958,287
2033-34	6,467,964	7,214,126	4,345,000	10,966,788
2034-35	6,518,033	7,194,318	4,555,000	10,959,537
2035-36	6,553,099	7,158,956	4,780,000	10,968,888
2036-37	6,554,765	7,089,638	5,000,000	10,962,387
2037-38	6,176,482	6,639,808	5,240,000	10,965,288
2038-39	6,228,790	6,621,537	5,480,000	10,956,487
2039-40	6,122,274	6,443,866	5,735,000	10,957,888
2040-41	6,175,740	6,427,826	6,005,000	10,961,987
2041-42	5,653,940	5,835,933	6,255,000	10,962,888
2042-43	5,562,661	5,681,308	6,510,000	10,957,937
2043-44	5,223,379	5,280,836	6,785,000	10,959,950
2044-45	-	-	11,395,000	15,284,875
2045-46	-	-	11,790,000	15,285,275
2046-47	-	-	12,205,000	15,290,488
2047-48	-	-	12,635,000	15,294,700
2048-49	-	-	13,080,000	15,297,212
2049-50	-	-	13,535,000	15,292,513
2050-51	-	-	13,975,000	15,290,862
2051-52	-	-	8,465,000	9,323,800
2052-53	-	-	8,810,000	9,330,200
2053-54	-	-	4,195,000	4,362,800
Totals	**$120,113,470**	**$132,885,195**	**$197,710,000**	**$337,154,550**

Note: The revolving loan debt service in the above table includes total amounts under promissory notes signed to date by the County, including amounts not yet drawn under the promissory notes.
* Totals may not foot due to rounding.

In addition, the County has received a letter of intent to fund up to $8,960,000 of a sewer project with an additional revolving loan.

For further information concerning the County's other long-term commitments, please refer to Note 3 in the Notes to the Basic Financial Statements in Appendix D.

DEBT OUTLOOK

The County maintains capital funding and debt capacity strategies to identify current and future capital needs and to determine appropriate funding sources for those capital needs, including debt and pay-as-you-go funding. The capital funding and debt capacity strategies are updated at least annually.

After the Bonds now offered are issued, the County will have authorized and unissued $ 12,000,000 general obligation school bonds approved by the voters in November 2022. In addition, the County will have authorized and unissued $90,000,000 general obligation school bonds and $28,000,000 general obligation community college bonds approved by the voters in November 2024. The County plans to issue the remaining bonds approved by the voters in November 2022 in calendar year 2027 and plans to issue the remaining bonds approved by the voters in November 2024 over the next three calendar years.

The County also anticipates issuing approximately $129,000,000 limited obligation bonds in May 2026 to finance the design and construction of a new high school to replace multiple outdated structures on the existing site of Clayton High School.

The County communicates regularly with Johnston County Schools and Johnston Community College regarding future facility needs. The County has also worked with a consultant to study County space/facility needs and develop a master plan for a new County facility campus on property purchased in recent years. The Board recently entered into a contract for design of a new facility to house the Department of Social Services on this property.

Except as noted above, no decisions have been made by the County Board of Commissioners as to amounts or timing of future bond referenda or debt issuances for school, community college or County facilities.

Tax Information

GENERAL INFORMATION

	Fiscal Year Ended or Ending June 30			
	2023	**2024**	**2025**	**2026**[3]
Assessed Valuation:				
Assessment Ratio[1]	100%	100%	100%	100%
Real Property	$19,873,212,051	$21,076,932,646	$22,011,881,567	$37,264,388,224
Motor Vehicles	2,869,400,564	3,141,597,101	3,403,558,841	3,662,342,278
Personal Property	2,812,321,751	3,034,130,581	3,094,308,561	3,341,750,086
Public Service Companies[2]	495,463,273	440,967,186	463,610,548	714,399,406
Total Assessed Valuation	$26,050,397,639	$27,693,627,514	$28,973,359,517	$44,982,879,994
Rate per $100	.73	.69	.67	.52
Net Levy	$190,287,418	$191,279,272	$194,781,020	$233,910,976

[1] Percentage of appraised value has been established by statute.
[2] Valuation of railroads, telephone companies, and other utilities as determined by the North Carolina Property Tax Commission.
[3] Current estimate of the County from tax records.
Note: The most recent revaluation of real property became effective with the 2025-26 tax levy. The next revaluation of real property will become effective with the 2029-30 tax levy.

In addition to the County-wide rate, the following table lists the levies by the County on behalf of the Johnston County Fire Protection Service District, a drainage district, a sanitary district, the Smithfield Redevelopment District and the Research Training Zone for the fiscal years ended June 30.

	2023	2024	2025	2026[3]
County-wide	$190,287,418	$191,279,272	$194,781,020	$233,910,976
All Special Districts	19,534,309	23,536,372	31,570,728	41,414,405
Totals	$209,821,727	$214,815,644	$226,351,748	$275,325,381

Note: Prior to the fiscal year ending June 30, 2025, there were 26 fire service districts in the County, each with its own fire tax. A single county fire protection service district covering the entire county outside of the incorporated areas with the exception of the town of Wilson's Mills, was formed and beginning with the fiscal year ended June 30, 2025 a single fire tax levied.

TAX COLLECTIONS

Year Ended June 30	Prior Years' Levies Collected	Current Years' Levy Collected	Percentage of Current Years' Levy Collected
2021	$759,810	$169,351,376	99.80%
2022	448,790	175,206,532	99.90
2023	283,496	190,168,346	99.94
2024	149,192	191,132,179	99.92
2025	82,212	194,781,020	99.90
2026 (As of 1/31/26)	102,878	217,262,929	92.88

TEN LARGEST TAXPAYERS FOR FISCAL YEAR 2025-26

Taxpayer	Type of Enterprise	2025-26 Assessed Valuation	2025-26 Levy	Percentage of Total Assessed Valuation
Novo Nordisk Pharmaceutical Industries	Pharmaceutical manufacturer	$2,000,814,295	$10,404,234	4.45%
Grifols Therapeutics Inc.	Pharmaceutical manufacturer	875,872,977	4,554,539	1.95
Duke Energy Progress, Inc.	Utility	342,186,312	1,779,369	.76
Piedmont Natural Gas Co. Inc.	Utility	185,530,418	964,758	.41
Amazon.com	Retail product distributor	132,744,830	690,273	.30
FNLI AGOUTI JNX LLC	Retail products distributor	101,890,830	529,832	.23
Sysco Food Services LLC	Food products distributor	92,687,411	481,975	.21
Ardmore Flower Propco, LLC	Real estate investment	92,000,000	478,400	.20
Views at Flowers LLC	Real estate investment	87,087,880	452,857	.19
LWB Clayton Apartments LLC	Real estate investment	76,618,150	398,414	.17
Totals		$3,987,433,103	$20,734,651	8.86%

Source: Johnston County Tax Assessor's Office.

2025-26 Budget Commentary

General Fund

The County Board of Commissioners approved a General Fund budget of $412.5 million for the fiscal year ending June 30, 2026 ("FY 26"), an increase of approximately $36.2 million from the adopted budget for FY 25. The adopted budget for FY 26 lowered the County's tax rate from $.67 per $100 assessed valuation to $.52 per $100 assessed valuation, due primarily to the increase in the County's assessed valuation as part of the revaluation that became effective with the FY 26 fiscal year. The budget included an appropriation of fund balance for the General Fund of $13.3 million. The adopted budget maintained compliance with Financial Policy Guidelines adopted by the County Board of Commissioners.

The final adopted budget for FY 26 assumed continued growth in recurring tax revenues, with ad valorem taxes estimated to be above FY 25 ad valorem tax revenue of $194.3 million at $225.0 million, despite the tax rate reduction of $.15 per $100 assessed valuation. Sales tax revenue in the final adopted FY 26 budget totals $85.0 million, slightly over actual sales tax revenue for FY 25 of $84.1 million. Expenditures include $123.0 million for education, an increase of 6.4% from education appropriations in the FY 25 adopted budget. The County Board of Commissioners also continues to prioritize public safety by appropriating $91.5 million in the FY 26 adopted budget, an increase of $4.3 million over public safety expenditure appropriations in the FY 25 adopted budget. General Fund debt service appropriated in the FY 26 adopted budget of $46.2 increased by $5.8 million over the FY 25 adopted budget, due to additional school and community college bonds issued in FY 25.

Water and Sewer

The County Board of Commissioners approved budgets for the County's water and sewer funds for FY 26, each of which anticipates on-going growth in customer base, as follows:

County Utility Administration Fund - $ 2,146,066
County Water Fund - $38,393,575
County Sewer Fund - $31,838,603
County Water District Operating Fund - $43,602,734

Solid Waste

The County Board of Commissioners approved a budget of $12.0 million for the County's solid waste fund for FY 26. The FY 26 budget includes a budgeted appropriation from the General Fund of $2.95 million.

Pension Plans

The following information on the pension plans is provided on a calendar year basis, whereas the information presented in the independent auditor's footnote in Appendix D was based on a fiscal year (July 1 through June 30) basis.

The County participates in the North Carolina Local Governmental Employees' Retirement System.

North Carolina Local Governmental Employees' Retirement System — The North Carolina Local Governmental Employees' Retirement System (the "System") is a service agency administered through a board of trustees by the State for public employees of counties, cities, boards, commissions and other similar governmental entities. While the State Treasurer is the custodian of System funds,

administrative costs are borne by the participating employer governmental entities. The State makes no contributions to the System.

The System provides, on a uniform System-wide basis, retirement and, at each employer's option, death benefits from contributions made by employers and employees. Employee members contribute six percent of their individual compensation. Each new employer makes a normal contribution plus, where applicable, a contribution to fund any accrued liability over a 24-year period. The normal contribution rate, uniform for all employers, for 2024-25 was 13.60% of eligible payroll for general employees and 15.10% of eligible payroll for law enforcement officers. The contribution rates for 2025-26 are at 14.35% for general employees and 16.10% for law enforcement officers. The accrued liability contribution rate is determined separately for each employer and covers the liability of the employer for benefits based on employees' service rendered prior to the date the employer joins the System.

Members qualify for a vested deferred benefit at age 50 with at least 20 years of service or at age 60 after at least five years of creditable service to the unit of local government. Unreduced benefits for general employees are available at age 65, with at least five years of creditable service or at age 60 with at least 25 years of creditable service; and for law enforcement officers are available at age 55, with at least five years creditable service, or for all members, after 30 years of creditable service, regardless of age. Benefit payments are computed by taking an average of the annual compensation for the four consecutive years of membership service yielding the highest average. This average is then adjusted by a percentage formula, by a total years of service factor, and by an age factor if the individual is not eligible for unreduced benefits.

Employer contributions to the System are determined on an actuarial basis.

For information concerning the County's participation in the North Carolina Local Governmental Employees' Retirement System and the Supplemental Retirement Income Plan of North Carolina see Note 3 to the County's Audited Financial Statements in Appendix D. For information concerning the County's other post-employment benefits, including health care benefits provided to retirees, see Note 3 to the County's Audited Financial Statements in Appendix D.

Financial statements and required supplementary information for the North Carolina Local Governmental Employees' Retirement System are included in the Annual Comprehensive Financial Report for the State. Please refer to the State's Annual Comprehensive Financial Report for additional information.

Other Post-Employment Benefits

For information on the County's other employment and post-employment benefits see Note 3 to the County's audited financial statements included in Appendix D herein.

Contingent Liabilities

The County has no litigation at the present time which, in the opinion of the County Attorney, would materially and adversely affect the County's ability to meet its financial obligations. Also, the County has no other contingent liabilities which would materially and adversely affect the County's ability to meet its financial obligations.

CYBERSECURITY

The County, like other public and private sector organizations, is subject to ongoing and evolving cybersecurity threats. These threats include, but are not limited to, phishing attacks, ransomware, malware, unauthorized access attempts, denial-of-service attacks, insider threats, and other attempts to compromise information systems and sensitive data.

A successful cybersecurity incident could result in operational disruption, unauthorized disclosure of confidential or sensitive information, financial loss, reputational damage, or impacts to critical public services.

To address these risks, the County has implemented a comprehensive cybersecurity program that includes layered technical controls, network monitoring, endpoint protection, access controls, regular system patching, data backup and recovery procedures, security awareness training, and incident response planning. The County also periodically evaluates its security posture and updates safeguards in response to emerging threats and evolving best practices.

While these measures are designed to reduce risk and enhance resilience, cybersecurity threats continue to grow in sophistication and frequency. Accordingly, no assurance can be provided that the County will not experience a cybersecurity incident or that implemented safeguards will fully prevent or mitigate all potential financial, operational, or reputational impacts.

CONTINUING DISCLOSURE

In the resolution adopted by the County authorizing the sale of the Bonds, the County has undertaken, for the benefit of the beneficial owners of the Bonds, to provide to the Municipal Securities Rulemaking Board (the "MSRB"):

(a) by not later than seven months from the end of each fiscal year of the County, beginning with the fiscal year ending June 30, 2026, audited financial statements of the County for such fiscal year, if available, prepared in accordance with Section 159-34 of the General Statutes of North Carolina, as it may be amended from time to time, or any successor statute, or, if such audited financial statements of the County are not available by seven months from the end of such fiscal year, unaudited financial statements of the County for such fiscal year to be replaced subsequently by audited financial statements of the County to be delivered within 15 days after such audited financial statements become available for distribution;

(b) by not later than seven months from the end of each fiscal year of the County, beginning with the fiscal year ending June 30, 2026, (i) the financial and statistical data as of a date not earlier than the end of the preceding fiscal year for the type of information included under headings "The County - Debt Information and - Tax Information" in this Official Statement relating to the Bonds (excluding any information on overlapping or underlying units) and (ii) the combined budget of the County for the current fiscal year, to the extent such items are not included in the financial statements referred to in (a) above;

(c) in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Bonds:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other

material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(7) modification to rights of the beneficial owners of the Bonds, if material;

(8) Bond calls, if material, and tender offers;

(9) defeasances;

(10) release, substitution or sale of any property securing repayment of the Bonds, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the County;

(13) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) incurrence of a financial obligation (as defined below) of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the County, any of which affect beneficial owners of the Bonds, if material; and

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the County, any of which reflect financial difficulties; and

(d) in a timely manner, notice of a failure of the County to provide required annual financial information described in (a) or (b) above on or before the date specified.

All information provided to the MSRB as described in this Section shall be provided in an electronic format as prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

For purposes of the preceding paragraphs (15) and (16), the term "financial obligation" means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of either (i) or (ii). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

The County may meet the continuing disclosure filing requirements described above by complying with any procedure that may be authorized or required by the United States Securities and Exchange Commission.

At present, Section 159-34 of the General Statutes of North Carolina requires the County's financial statements to be prepared in accordance with generally accepted accounting principles and to be audited in accordance with generally accepted auditing standards.

The resolution adopted by the County also provides that if the County fails to comply with the undertaking described above, any beneficial owner of Bonds may take action to protect and enforce the rights of all beneficial owners with respect to such undertaking, including an action for specific performance; provided, however, that failure to comply with such undertaking shall not be an event of default and shall not result in any acceleration of payment of the Bonds. All actions shall be instituted, had and maintained in the manner provided in this paragraph for the benefit of all beneficial owners of the Bonds.

Pursuant to such resolution, the County reserves the right to modify from time to time the information to be provided to the extent necessary or appropriate in the judgment of the County, provided that:

(a) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the County;

(b) the information to be provided, as modified, would have complied with the requirements of Rule 15c2-12 as of the date of this Official Statement, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any changes in circumstances; and

(c) any such modification does not materially impair the interests of the beneficial owners, as determined either by parties unaffiliated with the County (such as bond counsel), or by the approving vote of the registered owners of a majority in principal amount of the Bonds pursuant to the terms of such resolution, as it may be amended from time to time, at the time of the amendment.

Any annual financial information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

The undertaking described above will terminate upon payment, or provision having been made for payment in a manner consistent with Rule 15c2-12, in full of the principal of and interest on all the Bonds.

The County is not aware of any instance, during the previous five years, in which it has failed to comply in any material respect with its prior continuing disclosure undertakings under Rule 15c-12.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters relating to the authorization and validity of the Bonds are subject to the approving opinion of Maynard Nexsen PC, Charlotte, North Carolina, Bond Counsel, which will be furnished at the expense of the County and available upon delivery of the Bonds. The proposed form of such opinion is set forth in Appendix E. Such opinion will be limited to matters relating to the authorization and validity of the Bonds and the tax-exempt status of interest thereon as described in the section "**TAX EXEMPTION.**" Bond Counsel has not been engaged to investigate the financial resources of the County or its ability to provide for payment of the Bonds, and Bond Counsel's opinion will make no statement as to such matters or as to the accuracy or completeness of this Official Statement or any other information that may have been relied on by anyone in making the decision to purchase the Bonds.

RATINGS

Moody's Investors Service and S&P Global Ratings have given the Bonds ratings of Aaa and AAA, respectively. Those ratings reflect only the respective views of such organizations, and an explanation of the significance of each such rating may be obtained only from the respective organization providing such rating. Certain information and materials not included in the Official Statement were furnished to such organizations. There is no assurance that such ratings will remain in effect for any given period of time or that any or all will not be revised downward or withdrawn entirely. Any downward revision or withdrawal of a rating may have an adverse effect on the market prices of the Bonds.

MUNICIPAL ADVISOR

Davenport & Company LLC, Richmond, Virginia has acted as municipal advisor to the County in connection with the issuance of the Bonds.

TAX EXEMPTION

Opinion of Bond Counsel

The opinion of Bond Counsel will state that, under existing law, interest on the Bonds is not includable in the gross income of the owners thereof for federal income tax purposes. The opinion set forth in the preceding sentence is subject to the condition that the County comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, not includable in gross income for federal income tax purposes. In addition, such opinion will state that, under existing law, interest on the Bonds is exempt from all present State of North Carolina income taxes.

The opinion of Bond Counsel will further state that, under existing law, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, except that such interest is taken into account in determining the "adjusted financial statement income" of certain corporations for purposes of computing the alternative minimum tax on corporations for tax years beginning after December 31, 2022. Ownership of the Bonds and the accrual or receipt of interest thereon may result in other federal, state or local tax consequences upon which Bond Counsel expresses no opinion.

In the resolution providing for the issuance of the Bonds (the "Bond Resolution"), the County has covenanted to comply with all such requirements of the Code, except to the extent that the County obtains an opinion of Bond Counsel or other counsel recognized for its expertise in tax-exempt municipal financings to the effect that noncompliance would not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds. Failure to comply with certain of such requirements may cause interest on the Bonds to be includable in gross income (and thus taxable) for federal income tax purposes retroactively to the date of issuance of the Bonds.

The ownership of tax-exempt obligations (such as the Bonds) and the accrual or receipt of interest thereon may also result in collateral tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess net passive income, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to the applicability and the impact of any such collateral tax consequences and the status of interest on the Bonds under the laws of any state other than North Carolina.

As pressure to reduce the federal deficit and balance the budget increases, various proposals to limit or eliminate the general exclusion from gross income for federal tax purposes of interest on state and local bonds are being debated. Any such limitation or elimination, if retroactive, may result in the inclusion for federal tax purposes of some or all of the interest on the Bonds in gross income of the owners of the Bonds. Such proposals may or may not become law. In addition, other future legislation, administrative action or court decisions at the federal or state level, may adversely affect federal or state tax-exemptions applicable to the Bonds or the market price or marketability of the Bonds or may otherwise prevent the owners of the Bonds from realizing in full the anticipated economic benefit of the Bonds.

Discount Bonds and Premium Bonds

_____, as lead underwriter for the 2026A Bonds, and _____ as lead underwriter for the 2026B Bonds, have advised the Commission that the initial public offering prices of the 2026A Bonds maturing on February 1 in the years _____ to _____, inclusive and the 2026B Bonds maturing on February 1 in the years _____ to _____, inclusive (collectively, the "Discount Bonds"), are less than the respective amounts payable at maturity.* An amount not less than the difference between the initial public offering prices of the Discount Bonds and the amounts payable at maturity constitutes original issue discount ("OID"). Owners of Discount Bonds should consult their own tax advisors as to the determination for federal tax purposes of the amount of OID properly accruing each year with respect to the Discount Bonds and as to federal tax consequences and the treatment of OID for State and local tax purposes.

_____, as lead underwriter for the 2026A Bonds, and _____ as lead underwriter for the 2026B Bonds, have also advised the Commission that the initial public offering prices of the 2026A Bonds maturing on February 1 in the years _____ to _____, inclusive and the 2026B Bonds maturing on February 1 in the years _____ to _____, inclusive (collectively, the "Premium Bonds"), are greater than the amounts payable at maturity.* The difference between the amounts payable at maturity of the Premium Bonds and the tax basis of the Premium Bonds to a purchaser (other than a purchaser who holds Premium Bonds as inventory, stock in trade or for sale to customers in the ordinary course of business) who purchases the Premium Bonds at the initial offering price is "Bond Premium." Bond Premium is amortized over the term of the Premium Bonds for federal income tax purposes. Owners of the Premium Bonds are required to decrease their adjusted basis in the Premium Bonds by the amount of amortizable Bond Premium attributable to each taxable year the Premium Bonds are held. Owners of the Premium Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the treatment of Bond Premium upon the sale or other disposition of the Premium Bonds and with respect to State of North Carolina and local tax consequences of owning and disposing of the Premium Bonds.

_____

*Information provided by the underwriters for the Bonds.

UNDERWRITING

The underwriters for the 2026A Bonds are _____.[1]

The underwriters for the 2026A Bonds have jointly and severally agreed, subject to certain conditions, to purchase all but not less than all of the 2026A Bonds. If all of the 2026A Bonds are sold at the public offering yields set forth on the inside cover page of this Official Statement, the underwriters for the 2026A Bonds anticipate total underwriters' discount of $_____.[1] The public offering prices or yields of the 2026A Bonds may be changed from time to time by the underwriters.

The underwriters for the 2026B Bonds are _____.[2]

The underwriters for the 2026B Bonds have jointly and severally agreed, subject to certain conditions, to purchase all but not less than all of the 2026B Bonds. If all of the 2026B Bonds are sold at the public offering yields set forth on the inside cover page of this Official Statement, the underwriters for the 2026B Bonds anticipate total underwriters' discount of $_____.[2] The public offering prices or yields of the 2026B Bonds may be changed from time to time by the underwriters.

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact.

References herein to the State Constitution and legislative enactments are only brief outlines of certain provisions thereof and do not purport to summarize or describe all provisions thereof.

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[1] Information provided by the underwriters for the 2026A Bonds.
[2] Information provided by the underwriters for the 2026B Bonds.

THE NORTH CAROLINA LOCAL GOVERNMENT COMMISSION

The Local Government Commission (the "Commission") is composed of nine members: the State Treasurer, the Secretary of State, the State Auditor, the Secretary of Revenue, and five others by appointment (three by the Governor, one by the General Assembly upon recommendation of the President Pro Tempore of the Senate and one by the General Assembly upon recommendation of the Speaker of the House of Representatives). The State Treasurer serves as Chairman and selects the Secretary of the Commission, who heads the administrative staff serving the Commission.

A major function of the Commission is the approval, sale, and delivery of substantially all North Carolina local government bonds and notes. A second key function is monitoring certain fiscal and accounting standards prescribed for units of local government by The Local Government Budget and Fiscal Control Act. In addition, the Commission furnishes, upon request, on-site assistance to units of local government concerning existing financial and accounting systems as well as aid in establishing new systems. Further, educational programs and materials are provided for local officials concerning finance and cash management.

Before any unit of local government can incur bonded indebtedness, the proposed bond issue must be approved by the Commission. In determining whether to give such approval the Commission may consider, among other things, the unit's debt management procedures and policies, its compliance with The Local Government Budget and Fiscal Control Act, and its ability to service the proposed debt. All general obligation issues are customarily sold based on formal sealed bids submitted at the Commission's offices in Raleigh and are subsequently delivered to the successful bidder by the Commission. The Commission maintains records for all units of local government of principal and interest payments coming due on bonded indebtedness in the current and future years and monitors the payment by the units of local government of debt service through a system of monthly reports.

As a part of its role in assisting and monitoring the fiscal programs of units of local government, the Commission attempts to ensure that the units of local government follow generally accepted accounting principles, systems, and practices. The Commission's staff also counsels the units of local government in treasury and cash management, budget preparation, and investment policies and procedures. Educational programs, in the form of seminars or classes, are also provided by the Commission to accomplish these tasks. The monitoring of the financial systems of units of local government is accomplished through the examination and analysis of the annual audited financial statements and other required reports. The Local Government Budget and Fiscal Control Act requires each unit of local government to have its accounts audited annually by a certified public accountant or by an accountant certified by the Commission as qualified to audit local government accounts. A written contract must be submitted to the Secretary of the Commission for his or her approval before the commencement of the audit.

The Commission has the statutory authority to impound the books and records of any unit of local government and assume full control of all its financial affairs (a) when the unit defaults on any debt service payment or, in the opinion of the Commission, will default on a future debt service payment if the financial policies and practices of the unit are not improved or (b) when the unit persists, after notice and warning from the Commission, in willfully or negligently failing or refusing to comply with the provisions of The Local Government Finance Act. When the Commission takes action under this authority, the Commission is vested with all of the powers of the governing board of the unit of local government as to the levy of taxes, expenditure of money, adoption of budgets, and all other financial powers conferred upon such governing board by law.

In addition, if a unit of local government fails to pay any installment of principal or interest on its outstanding debt on or before its due date and remains in default for 90 days, the Commission may take such action as it deems advisable to investigate the unit's fiscal affairs, consult with its governing board and negotiate with its creditors to assist the unit in working out a refinancing plan, adjusting or compromising such debt. When a plan is developed that the Commission finds to be fair and equitable and reasonably within the ability of the unit of local government to meet, the Commission will enter an order finding that the plan is fair, equitable, and within the ability of the unit to meet and will advise the unit to take the necessary steps to implement such plan. If the governing board of the unit declines or refuses to do so within 90 days after receiving the Commission's advice, the Commission may enter an order directing the unit to implement such a plan and may apply for a court order to enforce such order. When a refinancing plan has been put into effect, the Commission has the authority (a) to require any periodic financial reports on the unit's financial affairs that the Secretary of the Commission deems necessary and (b) to approve or reject the unit's annual budget ordinance. The governing board of the unit of local government must also obtain the approval of the Secretary of the Commission before adopting any annual budget ordinance. The power and authority granted to the Commission as described in this paragraph will continue regarding a defaulting unit of local government until the Commission is satisfied that the unit has performed or will perform the duties required of it in the refinancing plan and until agreements made with the unit's creditors have been performed with following such plan.

APPENDIX B

CERTAIN CONSTITUTIONAL, STATUTORY AND ADMINISTRATIVE PROVISIONS GOVERNING OR RELEVANT TO THE INCURRENCE OF GENERAL OBLIGATION BONDED INDEBTEDNESS BY UNITS OF LOCAL GOVERNMENT OF THE STATE OF NORTH CAROLINA

Constitutional Provisions

The North Carolina Constitution (the "Constitution") requires the General Assembly to enact general laws relating to the borrowing of money secured by a pledge of the faith and credit and the contracting of other debts by counties, cities and towns, special districts and other units, authorities and agencies of local government and prohibits enactment of special or local acts on this subject. These general laws may be enacted for classes defined by population or other criteria.

The General Assembly has no power under the Constitution to authorize any unit of local government to contract debts secured by a pledge of its faith and credit unless approved by a majority of the qualified voters of the unit who vote thereon, except for the following purposes:

(a) to fund or refund a valid existing debt;

(b) to supply an unforeseen deficiency in the revenue;

(c) to borrow in anticipation of the collection of taxes due and payable within the current fiscal year to an amount not exceeding 50% of such taxes;

(d) to suppress riots or insurrections;

(e) to meet emergencies immediately threatening the public health or safety, as conclusively determined in writing by the Governor; and

(f) for purposes authorized by general laws uniformly applicable throughout the State, to the extent of two-thirds of the amount by which the issuing unit's outstanding indebtedness was reduced during the next preceding fiscal year.

The Constitution requires that the power of taxation be exercised in a just and equitable manner, for public purposes only, and never be surrendered, suspended or contracted away. Since general obligation bonded indebtedness pledges the taxing power, it may therefore be incurred only for "public purposes." The North Carolina Supreme Court determines what is and is not a public purpose within the meaning of the Constitution.

The Constitution requires voter approval for any unit of local government to give or lend its credit in aid of any person, association or corporation, and such lending of credit must be for public purposes as authorized by general law. A loan of credit is defined by the Constitution as occurring when a unit of local government exchanges its obligations with or in any way guarantees the debts of an individual, association or private corporation.

The Constitution does not impose a limit on the total indebtedness of a unit of local government.

Of the sources of revenue available to units of local government, only the property tax is subject to special Constitutional regulation. The Constitution does not mandate a general property tax; rather,

it authorizes the General Assembly to classify property for taxation under two conditions: (1) each class of property selected for taxation must be taxed by uniform rule and (2) every classification must be made by general law uniformly applicable to every unit of local government. No class of property is accorded exemption from ad valorem taxation by the Constitution except property belonging to the State, counties and municipal corporations. The General Assembly may exempt cemeteries and property held for educational, scientific, literary, cultural, charitable or religious purposes and, to a value not exceeding $300, any personal property. The General Assembly may also exempt from taxation not exceeding $1,000 in value of property used as the place of residence of the owner. Property of the United States is exempt by virtue of the supremacy clause of the United States Constitution.

The Constitution requires that any property tax must be levied for purposes authorized by general law uniformly applicable throughout the State, unless approved by a majority of the qualified voters of the unit of local government who vote thereon.

Under the Constitution, property taxes levied for unit-wide purposes must be levied uniformly throughout the territorial jurisdiction of the taxing unit, but the General Assembly may enact general laws authorizing the governing body of any county, city or town to define territorial areas and to levy taxes within those areas in order to finance, provide or maintain services, facilities and functions in addition to or to a greater extent than those financed, provided or maintained for the entire county, city or town.

The Local Government Bond Act

No unit of local government has authority to incur general obligation bonded indebtedness otherwise than in accordance with the limitations and procedures prescribed in The Local Government Bond Act, G.S. Ch. 159, Art. 4 (the "Act") and G.S. Ch. 159, Art. 7 or to issue short-term general obligation notes otherwise than in accordance with G.S. Ch. 159, Art. 9.

By statute, the faith and credit of the issuing unit are pledged for the payment of the principal of and interest on all bonds issued under the Act according to their terms, and the power and obligation of the issuing unit to levy taxes and raise other revenues for the prompt payment of installments of principal and interest or for the maintenance of sinking funds is unrestricted as to rate or amount.

The revenues of each utility or public service enterprise owned or leased by a unit of local government are required by statute to be applied in accordance with the following priorities: (1) to pay the operating, maintenance and capital outlay expenses of the utility or enterprise; (2) to pay when due the interest on and principal of outstanding bonds issued for capital projects that are or were a part of the utility or enterprise; and (3) for any other lawful purpose. In its discretion, an issuing unit may pledge the revenues (or any portion thereof) of a utility or enterprise for the payment of the interest on and principal of bonds issued under the Act to finance capital projects that are to become a part of the utility or enterprise.

Bonds may be issued only for purposes specifically authorized by the Act.

No bonds may be issued under the Act without the approval of the Local Government Commission. The criteria for approval have been summarized in the description of the powers of the Commission in Appendix B to this Official Statement.

The Act provides that, subject to certain exceptions, no bond order may be adopted by the governing body of a unit of local government unless it appears from a sworn statement of debt filed in connection therewith that the net debt of the unit does not exceed 8% of the assessed value of property subject to taxation by the issuing unit. Under current law, the mandated assessment ratio is 100% of

appraised value. This limitation does not apply to funding and refunding bonds, bonds issued for water, gas or electric power purposes, or two or more of such purposes, certain sanitary sewer, sewage disposal or sewage purification plant bonds, bonds or notes issued for erosion control purposes or bonds or notes issued for the purposes of erecting jetties or other protective works to prevent encroachment by certain bodies of water.

"Net debt" is defined as gross debt less certain statutory exclusions and deductions. Gross debt, excluding therefrom debt incurred or to be incurred in anticipation of tax or other revenue collections or in anticipation of the sale of bonds other than funding or refunding bonds, is the sum of (i) outstanding debt evidenced by bonds, (ii) bonds authorized by orders introduced but not yet adopted, (iii) unissued bonds authorized by adopted orders and (iv) outstanding debt not evidenced by bonds. From gross debt are deducted (a) funding and refunding bonds (both those authorized by orders introduced but not yet adopted and those authorized but not yet issued), (b) the amount of money held in sinking funds or otherwise for the payment of any part of the principal of gross debt other than debt incurred for the purposes set forth in clause (e) below, (e) the amount of bonded debt included in gross debt and incurred, or to be incurred, for water, gas or electric light or power purposes, or two or more of such purposes, and certain bonded debt for sanitary sewer purposes, and (d) the amount of uncollected special assessments theretofore levied or estimated to be levied for local improvements for which any part of the gross debt (that is not otherwise deducted) was or is to be incurred, to the extent that the special assessments, when collected, will be applied to the payment of any part of the gross debt. Revenue bond indebtedness is not included in, nor deducted from, gross debt.

Bonds may be issued under an approved bond order at any time within seven years after the bond order takes effect. The effective date of the bond order is the date of formal passage of the bond order in the case of bonds that do not require voter approval and the date of voter approval in all other cases. If the issuance of bonds is prevented or prohibited by any order of any court or certain litigation, the period of time is extended by the length of time elapsing between the date of institution of the action or litigation and the date of its final disposition. The General Assembly may, prior to the expiration of the maximum period, also extend such period. In addition, such period may be extended from seven to ten years by the governing body of a unit of local government under certain circumstances with approval by the Commission. In any such case, no further voter approval is required.

The Commission has by regulation established the maximum useful lives of capital projects that may be financed by bonds. The maturity dates of any bonds issued for any project may not exceed the maximum useful life of the project, measured from the date of the bonds.

All bonds must mature in annual installments, the first of which must be payable not more than three years after the date of the bonds and the last of which must be payable within the maximum useful life of the project. Payment of an installment of principal may be provided for by the maturity of a bond, mandatory redemption of principal prior to maturity, a sinking fund, a credit facility or any other means satisfactory to the Commission. In addition, the Act prohibits "balloon installments" in that it requires that no installment of any issue may be greater than four times as large in amount as the smallest prior installment of the same issue. Bonds authorized by two or more bond orders may be consolidated into a single issue, and bonds of each issue may be issued from time to time in series with different provisions for each series. Each series is deemed a separate issue for the purposes of the limitations discussed in this paragraph. Bonds may be made payable from time to time on demand or tender for purchase as provided in the Act, and bonds may be made subject to redemption prior to maturity, with or without premium. The requirement that the bonds must mature in annual installments and the prohibition against balloon installments as described above does not apply to (a) refunding bonds, (b) bonds purchased by a State or federal agency or (c) bonds the interest on which is or may be includable in gross income for purposes of federal income tax, provided that the dates on which such bonds are stated to mature are approved by the Commission and the Commission may

require that payment of all or any part of the principal of and interest and any premium on such bond be provided for by mandatory sinking fund redemption.

Short-Term Obligations

Bond Anticipation Notes - Units of local government are authorized to issue short term notes in anticipation of the sale of bonds validly authorized for issuance within the maximum authorized amount of the bonds. General obligation bond anticipation notes must be payable not later than seven years after the effective date of the bond order and shall not be renewed or extended beyond that time unless the period of time within which the bonds may be issued has been extended as mentioned above. The faith and credit of the issuing unit are pledged for the payment of general obligation bond anticipation notes, and the power and obligation of the issuing unit to levy taxes and raise other revenues for the prompt payment of such notes is unrestricted as to rate or amount. The proceeds of each general obligation bond issue are also pledged for the payment of any notes issued in anticipation of the sale thereof, and any such notes shall be retired from the proceeds of the bonds as a first priority.

Tax Anticipation Notes - Units of local government having the power to levy taxes are authorized to borrow money for the purpose of paying appropriations made for the current fiscal year in anticipation of the collection of taxes due and payable within the current fiscal year, and to issue negotiable notes in evidence thereof. Any tax anticipation note must mature not later than 30 days after the close of the fiscal year in which it is issued and may not be renewed beyond that time. No tax anticipation note shall be issued by the unit of local government if the amount thereof, together with the amount of all authorized or outstanding tax anticipation notes on the date the note is authorized, would exceed 50% of the amount of taxes uncollected as of the date of the proposed note authorization. The faith and credit of the issuing unit are pledged for the payment of tax anticipation notes, and the power and obligation of the issuing unit to levy taxes and raise other revenues for the prompt payment of such notes is unrestricted as to rate or amount.

Revenue Anticipation Notes - Units of local government are authorized to borrow money for the purpose of paying appropriations made for the current fiscal year in anticipation of the receipt of the revenues, other than taxes, estimated in their budgets to be realized in cash during such fiscal year, and to issue negotiable notes in evidence thereof. Any revenue anticipation note must mature not later than 30 days after the close of the fiscal year in which it is issued and may not be renewed beyond that time. No revenue anticipation note shall be issued if the amount thereof, together with the amount of all revenue anticipation notes authorized or outstanding on the date the note is authorized, would exceed 80% of the revenues of the issuing unit, other than taxes, estimated in its budget to be realized in cash during such fiscal year. Revenue anticipation notes are special obligations of the issuing unit, and neither the credit nor the taxing power of the issuing unit may be pledged for the payment of revenue anticipation notes.

Grant Anticipation Notes - Units of local government are authorized to borrow money for the purpose of paying appropriations made for capital projects in anticipation of the receipt of moneys from grant commitments for such capital projects from the State or the United States or any agencies of either, and to issue negotiable notes in evidence thereof. Grant anticipation notes must mature not later than 12 months after the estimated completion date of such capital project and may be renewed from time to time, but no such renewal shall mature later than 12 months after the estimated completion date of such capital project. No grant anticipation note may be issued if the amount thereof, together with the amount of all other notes authorized or issued in anticipation of the same grant commitment, exceeds 90% of the unpaid amount of said grant commitment. Grant anticipation notes are special obligations of the issuing unit, and neither the credit nor the taxing power of the issuing unit may be pledged for the payment of grant anticipation notes.

The Local Government Budget and Fiscal Control Act

The Local Government Budget and Fiscal Control Act, G.S. Ch. 159, Art. 3 (the "Fiscal Control Act"), sets forth procedures for the adoption and administration of budgets of units of local government. The Fiscal Control Act also prescribes certain accounting and auditing requirements. The Fiscal Control Act attempts to achieve close conformity with the accounting principles contained in the American Institute of Certified Public Accountants' Industry Audit Guide, Audits of State and Local Government Units.

Budget - The Fiscal Control Act requires the adoption of an annual balanced budget, which includes all appropriations required for debt service and for eliminating any deficit. Any deficit is required to be eliminated by the imposition of a property tax at a rate which will produce the revenue necessary to balance revenues and appropriations in the budget. The Secretary of the Commission is required to notify each local government unit by May 1 of each year of its debt service obligations for the coming fiscal year, including sums to be paid into sinking funds. At least 30 days prior to the due date of each installment of principal or interest on outstanding debt, the Secretary must notify each unit of the payment due, the due date, the place which the payments should be sent, and a summary of the legal penalties for failing to meet debt service obligations.

The Fiscal Control Act directs that the budget ordinance be adopted by the governing board of the unit of local government by July 1 of the fiscal year to which it applies. There is no penalty for failure to meet this deadline. The fiscal year begins July 1 and ends the following June 30. The governing board is required to hold a public hearing concerning the budget prior to its adoption. A project ordinance authorizing all appropriations necessary for the completion of a capital project or a grant project may be adopted in lieu of annual appropriations for each project and need not be readopted in any subsequent fiscal year.

Fiscal Control – The Fiscal Control Act sets forth certain fiscal control requirements concerning the duties of the finance officer; the system of accounting; budgetary accounting for appropriations; investment of idle funds; semiannual reports of financial information to the Commission; and an annual independent audit.

Except as otherwise provided by regulation of the Commission, the Fiscal Control Act requires a unit of local government to use the modified accrual basis of accounting in recording transactions. The Commission is empowered to prescribe regulations as to (a) features of accounting systems; (b) bases of accounting, including identifying in detail the characteristics of a modified accrual basis, identifying what revenues are susceptible to accrual, and permitting or requiring the use of a basis other than modified accrual in a fund that does not account for the receipt of a tax; and (c) definitions of terms not clearly defined in the Fiscal Control Act.

The Fiscal Control Act requires each unit of local government to have its accounts audited annually by an independent certified public accountant or by an independent accountant certified by the Commission as qualified to audit local government accounts. The audit must be conducted pursuant to a written contract containing the form, terms and fees for the audit. The Secretary of the Commission must approve this contract before the audit may begin and must approve invoices for the audit fee. Approval of final payment is not given until the audit report is rendered in accordance with the requirements of the contract. All audits are to be performed in conformity with generally accepted auditing standards.

Major General Fund Revenue Sources

Ad Valorem Tax - Each unit of local government having authority to incur general obligation bonded indebtedness also has authority to levy ad valorem taxes on property having a situs within the

unit. The ad valorem tax is levied on classes of property selected for taxation by the General Assembly through laws that are uniform throughout the State. The statute governing the listing, appraisal and assessment of property for taxation and the collection of taxes levied is the Machinery Act, G.S. Ch. 105, Subchapter II.

Tax Base - The basic class of property selected for taxation comprises all real and tangible personal property. Thus, unless a class of property is specifically excluded from the property tax base, exempted from taxation or specifically accorded some kind of preferential tax treatment, it must be taxed by each unit of local government exercising its authority to levy property taxes. Several classes of property have been selected for exclusion from the property tax base, exemption from taxation or taxation at reduced valuation or for special appraisal standards. The most significant of these classes are:

(1) Tangible household personal property is excluded from the property tax base.

(2) Stocks and bonds, accounts receivable and certain other types of intangible personal property are excluded from the property tax base.

(3) Property belonging to certain qualified owners and used wholly and exclusively for religious, educational, charitable, cultural, fraternal or civic purposes is wholly exempted from taxation. Property belonging to the United States, the State and units of local government is also exempt from taxation.

(4) Real and personal property owned by certain nonprofit homes for the aged, sick or infirm are excluded from property taxation, provided such homes are exempt from the State income tax.

(5) Certain kinds of tangible personal property held for business purposes are excluded from taxation, the most important of which are:

(a) Manufacturers' inventories (raw materials, goods in process, finished goods, materials or supplies consumed in processing, crops, livestock, poultry, feed used in production of livestock and poultry, and other agricultural or horticultural products held for sale) and inventories of retail and wholesale merchants (tangible personal property held for sale and not manufactured, processed or produced by the merchant).

(b) Property imported through a North Carolina seaport terminal and stored at such terminal for less than 12 months awaiting further shipment.

(c) Certain pollution abatement and resource recovery equipment.

(d) "Bill and hold" goods manufactured in North Carolina and held by the manufacturer for shipment to a nonresident customer.

(e) Nuclear materials held for or in the process of manufacture or processing or held by the manufacturer for delivery.

(f) Motor vehicle frames that belong to nonresidents and enter the State temporarily for the purpose of having a body mounted thereon.

(6) A homestead exemption of the greater of $25,000 or 50% of the appraised value of the residence is allowed if the property owner is a North Carolina resident, has income for the

preceding calendar year of not more than the eligibility limit, and is at least 65 years of age or totally and permanently disabled.

(7) Certain agricultural, horticultural and forest land is eligible for taxation at its value for agricultural, horticultural or forest use

Appraisal Standard - All property must be appraised at its true value in money, except agricultural, horticultural and forest land eligible for appraisal at its present-use value. Property must be assessed for taxation at 100% of its appraised value.

Frequency of Appraisal - Real property must be appraised at least once in every eight years. The requirement of octennial real property revaluations has been enforced since 1965, and no taxing unit has been permitted to postpone a scheduled revaluation since that time. Many units revalue real property more frequently than every eight years. Personal property is appraised annually.

Tax Day - All real and tangible personal property (other than most motor vehicles) subject to ad valorem taxation must be listed for taxation as of January 1 each year. Motor vehicles, with certain exceptions, must be listed annually in the name of the record owner on the day on which the current vehicle registration is renewed or the day on which the application is submitted for a new vehicle registration.

Tax Levy - Property taxes are levied in conjunction with the adoption of a budget which covers a July 1 to June 30 fiscal year. The property tax levy must be sufficient to raise during the fiscal year a sum of money equal to the difference between total appropriations and the total estimated receipts of all other revenues. In estimating the percentage of the levy that will be collected during the fiscal year, the taxing unit is prohibited from estimating a greater collection percentage than that of the prior fiscal year.

The tax rate may not exceed $1.50 per $100 assessed valuation unless the voters approve a higher rate. Tax levies by counties for the following purposes are not counted against the rate limit: courts, debt service, deficits, elections, jails, schools, mandated social services programs and joint undertakings with any other taxing unit with respect to any of these. Tax levies by cities for the following purposes are not counted against the rate limit: debt service, deficits and civil disorders.

Tax Collection - The taxing unit has a lien by operation of law on all real property within its jurisdiction that attaches as of January 1 for all taxes levied for the fiscal year beginning on the following July 1. Taxes levied on a parcel of real property are a lien on that parcel but not on other real property owned by the taxpayer. Taxes levied on personal property are a lien on all real property owned by the taxpayer within the taxing unit. The tax lien enjoys absolute priority against all other liens and claims whatsoever except, in limited circumstances, federal tax liens and certain other prior liens and perfected security interests.

Except for motor vehicles, taxes fall due on September 1 following the date of levy and are payable at par until January 6. For the period January 6 to February 1, interest accrues at the rate of 2%, and for the period February 1 until the principal amount of the taxes, the accrued interest, and any penalties are paid, interest accrues at the rate of 3/4% per month or fraction thereof. Each taxing unit may enforce collection of its tax levy by (a) foreclosure of the lien on real property, (b) levy and sale of tangible personal property and (c) garnishment and attachment of intangible personal property. There is no right of redemption of real property sold in a tax foreclosure action.

Discounts for early payment of property taxes are allowed by some taxing units. To allow such discounts, the unit must adopt a discount schedule which must then be approved by the Ad Valorem Tax Division of the Department of Revenue.

No taxing unit has authority to release or refund any valid tax claim. The members of any governing board voting to make an unlawful release or refund of property taxes are personally liable for the amount unlawfully released or refunded.

The Commission periodically publishes statistics on the percentage of property tax levies collected before the close of the fiscal year for which levied. These statistics are available upon request.

Although the State has not levied a general property tax in more than forty years, it does continue general oversight of property tax administration by units of local government through the Ad Valorem Tax Division of the Department of Revenue. The Division has three main functions: (1) it appraises the property of electric power, gas, telephone and telegraph companies, the rolling stock of bus companies and motor freight carriers and the flight equipment of airlines; (2) it oversees local property tax administration; and (3) it provides staff assistance to the Property Tax Commission, an administrative appellate agency hearing listing and valuation appeals from local taxing units.

Local Government Sales and Use Taxes

The one percent local sales and use tax authorized by the Local Government Sales and Use Tax Act is levied by 99 of the 100 counties of the State (Mecklenburg County levies a virtually identical tax under a 1967 local act). The local sales tax base is the same as the State general sales tax base excluding exempt food sales, except that for goods sold to out-of-county purchasers for delivery out-of-county and sales of certain utility services. The situs of a transaction is the location of the retailer's place of business. Sales of tangible personal property delivered to out-of-county purchasers will be subject to sales tax in the county in which the retailer's place of business is located and will not be subject to the use tax of the destination county. The tax is collected by the State on behalf of local government, and the net proceeds, after deduction of the cost of collection and administration, are returned to the county of collection. The county governing board selects one of two formulas for allocation of the tax among the county and the municipalities therein. One formula calls for allocation on the basis of population and the other on the basis of ad valorem tax levy.

Counties are also authorized under the Supplemental Local Government Sales and Use Tax Act to levy a one-half percent sales tax. This sales tax is collected by the State, allocated to counties on a per capita basis and divided among each county and the municipalities located therein in accordance with the method by which the one percent sales and use taxes are distributed. An adjustment factor is applied to the per capita allocation for each county. All 100 counties levy this one-half percent supplemental sales tax.

Counties are also authorized under the Additional Supplemental Local Government Sales and Use Tax Act to levy an additional one-half percent sales tax. This additional supplemental sales tax is collected and distributed based on a point-of-origin allocation. During the first 16 fiscal years in which this tax is in effect, 60% of the revenue derived by counties from this tax is required to be used for public school capital outlay purposes or to retire any indebtedness incurred by the county for these purposes during the period beginning five years prior to the date the taxes took effect. Counties may be relieved of the percentage restriction if it can demonstrate to the satisfaction of the Local Government Commission that it is able to meet the aforementioned capital outlay needs without resorting to proceeds of such tax. All 100 counties levy this additional supplemental one-half percent sales tax.

Alcoholic Beverage Control Store Profits

The sale of liquor in the State is a government monopoly. Stores are operated by counties and municipalities that have been authorized and have chosen to establish them. The net profits of these stores are distributed to the units of local government in which they operate. The General Assembly

has enacted numerous local acts prescribing different formulas for the distribution of profits. Local elections are authorized to permit sales of liquor by the drink by qualified restaurants and clubs. An additional tax of $20 per four liters is levied on liquor purchased by restaurants or clubs for resale as mixed beverages, and $10 of the $20 is paid to the State's General Fund.

Intragovernmental Shared Revenues

The net amount of excise taxes collected by the State on beer, fortified and unfortified wine is shared with counties and municipalities in which the sale of these beverages is lawful. Counties and municipalities where beer and wine are sold receive on a per capita basis an annual distribution equal to the following percentages of the net amount of excise taxes collected on the sale of beer and wine during the 12-month period ending March 31 each year: 20.47 percent of malt beverage tax revenue, 49.44 percent of unfortified wine tax revenue and 18 percent of fortified wine tax revenue. A municipality or a county is eligible to share in both beer and wine excise tax revenues if beer and wine may legally be sold within its boundaries. If only one beverage may be sold at retail in a municipality located in a county in which the sale of such beverage is otherwise prohibited, only the municipality receives a portion of the amount distributed.

The State levies a tax on the gross receipts derived from the sale of electricity at the combined general rate prescribed by statute. The State distributes 44 percent of the net proceeds of such tax to municipalities, less certain administration costs. Each municipalities' share is calculated pursuant to a formula provided by statute.

The State levies a sales tax on the gross receipts derived from providing telecommunications and ancillary services at the statutorily prescribed combined general rate. Each quarter, the State distributes to municipalities 18.7 percent of the net proceeds from that quarter, minus $2,620,948.

The State levies a tax on the gross receipts derived from the sale of piped natural gas at the combined general rate. The State distributes quarterly 20 percent of the net proceeds of such tax to municipalities, less certain administration costs. Each municipalities' share is calculated pursuant to a formula provided by statute, with certain "gas cities" eligible for an increase to their shares provided that certain requirements are met.

All cities and counties receive shares of three State sales taxes on video programming service and telecommunications service revenues pursuant to a formula provided by statute. The revenue to be distributed includes 7.7 percent of the net proceeds of taxes collected on telecommunications and ancillary services, 23.6 percent of the net proceeds of taxes collected on video programming services (other than direct-to-home satellite service), and 37.1 percent of the net proceeds of taxes collected on direct-to-home satellite services. Before the distribution of such net proceeds is made, certain cities or counties may receive supplemental public, educational or governmental access channel ("PEG Channel") support funds from such net proceeds, provided that certain requirements are met.

State and Local Fiscal Relations

The State finances from State revenues (primarily individual income taxes, corporate income taxes and sales taxes) several governmental programs that are largely financed from local revenues in other states, thus decreasing reliance on local property taxes for these purposes. The major programs of this nature are as follows:

Public Schools and Community Colleges - The State provides approximately 70% of the funds required for current operating costs of the public school and community college systems, while county government finances the greater portion of the capital costs of these systems. North Carolina school administrative units do not have independent tax-levying authority. The local share of the costs of the

public school and community college systems are raised primarily by county government from its general revenues including the local sales tax revenue.

Court System - The State finances virtually all of the current operating costs of the General Court of Justice. County government is required to provide courthouses, certain jails and related judicial facilities.

Correctional System - The State finances all of the cost of correctional facilities used for confinement of convicted felons and long-term (more than 30 days) misdemeanants. Counties and some municipalities furnish jails for short-term misdemeanants and prisoners awaiting trial.

Highway System - The State finances the entire cost of public roads and highways outside the corporate limits of cities and towns. Counties may voluntarily participate in improvements to public roads and highways. Within cities and towns, the State finances the cost of major thoroughfares and streets connecting elements of the State highway system. Cities share responsibility with the State for State-maintained roads inside city limits and take full responsibility for the remaining public streets within city limits.

APPENDIX C

Management Discussion and Analysis

The following is Management's Discussion and Analysis of the financial activities of the County, lifted from the Annual Financial Report for Johnston County for the fiscal year ended June 30, 2025. Management's Discussion and Analysis provides an objective and easily readable short and long-term analysis of the County's financial activities based on currently known facts, decisions, or conditions. Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. The independent auditors of the County have applied certain limited procedures, which consist primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, they did not audit this information and did not express an opinion on it.

As management of Johnston County, we offer readers of Johnston County's financial statements this narrative overview and analysis of the financial activities of Johnston 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.

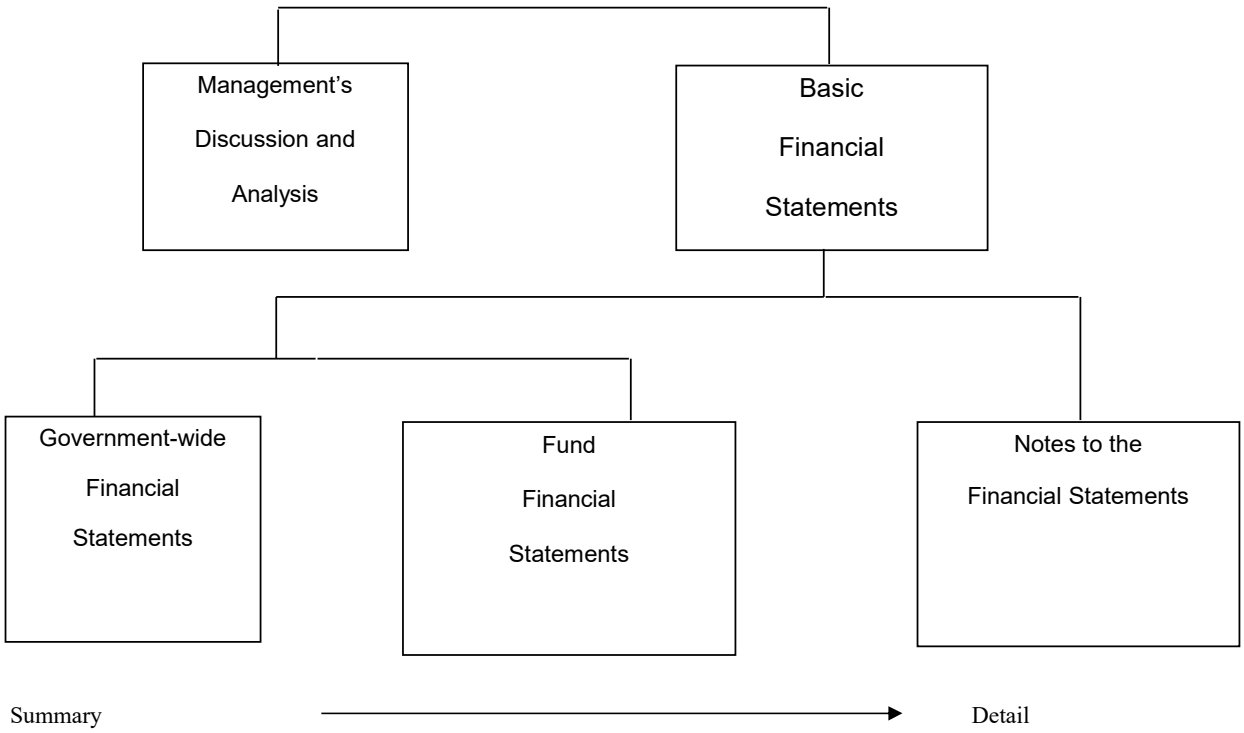
Financial Highlights

- The assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources of Johnston County's primary government at the close of the fiscal year by $232,116,068 (net position).
- The primary government's total net position decreased by $108,947, primarily due to school construction costs that are not capitalized by the County that is funded by debt.
- As of the close of the current fiscal year, Johnston County's governmental funds reported combined ending fund balances of $326,067,831, an increase of $29,977,144 in comparison with the prior year. Approximately 26.18 percent of this total amount, or $86,928,597, is restricted or non-spendable.
- At the end of the current fiscal year, legally available fund balance for the General Fund was $234,340,728 or 63.47 percent of total general fund expenditures for the fiscal year.
- Johnston County's total debt increased by $169,216,442 during the current fiscal year (includes premium on issuance as well). The key factors in this increase was due to the issuance of $139 million in school bonds, $73 million water and sewer system revenue bonds, additional draw downs of $3.3 million in revolving loans, offset by debt service payments made for the year.
- Johnston County maintained its ratings of Aaa by Moody's Investors Service and AAA by Standard and Poor's rating services, the highest possible credit ratings. The County maintained its water and sewer revenue bond ratings of Aa2 from Moody's Investors Service and AA+ from Standard and Poor's Rating Services.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Johnston 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). This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves. 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 Johnston County.

Required Components of Annual Financial Report
Figure 1



Basic Financial Statements

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

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

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

Following the notes is the required supplemental information. This section contains funding information about the County's pension 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, in a manner similar to a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The *statement of net position* presents information on all of Johnston County's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how Johnston County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

Both government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, economic and physical development, human services, culture and recreation, and education. The business-type activities of the County include water and sewer, and a landfill operation.

The final category is the component units. Although legally separate from the County, the ABC Board is important to the County because the County is financially accountable for the Board by appointing its members and because the Board is required to distribute its profits to the County. The County then distributes the profits among the County and municipalities in the County. The County also reports the Tourism Development Authority and the Airport Authority as component units.

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

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Johnston County, like all other governmental entities, 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 Johnston County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Johnston 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 – Johnston 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. Johnston 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. Johnston County has five fiduciary funds, all of which are custodial funds.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 32 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Johnston County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 93 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of Johnston County's primary government exceeded its liabilities and deferred inflows of resources by $232,116,068 as of June 30, 2025. The County's net position decreased by $108,947 for the fiscal year ended June 30, 2025. Net position is reported in three categories: Net investment in capital assets of $370,725,534, restricted net position of $86,098,892, and unrestricted net position of $(224,708,358).

Johnston County's Net Position

Figure 2

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and Other assists	$ 367,671,225	$ 339,357,209	$ 249,248,405	$ 207,181,955	$ 616,919,630	$ 546,539,164
Capital Assets	131,038,448	123,579,507	612,360,773	531,022,842	743,399,221	654,602,349
Total Assets	498,709,673	462,936,716	861,609,178	738,204,797	1,360,318,851	1,201,141,513
Total deferred outflows of resources	37,369,645	51,932,254	7,818,179	10,048,718	45,187,824	61,980,972
Long-term liabilities	599,442,642	484,374,905	436,533,335	374,451,927	1,035,975,977	858,826,832
Other liabilities	80,058,769	73,979,213	35,831,854	38,036,016	115,890,623	112,015,229
Total Liabilities	679,501,411	558,354,118	472,365,189	412,487,943	1,151,866,600	970,842,061
Total deferred inflows of resources	6,804,916	34,107,692	14,719,091	19,298,992	21,524,007	53,406,684
Net Position						
Net investment in capital assets	77,356,530	74,052,369	293,369,004	258,874,110	370,725,534	332,926,479
Restricted	84,958,964	49,524,398	1,139,928	1,157,134	86,098,892	50,681,532
Unrestricted	(312,542,503)	(194,243,989)	87,834,145	57,630,192	(224,708,358)	(136,613,797)
Total Net Position	$ (150,227,009)	$ (70,667,222)	$ 382,343,077	$ 317,661,436	$ 232,116,068	$ 246,994,214

The net investment in capital assets category is defined as the County's investment in County owned capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. Johnston County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Johnston 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.

Another category of net position is restricted net position. This represents resources that are subject to external restrictions on how they may be used.

The final category of net position is unrestricted net position. This balance may be used to meet the government's ongoing obligations to citizens and creditors. Unrestricted net position (deficit) totaled $(224,708,358) at June 30, 2025. This deficit is a result of the situation described in the following paragraph.

As with many counties in the State of North Carolina, the County's deficit in unrestricted net position is due primarily to the portion of the County's outstanding debt incurred for use by the Johnston County Board of Education to construct, renovate and equip schools. Under North Carolina law, the County is responsible for providing capital funding for the schools. The County has chosen to meet its obligation to provide the schools capital funding by using a mixture of County funds and general obligation debt. The assets funded by the County, however, are owned and utilized by the schools. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets. At the end of the fiscal year, approximately $333,588,270 of the outstanding debt on the County's financial statements was related to assets included in the public schools and community college financial statements.

However, since the majority of this school related debt is general obligation debt, it is collateralized by the full faith, credit, and taxing power of the County. Accordingly, the County is authorized and required by State law to levy ad valorem taxes, without limit as to rate and amount, as may be necessary to pay the debt service on its general obligation bonds.

The impact on unrestricted governmental net position of the inclusion of the school system debt without the corresponding assets was offset by the following positive factors:

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 99.90%, resulted in a slight decrease over last year's collection rate of 99.92%.
- Due to increasing interest rates, interest revenue increased dramatically.
- Continued low cost of debt due to the County's high bond rating.

Johnston 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	$ 40,561,397	$ 36,997,319	$ 81,138,921	$ 79,192,691	$ 121,700,318	$ 116,190,010
Operating grants and contributions	45,450,435	54,314,319	8,258,923	6,864,613	53,709,358	61,178,932
Capital grants and contributions	4,624,030	3,724,938	40,350,540	21,610,359	44,974,570	25,335,297
General revenues:					-	-
Property taxes	196,393,153	193,622,506	-	-	196,393,153	193,622,506
Other taxes	87,815,033	79,959,288	-	-	87,815,033	79,959,288
Grants and contributions not					-	-
restricted to specific programs	1,600,754	1,806,045	-	-	1,600,754	1,806,045
Other	12,828,141	16,460,773	7,031,006	7,446,932	19,859,147	23,907,705
Total revenues	389,272,943	386,885,188	136,779,390	115,114,595	526,052,333	501,999,783
Expenses:						
Administrative	-	-	1,588,960	1,661,893	1,588,960	1,661,893
General government	42,822,708	27,617,033	-	-	42,822,708	27,617,033
Public safety	76,368,063	80,749,021	-	-	76,368,063	80,749,021
Economic and physical	15,543,364	16,535,419	-	-	15,543,364	16,535,419
development						-
Human services	60,157,322	61,209,264	-	-	60,157,322	61,209,264
Cultural and recreation	837,754	905,766	-	-	837,754	905,766
Education	237,538,795	135,176,705	-	-	237,538,795	135,176,705
Interest on long-term debt	7,993,274	7,925,502	-	-	7,993,274	7,925,502
Solid Waste	-	-	6,711,742	9,362,638	6,711,742	9,362,638
Water Districts	-	-	19,722,740	18,736,922	19,722,740	18,736,922
Water	-	-	30,778,290	29,170,913	30,778,290	29,170,913
Wastewater	-	-	19,776,544	13,618,514	19,776,544	13,618,514
Housing Assistance	-	-	6,321,724	5,879,625	6,321,724	5,879,625
Total expenses	441,261,280	330,118,710	84,900,000	78,430,505	526,161,280	408,549,215
Increase (decrease) in net position before transfers and special items	(51,988,337)	56,766,478	51,879,390	36,684,090	(108,947)	93,450,568
Transfers	(14,386,853)	(25,093,634)	14,386,853	25,093,634	-	-
Increase (Decrease) in net position after transfers and special items	(66,375,190)	31,672,844	66,266,243	61,777,724	(108,947)	93,450,568
Net position, beginning, restated	(83,851,819)	(102,340,066)	316,076,834	255,883,712	232,225,015	153,543,646
Net position, ending	$ (150,227,009)	$ (70,667,222)	$ 382,343,077	$ 317,661,436	$ 232,116,068	$ 246,994,214

Governmental activities. Governmental activities decreased the County's net position by $66,375,190. Key elements of this change are as follows:

Total revenues increased $2,387,755 due to:

- An increase of $2,770,647 in ad valorem property taxes.
- An increase of $7,855,745 in other taxes which includes local option sales tax and Medicaid hold harmless receipts and fire district taxes for districts now controlled by the County.
- An increase in operating grants due mainly to the recognition of ARPA revenues that were transferred to the Enterprise project funds.

Expenses increased by $111,142,570, mainly due to increased expenses in education.

- The largest increase in expenses was in Education, with an increase of $102,362,090. This large increase was due primarily to school construction projects for which the County does not hold title to the assets.
- An increase of $5,605,860 in Real Estate Excise Conveyance tax payments was due to prior year amounts being paid in the current year.
- Health Insurance claims increased over $5,000,000 from the previous year making up a substantial amount of the General government expense change.

The County has been able to maintain a high tax collection rate of 99.90%.

Business-type activities: Business-type activities increased Johnston County's net position by $66,266,243. Key elements of this increase are as follows:

Net position increased in the Water Fund $7,488,976, in the Wastewater Fund $29,949,748, in the Water District Fund $24,228,889, and the non-major proprietary funds of $4,598,630. The County received $20,556,372 in system development fees during the year which were set aside in capital reserve funds.

- Charges for services increased due to the growth of water and wastewater connections that Public Utilities provides for its citizens and in residential water sales. The number of customers and service connections continue to grow from year to year. Public Utilities' periodically monitors the impact of their fee structure each year and its impact on the associated revenue bonds. In response, fees are adjusted to maintain the required debt coverage and to maintain consistency with cost of living impact.
- Capital grants increased as a result of numerous ongoing projects that have received grant funding.
- Significant transfers in to the project funds to cover expenses from available ARPA funding.

Financial Analysis of the County's Funds

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

Governmental Funds. The focus of Johnston County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Johnston 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 Johnston County. At the end of the current fiscal year, Johnston County's fund balance available in the General Fund was $234,340,728 while total fund balance reached $271,852,805. The governing body of Johnston County has determined that the county should maintain an available fund balance of 15% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 63.47% of general fund expenditures, while total fund balance represents 73.63% of that same amount.

At June 30, 2025, the governmental funds of Johnston County reported a combined fund balance of $326,067,831, a 10.05 percent increase from last year. The General Fund balance increased by $4,984,521. The increase in the County's fund balance can be contributed to a few areas:

- The tax collection percentage of the County continues to remain a strong point of its strengthening fund balance. For 2024, the County's Tax Collection Rate was 99.90%.
- The revenue from the receipt of sales tax increased 5.9%. The County's sales tax collections continue to increase since legislation expanded the sales tax base.
- The County also saw a significant increase in the collection of ad valorem taxes over the prior year. The County saw an increase of ad valorem taxes by approximately $2.8 million from FY 24 to FY 25. This is a 1.47% increase that was caused by County growth as well as the increased valuation of home prices in the County.
- Most importantly, this increase can also be contributed to the financial policies which the Board has adopted. The Board, as well as senior management, continue to monitor the County's activities and financial position for ways to improve not only the financial position of the County, but provide services in a more efficient manner. The County also continuously monitors debt for opportunities to pay down or refinance for savings opportunities.

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 revenues by $104,463,726. The main reasons for these increases were:

- Appropriated fund balance increases primarily to advance funds for school construction pending receipt of bond proceeds.
- State and Federal grants received primarily for Human Services.
- Transfers from the school bond capital project fund primarily to reimburse the General Fund for funds advanced for construction of the Advanced Manufacturing Center and reimbursed from proceeds of Limited Obligation Bonds issued during the fiscal year.

Proprietary Funds. The County of Johnston's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the Water Fund amounted to $18,891,048, the Wastewater Treatment Fund amounted to $22,598,273, the Water District Funds amounted to $87,834,145, and the non-major proprietary funds amounted to $(14,119,176). The total increase in unrestricted net position amounted to $30,203,953 when compared to the prior year. Other factors concerning the finances of these funds have already been addressed in the discussion of the County of Johnston's business-type activities.

Capital Asset and Debt Administration

Capital assets. Johnston County's capital assets for its governmental and business-type activities as of June 30, 2025, totals $743,399,221 (net of accumulated depreciation/amortization). These assets include buildings, land, machinery and equipment, park facilities, vehicles, water lines, and right to use assets.

Johnston County's Capital Assets

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	$ 7,555,495	$ 7,178,595	$ 8,647,187	$ 8,313,637	$ 16,202,682	$ 15,492,232
Other Improvements	1,286,587	1,071,603	-	-	1,286,587	1,071,603
Buildings (Plant and distribution systems)	97,633,273	99,863,407	304,418,477	240,935,380	402,051,750	340,798,787
Equipment	5,284,776	5,055,434	4,714,599	5,045,532	9,999,375	10,100,966
Vehicles	7,773,633	4,453,515	1,962,757	2,123,501	9,736,390	6,577,016
Software	1,129	14,689	-	-	1,129	14,689
Intangibles	-	-	23,459,273	24,486,058	23,459,273	24,486,058
Construction in Progress	8,367,998	4,224,692	268,909,177	249,747,243	277,277,175	253,971,935
Right to use assets	3,135,557	1,717,572	249,303	371,491	3,384,860	2,089,063
Total	$ 131,038,448	$ 123,579,507	$ 612,360,773	$ 531,022,842	$ 743,399,221	$ 654,602,349

Major capital asset transactions during the year include:

- Water and Wastewater Improvements
- Sheriff Department Vehicles
- Emergency Services Equipment

Additional information on the County's capital assets can be found in notes to the Financial Statements (pages 46-55).

Long-term Debt. As of June 30, 2025, Johnston County had total bonded debt outstanding of $600,692,000. Of this, $296,505,000 is debt backed by the full faith and credit of the County or the County's water districts. The remainder of the County's debt represents bonds secured solely by specified revenue sources (e.g., revenue bonds) or specified assets financed (e.g., limited obligation bonds).

Johnston County's Outstanding Debt

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
General obligation bonds	$ 259,380,000	$ 183,900,000	$ 37,125,000	$ 39,725,000	$ 296,505,000	$ 223,625,000
Limited obligation bonds	92,822,000	71,306,000	13,655,000	15,635,000	106,477,000	86,941,000
Unamortized bond premium/discounts	32,180,325	24,173,193	11,826,986	6,733,061	44,007,311	30,906,254
Clean water revolving loans	-	-	130,939,637	135,240,412	130,939,637	135,240,412
Installment purchase loans	-	-	8,655,000	9,245,000	8,655,000	9,245,000
Revenue Bonds	-	-	197,710,000	130,315,000	197,710,000	130,315,000
Lease Liabilities	1,208,027	881,763	70,548	116,451	1,278,575	998,214
IT Subscription Liabilities	1,679,836	697,664	157,017	224,390	1,836,853	922,054
Total	$ 387,270,188	$ 280,958,620	$ 400,139,188	$ 337,234,314	$ 787,409,376	$ 618,192,934

Johnston County's total debt increased by $169,216,442 during the past fiscal year, primarily due to the issuance of school bonds, water and sewer system revenue bonds, and water and sewer state revolving loans to finance the construction of the water and sewer system improvements, offset by debt service payments.

As mentioned in the financial highlights section of this document, Johnston County maintained its ratings of Aaa from Moody's Investor Services and AAA from Standard and Poor's Corporation. This bond rating is a clear indication of the sound financial condition of Johnston County. This achievement is a primary factor in keeping interest costs low on the County's outstanding debt.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Johnston County is $1,760,817,769. The County had general obligation refunding bonds authorized but unissued of $24,225,000 and general obligation school and college bonds authorized and unissued of $197,000,000 at June 30, 2025.

Additional information regarding Johnston County's long-term debt can be found in the notes to the financial statements (pages 70-87).

Economic Factors and Next Year's Budgets and Rates

The County was the fastest growing county in the State according to the United States Department of Commerce, Bureau of the Census 2020 census data, and post-pandemic census data reflects the County grew 10% from 2020 to 2024, remaining one of the fastest growing counties in the State in the last four years. In addition, according to a recent report in The New York Times released by the federal Bureau of Labor Statistics, the County gained over 7,800 jobs post-Covid, the largest increase among all of the State's counties. The County's overall economy is diversified with a balance of industrial, commercial, and agriculture enterprises. The production of pharmaceutical products, heavy equipment, and other products, along with durable goods assembly operations and distribution centers have provided relatively stable employment to County residents and have been the object of significant capital expenditures over the years. The County's estimated average labor force for calendar year 2024 was 127,875. The County's estimated average unemployment rate for calendar year 2024 was 3.1%, as compared to the State's estimated average unemployment rate of 3.6% for the same period.

The western portion of the County has directly benefited from its proximity to (1) the Research Triangle Park, with over 6,900 acres of land set aside for research and research-oriented manufacturing activities, which includes more than 300 research and development facilities employing over 50,000 persons; (2) regional employers in and around the City of Raleigh, the State's capitol and a major urban center, which include private sector opportunities with Fortune 500 companies, federal and State government positions and expanding medical service careers; and (3) numerous institutions of higher education including North Carolina State University in the City of Raleigh, The University of North Carolina in the Town of Chapel Hill, Duke University and North Carolina Central University in the City of Durham and East Carolina University in the City of Greenville.

The County's employment base includes approximately 10% of all biopharmaceutical jobs in the State. The area southeast of the Town of Clayton is home to two large international pharmaceutical companies, as well as a special purpose Research and Training Zone ("RTZ"), which is an economic development and training district created through special legislation that supports the special needs of the local pharmaceutical industries. The RTZ includes a 30,000 square-foot workforce development center, an educational and technical skills training center that concentrates on life sciences programming and business training in biotechnology and other sciences. In September 2018, a $1.3 million renovation of the center was completed. The renovation allows more hands-on lab training and simulation opportunities and will improve how skilled employees are trained for regional bio-manufacturing industries.

The County and four neighboring counties including Edgecombe, Nash, Pitt and Wilson, being home to major global biopharmaceutical manufacturing facilities, formed the BioPharma Crescent consortium to help companies locate or expand operations within close proximity to the Research Triangle Park. BioPharma Crescent partners, including the NC Biotechnology Center, understand the unique land use and utility requirement for biotech manufacturing, are active in workforce development programs, and participate in incentive grants for new and expanding companies. The BioPharma Crescent consortium's collective colleges, universities, and biopharma-specific training network can provide local businesses with a highly-educated and well-trained network.

The largest manufacturing employer in the County currently is Grifols Therapeutics Inc. ("Grifols"), an international manufacturer of blood plasma related products for a variety of applications, employing approximately 1,850. The blood plasma facility has been in operation since 1981 and is the primary Grifols manufacturing facility. In November 2017, Grifols received recognition as one of the 500 best companies to work for by Forbes Magazine.

Grifols' facilities and operations at its complex near Clayton include a 155,000 square-foot, $370 million North Fractionation Facility ("NFF") that opened in 2014, created an additional 200 jobs, and is the world's largest, as well as one of the most technologically advanced plasma fractionation facilities. The NFF was named the 2014 Facility of the Year for Project Execution by the International Society for Pharmaceutical Engineering. Grifols also completed construction in 2017 of a new approximately $22.5 million, three-story, 100,000-square-foot office building that houses 400 employees, as well as a new approximately $7.5 million, 59,000-square-foot warehouse. In addition, a $210 million expansion was announced in 2016 which includes a $90 million, 82,550-square-foot fractionation plant adjacent to the NFF and a $120 million, 150,000 square-foot purification and filling facility for the production of intravenous immunoglobulin and factor VIII products. The two facilities together created approximately 250 new jobs. The purification and filling facility is the world's first filling plant of intravenous immunoglobulins in flexible packaging. In June 2020, Grifols announced it will invest approximately $351.6 million to build a specialized blood plasma fractionation facility and logistics center at its campus near Clayton in response to growing global demand for its medicines. The expansion is expected to create approximately 300 additional jobs from 2024 to 2028 with an average salary of $69,032.

In December 2017, Grifols purchased an additional 467 acres adjacent to its site near Clayton for future site expansion. In June 2021, Grifols signed a memorandum of understanding stating its intention to donate nearly 100 acres of land to Johnston Community College (the "College") and the Town of Clayton. The land is located at the intersection of Highway 70 and Highway 42 East near its Clayton campus.

As a leader in humanitarian efforts, Grifols has partnered with the Republic of Liberia and constructed a dedicated processing facility at its complex near Clayton to explore an innovative approach to combat the Ebola virus. Since the COVID-19 pandemic began, Grifols has had more than 25 research initiatives to treat different states of COVID-19 including (1) developing molecular and immunological diagnostic tests for the diagnosis and screening of COVID-19 to facilitate early detection of the infection, (2) applying its knowledge and expertise in producing immunoglobulins to manufacture a specific anti-SARS-CoV-2 hyperimmune globulin at its Clayton campus to combat two different stages of COVID-19 disease, (3) conducting clinical trials evaluating the safety, efficacy and tolerability of the intravenously administered anti-SARS-CoV-2 hyperimmune globulin, (4) carrying out several clinical trials to evaluate the safety and efficacy of convalescent plasma for direct transfusion, (5) collecting plasma from recovered COVID-19 patients for use in developing potential treatments, using its network of donation centers (the largest global network), and (6) joining a coalition of world-class medical and research institutions, blood centers, life-science companies, philanthropic organizations and COVID-19 survivor groups that has come together to mobilize tens of thousands of people in the U.S. who have recovered from COVID-19 to donate their plasma.

Novo Nordisk Pharmaceutical Industries ("Novo Nordisk"), the world's largest supplier of insulin products, opened its facility in the Clayton area in 1993, and currently employs approximately 2,000 people at its Diabetes Finished Products ("DFP") manufacturing facility. The DFP facility is responsible for the formulation, filling, inspection, assembly and packaging of diabetes and obesity medicines, which are marketed in North America, Europe, New Zealand and Australia. Novo Nordisk has expanded its operation in the Clayton area several times over the years. An approximately $102 million expansion was completed in recent years which created approximately 110 new jobs.

Novo Nordisk completed construction in 2020 of a new approximately $2 billion, 825,000-square-foot bio-processing facility for Diabetes Active Pharmaceutical Ingredients ("DAPI") adjacent to its original site in the Clayton area. The new facility created approximately 690 jobs with an average annual salary of approximately $68,420. The DAPI facility is one of only two in the world for Novo Nordisk (the first outside of Denmark) and will ensure production capacity for diabetes care products in the US for the decade ahead. Novo Nordisk's manufacturing facilities in the Clayton area are the company's first insulin producing facility in the U.S. and the company expects to double production of its diabetes drugs over the next decade. Once current plans are realized, approximately 25% of the world's insulin manufacturing will take place at the company's facilities in the Clayton area.

In February 2018, Novo Nordisk announced plans for a $65 million expansion of the existing DFP facility in the County, which created approximately 25 jobs. Another $22 million expansion for the DFP facility was announced in December 2018 creating approximately 22 jobs. In September 2022, the County Board of Commissioners approved incentive support for Novo Nordisk's commitment to invest millions of dollars and add hundreds of new jobs through a series of expansions that will happen over the next 12 years. In March 2023, Novo Nordisk also purchased approximately 104 acres adjacent to its complex in the County for future potential expansions. Novo Nordisk was recognized as one of the State's top exporters and was presented the 2020 Governor's Export Award in February 2021 by the Economic Development Partnership of NC, sharing honors for Top Large Business Export with specialty textile manufacturer Glen Raven.

In June 2024, the County Board of Commissioners amended its previously approved incentive support and Novo Nordisk announced plans to invest $4.1 billion to build a second, 1.4 million square-foot fill and finishing manufacturing facility on its Clayton campus. This was the fifth expansion announcement for the company since 2010. The expansion will create approximately 1,000 new jobs, with average salaries of approximately $69,000. The new facility will increase the company's ability to produce current and future injectable treatments for people with obesity and other serious chronic diseases. This announcement is the single largest life sciences manufacturing investment in the State.

In response to the COVID-19 pandemic, Novo Nordisk's production facilities near Clayton have helped to sustain the supply chain of life-saving diabetes products. Novo Nordisk expanded its Diabetes Patient Assistance Program ("PAP") to support eligible patients with diabetes who have lost health insurance coverage because of a change in job status due to the pandemic. Novo Nordisk has provided a free 90-day supply of insulin to eligible patients affected by COVID-19. The company has also donated more than $500,000 to national and local relief organizations, supported emergency assistance requests from patient/advocacy organizations to address basic needs of individuals and families, and temporarily suspended standard contractual payment terms and has paid submitted invoices immediately for nearly 150 small and diverse companies working with Novo Nordisk.

Another large manufacturing employer in the County is the Building and Construction Products Division of Caterpillar Inc. ("CAT"), a Fortune 100 company, located near the Town of Clayton. The facility currently assembles and distributes all CAT rubber tire front-end loaders for North America and the export market. CAT completed construction of a Machine Development Center on 252 acres adjacent to its Clayton assembly facility in July 2013. The approximately 55,000-square-foot facility is where prototype machines are designed, tested and subjected to customer's hands-on operation and critique. At a state-of-the-art heavy equipment test track located at the center, engineers can get hands-on experience testing out new equipment, with a focus on design elements that can be incorporated into new Caterpillar machines. In February 2021, CAT announced plans to add a visitor demonstration center, in-house testing area and storage shelter to its assembly plant near Clayton. CAT employs approximately 600 people at its Clayton facilities.

The area near the Town of Clayton is also home to new, growing companies, such as Blue Pack Marketing ("BPM"). BPM, founded in 2014, specializes in brand development, supply chain logistics and digital marketing and employs over 30 people. The company placed 869th on the Inc. 5000 rankings list for 2021 and is one of the fastest growing technology-based companies in the region.

In November 2021, the Clayton Town Council approved plans for the Copper District, a 69-acre mixed-use project that will include retail shops, apartments, single-family homes and a hotel. A major component is hundreds of thousands of square feet of the County's first Class A office space. Recently the developer, Cary-based Craig Davis Properties, announced the project has grown and will now encompass approximately 270 acres. Plans call for over 735 residential units, approximately 250,000 square feet of commercial/retail space, up to 700,000 square feet of office space in addition to a 120-room hotel or lodging experience of some kind. The development will sit across the street from UNC Health Johnston-Clayton along Veterans Parkway (formerly, NC Highway 42).

In July 2022, Baltimore-based Merritt properties announced it had bought 22 acres on Veterans Parkway in the County and plans to develop a flex/light industrial facility called 42 Crossing. Plans include three buildings with a total of 212,400 square feet. The largest building will be 105,600 square feet and the others will be 78,000 and 28,000. Leasable bays will start at 1,800 square feet, with one building offering 16 single-bay warehouses for start-ups and smaller businesses.

Johnston Flex LLC, a Charlotte-based commercial real estate investment and development firm, announced in February 2023 plans to invest approximately $20 million to build 42 West Business Park, a 125,000 square-foot Class A flex/light industrial facility. The project is complete and 50% occupied. The facility is in close proximity to the Interstate 40 and Interstate 42 interchange in the County and will consist of two, single-story flex buildings totaling 125,000 square feet with ample parking and loading options.

California-based BioRealty Inc., a developer of life science and technology real estate projects, recently announced plans to invest at least $27 million in a three-building biosciences park in the Town of Clayton. The company plans to begin with the construction of a 100,000-square foot industrial shell building on 67-acres currently owned by the Town. The company intends to build up to three speculative industrial buildings that will target companies in the life sciences and biopharma industries. The County Board of Commissioners has approved a building lease arrangement with BioRealty under which the County agrees to lease the facility for up to two years should no tenant or buyer be in hand by the time the building is complete.

Further east in the County along the Interstate Highway 95 ("I-95") corridor, several economic development expansions have been announced or have taken place in recent years as follows:

- In January 2019, Blue Line Aviation LLC announced plans to build an approximately $13 million state-of-the-art aviation facility and headquarters at Johnston Regional Airport. Construction of the facility is complete and includes 22,000 square feet of space for Blue Line's Professional Pilot Training Center, offices and restaurant space, 20,000 square feet of hangar space, an observation area, a playground, a roof-top restaurant and a full motion flight simulator, with more than 50 employees.
- Plans were unveiled in 2019 for Eastfield, a 3 million square-foot master-planned, mixed-use development, located at the intersection of I-95 and US Highway 70/future Interstate 42 in the Smithfield-Selma area. AdVenture Development, LLC, a full-service real estate company with offices in the Town of Selma as well as the City of Pittsburgh, is developing the project. The development will include industrial space, medical office facilities, single-family and multi-unit housing, retail shops, hotels and a senior living community. Upon completion of the entire development, originally anticipated for 2031, it is expected that Eastfield will be home to as many as 3,100 jobs. Recent announcements and active projects at Eastfield include:

- Eight national tenants, including Target, have signed leases for an approximate total of 200,000 square feet of retail space in Eastfield Crossing. The first phase of retail tenants opened in October 2024, including Academy Sports, Ross, Burlington, Five Below, Ulta, Marshall's, Old Navy, and Hobby Lobby.

- A real estate developer is under agreement to build a large, multi-family garden apartment development with amenities.

- Adventure Development, LLC is entertaining letters of intent to develop a single family residential development.

- Design is complete on a 104-room Springhill Suites by Marriott. Construction began in calendar year 2024.

- Old North State Food Hall at Triangle East Collaborative opened in August 2022.

- The County was awarded a $750,000 infrastructure grant as part of the NC Railroad Company's Build Ready Sites initiative. The grant funds will be used to clear and grade the 60-acre business park, making it pad-ready for construction.

- In May 2024, Crystal Window & Door Ltd, a leading building-products manufacturer headquartered in Flushing, N.Y., announced plans to invest $93 million in a new manufacturing plant on 43 acres at Eastfield Crossing, with 500 anticipated new positions with annual salaries averaging $56,000.

- In September 2024, Veetee Foods, Inc., a global seller of heat-and-eat rice meals, announced plans to establish an approximately 200-job production facility in the County. The privately held company, headquartered in Kent, England, will occupy a 135,000 square-foot state-of-the-art industrial building developed by AdVenture Development, LLC at Eastfield Crossing and plans to invest approximately $36 million with jobs expected to average approximately $60,000 in annual compensation.

- On April 12, 2021, Berry Global, the Fortune 500 manufacturer of nonwoven fabrics and plastic packaging products, announced plans to invest over $70 million to expand its manufacturing plant in the Town of Benson. The company expects to add approximately 60 jobs to its approximately 217 existing employees in the County.

- On June 7, 2021, Bartlett Milling Company, the largest flour miller in the Carolinas, announced plans to invest over $26 million to expand and upgrade its production facility near the Town of Wilson's Mills. The company expects to add 5-10 employees. Headquartered in Kansas City, Missouri, the company produces a full line of commercial patent flours at its facility in the County for bakeries, restaurants and institutional food service operations such as schools and hospitals.

- On May 10, 2021, Amazon.com, the Seattle-based e-retailing firm, announced it would invest approximately $100 million to build a state-of-the-art import processing center in the Town of Smithfield. Construction is now complete and in February 2024 the 620,000 square-foot, inbound cross-dock warehousing facility launched operations. The facility has robots and automation that work with and alongside employees to consolidate inventory into bulk shipments before it is transported to various fulfillment centers. The company originally expected to create approximately 500 jobs with starting wages of $15 an hour and comprehensive benefits, but now Amazon officials expect to hire more than 1,000 employees at the facility. The Smithfield facility is the second inbound cross dock facility to launch in the State.

- AdvanceTEC, a leader in cleanroom design, construction and mission-critical process integration, announced in November 2021 plans to invest more than $10.7 million in a new site between Smithfield and Clayton, creating approximately 25 new jobs. The facility serves biotechnology companies in the Research Triangle and throughout the U.S. Originally, AdvanceTEC planned to use approximately 30,000 square-feet of the approximately 100,000-square-foot building and planned to lease the other 70,000 square-feet. The County guaranteed AdvanceTEC rental income for up to two years while it searched for a tenant, however, due to market growth AdvanceTEC now occupies the entire building and has doubled the number of jobs.

- Edgewater Ventures, a Raleigh-based commercial real estate investment and development firm with nearly 2.7 million square-feet of existing assets across the Southeast, has recently invested approximately $40 million to develop an industrial park near the intersection of Interstates 40 and 95 near the Town of Benson. Phase 1 of Crosspoint Logistics Center is complete. The 500,000-square-foot facility, with the ability to expand up to nearly 1.1 million square-feet, is expected to create up to 300 new jobs. Multiple industries are currently vying for the space.

- In September 2022, Becton, Dickinson and Company ("BD"), a global leader in medical devices, announced it will invest $25-$30 million to construct an approximately 30,000 square-foot state-of-the-art medical device processing facility near its existing 720,000-square-foot distribution center in Four Oaks Business Park. The new facility is expected to initially employ a 22-person workforce.

- In October 2022, the County Board of Commissioners approved a series of economic development incentives to support creation of a 264,000-square-foot industrial building in the Town of Smithfield just off of Interstate 95. Brogden Road Industrial, LLC, a private development company has invested approximately $30 million in the building and estimates it will employ approximately 25. Novo Nordisk has recently leased the building.

- In October 2022, TransMontaigne Partners announced plans to expand its fuel-storage operation in the Town of Selma. TransMontaigne plans to build two more fuel storage tanks at its Selma terminal at an approximate cost of $11.5 million, resulting in the addition of approximately three employees.

- E.D. Parker Corporation announced in December 2022 that it plans to invest approximately $25 million to build a speculative building in the Town of Benson with up to 295,000 square-feet. The new facility, tentatively known as "Benson Global Building" should attract an advanced manufacturer or life sciences operation. The County has guaranteed the developer rental income for up to two years while it searches for a tenant.

- The County was awarded a Motorsports Relief Fund grant totaling $583,586 through the North Carolina Department of Commerce in October 2022. The County applied for the grant on behalf of GALOT Motorsports Park, a 125-acre complex of motorsports amenities near the Town of Benson. With seating for 9,000 spectators, the family-friendly facility has become a highly respected venue for racing teams, competitive events and fans. The grant has helped fund the park's next phase of development, which includes a new outdoor concert venue and additional restroom facilities.

- In December 2023, Dunkin Donuts announced it would move and expand its Dunkin Donut Factory currently located in the Town of Clayton. A 23,000-square foot existing building was purchased for $2.2 million in the Town of Smithfield and work is scheduled to begin in the third quarter of 2025 to convert the building to a highly automated bakery. The site will be the location of a Dunkin Donut Central Manufacturing Location, a large-scale commercial kitchen that will produce all the donuts going to stores from Raleigh to the coast.

- In January 2024, Wisconsin-based Scot Industries Inc., a leading North American supplier of specialty tubing products, announced it will invest approximately $40 million in a new manufacturing plant on approximately 77 acres in the Town of Four Oaks and will employ approximately 21. The company will receive workforce development training from the College.

- In January 2024, Studio TK announced an approximately $300,000 renovation and expansion project with the addition of approximately 7 new jobs. The company manufactures workplace furniture and is located between Smithfield and Clayton. A portion of the renovation and expansion is funded with a $35,000 County Economic Development Office building reuse grant.

- Iowa 80 Group, which owns the Kenly 95 Truckstop in the Town of Kenly at I-95 Exit 106, announced in March 2024 announced it would invest approximately $17 million to expand and renovate and add approximately 30 new jobs. A portion of the renovation and expansion will be funded with a $100,000 County Economic Development Office building reuse grant. In 2016, Kenly 95 expanded with a 23,000 square-foot Super Truck Showroom, making it the largest truck stop on the East Coast, and in 2018 the truck stop invested approximately $4 million to expand by adding approximately 30,000 square feet for its diesel repair and customer service area.

The County's Economic Development office acts as a facilitator between the County and the private sector to encourage and promote development opportunities within the County. Services include custom digitized maps, labor and wage analysis, site selection assistance and incentive packaging. There are several available sites in the County certified under the State's Certified Sites Program, which streamlines the building process for industrial land use and reduces risks associated with developing raw land. Certified sites meet a stringent list of requirements including price transparency, access, proper zoning, completed environmental audits, topographical analyses and maps, and availability of public utilities. In addition, the County is home to four, federally-designated Opportunity Zones ("OZ"). The purpose of an OZ is to stimulate economic growth in low-wealth areas through private investment and job creation, while providing tax benefits to investors.

Recently, the County Board of Commissioners has partnered with the private sector to expand the local inventory of high-end/Class A industrial real estate. The County's building-lease program includes performance-based incentives that enable the County to be pro-active in recruiting companies that pay above-average salaries and also helps private developers manage the financial risks associated with building speculative space.

The I-95/I-40 Crossroads of America Economic Development Alliance, Inc. (the "Alliance") was formed in 2021 by several municipalities in the southern end of the County and in Harnett County to offer support to existing industry and recruit new industries to the region in and around the intersection of Interstates 95 and 40. The Alliance also collaborates with local educational leaders to bolster and enhance workforce development.

In November 2022 the County Board of Commissioners approved up to $17.5 million for the construction of a 60,000 square-foot Advanced Manufacturing Training Center to be constructed in the Town of Four Oaks. The new center, which will be housed on a 16-acre property, will be operated by the College as part of a collaboration with the Alliance and Johnston County Economic Development. The College's Advanced Manufacturing Program will be based in the facility. A $1.2 million grant from the State supported the building's design and initial engineering work. Groundbreaking for the facility was held in March 2024 and construction is underway.

The County is also a hub for the medical services industry and related employment. UNC Health Johnston-Smithfield, formerly named Johnston Memorial Hospital, is located in the Town of Smithfield and the Town of Clayton is also the site of UNC Health Johnston–Clayton, both full service hospitals affiliated with UNC Health Care. The area surrounding UNC Health Johnston-Clayton is attracting significant new retail, office (including medical offices), and high-density residential development. Medical facilities affiliated with WakeMed, the largest regional hospital in the Raleigh-Durham-Chapel Hill area, and Duke University Medical Center are also located in the Town of Clayton.

The County's agricultural economy is diversified with field crops, livestock, poultry, horticultural crops, forestry, agritourism, and agribusiness. This diversification in the local agricultural economy complements the industrial and commercial sectors. The major sources of farm income are from the production of tobacco, sweet potatoes, nursery and greenhouse crops, forestry and forest products, cattle, swine, turkeys, vegetable crops, cotton, grain, peanuts, and a mixture of other crops and livestock. There is a strong demand for leasing farmland in the County for the production of crops and farmers purchase land when feasible. The County routinely ranks among the top two to three counties in the nation in the production of sweet potatoes and flue-cured tobacco, and among the top counties in the State in the production of greenhouse and nursery crops. Flue-cured tobacco continues to be the primary cash crop for local farms. Farm businesses have made significant investments in equipment to both continue and modernize agricultural production, while also diversifying farm production with vegetable crops and livestock. At the present time, there is a strong demand for the products and commodities produced on farms located in the County in spite of negative pressure from global trade concerns. Increased commercial and residential development growth pressure is taking land out of production at a rapid pace and competing with farms for available land resources, however, it is also bringing new demand for direct sales to local consumers. The new retail markets for local agricultural products are growing rapidly and constitute a new source of income for farm operations. Inflation is affecting the cost of farm inputs and labor while also resulting in significant increases and prices of farm goods and commodities. The County Cooperative Extension Office estimates the approximate farmland acreage in the County to be 183,000 and the approximate annual farm income to be over $200 million.

The retail sector in the County is strong despite the COVID-19 pandemic and has also experienced growth in recent years. Many shopping centers offering a variety of retailers, grocery chains and specialty shops are located in the County. Carolina Premium Outlets, the largest retail complex in the County, is located along I-95 in the Town of Smithfield, attracting regional shoppers as well as tourist traffic. The outlet center includes over 75 stores with over 443,000 square-feet and several outparcels. Across I-95, the first phase of retail tenants open in Eastfield in October 2024, including Academy Sports, Ross, Burlington, Five Below, Ulta, Marshall's, Old Navy, and Hobby Lobby. Future phases will include Target and other retail and dining options.

The County continues to experience significant residential development. According to the U.S. Census, the number of homes in the County increased over 24 percent between 2010 and 2020. The western and northern portions of the County in and around the Town of Clayton, the Cleveland community and the McGee's Crossroads area have experienced significant residential development growth over the past 20-30 years, but recently the eastern portion of the County has also begun to see increases in residential development. Homebuyers have many options in the County, from upscale living in rural settings to family-oriented neighborhoods and master-planned communities, including several live-work communities with housing, neighborhood shopping, employment and entertainment. Many homes of varying sizes and price levels are in various stages of planning and are expected to be built in various communities, often within walking distance of planned amenities and schools.

Significant economic indicators for the County are as follows:

Indicator	Johnston County	North Carolina
Population Increase 2005-2025	77.90%	27.90%
Projected Population Increase 2025-2045	45.80%	22.20%
Average Unemployment Rate 2024	3.10%	3.60%
Per Capita Income 2023	$52,757	$61,839
Median Household Income 2023	$79,592	$68,610

Budget Highlights for the Fiscal Year Ending June 30, 2026

Governmental Activities: Ad Valorem tax revenue is anticipated to decline by 1 percent due to a reduction in the property tax rate from .69 to .67 per $100 of valuation for FY 2025. Sales tax revenue is anticipated to increase by 5.0 percent over the prior year. The County will use modest increases in revenues to finance programs currently in place and service additional debt service for school construction and County facilities. There will also be slight adjustments in rates for plan review, permitting, and inspection fees.

Budgeted expenditures in the General Fund increased 8.9 percent, mainly due to increases in public safety, human services, and school current expense. The largest budgeted expenditures are in school current expense and debt service.

Business – type Activities: The water and sewer and solid waste rates all had slight increases to cover the operations of these utility programs.

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 Director of Finance, Johnston County, Post Office Box 1049, Smithfield, NC 27577. You can also call (919) 989-5112, visit our website at www.johnstonnc.gov, or send an email to chad.mclamb@johnstonnc.gov for more information.

APPENDIX D

Financial Information

Financial Statements

The financial statements of the County have been audited by certified public accountants for the fiscal years ended June 30, 2025, 2024, and 2023. Copies of these financial statements containing the reports of the independent certified public accountants are available on the County's website (https://www.johnstonnc.com/finweb/index.cfm) or by contacting the offices of Chad McLamb, Director of Finance at PO Box 1049, Smithfield, North Carolina 27577.

The Government Finance Officers Association (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024. To receive this award, the highest form of recognition in governmental financial reporting, a governmental unit must publish a financial report which complies with both generally accepted accounting principles and applicable legal requirements. The County believes that the annual financial report for the year ended June 30, 2025, will continue to meet the requirements under the Certificate of Achievement Program

The County financial statements present the government-wide financial statements, which are shown on pages D-2 through D-4 of this official statement and include fund and budgetary reporting. The government-wide financial statements are prepared on the full accrual basis of accounting. The government-wide statements report capital assets and all long-term obligations, for both governmental-type and business-type activities. As a result, government officials can demonstrate operational accountability in their stewardship of public funds in the long-term, in addition to demonstrating fiscal accountability in the short-term through the budgetary statements.

Fund reporting is presented to report on the government's most important funds individually as *major* funds instead of reporting all funds in the aggregate by fund type. The General Fund is always a major fund for a unit of government, and other governmental or enterprise funds may qualify as well. Also, in addition to presenting the budget as it stands at fiscal year-end, the budget is presented as originally adopted by the governing board as well. This information will provide readers the opportunity to see what changes have been made to the budget over the course of the fiscal year and to evaluate the County's ability to manage and estimate its resources. See page D-9 for the presentation of the County's budgetary statement.

The following financial statements are the Basic Financial Statements of the County and the notes thereto, lifted from the Annual Financial Report of the County for the fiscal year ended June 30, 2025.

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

	Primary Government			Component Units		
	Governmental Activities	Business Type Activities	Total Primary Government	Johnston ABC Board	Johnston Tourism Development	Johnston County Airport
ASSETS						
Current assets						
Cash and cash equivalents	$ 275,565,023	$ 110,333,598	$ 385,898,621	$ 5,353,619	$ 2,283,765	$ 2,174,474
Receivables (net):						
Property Taxes	483,977	-	483,977	-	-	-
Accounts	6,754,694	8,567,580	15,322,274	-	252,559	140,960
Lease Receivable	132,218		132,218	-	-	272,744
Notes	120,000	-	120,000	-	-	-
Interest	7,916	249,710	257,626	-	-	1,134
Inventories	-	-	-	4,885,736	-	93,058
Internal Balances	70,807	(70,807)	-	-	-	-
Due from other governments	28,447,781	4,573,464	33,021,245	-	-	143,125
Prepaid items	630,475	4,109	634,584	6,825	-	34,562
Restricted Assets - Cash and cash equivalents	45,556,083	125,590,751	171,146,834	-	-	17,952,987
Restricted Assets - Opioid receivable, net	1,087,047	-	1,087,047	-	-	-
Total Current Assets	358,856,021	249,248,405	608,104,426	10,246,180	2,536,324	20,813,044
Noncurrent assets						
Net Pension Asset	292,082	-	292,082	-	-	-
Lease Receivable	59,994	-	59,994	-	-	513,701
Restricted Assets - Opioid receivable, net	8,463,128	-	8,463,128	-	-	-
Capital assets:						
Land, improvements, and construction in process	15,923,493	277,556,364	293,479,857	1,579,610	-	14,376,515
Other capital assets, net of depreciation	111,979,398	334,555,106	446,534,504	4,567,678	-	25,197,229
Right to use assets, net	3,135,557	249,303	3,384,860	604,124	82,184	2,897
Total Capital assets, net	131,038,448	612,360,773	743,399,221	6,751,412	82,184	39,576,641
Total Non-current assets	139,853,652	612,360,773	752,214,425	6,751,412	82,184	40,090,342
Total assets	$ 498,709,673	$ 861,609,178	$ 1,360,318,851	$ 16,997,592	$ 2,618,508	$ 60,903,386
DEFERRED OUTFLOWS OF RESOURCES	37,369,645	7,818,179	45,187,824	716,957	200,673	212,524
LIABILITIES						
Current liabilities						
Accounts payable and accrued liabilities	$ 21,182,751	$ 7,639,371	$ 28,822,122	$ 3,408,738	$ 128,373	$ 564,926
Retainage payable	-	4,145,398	4,145,398	-	-	-
Solid waste fines	-	101,033	101,033	-	-	-
Customer Deposits	486,602	4,987,248	5,473,850	-	-	-
Accrued interest	4,473,671	2,878,456	7,352,127	-	-	-
Unspent Grant Funds	5,375,309	-	5,375,309	-	-	17,949,927
Current portion of long-term liabilities	46,256,798	16,080,348	62,337,146	409,337	57,631	7,137
Total current liabilities	80,058,769	35,831,854	115,890,623	3,818,075	186,004	18,521,990
Long-term liabilities						
Accrued landfill closure and postclosure	-	20,244,847	20,244,847	-	-	-
Noncurrent portion of long-term liabilities	599,442,642	416,288,488	1,015,731,130	6,652,251	425,521	1,768,098
Total non-current liabilities	599,442,642	436,533,335	1,035,975,977	6,652,251	425,521	1,768,098
Total liabilities	$ 679,501,411	$ 472,365,189	$ 1,151,866,600	$ 10,470,326	$ 611,525	$ 20,290,088
DEFERRED INFLOWS OF RESOURCES	$ 6,804,916	$ 14,719,091	$ 21,524,007	$ 72,136	$ 4,839	$ 808,835

The Notes to the Financial Statements are an Integral Part of this Statement.

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

	Primary Government			Component Units		
	Governmental Activities	Business Type Activities	Total Primary Government	Johnston ABC Board	Johnston Tourism Development	Johnston County Airport
NET POSITION						
Net investment in capital assets	$ 77,356,530	$ 293,369,004	$ 370,725,534	$ 3,978,634	$ 82,184	$39,576,641
Restricted for:						
Stabilization by State Statute	36,970,908	-	36,970,908	-	252,559	-
ROD Pension Plan	292,082	-	292,082	-	-	-
Public Safety	12,511,649	-	12,511,649	264,119	-	-
Education	35,184,325	-	35,184,325	-	-	-
Utilities - Capital / Reclamation	-	907,154	907,154	-	-	-
Housing Assistance Program	-	232,774	232,774	-	-	-
Working Capital	-	-	-	947,800	-	-
Unrestricted	(312,542,503)	87,834,145	(224,708,358)	1,981,534	1,868,074	440,346
Total net position	$(150,227,009)	$ 382,343,077	$ 232,116,068	$ 7,172,087	$ 2,202,817	$ 40,016,987

The Notes to the Financial Statements are an Integral Part of this Statement.

Exhibit 2

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

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Johnston ABC Board	Johnston Tourism Development	Johnston Airport Authority
Primary government:										
Government activities:										
General government	$ 42,822,708	$ 10,534,510	$ 159,918	$ 20,160	$ (32,108,120)	$ -	$ (32,108,120)	$ -	$ -	$ -
Public safety	76,368,063	9,811,450	5,526,389	1,007,870	(60,022,354)	-	(60,022,354)	-	-	-
Economic and physical development	15,543,364	1,062,854	13,465,583	-	(1,014,927)	-	(1,014,927)	-	-	-
Human services	60,157,322	19,152,583	26,298,545	-	(14,706,194)	-	(14,706,194)	-	-	-
Cultural and recreational	837,754	-	-	-	(837,754)	-	(837,754)	-	-	-
Education	237,538,795	-	-	3,596,000	(233,942,795)	-	(233,942,795)	-	-	-
Interest Expense	7,993,274	-	-	-	(7,993,274)	-	(7,993,274)	-	-	-
Total governmental activities	441,261,280	40,561,397	45,450,435	4,624,030	(350,625,418)	-	(350,625,418)	-	-	-
Business-type activities:										
Administrative	1,588,960	1,675,225	-	-	-	86,265	86,265	-	-	-
Solid Waste	6,711,742	8,115,127	1,169,927	-	-	2,573,312	2,573,312	-	-	-
Water Districts	19,722,740	27,805,780	-	25,247,562	-	33,330,602	33,330,602	-	-	-
Water	30,778,290	23,591,639	572,164	121,666	-	(6,492,821)	(6,492,821)	-	-	-
Wastewater	19,776,544	19,951,150	362,264	14,981,312	-	15,518,182	15,518,182	-	-	-
Housing assistance	6,321,724	-	6,154,568	-	-	(167,156)	(167,156)	-	-	-
Total business-type activities	84,900,000	81,138,921	8,258,923	40,350,540	-	44,848,384	44,848,384	-	-	-
Total primary government	$ 526,161,280	$ 121,700,318	$ 53,709,358	$ 44,974,570	$ (350,625,418)	$ 44,848,384	$ (305,777,034)	$ -	$ -	$ -
Component units:										
Johnston ABC Board	$ 24,541,425	$ 24,642,809	$ -	$ -	$ -	$ -	$ -	$ 101,384	$ -	$ -
Johnston Tourism Development	2,101,416	-	-	-	-	-	-	-	(2,101,416)	-
Johnston County Airport Authority	3,473,320	2,828,743	-	2,819,945	-	-	-	-	-	2,175,368
Total component units	$ 30,116,161	$ 27,471,552	$ -	$ 2,819,945	$ -	$ -	$ -	$ 101,384	$ (2,101,416)	$ 2,175,368
General Revenues:										
Ad valorem taxes					196,393,153	-	196,393,153	-	-	-
Local option sales tax					84,123,918	-	84,123,918	-	-	-
Other taxes					3,691,115	-	3,691,115	-	1,942,018	-
Unrestricted intergovernmental					1,600,754	-	1,600,754	-	-	-
Investment income					12,421,560	6,833,249	19,254,809	40,531	64,274	916,457
Gain on sale/disposal of assets					-	3,066	3,066	500	-	-
Miscellaneous					406,581	194,691	601,272	213	83,910	-
Transfers					(14,386,853)	14,386,853	-	-	-	-
Total general revenues and transfers					$ 284,250,228	$ 21,417,859	$ 305,668,087	$ 41,244	$ 2,090,202	$ 916,457
Change in net position					(66,375,190)	66,266,243	(108,947)	142,628	(11,214)	3,091,825
Net position - beginning, restated (see Note 9)					(83,851,819)	316,076,834	232,225,015	7,029,459	2,214,031	36,925,162
Net position - ending					$ (150,227,009)	$382,343,077	$ 232,116,068	$ 7,172,087	$ 2,202,817	$ 40,016,987

The Notes to the Financial Statements are an Integral Part of this Statement.

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

	Major		Non-Major	
	General	School Bond Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 242,073,587	$ 17,289,349	$ 16,202,087	$ 275,565,023
Restricted cash	3,551,089	33,652,345	8,352,649	45,556,083
Receivables (net):				
Taxes	417,559	-	-	417,559
Accounts	6,690,461	3,400	60,833	6,754,694
Interest	7,916	-	-	7,916
Lease	192,212	-	-	192,212
Notes	120,000	-	-	120,000
Restricted opioid receivable, net	-		9,550,175	9,550,175
Due from other funds	80,941	-	71,206	152,147
Due from other governments	26,886,566	1,528,580	32,635	28,447,781
Prepaid items	630,475	-	-	630,475
Total assets	$ 280,650,806	$ 52,473,674	$ 34,269,585	$ 367,394,065
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	$ 3,650,426	$ 17,289,349	$ 242,976	$ 21,182,751
Payroll withholdings	2,283,638	-	-	2,283,638
Customer Deposits	486,602	-	-	486,602
Due to other funds	3,694	-	77,646	81,340
Unspent Grant Funds	7,221	-	5,368,088	5,375,309
Total liabilities	6,431,581	17,289,349	5,688,710	29,409,640
DEFERRED INFLOWS OF RESOURCES	2,366,420	-	9,550,174	11,916,594
Fund balances:				
Nonspendable				
Prepaid items	630,475	-	-	630,475
Leases	4,920			4,920
Restricted				
Stabilization by State Statute	36,876,682	-	94,226	36,970,908
Capital Projects - Schools	-	35,184,325	-	35,184,325
Inspections	12,511,649	-	-	12,511,649
Opioid Abatement	73,072	-	-	73,072
Committed				
General Government	-	-	4,214,026	4,214,026
Economic Development	-	-	10,113,211	10,113,211
Public Safety	1,570,197	-	4,486,227	6,056,424
Human Services	350,000	-	201,439	551,439
Automation Enhancement	1,541,036	-	-	1,541,036
Capital Purchases (fee in lieu)	1,330,907	-	-	1,330,907
Tax Revaluation	2,458,440	-	-	2,458,440
LEO Special Separation Allowance	941,399	-	-	941,399
Assigned				
Subsequent year's expenditures	13,314,613	-	-	13,314,613
Unassigned	200,249,415	-	(78,428)	200,170,987
Total fund balances	271,852,805	35,184,325	19,030,701	326,067,831
Total liabilities, deferred inflows of resources, and fund balances	$ 280,650,806	$ 52,473,674	$ 34,269,585	$ 367,394,065

The Notes to the Financial Statements are an Integral Part of this Statement

Johnston County, North Carolina
Reconciliation of the Governmental Funds Balance
Sheet to the Statement of Net Position
June 30, 2025

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Amounts reported for governmental activities in the statement of net position are different because:		
Total fund balance - governmental funds	$	326,067,831
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets		211,570,943
Less accumulated depreciation		(83,668,052)
Right to use assets		5,938,435
Less accumulated amortization		(2,802,878)
Net Capital Assets		131,038,448
Net Pension Asset - ROD		292,082
Deferred outflows of resources:		
Contributions to the pension plan in the current fiscal year		
LGERS		12,173,141
ROD		22,734
Pension related deferrals		
LGERS		19,995,156
ROD		129,621
LEOSSA		1,202,739
OPEB related deferrals		-
Benefit payments for the OPEB plan paid subsequent to the measurement date		3,133,262
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position		188,157
Deferred charges related to advance refunding bond issued - included on government-wide statement of net position but are not current financial resources.		524,835
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements		66,418
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide.		
Taxes receivable		417,559
EMS receivable		1,553,248
Opioid receivable		9,550,174
Pension related deferrals		
LGERS		(767,352)
ROD		(5,222)
LEOSSA		(759,656)
OPEB related deferrals		(4,877,073)
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:		
Bonds, leases, and installment financing		(355,089,863)
Compensated absences		(19,024,059)
Total OPEB Liability		(172,629,948)
Total pension liability (LEOSSA)		(6,858,049)
Net Pension Liability (LGERS)		(59,917,196)
Unamortized bond premium		(32,180,325)
Accrued interest payable		(4,473,671)
Total adjustment		(476,294,840)
Net position of governmental activities	$	(150,227,009)

The Notes to the Financial Statements are an Integral Part of this Statement.

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

	Governmental Fund Types			
	Major		Non-Major	
	General	School Bond Fund	Other Governmental Funds	Total
Revenues				
Ad valorem taxes	$ 194,305,400	$ -	$ 1,974,435	$ 196,279,835
Local option sales taxes	84,123,918	-	-	84,123,918
Other taxes and licenses	3,140,230	-	550,885	3,691,115
Unrestricted intergovernmental	1,600,755	-	-	1,600,755
Restricted intergovernmental	34,926,798	-	14,059,992	48,986,790
Permits and fees	21,269,103	-	182,977	21,452,080
Sales and services	18,992,514	-	116,804	19,109,318
Investment earnings	10,978,589	845,646	597,325	12,421,560
Miscellaneous	275,779	-	130,802	406,581
Total revenues	369,613,086	845,646	17,613,220	388,071,952
Expenditures				
Current:				
General government	41,742,793	-	165,211	41,908,004
Public safety	81,995,415	-	5,075,044	87,070,459
Economic and physical development	8,836,242	-	7,489,041	16,325,283
Human services	60,202,658	-	1,161,371	61,364,029
Cultural and recreational	834,735	-	-	834,735
Education	118,571,460	116,600,390	2,177,093	237,348,943
Debt service:				
Principal retirement	32,215,527	-	103,632	32,319,159
Interest and fees	9,721,157	-	524	9,721,681
Total expenditures	354,119,987	116,600,390	16,171,916	486,892,293
Revenues over (under) expenditures	15,493,099	(115,754,744)	1,441,304	(98,820,341)
Other financing sources (uses):				
Issuance of bonds	-	127,695,000	-	127,695,000
Premium on Bonds	-	11,552,872	-	11,552,872
Transfers from other funds	3,561,315	5,000,000	10,884,665	19,445,980
Transfers to other funds	(17,784,665)	(3,289,028)	(12,759,140)	(33,832,833)
Contributed Capital	1,007,870	-	-	1,007,870
Lease and subscription proceeds	2,706,902	-	221,694	2,928,596
Total other financing sources (uses)	(10,508,578)	140,958,844	(1,652,781)	128,797,485
Net Change in Fund Balance	4,984,521	25,204,100	(211,477)	29,977,144
Fund balances, beginning, restated (see Note 9)	266,868,284	9,980,225	19,242,178	296,090,687
Fund balances, ending	$ 271,852,805	$ 35,184,325	$ 19,030,701	$ 326,067,831

The Notes to the Financial Statements are an Integral Part of this Statement.

Johnston County, North Carolina
Reconciliation of the Statement of Revenues, Expenditures, and Changes In
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2025

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balance - total governmental funds	$	29,977,144
Capital Outlay Expenditures recorded in the fund statements but capitalized as assets in the statement of activities.		13,457,631
Depreciation Expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.		(7,410,164)
Gain (loss) on Disposal of assets during the year.		(8,586)
Net present value of the Right to Use Leased Assets are recorded in the fund statements but capitalized Right to Use Leased Assets in the statement of activities.		2,975,565
Amortization Expense, the allocation of those leased assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.		(1,555,505)
New debt issued during the year is recorded as a source of funds on the fund statements; it has not effect on the statement of activities -- it affects only the government-wide statement of net position.		(127,695,000)
Lease and Subscription Liabilities recorded during the year as a result of the implementation of GASB 87 and 96 are recorded as a source of funds on fund statements, but has no effect on the statement of activities.		(2,928,596)
Premium on new debt issued during the year is recorded as a source of funds on the fund statements; it has not effect on the statement of activities -- it affects only the government-wide statement of net position.		(11,552,872)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements.		32,319,159
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.		12,195,875
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position		188,157
Contributions to the OPEB plan are deferred outflows of resources on the Statement of Net Position.		3,133,262
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.		
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)		(919,883)
Amortization of Bond refunding costs		(897,450)
Amortization of premium on bond refunding		3,545,740
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.		(1,100,644)
Pension expense		(18,959,635)
OPEB expense		8,667,491
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.		
Increase (Decrease) in taxes receivable		102,720
Increase (Decrease) in EMS receivable		710,430
Increase (Decrease) in accrued interest on taxes		10,596
Increase (Decrease) in opioid receivable		(630,625)
Change in net position of governmental activities	$	(66,375,190)

The Notes to the Financial Statements are an Integral Part of this Statement.

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

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenues				
Ad valorem taxes	$197,530,000	$ 197,530,000	$ 194,305,400	$ (3,224,600)
Local option sales tax	79,900,000	79,900,000	84,123,918	4,223,918
Other taxes and licenses	50,000	50,000	3,140,230	3,090,230
Unrestricted intergovernmental	1,287,000	1,287,000	1,600,755	313,755
Restricted intergovernmental	40,023,156	42,121,241	34,926,798	(7,194,443)
Permits and fees	14,841,000	14,846,875	21,269,103	6,422,228
Sales and services	14,564,098	15,599,965	18,992,514	3,392,549
Investment earnings	9,000,000	9,073,000	10,924,301	1,851,301
Miscellaneous	691,821	806,270	275,779	(530,491)
Total revenues	357,887,075	361,214,351	369,558,798	8,344,447
Expenditures				
General government	40,700,399	35,785,933	40,753,148	(4,967,215)
Public safety	90,824,838	90,019,910	81,995,415	8,024,495
Economic and physical development	10,045,701	12,157,195	8,836,242	3,320,953
Human services	68,731,705	70,629,704	60,202,658	10,427,046
Cultural and recreational	832,000	834,735	834,735	-
Intergovernmental:				
Education	115,612,390	146,338,649	118,571,460	27,767,189
Debt service:				
Principal retirement	30,699,000	32,121,396	32,121,300	96
Interest and other charges	9,689,292	9,723,488	9,721,157	2,331
Total expenditures	367,135,325	397,611,010	353,036,115	44,574,895
Revenues over (under) expenditures	(9,248,250)	(36,396,659)	16,522,683	52,919,342
Other financing sources (uses):				
Transfers to other funds	(9,210,624)	(83,198,665)	(18,884,665)	64,314,000
Transfers from other funds	-	3,561,314	3,561,315	1
Lease and subscription proceeds	-	-	2,706,902	2,706,902
Contributed Capital	-	-	1,007,870	1,007,870
Appropriated fund balance	18,458,874	116,034,010	-	(116,034,010)
Total other financing sources (uses)	9,248,250	36,396,659	(11,608,578)	(48,005,237)
Net change in fund balance	$ -	$ -	4,914,105	$ 4,914,105
Fund balance, beginning, restated			264,480,260	
Fund balance, ending			$ 269,394,365	
A legally budgeted Tax Revaluation Fund is consolidated into the General Fund for reporting purposes:				
Investment Earnings			$ 54,288	
Transfer from General Fund			1,100,000	
Expenditures			(1,083,872)	
Fund Balance, beginning			2,388,024	
Fund Balance, ending (Exhibit 4)			$271,852,805	

The Notes to the Financial Statements are an Integral Part of this Statement.

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

	Major			Non-Major		
	Water Fund	Wastewater Treatment Fund	Water District Operating Fund	Other Proprietary Funds	Eliminating Entries	Total
ASSETS						
Current assets:						
Cash and cash equivalents	$ 47,390,066	$ 23,157,139	$ 27,863,900	$ 11,922,493	$ -	$ 110,333,598
Restricted cash	29,243,561	61,874,978	32,833,084	1,639,128	-	125,590,751
Receivables (net):						
Accounts	705,767	2,566,360	4,661,315	634,138	-	8,567,580
Interest	249,664	-	46	-	-	249,710
Due from other funds	1,348,804	-	-	1,614,648	-	2,963,452
Due from other governments	571,914	411,478	151,128	3,438,944	-	4,573,464
Due from Water Districts - Current Portion of LOBs	3,200,000	-	-	-	(3,200,000)	-
Prepaid items	-	-	-	4,109	-	4,109
Total current assets	82,709,776	88,009,955	65,509,473	19,253,460	(3,200,000)	252,282,664
Noncurrent assets:						
Due from Water Districts - Noncurrent portion of LOBs	42,580,000	-	-	-	(42,580,000)	-
Capital assets:						
Land and construction in process	76,284,985	194,382,629	-	6,888,750	-	277,556,364
Other capital assets, net of depreciation	80,108,991	111,733,185	117,715,584	24,997,346	-	334,555,106
Right to use assets, net	120,963	76,901	-	51,439	-	249,303
Total capital assets, net	156,514,939	306,192,715	117,715,584	31,937,535	-	612,360,773
Total noncurrent assets	199,094,939	306,192,715	117,715,584	31,937,535	(42,580,000)	612,360,773
Total assets	281,804,715	394,202,670	183,225,057	51,190,995	(45,780,000)	864,643,437
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charges on refunding	90,768	11,497	3,676,161	-	-	3,778,426
Pension related deferrals	1,557,542	681,640	-	1,539,419	-	3,778,601
OPEB related deferrals	100,417	44,387	-	115,172	-	259,976
Other deferred charges	-	-	-	1,176	-	1,176
Total deferred outflows of resources	1,748,727	737,524	3,676,161	1,655,767	-	7,818,179
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	3,422,551	3,850,104	2,647	364,069	-	7,639,371
Retainage payable	2,624,545	1,495,538	-	25,315	-	4,145,398
Due to other funds	-	537,438	2,494,246	2,575	-	3,034,259
Solid Waste fines	-	-	-	101,033	-	101,033
Utility deposits	-	475	2,257,981	-	-	2,258,456
Accrued interest	1,312,422	1,275,264	290,599	171	-	2,878,456
Other deposits	384,194	700,470	-	1,644,128	-	2,728,792
Current maturities of long-term debt	7,218,333	7,489,369	1,063,856	308,790	-	16,080,348
Due to the County (LOBs)	-	-	3,200,000	-	(3,200,000)	-
Total current liabilities	14,962,045	15,348,658	9,309,329	2,446,081	(3,200,000)	38,866,113
Long-term liabilities:						
Accrued landfill closure and postclosure	-	-	-	20,244,847	-	20,244,847
Long-term debt	174,918,370	213,742,049	15,922,041	11,706,028	-	416,288,488
Due to the County (LOBs)	-	-	42,580,000	-	(42,580,000)	-
Total long-term liabilities	174,918,370	213,742,049	58,502,041	31,950,875	(42,580,000)	436,533,335
Total liabilities	189,880,415	229,090,707	67,811,370	34,396,956	(45,780,000)	475,399,448
DEFERRED INFLOWS OF RESOURCES						
Pension deferrals	37,147	16,257	-	36,716	-	90,120
Water Plant Capacity	13,988,177	-	-	-	-	13,988,177
OPEB related deferrals	282,039	124,670	-	234,085	-	640,794
Total Deferred Inflows of Resources	14,307,363	140,927	-	270,801	-	14,719,091
NET POSITION						
Net investment in capital assets	60,474,616	142,390,479	58,625,848	31,878,061	-	293,369,004
Restricted						
Utilities - Capital Needs	-	719,808	-	-	-	719,808
Utilities - Reclamation	-	-	-	187,346	-	187,346
Housing Assistance Program	-	-	-	232,774	-	232,774
Unrestricted	18,891,048	22,598,273	60,464,000	(14,119,176)	-	87,834,145
Total net position	$ 79,365,664	$ 165,708,560	$ 119,089,848	$ 18,179,005	$ -	$ 382,343,077

The Notes to the Financial Statements are an Integral Part of this Statement.

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

	Major			Non-Major		
	Water Fund	Wastewater Treatment Fund	Water District Operating Fund	Other Proprietary Funds	Eliminating Entries	Total
Operating revenues:						
Charges for services	$ 23,088,564	$ 19,948,690	$ 27,805,780	$ 9,790,352	$ -	$ 80,633,386
Water and sewer taps	503,075	2,460	-	-	-	505,535
Total operating revenues	23,591,639	19,951,150	27,805,780	9,790,352	-	81,138,921
Operating expenses:						
General operating	21,980,404	10,705,791	15,096,823	14,248,693	-	62,031,711
Depreciation and amortization	3,361,923	3,659,008	4,155,071	1,226,260	-	12,402,262
Total operating expenses	25,342,327	14,364,799	19,251,894	15,474,953	-	74,433,973
Operating income (loss)	(1,750,688)	5,586,351	8,553,886	(5,684,601)	-	6,704,948
Nonoperating revenues (expenses):						
Disposal and state 1% tax	-	-	-	711,446	-	711,446
Solid Waste Fees	-	-	-	318,719	-	318,719
Landfill Gas to Energy Proceeds	-	-	-	139,762	-	139,762
Investment earnings	3,860,499	2,925,998	955,612	135,824	(1,044,684)	6,833,249
Late fees collected	-	-	740	12,105	-	12,845
Miscellaneous	-	-	91,697	32,058	-	123,755
Gain (loss) on sale of assets	(299,385)	(14,122)	-	3,066	-	(310,441)
Reimbursements and Settlements	572,164	362,264	-	-	-	934,428
Landfill closure costs	-	-	-	852,724	-	852,724
Operating subsidy - HUD	-	-	-	6,154,568	-	6,154,568
Fraud recovery	-	-	-	23,156	-	23,156
Insurance recovery	-	34,935	-	-	-	34,935
Interest and bond issuance costs	(5,136,578)	(5,397,623)	(1,515,530)	(197)	1,044,684	(11,005,244)
Total nonoperating revenues (expenses)	(1,003,300)	(2,088,548)	(467,481)	8,383,231	-	4,823,902
Income (loss) before transfers and contributions	(2,753,988)	3,497,803	8,086,405	2,698,630	-	11,528,850
Transfers in	10,121,298	16,887,803	820,000	1,900,000	-	29,729,101
Transfers out	-	(5,417,170)	(9,925,078)	-	-	(15,342,248)
Capital contributions	121,666	2,633,235	-	-	-	2,754,901
System development fees	-	5,398,170	15,158,202	-	-	20,556,372
Developer contributions	-	6,949,907	10,089,360	-	-	17,039,267
Change in net position	7,488,976	29,949,748	24,228,889	4,598,630	-	66,266,243
Total net position, restated (see Note 9)	71,876,688	135,758,812	94,860,959	13,580,375	-	316,076,834
Total net position, ending	$ 79,365,664	$ 165,708,560	$ 119,089,848	$ 18,179,005	$ -	$ 382,343,077

The Notes to the Financial Statements are an Integral Part of this Statement.

Johnston County, North Carolina
Statement of Cash Flows
All Proprietary Fund Types
For the Year Ended June 30, 2025

	Major			Non-Major		
	Water Fund	Wastewater Treatment Fund	Water District Operating Fund	Other Proprietary Funds	Eliminating Entries	Total
Cash Flows From Operating Activities						
Cash received from customers	$ 23,152,523	$ 19,739,560	$ 27,844,297	$ 9,818,790	$ -	$ 80,555,170
Cash paid for goods and services	(16,116,464)	(6,687,420)	(15,205,111)	(3,385,132)	-	(41,394,127)
Cash paid to employees	(5,957,050)	(4,282,964)	-	(5,570,541)	-	(15,810,555)
Cash paid for housing assistance	-	-	-	(5,680,947)	-	(5,680,947)
Miscellaneous	-	-	92,437	67,319	-	159,756
Net cash provided by (used in) operating activities	1,079,009	8,769,176	12,731,623	(4,750,511)	-	17,829,297
Cash Flows From Noncapital Financing Activities						
Transfer from (to) other funds	10,121,298	11,470,633	(9,105,078)	1,900,000	-	14,386,853
Due to / from other funds	-	-	-	358	-	358
Operating subsidy - HUD	-	-	-	6,154,568	-	6,154,568
Net cash provided by (used in) financing activities	10,121,298	11,470,633	(9,105,078)	8,054,926	-	20,541,779
Cash Flows From Capital and Related Financing Activities						
Disposal and State 1% tax	-	-	-	711,446	-	711,446
Solid Waste fees	-	-	-	318,719	-	318,719
Landfill Gas to Energy Proceeds	-	-	-	139,762	-	139,762
Sale of capital assets	-	-	-	3,066	-	3,066
Issuance of debt related to capital	4,947,743	65,435,160	686,662	-	-	71,069,565
Due from Water Districts (LOBs)	3,190,000	-	-	-	-	3,190,000
System Development Fees	-	5,398,170	15,158,202	-	-	20,556,372
Capital contributions	121,666	2,633,235	-	-	-	2,754,901
Insurance recovery	-	34,935	-	-	-	34,935
Reimbursements and Settlements	572,164	362,264	-	-	-	934,428
Developer contributions	-	6,949,907	10,089,360	-	-	17,039,267
Sales tax refunds	(294,235)	(221,590)	(90,572)	(1,369,655)	-	(1,976,052)
Interest and bond issuance costs	(5,326,337)	(4,899,941)	(1,305,743)	(636)	1,044,684	(10,487,973)
Acquisition of capital assets	(36,862,404)	(50,271,218)	(10,323,161)	(1,729,028)	-	(99,185,811)
Premium / discount on bond issuance	378,452	5,378,931	-	-	-	5,757,383
Decrease in Interfund LOB balance	-	-	-	-	(3,190,000)	(3,190,000)
Debt and Lease/Subscription Payments	(5,296,046)	(6,873,475)	(4,230,726)	(48,371)	3,190,000	(13,258,618)
Net cash provided by (used in) capital and related financing activities	(38,568,997)	23,926,378	9,984,022	(1,974,697)	1,044,684	(5,588,610)
Cash Flows From Investing Activities						
Investment Income	3,872,008	2,925,998	955,609	135,824	(1,044,684)	6,844,755
Net cash provided by (used in) investing activities	3,872,008	2,925,998	955,609	135,824	(1,044,684)	6,844,755
Net increase (decrease) in cash and cash equivalents/investments	(23,496,682)	47,092,185	14,566,176	1,465,542	-	39,627,221
Cash and cash equivalents/investments Beginning of year	100,130,309	37,939,932	46,130,808	12,096,079	-	196,297,128
End of year	$ 76,633,627	$ 85,032,117	$ 60,696,984	$ 13,561,621	$ -	$ 235,924,349

The Notes to the Financial Statements are an Integral Part of this Statement.

Johnston County, North Carolina
Statement of Cash Flows
All Proprietary Fund Types
For the Year Ended June 30, 2025

	Major			Non-Major		
	Water Fund	Wastewater Treatment Fund	Water District Operating Fund	Other Proprietary Funds	Eliminating Entries	Total
Reconciliation of operating income (loss) to get cash provided by (used in) operating activities						
Operating income (loss)	$ (1,750,688)	$5,586,351	$ 8,553,886	$(5,684,601)	$ -	$ 6,704,948
Nonoperating (miscellaneous)	-	-	92,437	67,319	-	159,756
Depreciation and amortization	3,361,923	3,659,008	4,155,071	1,226,260	-	12,402,262
(Increase) decrease in:						
Accounts receivable	985	(392,316)	(98,369)	17,599	-	(472,101)
Prepaid expenses	-	-	-	(1,637)	-	(1,637)
Deferred outflows of resources for pensions	234,742	102,732	-	232,011	-	569,485
Deferred outflows of resources for OPEB	98,846	43,694	-	50,211	-	192,751
Increase (decrease) in:						
Compensated absences payable	59,681	54,259	-	67,257	-	181,197
Utility deposits	-	-	136,886	-	-	136,886
Other deposits	36,000	180,726	-	10,667	-	227,393
Accounts payable and accrued expenses	236,848	(145,340)	(108,288)	(144,299)	-	(161,079)
Deferred Inflows of Resources for pensions	19,062	8,342	-	18,841	-	46,245
Deferred Inflows of Resources for OPEB	(775,070)	(342,606)	-	(643,290)	-	(1,760,966)
Net Pension Liability	37,520	16,420	-	37,083	-	91,023
Deferred - Water Plant Capacity	(476,101)	-	-	-	-	(476,101)
Total OPEB Liability	(4,739)	(2,094)	-	(3,932)	-	(10,765)
Total adjustments	2,829,697	3,182,825	4,177,737	934,090	-	11,124,349
Net cash provided by (used in) operating activities	$ 1,079,009	$8,769,176	$12,731,623	$(4,750,511)	$ -	$17,829,297

The Notes to the Financial Statements are an Integral Part of this Statement.

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

	Custodial Funds
Assets	
Cash and investments	$ 2,328,418
Taxes receivable for other governments, net	21,687
Due from other governments	509,808
Total assets	2,859,913
Liabilities	
Accounts payable	-
Total liabilities	1,020,223
Net Position	
Restricted for:	
Individuals, organizations, and other governments	1,839,690
Total fiduciary net position	$ 1,839,690

The Notes to the Financial Statements are an Integral Part of this Statement.

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

	Custodial Funds
Additions	
Ad valorem taxes for other governments	$ 73,588,125
Collections on behalf of inmates	734,435
Collections on behalf of other organizations	360,304
Total additions	74,682,864
Deductions	
Tax distributions to other governments	73,718,515
Payments on behalf of inmates	725,480
Payments on behalf of other organizations	351,670
Total deductions	74,795,665
Net increase (decrease) in fiduciary net position	(112,801)
NET POSITION	
Net Position, beginning	1,952,491
Net Position, ending	$ 1,839,690

The Notes to the Financial Statements are an Integral Part of this Statement.

Note 1: Summary of Significant Accounting Policies

The accounting policies of the County of Johnston, North Carolina and its component units conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The County, which is governed by a seven-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 units, legally separate entities for which the County is financially accountable. The blended component unit, although it is a legally separate entity, is, in substance, part of the County's operations. The discretely presented component units presented below are reported in separate columns in the County's combined financial statements in order to emphasize that they are legally separate from the County.

Blended Component Unit

- *Hopewell/Pisgah Water District; Clayton Water District; Cleveland Water District; Wilson's Mills Water District; McGee's Crossroads Water District; Princeton-Kenly Water District; Archer's Lodge Water District; Little Creek Water District; Brogden Water District; Elevations Water District; Meadow Water District; Buffalo Water District, Southeast Lowgrounds; Ingram's Township Water District; Little River Water District; and O'Neal's Water District.* The Districts exist to provide and maintain water systems for the county residents within the districts. Under State law (G.S. 162A-89), the County's Board of Commissioners also serves as the governing board for the districts. Therefore, the Districts are reported as enterprise funds in the County's financial statements. The County has operational responsibility for the Water Districts. The Districts do not issue separate financial statements.

- *Johnston County Section* 8 *Housing Assistance Payments Program* - The Housing Assistance Payment Program exists to assist eligible families within the County in securing housing in safe, low poverty neighborhoods at affordable costs. Under State law (G.S. 162A-89), the County's Board of Commissioners also serves as the governing board for the Program, and the County has operational responsibility for the Program. Therefore, the Program is reported as an enterprise fund in the County's financial statements. The Program does not issue separate financial statements.

Discretely Presented Component Units

- *Johnston County Board of Alcoholic Control* - 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.

- *Johnston County Airport Authority* - The Johnston County Airport Authority (the "Airport") is a corporate body which operates the airport in Johnston County. The County's governing body appoints the Airport's board members. The County is responsible for the debt of the Airport and maintains budgetary control over the Airport. The County also provides assistance for capital improvements. The Airport, which has a June 30 year-end, is represented as if it were a proprietary fund.

- *Johnston County Tourism Development Authority* - The Johnston County Tourism Development Authority is a corporate body which operates the Tourism functions for Johnston County. The County's governing body appoints the Tourism Authority's board members. The County maintains budgetary control over the Tourism Authority. The County also provides assistance for capital improvements. The Tourism Authority, which has a June 30 year-end, is represented as if it were a special revenue fund.

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

Note 1- Summary of significant accounting policies (continued)

Complete financial statements for component units may be obtained at the administrative offices of each at:

Johnston County Airport Authority
3149-A Swift Creek Road
Smithfield, NC 27577

Johnston County Tourism Development Authority
PO Box 1049
Smithfield, NC 27577

Johnston County Board of Alcoholic Control
Highway 301 South
Smithfield, NC 27577

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus - Basis of Accounting

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

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

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

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

The County reports the following major governmental funds:

General Fund - This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Tax Revaluation Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54 it is consolidated in the General Fund.

School Bond Fund – This fund is used to track revenue and expenditures for school projects financed with GO Bonds, COPS, or any other form of borrowing for school construction.

The County reports the following major enterprise funds:

Water Fund. This fund accounts for the operation of the County's water treatment and transmission.

Wastewater Treatment Fund. This fund accounts for the treatment and transmission of wastewater for the County.

Water District Operations Fund. This fund accounts for the activities of the water districts for the County.

Note 1- Summary of significant accounting policies (continued)

B. Basis of Presentation – Basis of Accounting (continued)

The County reports the following fund types:

Custodial Funds. Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Custodial funds are used to account for assets the County holds on behalf of others that meet certain criteria. The County maintains the following custodial funds: the Municipal Tax Fund, which accounts for ad valorem and vehicle property taxes that are billed and collected by the County for various municipalities within the County but are not revenues to the County; the Jail Inmate Pay Fund, which holds cash deposits made to inmates as payment for work performed while incarcerated as well as cash collections for the benefit of inmates from their friends and families; the Cooperative Extension Advisory Fund which supports program expenses for Agricultural and Horticultural Programs, Family Consumer Science Programs, and Advisory Council Functions; the 4H Development Fund which supports program expenses for 4-H and Youth Extension Programs; and the Youth Livestock Fund which specifically supports livestock educational programs for youth ages 5 – 19.

Non-Major Funds. The County maintains 16 legally budgeted nonmajor governmental funds. The Moccasin Creek Drainage District, Heritage Commission Fund, Communication Fund, Research Training Zone, Voluntary Ag District, Fines and Forfeitures, Representative Payee Fund, Deed of Trust Fund, Opioid Settlement Fund, ARPA Fund, and the Grant Fund are reported as non-major special revenue funds. The Industrial Infrastructure and Public Safety Center Project are reported as capital project funds. The Administration Fund, Solid Waste Fund, and Section 8 Housing are reported as non-major enterprise funds.

During the course of operations, the County has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. Activity occurs during the year involving transfers of resources between funds, which are reported at gross amounts as transfers in/out. While these balances are reported in the fund financial statements, certain eliminations are made for the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column. Transfers between the funds included in governmental activities are eliminated so that only net amounts are included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only net amounts are included as transfers in the business-type activities column. 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.

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

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

Note 1- Summary of significant accounting policies (continued)

B. Basis of Presentation – Basis of Accounting (continued)

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 (including lease and subscription liabilities), claims and judgments, and some types of 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 and acquisitions under leases and information technology subscriptions are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. 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 all registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. Motor vehicle property tax revenues are applicable to the fiscal year in which they are received.

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.

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

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General, Special Revenue, Industrial Development Infrastructure, and Proprietary Funds (excluding the Construction Funds). All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the School Bond Fund, ARPA Coronavirus Fund, Public Safety Center Project Fund, the Water Construction Funds, the Sewer Construction Funds, and the Water Districts Construction Funds, which are consolidated with the enterprise operating funds for reporting purposes.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for the General Fund, at the departmental level for the Special Revenue and Proprietary Funds, and at the object level for the Capital Project Funds. The County Manager is authorized by budget ordinance to transfer appropriations within a fund under the following conditions as specified in North Carolina General Statute 159: (1) amounts may be transferred between objects of expenditure within departments listed in the Budget Ordinance without a report to the Board, and (2) amounts up to $5,000 may be transferred between departments of the same fund and reported as part of the monthly financial statements. Amounts may not be transferred between funds nor from the Contingency Fund without prior Board Action. 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. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Fund Equity

Deposits and Investments

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

Note 1- Summary of significant accounting policies (continued)

Deposits and Investments (continued)

State law (G.S. 159-30 (c)) authorizes the County, the ABC Board, the Tourism Development Authority, and the Airport to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust ("NCCMT").

The majority of the County, the ABC Board, the Tourism Development Authority, and the Airport's investments are carried at fair value. Non-participating interest earning investment contracts are accounted for at cost.

The North Carolina Capital Management Trust (NCCMT) Government Portfolio is an SEC-registered money market mutual fund that is 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 2a7 fund that invests in treasuries, government agencies, and repurchase agreements collateralized by treasuries. It is rated AAAm by S&P and AAA-mf by Moody's Investor Services and 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 essentially demand deposits and are considered cash and cash equivalents. The Johnston County ABC Board, the Johnston County TDA, and the Johnston County Airport Authority consider demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

Restricted assets

The amount of unspent resources obtained from the Opioid Settlement are restricted to use for specific purposes (i.e., opioid remediation). Accordingly, the assets from the settlement that remain on hand are reported as restricted assets. In addition to the restricted cash shown below, opioid receivables, net, of $9,550,175 related to the settlement are also reported as restricted assets. The unexpended bond proceeds of the County's Bonds are classified as restricted assets within the Capital Projects fund because their use is completely restricted to the purpose for which the bonds were originally issued. Money in the Tax Revaluation Fund is also classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150. Money in the School Capital Projects Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 159-18 through 22. In addition, money received for Coronavirus State and Local Fiscal Recovery Funds received from the U.S. Treasury under the American Rescue Plan Act are restricted by federal law for the intended purposes.

Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected. Money in the Water District System Development Fee Capital Reserve Fund and the Wastewater System Development Fee Capital Reserve Fund is also restricted under North Carolina General Statute 159-18 through 22. The following table illustrates the breakdown of the County's restricted cash.

Restricted Cash

Governmental Activities			
General Fund	Tax revaluation	$	2,469,645
General Fund	LEO Separation		1,001,151
General Fund	McKinsey Opioid Settlement Funds		73,072
School Capital Projects Fund	Unexpended Public School Building funds		33,652,345
Opioid Settlement Fund	Unexpended Settlement		2,984,561
American Rescue Plan Grant Project Fund	Unspent American Rescue Plan Act funds		3,576,398
General Fund	Unspent Emergency Rental Assistance funds		6,143
General Fund	Unspent SCIF & Directed Grant funds		1,078
Grant Fund	Unspent NC Grant funds		1,791,690
Total Governmental Activities		$	45,556,083

Note 1- Summary of significant accounting policies (continued)

Restricted assets (continued)

Business-Type Activities			
Water Fund	Customer deposits	$	384,194
	Unspent Revenue Bond proceeds		28,859,367
Waste Water Fund	Capital Reserve Funds		8,519,010
	Customer deposits		700,945
	Unspent Revenue Bond proceeds		52,655,023
Water District Fund	Capital Reserve Funds		30,575,103
	Customer deposits		2,257,981
Administrative Fund	Customer deposits		1,639,128
Total Business-type Activities		$	125,590,751
Total Restricted Cash		$	171,146,834

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 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.

Lease Receivable

The County's lease receivable is measured at the present value of lease payments expected to be received during the lease term. There are no variable components under the lease agreement. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Allowance for doubtful accounts

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

Inventories and Prepaid Items

Inventories for the Johnston County Airport Authority are maintained for all sales merchandise and are stated at the lower of cost or market on a first-in, first-out basis.

The inventory of the ABC Board is valued at cost (first-in, first-out). The inventories consist of materials and supplies held for consumption. The cost of the inventory is recorded as an expense as it is consumed.

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

Capital assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The County defines capital assets as assets with an individual cost of $5,000 or more. 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 a Subscription Based Information Technology Agreement (SBITA).

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

Note 1- Summary of significant accounting policies (continued)

Capital assets (continued)

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. Right to use subscription assets are amortized on a straight-line basis over the subscription term.

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

Capital assets in the proprietary funds of the County and those of the ABC Board and the Airport are recorded at original cost at the time of acquisition. Capital assets donated to these proprietary fund type operations are recorded at the estimated fair market value at the date of donation.

Any interest incurred during the construction phase of proprietary fund type capital assets is reflected in the capitalized value of the asset constructed. Capital assets of the County are depreciated on a straight-line basis over the following estimated useful lives:

Description	Estimated Useful Lives
Buildings	40 Years
Other Improvements	10 Years
Equipment	5 Years
Furniture and Fixtures	5 Years
Computers	3 Years
Easements	3 Years
Vehicles (including Police and EMS)	5 Years

For the Airport, capital assets are depreciated over their useful lives on a straight-line basis as follows:

Description	Estimated Useful Lives
Terminal Building	50 Years
Clearing and excavation	75 Years
Runways and ramps	60 Years
Aircraft parking ramp	60 Years
Fuel tanks and pumps	25 Years
Lighting	25 Years
Equipment	5 - 10 Years

Deferred outflows / inflows of resources

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

Note 1- Summary of significant accounting policies (continued)

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 an other financing source.

Compensated absences

The County, Airport, and TDA recognize a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example, paid in cash to the employee) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences - vacation and sick leave. The Board follows the State's policy for vacation and sick leave. The liability for compensated absences is reported as incurred in financial statements. The liability for compensated absences includes salary-related benefits, where applicable. An estimate has been made based on prior years' records of the current portion of compensated absences.

The vacation policies of the County, TDA, and Airport provide for the accumulation of up to 30 days earned vacation leave with such leave being fully vested when earned. An expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned in the County's government-wide and proprietary fund statements. Vacation leave over thirty days is transferred to an employee's sick leave balance at the end of each calendar year.

For the County's government-wide and proprietary funds, and the Airport, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

The sick leave policies of the County, TDA, and the Airport provide for an unlimited accumulation of earned sick leave. Sick leave does not vest but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Any unused sick leave accumulated for employees who leave the County, the Airport, or TDA prior to retirement are forfeited.

Johnston County ABC Board

Vacation Leave – Employees may accumulate up to thirty (30) days of earned but unused vacation leave with such leave being fully vested when earned and eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave – The sick leave policy of the Board 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. However, a liability for the estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

Opioid Settlement Funds

The County, through a Memorandum of Agreement (MOA) with the State, is a party to certain opioid lawsuit and bankruptcy settlements. The amounts received and to be received are treated as exchange-like transactions. Per the MOA, the County created a special revenue fund, the Opioid Settlement Fund, to account for all activity.

In April 2022, drug manufacturer Johnson & Johnson, and three drug distributors, McKesson, AmerisourceBergen, and Cardinal Health, finalized a $26 billion nationwide settlement related to multiple opioid lawsuits. These funds are disbursed to each participating State over an 18-year period according to an allocation agreement reached with participating States. The majority of the funds must be used for opioid abatement and remediation activities and programs and the distribution of the funds is front loaded. The North Carolina MOA between the State and local governments allocates funds 15% to the State, 80% to local governments, and 5% to a County incentive fund.

The County received $1,236,382 in the current fiscal year, spent $694,751, and, per the MOA, accounts for the amounts in a special revenue fund, the Opioid Settlement Fund (non-major fund).

In July 2025, Secondary Opioid Manufacturer Settlements were reached with Alvogen Inc., Amneal Pharmaceuticals LLC, Apotex Corp., Hikma Pharmaceuticals USA, Indivior Inc., Sun Pharmaceutical Industries Inc., and Zydus Pharmaceuticals Inc. A settlement was also reached with Purdue Pharma L.P.'s bankruptcy plan for $7.4 billion. The Secondary Settlements are subject to the terms of the existing MOA with the State.

Note 1- Summary of significant accounting policies (continued)

Reimbursements for Pandemic-related Expenditures

In FY 2020/21, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for eligible state, local, territorial, and tribal governments. The County was allocated $40,661,647 of fiscal recovery funds to be paid in two equal installments. The first installment of $20,330,823 was received in June 2021. The second installment was received in June 2022. County staff and the Board of Commissioners have budgeted $40,161,647 of the ARPA funds for water and wastewater infrastructure projects and $500,000 as a GREAT Grant match for a broadband project. As of June 30, 2025, $37,085,249 of the funds have been spent.

Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balance as follows:

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

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

Prepaid expenses- portion of fund balance that is not an available resource because it represents the amount of prepaid items, which are not spendable resources.

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

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

Restricted for School Capital Projects - portion of fund balance that is restricted for School Capital Projects.

Restricted for Inspections (Public Safety)- portion of fund balance that is restricted by State Statutes [G.S. 160A-414].

Restricted for Opioid Abatement- portion of fund balance that is restricted for Opioid recovery efforts.

Restricted fund balance / net position on Exhibit 1 varies from Exhibit 3 by the Register of Deeds Pension Plan of $292,082.

Note 1- Summary of significant accounting policies (continued)

Net Position / Fund Balances (continued)

Committed Fund Balance - Portion of fund balance that can only be used for specific purpose imposed by majority vote of Johnston County's governing body (highest level of decision making authority). Any changes or removal of specific purposes requires majority action by the governing body (i.e. passage of a budget resolution).

General Government - portion of fund balance that is committed by revenue source for Register of Deeds (Deed of Trust Funds).

Economic Development - portion of fund balance that is committed by revenue source for economic development purposes.

Public Safety - portion of fund balance that is committed by revenue source for fire protection, emergency services, law enforcement, and emergency telephone purposes. Also includes amounts committed for EMS services.

Human Services - Mental Health, which is consolidated with the General Fund, is required to pay any excess fund balance to the County. This is the amount that the General Fund has acquired from Mental Health over the years as excess fund balance payments. Additionally, Representative Payee fund balances are included.

Automation Enhancement and Preservation - portion of fund balance that is committed for automation enhancement projects.

Capital Purchases (fee in lieu) - portion of fund balance that is committed for the purchase of open space land or the purchase of land for recreation purposes.

Tax Revaluation - portion of fund balance that is committed for tax revaluation.

LEO pension obligation - portion of fund balance that will be used for the Law Enforcement Officers' Special Separation Allowance obligations.

Assigned Fund Balance - portion of fund balance that the Johnston County governing board has budgeted. The governing board is the only body authorized to assign amounts to a specific purpose.

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.

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

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

Johnston County has also adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that legally available fund balance is at least equal to or greater than 20% of the total annual operating budget of the County. Any portion of the General Fund balance in excess of 20% of the total annual operating budget may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the County in a future budget.

Defined Benefit Cost-Sharing 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, 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. The County is required by State law to administer a public employee retirement system, a single employer defined benefit pension plan, to provide benefits to certain sworn law enforcement offices, the Law Enforcement Officers' Special Separation Allowance (LEOSSA).

Note 2 – Stewardship, Compliance, and Accountability

Excess of Expenditures over Appropriations

The County adopts their budget for the General Fund at the functional level. For the year ended June 30, 2025, the County expended $4,967,215 more than was budgeted in the Governmental Activities function of the General Fund as a result of not properly budgeting for insurance claims that were paid in excess of the amounts withheld from the employees. The County will review this process going forward and make necessary adjustments to the procedures performed going forward to properly account for these claims.

Additionally, the Communications Fund was overspent by $75,755 as a result of recording a new SBITA that was only budgeted for the debt service payment amount and not the entire amount that had to be recorded at inception.

Note 3 – Detail Notes on All Funds

A. ASSETS

1. Deposits

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

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The County and the ABC Board do not have policies regarding custodial credit risk for deposits.

At June 30, 2025 the County's deposits had a carrying amount of $134,980,946 and a bank balance of $140,376,660. Of the bank balance, $1,000,000 was covered by federal depository insurance, $13,356,582 was covered in an ICS account, and the remaining $126,020,078 was covered by collateral and held under the Pooling Method. The County had cash on hand in the amount of $6,804.

At June 30, 2025, the carrying amount of deposits for the Johnston County ABC Board was $3,117,739 and the bank balance was $3,752,741. All of the bank balances were covered by federal depository insurance except for $2,567,390. The ABC Board had cash on hand in the amount of $9,775.

At June 30, 2025, the carrying amount of deposits for the Johnston County Tourism Development Authority was $818,398 and the bank balance was $829,453. Of the bank balance, $500,000 was covered by federal depository insurance. The Authority had $250 petty cash on hand.

At June 30, 2025, the carrying amount of deposits for the Johnston County Airport Authority was $20,127,216 and the bank balance was $20,141,027. Of the bank balance, $500,000 was covered by federal depository insurance and the excess deposits were collateralized under the Pooling Method. The Airport had cash on hand in the amount of $245.

Note 3 – Detail Notes on All Funds

2. Investments

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

Investment Type	Valuation Measurement Method	Fair Value	Less than 6 Months	6 - 12 Months	1 - 3 Years
NC Capital Management Trust - Government Portfolio	Fair Value - Level 1	$ 369,033,157	$ 369,033,157	$ -	$ -
First Citizens - US Treasury	Fair Value - Level 1	55,151,974	31,790,772	23,361,202	-
First Citizens - NCCMT - Government Portfolio	Fair Value - Level 1	118,597	118,597	-	-
First Citizens - Accrued Interest	Fair Value - Level 1	75,591	75,591	-	-
TOTAL		$ 424,379,319	$ 401,018,117	$ 23,361,202	$ -

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

Investment Type	Valuation	Fair Value	Less than 6	6 - 12 Months	1 - 3 Years
NC Capital Management Trust - Government Portfolio	Fair Value - Level 1	$ 1,465,117	$ 1,465,117	$ -	$ -
TOTAL		$ 1,465,117	$ 1,465,117	$ -	$ -

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

Investment Type	Valuation	Fair Value	Less than 6	6 - 12 Months	1 - 3 Years
US Government Agencies	Fair Value - Level 0	$ 2,190,975	$ 2,190,975	$ -	$ -
NC Capital Management Trust - Government Portfolio	Fair Value - Level 1	35,129	35,129	-	-
TOTAL		$ 2,226,104	$ 2,226,104	$ -	$ -

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. The NCCMT Government Portfolio has an AAAm rating from S&P and AAA-mf by Moody's Investor Service.

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

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

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy limits at least half of the County's investment portfolio to maturities of less than 12 months. Also, the County's investment policy requires purchases of securities to be tiered with staggered maturity dates and limits all securities to a final maturity of no more than three years.

Credit Risk. The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). The County's and the TDA's investments in the NCCMT Government Portfolio carried a credit rating of AAA-mf by S&P and a rating of AAA-mf from Moody's as of June 30, 2025. The County's investments in US Agencies are rated AAA by S&P and Aaa by Moody's Investors Service.

Note 3 – Detail Notes on All Funds

2. Investments (continued)

Custodial Credit Risk. Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have any of these investments.

3. Property tax - use value assessment on certain lands

In accordance with the general statutes, agriculture, horticulture, and forestland may be taxed by the County at the present use-value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is re-computed 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.

Year Levied	Tax	Interest	Total
2022	$ 6,931,056	$ 1,646,125	$ 8,577,181
2023	6,461,884	953,128	7,415,012
2024	6,211,705	357,173	6,568,878
2025	13,020,501	-	13,020,501
	$ 32,625,146	$ 2,956,426	$ 35,581,572

4. Receivables

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

	Accounts	Taxes and Related Accrued Interest	Due from Other Governments	Other	Total
Governmental Activities:					
General	$ 8,094,351	$ 569,977	$ 26,886,566	$ 120,000	$ 35,670,894
School Bond Fund	3,400	-	1,528,580	-	1,531,980
Other Governmental	60,833	-	32,635	-	93,468
Total Receivables	8,158,584	569,977	28,447,781	120,000	37,296,342
Allowance for Doubtful Accounts	(1,403,890)	(86,000)	-	-	(1,489,890)
Total Governmental Activities	$ 6,754,694	$ 483,977	$ 28,447,781	$ 120,000	$ 35,806,452
Business Type Activities:					
Administrative	$ -	$ -	$ 3,169,443	$ -	$ 3,169,443
Solid Waste	738,860	-	269,291	-	1,008,151
Water Fund	690,203	-	571,914	15,564	1,277,681
Wastewater	2,688,911	-	411,478	125,000	3,225,389
Section 8 Housing	-	-	210	-	210
Water District Operating Fund	6,799,324	-	151,129	-	6,950,453
Total Receivables	10,917,298	-	4,573,465	140,564	15,631,327
Allowance for doubtful accounts	(2,490,283)	-	-	-	(2,490,283)
Total Business-Type Activities	$ 8,427,015	$ -	$ 4,573,465	$ 140,564	$ 13,141,044

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

Local option sales tax	$ 20,224,298
Department of Health & Human Services	2,388,599
NC Department of Revenue	3,307,691
Other Governments (NCVTS, Etc)	2,527,193
Total Governmental Activities	$ 28,447,781
Sales tax refund	$ 4,421,154
Scrap Tire, White Goods, Solid Waste Disposal	152,311
Total Business-type Activities	$ 4,573,465

Note 3 – Detail Notes on All Funds (continued)

4. Receivables (continued)

Notes receivable

The County's note receivables are as follows:

A note in the amount of $120,000 due from the Town of Clayton without interest, repayable from annual acreage fees collected by the Town for the connection of water and sewer lines installed	$ 120,000
	$ 120,000

Leases receivable

The County has entered into a 61 month agreement to lease USDA 5,688 square feet of office space in the County's Agriculture Building on Highway 210 in Smithfield. An initial lease receivable was recorded in the amount of $422,434. As of 06/30/2025, the value of the lease receivable is $91,862. The lessee is required to make monthly fixed payments of $7,110. The lease has an implicit interest rate of 1.0590%. The value of the deferred inflow of resources as of 06/30/2025 was $90,027, and the County recognized lease revenue of $83,102 during the fiscal year. The lessee has 1 extension option(s), each for 36 months. The lessee had a termination period of 4 months as of the lease commencement.

The County has entered into a 73 month agreement to lease USDA 3,100 square feet of office space in the County's Agriculture Building on Highway 210 in Smithfield. An initial lease receivable was recorded in the amount of $245,578. As of 06/30/2025, the value of the lease receivable is $100,351 The lessee is required to make monthly fixed payments of $4,133. The lease has an implicit interest rate of 1.0590%. The value of the deferred inflow of resources as of 06/30/2025 was $97,265, and the County recognized lease revenue of $46,687 during the fiscal year. The lessee has 1 extension option(s), each for 24 months. The lessee had a termination period of 4 months as of the lease commencement.

	Governmental Activities	
Year Ending June 30	Principal	Interest
2026	$ 132,218	$ 2,702
2027	55,870	840
2028	4,124	9
	$ 192,212	$ 3,551

Note 3 – Detail Notes on All Funds (continued)

5. Capital assets

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

	Beginning Balance	Additions	Deletion	Transfers & Adjustments	Ending Balance
Governmental Activities					
Capital assets not being depreciated:					
Land	$ 7,178,595	$ 376,900	$ -	$ -	$ 7,555,495
Construction in Progress	4,224,692	6,276,603	(2,133,297)	-	8,367,998
Total capital assets not being depreciated	11,403,287	6,653,503	(2,133,297)	-	15,923,493
Capital assets, being depreciated:					
Buildings	145,082,111	1,028,520	-	-	146,110,631
Other improvements	4,938,061	465,867	-	-	5,403,928
Equipment	21,130,212	1,974,845	(595,083)	-	22,509,974
Vehicles	15,630,492	5,468,193	(328,123)	-	20,770,562
Software	858,755	-	(6,400)	-	852,355
Total capital assets being depreciated	187,639,631	8,937,425	(929,606)	-	195,647,450
Less accumulated depreciation for:					
Buildings	45,218,704	3,258,654	-	-	48,477,358
Other improvements	3,866,458	250,883	-	-	4,117,341
Equipment	16,074,778	1,745,503	(595,083)	-	17,225,198
Vehicles	11,176,977	2,141,564	(321,612)	-	12,996,929
Software	844,066	13,560	(6,400)	-	851,226
Total accumulated depreciation	77,180,983	7,410,164	(923,095)	-	83,668,052
Total capital assets being depreciated, net	110,458,648	1,527,261	(6,511)	-	111,979,398
Capital assets being amortized:					
Right to use assets					
Leased Buildings	1,609,123	834,404	(378,414)	-	2,065,113
Leased Equipment	554,741	155,366	(112,974)	-	597,133
IT Subscriptions	1,357,767	1,985,795	(67,373)	-	3,276,189
Total capital assets being amortized	3,521,631	2,975,565	(558,761)	-	5,938,435
Less accumulated amortization for:					
Right to use assets					
Leased Buildings	998,224	515,525	(378,414)	-	1,135,335
Leased Equipment	264,120	156,179	(112,974)	-	307,325
IT Subscriptions	541,715	883,801	(65,298)	-	1,360,218
Total accumulated amortization	1,804,059	1,555,505	(556,686)	-	2,802,878
Total capital assets being amortized, net	1,717,572	1,420,060	(2,075)	-	3,135,557
Governmental activities capital assets, net	$ 123,579,507	$ 9,600,824	$ (2,141,883)	$ -	$ 131,038,448

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

Governmental Activities	
General Government	$ 3,335,289
Public Safety	4,545,009
Human Services	657,669
Economic and physical development	237,850
Education	189,852
Total depreciation / amortization expenses	$ 8,965,669

Note 3 – Detail Notes on All Funds (continued)

5. Capital assets (continued)

The summary for the *Proprietary Funds* of the County at June 30, 2025 are composed as follows:

Business-type activities:

	Beginning Balances	Increases	Decreases	Ending Balances
ADMINISTRATION				
Capital assets not being depreciated:				
Land	$ 210,000	$ -	$ -	$ 210,000
Total capital assets not being depreciated	210,000	-	-	210,000
Capital assets being depreciated				
Plant & Distribution	9,995	-	-	9,995
Equipment	72,674	-	(12,611)	60,063
Vehicles	26,121	41,470	-	67,591
Total capital assets being depreciated	108,790	41,470	(12,611)	137,649
Less accumulated depreciation for:				
Plant & Distribution	9,995	-	-	9,995
Equipment	72,674	-	(12,611)	60,063
Vehicles	26,121	2,765	-	28,886
Total accumulated depreciation	108,790	2,765	(12,611)	98,944
Administration capital assets, net	$ 210,000	$ 38,705	$ -	$ 248,705
SOLID WASTE				
Capital assets not being depreciated:				
Land	$ 5,716,595	$ 333,550	$ -	$ 6,050,145
Construction in progress	12,506,142	956,861	(12,834,398)	628,605
Total capital assets not being depreciated	18,222,737	1,290,411	(12,834,398)	6,678,750
Capital assets being depreciated				
Plant & Distribution	27,089,461	12,887,541	-	39,977,002
Equipment	10,850,875	6,089	(2,155,633)	8,701,331
Vehicles	2,217,717	-	-	2,217,717
Total capital assets being depreciated	40,158,053	12,893,630	(2,155,633)	50,896,050
Less accumulated depreciation for:				
Plant & Distribution	15,862,654	322,552	-	16,185,206
Equipment	9,281,964	722,948	(2,155,633)	7,849,279
Vehicles	1,897,907	126,111	-	2,024,018
Total accumulated depreciation	27,042,525	1,171,611	(2,155,633)	26,058,503
Other capital assets being amortized:				
Right to use assets				
Leased Land	123,737	-	-	123,737
Leased Equipment	7,677	-	-	7,677
Total other capital assets being amortized	131,414	-	-	131,414
Less accumulated amortization for:				
Leased Land	65,013	25,720	-	90,733
Leased Equipment	4,606	1,535	-	6,141
Total accumulated amortization	69,619	27,255	-	96,874
Solid Waste capital assets, net	$ 31,400,060	$ 12,985,175	$ (12,834,398)	$ 31,550,837

Note 3 – Detail Notes on All Funds (continued)

5. Capital assets (continued)

	Beginning Balances	Increases	Decreases	Ending Balances
WATER				
Capital assets not being depreciated:				
Land	$ 1,062,411	$ -	$ -	$ 1,062,411
Construction in progress	55,015,617	34,742,511	(14,535,554)	75,222,574
Total capital assets not being depreciated	56,078,028	34,742,511	(14,535,554)	76,284,985
Capital assets being depreciated				
Plant & Distribution	113,822,510	14,602,902	(658,816)	127,766,596
Equipment	4,017,849	304,211	(34,331)	4,287,729
Vehicles	1,756,079	395,694	-	2,151,773
Intangible	11,798,375	-	-	11,798,375
Total capital assets being depreciated	131,394,813	15,302,807	(693,147)	146,004,473
Less accumulated depreciation for:				
Plant & Distribution	54,589,597	2,578,651	(359,431)	56,808,817
Equipment	3,737,376	139,799	(34,331)	3,842,844
Vehicles	1,049,083	229,124	-	1,278,207
Intangible	3,599,405	366,209	-	3,965,614
Total accumulated depreciation	62,975,461	3,313,783	(393,762)	65,895,482
Other capital assets being amortized:				
Right to use assets				
Leased Equipment	81,944	-	(7,330)	74,614
IT Subscriptions	205,561	-	(62,763)	142,798
Total other capital assets being amortized	287,505	-	(70,093)	217,412
Less accumulated amortization for:				
Right to use assets				
Leased Equipment	18,979	17,366	(7,330)	29,015
IT Subscriptions	99,423	30,774	(62,763)	67,434
Total accumulated amortization	118,402	48,140	(70,093)	96,449
Water capital assets, net	$ 124,666,483	$ 46,683,395	$ (14,834,939)	$ 156,514,939
WASTEWATER				
Capital assets not being depreciated:				
Land	$ 1,324,631	$ -	$ -	$ 1,324,631
Construction in progress	176,852,595	38,940,578	(22,735,175)	193,057,998
Total capital assets not being depreciated	178,177,226	38,940,578	(22,735,175)	194,382,629
Capital assets being depreciated:				
Plant & Distribution	131,699,267	29,818,876	(33,803)	161,484,340
Equipment	12,881,039	712,962	(356,039)	13,237,962
Vehicles	2,604,667	92,420	-	2,697,087
Total capital assets being depreciated	147,184,973	30,624,258	(389,842)	177,419,389
Less accumulated depreciation for:				
Plant & Distribution	51,216,572	2,822,996	(33,803)	54,005,765
Equipment	9,684,891	477,327	(341,918)	9,820,300
Vehicles	1,533,763	326,376	-	1,860,139
Total accumulated depreciation	62,435,226	3,626,699	(375,721)	65,686,204
Other capital assets being amortized:				
Right to use assets				
Leased Equipment	7,677	-	-	7,677
IT Subscriptions	205,561	-	(62,763)	142,798
Total other capital assets being amortized	213,238	-	(62,763)	150,475
Less accumulated amortization for:				
Right to use assets				
Leased Equipment	4,605	1,535	-	6,140
IT Subscriptions	99,423	30,774	(62,763)	67,434
Total accumulated amortization	104,028	32,309	(62,763)	73,574
Wastewater Fund capital assets, net	$ 263,036,183	$ 65,905,828	$ (22,749,296)	$ 306,192,715

Note 3 – Detail Notes on All Funds (continued)

5. Capital assets (continued)

WATER DISTRICTS	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	$ -	$ -	$ -	$ -
Construction in progress	5,372,889	-	(5,372,889)	-
Total capital assets not being depreciated	5,372,889	-	(5,372,889)	-
Capital assets being depreciated:				
Plant & Distribution	135,723,111	15,696,050	-	151,419,161
Intangibles	25,248,034	-	-	25,248,034
Total capital assets being depreciated	160,971,145	15,696,050	-	176,667,195
Less accumulated depreciation for:				
Plant & Distribution	45,835,594	3,494,495	-	49,330,089
Intangibles	8,960,946	660,576	-	9,621,522
Total accumulated depreciation	54,796,540	4,155,071	-	58,951,611
Water Districts - capital assets, net	$ 111,547,494	$ 11,540,979	$ (5,372,889)	$ 117,715,584
Public Utilities Funds				
Capital assets not being depreciated:				
Land	$ 8,313,637	$ 333,550	$ -	$ 8,647,187
Construction in progress	249,747,243	74,639,950	(55,478,016)	268,909,177
Total capital assets not being depreciated	258,060,880	74,973,500	(55,478,016)	277,556,364
Capital assets being depreciated:				
Plant & Distribution	408,344,344	73,005,369	(692,619)	480,657,094
Equipment	27,822,437	1,023,262	(2,558,614)	26,287,085
Vehicles	6,604,584	529,584	-	7,134,168
Intangibles	37,046,409	-	-	37,046,409
Total capital assets being depreciated	479,817,774	74,558,215	(3,251,233)	551,124,756
Less accumulated depreciation for:				
Plant & Distribution	167,514,412	9,218,694	(393,234)	176,339,872
Equipment	22,776,905	1,340,074	(2,544,493)	21,572,486
Vehicles	4,506,874	684,376	-	5,191,250
Intangibles	12,560,351	1,026,785	-	13,587,136
Total accumulated depreciation	207,358,542	12,269,929	(2,937,727)	216,690,744
Other capital assets being amortized:				
Right to use assets				
Leased Land	123,737	-	-	123,737
Leased Equipment	97,298	-	(7,330)	89,968
IT Subscriptions	411,122	-	(125,526)	285,596
Total other capital assets being amortized	632,157	-	(132,856)	499,301
Less accumulated amortization for:				
Right to use assets				
Leased Land	65,013	25,720	-	90,733
Leased Equipment	28,190	20,436	(7,330)	41,296
IT Subscriptions	198,846	61,548	(125,526)	134,868
Total accumulated amortization	292,049	107,704	(132,856)	266,897
Total Public Utilities Funds capital assets, net	$ 530,860,220	$ 137,154,082	$ (55,791,522)	$ 612,222,780

Note 3 – Detail Notes on All Funds (continued)

5. Capital assets (continued)

Housing Assistance Payments Fund	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Buildings	$ 243,624	$ -	$ -	$ 243,624
Equipment	17,863	-	-	17,863
Automobiles	47,336	-	-	47,336
Total capital assets being depreciated	308,823	-	-	308,823
Less accumulated depreciation for:				
Buildings	138,176	4,193	-	142,369
Equipment	17,863	-	-	17,863
Automobiles	21,545	5,952	-	27,497
Total accumulated depreciation	177,584	10,145	-	187,729
Other capital assets being amortized:				
Right to use assets				
IT Subscriptions	43,453	-	-	43,453
Total other capital assets being amortized	43,453	-	-	43,453
Less accumulated amortization for:				
Right to use assets				
IT Subscriptions	12,070	14,484	-	26,554
Total accumulated amortization	12,070	14,484	-	26,554
Housing Assistance Payments Fund, Total capital assets, net	162,622	(24,629)	-	137,993
Business-type activities capital assets, net	$ 531,022,842	$ 137,129,453	$ (55,791,522)	$ 612,360,773

Discretely presented component units

Activity for the *Johnston County Board of Alcoholic Control* for the year ended June 30, 2025 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	$ 1,576,910	$ -	$ -	$ 1,576,910
Construction in progress	691,877	2,086,722	(2,775,899)	2,700
Total capital assets not being depreciated	2,268,787	2,086,722	(2,775,899)	1,579,610
Capital assets being depreciated:				
Buildings	3,060,926	2,638,789	-	5,699,715
Furniture/equipment	1,198,383	247,386	-	1,445,769
Vehicles	171,200	25,000	-	196,200
Leasehold improvements	34,510	-	-	34,510
Total capital assets being depreciated	4,465,019	2,911,175	-	7,376,194
Less accumulated depreciation for:				
Buildings	1,394,291	138,227	-	1,532,518
Furniture/equipment	961,974	111,393	-	1,073,367
Vehicles	159,810	8,401	-	168,211
Leasehold improvements	34,380	40	-	34,420
Total accumulated depreciation	2,550,455	258,061	-	2,808,516
Other capital assets being amortized:				
Right to use assets				
Leased buildings	341,582	703,229	(76,157)	968,654
Total other capital assets being amortized	341,582	703,229	(76,157)	968,654
Less accumulated amortization for:				
Leased buildings	127,877	312,810	(76,157)	364,530
Total accumulated amortization	127,877	312,810	(76,157)	364,530
Johnston County ABC Board capital assets, net	$ 4,397,056	$ 5,130,255	$ (2,775,899)	$ 6,751,412

Note 3 – Detail Notes on All Funds (continued)

5. Capital assets (continued)

Activity for the *Johnston County Tourism Development Authority* for the year ended June 30, 2025 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being amortized:				
Right to use assets:				
Leased building	$ 222,186	$ -	$ -	$ 222,186
Leased equipment	4,781	-	-	4,781
IT Subscriptions	23,424	3,348	-	26,772
Total capital assets being amortized	250,391	3,348	-	253,739
Less accumulated amortization for:				
Leased building	115,699	38,566	-	154,265
Leased equipment	2,656	956	-	3,612
IT Subscriptions	4,555	9,123	-	13,678
Total accumulated amortization	122,910	48,645	-	171,555
Total capital assets, net	$ 127,481	$ (45,297)	$ -	$ 82,184

Activity for the *Johnston County Airport Authority* for the year ended June 30, 2025 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land and easement	$ 900,216	$ -	$ (12,651)	$ 887,565
Construction in progress	10,576,040	2,912,910	-	13,488,950
Total Capital Assets not being depreciated	11,476,256	2,912,910	(12,651)	14,376,515
Capital assets being depreciated:				
Terminal building	5,224,058	-	-	5,224,058
Runway, ramps and hangars	22,535,569	-	-	22,535,569
Aircraft parking ramp	6,175,135	-	-	6,175,135
Vehicles	100,007	-	-	100,007
Clearing and Excavation	3,167,882	-	-	3,167,882
Lighting and Equipment	3,135,648	-	-	3,135,648
Total capital assets being depreciated	40,338,299	-	-	40,338,299
Less accumulated depreciation for:				
Terminal building	1,583,465	110,561	-	1,694,026
Runway, ramps and hangars	9,939,378	381,237	-	10,320,615
Aircraft parking ramp	169,818	102,638	-	272,456
Vehicles	83,985	5,196	-	89,181
Clearing and Excavation	347,004	61,507	-	408,511
Lighting and Equipment	2,189,440	166,841	-	2,356,281
Total accumulated depreciation	14,313,090	827,980	-	15,141,070
Capital assets being amortized:				
Right to use assets:				
IT Subscriptions	316	2,897	(316)	2,897
Total capital assets being amortized	316	2,897	(316)	2,897
Less accumulated amortization for:				
IT Subscriptions	140	70	(210)	-
Total accumulated amortization	140	70	(210)	-
Total capital assets, net	$ 37,501,641	$ 2,087,757	$ (12,757)	$ 39,576,641

Note 3 – Detail Notes on All Funds (continued)

6. Construction Commitments

The County has active construction projects as of June 30, 2025. The projects include County and water district projects as follows:

Public Safety Center - Logistics Facility

Construction of a logistics facility/warehouse adjacent to the new County detention center and the new public safety center.

County Office Facilities

Purchase of land for and development of a County office complex.

Phase 6B MSW Landfill Construction

Expansion of the County's Municipal Solid Waste landfill and other improvements.

NCDOT Waterline Projects

Relocation of water mains in various areas through-out the County for NCDOT projects, including design and construction for each re-location site.

WTP Efficiency Project

Multiple operational and efficiency projects at the Timothy G. Broome Water Treatment Plant, including new SCADA system, generator replacement, chemical feed improvements and new and replacement process monitoring equipment.

AC Water Main Replacement

Removal and replacement of the remaining asbestos cement water mains located within the County's water distribution system (approximately 20,000 LF).

WTP Expansion Design Build

Design build project to expand the Timothy G. Broome Water Treatment Plant from 14 MGD to 18 MGD.

Smithfield North BPS

Replacement and upgrade of the aging existing Smithfield North package booster pump station to 1.5 MGD.

WTP Construction Management & Maintenance

Implementation and configuring of Cityworks public asset software at the Timothy G. Broome Water Treatment Plant.

PFAS/PFOA/DBP Reduction

Treatment optimization for PFAS/PFOA and DBP reduction.

Lower Neuse Water Supply

Planning and design of a new intake on the Neuse (Richardson Bridge Road), a water treatment plant (located on County-owned property), utilization of the existing County-owned “abandoned” quarry and finished water mains from the new plant to the transmission system.

City of Wilson Water Supply

Purchase of an additional bulk water supply of 0.499 million gallons per day from the City of Wilson at the County’s existing interconnect on NC Highway 42 at the Johnston/Wilson County line

Pine Level WWPS Improvements

Improvements to expand capacity of the County’s Pine Level WWPS by design and construction of a new 12” discharge force main.

WWTP 4 MGD Expansion

Construction of a new 4.0 MGD wastewater treatment plant to be located on a separate site from the Central Johnston County Regional Wastewater Treatment Facility near the County landfill but included in the same NPDES permit, including bio-solids process improvements, a new effluent line and improvements to the existing Central Johnston County Regional Wastewater Treatment Facility.

Note 3 – Detail Notes on All Funds (continued)

6. Construction Commitments (continued)

Landfill Equalization and WWPS Improvements

Pump capacity upgrades to 8,300 gallons per minute with the ability to convey flow to the County's new 4.0 MGD 210 Wastewater Treatment Facility and the County's existing Central Johnston County Regional Wastewater Treatment Facility, and construction/installation of approximately 7,800 linear feet of 24-inch force main from the Landfill Equalization and Pumping Facility to the County's new 4.0 MGD 210 Wastewater Treatment Facility.

NCDOT Sewer Line Projects

Sewer main relocation work associated with NCDOT projects.

Sewer Rehabilitation / Replacement

Removal and replacement of failing ductile iron force mains throughout the County's wastewater collection system.

Olive Branch WWPS & FM Imp

To upsize the wastewater pump station and force main installed by the developer of Olive Branch Subdivision, in order to allow for additional capacity for future wastewater flows from the area.

ECIA Transmission Improvements

The ECIA Transmission Improvements project is a joint project with the Town of Clayton. The County's portion consists of a 16-inch force main along US 70 Business Highway from the existing ECIA wastewater pump station to the US 70 Business/US 70 interchange.

Selma Flow Equalization & Wastewater Pump Station Facilities

To evaluate the capacity limitations of the existing Selma Flow Equalization and Wastewater Pump Station facility, identify equalization volume needed for future flow and identify options to increase storage and pumping capacity.

16-Inch Force Main to Buffalo WWPS

Construction of a 16" force main from the end of the existing 16" force main on Buffalo Road to the discharge of the County's existing Buffalo Wastewater Pump Station to divert bulk wastewater flow from the Towns of Selma and Pine Level away from the existing facilities that provide bulk transmission service to the Town of Smithfield and flow to the new 210 WWTP. This will provide additional bulk wastewater capacity to all 3 towns.

Nitrogen Nutrient Credit Acquisition

To secure an additional nitrogen allocation for the NPDES discharge permit.

Four Oaks WWPS & Force Main

Improvements to accommodate additional future wastewater flow from the Town of Four Oaks, necessary for the station to pump simultaneously in both directions.

Wastewater Treatment Facility NPDES Permit Expansion

Evaluation of and to secure an expanded discharge permit for the County's wastewater treatment facilities.

Neuse River WWPS

Evaluation by a professional engineering firm of a preliminary design for necessary system modifications at the Neuse River WWPS and discharge force main.

Duchess Downs Gravity Sewer

Construction of a gravity sewer outfall from the existing Duchess Downs Wastewater Pump Station to Adams Point WWPS, which will allow for the abandonment of the existing Duchess Downs WWPS.

WWTP 4 - 8 Expansion

Expansion of the County's 210 Wastewater Treatment Facility from 4 MGD to 8 MGD.

Note 3 – Detail Notes on All Funds (continued)

6. Construction Commitments (continued)

Austin Pond WWPS Improvements

Expansion of the Austin Pond Wastewater Pump Station to allow the County to divert flow to the County's downstream sewer system or to the Town of Clayton.

WWTP Construction Management & Maintenance

Implementation and configuring of Cityworks public asset software at the Central Johnston County Regional Wastewater Treatment Facility Plant.

Holt Lake Force Main & WWPS Upgrade

Installation of approximately 4,300 linear feet of 8-inch force main and upgrades to the Holt Lake Wastewater Pump Station.

210 WWTP Diversion Projects

Projects to facilitate flow diversion to the new 210 Wastewater Treatment Facility, including installation of a force main to divert Johnston County Landfill leachate, division of flow from Whitley Heights Wastewater Pump Station to Swift Creek Road, a gravity sewer main to abandon the Cleveland K-5 Wastewater Pump Station, and the Eastfield Wastewater Facilities Reimbursement Agreement which includes flow diversion.

Corinth Holders Elementary Pump Station and Force Main

Design and construction of the required sewer infrastructure to abandon the existing on-site treatment system at the elementary school and connect to the County's public sewer system.

Neuse River WWPS Force Main Upgrades

Approximately 10,000 LF of 12" force main from the US 301/Neuse River Bridge to the CJCRWWTF.

CJCRWWTF Pretreatment Improvements

Replacement of fine screens in the influent structure, new screenings conveyor, new screenings compactor, replacement of slide gates in the screenings wetwell, new grit removal facility with classifier and relocation of electrical and process piping in the vicinity of the new grit removal facility.

Little River WD Transmission Upgrades (Wilson Supply Purchase)

Approximately 5,700 linear feet of additional 16-inch water main within the District's water distribution system necessary for the increased .499 MGD capacity from the County's purchase of additional bulk water supply from the City of Wilson.

Cleveland WD Cleveland Water Supply Improvements

Upgrades to the existing 1010 booster pump station and additional pipelines on the suction and discharge side of the booster station (approximately 57,000 linear feet of 16, 24, 30 and 36-inch).

Buffalo WD King Road BPS & Pipeline Improvements

Upgrades to the existing King Road booster pump station and additional pipeline improvements on the suction and discharge site of the booster station (approximately 7,200 linear feet of 16-inch and 24-inch.

Note 3 – Detail Notes on All Funds (continued)

6. Construction Commitments (continued)

At year-end, the County's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Phase 6B MSW Landifll Construction	$ 611,524	$ 3,403,634
NCDOT Waterline Projects	372,234	53,752
WTP Efficiency Project	5,944,625	305,375
AC Water Main Replacement	6,492,607	654,535
WTP Expansion Design Build	60,002,639	19,082,361
Smithfield North BPS	1,248,782	106,018
WTP Construction Management & Maintenance	199,754	50,246
PFAS/PFOA/DBP Reduction	102,789	27,211
Lower Neuse Water Supply	859,144	4,357,856
City of Wilson Water Supply Project	-	4,792,636
Pine Level WWPS Improvements	3,973,704	221,204
WWTP 4 MGD Expansion	122,685,392	6,820,871
Landfill Equalization & WWPS Imp	11,101,732	1,004,018
NCDOT Sewer Line Projects	17,555	-
Sewer Rehabilitation / Replacement	-	187,976
Olive Branch WWPS & FM Imp	360,026	250,571
ECIA Transmission Improvements	2,914,676	516,974
Selma Flow Eq & WWPS Evaluation	4,450,336	15,829,436
16-Inch FM to Buffalo WWPS	438,422	314,478
Nitrogen Nutrient Credit Acquisition	10,500,000	5,300,000
Four Oaks WWPS & FM	2,322,500	2,652,500
Neuse River WWPS	864,364	200,836
Duchess Downs Gravity Sewer	373,541	449,559
WWTP 4-8 MGD Expansion	20,900,757	26,050,793
Austin Pond WWPS Improvements	1,246,018	2,540,982
WWTP Construction Management & Maintenance	199,954	90,046
210 WWTP Diversion Projects	5,679,524	1,134,608
Corinth Holder Elementary PS & FM	268,498	183,652
Neuse River WWPS Force Main Upgrade	241,659	293,341
CJCRWWTF Pretreatment Improvement	3,664,973	7,363,227
CJCRWWTF SCADA Improvements	455,099	3,075,261
Little River WD - Trans Upgrade	-	1,449,000
Cleveland WD Water Supply Project	-	400,000
Buffalo WD - King Road BPS & Pipeline Imp	-	420,000
County Office Facilities	6,536,496	5,460
Total	$ 275,029,324	$ 109,588,417

Note 3 – Detail Notes on All Funds (continued)

B. LIABILITIES

1. Payables

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

	Vendors	Salaries and Benefits	Accrued Interest	Other	Total
Governmental Activities:					
General	$ 3,650,426	$ 2,283,638	$ 4,473,671	$ -	$ 10,407,735
School Bond Fund	17,289,349	-	-	-	17,289,349
Other Governmental	242,976	-	-	-	242,976
Total Governmental Activities	$ 21,182,751	$ 2,283,638	$ 4,473,671	$ -	$ 27,940,060

	Vendors	Salaries and Benefits	Accrued Interest	Other	Total
Business-type Activities					
Administrative	$ 108,345	$ -	$ -	$ -	$ 108,345
Solid Waste	254,939	-	108	-	255,047
Water Fund	3,422,551	-	1,312,422	-	4,734,973
Wastewater	3,850,104	-	1,275,264	-	5,125,368
Section 8 Housing	785	-	63	-	848
Water Districts	2,647	-	290,599	-	293,246
Total Business-Type Activities	$ 7,639,371	$ -	$ 2,878,456	$ -	$ 10,517,827

2. Pension Plan and Other Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

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

Note 3 – Detail Notes on All Funds (continued)

2. Pension Plan and Other Postemployment Obligations (continued)

a. Local Governmental Employees' Retirement System (continued)

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2025, was 15.04% of compensation for law enforcement officers and 13.63% 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 $13,603,479 for the year ended June 30, 2025. Contributions to the pension plan from the TDA and Airport Authority were $74,569 and $80,338, respectively.

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

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

At June 30, 2025, the County reported a liability of $66,953,968 for its proportionate share of the net pension liability. The Tourism Authority reported a liability of $377,883, and the Airport reported a liability of $354,675, for a total of $67,686,526. 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 0.9932% (measured as of June 30, 2024), which was a decrease of 0.0047% 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 $20,331,916. The Tourism Authority and Airport reported pension expense of $114,731 and $109,962, respectively. At June 30, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	County		Tourism		Airport	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 11,732,870	$ 78,887	$ 66,219	$ 445	$ 62,153	$ 418
Changes of assumptions	-	-	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	9,102,352	-	51,373	-	48,218	-
Changes in proportion and differences between County Contributions and proportionate share of contributions	1,508,196	778,584	8,512	4,394	7,989	4,124
County contributions subsequent to the measurement date	13,603,479	-	74,569	-	80,338	-
Total	$ 35,946,897	$ 857,471	$ 200,673	$ 4,839	$ 198,698	$ 4,542

Note 3 – Detail Notes on All Funds (continued)

2. Pension Plan and Other Postemployment Obligations (continued)

a. Local Governmental Employees' Retirement System (continued)

$13,603,479 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	County	Tourism	Airport
2025	$ 6,971,113	$ 39,344	$ 36,928
2026	13,516,893	76,288	71,604
2027	2,027,158	11,442	10,738
2028	(1,029,218)	(5,809)	(5,452)
2029	-	-	-
Thereafter	-	-	-

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 Increases	3.25% to 8.25%, which includes a 3.25% inflation and productivity factor
Investment Rate of	6.5 percent, net of pension plan investment expense, including inflation

The plan actuary currently uses mortality rates based on the *RP-2019 Total Data Set for Healthy Annuitants Mortality Table* that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	33.0%	2.4%
Global Equity	38.0%	6.9%
Real Estate	8.0%	6.0%
Alternatives	8.0%	8.6%
Opportunistic Fixed Income	7.0%	5.3%
Inflation Sensitive	6.0%	4..3%
	100.0%	

The information above is based on 30 year expectations developed with an investing consulting firm as part of a study that was completed in early 2022 and is part of the asset liability and investment policy for the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of arithmetic annualized figures. The real rates of reutrn are calculated from nomical rates by multiplicatively subtracting a long-term inflation assumption of 2.38%. Return projects do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized. The long-term expected rate of return for the Bond Index Investment Pool as of June 30, 2024 is 2.76%.

Note 3 – Detail Notes on All Funds (continued)

2. Pension Plan and Other Postemployment Obligations (continued)

a. Local Governmental Employees' Retirement System (continued)

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

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

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Proportionate share of the net pension liability (asset)			
County	$ 118,644,391	$ 669,553,970	$ 24,431,486
Tourism	669,620	377,883	137,890
Airport	628,495	354,675	129,421

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.

Johnston County Airport Authority, Johnston County Tourism Development Authority, and the Johnston County ABC Board reported their respective shares of the required disclosure for the contributions to LGERS for the years ended June 30, 2025.

b. Law Enforcement Officers' Special Separation Allowance

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

All full-time law enforcement officers of the County are covered by the Separation Allowance. At December 31, 2024, the Separation Allowance's membership consisted of:

Inactive Members Currently Receiving Benefits	22
Active plan members	124
Total	146

2. Summary of Significant Accounting Policies

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

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

Note 3 – Detail Notes on All Funds (continued)

2. Pension Plan and Other Postemployment Obligations (continued)

b. Law Enforcement Officers' Special Separation Allowance (continued)

3. Actuarial Assumptions

The entry age actuarial cost method was used in the June 30, 2024 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent including inflation and productivity factor
Discount rate	3.86 percent

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

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ending December 31, 2019.

Mortality Rate

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

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

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

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

4. Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations 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. The County paid $316,345 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 $6,858,049. The total pension liability was measured as of December 31, 2024 based on a June 30, 2024 actuarial valuation. The total pension liability was rolled forward to December 31, 2024 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2025, the County recognized pension expense of $699,542.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 778,070	$ -
Changes of assumptions	424,669	759,656
County benefit payments and plan administrative expense made subsequent to the measurement date	188,157	-
Total	$ 1,390,896	$ 759,656

The County paid $188,157 in benefit payments subsequent to the measurement date that are reported as deferred outflows of resources related to pension which will be recognized as a decrease of the total pension liability in the year ended June 30, 2026. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2026	$ 279,892
2027	(14,384)
2028	51,942
2029	125,633
2030	-
Thereafter	-

Note 3 – Detail Notes on All Funds (continued)

2. Pension Plan and Other Postemployment Obligations (continued)

b. Law Enforcement Officers' Special Separation Allowance (continued)

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%, 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%) or 1-percentage-point higher (5.28%) than the current rate:

	1% Decrease (3.28%)	Discount Rate (4.28%)	1% Increase (5.28%)
Total pension liability	$ 7,416,095	$ 6,858,049	$ 6,351,658

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

	2024
Beginning balance	$ 6,205,184
Service Cost	259,156
Interest on the total pension liability	227,972
Differences between expected and actual experience in the measurement of the total pension liability	755,590
Changes in assumptions or other inputs	(273,508)
Benefit payments	(316,345)
Ending balance of the total pension liability	$ 6,858,049

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.77 percent at June 30, 2023 (measurement date) to 4.28 percent at June 30, 2024 (measurement date).

Changes in Benefit Terms. Reported compensation adjusted to reflect the assumed rate of pay as of the valuation date.

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

The actuarial assumptions used in the June 30, 2024 valuation were based on the North Carolina Local Governmental Employees' Retirement System (NCLGERS) experience study for the five year period January 1, 2015 through December 31, 2019.

c. 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. Contributions for the year ended June 30, 2025 were $778,467, which consisted of $484,210 from the County and $294,257 from the law enforcement officers.

Note 3 – Detail Notes on All Funds (continued)

2. Pension Plan and Other Postemployment Obligations (continued)

d. Supplemental Retirement Income Plan for Nonlaw Enforcement Employees

Plan Description - The County and the Airport also participates in a supplemental retirement plan which is a defined contribution pension plan. All employees, except law enforcement officers, who are eligible to participate in the Local Governmental Employees' Retirement System, are eligible to participate in this pension plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The County's and Airport's plan requires that it contribute each month an amount equal the employee's contribution amount, not to exceed 5% of each eligible participant's salary and all amounts contributed are vested immediately. The Plan is administered by Prudential Retirement. The County has the authority for establishing and amending provisions for contributions to the plan.

Funding Policy - The County's contributions were calculated using a covered payroll amount of $90,546,666. Total contributions for the year ended June 30, 2025 were $5,762,794 which consisted of $2,917,816 from the County and $2,844,978 from the employees. The County's required contributions and the employees' voluntary contributions represented 3.22% and 3.14% of the covered payroll amount, respectively.

The Johnston County Airport Authority's contributions were calculated using a covered payroll amount of $459,979. Total contributions for the year ended June 30, 2025 were $40,952, which consisted of $17,341 from the Authority and $23,611 from the employees. The Authority's required contributions and the employee's voluntary contributions represented 3.77% and 5.13% of the covered payroll amount, respectively.

e. Register of Deeds' Supplemental Pension Fund

Plan Description. also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were $22,734 for the year ended June 30, 2025.

Pension Liabilities (Assets), 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 $292,082 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 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 RODSPF employers, actuarially determined. At June 30, 2024, the County's proportion was 2.53477%, which was a decrease of 0.06474% from its proportion measured as of June 30, 2023.

Note 3 – Detail Notes on All Funds (continued)

2. Pension Plan and Other Postemployment Obligations (continued)

e. Register of Deeds' Supplemental Pension Fund (continued)

For the year ended June 30, 2025, the County recognized pension expense of $65,266. 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	$ 6,413	$ 5,222
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	112,797	-
Changes in proportion and differences between County Contributions and proportionate share of contributions	10,411	-
County contributions subsequent to the measurement date	22,734	-
Total	$ 152,355	$ 5,222

$22,734 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2026. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2026	$ 61,367
2027	52,388
2028	10,240
2029	406
2030	-
Thereafter	-

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%
Salary Increases	3.25% - 8.25%
Investment Rate of Return	3.00%, net of pension plan investment expense, including inflation

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2025, is 0.9%.

Note 3 – Detail Notes on All Funds (continued)

2. Pension Plan and Other Postemployment Obligations (continued)

e. Register of Deeds' Supplemental Pension Fund (continued)

The information above is based on 30-year expectations developed with the consulting actuary for the 2022 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.00 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 (2.00 percent) or 1-percentage-point higher (4.00 percent) than the current rate:

	1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
County's proportionate share of the net pension liability (asset)	$ (193,530)	$ (292,082)	$ (375,095)

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

f. Pension Liabilities (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 measured as of December 31, 2024, with an actuarial valuation date of June 30, 2024.

The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	LGERS	ROD	LEOSSA	Total
Proportionate Share of Net Pension Liability (Asset)	$ 66,953,968	$ (292,082)	$ -	$ 66,661,886
Proportion of the Net Pension Liability (Asset)	0.99%	2.53%	n/a	
Total Pension Liability	-	-	6,858,049	6,858,049
Pension Expense (Revenue)	$ 20,331,916	$ 65,266	$ 699,542	$ 21,096,724

Note 3 – Detail Notes on All Funds (continued)

2. Pension Plan and Other Postemployment Obligations (continued)

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

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

	LGERS	ROD	LEOSSA	Total
Deferred Outflows of Resources				
Differences between expected and actual experience	$ 11,732,870	$ 6,413	$ 778,070	$ 12,517,353
Changes of assumptions	-	-	424,669	424,669
Net difference between projected and actual earnings on pension plan investments	9,102,352	112,797	-	9,215,149
Changes in proportion and differences between County contributions and proportionate share of contributions	1,508,196	10,411	-	1,518,607
County contributions (LGERS, ROD)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	13,603,479	22,734	188,157	13,814,370
Deferred Inflows of Resources				
Differences between expected and actual experience	$ 78,887	$ 5,222	$ -	$ 84,109
Changes of assumptions	-	-	759,656	759,656
Changes in proportion and differences between County contributions and proportionate share of contributions	778,584	-	-	778,584

g. Other Post Employment Benefit

Plan Description. Under the terms of a County resolution, the County administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). Any participant hired prior to January 1, 2011 who commences retirement and meets the following conditions shall receive an annual retirement medical allowance A participant must: (1) have ten years of service with the County if hired or elected prior to January 1, 2007; (2) have twenty years of service with the County if hired or elected on or after January 1, 2007 but prior to January 1, 2011; and (3) Be eligible and approved to receive retirement benefits in accordance with the regulations of the Local Governmental Employees' Retirement System. The County Commissioners may amend the benefit provisions. A separate report was not issued for the plan.

Benefits provided. The HCB Plan provides healthcare benefits for retirees. The County contributes all or most of the funding rate set by the County, depending on the medical plan elected. Insurance coverage will only be extended to retirees until they reach age 65 or until they are eligible to receive Medicare benefits, whichever occurs first. Once the retiree is eligible for Medicare, the retiree must pay the premiums for Medicare Part A and Medicare Part B to continue coverage through the County's health plan. Once the retiree is eligible for Medicare, the County's health plan becomes secondary to Medicare. Also, the County's retirees can purchase coverage for their dependents at the County's group rates if enrolled in dependent coverage at the time of retirement.

The retiree pays the following amounts:

Tier	Core Plan	Plus Plan
Employee Only	$ -	$ 80.00
Employee and Spouse	540.00	695.00
Employee and Child	225.00	330.00
Employee and Children	450.00	585.00
Family	605.00	800.00

Note 3 – Detail Notes on All Funds (continued)

2. Pension Plan and Other Postemployment Obligations (continued)

g. Other Post Employment Benefit (continued)

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

	Number
Inactive plan members or beneficiaries currently receiving	400
Inactive plan members entitled to but not yet receiving benefit payments	0
Active plan members	258
	658

The County's total OPEB liability of $195,311,690 was measured as of June 30, 2024, and was determined by an actuarial valuation as of June 30, 2024.

Total OPEB Liability

Actuarial assumptions and other inputs. The total OPEB liability was determined by actuarial valuations as of June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Wage inflation	3.25%
Salary increases, including wage inflation	
General Employees	3.30% - 8.30%
Firefighters	3.30% - 8.00%
Law Enforcement Officers	3.30% - 7.80%
Municipal Bond Index Rate	
Prior Measurement Date	3.86%
Measurement Date	4.21%
Health Care Cost Trends	
Pre-Medicare	8.00% for 2024 decreasing to an ultimate rate of 4.50% by 2033
Medicare	5.50% for 2024 decreasing to an ultimate rate of 4.50% by 2033

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of the measurement date.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balances at June 30, 2024	$ 195,404,394
Changes for the Year:	
Service Cost	2,933,737
Interest	7,436,403
Differences between Expected and Actual experience	(1,917,754)
Changes of assumptions	(4,121,904)
Benefit Payments	(4,423,186)
Net Changes	(92,704)
Balances at June 30, 2025	$ 195,311,690

Changes in assumptions and other inputs reflect a change in the discount rate from 3.86% to 4.21%.

Mortality rates were based on Pub-2010, projected generationally with MP-2019.

The actuarial assumptions used in the June 30, 2024 valuation were based on the December 31, 2019 Actuarial Valuation of the North Carolina Local Governmental Employees' Retirement System.

Note 3 – Detail Notes on All Funds (continued)

2. Pension Plan and Other Postemployment Obligations (continued)

g. Other Post Employment Benefit (continued)

Sensitivity of the new 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 (3.21%) or 1-percentage-point higher (5.21%) than the current discount rate:

	1% Decrease (3.21%)	Discount Rate (4.21%)	1% Increase (5.21%)
Total OPEB Liability			
County	$ 229,442,602	$ 195,311,689	$ 168,286,411
Airport	$ 1,614,741	$ 1,374,539	$ 1,184,344

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.

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

	1% Decrease	Discount Rate	1% Increase
Total OPEB Liability			
County	$ 167,476,649	$ 195,311,689	$ 230,385,371
Airport	$ 1,178,645	$ 1,374,539	$ 1,621,376

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

For the year ended June 30, 2025, the County recognized OPEB revenue of $9,986,495. The Airport reported OPEB revenue of $79,933. At June 30, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	COUNTY		AIRPORT	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,379,707	$ -	$ 9,710
Changes of assumptions	-	4,138,162	-	29,123
County contributions subsequent to the measurement date	3,393,238	-	13,826	
Total	$ 3,393,238	$ 5,517,869	$ 13,826	$ 38,833

$3,393,238 and $13,826 reported as deferred outflows of resources related to OPEB resulting from County and Airport contributions subsequent to the measurement date will be recognized as a decrease in the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	COUNTY	AIRPORT
Year Ended June 30:		
2026	$ (4,730,087)	$ (33,289)
2027	(787,782)	(5,544)
2028	-	-
2029	-	-
2030	-	-
Thereafter		

Note 3 – Detail Notes on All Funds (continued)

2. Pension Plan and Other Postemployment Obligations (continued)

h. Other Employment Benefits

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

3. Closure and post closure care costs - Johnston County Landfill Facility

State and federal laws and regulations require the County to place a final cover on its Subtitle D landfill unit (Phase 5) when it stops accepting waste and to perform certain maintenance and monitoring functions at each site for thirty years after closure is complete on each unit. Although closure and postclosure 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 postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The $20,244,847 reported as landfill closure and post-closure care liability at June 30, 2025 represents a cumulative amount reported to date based on the 100% use and care of the Phase 1-5 landfill units. This amount is based on what it would cost to perform all closure and post-closure care activities in 2025. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The engineers that prepare the County's annual report on closure and postclosure landfill costs do not provide separate numbers for those costs due within one year, so the liability is all shown as long-term.

The County has met the requirements of a local government financial test that is one option under State and Federal laws and regulations that helps determine if a local government is financially able to meet closure and post-closure care requirements.

4. Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Charge on refunding of debt	$ 4,303,261	$ -
Other deferred charges	1,176	-
Difference between expected and actual experience (Pensions, OPEB)		
LGERS	11,732,870	78,887
Register of Deeds	6,413	5,222
LEOSSA	778,070	-
OPEB	-	1,379,707
Changes of Assumptions (Pensions, OPEB)		
LEOSSA	424,669	759,656
OPEB	-	4,138,162
Difference between projected and actual investment earnings (Pensions, OPEB)		
LGERS	9,102,352	-
Register of Deeds	112,797	-
Change in proportion and difference between employer contributions and proportionate share of contributions (Pensions, OPEB)		
LGERS	1,508,196	778,584
Register of Deeds	10,411	-
Contributions to pension plan in the current fiscal year		
LGERS	13,603,479	-
Register of Deeds	22,734	-

Note 3 – Detail Notes on All Funds (continued)

4. Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Benefit payments for the OPEB plan paid subsequent to measurement date	3,393,238	-
Benefit payments / administration costs paid subsequent to the measurement date (LEOSSA)	188,157	-
Leases (General)	-	187,292
Prepaid taxes not yet earned (General)	-	208,321
Capacity Fees (Water Fund)	-	13,988,177
Total per Government-wide Statements	$ 45,187,824	$ 21,524,007
Leases (General)	$ -	$ 187,292
Prepaid taxes not year earned (General)	-	208,321
Taxes receivable, net, less penalties (General)	-	417,559
Other receivables, net (General)	-	1,553,248
Opioid receivable, net	-	9,550,174
Total per Fund Statements	$ -	$ 11,916,594

5. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is self-funded for workers' compensation up to statutory limits. The County has coverage for property replacement with Travelers Property Casualty Company of America. This plan covers building and contents. Motor vehicles and equipment are also covered by this policy. For vehicles, bodily injury limits are $1,000,000 per person and $2,000,000 per accident. The liability coverage has a total of $2,000,000 per accident or loss. This is a combined single liability limit that would include bodily injury and property damage. The County claims governmental immunity from all liability except to the limited coverage provided by the above policy.

The County is self insured through Aetna, who also functions as the Third Party Administrator. County employees have the option of a Core Plan, or a Plus plan at an additional premium cost which offers lower copayments, deductibles, and coinsurance amounts. All plans offer in and out of network benefits. Services provided under all plans within the network have an unlimited lifetime maximum unless the benefit has a specific cap. The County purchases reinsurance protection through Aetna for claims that exceed $200,000 per fiscal year.

The County has flood insurance thru Bankers Insurance Group on certain public utilities property. The coverage varies as to the values of the property.

The County has a CyberRisk Policy thru Travelers Casualty and Surety Company of America that includes cyber liability, breach response, cyber-crime and business loss. This policy has a $2,000,000 aggregate limit.

The County Manager, Clerk to the Board, and Deputy Finance Directors are each bonded for $500,000. The Deputy County Manager/Director of Finance is bonded for $1,000,000. The Economic Development Director is bonded for $100,000, the Social Services Director is bonded for $55,000 and the Tax Director is bonded for $50,000. The Register of Deeds and Sheriff are each bonded with a $10,000 Public Official Bond and, along with all other employees, are blanket bonded for $50,000.

The Johnston County Airport Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Airport carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

6. Claims and Judgments

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.

Note 3 – Detail Notes on All Funds (continued)

7. Long-term obligations

Leases

The County has entered into agreements to lease certain equipment and property. 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.

Serviced by Governmental Funds

As of 06/30/2025, Johnston County's governmental funds had 58 active leases. The leases have payments that range from $224 to $110,000 and interest rates that range from 0.5140% to 4.4070%. As of 06/30/2025, the total combined value of the lease liability is $1,192,461, the total combined value of the short-term lease liability is $511,681. The combined value of the right to use asset, as of 06/30/2025 of $2,477,520 with accumulated amortization of $1,438,668 is included within the Capital Asset schedules. The leases had $49,343 of Variable Payments and $6,406 of Other Payments, not included in the Lease Liability, within the Fiscal Year.

As of 06/30/2025, Johnston County-Heritage Center had 3 active leases. The leases have payments that range from $176 to $24,000 and interest rates that range from 0.8930% to 2.8480%. As of 06/30/2025, the total combined value of the lease liability is $15,565, the total combined value of the short-term lease liability is $4,244. The combined value of the right to use asset, as of 06/30/2025 of $21,225 with accumulated amortization of $5,845 is included within the Capital Asset schedules. The leases had $734 of Variable Payments and $0 of Other Payments, not included in the Lease Liability, within the Fiscal Year.

Serviced by Enterprise Funds

As of 06/30/2025, Johnston County Wastewater Fund had 1 active leases. The lease has payments that range from $1,576 to $1,576 and interest rates that range from 1.0590% to 1.0590%. As of 06/30/2025, the total combined value of the lease liability is $1,567, the total combined value of the short-term lease liability is $1,567. The combined value of the right to use asset, as of 06/30/2025 of $7,677 with accumulated amortization of $6,137 is included within the Capital Asset schedule. The leases had $88 of Variable Payments and $144 of Other Payments, not included in the Lease Liability, within the Fiscal Year.

As of 06/30/2025, Johnston County Solid Waste Fund had 4 active leases. The leases have payments that range from $1,576 to $12,000 and interest rates that range from 0.8930% to 1.5880%. As of 06/30/2025, the total combined value of the lease liability is $22,724, the total combined value of the short-term lease liability is $22,724. The combined value of the right to use asset, as of 06/30/2025 of $255,150 with accumulated amortization of $187,575 is included within the Capital Asset schedules. The leases had $126 of Variable Payments and $144 of Other Payments, not included in the Lease Liability, within the Fiscal Year.

As of 06/30/2025, Johnston County Water Fund had 4 active leases. The leases have payments that range from $2,551 to $6,636 and interest rates that range from 1.0590% to 2.9860%. As of 06/30/2025, the total combined value of the lease liability is $46,256, the total combined value of the short-term lease liability is $14,799. The combined value of the right to use asset, as of 06/30/2025 of $89,968 with accumulated amortization of $41,282 is included within the Capital Asset schedules. The leases had $4,824 of Variable Payments and $822 of Other Payments, not included in the Lease Liability, within the Fiscal Year.

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

Year Ending June 30	Governmental Activities		Business-Type Activities		
	Principal	Interest	Principal	Interest	Total
2026	$ 515,925	$ 23,109	$ 39,090	$ 1,191	$ 579,315
2027	421,881	12,563	11,935	594	446,973
2028	142,246	5,382	12,210	318	160,156
2029	81,623	2,463	7,313	57	91,456
2030	46,352	566	-	-	46,918
	$ 1,208,027	$ 44,083	$ 70,548	$ 2,160	$ 1,324,818

Note 3 – Detail Notes on All Funds (continued)

7. Long-term obligations (continued)

General Obligation Bonds - General obligation bonds payable at June 30, 2025 are comprised of the following issues:

Serviced by the General Fund

The County's general obligation bonds are serviced by the governmental funds and are collateralized by the full faith, credit, and taxing power of the County. Principal and interest requirements are appropriated when due. In the event of default, the County agrees to pay to the Purchaser, on demand, interest on any and all amounts due and owing by the County under the agreement.

$18,000,000 General Obligation School Bonds, Series 2015 due on February 1 in principal installments of $350,000 to $1,400,00, through February 2035, at a true interest cost of 2.844%.	$	13,200,000
$50,060,000 General Obligation Refunding Bonds, Series 2015 (School, Community College and Parks & Recreation) due on February 1 in principal installments of $590,000 to $11,120,000 through February 2028, at a true interest cost of 2.288%.		19,085,000
$27,000,000 General Obligation Public Improvement Bonds, Series 2016 (School and Community College) due on February 1 in principal installments of $500,000 to $1,750,000 through February 2036, at a true interest cost of 2.3771%.		19,250,000
$20,000,000 General Obligation School Bonds, Series 2019 due on February 1 in principal installments of $490,000 to $1,185,000 through February 2039, at a true interest cost of 2.3823%.		16,590,000
$20,000,000 General Obligation Public Improvement Bonds, Series 2020 (School and Community College) due on February 1 in principal installments of $490,000 to $1,185,000 through February 2040, and semi-annual interest payments on February 1 and August 1 at a true interest cost of 1.619%.		17,775,000
$36,000,000 General Obligation Public Improvement Bonds, Series 2021 (School and Community College) due on February 1 in principal installments of $895,000 to $2,130,000 through February 2041, and semi-annual interest payments on February 1 and August 1 at a true interest cost of 1.5875%.		33,170,000
$13,475,000 General Obligation Refunding Bonds, Series 2021 (School and Community College) due on February 1 in principal installments of $35,000 to $1,440,000 through February 2034, and semi-annual interest payments on February 1 and August 1 at a true interest cost of 1.5928%.		11,810,000
$30,000,000 General Obligation School Bonds, Series 2023 due on February 1 in principal installments of $1,500,000 through February 2041, and semi-annual interest payments on February 1 and August 1 at a true interest cost of 3.6788%.		28,500,000
$100,000,000 General Obligation School Bonds, Series 2025 due on February 1 in principal installments of $5,000,000 through February 2040 and sinking fund payments of $5,000,000 from February 2041 through 2045, and semi-annual interest payments on February 1 and August 1 at a true interest cost of 3.4203%.		100,000,000
Total - General Obligation Bonds - Governmental Activities	$	259,380,000

Note 3 – Detail Notes on All Funds (continued)

7. Long-term obligations (continued)

General Obligation Bonds (continued)

Serviced by the Water Districts

The County water districts have issued general obligation bonds to provide funds for the acquisition and construction of major water system capital improvements. These bonds are recorded in the Water District Operating Fund.

Each water district's general obligation bond is a direct placement with the County as the registered owner, as part of Limited Obligation Refunding Bonds issued by the County on July 15, 2013 and June 27, 2014. The general obligation bonds of each district were modified in the fiscal year ended June 30, 2021 to reflect a taxable refunding of the County's 2013 and 2014 Limited Obligation Bonds issued on July 8, 2020 (see "Limited Obligation Bonds" below). Each water district's general obligation bond is collateralized by the full faith, credit, and taxing power of the respective water district. In the event of a default, the water district agrees to pay to the County, on demand, interest on any and all amounts due and owing by the water district under the agreement.

$2,825,000 Water Refunding Bond, Series 2013 (Archer's Lodge) due in annual principal installments of $85,000 to $185,000 through 2037 and semi-annual interest with rates from .74% to 2.59%.	$	1,995,000
$2,735,000 Water Refunding Bond, Series 2013 (Brogden) due in annual principal installments of $130,000 to $160,000 through 2039 and semi-annual interest with rates from .74% to 2.69%.		2,070,000
$2,570,000 Water Refunding Bond, Series 2013 (Clayton) due in annual principal installments of $110,000 to $175,000 through 2036 and semi-annual interest with rates from .74% to 2.49%.		1,770,000
$2,630,000 Water Refunding Bond, Series 2013 (Cleveland) due in annual principal installments of $120,000 to $175,000 through 2036 and semi-annual interest with rates from .74% to 2.49%.		1,795,000
$1,095,000 Water Refunding Bond, Series 2013 (Hopewell-Pisgah) due in annual principal installments of $70,000 to $90,000 through 2033 and semi-annual interest with rates from .74% to 2.19%.		665,000
$3,000,000 Water Refunding Bond, Series 2013 (Little Creek) due in annual principal installments of $35,000 to $190,000 through 2038 and semi-annual interest with rates from .74% to 2.64%.		2,175,000
$4,430,000 Water Refunding Bond, Series 2013 (McGee's Crossroads) due in annual principal installments of $110,000 to $290,000 through 2037 and semi-annual interest with rates from .74% to 2.59%.		3,145,000
$2,130,000 Water Refunding Bond, Series 2013 (Princeton-Kenly) due in annual principal installments of $100,000 to $125,000 through 2039 and semi-annual interest with rates from .74% to 2.69%.		1,610,000
$830,000 Water Refunding Bond, Series 2013 (Wilson's Mills) due in annual principal installments of $35,000 to $50,000 through 2039 and semi-annual interest with rates from .74% to 2.69%.		615,000
$2,610,000 Water Refunding Bond, Series 2014 (Buffalo) due in annual principal installments of $90,000 to $170,000 through 2039 and semi-annual interest with rates from .74% to 2.69%.		2,060,000
$3,650,000 Water Refunding Bond, Series 2014 (Elevation) due in annual principal installments of $145,000 to $230,000 through 2039 and semi-annual interest with rates from .74% to 2.69%.		2,825,000
$2,460,000 Water Refunding Bond, Series 2014 (Ingram's Township) due in annual principal installments of $100,000 to $155,000 through 2039 and semi-annual interest with rates from .74% to 2.69%.		1,905,000
$8,620,000 Water Refunding Bond, Series 2014 (Little River) due in annual principal installments of $340,000 to $550,000 through 2039 and semi-annual interest with rates from .74% to 2.69%.		6,725,000

Note 3 – Detail Notes on All Funds (continued)

7. Long-term obligations (continued)

General Obligation Bonds (continued)

$2,835,000 Water Refunding Bond, Series 2014 (Meadow) due in annual principal installments of $115,000 to $180,000 through 2039 and semi-annual interest with rates from .74% to 2.69%.	2,215,000
$7,220,000 Water Refunding Bond, Series 2014 (O'Neal's) due in annual principal installments of $300,000 to $455,000 through 2039 and semi-annual interest with rates from .74% to 2.69%.	5,555,000
Total - General Obligation Bonds - Business-Type	$ 37,125,000

At June 30, 2025, the County had general obligation refunding bonds authorized but unissued of $24,225,000, general obligation school bonds authorized and unissued of $167,000,000 and general obligation community college bonds authorized and unissued of $30,000,000.. The legal debt margin is $1,760,817,769.

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

Year Ending June 30	Governmental Activities Principal	Governmental Activities Interest	Business-Type Activities Principal	Business-Type Activities Interest	Total
2026	$ 24,990,000	$ 9,757,565	$ 2,665,000	$ 783,654	$ 38,196,219
2027	21,130,000	9,379,190	2,670,000	743,679	33,922,869
2028	18,790,000	8,452,290	2,680,000	700,959	30,623,249
2029	15,575,000	7,653,990	2,730,000	655,667	26,614,657
2030	15,575,000	6,959,740	2,790,000	606,800	25,931,540
2031-2035	74,625,000	25,455,945	14,320,000	2,174,229	116,575,174
2036-2040	55,565,000	12,406,800	9,270,000	574,183	77,815,983
2041-2045	33,130,000	3,605,100	-	-	36,735,100
	$ 259,380,000	$ 83,670,620	$ 37,125,000	$ 6,239,171	$ 386,414,791

State Revolving Loans

Serviced by the Enterprise Funds

The County and certain water districts have outstanding State Revolving Fund loan promissory notes from direct borrowings related to enterprise activities, each secured solely from the revenues of the benefited enterprise system. Each revolving loan note contains provisions that in the event the County fails to pay any payment of principal or interest on the note when due, any other monies due to the County or water district from the State may be withheld by the State and applied to the payment of the revolving loan obligation. Each revolving loan note also contains a provision that if certain conditions of the revolving loan program are not met, the State could require the County or water district to prepay the note in whole and have further commitment of funds withdrawn.

A water revolving loan note from a direct borrowing was executed February 22, 2010 in the amount of $1,500,000 due in principal installments of $75,000 on May 1 through 2031, at an interest rate of 0%.	$ 450,000
A sewer revolving loan note from a direct borrowing was executed August 23, 2012 in the amount of $200,000 due in principal installments of $10,000 on May 1 through 2033, at an interest rate of 0%.	80,000
A sewer revolving loan note from a direct borrowing was executed October 3, 2012 in the amount of $300,000 due in principal installments of $15,000 on May 1 through 2033, at an interest rate of 0%.	120,000
A sewer revolving loan note from a direct borrowing was executed May 22, 2012 in the amount of $3,000,000 due in principal installments of $150,000 on May 1 through 2033, at an interest rate of 0%.	1,200,000

Note 3 – Detail Notes on All Funds (continued)

7. Long-term obligations (continued)

State revolving loans (continued)

A water revolving loan note from a direct borrowing was executed August 18, 2014 in the amount of $2,553,650 due in principal installments of $127,622 on May 1 through 2033, at an interest rate of 0%.	1,020,973
A sewer revolving loan note from a direct borrowing was executed August 3, 2015 in the amount of $311,091 due in principal installments of $15,555 on May 1 through 2035, at an interest rate of 0%.	155,546
A sewer revolving loan note from a direct borrowing was executed January 17, 2017 in the amount of $990,209 due in principal installments of $49,510 on May 1 through 2036, at an interest rate of 0%.	544,615
A water revolving loan note from a direct borrowing was executed August 10, 2018 in the amount of $6,765,678 due in principal installments of $338,284 on May 1 through 2037, at an interest rate of 0%.	4,059,407
A sewer revolving loan note from a direct borrowing was executed July 9, 2018 in the amount of $897,585 due in principal installments of $44,879 on May 1 through 2037, at an interest rate of 1.69%.	538,551
A sewer revolving loan note from a direct borrowing was executed May 2, 2017 in the amount of $937,200 due in principal installments of $46,860 on May 1 through 2037, at an interest rate of 1.66%.	562,320
A sewer revolving loan note from a direct borrowing was executed October 5, 2018 in the amount of $3,188,007 due in principal installments of $159,400 on May 1 through 2039, at an interest rate of 1.4%.	2,231,605
A sewer revolving loan note from a direct borrowing was executed November 23, 2020 in the amount of $8,346,000 due in principal installments of $417,300 on May 1 through 2041, at an interest rate of 1.04%.	6,573,663
A water revolving loan note from a direct borrowing was executed August 26, 2019 in the amount of $3,300,000 due in principal installments of $165,000 on May 1 through 2041, at an interest rate of 1.86%.	2,640,000
A water revolving loan note from a direct borrowing was executed January 20, 2022 in the amount of $4,510,000 due in principal installments of $225,500 on May 1 through 2043, at an interest rate of 1.10%.	3,833,500
A sewer revolving loan note from a direct borrowing was executed November 30, 2023 in the amount of $91,686,695 due in principal installments from $3,385,950 to $4,968,057 on May 1 through 2044, at an interest rate of 1.10%. This revolving loan is being drawn down on a project cost reimbursement basis, and the first principal payment is due May 1, 2025.	82,838,039
A sewer revolving loan note from a direct borrowing was executed September 19, 2024 in the amount of $3,067,199 due in principal installments of $145,928 on May 1 through 2042, at an interest rate of 1.89%.	2,480,771
A water revolving loan note from a direct borrowing was executed November 30, 2023 in the amount of $6,289,100 due in principal installments of $314,455, on May 1 through 2044, at an interest rate of 1.10%. This revolving loan is being drawn down on a project cost reimbursement basis, and the first principal payment is due May 1, 2025.	4,891,014

Note 3 – Detail Notes on All Funds (continued)

7. Long-term obligations (continued)

State revolving loans (continued)

Serviced by the Water Districts:

A water revolving loan note from a direct borrowing was executed on September 16, 2020 in the amount of $1,247,663 (Elevation Water District) due in principal installments of $62,383 on May 1 through 2040, at an interest rate of 1.53%.	935,747
A water revolving loan note from a direct borrowing was executed on June 7, 2019 in the amount of $2,242,385 (Buffalo Water District) due in principal installments of $109,581 on May 1 through 2040, at an interest rate of 1.53%.	1,643,722
A water revolving loan note from a direct borrowing was executed on January 5, 2022 in the amount of $2,488,815 (Wilson's Mills Water District) due in principal installments of $124,441 on May 1 through 2040, at an interest rate of 1.53%.	1,866,611
A water revolving loan note from a direct borrowing was executed on March 28, 2022 in the amount of $4,649,403 (Wilson's Mills Water District) due in principal installments of $232,470 on May 1 through 2040, at an interest rate of 1.91%.	3,487,052
A water revolving loan note from a direct borrowing was executed on January 2, 2022 in the amount of $1,701,000 (Archer's Lodge Water District) due in principal installments of $279,300 on May 1 through 2043, at an interest rate of 1.42%.	1,530,900
A water revolving loan note from a direct borrowing was executed on June 1, 2022 in the amount of $2,950,000 (Ingrams Township Water District) due in principal installments of $147,500 on May 1 through 2042, at an interest rate of 1.42%.	2,507,500
A water revolving loan note from a direct borrowing was executed on January 6, 2021 in the amount of $5,586,000 (McGee's Crossroads Water District) due in principal installments of $279,300 on May 1 through 2042, at an interest rate of 1.13%.	4,748,100
Total - State Revolving Loans - Business-Type	$ 130,939,636

Annual debt service requirements to maturity for the County and Water District State Revolving Federal Loans are as follows:

Year Ending June 30	Principal	Interest	Amount
2026	$ 7,504,880	$ 1,531,678	$ 9,036,558
2027	7,550,754	1,450,564	9,001,318
2028	7,597,132	1,368,945	8,966,077
2029	7,644,020	1,286,816	8,930,836
2030	7,691,424	1,204,171	8,895,595
2031-2035	38,281,386	4,762,732	43,044,118
2036-2040	36,839,037	2,620,519	39,459,556
2041-2045	17,831,003	609,946	18,440,949
	$ 130,939,636	$ 14,835,371	$ 145,775,007

In addition to the State Revolving Fund loans above, the County has received a letter of intent to fund $8,960,000 of a sewer project through an additional State Revolving Fund loan for which it has signed or expects to soon sign a promissory note with the NC Department of Environmental Quality.

Note 3 – Detail Notes on All Funds (continued)

7. Long-term obligations (continued)

Installment Purchase Loans

Installment purchase loans payable at June 30, 2025 are comprised of the following:

Serviced by the Enterprise Funds (Water Districts)

Eight of the County's water districts executed and delivered direct placement installment financing contracts with the County, as part of and securing Limited Obligation Refunding Bonds issued by the County on July 15, 2013 and June 27, 2014. Each of these installment financing contracts was amended and restated in the fiscal year ended June 30, 2021 to reflect a taxable refunding of the County's 2013 and 2014 Limited Obligation Bonds issued on July 8, 2020 (see "Limited Obligation Bonds" below). In the event of default with any/each of these direct placement installment financing contracts, the County may (a) declare the unpaid portion of the principal and interest components of the installment payments immediately due and payable without notice or demand to the district, (b) proceed by appropriate court action to enforce performance by the district of the applicable covenants of the contract or to recover for the breach thereof, or (c) exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code and the general laws of the State of North Carolina with respect to the enforcement of the security interest under the contract.

$355,000 Refunding of 2007 USDA installment financing contract (direct placement with the County) issued to finance construction of improvements to Ingram's Township Water District, due in annual principal installments ranging from $15,000 to $25,000, plus semi-annual interest ranging from .74% to 2.69% through 2039. The direct placement installment financing contract is secured by sewer system improvements in the Devils Race Track area of Ingram's Township Water District.	$	260,000
$1,835,000 Refunding of 2007 USDA installment financing contract (direct placement with the County) issued to purchase additional capacity in the County water treatment plant for Archer's Lodge Water District, due in annual principal installments ranging from $75,000 to $120,000, plus semi-annual interest ranging from .74% to 2.69% through 2039. The direct placement installment financing contract is secured by Archer's Lodge Water District's 752,727 GPD water capacity in the County's water treatment plant.		1,440,000
$215,000 Refunding of 2007 USDA installment financing contract (direct placement with the County) issued to purchase additional capacity in the County water treatment plant for Clayton Water District, due in annual principal installments ranging from $10,000 to $15,000 , plus semi-annual interest ranging from .74% to 2.69% through 2039. The direct placement installment financing contract is secured by Clayton Water District's 100,000 GPD water capacity in the County's water treatment plant.		160,000
$3,405,000 Refunding of 2007 USDA installment financing contract (direct placement with the County) issued to purchase additional capacity in the County water treatment plant for Cleveland Water District, due in annual principal installments ranging from $125,000 to $220,000, plus semi-annual interest ranging from .74% to 2.69% through 2039. The direct placement installment financing contract is secured by Cleveland Water District's 1.5 MGD water capacity in the County's water treatment plant.		2,670,000
$780,000 Refunding of 2007 USDA installment contract (direct placement with the County) issued to purchase additional capacity in the County water treatment plant for Hopewell-Pisgah Water District, due in annual principal installments ranging from $30,000 to $50,000, plus semi-annual interest ranging from .74% to 2.69% through 2039. The direct placement installment financing contract is secured by Hopewell-Pisgah Water District's 500,000 GPD water capacity in the County's water treatment plant.		600,000

Note 3 – Detail Notes on All Funds (continued)

7. Long-term obligations (continued)

Installment purchase loans (continued)

$570,000 Refunding of 2007 USDA installment financing contract (direct placement with the County) issued to purchase additional capacity in the County water treatment plant for Little Creek Water District, due in annual installments ranging from $20,000 to $35,000, plus semi-annual interest ranging from .74% to 2.69% through 2039. The direct placement installment financing contract is secured by Little Creek Water District's 250,000 GPD water capacity in the County's water treatment plant.	440,000
$1,595,000 Refunding of 2007 USDA installment financing contract (direct placement with the County) issued to purchase additional capacity in the County water treatment plant for McGee's Crossroads Water District, due in annual principal installments ranging from $60,000 to $100,000, plus semi-annual interest ranging from .74% to 2.69% through 2039. The direct placement installment financing contract is secured by McGee's Crossroads Water District's 700,000 GPD water capacity in the County's water treatment plant.	1,255,000
$450,000 Refunding of 2007 USDA installment financing contract (direct placement with the County) issued to purchase additional capacity in the County water treatment plant for Wilson's Mills Water District, due in annual principal installments ranging from $20,000 to $30,000, plus semi-annual interest ranging from .74% to 2.69% through 2039. The direct placement installment financing contract is secured by Wilson's Mills Water District's 200,000 GPD water capacity in the County's water treatment plant.	350,000

Six of the County's water districts executed and delivered direct placement installment financing refunding contracts with the County, as part of and securing Limited Obligation Bonds issued by the County on July 8, 2020 (see "Limited Obligation Bonds" below). In the event of default with any/each of these direct placement installment financing contracts, the Trustee of the Limited Obligation Bonds may (a) declare the unpaid portion of the principal and interest components of the installment payments immediately due and payable without notice or demand to the district, (b) proceed by appropriate court action to enforce performance by the district of the applicable covenants of the contract or to recover for the breach thereof, or (c) exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code and the general laws of the State of North Carolina with respect to the enforcement of the security interest under the contract.

$705,000 Refunding of 2009 USDA installment financing contract (direct placement with the County) issued to finance a proportional share of improvements to the County water treatment plant for Brogden Water District and a revolving loan of Brogden Water District, due in annual principal installments of $15,000 to $85,000, plus semi-annual interest ranging from 2% to 5% through 2040. The direct placement installment financing contract is secured by Brogden Water District's proportional investment in certain improvements to the County's water treatment plant.	300,000
$270,000 Refunding of 2009 USDA installment financing contract (direct placement with the County) issued to finance a proportional share of improvements to the County water treatment plant for Buffalo Water District, due in annual principal installments of $10,000 to $20,000, plus semi-annual interest ranging from 2% to 5% through 2040. The direct placement installment financing contract is secured by Buffalo Water District's proportional investment in certain improvements to the County's water treatment plant.	230,000
$280,000 Refunding of 2009 USDA installment financing contract (direct placement with the County) issued to finance a proportional share of improvements to the County water treatment plant for Ingram's Township Water District, due in annual principal installments of $10,000 to $20,000, plus semi-annual interest ranging from 2% to 5% through 2040. The direct placement installment financing contract is secured by Ingram's Township Water District's proportional investment in certain improvements to the County's water treatment plant.	240,000

Note 3 – Detail Notes on All Funds (continued)

7. Long-term obligations (continued)

Installment purchase loans (continued)

$360,000 Refunding of 2009 USDA installment financing contract (direct placement with the County) issued to finance a proportional share of improvements to the County water treatment plant for Meadow Water District, due in annual principal installments of $5,000 to $25,000, plus semi-annual interest ranging from 2% to 5% through 2040. The direct placement installment financing contract is secured by Meadow Water District's proportional investment in certain improvements to the County's water treatment plant.	300,000
$225,000 Refunding of 2009 USDA installment financing contract (direct placement with the County) issued to finance a proportional share of improvements to the County water treatment plant for O'Neal's Water District, due in annual principal installments of $10,000 to $15,000, plus semi-annual interest at 2% to 5% through 2040. The direct placement installment financing contract is secured by O'Neal's Water District's proportional investment in certain improvements to the County's water treatment plant.	185,000
$265,000 Refunding of 2009 USDA installment financing contract (direct placement with the County) issued to finance a proportional share of improvements to the County water treatment plant for Princeton-Kenly Water District, due in annual principal installments of $10,000 to $20,000, plus semi-annual interest ranging from 2% to 5% through 2040. The direct placement installment financing contract is secured by Princeton-Kenly Water District's proportional investment in certain improvements to the County's water treatment plant.	225,000
Total installment purchase loans (serviced by the Water Districts)	$ 8,655,000

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

Year Ending	Governmental Activities		Business-type Activities		
June 30	Principle	Interest	Principal	Interest	Total
2026	$ -	$ -	$ 535,000	$ 214,990	$ 749,990
2027	-	-	530,000	204,515	734,515
2028	-	-	540,000	193,655	733,655
2029	-	-	555,000	184,297	739,297
2030	-	-	570,000	171,794	741,794
2031-2035	-	-	3,015,000	641,070	3,656,070
2036-2040	-	-	2,910,000	213,188	3,123,188
	$ -	$ -	$ 8,655,000	$ 1,823,508	$ 10,478,508

Note 3 – Detail Notes on All Funds (continued)

7. Long-term obligations (continued)

Limited Obligation Bonds

Limited Obligation bonds payable at June 30, 2025 are comprised of the following issues:

Serviced by the General Fund

$26,750,000 Limited Obligation Bonds, Series 2017A due on April 1 in principal installments of $410,000 to $1,450,000 through April 2037, plus semi-annual interest at a true interest cost of 2.716%. The 2017A LOBs were issued to finance improvements to 15 existing schools in the County and are issued under an installment financing contract secured by a deed of trust on real property on which South Johnston High School is located. The deed of trust requires that legal title to the property remain with the County as long as the debt is outstanding because the property is pledged as collateral for the debt. The County has entered into a lease with the Johnston County Board of Education that transfers the rights and responsibilities for maintenance and insurance of the property to the Board of Education. The lease calls for a nominal lease payment. The lease term is the same as that of the installment purchase obligation. Due to economic substance of the transaction, the capital assets associated with the installment purchase obligation are recorded by the Board of Education. The contract contains provisions that upon event of default the trustee may, (a) declare the unpaid portion of the principal components of the installment payments immediately due and payable without notice or demand, (b) proceed by appropriate court action to enforce performance of the applicable covenants of the contract, and (c) exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code and the general laws of the State of North Carolina with respect to the enforcement of the security interest granted or reserved under the contract and the deed of trust.	$ 17,405,000
$71,040,000 Limited Obligation Bonds, Series 2020A ($49,735,000 General Fund) due on April 1 in principal installments of $2,185,000 to $5,885,000 through April 2040, plus semi-annual interest at a true interest cost of 1.706%. The 2020A LOBs were issued to (1) finance the construction and related costs of a new County Detention Center, (2) refund the County's Limited Obligation Refunding Bonds, Series 2017, the proceeds of which were used to refund obligations that financed capital costs of public school facilities, (3) refund outstanding County water revenue bonds issued to USDA, (4) refund certain outstanding County water and sewer revolving loans, (5) refund a prior revolving loan of Brogden Water District , (6) purchase certain installment contracts of six of the County's water districts executed and delivered to prepay installment contract obligations of the respective Districts payable to USDA, and (7) pay certain expenses related to the issuance of the 2020A LOBs. The 2020A LOBs are issued under an installment financing contract secured by a deed of trust on real property on which the new County Detention Center is being constructed. The contract contains provisions that upon event of default the trustee may, (a) declare the unpaid portion of the principal components of the installment payments immediately due and payable without notice or demand, (b) proceed by appropriate court action to enforce performance of the applicable covenants of the contract, and (c) exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code and the general laws of the State of North Carolina with respect to the enforcement of the security interest granted or reserved under the contract and the deed of trust, including (1) re-enter and take possession of the property securing the installment financing contract and sell, lease, sublease or make other disposition of the same and/or (2) enforcing payment on the District Refunding Contracts and/or selling such District Refunding Contract.	32,960,000
$16,500,000 Limited Obligation Bonds, Series 2022 (direct placement with Webster Bank, N.A.) due on April 1 in principal installments of $868,000 to $869,000 through April 2043, plus semi-annual interest at a true interest cost of 3.477%. The 2022 LOBs were issued to finance the construction and related costs of a new Public Safety Center and to pay certain expenses related to the issuance of the 2022 LOBs. The 2022 LOBs are issued under an installment financing contract secured by a deed of trust on real property on which the new County Detention Center and the new Public Safety Center are being constructed. The contract contains provisions that upon event of default the trustee may, (a) declare the unpaid portion of the principal components of the installment payments immediately due and payable without notice or demand, (b) proceed by appropriate court action to enforce performance of the applicable covenants of the contract or to recover for the breach thereof, and (c) exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code and the general laws of the State of North Carolina with respect to the enforcement of the security interest granted or reserved under the contract and the deed of trust, including (1) re-enter and take possession of the property securing the installment financing contract and (2) sell, lease, sublease or make other disposition of the same.	14,762,000

Note 3 – Detail Notes on All Funds (continued)

7. Long-term obligations (continued)

Limited Obligation Bonds (continued)

$27,695,000 Limited Obligation Bonds, Series 2025 due on April 1 in principal installments of $1,385,000 through April 2045, plus semi-annual interest at a true interest cost of 4.1437%. The 2025 LOBs were issued to finance (1) the construction and related costs of a classroom addition at Cleveland High School in the County, (2) a portion of the construction and related costs of a new Advanced Manufacturing Training Center to be operated by Johnston Community College, and (3) to pay certain expenses related to the issuance of the 2025 LOBs. The 2025 LOBs are issued under an installment financing contract, dated as of July 1, 2017, as amended by Amendment Number One to the Installment Financing Contract, dated as of May 1, 2025, and secured by a deed of trust on real property on which South Johnston High School is located. The contract contains provisions that upon event of default the trustee may, (a) declare the unpaid portion of the principal components of the installment payments immediately due and payable without notice or demand, (b) proceed by appropriate court action to enforce performance of the applicable covenants of the contract or to recover for the breach thereof, and (c) exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code and the general laws of the State of North Carolina with respect to the enforcement of the security interest granted or reserved under the contract and the deed of trust, including including re-enter and take possession of the property securing the installment financing contract and sell, lease, sublease or make other disposition of the same.	27,695,000
Total Serviced by the General Fund	$ 92,822,000

Serviced by the County Enterprise Funds

$71,040,000 Limited Obligation Bonds, Series 2020A ($21,305,000 Enterprise Funds) due on April 1 in principal installments of $2,185,000 to $5,885,000 through April 2040, plus semi-annual interest at a true interest cost of 1.706%. The 2020A LOBs were issued to (1) finance the construction and related costs of a new County Detention Center, (2) refund the County's Limited Obligation Refunding Bonds, Series 2017, the proceeds of which were used to refund obligations that financed capital costs of public school facilities, (3) refund outstanding County water revenue bonds issued to USDA, (4) refund certain outstanding County water and sewer revolving loans, (5) refund a prior revolving loan of Brogden Water District, (6) purchase certain installment contracts of six of the County's water districts executed and delivered to prepay installment contract obligations of the respective Districts payable to USDA and (7) pay certain expenses related to the issuance of the 2020A LOBs. The 2020A LOBs are issued under an installment financing contract secured by a deed of trust on real property on which the new County Detention Center is being constructed. The contract contains provisions that upon event of default the trustee may, (a) declare the unpaid portion of the principal components of the installment payments immediately due and payable without notice or demand, (b) proceed by appropriate court action to enforce performance of the applicable covenants of the contract, and (c) exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code and the general laws of the State of North Carolina with respect to the enforcement of the security interest granted or reserved under the contract and the deed of trust, including (1) re-enter and take possession of the property securing the installment financing contract and sell, lease, sublease or make other disposition of the same and/or (2) enforcing payment on the District Refunding Contracts and/or selling such District Refunding Contracts.

When debt service is due on the 2020A LOBs, each of the applicable six water districts will remit the debt service payments for their respective contracts to the County, who will then remit it to the bondholders. If a district does not pay, the County has the contracts as collateral. The reader should note that this debt issuance of the County is partially offset by the water district refunding obligations as detailed under the Installment Purchase Loans Section.

The water districts are a blended component unit of the County. On the fund statements, the amounts owed to the County by the Districts (interfund borrowings) to make the payments for the 2020A LOBs are classified as "Due to the County" in the Water District Operating Fund, and as "Due from the Districts" in the County Water Fund, but reflected as eliminating entries from the fund totals in the Statement of Net Position. On the government-wide statements, these amounts are also eliminated. Of the total Enterprise portion of the 2020A LOBs balance of $12,085,000, $1,480,000 is recorded as Due from the Districts but is eliminated in Exhibit 1 and the Statement of Net Position (Exhibit 6).	$ 10,605,000

Note 3 – Detail Notes on All Funds (continued)

7. Long-term obligations (continued)

Limited Obligation Bonds (continued)

$64,595,000 Taxable Limited Obligation Bonds, Series 2020B due on April 1 in principal installments of $2,875,000 to $3,805,000 through April 2039, plus semi-annual interest at a true interest cost of 2.182%. The 2020B LOBs were issued to (1) refund the County's Limited Obligation Bonds, Series 2013, (2) refund the County's Limited Obligation Bonds, Series 2014, and (3) pay certain expenses incurred in connection with the issuance of the2020B LOBs. The 2020B LOBs are issued under an installment financing contract secured by a deed of trust on real property on which the new County Detention Center is being constructed. The contract contains provisions that upon event of default the trustee may, (a) declare the unpaid portion of the principal components of the installment payments immediately due and payable without notice or demand, (b) proceed by appropriate court action to enforce performance of the applicable covenants of the contract, and (c) exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code and the general laws of the State of North Carolina with respect to the enforcement of the security interest granted or reserved under the contract and the deed of trust, including (1) re-enter and take possession of the property securing the installment financing contract and sell, lease, sublease or make other disposition of the same and/or (2) enforcing payment on the District Refunding Contracts and/or selling such District Refunding Contracts.

The 2013 LOBs were issued to refinance an existing installment obligation of the County and to purchase certain general obligation refunding bonds of County water districts. The 2014 LOBs were issued to (a) refinance certain installment payment obligations of the County, (b) refinance certain existing revolving loans of the County, (c) purchase certain general obligation refunding bonds of County water districts, and (d) purchase certain installment financing contracts of water districts.

When debt service is due on the 2020B LOBs, each of the applicable water districts will remit the debt service payments for their respective general obligation bond and/or installment purchase contract to the County, who will then remit it to the 2020B bondholders. If a district does not pay, the County has the general obligation bonds and/or installment purchase contracts as collateral. The reader should note that this debt issuance of the County is partially offset by the water district refunding obligations as detailed under the General Obligation Indebtedness Section and the Installment Purchase Loans Section above.

The water districts are a blended component unit of the County. On the fund statements, the amounts owed to the County by the Districts (interfund borrowings) to make the payments for the 2020B LOBs are classified as "Due to the County" in the Water District Operating Fund, and as "Due from the Districts" in the County Water Fund, but reflected as eliminating entries from the fund totals in the Statement of Net Position. On the government-wide statements, these amounts are also eliminated. Of the total Enterprise portion of the 2020B LOBs balance of $47,350,000, $44,300,000 is recorded as Due from the Districts but eliminated in Exhibit 1 and the Statement of Net Position (Exhibit 6).	3,050,000
Total Serviced by the Enterprise Funds	$ 13,655,000

The Limited Obligation Bonds serviced by the Water Districts Fund were budgeted by the Board to be recorded and presented in the Water Fund. Therefore the issuance and purchase of the District's bonds are presented in the Water Fund's budget and exhibits but reflected as eliminating entries from the totals. The first table below includes only the County's portion of the Bursiness Type Limited Obligation Bonds. The second table includes the portion of the Business Type Limited Obligation Bonds serviced by the Districts and owed to the County (the interfund borrowings). The interfund borrowings are not included in the totals above.

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

Year Ending	Governmental Activities		Business Type Activities		Total	
June 30	Principle	Interest	Principle	Interest	Principle	Interest
2026	$ 7,579,000	$ 3,812,653	$ 2,055,000	$ 514,577	$ 9,634,000	$ 4,327,230
2027	7,589,000	3,613,355	1,440,000	418,827	9,029,000	4,032,182
2028	6,749,000	3,248,156	1,495,000	353,457	8,244,000	3,601,613
2029	5,549,000	3,016,308	1,510,000	324,162	7,059,000	3,340,470
2030	5,554,000	2,753,110	1,275,000	255,082	6,829,000	3,008,192
2031-2035	27,751,000	9,920,674	2,760,000	750,434	30,511,000	10,671,108
2036-2040	23,390,000	4,515,220	2,460,000	309,588	25,850,000	4,824,808
2041-2045	8,661,000	1,126,244	660,000	34,950	9,321,000	1,161,194
	$ 92,822,000	$ 32,005,719	$ 13,655,000	$ 2,961,077	$ 106,477,000	$ 34,966,796

Note 3 – Detail Notes on All Funds (continued)

7. Long-term obligations (continued)

Limited Obligation Bonds (continued)

Annual debt service requirements to maturity for the interfund borrowings related to the limited obligation bonds are as follows:

Year Ending June 30	Governmental Activities Principle	Interest
2026	$ 3,200,000	$ 998,644
2027	3,200,000	948,194
2028	3,220,000	894,614
2029	3,285,000	839,963
2030	3,360,000	778,594
2031-2035	17,335,000	2,815,299
2036-2040	12,180,000	787,371
	$ 45,780,000	$ 8,062,679

Revenue Bonds

On August 25, 2021, the County issued $50,070,000 Water and Sewer System Revenue Bonds, Series 2021 to finance capital improvements to the County's Water and Sewer System (as defined below) and to pay certain expenses incurred in connection with the issuance of the 2021 Revenue Bonds. Of the total 2021 Revenue Bonds issued, $12,315,000 was issued to finance water projects and $37,755,000 was issued to finance wastewater projects. At 2.387% true interest cost, interest on the bonds is payable semi-annually on April 1 and October 1, with principal payable annually on April 1 through 2051.	$ 49,350,000
On August 3, 2023, the County issued $80,595,000 Water and Sewer System Revenue Bonds, Series 2023 to finance capital improvements to the County's Water and Sewer System (as defined below) and to pay certain expenses incurred in connection with the issuance of the 2023 Revenue Bonds. Of the total 2023 Revenue Bonds issued, $74,530,000 was issued to finance water projects and $6,065,000 was issued to finance wastewater projects. At 3.9647% true interest cost, interest on the bonds is payable semi-annually on April 1 and October 1, with principal payable annually on April 1 through 2053.	80,595,000
On August 27, 2024, the County issued $67,765,000 Water and Sewer System Revenue Bonds, Series 2024 to finance capital improvements to the County's Water and Sewer System (as defined below) and to pay certain expenses incurred in connection with the issuance of the 2024 Revenue Bonds. Of the total 2024 Revenue Bonds issued, $4,460,000 was issued to finance water projects and $63,305,000 was issued to finance wastewater projects. At 3.9884% true interest cost, interest on the bonds is payable semi-annually on April 1 and October 1, with principal payable annually on April 1 through 2044, and sinking fund payments due on April 1, 2045 through 2054..	67,765,000
Total Serviced by the Enterprise Funds	$ 197,710,000

The County's outstanding Revenue Bonds (and any additional bonds issued under the Master Trust Indenture (the "MTI")) are secured by and payable from the Net Revenues of the Water and Sewer System, and amounts in certain funds and accounts created under the MTI. The Revenue Bonds are not payable from the County's general funds and do not constitute a legal or equitable pledge, charge, lien or encumbrance on any of the County's property or on any of its income, receipts or revenue, except for the Net Revenues of the Water and Sewer System and other funds pledged to their payment. Neither the credit nor the taxing power of the County is pledged for the payment of principal of, premium, if any, or interest on the Revenue Bonds, and no owner of the Revenue Bonds has the right to compel the exercise of the taxing power by the County or the forfeiture of any of its property other than Net Revenues in connection with any default on the Revenue Bonds.

The Water and Sewer System consists of the County's water and wastewater systems, including any portion thereof owned and/or operated by one of the County's 15 water districts. Each of the 15 water districts entered into an inter-local agreement with the County pursuant to which each such district agrees to pay a contribution to the County in order to assist the County with satisfying its obligations under the MTI.

Note 3 – Detail Notes on All Funds (continued)

7. Long-term obligations (continued)

Revenue Bonds (continued)

The County has been in compliance with covenants as to rates, fees, rentals and charges in Section 6.6 of the MTI, since its approval in Section 1 of the Bond Order adopted in July 2021 which authorized the issuance of the Revenue Bonds. Section 6.6 of the MTI requires debt service coverage ratios of 1.15 times the principal and interest requirements for Senior Indebtedness, and 1.0 times the principal and interest requirements on each of the Subordinate Indebtedness, the General Obligation Indebtedness, the General Obligation Indebtedness of the Districts, the Other Indebtedness, and the Other Indebtedness of the Districts, all as defined in the MTI. The calculations demonstrating compliance with the Rate Covenant for the year ended June 30, 2025 are as follows:

Revenues	$ 68,045,514
Total District Revenues	30,867,560
Total	98,913,074
Current Expenses	40,463,338
District Current Expenses	1,561,521
Net Revenues for the Fiscal Year Ended 6/30/25	$ 56,888,215
Senior Debt Service:	
Revenue Bonds, principal & interest	$ 7,061,653
Coverage = 8.1 times	
Subordinate Debt Service:	
County Water & Sewer Revolving Loans, principal & interest	7,754,665
Coverage = 7.3 times	
General Obligation Debt Service:	
District General Obligation Indebtedness, principal & interest	3,416,934
Coverage = 16.6 times	
Other Indebtedness:	
County Other Indebtedness, principal & interest	2,666,105
Coverage = 21.3 times	
District Other Indebtedness, principal & interest	2,119,535
Coverage = 26.8 times	
Total Principal and Interest Requirements for the Year Ended 6/30/25	$ 23,018,892

Note: Since the County manages, operates, and sells water to the County's 15 Water Districts, Revenues, Total District Revenues, Current Expenses and District Current Expenses are presented in the compliance calculation presentation above with payments from the Water Districts Operating Fund to the County Water Fund eliminated to prevent duplication per the MTI and to present the entire operation as a single system (including the County Wastewater Fund).

Year Ending June 30	Business-type Activities Revenue Bonds Principal	Interest
2026	$ 1,825,000	$ 7,968,538
2027	3,090,000	7,877,288
2028	3,240,000	7,722,788
2029	3,395,000	7,560,788
2030	3,565,000	7,391,038
2031-2035	20,720,000	34,092,688
2036-2040	26,235,000	28,575,938
2041-2045	36,950,000	22,177,638
2046-2050	63,245,000	13,215,188
2051-2055	35,445,000	2,862,663
Total	$ 197,710,000	$ 139,444,550

Note 3 – Detail Notes on All Funds (continued)

7. Long-term obligations (continued)

Advance Refundings

On March 6, 2012 the County issued $34,345,000 of General Obligation refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of general resources for all future debt service payments of $39,335,616. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by $4,375,346. This amount is being netted against the new debt and amortized over the life of the refunded debt, which is the same as the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 13 years by $2,608,165 and resulted in an economic gain of $2,559,324.

On April 21, 2015, the County issued $50,060,000 of General Obligation refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of general resources for all future debt service payments of $57,014,407. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the respective statements of net position. The reacquisition price exceeded the net carrying amount of the old debt by $5,414,407. This amount is being netted against the new debt and amortized over the life of the refunded debt, which is the same as the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 20 years by $4,309,763 and resulted in an economic gain of $3,330,818.

On May 17, 2016, the County issued $11,925,000 of General Obligation refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of general resources for all future debt service payments of $13,354,699. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the respective statements of net position. The reacquisition price exceeded the net carrying amount of the old debt by $1,017,875. This amount is being netted against the new debt and amortized over the life of the refunded debt, which is the same as the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 6 years by $532,156 and resulted in an economic gain of $510,698.

On July 8, 2020 the County issued $71,040,000 of Limited Obligation bonds ($35,935,000 refunding) to provide resources to currently redeem an outstanding County limited obligation bond, outstanding County water revenue bonds, certain revolving loans of the County, an outstanding revolving loan of a water district, and to acquire certain refunding contracts of water districts. As a result, the refunded obligations are paid in full and the liability has been removed from the respective statements of net position. The net carrying amount of the old debt exceeded the reacquisition price of the new debt by $5,651,872, as the refunding included a premium of $6,224,409 that was associated with refunded amounts. This amount is being netted against the new debt and amortized over the life of the refunded debt, which is the same as the life of the new debt issued. This current refunding was undertaken to reduce total debt service payments over the next 31 years by $4,767,521 and resulted in an economic gain of $3,313,574.

On July 8, 2020 the County issued $64,595,000 of Taxable Limited Obligation bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of general resources for all future debt service payments of $64,570,625. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the respective statements of net position. The reacquisition price exceeded the net carrying amount of the old debt by $8,605,000. This amount is being netted against the new debt and amortized over the life of the refunded debt, which is the same as the life of the new debt issued. This advanced refunding was undertaken to reduce total debt service payments over the next 19 years by $3,918,321 and resulted in an economic gain of $3,039,017

On May 27, 2021, the County issued $13,475,000 of Taxable General Obligation refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of general resources for all future debt service payments of $14,451,125. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the respective statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by $375,000. This amount is being netted against the new debt and amortized over the life of the refunded debt, which is the same as the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 13 years by $609,719 and resulted in an economic gain of $612,713.

Note 3 – Detail Notes on All Funds (continued)

7. Long-term obligations (continued)

Subscriptions

The County has entered into agreements to use IT subscriptions. The agreement qualify as other than short-term leases under GASB 96 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

Serviced by Governmental Funds:

As of 06/30/2025, the County had 24 active subscriptions. The subscriptions have payments that range from $364 to $262,625 and interest rates that range from 2.0237% to 3.5910%. As of 06/30/2025, the total combined value of the subscription liability payable from governmental funds is $1,679,836, and the total combined value of the short-term subscription liability is $783,006. The combined value of the right to use asset, as of 06/30/2025 of $3,276,189 with accumulated amortization of $1,360,218 is included with as IT Software on the capital asset schedules. The subscriptions had $3,516 of Variable Payments and $0 of Other Payments, not included in the Subscription Liability, within the Fiscal Year.

Serviced by Enterprise Funds:

On 07/01/2022, the County entered into a 27 month subscription for the use of Azteca - License and Maintenance Agreement. An initial subscription liability was recorded in the amount of $125,526. As of 06/30/2025, the value of the subscription liability is $0. The County is required to make annual fixed payments of $60,000. The subscription has an interest rate of 2.0237%. The value of the right to use asset as of 06/30/2025 of $125,526 with accumulated amortization of $125,526 has been removed from the the Right to Use Assets as IT Software on the Capital Asset schedules above.

On 09/01/2022, the County entered into a 72 month subscription for the use of Tyler Technologies software. An initial subscription liability was recorded in the amount of $285,595. As of 06/30/2025, the value of the subscription liability is $145,583. The County is required to make annual fixed payments of $48,380. The subscription has an interest rate of 2.3220%. The value of the right to use asset as of 06/30/2025 of $285,595 with accumulated amortization of $134,864 is included with Right to Use Assets as IT Software on the Capital Asset schedule above.

On 09/01/2023, the County entered into a 36 month subscription for the use of Yardi Systems, Inc. An initial subscription liability was recorded in the amount of $38,453. As of 06/30/2025, the value of the subscription liability is $11,434. The County is required to make quarterly fixed payments of $1,650 in year one, $5,400 in year two, and $2,900 in year three. The subscription has an interest rate of 2.3100%. The value of the right to use asset as of 06/30/2025 of $43,453 with accumulated amortization of $26,555 is included with Right to Use Assets as IT Software on the Capital Asset schedule above.

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

Year Ending June 30	Governmental Activities		Business-Type Activities		
	Principal	Interest	Principal	Interest	Total
2026	$ 783,006	$ 42,259	$ 58,853	$ 3,546	$ 887,664
2027	557,453	22,595	48,519	2,279	630,846
2028	177,606	7,609	49,645	1,153	236,013
2029	161,771	3,322	-	-	165,093
	$ 1,679,836	$ 75,785	$ 157,017	$ 6,978	$ 1,919,616

Note 3 – Detail Notes on All Funds (continued)

7. Long-term obligations (continued)

Long-Term Obligation Activity - The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2025:

Governmental Activities:	Balance 7/1/2024	Increases	Decreases	Balance 6/30/2025	Amounts Due Within One Year
General Obligation Bonds	$ 183,900,000	$ 100,000,000	$ 24,520,000	$ 259,380,000	$ 24,990,000
Unamortized bond premium	24,173,193	11,552,872	3,545,740	32,180,325	3,383,002
Limited Obligation Bonds	71,306,000	27,695,000	6,179,000	92,822,000	7,579,000
Lease Liability	881,763	989,770	663,506	1,208,027	515,925
IT Subscription Liability	697,664	1,938,825	956,653	1,679,836	783,006
Net Pension Liability	59,142,154	775,042	-	59,917,196	-
Total Pension Liability (LEOSSA)	6,205,184	652,865	-	6,858,049	316,345
Total OPEB Liability	172,711,887	-	81,939	172,629,948	3,133,262
Compensated Absences*					
Vacation	6,067,184	610,361	-	6,677,545	2,694,389
Sick	11,856,231	490,283	-	12,346,514	2,861,869
Total Compensated absences	17,923,415	1,100,644	-	19,024,059	5,556,258
Total governmental activities	$ 536,941,260	$ 144,705,018	$ 35,946,838	$ 645,699,440	$ 46,256,798
Business-type Activities:					
General Obligation Debt	$ 39,725,000	$ -	$ 2,600,000	$ 37,125,000	$ 2,665,000
Limited Obligation Bonds	15,635,000	-	1,980,000	13,655,000	2,055,000
Direct borrowing loans	135,240,412	3,304,565	7,605,340	130,939,637	7,504,880
Direct placement installment purchase loans	9,245,000	-	590,000	8,655,000	535,000
Revenue Bonds	130,315,000	67,765,000	370,000	197,710,000	1,825,000
Unamortized Premium	7,514,262	5,757,383	692,662	12,578,983	692,662
Unamortized Discounts	(781,201)	-	(29,204)	(751,997)	(29,204)
Lease Liability	116,451	-	45,903	70,548	39,090
IT Subscription Liability	224,390	-	67,373	157,017	58,853
Net Pension Liability	6,945,748	91,023	-	7,036,771	-
Total OPEB Liability	22,692,506	-	10,765	22,681,741	259,976
Compensated absences*					
Vacation	745,338	83,842	-	829,180	207,295
Sick	1,584,602	97,355	-	1,681,957	266,796
Total Compensated absences	2,329,940	181,197	-	2,511,137	474,091
Total business-type activities	$ 369,202,508	$ 77,099,168	$ 13,932,839	$ 432,368,837	$ 16,080,348

*Beginning balances were restated as a result of the implementation of GASB 101.

Compensated absences for governmental activities typically have been liquidated in the general fund and are accounted for on a LIFO basis, assuming that all employees are taking leave time as it is earned. Additionally, other post employment benefits and the net pension obligation are also liquidated by the general fund.

Debt Related to Capital Activities - Of the total Governmental Activities debt listed, $53,681,918 relates to assets for which the County holds title. At June 30, 2025, there is no unspent restricted cash related to the debt that relates to Governmental Activities assets for which the County holds title.

Johnston County TDA

	Balance 7/1/2024	Increases	Decreases	Balance 6/30/2025	Amounts Due Within One Year
Net Pension Liability	$ 372,995	$ 4,888	$ -	$ 377,883	$ -
Lease Liability	110,062	-	39,864	70,198	40,350
IT Subscription Liability	15,339	3,348	9,615	9,072	9,072
Compensated Absences*					
Vacation	927	866	1,114	679	866
Sick	28,604	6,241	9,525	25,320	7,343
Total Compensated absences	29,531	7,107	10,639	25,999	8,209
Total Johnston County TDA	$ 527,927	$ 15,343	$ 60,118	$ 483,152	$ 57,631

Note 3 – Detail Notes on All Funds (continued)

7. Long-term obligations (continued)

Johnston County Airport Authority

	Balance 7/1/2024	Increases	Decreases	Balance 6/30/2025	Amounts Due Within One Year
Net Pension Liability	$ 350,088	$ 4,587	$ -	$ 354,675	$ -
IT Subscription Liability	105	-	105	-	-
Total OPEB Liability	1,375,191	-	652	1,374,539	-
Compensated Absences*	55,423	-	9,402	46,021	7,137
Total Johnston County Airport Authority	$ 1,780,807	$ 4,587	$ 10,159	$ 1,775,235	$ 7,137

*Beginning balances were restated as a result of the implementation of GASB 101.

Johnston County ABC Board

	Balance 7/1/2024	Increases	Decreases	Balance 6/30/2025	Amounts Due Within One Year
Net Pension Liability	$ 1,046,249	$ 10,948	$ -	$ 1,057,197	$ -
Total OPEB Liability	3,328,122	-	82,048	3,246,074	-
Lease Liability	215,660	698,009	324,006	589,663	305,871
Notes Payable	-	2,200,000	31,346	2,168,654	103,466
Total Johnston County Airport Authority	$ 4,590,031	$ 2,908,957	$ 437,400	$ 7,061,588	$ 409,337

Conduit Debt Obligation - Johnston County Industrial Facility and Pollution Control Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from the payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2025, there was one series of industrial revenue bonds outstanding with an aggregate principal amount payable of $5,952,865.

Note 3 – Detail Notes on All Funds (continued)

C. INTERFUND BALANCES AND ACTIVITIES

Receivables and Payables

Due from/to Other funds	From	To
General Fund	$ 3,694	$ 80,941
Special Revenue Funds		
Voluntary Ag District	-	164
Representative Payee Fund	-	18
Communication Fund	-	576
Heritage Commission	77,646	-
Capital Project Fund		
Industrial Infrastructure Fund	-	70,448
Enterprise Funds		
Administrative Fund	2,575	-
Solid Waste Fund	-	1,614,648
Water Fund	-	1,348,804
Wastewater Fund	537,438	-
Water District Operating Fund	2,494,246	-
Total	$ 3,115,599	$ 3,115,599

All interfund receivables and payables resulted from transfers used to supplement other funding sources.

Note 3 – Detail Notes on All Funds (continued)

C. INTERFUND BALANCES AND ACTIVITIES (continued)

Transfers to/from other funds at June 30, 2025, consists of the following:

From the General fund to the Industrial Development fund to accumulate resources for economic development incentive grants.	$	6,000,000
From the General fund to the Solid Waste fund to provide additional resources for recycling operations.		1,900,000
From the General fund to the Heritage Center fund to provide additional resources for operations.		210,624
From the General Fund to the Grant Fund to provide a match for a State Directed Grant.		250,000
From the General fund to the Revaluation fund to accumulate resources for the revaluation of real property. **		1,100,000
From the General fund to the County Office Facilities Project fund to provide resources for land purchases and related due diligence for future County facilities.		4,424,041
From the Public Safety Center Project fund to the General fund to close out the project and return funds from General fund not needed for the project.		140
From the Grant Project fund to the General fund to transfer funds for water rescue radio purchases that were funded by a grant.		222,875
From the School Bond Fund to the General fund to reimburse the General Fund from limited obligation bond proceeds for costs of the Advanced Manufacturing Training Center (Johnston Community College).		2,456,062
From the General Fund to the School Bond Fund to pay design costs for the Clayton High School Rebuild project.		5,000,000
From the School Bond Fund to the General fund to close the 2023 G.O. Bonds project fund and transfer remaining interest earnings on the 2023 School Bonds to the General Fund for debt service.		832,966
From the ARPA Coronavirus SLFRF fund to the Water Capital Projects fund to pay a portion of project costs.		1,016,220
From the ARPA Coronavirus SLFRF fund to the Wastewater Capital Projects fund to pay a portion of project costs.		11,470,633
From the Opioid Settlement fund to the General fund to reimburse for opioid abatement related part-time salaries.		49,272
Total - Governmental Funds	$	34,932,833

** The Revaluation Fund consolidates with the General Fund, so the transfer nets to zero on Exhibit 4.

Enterprise Funds:

From the Solid Waste Projects fund to the Solid Waste fund to close out a project (remaining funds not spent) and return funds not needed from another project.	$	272,817
From the Solid Waste fund to the Solid Waste Capital Projects Fund to provide resources for capital projects.		4,015,158
From the Water District Fund to the Water Fund for debt service.		6,373,223
From the Water Capital Projects fund to the Water Districts System Development Fee Capital Reserve fund to return SDF funds no longer needed for capital projects.		181,805
From the Wastewater Capital Projects fund to the Wastewater fund to close out projects and return funds not needed for the projects.		656,782

Note 3 – Detail Notes on All Funds (continued)

C. INTERFUND BALANCES AND ACTIVITIES (continued)

From the Wastewater fund to the Wastewater Capital Project fund to provide resources for capital projects.	19,000
From the Wastewater System Development Fee Capital Reserve fund to the Wastewater Capital Projects fund to provide resources for capital projects.	381,000
From the Wastewater Capital Project fund to the Wastewater System Development Fee Capital Reserve fund to return SDF funds no longer needed for capital projects.	516,601
From the Wastewater Fund to the Wastewater System Development Fee Capital Reserve fund to accumulate resources for capital projects and/or debt service.	5,398,170
From the Water District Capital Projects Fund to the Water District Operating Fund to close a project fund and return funds no longer needed for the project.	12,480
From the Water District Fund to the Water District System Development Fee Capital Reserve fund to accumulate resources for capital projects, capacity purchases or debt service.	15,158,202
From the Water District System Development Fee Capital Reserve fund to the Water fund to provide funds for capacity purchases.	870,324
From the Water District System Development Fee Capital Reserve fund to the Water Districts Capital Projects fund to provide resources for capital projects.	820,000
From the Water District System Development Fee Capital Reserve fund to the Water fund to provide resources for debt service.	1,750,000
From the Water District Capital Projects Fund to the Water District System Development Fee Capital Reserve fund to close a project fund and return SDF funds no longer needed for the project.	105,640
From the Water District System Development Fee Capital Reserve fund to the Water Capital Projects fund to provide resources for capital projects.	255,500
Total Enterprise Funds	$ 36,786,702
Total	$ 71,719,535

D. NET INVESTMENT IN CAPITAL ASSETS

	Governmental	Business-type
Capital assets	$ 131,038,448	$ 612,360,773
less: long-term debt (related to County assets)	(53,681,918)	(400,139,188)
less: retainage payable (related to County assets)	-	(4,145,397)
add: Deferred charges (related to County assets)	-	3,778,426
add: unexpended debt proceeds (related to County assets)	-	81,514,390
Net investment in capital assets	$ 77,356,530	$ 293,369,004

E. FUND BALANCE

Johnston County has a revenue spending policy that provides for programs with multiple revenue sources. The Finance Officers will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-city funds, city 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.

Note 3 – Detail Notes on All Funds (continued)

E. FUND BALANCE (continued)

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	$ 271,852,805
As percentage of budgeted expenditures	56.54%
As percentage of actual expenditures	73.63%
Less:	
Nonspendable items (Inventories, Prepaids, Leases)	635,395
Stabilization by State Statute	36,876,682
Legally available fund balance	234,340,728
As percentage of budgeted expenditures	48.74%
As percentage of actual expenditures	63.47%
Commitments and Assignments	
Inspections	$ 12,511,649
Appropriated Fund Balance in 2026 Budget	13,314,613
Mental Health Programs	350,000
Automation Enhancement	1,541,036
Public safety	1,570,197
LEO Separation Allowance	941,399
Tax Revaluation	2,458,440
Opioid Abatement	73,072
Capital purchases (fee in lieu)	1,330,907
Total Committed and Assigned Fund Balance	34,091,313
Working Capital / Fund Balance Policy (20% of Budgeted Expenditures)	96,161,935
Remaining Fund Balance	$ 138,178,793

The County currently has an available fund balance of 63.05% of general fund expenditures, while total fund balance represents 73.63% of that same amount. Per their policy, the County Board may, from time-to-time, utilize fund balances that will reduce legally available fund balances below the 20% policy for the purposes of a declared fiscal emergency, financial opportunity to enhance the well-being of Johnston County or other such global purpose as to protect the long-term fiscal security of Johnston County. In such circumstances, after legally available fund balances have been calculated as part of closing-out a fiscal year, the Board will adopt a plan as part of the following year's budget process to restore the legally available fund balances to the policy level within 36 months from the date of the budget adoption. If restoration cannot be accomplished within such time period without severe hardship to the County, then the Board will establish a different but appropriate time period.

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. The General fund had $4,644,046 in outstanding encumbrances at June 30, 2025.

Note 4 – Joint ventures

The County, in conjunction with the State of North Carolina and the Johnston County Board of Education, participates in a joint venture to operate the Johnston Community College (the "Community College"). The County appoints four members to the Board of Trustees of the Community College. The Community College is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the Community College and also provides some financial support for the Community College's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. The County has an ongoing financial responsibility for the Community College because of the statutory responsibilities to provide funding for the Community College's facilities. The County contributed $9,048,589 to the Community College for operating and capital purposes during the fiscal year ended June 30, 2025. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County’s financial statements at June 30, 2025. Financial statements for Johnston Community College can be obtained by contacting the Controller at P.O. Box 2350, Smithfield, NC 27577.

Note 4 – Joint ventures (continued)

Alliance Behavioral Healthcare is subcontracting with Johnston County to perform certain PIHP and LME functions as permitted by state and federal law and regulations and the MCO Waiver Contract. Subcontracted services will include care coordination and maintaining a local presence in Johnston County and providing an understanding of the complexities of the providers, consumers, and other stakeholders in each County. This agreement became effective in January 2013. Operations that were performed by Johnston County Mental Health Authority (a blended component unit of the County) are now shared between Alliance Behavioral Healthcare and the Johnston County Health Department. The Mental Health Authority still exists, but merely acts as a contractor to perform mental health services.

Note 5 – Jointly governed organization

The County, in conjunction with other counties and municipalities, established the Central Pines Regional Council, formerly Triangle J 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 $108,259 to the Council during the fiscal year ended June 30, 2025.

Note 6 – 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 agreement. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

Note 7 – Additional Disclosures Concerning Water District Presentation (Exhibits E-1, E-2)

The County no longer has debt funded by USDA, but wishes to continue presenting the information for the Water Districts as previously required by USDA. The County does not present each of the Water District’s separated out into individual funds, so adequate information was not available to provide separate schedules for each district. In addition, there was no separate budget prepared for each water district. The County prepared separate balance sheets and revenue and expenditure schedules for each water district based on the following: On the individual Balance Sheets, the amounts for Restricted Cash, Capital Assets, Accrued Interest, and Debt are based on Capital Asset Schedules and Debt Schedules, so these numbers are properly reflected for each district. However, the remaining balance sheet items are allocated based on a proportionate rate determined by the Finance Staff and allocated across the districts based on that proportionate rate. On the Schedule of Revenues and Expenditures, Depreciation Expense and Interest Expense, are based on the Capital Asset Schedules and Debt Schedules. In addition, the grant amounts (capital contributions) are properly reflected in the district for which the grant was received. However, the remaining information was allocated based on the proportionate percentage determined by the Finance Staff.

Note 8 - Subsequent Events

In preparing these financial statements, the County has evaluated events and transactions for potential recognition or disclosure through January 20, 2026, the date the financial statements were available to be issued.

Note 9 - Accounting Changes and Error Corrections

CORRECTION OF ERRORS

The County determined that there were amounts on the balance sheet for payroll withholdings that should have been expensed in the prior year. Adjustments were made to reconcile those balances at year end, which resulted in a decrease in fund balance in the General Fund of $1,328,366. Additionally, a deferred inflow was established related to the EMS receivable balance that was not collected within 60 days of year end which decreased fund balance by $842,818 in the General Fund. However, this adjustment isn't needed in the government-wide statements because the revenue would be recognized in the prior year.

Note 9 - Accounting Changes and Error Corrections (continued)

CHANGE IN ACCOUNTING PRINCIPLE

During the current fiscal 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 effect of the change in accounting principle are summarized below in the "Restatement - GASB 101 implementation" column in the table below.

	Net Position 6/30/24 as previously reported	Restatement - GASB 101 Implementation	Correction of an Error in Prior Periods	Net Position 6/30/24 as Restated
Government-wide Statements:				
Governmental Activities	$ (70,667,222)	$ (11,856,231)	$ (1,328,366)	$ (83,851,819)
Business-Type Activities	317,661,436	(1,584,602)	-	316,076,834
Total Government-wide Statements	246,994,214	(13,440,833)	(1,328,366)	232,225,015
Governmental Funds:				
General Fund	269,039,468	-	(2,171,184)	266,868,284
Enterprise Funds:				
Water Fund	72,616,225	(739,537)	-	71,876,688
Wastewater Fund	136,120,979	(362,167)	-	135,758,812
Water District Operating Fund	94,860,959	-	-	94,860,959
Solid Waste Fund	11,780,869	(306,702)	-	11,474,167
Section 8 Housing Assistance	1,235,445	(18,342)	-	1,217,103
Administrative Fund	1,046,959	(157,854)	-	889,105
Total Enterprise Funds	317,661,436	(1,584,602)	-	316,076,834

CHANGE TO OR WITHIN THE FINANCIAL REPORTING ENTITY

The following chart details the changes in major and non-major fund classifications that are reflected in the current year financial statements:

	Fund Balance 6/30/24 as previously reported	Transfer to Major Fund	Transfer to Non-major Funds	Fund Balance 6/30/24 as Restated
Governmental Funds				
School Bond Fund	$ -	$ 9,980,225	$ -	$ 9,980,225
Non-major Funds	29,222,403	-	(9,980,225)	19,242,178

The following financial statements have been compiled from the audited financial statements of the County for the fiscal years ended June 30, 2025, 2024, and 2023.

Johnston County, North Carolina

General Fund

Balance Sheet

As of June 30, 2025, 2024, and 2023

	2025	2024	2023
Assets			
Cash and cash equivalents	$ 242,073,587	$ 243,967,343	$ 219,517,994
Restricted cash	3,551,089	3,900,059	3,868,651
Receivables (net):			
Taxes	417,559	314,837	213,938
Accounts	6,690,461	3,606,555	3,301,272
Interest	7,916	6,683	4,598
Lease	192,212	322,266	409,107
Notes	120,000	120,000	120,000
Due from other funds	80,941	50,843	26,547
Due from other governments	26,886,566	23,307,286	21,628,013
Prepaids	630,475	186,030	-
Total assets	$ 280,650,806	$ 275,781,902	$ 249,090,120
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payables and accrued liabilities	$ 3,650,426	$ 4,633,316	$ 3,279,774
Payroll withholdings	2,283,638	702,009	2,595,518
Customer deposits	486,602	456,074	429,462
Unspent grant funds	7,221	120,003	275,544
Due to other funds	3,694	-	757
Total liabilities	6,431,581	5,911,402	6,581,055
Deferred Inflows of Resources			
Prepaid taxes	208,321	199,112	213,447
Taxes receivable	1,970,807	314,837	213,938
Leases	187,292	317,082	405,188
Total deferred inflows of resources	2,366,420	831,031	832,573
Fund Balances			
Nonspendable:			
Prepaid items	630,475	186,030	-
Leases	4,920	5,184	3,919
Restricted:			
Stabilization by State Statute	36,876,682	30,398,517	29,469,338
Opioid Abatement	73,072	-	-
Inspections	12,511,649	8,833,272	8,198,036
Committed:			
Public safety	1,570,197	1,704,429	1,645,969
Human services	350,000	350,000	350,000
Automation enhancement	1,541,036	1,400,940	1,264,421
Capital purchases	1,330,907	1,978,246	1,497,606
Tax revaluation	2,458,440	2,388,025	2,209,901
LEOSSA	941,399	1,322,477	1,277,942
Assigned:			
Subsequent year's expenditures	13,314,613	18,458,874	7,864,530
Unassigned	200,249,415	202,013,475	187,894,830
Total fund balances	271,852,805	269,039,469	241,676,492
Total liabilities, deferred inflows of resources, and fund balances	$ 280,650,806	$ 275,781,902	$ 249,090,120

The accompanying notes are an integral part of these financial statements

Johnston County, North Carolina

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Fiscal Years Ended June 30, 2025, 2024, and 2023

	2025	2024	2023
Revenues			
Ad valorem taxes	$ 194,305,400	$ 191,480,457	$ 189,818,596
Local option sales taxes	84,123,918	79,403,032	78,046,973
Unrestricted intergovernmental	1,600,755	1,806,044	1,348,469
Restricted intergovernmental	34,926,798	29,805,360	29,423,618
Permits and fees	21,269,103	17,801,091	17,047,438
Sales and services	18,992,514	18,899,173	15,813,382
Other taxex and licenses	3,140,230	-	-
Investment earnings	10,978,589	12,829,794	7,755,348
Miscellaneous	275,779	577,890	617,383
Total revenues	369,613,086	352,602,841	339,871,207
Expenditures			
Current:			
General government	41,742,793	27,664,449	27,911,905
Public safety	81,995,415	76,788,685	66,358,158
Economic and physical development	8,836,242	8,288,511	8,930,093
Human services	60,202,658	57,931,550	49,499,858
Cultural and recreational	834,735	931,864	968,390
Education	118,571,460	108,808,921	102,245,795
Debt service:			
Principal	32,215,527	32,103,207	30,775,413
Interest and fees	9,721,157	10,251,202	10,982,262
Total expenditures	354,119,987	322,768,389	297,671,874
Revenues over expenditures	15,493,099	29,834,452	42,199,333
Other Financing Sources (Uses)			
Lease proceeds	2,706,902	856,714	1,348,617
Contributed Capital	1,007,870	-	-
Transfers from other funds:			
Special revenue funds	272,147	-	-
School Capital Project funds	3,289,028	60,213	30,260
Capital projects funds	140	6,950,194	94
Transfers to other funds:			
Enterprise funds	(1,900,000)	-	(500,000)
School Capital Project funds	(5,000,000)		
Capital projects funds	(10,424,041)	(10,101,140)	(10,179,522)
Special revenue funds	(460,624)	(237,456)	(3,742,493)
Total other financing uses	(10,508,578)	(2,471,475)	(13,043,044)
Net change in fund balance	4,984,521	27,362,977	29,156,289
Fund Balances			
Fund balance, beginning of year	269,039,469	241,676,492	212,520,203
Restatement	(2,171,185)	-	-
Fund balance, beginning of year, as restated	266,868,284	241,676,492	212,520,203
Fund balance, end of year	$ 271,852,805	$ 269,039,469	$ 241,676,492

The accompanying notes are an integral part of these financial statements

The following financial statements have been compiled from the budget ordinance and related amendments of the County for the fiscal year ending June 30, 2026.

Johnston County, North Carolina
Compiled Budget - General Fund
For the Fiscal Year Ending June 30, 2026
As of 02/28/26

	General Fund
Estimated revenues	
Ad valorem taxes	$ 225,046,000
Local option sales taxes	85,000,000
Other taxes and licenses	180,000
Unrestricted intergovernmental	1,220,000
Restricted intergovernmental	38,637,264
Permits and fees	18,340,800
Sales and services	12,207,619
Investment earnings	10,000,000
Miscellaneous	2,719,956
Total estimated revenues	393,351,639
Appropriations	
General government	44,228,768
Public safety	88,434,745
Economic and physical development	15,070,481
Human services	74,242,003
Cultural and recreational	822,000
Education	134,050,564
Capital outlay	15,475,106
Debt Service:	
Principal	32,684,000
Interest and fees	13,555,869
Total appropriations	418,563,536
Estimated revenues under appropriations	(25,211,897)
Other financing sources (uses)	
Transfers from other funds:	
Capital projects funds	10,062,847
Transfers to other funds:	
Enterprise funds	(2,950,000)
Special revenue funds	(245,229)
Capital projects funds	(97,426,446)
Appropriated fund balances	115,770,725
Total other financing sources	25,211,897
Total estimated revenues and other financing sources over appropriations and other uses	$ -

Compiled by the staff of the finance department of Johnston County.

MAYNARDNEXSEN

APPENDIX E

June ___, 2026

Board of Commissioners for the
County of Johnston, North Carolina

Re: $_____ County of Johnston, North Carolina General Obligation Public Improvement Bonds, Series 2026A

We have acted as bond counsel in connection with the $_____ General Obligation Public Improvement Bonds, Series 2026A, dated June ___, 2026 (the "Bonds") of the County of Johnston, North Carolina (the "County"). We have examined existing law and certified copies of such legal proceedings, including resolutions of the County providing for the issuance of the Bonds, and such other proofs as we deem necessary to render this opinion.

Based upon the foregoing examination, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to The Local Government Bond Act, as amended, and Article 7, as amended, of Chapter 159 of the General Statutes of North Carolina.

2. The Bonds constitute valid and binding general obligations of the County, for the payment of the principal of and the interest on which all taxable real and tangible personal property within the County is subject to the levy of ad valorem taxes, without limitation as to rate or amount.

3. Interest on the Bonds is not includable in the gross income of the owners thereof for federal income tax purposes. The opinion set forth in the preceding sentence is subject to the condition that the County comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, not includable in gross income for federal income tax purposes. The County has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Interest on the Bonds is exempt from all present State of North Carolina income taxes.

4. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, except that such interest is taken into account in determining the "adjusted financial statement income" of certain corporations for purposes of computing the alternative minimum tax on corporations for tax years beginning after December 31, 2022.

The ownership of the Bonds and the accrual or receipt of interest thereon may result in other federal, state or local tax consequences upon which we express no opinion.

The rights of the owners of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

MAYNARD NEXSEN PC

By: _____
Authorized Member

MAYNARDNEXSEN

June ___, 2026

Board of Commissioners for the
County of Johnston, North Carolina

Re: $_____ County of Johnston, North Carolina General Obligation Refunding Bonds, Series 2026B

We have acted as bond counsel in connection with the $_____ General Obligation Refunding Bonds, Series 2026B, dated June ___, 2026 (the "Bonds") of the County of Johnston, North Carolina (the "County"). We have examined existing law and certified copies of such legal proceedings, including resolutions of the County providing for the issuance of the Bonds, and such other proofs as we deem necessary to render this opinion.

Based upon the foregoing examination, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to The Local Government Bond Act, as amended, and Article 7, as amended, of Chapter 159 of the General Statutes of North Carolina.

2. The Bonds constitute valid and binding general obligations of the County, for the payment of the principal of and the interest on which all taxable real and tangible personal property within the County is subject to the levy of ad valorem taxes, without limitation as to rate or amount.

3. Interest on the Bonds is not includable in the gross income of the owners thereof for federal income tax purposes. The opinion set forth in the preceding sentence is subject to the condition that the County comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, not includable in gross income for federal income tax purposes. The County has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Interest on the Bonds is exempt from all present State of North Carolina income taxes.

4. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, except that such interest is taken into account in determining the "adjusted financial statement income" of certain corporations for purposes of computing the alternative minimum tax on corporations for tax years beginning after December 31, 2022.

The ownership of the Bonds and the accrual or receipt of interest thereon may result in other federal, state or local tax consequences upon which we express no opinion.

The rights of the owners of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

MAYNARD NEXSEN PC

By: _____
Authorized Member

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

Beneficial ownership interests in the Bonds will be available only in a book-entry system. The actual purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in such Bonds purchased. So long as The Depository Trust Company (the "DTC"), a New York corporation, or its nominee is the registered owner of the Bonds, references in this Official Statement to the registered owners of the Bonds shall mean DTC or its nominee and shall not mean the Beneficial Owners of the Bonds.

The following description of DTC, of procedures and record keeping on beneficial ownership interests in the Bonds, payment of interest and other payments with respect to the Bonds to DTC Participants or to Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Bonds and of other transactions by and between DTC, DTC Participants and Beneficial Owners is based on information furnished by DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's Participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of the Bonds. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (the "DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each Beneficial Owner is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchases. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of

Beneficial Owners. Beneficial Owners will not receive physical certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual identities of the Beneficial Owners of the Bonds; DTC's records reflect only the identities of the Direct Participants to whose accounts the Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants are responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting and voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest and redemption premiums, if any, on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County, on each payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the County or the Commission, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption premiums, if any, is the County's responsibility, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered.

The Commission or the County may decide to discontinue use of the system of book-entry- only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this Appendix concerning DTC and DTC's book-entry system has been obtained from DTC, and the County takes no responsibility for the accuracy thereof.

The County cannot and does not give any assurances that DTC, Direct Participants or Indirect Participants will distribute to the Beneficial Owners of the Bonds (a) payments of principal of, premium, if any, and interest on the Bonds, (b) confirmations of their ownership interests in the Bonds or (c) redemption or other notices sent to DTC or Cede & Co., its partnership nominee, as the registered owner of the bonds, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement.

THE COUNTY HAS NO RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OR ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OR ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF, PREMIUM, IF ANY OR INTEREST ON THE BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS OF THE BONDS UNDER THE TERMS OF THE RESOLUTIONS AUTHORIZING THE ISSUANCE OF THE BONDS; AND (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS OWNER.