Issue - Full Book-Entry

Rating: S&P: AA
(See "Rating" herein)

*In the opinion of Parker Poe Adams & Bernstein, LLP, Bond Counsel, under existing law, (1) assuming compliance by the County with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), the portion of the Installment Payments designated and paid as interest with respect to the 2024 Bonds (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal individual alternative minimum tax; provided, however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022, and (2) the portion of the Installment Payments designated and paid as interest with respect to the 2024 Bonds is exempt from State of North Carolina income taxation. See "**TAX TREATMENT**" herein.*

$23,330,000
Limited Obligation Bonds, Series 2024
evidencing proportionate undivided interests in rights to receive certain Revenues pursuant to an Installment Financing Contract between Haywood County Financing Corporation and the COUNTY OF HAYWOOD, NORTH CAROLINA

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

This Official Statement has been prepared by the County of Haywood, North Carolina (the "*County*") to provide information on the Limited Obligation Bonds, Series 2024 (the "*2024 Bonds*"). Selected information is presented on this cover page for the convenience of the user. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used in this Official Statement, unless otherwise defined herein, have the meanings set out in **Appendix C** hereto under **"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS-DEFINITIONS."**

The 2024 Bonds and all other Bonds outstanding under the Indenture evidence proportionate undivided interests in rights to receive certain Revenues pursuant to the Contract between the Haywood County Financing Corporation (the "*Corporation*") and the County. The performance by the County of its obligations under the Contract, including the obligation to make Installment Payments thereunder, is secured by a Deed of Trust from the County to the Deed of Trust Trustee granting a lien of record on the Mortgaged Property, subject to Permitted Encumbrances. The Corporation has assigned to the Trustee for the benefit of the registered owners of the 2024 Bonds and all other Bonds outstanding under the Indenture substantially all of its rights under the Contract, including the right to receive Installment Payments, and all of its rights as beneficiary of the Deed of Trust.

THE PRINCIPAL, PREPAYMENT PRICE AND INTEREST WITH RESPECT TO THE 2024 BONDS ARE PAYABLE SOLELY FROM AMOUNTS PAYABLE BY THE COUNTY UNDER THE CONTRACT AND, TO THE EXTENT PROVIDED IN THE INDENTURE, THE PROCEEDS OF THE SALE OF THE 2024 BONDS, CONDEMNATION AWARDS OR THE SALE OR LEASE OF THE MORTGAGED PROPERTY. NEITHER THE CONTRACT, THE 2024 BONDS NOR THE INTEREST WITH RESPECT THERETO CONSTITUTES A GENERAL OBLIGATION OR OTHER INDEBTEDNESS OF THE COUNTY. NO DEFICIENCY JUDGMENT MAY BE RENDERED AGAINST THE COUNTY IN ANY ACTION FOR BREACH OF ANY CONTRACTUAL OBLIGATION TO MAKE INSTALLMENT PAYMENTS PURSUANT TO THE CONTRACT, AND THE TAXING POWER OF THE COUNTY IS NOT PLEDGED DIRECTLY OR INDIRECTLY TO SECURE ANY MONEYS DUE THE OWNERS OF THE 2024 BONDS. THE REMEDIES AFFORDED TO THE TRUSTEE AND THE OWNERS ON AN EVENT OF DEFAULT RESULTING FROM THE COUNTY'S FAILURE TO MAKE INSTALLMENT PAYMENTS UNDER THE CONTRACT ARE LIMITED IN THE CONTRACT TO THOSE OF A SECURED PARTY UNDER THE LAWS OF NORTH CAROLINA, INCLUDING FORECLOSING ON THE MORTGAGED PROPERTY IN ACCORDANCE WITH THE DEED OF TRUST AND ARE ON A PARITY WITH THOSE RIGHTS AND REMEDIES AVAILABLE TO THE OWNERS OF ALL BONDS OUTSTANDING UNDER THE INDENTURE. SEE "SECURITY AND SOURCES OF PAYMENT OF 2024 BONDS" HEREIN.

Prepayment:	The 2024 Bonds are subject to optional prepayment before maturity.
Issued Pursuant to:	The 2024 Bonds will be executed and delivered pursuant to the Indenture.
Purpose:	The proceeds of the 2024 Bonds will be used by the County to (1) finance renovations and an expansion to the existing County detention center and (2) pay the costs related to the execution and delivery of the 2024 Bonds.
Interest Payment Dates:	April 1 and October 1 of each year, beginning October 1, 2024.
Denomination:	$5,000 and any integral multiple thereof.
Closing Date:	On or about March 21, 2024.
Registration:	Full book-entry only; The Depository Trust Company.
Trustee:	Truist Bank.
Financial Advisor:	Davenport & Company LLC, Charlotte, North Carolina.
Bond Counsel & Corporation Counsel:	Parker Poe Adams & Bernstein LLP, Charlotte, North Carolina.
County Attorney:	Frank G. Queen, Esq., County Attorney, Waynesville, North Carolina.
Underwriter's Counsel:	Moore & Van Allen PLLC, Charlotte, North Carolina.

PNC CAPITAL MARKETS LLC

March 13, 2024

LIMITED OBLIGATION BONDS
SERIES 2024

MATURITY SCHEDULE

DUE APRIL 1	PRINCIPAL AMOUNT	INTEREST RATE	YIELD	CUSIP NO.[1] 421354	DUE APRIL 1	PRINCIPAL AMOUNT	INTEREST RATE	YIELD	CUSIP NO.[1] 421354
2026	$1,230,000	5.00%	2.73%	AA9	2036	$1,230,000	5.00%	2.79%[C]	AL5
2027	1,230,000	5.00	2.61	AB7	2037	1,225,000	5.00	2.92[C]	AM3
2028	1,230,000	5.00	2.54	AC5	2038	1,225,000	5.00	3.01[C]	AN1
2029	1,230,000	5.00	2.53	AD3	2039	1,225,000	5.00	3.06[C]	AP6
2030	1,230,000	5.00	2.53	AE1	2040	1,225,000	4.00	3.54[C]	AQ4
2031	1,230,000	5.00	2.56	AF8	2041	1,225,000	4.00	3.63[C]	AR2
2032	1,230,000	5.00	2.57	AG6	2042	1,225,000	4.00	3.73[C]	AS0
2033	1,230,000	5.00	2.60	AH4	2043	1,225,000	4.00	3.84[C]	AT8
2034	1,230,000	5.00	2.60	AJ0	2044	1,225,000	4.00	3.91[C]	AU5
2035	1,230,000	5.00	2.72[C]	AK7					

[C] Yield to the first optional prepayment date of April 1, 2034 at 100%.

[1] CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems, Inc. CUSIP numbers are set forth herein for the convenience of reference only and neither the County, the Corporation, the Underwriter, nor their agents take responsibility for the accuracy of such data.

In connection with this offering, the Underwriter may over allot or effect transactions that stabilize or maintain the market price of the 2024 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representation other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of the 2024 Bonds by any person in any jurisdiction in which it is not lawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Corporation, the County and other sources that are deemed to be reliable.

Neither the 2024 Bonds nor the Indenture have been registered with the Securities and Exchange Commission by reason of the provisions of Section 3(a)(2) of the Securities Act of 1933, as amended. The registration or qualification of the 2024 Bonds and the Indenture in accordance with applicable provisions of securities laws of the states in which the 2024 Bonds and the Indenture have been registered or qualified, and the exemption from registration or qualification in other states, shall not be regarded as a recommendation thereof.

In making an investment decision, investors must rely on their own examination of the terms of the offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

All quotations from and summaries and explanations of laws and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the 2024 Bonds shall under any circumstances create any implication that there has been no change in the affairs of the County since the date hereof.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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Limited Obligation Bonds, Series 2024
evidencing proportionate undivided interests in rights to receive certain Revenues pursuant to an Installment Financing Contract between Haywood County Financing Corporation and the
COUNTY OF HAYWOOD, NORTH CAROLINA

INTRODUCTION

The purpose of this Official Statement, which includes the Appendices hereto, is to provide certain information in connection with the execution, sale and delivery of the Limited Obligation Bonds, Series 2024, in the aggregate principal amount of $23,330,000 (the "*2024 Bonds*"), which evidence proportionate undivided interests in rights to receive certain Revenues (as defined herein) pursuant to an Installment Financing Contract dated as of March 1, 2024 (the "*Contract*"), between Haywood County Financing Corporation (the "*Corporation*") and the County of Haywood, North Carolina (the "*County*"). The 2024 Bonds will be executed and delivered pursuant to an Indenture of Trust dated as of March 1, 2024 (the "*Indenture*"), between the Corporation and Truist Bank (the "*Trustee*"). Capitalized terms used in this Official Statement, unless otherwise defined herein, have the meanings set out in **Appendix C** hereto.

This Introduction provides only certain limited information with respect to the contents of this Official Statement and is expressly qualified by the Official Statement as a whole. Prospective investors should review the full Official Statement and each of the documents summarized or described herein. This Official Statement speaks only as of its date, and the information contained herein is subject to change.

THE COUNTY

The County is a political subdivision of the State of North Carolina (the "*State*"). See the caption **"THE COUNTY"** herein and **Appendix A** hereto for certain information regarding the County. Certain information from the County's audited financial statements for the fiscal year ended June 30, 2023 are contained in **Appendix B** hereto.

PURPOSE

The 2024 Bonds are being executed and delivered to (1) finance renovations and an expansion to the existing County detention center (the "*Detention Center*") and (2) pay the costs related to the execution and delivery of the 2024 Bonds. See the captions **"THE 2024 PROJECTS"** and **"ESTIMATED SOURCES AND USES OF FUNDS"** herein.

SECURITY

The 2024 Bonds and any Additional Bonds (as defined herein) outstanding under the Indenture (collectively, the "*Bonds*") evidence proportionate undivided interests in the right to receive certain Revenues under the Contract. The 2024 Bonds are secured by such moneys as may be on deposit under the Indenture. The 2024 Bonds are payable solely from the Installment Payments and certain other moneys as provided in the Indenture. In connection with the execution and delivery of the 2024 Bonds, the County will execute and deliver to a deed of trust trustee (the "*Deed of Trust Trustee*"), for the benefit of the Corporation or its assignee, a Deed of Trust, Security Agreement and Fixture Filing dated as of March 1, 2024 (the "*Deed of Trust*"), as security for the County's obligations under the Contract, which grants a lien on the Mortgaged Property as described under the captions "**SECURITY AND SOURCES OF PAYMENT OF 2024 BONDS—DEED OF TRUST**" herein. The 2024 Bonds will be secured by the lien of the Deed of Trust on the Mortgaged Property.

The Corporation has assigned to the Trustee for the benefit of the Owners of the Bonds executed and delivered pursuant to the Indenture (1) all rights, title and interest of the Corporation in the Contract (except for certain reserved rights), including its right to receive the Installment Payments thereunder, (2) all rights, title and interest of the Corporation in the Deed of Trust and the Mortgaged Property and (3) all moneys and securities from time to time held by the Trustee under the Indenture in any fund or account (except the Rebate Fund). Pursuant to the Contract, the Installment Payments are payable by the County directly to the Trustee. The Corporation may execute and deliver additional bonds under the Indenture (the *"Additional Bonds"*) and such Additional Bonds would have equal rights in the security available to the Owners of the 2024 Bonds. See the captions **"SECURITY AND SOURCES OF PAYMENT OF 2024 BONDS—ADDITIONAL BONDS"** herein and **"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS--THE INDENTURE--*Additional Bonds*"** in **Appendix C** hereto.

Under certain conditions, the Deed of Trust Trustee may release portions of the Mortgaged Property from the lien of the Deed of Trust. See the caption **"SECURITY AND SOURCES OF PAYMENT OF 2024 BONDS—DEED OF TRUST"** herein and **"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—DEED OF TRUST"** in **Appendix C** hereto.

If a default occurs under the Contract, the Trustee may attempt to dispose of the Mortgaged Property and apply the proceeds received as a result of any such disposition to the payment of the amounts due to the Owners of the 2024 Bonds and all other Bonds outstanding under the Indenture. No assurance can be given that any such proceeds will be sufficient to pay the principal and interest with respect to the 2024 Bonds. In addition, no deficiency judgment can be obtained against the County if the proceeds from any such disposition (together with other funds that may be held by the Trustee under the Indenture) are insufficient to pay the 2024 Bonds in full. Neither the 2024 Bonds nor the County's obligation to make payments under the Contract constitute a pledge of the County's faith and credit within the meaning of any constitutional provision. See the caption **"SECURITY AND SOURCES OF PAYMENT OF 2024 BONDS"** herein.

THE 2024 BONDS

The 2024 Bonds will be dated their date of initial execution and delivery. Interest is payable on April 1 and October 1 of each year, beginning October 1, 2024, at the rates set forth on the inside cover page of this Official Statement. Principal is payable on April 1 in the years and in the amounts set forth on the inside cover page of this Official Statement.

BOOK ENTRY ONLY

The 2024 Bonds will be delivered in book entry form only, without physical delivery of bonds. Payments to beneficial owners of the 2024 Bonds will be made by the Trustee through The Depository Trust Company, New York, New York ("*DTC*") and its participants. See **"BOOK-ENTRY ONLY SYSTEM"** in **Appendix E** hereto.

TAX STATUS

In the opinion of Bond Counsel, under existing law, (1) assuming compliance by the County with certain requirements of the Internal Revenue code of 1986, as amended (the "*Code*"), the portion of the Installment Payments designated and paid as interest with respect to the 2024 Bonds (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal individual alternative minimum tax, and (2) the portion of the Installment Payments designated and paid as interest with respect to the 2024 Bonds is exempt from State of North Carolina income taxation. See the caption "**TAX TREATMENT**" herein.

PROFESSIONALS

PNC Capital Markets LLC (the "*Underwriter*") is underwriting the 2024 Bonds. Truist Bank is serving as Trustee with respect to the 2024 Bonds. Parker Poe Adams & Bernstein LLP is serving as Bond Counsel and Corporation Counsel. Davenport & Company LLC is serving as Financial Advisor to the County. Frank G. Queen, Esq., serves as the County Attorney. Moore & Van Allen PLLC is serving as counsel to the Underwriter.

ADDITIONAL INFORMATION

Additional information and copies in reasonable quantity of the principal financing documents may be obtained during the offering period from PNC Capital Markets LLC, 4720 Piedmont Row, Suite 200, Charlotte, North Carolina 28210, (704) 571-0671. After the offering period, copies of such documents may be obtained from the Trustee at 2713 Forest Hills Road, SW, Building 2, Floor 2, Mail Code: 100-50-02-80, Wilson, North Carolina 27893 Attention: Corporate Trust and Escrow Services.

The County will undertake in the Contract to provide continuing disclosure of certain annual financial information and operating data and listed events regarding the Contract and the 2024 Bonds. See the caption **"CONTINUING DISCLOSURE"** herein.

THE 2024 BONDS

AUTHORIZATION

The 2024 Bonds will be executed and delivered pursuant to the Indenture. The 2024 Bonds evidence proportionate undivided interests in the right to receive certain Revenues pursuant to the Contract. The 2024 Bonds are payable solely from the Installment Payments and certain other moneys as provided in the Indenture.

The County is entering into the Contract under the provisions of Section 160A-20 of the General Statutes of North Carolina, as amended. The Board of Commissioners of the County (the *"Board"*) authorized the County's execution and delivery of the Contract in a resolution adopted on March 4, 2024.

In addition, the County's execution and delivery of the Contract is expected to receive the required approval of the North Carolina Local Government Commission (the "*LGC*") on March 5, 2024. The LGC is a division of the State Treasurer's office charged with general oversight of local government finance in the State. Its approval is required for substantially all bond issues and other local government financing arrangements in the State. Before approving an installment financing, the LGC must determine, among other things, that (1) the proposed financing is necessary or expedient, (2) the financing, under the circumstances, is preferable to a general obligation or revenue bond issue for the same purpose, and (3) the sums to fall due under the proposed financing are adequate and not excessive for the local government.

GENERAL

Payment Terms. The 2024 Bonds will be dated their date of initial execution and delivery. Interest with respect to the 2024 Bonds is payable on each April 1 and October 1 (the "*Interest Payment Dates*"), beginning October 1, 2024, at the rates set forth on the inside cover page of this Official Statement (calculated on the basis of a 360-day year consisting of twelve 30-day months). Principal with respect to the 2024 Bonds is payable on April 1 in the years and amounts set forth on the inside cover page of this Official Statement. Record Date for the 2024 Bonds means the 15th day (whether or not a Business Day) of the month next preceding an Interest Payment Date. Payments will be effected through DTC. See **"BOOK ENTRY ONLY SYSTEM"** in **Appendix E** hereto.

Registration and Exchange So long as DTC or its nominee is the registered owner of the 2024 Bonds, transfers and exchanges of beneficial ownership interests in the 2024 Bonds will be available only through DTC Participants and DTC Indirect Participants. See **"BOOK ENTRY ONLY SYSTEM"** in

Appendix E hereto. The Indenture describes the provisions for transfer and exchange applicable if a book entry system is no longer in effect. These provisions generally provide that the transfer of the 2024 Bonds is registrable by the Owners thereof, and the 2024 Bonds may be exchanged for an equal aggregate, unprepaid principal amount of 2024 Bonds of denominations of $5,000 or any integral multiple thereof and of the same maturity and interest rate, only on presentation and surrender of the 2024 Bonds to the Trustee at the designated corporate trust office of the Trustee together with an executed instrument of transfer in a form approved by the Trustee in connection with any transfer. The Trustee may require the person requesting any transfer or exchange to reimburse it for any tax or other governmental charge required to be paid with respect to such registration or exchange.

PREPAYMENT PROVISIONS

Optional Prepayment. The 2024 Bonds maturing on or before April 1, 2034 are not subject to optional prepayment before their maturities. The 2024 Bonds maturing on April 1, 2035 and thereafter will be subject to prepayment at the option of the County, either in whole or in part, on any date on or after April 1, 2034, at a prepayment price equal to 100% of the principal amount to be prepaid, plus accrued interest to the prepayment date.

General Prepayment Provisions. If called for prepayment in part, the 2024 Bonds to be prepaid shall be prepaid in such order as the County shall select and within the same maturity as selected by DTC pursuant to its rules and procedures or, if the book entry system with respect to the 2024 Bonds is discontinued as provided in the Indenture, by lot within a maturity in such manner as the Trustee in its discretion may determine.

When 2024 Bonds are to be prepaid in part, the schedule of Installment Payments set forth in the Contract shall be recalculated as necessary by the County in the manner required by the Indenture. Notice of prepayment identifying the 2024 Bonds or portions thereof to be prepaid will be given by the Trustee in writing not less than 30 days nor more than 60 days before the date fixed for prepayment by first class mail, postage prepaid (registered or certified mail in the case of notice to DTC) (a) to DTC or its nominee as permitted or required by DTC's rules and procedures, or (b) if DTC or its nominee is no longer the Owner of the 2024 Bonds, to the then registered Owners of the 2024 Bonds to be prepaid at their addresses appearing on the registration books maintained by the Trustee, (c) to the LGC, and (d) to the Municipal Securities Rulemaking Board (the "*MSRB*") in an electronic format as prescribed by the MSRB. Notwithstanding the foregoing, (1) if notice is properly given, failure to receive an appropriate notice shall not affect the validity of the proceedings for such prepayment, (2) failure to give any such notice or any defect therein shall not affect the validity of the proceedings for prepayment of the 2024 Bonds or portions thereof with respect to which notice was correctly given and (3) failure to give any such notice to the LGC or the MSRB, or any defect therein, shall not affect the validity of any proceedings for prepayment of the 2024 Bonds.

In the case of an optional prepayment of the 2024 Bonds, the prepayment notice may state (1) that it is conditioned upon the deposit of money with the Trustee on the prepayment date at the time and in an amount equal to the amount necessary to effect the prepayment and such notice will be of no effect unless such money is so deposited, and (2) that the County retains the right to rescind the prepayment notice on or prior to the scheduled prepayment date, and such notice and optional prepayment shall be of no effect if such money is not so deposited or if the notice is rescinded as described in the Indenture.

On or before the date fixed for prepayment, funds will be deposited with the Trustee to pay the 2024 Bonds or portions thereof called for prepayment, together with accrued interest to the prepayment date. On the giving of notice and the deposit of such funds for prepayment pursuant to the Indenture, interest with respect to the 2024 Bonds or portions thereof so called for prepayment will no longer accrue after the date fixed for prepayment.

The 2024 Bonds or portions thereof called for prepayment will be due and payable on the prepayment date at the prepayment price, together with accrued interest with respect thereto to the prepayment date. If the required notice of prepayment has been given and moneys sufficient to pay the prepayment price, together with accrued interest to the prepayment date have been deposited with the Trustee, the 2024 Bonds or portions thereof so called for prepayment will cease to be entitled to any benefit or security under the Indenture, and the Owners of such 2024 Bonds will have no rights with respect to such 2024 Bonds or portions thereof so called for prepayment except to receive payment of the prepayment price and accrued interest to the prepayment date from such funds held by the Trustee. On surrender and cancellation of any 2024 Bonds called for prepayment in part only, a new 2024 Bond or 2024 Bonds of the same maturity and interest rate and of authorized denominations, in an aggregate principal amount equal to the unprepaid portion thereof, will be executed on behalf of the Corporation and authenticated and delivered by the Trustee.

IF AN EVENT OF DEFAULT HAS OCCURRED AND IS CONTINUING UNDER THE INDENTURE, THERE WILL BE NO PREPAYMENT OF LESS THAN ALL OF THE BONDS OUTSTANDING.

THE 2024 PROJECT

Proceeds of the 2024 Bonds will be used to (1) finance renovations and an approximately 33,500 square-foot expansion to the Detention Center including an approximately 155 new bed expansion (four 35-bed units and one 15-bed unit) and new security systems integrated into the Detention Center (the "*2024 Project*") and (2) pay the costs related to the execution and delivery of the 2024 Bonds. The County received a $5 million appropriation from the State to be used toward the 2024 Project. The total cost of the 2024 Project is currently estimated at $30.5 million.

THE 2024 BONDS WILL BE SECURED BY A LIEN OF THE DEED OF TRUST ON THE DETENTION CENTER, WHICH CONSTITUTES THE MORTGAGED PROPERTY UNDER THE DEED OF TRUST.

ESTIMATED SOURCES AND USES OF FUNDS

The following table presents information as to the estimated sources and uses of funds:

SOURCES OF FUNDS:	
Par Amount of 2024 Bonds	$23,330,000
State Appropriation	5,000,000
Original Issue Premium	2,721,228
TOTAL	$31,051,228
USES OF FUNDS:	
Cost of the 2024 Project	$30,538,029
Costs of Issuance[1]	513,199
TOTAL	$31,051,228

[1] Includes legal fees, printing costs, Underwriter's discount, rating agency fees and other miscellaneous transaction costs.

SECURITY AND SOURCES OF PAYMENT OF 2024 BONDS

The Bonds outstanding under the Indenture evidence proportionate undivided interests in the rights to receive certain Revenues pursuant to the Contract. The 2024 Bonds will be proportionately and ratably secured with the Bonds executed and delivered pursuant to the Indenture. Revenues are defined in the Contract to mean (1) all Net Proceeds not applied to the replacement of the Mortgaged Property, (2) all Installment Payments and (3) all investment income on all funds and accounts created under the Indenture (other than the Rebate Fund). Notwithstanding the foregoing, the Owner of each 2024 Bond is not entitled to receive more than the amount of principal and interest represented by such 2024 Bond.

INSTALLMENT PAYMENTS AND ADDITIONAL PAYMENTS

Under the Contract, the County is required to make the Installment Payments directly to the Trustee in amounts sufficient to provide for the payment of the principal (whether at maturity, by prepayment or otherwise) and interest with respect to the Bonds executed and delivered under the Indenture as the same become due and payable.

The County is also obligated under the Contract to pay as Additional Payments to such persons as are entitled thereto, the reasonable and customary expenses and fees of the Trustee and the Corporation, any expenses of the Corporation in defending an action or proceeding in connection with the Contract or the Indenture and any taxes or any other expenses, including, but not limited to, licenses, permits, state and local income, sales and use or ownership taxes or property taxes which the County or the Corporation is expressly required to pay as a result of the Contract (together with interest that may accrue thereon in the event that the County fails to pay the same).

BUDGET AND APPROPRIATION

Pursuant to the Contract, the County shall (1) cause its budget officer (as statutorily defined) to include the Installment Payments and the reasonably estimated Additional Payments coming due in each Fiscal Year in the corresponding annual budget request, (2) require that the deletion of such funds from the County's final budget or any amended budget be made only pursuant to an express resolution of the Board which explains the reason for such action and (3) deliver notice to the Trustee, and the LGC within five days after the adoption by the Board of the resolution described in clause (2) above. Nothing contained in the Contract, however, obligates the County to appropriate moneys contained in the proposed budget for the payment of the Installment Payments or the reasonably estimated Additional Payments coming due under the Contract.

In connection with the Installment Payments and the Additional Payments, the appropriation of funds therefor is within the sole discretion of the Board.

DEED OF TRUST

General. In connection with the execution and delivery of the 2024 Bonds, the County will execute the Deed of Trust as security for its obligations under the Contract granting a security interest in the Detention Center and the 7.4 acre site thereof (the "*Mortgaged Property*"), subject to certain permitted encumbrances as set forth in the Contract and the Deed of Trust. The Deed of Trust constitutes a lien of record on the Mortgaged Property, subject only to Permitted Encumbrances.

Currently the Detention Center, including personal property that is not part of the Mortgaged Property, has an insured value of $14,853,870. Notwithstanding the foregoing, no appraisal has been obtained and no representation is made as to the value of the County's interest in the Mortgaged Property in foreclosure.

The Deed of Trust authorizes future obligations evidenced by Additional Bonds executed and delivered under the Indenture to be secured by the Deed of Trust, provided that the total amount of present and future obligations secured thereby at any one time does not exceed $100,000,000 and such future obligations are incurred not later than 30 years from the date of the Deed of Trust.

The Deed of Trust will be recorded in the office of the Register of Deeds of Haywood County, North Carolina, and the liens created thereby are insured by a title insurance policy.

Release. So long as there is no event of default under the Deed of Trust, the Trustee, with the Corporation's consent, must release the Mortgaged Property or any part thereof from the lien and security interest of the Deed of Trust when and if the following requirements have been fulfilled:

(1) in connection with any release of the Mortgaged Property, or any part thereof, there is filed with the Corporation a certified copy of the resolution of the Board of Commissioners of the County stating the purpose for which the County desires such release, giving an adequate legal description of the part of the Mortgaged Property to be released, requesting such release and providing for payment by the County of all expenses in connection with such release;

(2) in connection with the release of any part of the Mortgaged Property constituting less than the entire Mortgaged Property, either (1) the tax, insured or appraised value of the Mortgaged Property remaining after the proposed release is not less than 25% of the aggregate principal component of the Installment Payments related to the Bonds then Outstanding under the Indenture or (2) the County (i) provides for the substitution of other real property therefor and the tax, insured or appraised value of the Mortgaged Property remaining after the proposed substitution is not less than the replacement value of the Mortgaged Property (as determined above) immediately before the proposed substitution, (ii) delivers to the Trustee and the Corporation, or its assignee, an opinion of Bond Counsel to the effect that the substitution (A) is permitted by law and under the Deed of Trust and (B) will not adversely affect the tax treatment of any Outstanding Bonds (as defined in the Indenture), and (iii) records a modification to the Deed of Trust reflecting such substitution of the Mortgaged Property;

(3) in connection with the release of any part of the Mortgaged Property constituting less than the entire Mortgaged Property, such release shall not prohibit the County's ingress, egress and regress to and from the remainder of the Mortgaged Property not being released, or materially interfere with the use of the remainder of the Mortgaged Property not being released; and

(4) in connection with the release of the entire Mortgaged Property, there is paid to the Corporation an amount sufficient to provide for the payment in full all of the Bonds then Outstanding under the Indenture.

INDENTURE

Pursuant to the Indenture, the Corporation has assigned to the Trustee for the benefit of the Owners of the Bonds executed and delivered under the Indenture (1) all rights, title and interest of the Corporation in the Contract (except for certain indemnification rights, certain notice rights and the right to Additional Payments payable to the Corporation), including its rights to receive the Installment Payments thereunder, (2) all rights, title and interest of the Corporation in the Deed of Trust and the Mortgaged Property and (3) all moneys and securities from time to time held by the Trustee under the Indenture in any fund or account (except the Rebate Fund).

ENFORCEABILITY

NEITHER THE CONTRACT NOR THE 2024 BONDS CONSTITUTE A PLEDGE OF THE FAITH AND CREDIT OF THE COUNTY WITHIN THE MEANING OF ANY CONSTITUTIONAL DEBT LIMITATION. NO DEFICIENCY JUDGMENT MAY BE RENDERED AGAINST THE COUNTY IN ANY ACTION FOR BREACH OF ANY CONTRACTUAL OBLIGATION UNDER THE CONTRACT, AND THE TAXING POWER OF THE COUNTY IS NOT

PLEDGED DIRECTLY OR INDIRECTLY TO SECURE ANY MONEYS DUE THE OWNERS OF THE 2024 BONDS PURSUANT TO THE CONTRACT.

THE REMEDIES AFFORDED TO THE TRUSTEE AND THE OWNERS OF THE 2024 BONDS ON A DEFAULT BY THE COUNTY UNDER THE CONTRACT ARE LIMITED TO THOSE SPECIFIED IN THE CONTRACT AND THE INDENTURE, INCLUDING EXERCISING THE RIGHTS OF THE BENEFICIARY UNDER THE DEED OF TRUST AND THE RIGHTS OF THE TRUSTEE IN THE FUNDS HELD UNDER THE INDENTURE.

The 2024 Bonds will not constitute a debt or general obligation of the Corporation and will not give the Owners of the 2024 Bonds any recourse to the assets of the Corporation, but will be payable solely from amounts payable by the County under the Contract, from amounts realized on the foreclosure on the Mortgaged Property pursuant to the Deed of Trust and from funds held in certain funds and accounts under the Indenture for such purpose.

The enforceability of the Indenture, the Contract and the Deed of Trust is subject to bankruptcy, insolvency, fraudulent conveyance and other related laws affecting the enforcement of creditors' rights generally and, to the extent that certain remedies under such instruments require, or may require, enforcement by a court, to such principles of equity as the court having jurisdiction may impose.

See **"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS - THE CONTRACT - *Remedies on Default*"** in **Appendix C** for a more complete description of the rights and powers of the Trustee upon the occurrence of an event of default under the Contract.

ADDITIONAL BONDS

Under the conditions described in the Indenture and so long as no Event of Default has occurred and is continuing under the Indenture, the Corporation may execute and deliver Additional Bonds under the Indenture without the consent of the Owners of the Bonds then Outstanding under the Indenture to provide funds to pay (a) the cost of expanding the Projects or acquiring, constructing, renovating and equipping other facilities or acquiring equipment and other capital assets for utilization by or on behalf of the County for public purposes, (b) the cost of refunding of all or any portion of the Bonds then Outstanding under the Indenture or any other financing obligations of the County; and (c) the Costs of Issuance relating to the execution, delivery and sale of such Additional Bonds.

The 2024 Bonds are payable on a parity with any Additional Bonds hereafter executed and delivered pursuant to the Indenture. The Installment Payments and any Installment Payments with respect to Additional Bonds issued under the Indenture will be deposited as received by the Trustee in the Bond Fund held by the Trustee. Moneys in the Bond Fund will be withdrawn and used to pay the principal and interest with respect to the Bonds executed and delivered under the Indenture as the same become due and payable. If on any date the moneys on deposit in the Bond Fund are insufficient to pay all of the principal and interest with respect to the Bonds executed and delivered under the Indenture which are due and payable on such date, such moneys will be used to pay such principal and interest with respect to the Bonds entitled to receive principal or interest with respect to such date in the manner provided in the Indenture. See **"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS - THE INDENTURE - *Application of Money*"** in **Appendix C**.

AVAILABLE SOURCES FOR PAYMENT OF INSTALLMENT PAYMENTS

GENERAL

The County may pay its Installment Payments from any source of funds available to it in each year and appropriated therefor during the term of the Contract.

GENERAL FUND REVENUES

For each of the Fiscal Years ended June 30, 2021 and June 30, 2022, the County imposed a property tax of $0.585 and $0.535, respectively, per $100 of assessed value. For the Fiscal Year ended June 30, 2023, the County imposed a property tax of $0.535 per $100, which generated approximately $53,115,032 in General Fund revenue (53%). The General Statutes of North Carolina permit counties to impose property taxes of up to $1.50 per $100 of assessed value for certain purposes without the requirement of a voter referendum. For the Fiscal Year ending June 30, 2024, the County has imposed a property tax of $0.55 per $100. See **Appendix B** hereto for additional information regarding the County's General Fund revenues for the Fiscal Year ended June 30, 2023.

INSTALLMENT PAYMENT SCHEDULE

The following schedule sets forth for each Fiscal Year of the County ending June 30 the amount of principal and interest required to be paid under the Contract with respect to the 2024 Bonds executed and delivered pursuant to the Indenture. Totals may not foot due to rounding.

	2024 BONDS		TOTAL
FISCAL YEAR ENDING JUNE 30	PRINCIPAL	INTEREST	
2025	--	$1,135,951	$1,135,951
2026	$1,230,000	1,105,250	2,335,250
2027	1,230,000	1,043,750	2,273,750
2028	1,230,000	982,250	2,212,250
2029	1,230,000	920,750	2,150,750
2030	1,230,000	859,250	2,089,250
2031	1,230,000	797,750	2,027,750
2032	1,230,000	736,250	1,966,250
2033	1,230,000	674,750	1,904,750
2034	1,230,000	613,250	1,843,250
2035	1,230,000	551,750	1,781,750
2036	1,230,000	490,250	1,720,250
2037	1,225,000	428,750	1,653,750
2038	1,225,000	367,500	1,592,500
2039	1,225,000	306,250	1,531,250
2040	1,225,000	245,000	1,470,000
2041	1,225,000	196,000	1,421,000
2042	1,225,000	147,000	1,372,000
2043	1,225,000	98,000	1,323,000
2044	1,225,000	49,000	1,274,000
TOTAL	$23,330,000	$11,748,701	$35,078,701

CERTAIN RISKS OF 2024 BOND OWNERS

LIMITED OBLIGATION OF THE COUNTY

If the Installment Payments to be made by the County are insufficient to pay the principal and interest with respect to the Bonds, as the same become due or, if any other event of default occurs under the Contract, the Trustee may accelerate the Bonds, and all unpaid principal amounts due by the County under the Contract and foreclose on the County's interest in the Mortgaged Property under the Deed of Trust. The Mortgaged Property includes only the Detention Center and the site on which it is located.

NO DEFICIENCY JUDGMENT MAY BE RENDERED AGAINST THE COUNTY IN ANY ACTION FOR ANY BREACH OF THE CONTRACT. THE TAXING POWER OF THE COUNTY IS NOT AND MAY NOT BE PLEDGED DIRECTLY OR INDIRECTLY OR CONTINGENTLY TO SECURE ANY MONEYS DUE UNDER THE CONTRACT. THE REMEDIES AFFORDED TO THE TRUSTEE AND THE OWNERS OF THE BONDS UPON A DEFAULT BY THE COUNTY UNDER THE CONTRACT ARE LIMITED TO THOSE OF A SECURED PARTY UNDER THE LAWS OF THE STATE, INCLUDING FORECLOSING ON THE COUNTY'S INTEREST IN THE MORTGAGED PROPERTY COVERED BY THE DEED OF TRUST. THERE CAN BE NO ASSURANCE THAT THE MONEYS AVAILABLE IN THE FUNDS AND ACCOUNTS HELD BY THE TRUSTEE AND THE PROCEEDS OF ANY SUCH FORECLOSURE WILL BE SUFFICIENT TO PROVIDE FOR THE PAYMENT OF THE PRINCIPAL AND INTEREST WITH RESPECT TO THE BONDS OUTSTANDING UNDER THE INDENTURE.

RISK OF NONAPPROPRIATION

The appropriation of moneys to make the Installment Payments is within the sole discretion of the Board of the County. If the Board fails to appropriate such moneys, the only sources of payment for the Bonds will be the moneys, if any, available in the respective funds and accounts held by the Trustee under the Indenture and the proceeds of any attempted foreclosure on the County's interest in the Mortgaged Property under the Deed of Trust.

ENVIRONMENTAL RISKS

In February 2021 the County had a limited environmental assessment performed on the portion of the Mortgaged Property on which the expansion of the Detention Center is to be situated. The assessment included soil and groundwater sampling. No regulatory concerns were identified. In connection with the expansion of the Detention Center, the County also had an asbestos inspection performed. No asbestos-containing materials were identified. The County has not had a full environmental assessment performed on the Mortgaged Property.

The County is not aware of any recognized environmental concerns with respect to the Mortgaged Property. The County is required under the Deed of Trust to undertake whatever environmental remediation may be required by law. For example, if any portion of the Mortgaged Property becomes a "Superfund Site" under the Comprehensive Environmental Response, Compensation and Liability Act, the federal government may require clean-up and the County may be required to pay all or a part of such clean-up costs. If the County was unable to continue operation of any part of the Mortgaged Property because of environmental contamination of the Mortgaged Property, the value of the Mortgaged Property at foreclosure would be reduced by the cost of any clean-up. Moreover, under the Indenture, the Trustee may refuse to foreclose on any portion of the Mortgaged Property affected by such environmental contamination.

VALUE OF COLLATERAL

No appraisal of the Mortgaged Property has been obtained and the amount of proceeds received through foreclosure of the County's interest in the Mortgaged Property will be affected by a number of factors, including (1) the costs and expenses in enforcing the lien and security, (2) the condition of the

Mortgaged Property, (3) the occurrence of any damage, destruction, loss or theft of the Mortgaged Property which is not repaired or replaced and for which there are not received or appropriated moneys from insurance policies or any risk management program, (4) problems relating to the paucity of alternative uses of the facilities arising from their design, zoning restrictions, use restrictions, easements and encumbrances on the Mortgaged Property and (5) environmental problems and risks with respect to the Mortgaged Property.

NO REPRESENTATION IS MADE AS TO THE VALUE OF THE COUNTY'S INTEREST IN THE MORTGAGED PROPERTY IN FORECLOSURE.

UNINSURED OR UNDERINSURED CASUALTY

If all or any part of the Projects is partially or totally damaged or destroyed by any fire or other casualty or is wholly or partially taken pursuant to eminent domain proceedings, the County may elect not to repair, restore, improve or replace the affected portion of the Mortgaged Property if (1) (a) the Net Proceeds are less than $1,000,000 and (b) a County Representative certifies to the Corporation that such Net Proceeds are not necessary to restore the affected portion of the Mortgaged Property to its intended use or (2) the County uses the Net Proceeds, together with any other available funds of the County that may be necessary, to prepay or defease all of the Outstanding Bonds in accordance with the terms of the Indenture. In such event, the County will direct the Trustee to either deposit such Net Proceeds in the Bond Fund to be applied toward the next payment of principal and interest with respect to the Bonds or in the Prepayment Fund or an escrow fund to effect the prepayment or defeasance of the Outstanding Bonds, as the case may be. The Contract requires the County to maintain certain insurance with respect to the Mortgaged Property, but such insurance may not cover all perils to which the Mortgaged Property is subject or provide sufficient Net Proceeds to fully repair or replace the Mortgaged Property.

OUTSTANDING GENERAL OBLIGATION DEBT OF THE COUNTY

The County has general obligation bonds outstanding and may issue additional general obligation bonds and notes in the future. The County has pledged and will pledge its faith and credit and taxing power to the payment of its general obligation bonds and notes issued or to be issued. See the caption **"THE COUNTY - Debt Information"** in **Appendix A** for a description of the County's outstanding and authorized but unissued general obligation bonds and notes. FUNDS WHICH MAY OTHERWISE BE AVAILABLE TO PAY INSTALLMENT PAYMENTS OR ADDITIONAL PAYMENTS OR TO MAKE OTHER PAYMENTS TO BE MADE BY THE COUNTY UNDER THE CONTRACT MAY BE SUBJECT TO SUCH FAITH AND CREDIT PLEDGE BY THE COUNTY AND THEREFORE MAY BE REQUIRED TO BE APPLIED TO THE PAYMENT OF ITS GENERAL OBLIGATION INDEBTEDNESS.

OTHER INDEBTEDNESS

There is no limitation on the County entering into additional contracts which provide for obligations the payment on which is subject to appropriation. See **"THE COUNTY - Debt Information - *Other Long-Term Commitments*"** in **Appendix A**.

CYBERSECURITY

The County, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations and faces multiple cybersecurity threats involving, but not limited to, hacking, phishing viruses, malware and other attacks on its computing and other digital networks and systems (collectively, "*Systems Technology*"). As a recipient and provider of personal, private, or sensitive information, the County may be the target of cybersecurity incidents that could result in adverse consequences to the County and its Systems Technology, requiring a response action to mitigate the consequences.

Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the County's Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage. To mitigate the risk of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, the County invests in multiple forms of cybersecurity and operational safeguards.

The County's cybersecurity processes are managed by the Infrastructure Manager under the direction of the Chief Information Officer (the "*CIO*"). The CIO meets monthly with the Infrastructure Manager to discuss information security strategies and initiatives. The County has implemented various security measures such as using an intrusion detection system, conducting regular vulnerability scans and adopting strict firewall policies. The County has Domain Name System (DNS) protection, which filters out unwanted email traffic and adds suspicious Uniform Resource Locators (URLs) to a blacklist. The County maintains internal, offsite and cloud data back up systems. Employees are required to take annual security awareness training, which is also a part of the onboarding of new employees.

The County has not experienced any known breaches or cybersecurity incidents; provided, however, no assurances can be given by the County that the measures discussed above will ensure against future cybersecurity threats and attacks. Cybersecurity breaches could cause material disruption to the County's finances or operations. The costs of remedying any such damage or obtaining insurance related thereto, or protecting against future attacks could be substantial. Although the County currently carries cybersecurity insurance, it may not be able to obtain such insurance in the future and any insurance proceeds may not be adequate to cover such losses or other consequential County costs and expenses. Further, cybersecurity breaches could expose the County to material litigation and other legal risks, which could cause the County to incur material costs related to such legal claims or proceedings.

CLIMATE CHANGE

The County is susceptible to the effects of extreme weather events and natural disasters, including floods, droughts and hurricanes. In August 2021, Tropical Storm Fred caused flash floods on the Pigeon River in the County, killing six and causing major damage to homes and businesses. As a result, the President of the United States declared a major disaster for the County, Buncombe County and Transylvania County, which allowed for federal aid to assist in the recovery. The North Carolina Office of State Budget and Management established a Tropical Storm Fred Residential Recovery Office to provide $49 million in assistance to individuals and households in the 11-county region impacted by the flooding who did not receive funds through insurance or the federal government. The effect and frequency of such climate events may be amplified by a prolonged global temperature increase over the next several decades (commonly referred to as "*climate change*"). No assurances can be given that a future extreme weather event driven by climate change will not adversely affect the County.

BANKRUPTCY

Under North Carolina law, a local governmental unit such as the County may not file for bankruptcy protection without (1) the consent of the LGC and (2) the satisfaction of the requirements of §109(c) of the United States Bankruptcy Code. If the County were to initiate bankruptcy proceedings with the consent of the LGC and satisfy the requirements of 11 U.S.C. §109(c), the bankruptcy proceedings could have material and adverse effects on holders of the 2024 Bonds, including (a) delay in enforcement of their remedies, (b) subordination of their claims to claims of those supplying goods and services to the County after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a plan of reorganization reducing or delaying payment of the 2024 Bonds. The effect of the other provisions of the United States Bankruptcy Code on the rights and remedies of the holders of the 2024 Bonds cannot be predicted and may be affected significantly by judicial interpretation, general principles of equity (regardless of whether considered in a proceeding in equity or at law) and considerations of public policy. Regardless of any specific adverse determinations in a bankruptcy case of the County, the fact of such a bankruptcy case could have an adverse effect on the liquidity and value of the 2024 Bonds.

THE CORPORATION

The Corporation is organized under the North Carolina Nonprofit Corporation Act (N.C.G.S. Chapter 55A-1 *et seq.*, as amended, the "*Act*") and is authorized under the Act to carry out the purposes set forth in its articles of incorporation. Pursuant to its articles of incorporation, the Corporation is empowered to buy, hold, own, sell, assign, mortgage or lease any interest in real estate and personal property in the manner contemplated by the Contract and to construct, maintain and operate improvements thereon necessary or incident to the accomplishment of the purpose of promoting the general welfare of the citizens of the County by assisting the County in carrying out its municipal and governmental functions through the acquisition, construction, operation, sale or lease of real estate and improvements, facilities and equipment for the use and benefit of the general public. The Corporation has no taxing power.

The Board of Directors of the Corporation consists of three directors consisting of the Chairman of the Board, the County Manager, and the Finance Director of the County, who serve as directors *ex officio* their positions with the County. The following individuals are currently serving as the officers of the Corporation, as indicated opposite their respective names:

Bryant Morehead	President
Kris Boyd	Vice President
Kristian Owen	Vice President, Treasurer, and Secretary
Amy Stevens	Assistant Secretary

The officers and directors of the Corporation presently serve without compensation. The Corporation has no assets or employees.

THE COUNTY

GENERAL

See **Appendix A** for a description of the County.

CONTINGENT LIABILITIES AND LITIGATION

The County is not aware of any contingent liabilities which, in the opinion of the County Attorney, would materially affect the County's ability to meet its financial obligations.

LEGAL MATTERS

LITIGATION

No litigation is now pending or, to the best of the County's knowledge, threatened, against or affecting the County which seeks to restrain or enjoin the authorization, execution or delivery of the 2024 Bonds or which contests the County's creation, organization or corporate existence, or the title of any of the present officers thereof to their respective offices or the authority or proceedings for the County's authorization, execution and delivery of the Contract, or the County's authority to carry out its obligations thereunder or which would have a material adverse impact on the County's condition, financial or otherwise. In addition, no litigation is now pending or, to the best of the Corporation's knowledge, threatened, against or affecting the Corporation which seeks to restrain or enjoin the authorization, execution or delivery of the 2024 Bonds or Contract or which contests the validity or the authority or proceedings for the adoption, authorization, execution or delivery of the 2024 Bonds or the Corporation's creation, organization or corporate existence, or the title of any of the present officers thereof to their respective offices or the authority or proceedings for the Corporation's authorization, execution or delivery of the 2024 Bonds, the Indenture or the Contract, or the Corporation's authority to carry out its obligations thereunder.

OPINIONS OF COUNSEL

Legal matters related to the execution, sale and delivery of the 2024 Bonds are subject to the approval of Parker Poe Adams & Bernstein LLP, Bond Counsel. The opinion of Parker Poe Adams & Bernstein LLP, as Bond Counsel, substantially in the form set forth in **Appendix D** hereto, will be delivered at the time of the delivery of the 2024 Bonds. Certain legal matters will be passed on for the County by Frank G. Queen, Esq.; for the Corporation by its counsel, Parker Poe Adams & Bernstein LLP; and for the Underwriter by its counsel, Moore & Van Allen PLLC.

Parker Poe Adams & Bernstein LLP is serving as Bond Counsel and counsel to the Corporation and, from time to time it and Moore & Van Allen PLLC, counsel to the Underwriter, have represented the Underwriter as counsel in other financing transactions. Neither the County, the Corporation, nor the Underwriter have conditioned the future employment of either of these firms in connection with any proposed financing issues for the County, the Corporation or for the Underwriter on the successful execution and delivery of the 2024 Bonds.

TAX TREATMENT

GENERAL

On the date of execution and delivery of the 2024 Bonds, Parker Poe Adams & Bernstein LLP, Raleigh, North Carolina ("*Bond Counsel*"), will render an opinion that, under existing law, (1) assuming compliance by the County with certain provisions of the Internal Revenue Code of 1986, as amended (the "*Code*"), the portion of the Installment Payments designated and paid as interest with respect to the 2024 Bonds (a) is excludable from gross income for federal income tax purposes, and (b) is not an item of tax preference for purposes of the federal individual alternative minimum tax, however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations, for tax years beginning after December 31, 2022.

The Code imposes various restrictions, conditions and requirements relating to the exclusion of interest on obligations, such as the 2024 Bonds, from gross income for federal income tax purposes, including, but not limited to, the requirement that the County rebate certain excess earnings on proceeds and amounts treated as proceeds of the 2024 Bonds to the United States Treasury, restrictions on the investment of such proceeds and other amounts, and restrictions on the ownership and use of the facilities financed or refinanced with proceeds of the 2024 Bonds. The foregoing is not intended to be an exhaustive listing of the post-issuance tax compliance requirements of the Code, but is illustrative of the requirements that must be satisfied by the County subsequent to execution and delivery of the 2024 Bonds to maintain the excludability of the portion of the Installment Payments designated and paid as interest with respect to the 2024 Bonds from gross income for federal income tax purposes. Bond Counsel's opinion is given in reliance on certifications by representatives of the County as to certain facts material to the opinion and the requirements of the Code.

The County has covenanted to comply with all requirements of the Code that must be satisfied subsequent to the execution and delivery of the 2024 Bonds in order that the portion of the Installment Payments designated and paid as interest with respect to the 2024 Bonds be, or continue to be, excludable from gross income for federal income tax purposes. The opinion of Bond Counsel assumes compliance by the County with such covenants, and Bond Counsel has not been retained to monitor compliance by the County with such covenants subsequent to the date of execution and delivery of the 2024 Bonds. Failure to comply with certain of such requirements may cause the portion the Installment Payments designated and paid as interest with respect to the 2024 Bonds to be included in gross income for federal income tax purposes retroactive to the date of execution and delivery of the 2024 Bonds. No other opinion is expressed by Bond Counsel regarding the federal tax consequences of the ownership of or the receipt or accrual, or amount of interest with respect to the 2024 Bonds.

If the portion of the Installment Payments designated and paid as interest with respect to the 2024 Bonds subsequently becomes included in gross income for federal income tax purposes due to a failure by the County to comply with any requirements described above, the County is not required to redeem the 2024 Bonds or to pay any additional interest or penalty.

The Internal Revenue Service has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations is includable in gross income for federal income tax purposes. Bond Counsel cannot predict whether the Internal Revenue Service will commence an audit of the 2024 Bonds. Prospective purchasers and owners of the 2024 Bonds are advised that, if the Internal Revenue Service does audit the 2024 Bonds, under current Internal Revenue Service procedures, at least during the early stages of an audit, the Internal Revenue Service will treat the County as the taxpayer, and the owners of the 2024 Bonds may have limited rights, if any, to participate in such audit. The commencement of an audit could adversely affect the market value and liquidity of the 2024 Bonds until the audit is concluded, regardless of the ultimate outcome.

Prospective purchasers of the 2024 Bonds should be aware that ownership of the 2024 Bonds and the accrual or receipt of the portion of the Installment Payments designated and paid as interest with respect to the 2024 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property or casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain Subchapter S Corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the 2024 Bonds. Bond Counsel does not express any opinion as to any such collateral tax consequences. Prospective purchasers of the 2024 Bonds should consult their own tax advisors as to the collateral tax consequences.

Proposed legislation is considered from time to time by the United States Congress that, if enacted, would affect the tax consequences of owning the 2024 Bonds. No assurance can be given that any future legislation, or clarifications or amendments to the Code, if enacted into law, will not contain provisions which could cause the portion of the Installment Payments designated and paid as interest with respect to the 2024 Bonds to be subject directly or indirectly to federal, State of North Carolina, or local income taxation, adversely affect the market price or marketability of the 2024 Bonds or otherwise prevent the owners of the 2024 Bonds from realizing the full current benefit of the status of the portion of the Installment Payments designated and paid as interest with respect to the 2024 Bonds.

Bond Counsel is further of the opinion that, under existing law, the portion of the Installment Payments designated and paid as interest with respect to the 2024 Bonds is exempt from State of North Carolina income taxation.

Bond Counsel's opinion is based on existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel's opinion is not a guarantee of a particular result, and is not binding on the Internal Revenue Service or the courts; rather, such opinion represents Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that Bond Counsel deems relevant to such opinion. Bond Counsel's opinion expresses the professional judgment of the attorneys rendering the opinion regarding the legal issues expressly addressed therein. By rendering its opinion, Bond Counsel does not become an insurer or guarantor of the result indicated by that expression of professional judgment, of the transaction on which the opinion is rendered, or of the future performance of the County, nor does the rendering of such opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

ORIGINAL ISSUE PREMIUM

As indicated on the inside cover page, the 2024 Bonds are being sold at initial offering prices which are in excess of the principal amount payable at maturity. The difference between (a) the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the 2024 Bonds is sold and (b) the principal amount payable at maturity of such 2024 Bonds constitutes original issue premium, which original issue premium is not deductible for federal income tax purposes. In the case of an owner of a 2024 Bond, however, the amount of the original issue premium which is treated as having accrued over the term of such 2024 Bond is reduced from the owner's cost basis of such 2024 Bond in determining, for federal income tax purposes, the taxable gain or loss upon the sale, redemption or other disposition of such 2024 Bond (whether upon its sale, redemption or payment at maturity). Owners of 2024 Bonds should consult their tax advisors with respect to the determination, for federal income tax purposes, of the "adjusted basis" of such 2024 Bonds upon any sale or disposition and with respect to any state or local tax consequences of owning a 2024 Bond.

CONTINUING DISCLOSURE

The County agrees in the Contract, in accordance with Rule 15c2-12 (the "*Rule*") promulgated by the Securities and Exchange Commission (the "*SEC*"), to provide to the Municipal Securities Rulemaking Board (the "*MSRB*"):

(a) by not later than seven months after the end of each Fiscal Year, beginning with the Fiscal Year ending June 30, 2024, the 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 are not then available, 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 after the end of each Fiscal Year, beginning with the Fiscal Year ending June 30, 2024, the financial and statistical data as of a date not earlier than the end of such Fiscal Year for the type of information included in the tables under the captions **"THE COUNTY – Debt Information"** and "**– Tax Information"** (including subheadings thereunder) in **Appendix A** hereto (excluding any information on overlapping or underlying units), to the extent such items are not included in the audited financial statements referred to in paragraph (a) above;

(c) in a timely manner not in excess of 10 Business Days after the occurrence of the event, notice of any of the following events with respect to the 2024 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 any 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 2024 Bonds or other material events affecting the tax status of the 2024 Bonds;

7. modifications of the rights of the Beneficial Owners of the 2024 Bonds, if material;

8. call of any of the 2024 Bonds, excluding any mandatory sinking fund prepayment, if material, and tender offers;

9. defeasance of any of the 2024 Bonds;

10. release, substitution, or sale of any property securing repayment of the 2024 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 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 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 securities holders, if material;

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.

For purposes of this undertaking and events 15 and 16 noted above, "financial obligation" means (1) a debt obligation, (2) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (3) a guarantee of either clause (1) or (2) above. The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

The County agrees in the Contract that its undertaking described above is intended to be for the benefit of the Owners and the Beneficial Owners of the 2024 Bonds and is enforceable by the Trustee at the written direction of an aggregate majority of the Owners of Bonds then Outstanding and upon receipt of indemnity satisfactory to the Trustee, or by any of them, including an action for specific performance of the County's obligations described above, but a failure to comply will not be an Event of Default under the Contract and will not result in acceleration of the principal component of Installment Payments. An action must be instituted, had and maintained in the manner provided in the Contract for the benefit of all of the Owners and beneficial owners of the 2024 Bonds.

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.

Pursuant to the Contract, the County may modify from time to time, consistent with the Rule, the information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the County, but:

(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 the Rule as of the date of this Official Statement, after taking into account any amendments or interpretations of the Rule as well as any changes in circumstances; and

(c) any such modification does not materially impair the interest of the Owners or the beneficial owners, as determined by nationally recognized bond counsel or by the approving vote of the Owners of a majority in principal amount of the 2024 Bonds pursuant to the Indenture as may be amended from time to time.

Any annual financial information containing modified operating data or financial information will 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.

All documents provided to the MSRB as described above are to be provided in an electronic format as prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB. The County may discharge its undertaking described above by transmitting those documents or notices in a manner subsequently required by the SEC in lieu of the manner described above.

The undertaking described above will terminate on payment, or provision having been made for payment in a manner consistent with the Rule, in full of the principal of and interest with respect to the 2024 Bonds.

Over the past five years, the County has not been subject to any continuing disclosure obligations pursuant to the Rule.

UNDERWRITING

The Underwriter has agreed to purchase the 2024 Bonds at a purchase price that reflects an Underwriter's discount of $88,199.20. The Underwriter is committed to take and pay for all of the 2024 Bonds if any are taken. The Underwriter may offer and sell the 2024 Bonds to certain dealers (including dealers depositing the 2024 Bonds into investment trusts) and others at prices different from the initial public offering prices stated on the inside cover page hereof. The public offering prices may be changed from time to time by the Underwriter.

PNC Capital Markets LLC and PNC Bank, National Association are both wholly-owned subsidiaries of PNC Financial Services Group, Inc. PNC Capital Markets LLC is not a bank, and is a distinct legal entity from PNC Bank, National Association. PNC Capital Markets LLC may offer to sell to its affiliate, PNC Investments, LLC ("*PNCI*"), securities in PNC Capital Markets LLC's inventory for resale to PNCI's customers. PNC Bank, National Association has banking and financial relationships with the County.

RATING

S&P Global Ratings ("*S&P*") has assigned an independent underlying rating of "AA" to the 2024 Bonds. Such rating reflects only the view of S&P at the time the rating was given, and neither the County nor the Underwriter make any representations as to the appropriateness of such rating.

The rating is not a recommendation to buy, sell or hold the 2024 Bonds and should be evaluated independently. There is no assurance that such rating will not be withdrawn or revised downward by S&P. Any such action may have an adverse effect on the market price of the 2024 Bonds. Neither the County nor the Underwriter have undertaken any responsibility after the execution and delivery of the 2024 Bonds to assure maintenance of the rating or to oppose any such revision or withdrawal.

FINANCIAL ADVISOR

Davenport & Company LLC, Charlotte, North Carolina, has served as financial advisor to the County in connection with the issuance and sale of the 2024 Bonds.

MISCELLANEOUS

All quotations from and summaries and explanations of the Contract, the Deed of Trust and the Indenture contained herein or in **Appendix C** hereto do not purport to be complete, and reference is made to such documents for full and complete statements of their respective provisions. The Appendices attached hereto are a part of this Official Statement.

The information contained in this Official Statement has been compiled or prepared from information obtained from the County and other sources deemed to be reliable and, although not guaranteed as to completeness or accuracy, is believed to be correct as of this date. Any statements involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

The form, terms and content of this Official Statement and its use by the Underwriter in connection with the sale of the 2024 Bonds have been duly authorized by the Board of Commissioners of the County.

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APPENDIX A

THE COUNTY OF HAYWOOD

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INFORMATION REGARDING THE COUNTY

General Description

Haywood County (the "*County*") was established in 1808 and is located in the western region of the State of North Carolina (the "*State*") on the border of Tennessee to the north. It is located approximately 30 miles west of Asheville, North Carolina and 80 miles southeast of Knoxville, Tennessee. The County has a land area of 554 square miles and features 19 mountain peaks. About 40% of the County's land lies within the Great Smoky Mountains National Park and the Pisgah National Forest. There are four Towns within the County (Canton, Clyde, Maggie Valley and Waynesville) with the largest being the Town of Waynesville, which serves as the County seat. The County is part of the Asheville Metropolitan Statistical Area, which has a population of 469,454 according to the 2020 census of the United States Department of Commerce Bureau of Economic Analysis (the "*Census Bureau*").

Demographic Characteristics

The Census Bureau has recorded the population of the County to be as follows:

2000	2010	2020
53,072	59,036	62,089

According to the most recent estimate of the North Carolina Office of State Budget and Management, the County's population was 63,813 as of July 1, 2023.

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

Year	County	State
2018	$39,790	$46,352
2019	42,471	48,741
2020	44,882	51,938
2021	49,360	56,095
2022	50,894	57,416

Source: Census Bureau.

Business and Economic Profile

General. The County's economic base is driven by four major industry sectors: manufacturing, tourism, health care and retail trade. These four sectors comprise approximately 60% of industry employment. Agriculture also has a significant impact on the local economy.

Manufacturing. Packaging company Blue Ridge Paper Products, Inc. (Pactiv Evergreen) was the County's largest employer prior to closing its paper mill in Canton in June 2023. The closure resulted in the immediate loss of over 900 positions. Approximately 83% of the mill's employees resided in the County. At least initially, the company retained a few employees in Canton and some employees at its smaller Waynesville facility. Although the closure has also impacted employees other than Pactiv Evergreen employees such as area railroad workers and employees at two chip mills located in the County, at present the County has not experienced a significant impact on unemployment rates.

Consolidated Metco Inc. or "ConMet", a leading global manufacturer of wheel hubs, structural plastic and aluminum casting components for the commercial vehicle industry, has a facility located in Canton. The plant was established in 2004 and supplies injection molded, structural foam, gas counter pressure and highly decorative molded plastic products in a wide range of press sizes. The plant produces products primarily for the heavy truck industry.

Giles Chemical ("*Giles*"), a division of Premier Magnesia, LLC, is headquartered in Waynesville. Giles is the largest supplier of magnesium sulfate (Epsom Salt) in North America. The company that became Giles was established in 1950 in Michigan and moved to the County in 2003 with the opening of its repackaging facility in Waynesville in 2003. In 2007, Giles merged with Premier Magnesia, LLC, which had long supplied Giles with magnesium oxide mined in Nevada. In 2013, Giles increased its magnesium sulfate crystal production capacity by 33%, enabling the company to supply customers during seasonal high demand.

Haywood Vocational Opportunities, Inc. ("*HVO*") is a nonprofit, social enterprise organization located in Waynesville that provides vocational training to individuals with disabilities and challenges in order to help them lead more independent and productive lives through the use of grants and the proceeds from its production of medical devices. HVO has more than 35 years of experience in manufacturing disposable healthcare products and has created partnerships with some of the key players in the medical industry. HVO is currently the largest manufacturer of custom medical drapes in the United States.

Sonoco Products, one of the largest diversified global packaging companies, has a presence in the County. With 330 plants located around the world, its thermoforming facility in Waynesville manufactures plastic containers for use in the food and beverage industry.

Tourism, Hospitality and Leisure. As home to portions of the Great Smoky Mountains National Park, the Pisgah National Forest and the Blue Ridge Parkway, the tourism industry is a significant contributor to the County's economy. North Carolina law allows the County to levy a room occupancy and tourism tax, which the County has done since October 1, 1983. The Board of Commissioners (the "*Board*") also created the Haywood County Tourism Development Authority (the "*TDA*"), which is a public authority composed of 12 voting members and three ex-officio members dedicated to promoting tourism in the County. The TDA is responsible for collecting occupancy taxes for all paid accommodations in the County, engages in tourism marketing, and provides quarterly reports to the Board.

The Great Smoky Mountains National Park, which straddles the border of Tennessee and North Carolina, is the most visited national park in the United States. In 2022, nearly 13 million people visited the park. At 522,419 acres, it is one of the largest protected areas in the eastern United States. The park contains some of the highest mountains in eastern North America, including Clingmans Dome, Mount Guyot and Mount Le Conte. The Appalachian Trail passes through the center of the park on its route from Georgia to Maine.

The Pisgah National Forest ("*Pisgah*") is a national forest comprised of over 500,000 acres with more than a thousand miles of trails. It is home to the first school of forestry in the United States, now preserved at the Cradle of Forestry in America historic site. Pisgah has two of the first designated wilderness areas in the eastern United States, including the 18,000-acre Shining Rock Wilderness Area.

The Blue Ridge Parkway is the highest and longest continuous route in the Appalachian area, with a length of 469 miles, with approximately 46 being within the County.

Cataloochee Ski Area in Maggie Valley is one of six skiing areas located in North Carolina and was the first ski area in the State. It offers 18 slopes rated beginner to expert. It is among the County's largest 15 employers.

Chestnut Mountain Park is a 450-acre park with over 15 miles of trails for hiking and mountain biking. Southern Appalachian Highlands Conservancy purchased the property in 2020 and then transferred the property to Canton in 2022. The tract had been slated for an 8,300-seat grandstand motorsports speedway in the early 2000s but the speedway was never developed. A multi-phase, multi-year master plan has been adopted for the park.

Haywood Arts Regional Theatre, founded in 1984, produces a year-round schedule of plays and musicals. The Performing Arts Center opened in 1997 and contains a 255-seat auditorium, another 140-seat flexible performance space as well as a 75-seat theatre. The facility sits on an eight-acre National Historic site owned by the Shelton House Museum of North Carolina Handicrafts.

Lake Junaluska Conference and Retreat Center opened in 1913 and currently sits on 1,200 acres in Waynesville. It is historically connected to The United Methodist Church and open to the public year round for conferences, group retreats, recreation, weddings, reunions, family events and vacations.

The County is also a destination for agri-tourism. A variety of farms located in the County have crops available for picking, including flowers, Christmas trees and fresh fruit and vegetables. Orchards, farmers markets and produce stands can be found throughout the County.

Folkmoot USA, an international dance festival, has been held in the County since 1984. In 2003, the North Carolina General Assembly declared it to be the State's official international festival. The Southeast Tourism Society has named Folkmoot USA one of its top twenty events for 20 years. Folkmoot USA draws thousands of visitors to the County annually during the last week of July.

A number of people residing outside the County purchase a second home to enjoy the sights and activities in the area. Approximately 22% of owned properties in the County are classified as second properties.

Health Care. The County is served by Haywood Regional Medical Center, which is licensed for 154 beds. The hospital was created in 1927 as the first county hospital in the State. In 1978, it moved to its current location in Clyde. Haywood Regional Medical Center offers an array of services, including orthopedics, spine services, cardiology, general surgery, women's care, emergency medicine, behavioral health, and includes 11 multi-specialty physician clinics. The campus is also home to the 54,000 square-foot Haywood Regional Health and Fitness Center and the 44,000 square-foot Outpatient Care Center, which includes the outpatient surgery center, a laboratory, an imaging center and physician practices. Haywood Regional Medical Center also operates two urgent care centers in the County. It is a part of Duke LifePoint Healthcare, which is supported by the Duke University Health System.

Retail Trade. The largest number of the County's workers are employed in the retail trade industry with both Ingles Markets, Inc. and Wal-Mart Associates, Inc. among the County's top 10 employers.

Agriculture. Agriculture is a significant contributor to the County's economy. The County is home to over 700 farms encompassing more than 56,000 acres. Agriculture accounts for more than $22 million in annual revenue.

Taxable Sales

Total taxable retail sales in the County for the past five fiscal years are shown in the following table:

Fiscal Year Ended June 30	Total Taxable Sales	Increase Over Previous Year
2019	$777,989,997	--
2020	822,146,902	5.7%
2021	1,007,773,115	22.6[2]
2022	1,122,999,145	11.4
2023	1,213,036,815	8.0
2024 (5 months)[1]	546,094,743	

[1]Taxable sales were $531,219,918 for the same five-month period ended November 30, 2023.

[2]The large increase in taxable sales for fiscal year 2021 may have been due, at least in part, to shifts in consumer spending and direct stimulus support given to households during the COVID-19 pandemic, along with rising inflation.

Source: North Carolina Department of Revenue, Sales and Use Tax Division.

Construction

The following table reflects the number of building permits and the value of construction for the past five fiscal years.

Fiscal Year Ended June 30	Commercial Construction # Permits	Commercial Construction Value	Residential Construction # Permits	Residential Construction Value	Total Construction Value
2019	86	$8,914,026	635	$48,608,214	$57,522,240
2020	93	17,619,198	675	57,289,737	74,908,935
2021	125	16,658,392	766	101,204,584[2]	117,862,976
2022	97	21,540,746	845	111,289,643[2]	132,830,389
2023	97	40,052,710[1]	857	137,008,243[2]	177,060,953

Source: Haywood County Inspections Department.

[1]Much of the increase in commercial construction in 2023 is the result of Champion Credit Union constructing a new administrative headquarters complex in Canton. Champion Credit Union has stated that completion is expected in late 2024.

[2]Residential construction values increased in 2022 and 2023 with the construction of large apartment complexes in each year.

Employment

The following table lists the top ten employers in the County as of June 30, 2023:

Company or Institution	Approximate Number of Employees[1]	Percentage of Total County Employment[2]
Blue Ridge Paper Products, Inc.[3]	1,100	3.82%
Haywood County Consolidated Schools	1,024	3.56
Haywood Regional Medical Center	875	3.04
Haywood County Government	531	1.84
Ingles Markets, Inc.	508	1.76
Consolidated Metco Inc.	489	1.70
Wal-Mart Associates, Inc.	351	1.22
Haywood Community College	332	1.15
Giles Chemical Division	328	1.14
Haywood Vocational Opportunities, Inc.	289	0.92

1 Sourced from the human resource departments of the various companies and includes both full- and part-time employees.
2 Sourced from the Employment Security Commission of North Carolina.
3 Ceased operations at its paper mill in Canton in June 2023, resulting in the immediate loss of over 900 positions. At least initially, the company retained a few employees in Canton and some employees at its smaller Waynesville facility. The County has been unable to obtain reliable information as to the current number of employees.

The North Carolina Employment Security Commission has estimated the percentage of unemployment (unadjusted) in the County as follows:

	2019	2020	2021	2022	2023		2019	2020	2021	2022	2023
January	3.8%	3.6%	5.6%	3.5%	3.2%	July	3.5%	9.2%	4.4%	3.3%	3.1%
February	3.7	3.5	5.4	3.4	3.1	August	3.7	6.7	4.3	3.5	3.2
March	3.6	4.3	4.9	3.1	3.0	September	2.9	6.2	3.6	2.9	2.9
April	3.1	16.2[1]	4.4	2.8	2.6	October	3.1	5.1	3.6	3.3	3.1
May	3.5	14.3	4.6	3.2	2.9	November	3.0	5.1	3.4	3.1	3.0
June	3.7	10.5	5.0	3.6	3.1	December	3.0	5.2	2.8	2.7	2.8

1 Beginning in April 2020, the unemployment rate reflects layoffs due to the COVID-19 pandemic.

The average annual unemployment rates for the County, State and United States were as follows:

	County	State	United States
2018	3.4%	4.0%	3.9%
2019	3.4	3.9	3.7
2020	7.4	7.2	8.1
2021	4.3	4.9	5.4
2022	3.2	3.7	3.7

Government and Major Services

Government Structure. The County operates under the County Manager form of government. Policy-making and legislative authority are vested in the Board, which consists of five members who each year select one among themselves as Chairman and Vice Chairman. The Board is responsible for passing ordinances, adopting the annual budget, appointing committees and hiring the government's manager and attorney. The manager is responsible for carrying out the policies and ordinances of the Board, overseeing the day-to-day operations of the government and appointing heads to the various departments. The Board is elected on a partisan, at large basis every two years and serves four-year staggered terms.

Education. The State provides a basic minimum educational program for each school administrative unit or district within the State. Funds are also provided by the State for capital construction through the Public Schools Building Capital Fund. The County's contribution to education is funded by County-wide revenues. Haywood County Schools ("*HCS*") provides public education services to the children of the County under the general supervision of the nine-member Haywood County Board of Education. Members are elected for four-year staggered terms.

HCS is the largest school system west of Buncombe County, with 15 schools – eight elementary schools, three middle schools, two comprehensive high schools, one alternative high school and one early college.

The following table shows enrollment (average daily membership) in HCS over the past five years:

Academic Year	Enrollment
2019	7,026
2020	7,009[1]
2021	7,009[1]
2022	7,124
2023	6,487[2]

Source: HCS/North Carolina Department of Instruction

[1] Enrollment numbers were held constant by the North Carolina Department of Instruction in these academic years because of the difficulty in determining enrollment as a result of the COVID pandemic.

[2] The County attributes a portion of the decrease in enrollment for the current 2023-24 academic year to a change in the reporting practice at the State level.

The County is also home to Haywood Community College ("*HCC*"). HCC offers associate degrees, diplomas, and certificates in over 30 programs of studies. It serves over 550 full-time students and over 1,200 part-time students. A number of fully online programs are offered. HCC's Natural Resources department offers several unique programs and its Fish and Wildlife Management associate degree is the only one offered throughout the State. HCC's Forest Management Technology associate degree is the only degree program accredited by the Society of American Foresters. In fall 2022, HCC opened a 16,000 square-foot Health Sciences Education Building on its campus. With the new facility, HCC was able to expand its existing nursing and health education programs. The building includes an 85-seat lecture hall, a 40-seat biology laboratory, a 60-seat classroom, an eight-bed skills laboratory and an eight-bed simulation laboratory.

Transportation. The County is crossed by Interstate 40 and the Great Smoky Mountains Expressway, comprised of US Highways 19, 23 and 74. Access to major interstate exchanges (I-18 and I-26) are within an approximately 1.5 hour drive from most locations in the County.

The Asheville Regional Airport is approximately 35 miles from the County and is served by five airlines with 24 nonstop flights. Greenville-Spartanburg International Airport is approximately 98 miles (1.5 hours) from the County while the Charlotte-Douglas International Airport is approximately 138 miles (two hours) from the County. The County is served by Norfolk Southern Railroad.

Blue Ridge South Railroad provides rail service in the County.

Haywood Public Transit offers a variety of transportation services in the County, including fixed routes, paratransit services and demand response services.

Human Services. Human Services, such as social services and health, are funded through a combination of federal, State and County revenues.

Recreation. The County currently owns, operates and maintains two parks. Allens Creek Park is the County's first developed park, built in part with a grant from the North Carolina Parks and Recreation Trust Fund. Amenities at the park include four multipurpose fields, a paved walking path, a concession-restroom facility and a playground. The County's Recreation and Parks Department also maintains a passive park in Clyde with a walking path, a parking area and a pollinator garden established with a grant from the Haywood County Master Gardeners. Within the County, local municipalities provide a mix of traditional recreation facilities and programs to residents of the County.

Solid Waste. The Haywood County Solid Waste Management Program operates 10 collection "convenience" centers (trash drop off points), a materials recovery facility and a landfill through two public-private partnerships. The 10 collection convenience centers collect household waste plus recyclables. The convenience centers and the materials recovery facility are managed by Consolidated Waste Services, a private company headquartered in Ashville, North Carolina. The landfill is managed by Republic Services (formerly Santek Environmental Services), a national waste management company, under a 30-year agreement entered into in 2011.

Debt Information

Legal Debt Limit. In accordance with the provisions of the State Constitution and The Local Government Bond Act, as amended, allowing for the issuance of all presently authorized indebtedness, the County had the statutory capacity to incur additional net general obligation debt in the approximate amount of $763,000,000 as of June 30, 2023.

Outstanding and Authorized General Obligation Debt. As of June 30, 2023, the County had $6,013,000 in general obligation debt outstanding. In addition, the County has no general obligation debt authorized and unissued.

At June 30	Total GO Debt	Assessed Valuation	Total GO Debt to Assessed Valuation	Population	Total GO Debt Per Capita
2019	$14,074,304	$7,581,279,500	0.19%	63,455	$222
2020	12,041,000	7,677,208,204	0.16	63,813	189
2021	9,982,000	7,677,208,204	0.16	63,813	189
2022	7,974,000	9,699,658,132	0.08	62,699	127
2023	6,013,000	9,909,195,328	0.06	63,004	95

Other Long-Term Commitments. The County has entered into various other long-term commitments under installment purchase contracts of which $23,715,800 was outstanding as of June 30, 2023. Annual debt service requirements to maturity for the County's notes payable are as follows:

	Principal	Interest	Total
2024	$ 2,846,339	$ 667,866	$ 3,514,205
2025	2,475,911	617,017	3,092,928
2026	1,671,379	492,755	2,164,134
2027	686,506	534,038	1,220,544
2028	699,424	518,493	1,217,917
2029-2033	3,698,453	2,287,814	5,986,267
2034-2038	3,427,209	1,757,653	5,184,862
2039-2043	2,921,789	1,239,664	4,161,453
2044-2048	3,068,431	693,661	3,762,092
2049-2053	1,580,245	190,200	1,770,445
2054-2058	640,114	53,656	693,770
	$ 23,715,800	$ 9,052,817	$ 32,768,617

Debt Outlook. The County regularly evaluates the appropriate method to finance its capital needs, including the incurrence of debt. At this time the County does not have any plans to issue debt other than the 2024 Bonds.

Tax Information

General Information.

	Fiscal Year Ended June 30				
	2019	2020	2021	2022	2023
Assessment					
Assessed Valuation:					
Assessment Ratio[1]	100%	100%	100%	100%	100%
Real Property	$6,230,094,663	$6,304,208,536	$6,304,208,536	$8,181,254,142	$8,239,167,567
Personal Property	1,172,787,670	1,175,674,868	1,175,674,868	1,323,466,617	1,466,864,844
Public Service Companies[2]	178,397,167	197,324,800	197,324,800	194,937,373	203,162,917
Total Assessed Valuation	$7,581,279,500	$7,677,208,204	$7,677,208,204	$9,699,658,132	$9,909,195,328
Rate per $100 Levy	.585	.585	.585	.535	.535

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.

The North Carolina General Statutes require a revaluation of real property at least every eight years. The last reevaluation was completed in the fiscal year ended June 30, 2021 and was reflected in the budget for the fiscal year ended June 30, 2022.

Tax Collections.

Fiscal Year Ended June 30	Total Tax Levy	Collected within Fiscal Year of the Levy	Percentage of Current Fiscal Year Levy Collected	Prior Years' Levy Collected	Percentage of Total Collections to Levy
2019	$44,421,489	$43,517,970	97.97%	$802,752	99.34%
2020	44,964.107	43,891,668	97.61	872,136	97.61
2021	45,476,863	44,718,817	98.33	461,217	97.61
2022	47,536,177	46,772,024	98.40	438,021	99.31
2023	47,682,896	47,850,815	98.29	--	98.29

Ten Largest Taxpayers for Fiscal Year 2023.

Company	Type of Business	Assessed Valuation	Percentage of Total Assessed Valuation
Blue Ridge Paper Products, Inc.[1]	Paper Mill	$285,358,262	2.88%
Duke Energy Progress, Inc.	Utility	117,757,146	1.19
Ingles Markets, Inc.	Super Market	98,142,902	0.99
Haywood Regional Medical Center	Medical	63,131,480	0.64
Consolidated Metco	Manufacturing	55,506,665	0.56
Haywood Electric Membership Corporation	Utility	54,558,015	0.55
Waynesville Enterprises LLC	Retail	23,096,269	0.23
Vantagepoint Investments of Waynesville	Retail	21,929,900	0.22
Lake Junaluska Assembly	Resort	17,101,202	0.17
Yale Waynesville LLC	Retail	16,638,604	0.17
		$753,220,445	7.60%

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[1] Operations at its paper mill in Canton ceased in June 2023. The company has paid its 2023 tax bill in full but has appealed the valuation for the both the 2023 and 2024 tax years, claiming the valuation should be reduced 90%. Based on the County's property tax rate of $0.55, the estimated value of the annual ad valorem tax revenue from the company for tax year 2024 is $1.6 million, which represents 1.48% of the County's General and Debt Service Funds budget. Resolution of the issue is not expected until after delivery of the 2024 Bonds.

Pension Plan Obligations

Local Government Employee's Retirement System. The County is a participating employer in the state-wide Local Governmental Employees' Retirement System (LGERS), a cost-sharing, multiple-employer defined benefit plan administered by the State of North Carolina. LGERS 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 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2023, was 13.04% of covered payroll for law enforcement officers and 12.15% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were $3,563,532 for the year ended June 30, 2023.

At June 30, 2023, the County reported a liability of $20,102,665 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022, utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERs employers, actuarially determined. At June 30, 2023, the County's proportion was 0.35634%, which was an increase of 0.2655% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the County recognized pension expense of $5,732,434.

For further information concerning the County's participation in the various pension plans, see Note 2C(ii) to the County's annual financial statements in **Appendix B** hereto.

Other Post-Employment Benefits (OPEB)

The County has elected to provide healthcare benefits to retirees of the County, as a single-employer defined benefit plan, who have at least 30 years of service with LGERS and, on a pro-rata basis, employees who have at least 20 years of service with LGERS. Retired employees meeting the criteria are provided hospitalization in the same manner as active County employees. The County pays 100% of the retiree costs for those retirees with 30 years of LGERS service and seven years with the County. The County pays 50% of health insurance costs for those retirees over the age of 60 with 15 years of LGERS service. For those retirees aged 50-59 with fewer than 30 years of service, a pro rata cost share in health insurance costs is received. Retirees can purchase coverage for their dependents at the County's group rates. The County is self insured for health care costs and pays the Medicare Supplement for retirees who qualify, also on a pro rata basis.

The County's total OPEB liability of $49,627,400 as of June 30, 2023 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2021.

For further information concerning the County's participation in the various pension plans, see Note 2C(ii) to the County's annual financial statements in **Appendix B** hereto.

Budget Commentary

General. The expectations presented below are based on assumptions made by the management of the County. Because there is no assurance that actual events will correspond with the assumptions made, no guarantee can be made that management's financial expectations will correspond with the results actually achieved in the future. Differences between the current financial outlook and the actual results should be expected, and those differences may be material.

2023-2024 Budget. On June 5, 2023, the Board adopted the County's budget for the fiscal year ending June 30, 2024. General Fund revenues increased from $96,925,108 in the fiscal year ended June 30, 2023 to a total of $100,127,279 in the budget for the fiscal year ending June 30, 2024. The fiscal year 2024 budget includes a property tax rate increase from $0.535 to $0.55. The $.015 increase equates to an estimated additional $1,475,315 in property tax revenue. These funds were allocated to provide school resource officers to each of the schools in the County. Other projected major revenue drivers were sales tax, permits and fees and investment earnings. Sales tax revenue is projected to increase by $1,380,308, or 9.52%. The County underwent a fee and permit modernization project, adjusting fees to be on par with surrounding counties. This adjustment is projected to increase permits and fees revenue by $321,000, or 71.97%. Projected investment earnings increased by $750,000 from the previous budget because of rising interest rates. In the fiscal year ended June 30, 2023, $5,356,405 was appropriated from fund balance in the budget. In the fiscal year 2024 budget, the amount of fund balance allocated to balance the budget was reduced by $191,823, to a total of $5,164,582. This is the fourth budget in consecutive years in which the County has decreased the amount of fund balance appropriated.

General fund expenditures increased by $3,202,171, or 3.30%, to a total of $100,127,279. The primary drivers in this budget are threefold. First, eight additional school resource officer positions were added with the corresponding salaries and benefits as well as operating and vehicle costs. The fiscal year 2024 budget allocated an additional $1,475,315 to fund the additional cost of the new school resource officers. Second, personnel costs tied to maintaining competitive salaries, health insurance and retirement contributions continue to increase. A two-percent merit and four-percent cost of living adjustment increase for employees totaled $2,711,554 in expenditures. The County also funded an increase in medical insurance of $1,000 per employee and a mandated increase in LGERS. The final major driver is increases allocated for operations to HCS and HCC. The education function area increased by $774,806 due to a new funding formula with HCC that increased its per pupil funding, and the recurring 3.5% increase HCC receives each year.

As of February 12, 2024, which is roughly 62% of the current fiscal year, revenues are exceeding both the original and current budgets. The County has already achieved 72.45% of the budget's original revenue projections and 66.58% of the revised budget. Expenditures are also trending in a positive direction. At the same point in time, expenditures are 56.19% of the original budget and 51.64% of the revised budget.

Financial Information

The financial statements in **Appendix B** are the General Purpose Financial Statements of the County and the notes thereto, taken from the Annual Comprehensive Financial Report of the County for the fiscal year ended June 30, 2023. The Government Finance Officers Association of the United States and Canada ("*GFOA*") has awarded a Certificate of Achievement for Excellence in Reporting to the County for its comprehensive annual comprehensive financial report each year since 1997. The awards for June 30, 2023 have not yet been announced. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report with contents that conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

APPENDIX B

MANAGEMENT'S DISCUSSION AND ANALYSIS AND THE BASIC FINANCIAL STATEMENTS OF THE COUNTY OF HAYWOOD, NORTH CAROLINA

The County has not requested nor obtained the consent of its auditor to the inclusion of these financial statements in this Official Statement. In addition, the auditor did not participate in the preparation of this Official Statement.

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HAYWOOD COUNTY, NORTH CAROLINA

Management's Discussion and Analysis

June 30, 2023

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

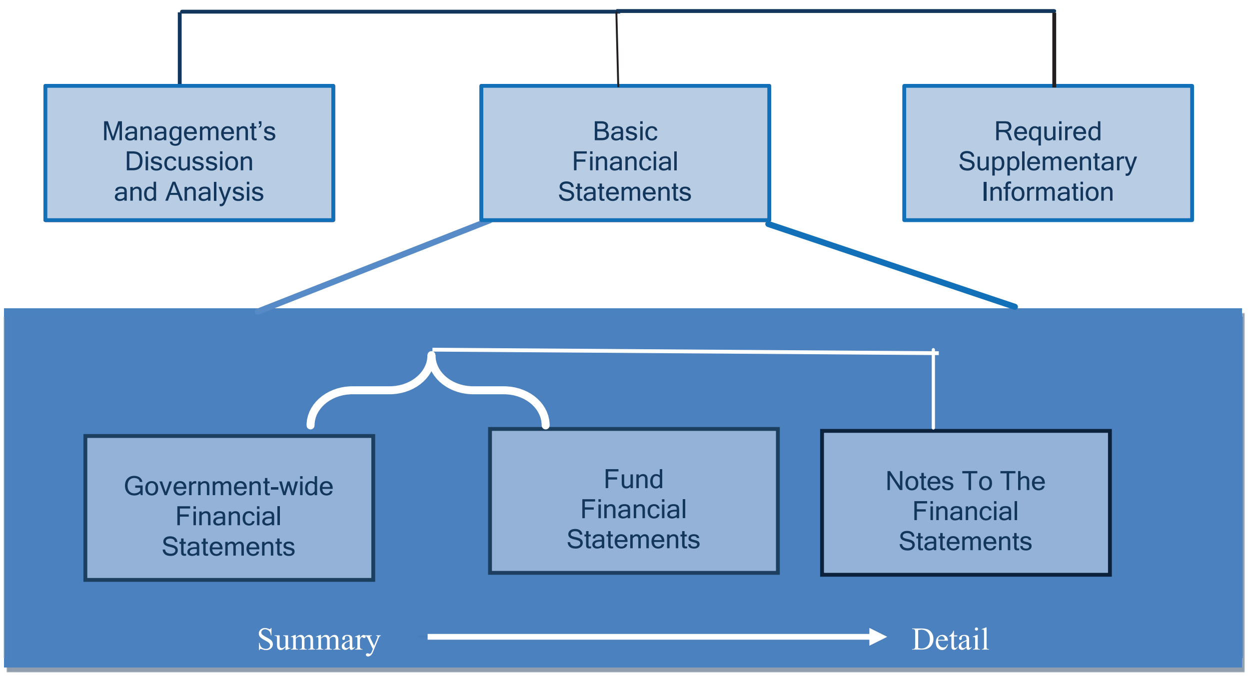
Financial Highlights

- The assets and deferred outflows of resources of Haywood County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $81,311,228 (*net position*).
- The government's total net position increased by $13,906,644, primarily due to recognition of $5.1M in ARPA funding, a 2% increase in property tax revenues, a 10% increase in sales tax revenues, and a significant rebound in investment earnings.
- As of the close of the current fiscal year, Haywood County's governmental funds reported combined ending fund balances of $91,789,800, a 21.5% increase, mainly due to increased revenues including ARPA funding, property tax, sales tax, and investment earnings.
- At the end of the current fiscal year, available fund balance for the General Fund was $44,791,686 or 47% of total General Fund expenditures and transfers for the fiscal year.
- Haywood County's total debt decreased by $4,689,032 (13.3%) during the current fiscal year, which is due to normal principal payments.
- Haywood County's bond rating from Moody's Investor Service for the latest general obligation bond issue was Aa3. Standard and Poor's upgraded the County's bond rating on the general obligation bond to AA+ in March of 2019

Overview of the Financial Statements

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

Required Components of Annual Financial Report
Figure 1



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 North Carolina General Statutes also can be found in this part of the statements.

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

Government-wide Financial Statements

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

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

The government-wide statements are divided into two categories: 1) governmental activities; and 2) component units. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. Business-type activities are those that an entity charges customers to provide. The County does not operate any business-type activities. The second category is the component units. Although legally separate from the County, the Haywood County Tourism Development Authority is important to the County because the County is financially accountable for the Board by appointing its members.

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. Haywood County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Haywood 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 moneys are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Haywood County maintains twenty governmental funds. Information is presented separately in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Solid Waste Management fund, and the ARPA Fund, all of which are considered to be major funds. Data from the other sixteen governmental funds are combined by type, with the remaining special revenue and debt service funds aggregated and presented separately, and the capital project funds aggregated and presented separately from the major funds. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Haywood 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 - Haywood County has two proprietary funds. The two Insurance Internal Service Funds are used to account for the activities of the self-insurance plans of the County for employee medical claims and workers' compensation claims.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Haywood County has two fiduciary funds, both of which are custodial funds.

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of Haywood County exceeded its liabilities and deferred inflows of resources by $81,311,228 as of June 30, 2023. The County's net position increased by $13,906,644 for the fiscal year ended June 30, 2023. One of the largest portions of net position (70%) reflects the County's net investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. Haywood County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Haywood County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Haywood County's net position (33%) represents resources that are subject to external restrictions on how they may be used. The deficit balance of unrestricted net position of $2,307,693 reflects the unfunded pension and OPEB liabilities and outstanding debt for the public school building projects and community college building projects without a related asset. This is due to the fact that the public school and community college boards retain title to the schools, while the County incurs the related debt.

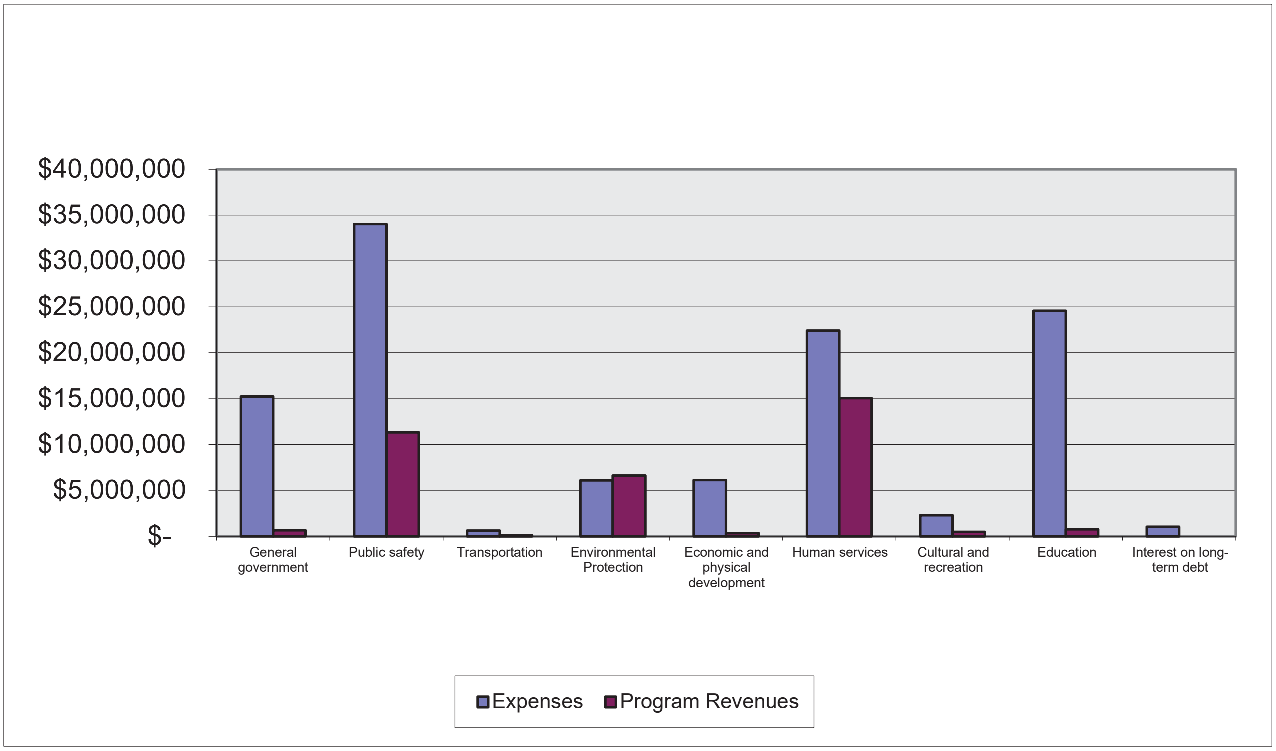
Haywood County's Net Position
Figure 2

	Governmental Activities	
	2023	2022
Assets:		
Current and other assets	$ 117,817,209	$ 102,036,287
Capital assets	78,073,002	81,868,692
Total assets	195,890,211	183,904,979
Deferred outflows of resources	26,223,094	23,412,066
Liabilities:		
Long-term liabilities outstanding	106,381,297	106,313,727
Other liabilities	15,164,535	17,140,895
Total liabilities	121,545,832	123,454,622
Deferred inflows of resources	19,256,245	16,457,839
Net position:		
Net investment in capital assets	56,772,558	59,468,047
Restricted	26,846,363	13,023,566
Unrestricted (deficit)	(2,307,693)	(5,087,029)
Total net position	$ 81,311,228	$ 67,404,584

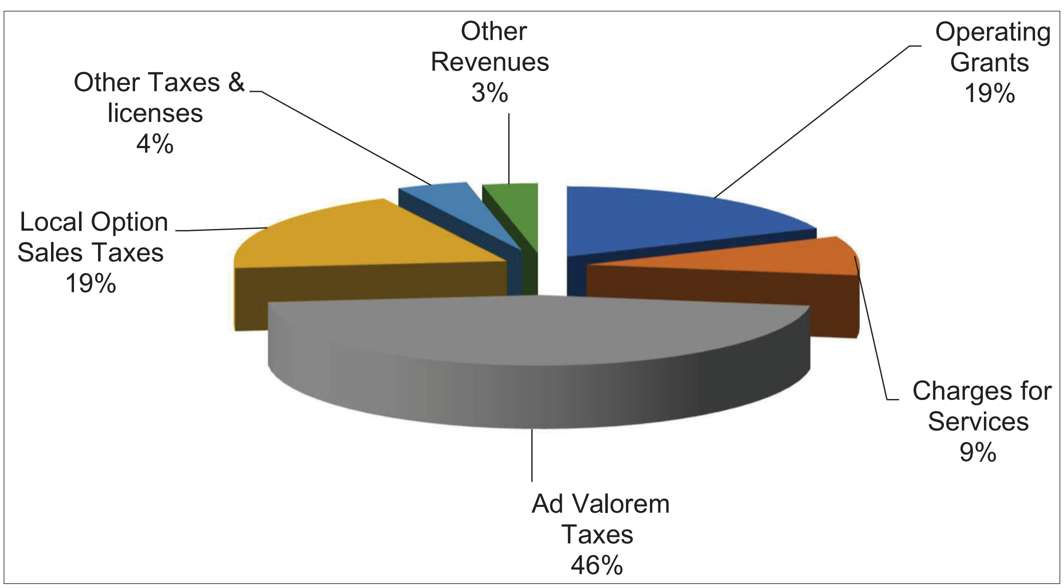
Haywood County's Changes in Net Position
Figure 3

	Governmental Activities	
	2023	2022
Revenues:		
Program revenues:		
Charges for services	$ 11,640,160	$ 12,088,884
Operating grants and contributions	23,644,288	22,639,753
Capital grants and contributions	560,483	448,969
General revenues:		
Property taxes	59,240,922	57,863,449
Other taxes	30,038,736	27,617,077
Grants and contributions no restricted to specific programs	608,248	561,291
Other	3,693,007	487,662
Total revenues	129,425,844	121,707,085
Expenses:		
General government	15,220,968	14,097,797
Public safety	34,029,192	31,753,128
Transportation	607,979	464,831
Environmental protection	6,076,678	4,814,702
Economic and physical development	6,127,301	7,436,022
Human services	22,409,517	21,855,584
Culture and recreation	2,300,557	1,968,175
Education	22,959,580	22,608,470
Interest on long-term debt	922,619	913,286
Total expenses	110,654,391	105,911,995
Increase in net position before special item	18,771,453	15,795,090
Special item	(4,864,809)	279,108
Increase in net position	13,906,644	16,074,198
Net position, July 1	67,404,584	51,330,386
Net position, June 30	$ 81,311,228	$ 67,404,584

Expense and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



Financial Analysis of the County's Funds

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

Governmental Funds - The focus of Haywood County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Haywood County's financing requirements. Specifically, unreserved fund balance 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 Haywood County. At the end of the current fiscal year, Haywood County's fund balance available for appropriation in the General Fund was $44,791,686, while total fund balance reached $55,069,383, an increase of $10,194,721 over the prior year. This was particularly attributable to the sales of capital assets and reimbursing the general fund for ARPA related expenditures. The Governing Body of Haywood County determined that the County should maintain an available fund balance of at least 11% of General Fund expenditures, with a target balance of 24.5%, 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 47% of General Fund expenditures, while total fund balance represents 54% of that same amount.

The Solid Waste Management Fund reports the activities in running the landfill, convenience centers, and the materials recovery facility. At the end of the current fiscal year, the total fund balance in that fund, $14,250,826, increased by $1,879,558 over the prior year.

At June 30, 2023, the governmental funds of Haywood County reported a combined fund balance of $91,789,800, a 21.5% increase from last year. The increase was largely due to the General Fund's increase in property tax collected, increased investment earnings, and sales tax revenue along with reimbursement to the general fund for ARPA eligible expenses. Fund balance growth can also be contributed in part to total expenditures that were relatively flat over fiscal year 2022.

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 $6,453,204 largely due to grants received by the county for Health and Human Services as well as public safety programs. The actual revenues received were $1,515,175 more than the final budget. This is primarily due to increased grant availabilities, which can be primarily contributed to the continuation of the pandemic and increased federal and state grant availability. The Actual expenditures came in $17,891,499 under the final budget. This significant amount is directly related to the pandemic, as public safety and health and human services equipment budgeted was not available by June 30th and various vacant positions within the county were left unfilled by year-end. There was also decreased spending in the multiple health and human services programs. There were several large grants that came in close to fiscal year end that were not able to be fully spent by fiscal year end and therefore will be carried forward to FY2024.

Proprietary Funds - The internal service funds for employee health insurance benefits and for workers compensation have been consolidated into the government-wide statements since they both serve all county departments.

Capital Asset and Debt Administration

Capital Assets - The County's capital assets for its governmental activities as of June 30, 2023, total $78,073,002 (net of accumulated depreciation). These assets include buildings, land, other improvements, machinery and equipment, furniture, and vehicles.

Major capital asset transactions during the year include:

- Security Upgrades to Justice Center
- HVAC Replacement for Justice Center

- The purchase of permitting software for Development Services
- Asphalt and Pavement at the Fairgrounds
- The purchase of ten new patrol vehicles for the Sheriff's Office
- Continued the landfill cover project at the closed Francis Farm landfill.

Haywood County's Capital Assets
(Net of depreciation)
Figure 4

	Governmental Activities 2023	Governmental Activities 2022
Land	$ 12,352,217	$ 13,471,852
Improvements	2,213,788	2,195,619
Buildings	49,750,732	51,255,358
Equipment	2,172,150	2,571,847
Vehicles	1,787,724	2,049,508
Construction in progress	9,796,391	10,324,508
	$ 78,073,002	$ 81,868,692

Additional information on the County's capital assets can be found in Note 2A of the Basic Financial Statements.

Long-term Debt - As of June 30, 2023, Haywood County had $6.013 million in bonded debt outstanding, all of which is backed by the full faith and credit of the County.

Haywood County's Outstanding Debt
Figure 5

	Governmental Activities 2023	Governmental Activities 2022
General obligation bonds, net	$ 6,013,000	$ 7,974,000
Direct borrowing installment purchases	23,715,800	26,443,832
	$ 29,728,800	$ 34,417,832

- Haywood County's total debt decreased by $4,689,032 (13.6%) during the current fiscal year, which is due to normal principal payments.

As mentioned in the financial highlights section of this document, Haywood County's general obligation bond issues are rated Aa3 from Moody's Investor Service, and AA+ from Standard & Poor's. These bond ratings are a clear indication of the sound financial condition of Haywood 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% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Haywood County is approximately $767,000,000.

Additional information regarding Haywood County's long-term debt can be found in Note 2C.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect growth and prosperity of the County:

- The local unemployment rate of 3.2% was below the state rate of 3.3%, and below the national rate of 3.8% at June 30, 2023. Despite Haywood County's largest employer ceasing operations in June 2023, with over 900 jobs lost.
- Residential construction number of units decreased 31% this calendar year, with diminished housing inventory still a concern.
- The number of commercial building permits obtained during the fiscal year ended June 30, 2023 remained flat compared to the last fiscal year.
- The population of the County increased steadily over the past decade, with 2023 reflecting a 5.02% increase from 2014.

Budget Highlights for the Fiscal Year Ending June 30, 2024

Governmental Funds – Budgeted revenues in the General Fund for next year reflect an increase of 3% from prior budget year, a conservative approach since the current economic outlook and inflation brings uncertainty with it regarding consumer confidence and spending. However, the first quarter of the new fiscal year saw once again steady increases in both county sales tax collections and Occupancy Tax collections. The County Commissioners may revisit the FY23-24 budget if revenues continue to increase. Also included in the FY23-24 budget, are federal revenues from the American Rescue Plan Act that are designated for direct public health expenditure increases made to mitigate the COVID-19 effects, support immediate economic stabilization, and address systemic public health and economic challenges that have contributed to the inequal impact of the pandemic.

The County completed a revaluation of property values in the 2020-2021 fiscal year that was reflected in the 2021-2022 budget. Total property values for budgeting purposes, which included the reductions for land use, senior citizen exemptions and historic exemptions, increased in this last revaluation cycle by approximately 9.6%. The tax rate of 55.0 cents per $100 value was approved for the fiscal year 23-24 budget, a decrease from the FY21-22 tax rate of 53.5 cents per $100 value. This revenue is reflected in property and motor vehicle taxes but will be used to fund the expanded School Resource Officer Program.

The Solid Waste Management Special Revenue Fund, segregated from the General Fund, reflects the privatization of the convenience centers in the County as well as a public/private partnership for management of the county landfill, which reduced the liability for closure and post closure costs, as well as removed any future landfill expansion cost liability for the County.

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, Haywood County, 215 N. Main Street, Waynesville, NC 28786.

HAYWOOD COUNTY, NORTH CAROLINA

Statement of Net Position
June 30, 2023

	Primary Government	Component Unit
	Governmental Activities	Haywood County Tourism Development Authority
ASSETS		
Cash and cash equivalents	$ 93,933,617	$ 1,975,385
Restricted cash	8,501,167	628,897
Receivables, net	5,786,060	-
Due from other governments	9,041,660	563,180
Prepaids	193,646	5,192
Inventories	151,955	-
Net pension asset - ROD - restricted	94,871	-
Capital assets:		
Land and construction in progress	22,148,608	-
Other capital assets, net of depreciation	55,924,394	25,260
Capital assets, net	78,073,002	25,260
Right to use leased asset, net of amortization	114,233	12,483
Total assets	195,890,211	3,210,397
DEFERRED OUTFLOWS OF RESOURCES	26,223,094	168,884
LIABILITIES		
Accounts payable and accrued expenses	9,127,035	59,970
Payable from restricted assets		
Advances due to grantors	5,643,950	-
Accrued interest payable	393,550	-
Long-term liabilities:		
Due within one year	6,912,352	5,323
Due in more than one year	99,468,945	253,952
Total liabilities	121,545,832	319,245
DEFERRED INFLOWS OF RESOURCES	19,256,245	3,821
NET POSITION		
Net investment in capital assets	56,772,558	25,260
Restricted for:		
Stabilization by State Statute	10,159,135	563,180
Pension	94,871	-
Public safety	714,562	-
Health services	76,739	-
Public schools	6,992,193	-
Community college	7,863,363	-
Economic development	945,500	628,897
Unrestricted (deficit)	(2,307,693)	1,838,878
Total net position	$ 81,311,228	$ 3,056,215

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

HAYWOOD COUNTY, NORTH CAROLINA

Statement of Activities
For the year ended June 30, 2023

		Program Revenues			Net (Expense) Revenue and Changes in Net Position	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Haywood County Tourism Development Authority
Governmental Activities:						
General government	$ 15,220,968	$ 94,127	$ 551,451	$ -	$ (14,575,390)	$ -
Public safety	34,029,192	4,331,751	6,975,319	-	(22,722,122)	-
Transportation	607,979	-	119,881	-	(488,098)	-
Environmental protection	6,076,678	6,339,469	621,426	-	884,217	-
Economic and physical development	6,127,301	203,371	133,357	-	(5,790,573)	-
Human services	22,409,517	659,303	14,382,918	-	(7,367,296)	-
Culture and recreation	2,300,557	12,139	266,545	200,000	(1,821,873)	-
Education	22,959,580	-	593,391	360,483	(22,005,706)	-
Interest on long-term debt	922,619	-	-	-	(922,619)	-
Total governmental activities	$ 110,654,391	$ 11,640,160	$ 23,644,288	$ 560,483	(74,809,460)	-
Component unit						
Haywood County Tourism Development Authority	$ 2,606,595	$ -	$ -	$ -	-	(2,606,595)
General revenues:						
Taxes:						
Property taxes, levied for general purpose					59,240,922	-
Local option sales tax					24,600,416	-
Other taxes and licenses					5,438,320	3,003,063
Grants and contributions not restricted to specific programs					608,248	-
Investment earnings (losses), unrestricted					3,011,721	70,233
Gain (loss) on disposal of asset					102,593	(1,225)
Gain on lease termination					-	6,098
Miscellaneous, unrestricted					578,693	85,178
Total general revenues					93,580,913	3,163,347
Changes in net position excluding special item					18,771,453	556,752
Special item (Note 10)					(4,864,809)	-
Changes in net position					13,906,644	556,752
Net position, beginning					67,404,584	2,499,463
Net position, end of year					$ 81,311,228	$ 3,056,215

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

HAYWOOD COUNTY, NORTH CAROLINA

Balance Sheet
Governmental Funds
June 30, 2023

	General Fund	Solid Waste Management Fund	ARPA Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	$ 51,340,729	$ 14,278,969	$ -	$ 21,426,542	$ 87,046,240
Restricted cash and investments	648,046	-	3,987,165	3,865,956	8,501,167
Accounts receivable, net	725,677	-	-	-	725,677
Ad valorem taxes receivable, net	1,320,126	-	-	69,645	1,389,771
Other tax receivable	335,303	-	-	-	335,303
Due from other funds	47,720	-	-	-	47,720
Due from other governments	8,954,238	52,527	-	34,895	9,041,660
Solid waste fee receivable	-	416,622	-	-	416,622
Other receivables	302,345	33,950	-	-	336,295
Lease receivable	2,419,938	-	-	-	2,419,938
Inventories	151,955	-	-	-	151,955
Total assets	$ 66,246,077	$ 14,782,068	$ 3,987,165	$ 25,397,038	$ 110,412,348
Liabilities					
Accounts payable and accrued liabilities	$ 6,375,783	$ 114,620	$ -	$ 1,153,297	$ 7,643,700
Due to other funds	-	-	-	47,720	47,720
Payable from restricted assets					
Advances due to grantors	-	-	3,987,165	1,656,785	5,643,950
Total liabilities	6,375,783	114,620	3,987,165	2,857,802	13,335,370
Deferred inflows of resources	4,800,911	416,622	-	69,645	5,287,178
Fund balances					
Nonspendable:					
Leases	87,979	-	-	-	87,979
Inventories	151,955	-	-	-	151,955
Restricted:					
Stabilization by State statute	10,037,763	86,477	-	34,895	10,159,135
Public schools	-	-	-	6,992,193	6,992,193
Public safety	35,955	-	-	678,607	714,562
Community college	-	-	-	7,863,363	7,863,363
Economic development	-	-	-	945,500	945,500
Health services	-	-	-	76,739	76,739
Committed:					
Economic development	-	-	-	1,000,000	1,000,000
Solid waste management	-	14,164,349	-	595,209	14,759,558
Public school capital projects	-	-	-	208,370	208,370
Capital projects	-	-	-	4,313,287	4,313,287
Assigned:					
Subsequent year's expenditures	5,164,582	-	-	-	5,164,582
Unspent Trust donations	339,234	-	-	-	339,234
Unassigned	39,251,915	-	-	(238,572)	39,013,343
Total fund balances	55,069,383	14,250,826	-	22,469,591	91,789,800
Total liabilities, deferred inflows of resources, and fund balances	$ 66,246,077	$ 14,782,068	$ 3,987,165	$ 25,397,038	$ 110,412,348

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

HAYWOOD COUNTY, NORTH CAROLINA

Balance Sheet
Governmental Funds
June 30, 2023

Total fund balances for governmental funds	$ 91,789,800
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:	
Original cost and/or donated value	141,877,770
Less accumulated depreciation	(63,804,768)
Right to assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:	
Original cost	215,234
Less accumulated amortization	(101,001)
Net pension asset restricted for employees' pension is not a financial resource and therefore not reported in the governmental funds	94,871
Deferred outflows of resources are not available to satisfy current obligations in the fund statements; however, they are considered a consumption of net position that applies to a future period and are included in the statement of net position:	
Deferred charges on refundings of debt	151,425
Contributions to pension plans in the current fiscal year	3,570,366
Benefit payments and administrative costs for LEOSSA	64,493
Pension related deferrals	10,576,210
OPEB related deferrals	10,866,651
Benefit payments and administrative costs for OPEB	993,949
Accrued interest receivable is not available to pay current-period expenditures and therefore not recognized as revenue in the fund statements.	162,454
Deferred inflows of resources are not available to satisfy current obligations in the fund statements: however, they are considered economic resources and recognized as revenue in the government-wide statements.	
Taxes, fees, and notes receivable	2,133,911
Pension deferrals	(953,749)
OPEB deferrals	(15,149,229)
The internal service fund is used by management to allocate self-insurance costs to individual funds and departments. The assets and liabilities are included in governmental activities in the statement of net position.	5,597,688
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:	
General obligation bonds	(6,013,000)
Notes payable	(23,715,800)
Pollution remediation obligation	(2,220,029)
Lease liabilities	(113,719)
Compensated absences	(2,433,949)
Total pension liability - LEOSSA	(2,154,735)
Net pension liability - LGERS	(20,102,665)
Total OPEB liability	(49,627,400)
Accrued interest payable	(393,550)
Net position of governmental activities	$ 81,311,228

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

HAYWOOD COUNTY, NORTH CAROLINA

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2023

	General Fund	Solid Waste Management Fund	ARPA Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Ad valorem taxes	$ 53,115,032	$ -	$ -	$ 5,980,267	$ 59,095,299
Local option sales taxes	16,602,671	-	-	7,997,745	24,600,416
Other taxes and licenses	5,172,643	183,226	-	-	5,355,869
Unrestricted intergovernmental	622,154	-	-	-	622,154
Restricted intergovernmental	14,793,156	9,415	5,114,051	3,097,217	23,013,839
Permits and fees	489,293	6,180,611	-	-	6,669,904
Sales and services	4,826,343	88,741	-	433,285	5,348,369
Investment earnings (losses)	3,011,412	-	-	309	3,011,721
Miscellaneous	901,878	16	-	409,174	1,311,068
Total revenues	99,534,582	6,462,009	5,114,051	17,917,997	129,028,639
Expenditures					
Current:					
General government	8,209,907	-	-	1,656,677	9,866,584
Central services	5,110,439	-	-	-	5,110,439
Public safety	26,373,407	-	-	7,119,371	33,492,778
Transportation	620,442	-	-	-	620,442
Environmental protection	-	4,550,821	-	370,624	4,921,445
Economic and physical development	4,693,080	-	-	1,634,053	6,327,133
Human services	20,826,592	-	-	940,418	21,767,010
Cultural and recreational	1,983,947	-	-	233,183	2,217,130
Intergovernmental:			-		
Education	20,846,123	-	-	3,728,922	24,575,045
Debt service:					
Principal	1,410,023	17,298	-	3,445,000	4,872,321
Interest and fees	598,907	102	-	269,438	868,447
Total expenditures	90,672,867	4,568,221	-	19,397,686	114,638,774
Revenues over (under) expenditures	8,861,715	1,893,788	5,114,051	(1,479,689)	14,389,865
Other Financing Sources (Uses)					
Sale of capital assets	1,825,864	-	-	-	1,825,864
Transfers from other funds	5,114,051	-	-	-	5,114,051
Transfers to other funds	(5,606,909)	(14,230)	(5,114,051)	5,621,139	(5,114,051)
Total other financing sources (uses)	1,333,006	(14,230)	(5,114,051)	5,621,139	1,825,864
Net changes in fund balances	10,194,721	1,879,558	-	4,141,450	16,215,729
Fund balances, beginning of year	44,874,662	12,371,268	-	18,328,141	75,574,071
Fund balances, end of year	$ 55,069,383	$ 14,250,826	$ -	$ 22,469,591	$ 91,789,800

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

HAYWOOD COUNTY, NORTH CAROLINA

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2023

Amounts reported for governmental activities in the Statement of Activities are different because:	
Net change in fund balances--total governmental funds	$ 16,215,729
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense with any residual book value expensed if the asset is disposed:	
Capital outlay expenditures	6,762,932
Depreciation expense	(4,050,985)
Amortization expense	(179,272)
Net book value of capital assets disposed	(1,723,271)
Book value of donated asset	(4,864,809)
Contributions to pension plans in the current fiscal year are not included on the Statement of Activities	3,570,366
Benefit payments and administrative expenses for LEOSSA in the current fiscal year are not included on the Statement of Activities	64,493
Benefit payments and administrative expenses for OPEB in the current fiscal year are not included on the Statement of Activities	993,949
Revenues reported in the Statement of Activities that do not provide current resources are not recorded as revenues in the fund statements:	
Net change in ad valorem taxes and solid waste fees receivable	214,677
Net change in accrued interest receivable on property taxes	13,397
Income from donated assets	80,443
Net change in notes receivable	(13,906)
The issuance of long-term debt provides current financial resources, while the repayment of debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:	
Amortization of deferred charges on refunding of debt	(64,366)
Repayments	4,872,321
The internal service fund is used by management to account for the activities of the County's health insurance and workers' compensation plans. The net revenue compensation. The net expense is reported with the governmental activities	1,693,885
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:	
Pollution remediation obligation	(143,295)
Compensated absences	48,843
Pension expense - Register of Deeds	(21,230)
Pension expense - LGERS	(5,732,434)
Pension expense - LEOSSA	(199,686)
OPEB plan expense	(3,641,331)
Accrued interest payable	10,194
Change in net position, governmental activities	$ 13,906,644

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

HAYWOOD COUNTY, NORTH CAROLINA

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the year ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues				
Ad valorem taxes	$ 52,190,681	$ 52,190,681	$ 53,115,032	$ 924,351
Local option sales taxes	14,499,075	14,499,075	16,602,671	2,103,596
Other taxes and licenses	4,149,120	5,649,120	5,172,643	(476,477)
Unrestricted intergovernmental	592,000	592,000	622,154	30,154
Restricted intergovernmental	14,095,086	17,755,609	14,793,156	(2,962,453)
Permits and fees	446,000	446,000	489,293	43,293
Sales and services	5,189,200	5,209,777	4,826,343	(383,434)
Investment earnings	260,091	260,091	3,011,412	2,751,321
Miscellaneous	144,950	1,417,054	901,878	(515,176)
Total revenues	91,566,203	98,019,407	99,534,582	1,515,175
Expenditures				
Current:				
General government	8,968,783	9,365,389	8,209,907	1,155,482
Central services	5,562,340	5,894,615	5,110,439	784,176
Public safety	27,531,406	34,310,021	26,373,407	7,936,614
Transportation	585,750	585,750	620,442	(34,692)
Economic and physical development	3,867,302	5,466,072	4,693,080	772,992
Human services	23,963,355	27,099,407	20,826,592	6,272,815
Cultural and recreational	2,043,373	2,160,377	1,983,947	176,430
Contingency and non-departmental	2,315,124	187,060	-	187,060
Intergovernmental:				
Education	19,972,217	21,380,217	20,846,123	534,094
Debt service:				
Principal retirement	1,527,632	1,527,632	1,410,023	117,609
Interest and other charges	587,826	587,826	598,907	(11,081)
Total expenditures	96,925,108	108,564,366	90,672,867	17,891,499
Revenues over (under) expenditures	(5,358,905)	(10,544,959)	8,861,715	19,406,674
Other Financing Sources (Uses)				
Appropriated fund balance	5,356,405	14,387,257	-	(14,387,257)
Proceeds from sale of assets	2,500	2,500	1,825,864	1,823,364
Transfers from other funds	-	1,762,111	5,114,051	3,351,940
Transfers to other funds	-	(5,606,909)	(5,606,909)	-
Total other financing sources (uses)	5,358,905	10,544,959	1,333,006	(9,211,953)
Net change in fund balance	$ -	$ -	10,194,721	$ 10,194,721
Fund balance, beginning of year			44,874,662	
Fund balance, end of year			$ 55,069,383	

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

HAYWOOD COUNTY, NORTH CAROLINA

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Solid Waste Management Fund
For the year ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues				
Other taxes and licenses	$ 80,000	$ 80,000	$ 183,226	$ 103,226
Restricted intergovernmental	7,000	7,000	9,415	2,415
Permits and fees	5,618,785	5,618,785	6,180,611	561,826
Sales and services	60,000	60,000	88,741	28,741
Miscellaneous	-	-	16	16
Total revenues	5,765,785	5,765,785	6,462,009	696,224
Expenditures				
Current:				
Environmental protection	5,765,785	5,757,108	4,550,821	1,206,287
Debt service				
Principal retirement	-	17,298	17,298	-
Interest and fees	-	102	102	-
Total expenditures	5,765,785	5,774,508	4,568,221	1,206,287
Revenues over (under) expenditures	-	(8,723)	1,893,788	1,902,511
Other Financing Sources (Uses)				
Appropriated fund balance	-	22,953	-	(22,953)
Transfers to other funds	-	(14,230)	(14,230)	-
Total other financing sources (uses)	-	8,723	(14,230)	(22,953)
Net change in fund balance	$ -	$ -	1,879,558	$ 1,879,558
Fund balance, beginning of year			12,371,268	
Fund balance, end of year			$ 14,250,826	

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

HAYWOOD COUNTY, NORTH CAROLINA

Statement of Net Position
Proprietary Funds
June 30, 2023

		Internal Service Funds
Assets		
Current assets:		
Cash and cash equivalents	$	6,887,377
Prepaids		193,646
Total assets		7,081,023
Liabilities		
Current liabilities:		
Estimated claims payable		1,483,335
Net Position		
Unrestricted	$	5,597,688

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

HAYWOOD COUNTY, NORTH CAROLINA

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the year ended June 30, 2023

	Internal Service Funds
Operating Revenues	
Internal charges for services	$ 10,411,683
External charges for services	870,198
Total operating revenues	11,281,881
Operating Expenses	
Claims and administration	9,587,996
Operating income	1,693,885
Net position, beginning of year	3,903,803
Net position, end of year	$ 5,597,688

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

HAYWOOD COUNTY, NORTH CAROLINA

Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2023

	Internal Service Fund
Cash flows from operating activities:	
Receipts from third-party payors and patients	$ 11,281,881
Payments to providers	(8,966,436)
Net cash provided by operating activities	2,315,445
Increase in cash and cash equivalents	2,315,445
Cash and cash equivalents:	
Beginning of year	4,571,932
End of year	$ 6,887,377
Reconciliation of change in operating income to net cash provided by operating activities:	
Operating income	$ 1,693,885
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase (decrease) in accrued expenses	621,560
Net cash provided by operating activities	$ 2,315,445

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

HAYWOOD COUNTY, NORTH CAROLINA

Statement of Fiduciary Net Position
June 30, 2023

	Custodial Funds
Assets	
Cash and cash equivalents	$ 117,511
Total assets	117,511
Net Position	
Restricted for:	
Individuals, organizations, and other governments	117,511
Total net position	$ 117,511

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

HAYWOOD COUNTY, NORTH CAROLINA

Statement of Fiduciary Net Position
For the year ended June 30, 2023

	Custodial Funds
Additions	
Ad valorem taxes for other governments	$ 908,535
Collections on behalf of inmates	280,035
Total additions	1,188,570
Deductions	
Tax distributions to other governments	906,209
Payments on behalf of inmates	280,050
Total deductions	1,186,259
Net increase in fiduciary net position	2,311
Net position, beginning	115,200
Net position, ending	$ 117,511

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

1. Summary of Significant Accounting Policies

The accounting policies of Haywood County (the "County") and its component units conform to generally accepted accounting principles as they apply to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The County, which is governed by a five-member Board of Commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute (G.S.) 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 discretely presented component units presented below are reported in separate columns in the County's basic financial statements in order to emphasize that they are legally separate from the County.

Component Units:

- ☐ **Haywood County Industrial Facility and Pollution Control Financing Authority**

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

- ☐ **Haywood County Tourism Development Authority**

  The North Carolina General Legislature enacted a law which authorized Haywood County to levy a room occupancy and tourism development tax, and the Board of Commissioners adopted a resolution levying this tax on October 1, 1983. The Board of Commissioners created the Haywood County Tourism Development Authority (the "TDA") as a public authority under the Local Government Budget and Fiscal Control Act. The TDA is composed of twelve voting members and three ex-officio members, serving without compensation and appointed by the Board of Commissioners. Quarterly reports are to be made to the Board of Commissioners. The TDA may contract with any person, firm or organization to advise and assist in carrying out its duty to promote travel, tourism, and conventions for the County. The TDA, which has a June 30 year-end, is presented as if it were a governmental fund. Complete financial statements for the TDA may be obtained at the administrative office of the TDA at 91 North Lakeshore Drive, Suite 1, Lake Junaluska, NC 28745.

B. Basis of Presentation

Government-Wide Statements:

The Statement of Net Position and the Statement of Activities display information about the primary government (the "County") and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

Fund Financial Statements:

The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category - *governmental, proprietary, and fiduciary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental 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. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The County reports the following major governmental funds for the year ended June 30, 2023:

☐ **General Fund**

The General Fund is the general operating fund of the County. It is used to account for all financial resources except those that are required to be accounted for in another fund.

☐ **Solid Waste Management Fund**

This fund accounts for all the operational and capital activities related to the availability fees and tipping fees collected in conjunction with the 2 landfills, the materials recovery facility, the recycling programs and the 10 convenience centers located throughout the County.

☐ **ARPA Fund**

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

Additionally, the County reports the following fund types:

- **Special Revenue Funds**

  Special revenue funds are used to account for specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The County has the following special revenue funds: the Emergency Telephone System Fund, the Fire Districts Fund, the Sanitary District Fund, the Road Service Fund, Representative Payee Fund, Fines and Forfeitures Fund, Deed of Trust Fund, Affordable Housing Fund, and the Opioid Settlement Fund.

- **Debt Service Funds**

  Debt service funds are used to accumulate funds from specific revenue sources that are restricted for the purpose of making debt service payments. The County has the following debt service funds: Community College Debt Service Fund and Public Schools Debt Service Fund.

- **Capital Projects Funds**

  Capital projects funds are used to account for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds and trust funds). The County has the following capital projects funds within its governmental fund types: the Community College Projects Fund, the Master Facilities Fund, the Public Schools ADM/Lottery Fund, County Building Renovations Fund, the Public Schools County Projects Fund, FEMA Capital Project Fund, and the Solid Waste Capital Project Fund.

- **Internal Service Funds**

  The internal service funds account for the employee medical benefits and workers' compensation programs, which include group health, dental and workers' compensation.

- **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 Motor Vehicle Tax Fund, which accounts for vehicle property taxes that are billed and collected by the State and remitted to the County for various municipalities within the County but that are not revenues to the County, and the Detention Center Commissary Fund, which holds cash collections for the benefit of inmates from their friends and families.

C. **Measurement Focus and Basis of Accounting** - In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting.

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements:

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

Governmental Fund Financial Statements:

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Long-term debt issued is reported as other financing sources. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of general long-term debt and acquisitions under leases and IT subscriptions are reported as other financing sources.

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

Sales taxes 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.

D. **Budgetary Data** - The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Solid Waste Management Fund , special revenue funds, and debt service funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the ARPA Fund, FEMA Fund, and the Capital Projects Funds. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. The County Manager is authorized by the budget ordinance to transfer appropriations within departments and functions within a fund; however, any revisions that alter total expenditures of any fund or that change functional appropriations must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. **Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. **Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position**

Deposits and Investments:

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

State law [G.S. 159-30(c)] authorizes the County and the TDA 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 North Carolina Capital Management Trust (NCCMT), which consists of two SEC registered funds, is authorized by G.S. 159-30(c)(8). One of these funds, the Government Portfolio, is a 2a7 fund which invests in treasuries and government agencies and is rated AAAm by S&P and AAmf by Moody Investor Services. The Government Portfolio is reported at fair value.

Cash and Cash Equivalents:

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

Money in the governmental funds are classified as restricted assets if their use is completely restricted by external parties. Public Schools County Projects Fund cash in the amount of

$208,370 is classified as restricted assets because its use is restricted per North Carolina General Statutes 159-18 through 22. $3,987,165 in unspent ARPA funding is restricted as per the terms of the funding agreement. Emergency Telephone System Fund cash in the amount of $680,260 is restricted based on the funding source. $76,739 in the Rep Payee Fund is restricted for use on beneficiaries of the Representative Payee Program. $31,695 in fines and forfeiture funding is restricted in accordance with NC General Statutes. $945,500 in unspent grant funding in the Affordable Housing Fund is restricted as per the terms of the grant agreement. $670,713 in unspent Opioid Settlement funding is restricted as per the terms of the funding agreement. $188,676 in unspent lottery funding is restricted to the project for which the funds were drawn down. $986,072 in unspent grant proceeds in the County Building Renovations Fund is restricted as per the terms of the grant agreement. $77,931 in unspent debt proceeds in the Community College Projects Fund is restricted to the project for which the debt was issued.

The TDA considers demand deposits and investments purchased with an original maturity three months or less, that are not limited to use, to be cash and cash equivalents.

Ad Valorem Taxes Receivable:

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2022.

Allowances for Doubtful Accounts:

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

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.

Inventories and Prepaid Items:

The inventories of the County are valued at cost (first-in, first-out). The County's General Fund inventory consists of expendable supplies that are recorded as expenditures when consumed.

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

Capital Assets:

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. Minimum capitalization cost is $1,000 for annual budgeting and $5,000 for financial reporting. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The County holds title to certain Haywood County Board of Education and Haywood County Community College 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 and Community College give the Board of Education and Community College 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 and Community College, 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 Haywood County Board of Education and the Haywood County Community College.

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

	Years
Buildings	10 - 50
Improvements	10
Furniture and equipment	3 - 10
Vehicles	4
Computer equipment	3

For the TDA, the minimum capitalization threshold is $1,000. Depreciation is computed by the straight-line method over the estimated useful lives of the assets as follows:

	Years
Improvements	10
Furniture and equipment	3 - 10

Right to Use Assets:

The County and the TDA has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

Deferred Outflows of Resources and Deferred Inflows of Resources:

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has several items that meet this criterion including deferred charges on refunding debt, pension and OPEB related deferrals, retiree benefits paid during the current fiscal year, and contributions made to the pension plans in the current fiscal year.

In addition to liabilities, the statement of net position can also report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period and so will not be recognized as revenue until then. The County has several items that meet the criterion for this category - prepaid taxes and fees receivable, notes receivable, unearned grant revenue, leases, and pension and OPEB related deferrals.

Long-Term Obligations:

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. In the fund financial statements for governmental fund types, the net proceeds of debt issued is reported as another financing source. The installment financing contracts are collateralized by the assets being financed and are not secured by the taxing power of the County.

Compensated Absences:

The vacation policy of the County and the TDA provide for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. In the County's government-wide funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. Compensated absences have typically been liquidated in the General Fund.

The sick leave policy of the County and the TDA 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 for County employees may be used in the determination of length of service for retirement benefit purpose. Since these entities have no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Opioid Settlement Funds:

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

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

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

As of June 30, 2023, the County has received a total $670,713 as part of this settlement. Per the terms of the MOA, the County created a special revenue fund in Fiscal Year 2022, the Opioid Settlement Fund, to account for these funds. All funds are to be used for opioid abatement and remediation activities. Funds are restricted until expended. No funds have been expended as of June 30, 2023. The MOA offered the County two options of expending the funds. The County opted for Option A, which allows the County to fund one or more high-impact strategies from a list of evidence-based strategies to combat the opioid epidemic.

Reimbursements for Pandemic-Related Expenditures:

During the fiscal year ending June 30, 2021, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for the eligible state, local, territorial, and tribal governments. The County was allocated $12,104,347 of fiscal recovery funds to be paid in two equal installments. The first installment of $6,052,174 was received in June 2021. The second installment was received in June 2022. County staff and the Board of Commissioners have elected to use $5,114,051 of the ARPA funds for revenue replacement in fiscal year 2023. The usage for the remaining $3,987,165 will be determined at a future date. The $5,114,051 used for revenue replacement was transferred to the General Fund from the ARPA Fund during the year ending June 30, 2023. Remaining funds will be transferred to the appropriate funds once the intended use of the funds is determined.

Net Position:

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

Fund Balances:

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

The governmental fund types classify fund balances as follows:

☐ **Non-Spendable Fund Balance**

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

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

☐ **Restricted Fund Balance**

This classification includes revenue sources that are restricted to specific purposes externally imposed or imposed by law.

- ✓ Restricted for Stabilization by State Statute - North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories 35-J-56 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 Economic Development – portion of fund balance that is restricted by the revenue source to pay for affordable housing projects.
- ✓ Restricted for Public Schools – portion of fund balance that is restricted by the revenue source to pay for capital expenditures and debt service for public schools in the County.
- ✓ Restricted for Health Services – portion of fund balance that can only be used to benefit beneficiaries under the Social Security Representative Payee Program.
- ✓ Restricted for Public Safety – portion of fund balance that is restricted by the revenue source to pay for expenditures related to the drug seizure funds in the General Fund and the portion of fund balance that is restricted by revenue sources to pay for qualified E-911 expenditures in the Emergency Telephone System Fund.
- ✓ Restricted for Community College – portion of fund balance that represents the revenue source to pay for capital expenditures and debt service for Haywood Community College.

☐ **Committed Fund Balance**

This classification includes the portion of fund balance that can only be used for specific purpose imposed by majority vote of Haywood County's governing body (highest level of decision-making authority) by resolution. Any changes or removal of specific purposes requires majority action by the governing body.

- ✓ Committed for Community College Capital – portion of fund balance that reflects the sales tax that has been committed for community college capital expenditures.
- ✓ Committed for Solid Waste Management – portion of fund balance that has been committed to the Solid Waste Management fund of the County.
- ✓ Committed for Economic Development – portion of fund balance that has been committed for affordable housing project expenditures.
- ✓ Committed for Capital Projects – portion of fund balance that has been committed, by project ordinance, for capital expenditures in the County.

☐ **Assigned Fund Balance**

This classification includes the portion of total fund balance that the Haywood County governing board has budgeted.

- ✓ Committed for subsequent year's expenditures – portion of the fund balance that is committed by the Board of Commissioners to cover some capital costs in the subsequent year's budget.
- ✓ Assigned for unspent trust donations – portion of fund balance that has been assigned for future expenditures made from donations to the County from the Ross Trust.

☐ **Unassigned Fund Balance**

This classification includes the portion of total fund balance in the General Fund that has not been restricted, committed or assigned to specific purposes or other funds. The General Fund is the only fund that reports a positive unassigned fund balance, as all other funds report amounts for specific purposes.

Haywood County does not have a formal revenue spending policy that provides guidance for programs with multiple revenue sources. However, it is the County's practice to use resources in the following hierarchy: federal funds, state funds, bond proceeds, local non-county funds, and county funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned (available) fund balance.

Haywood County, under its Financial Reserves section of the Fiscal Policy, has established a threshold of at least 11% of current year expenditures for available General Fund balance at the close of each fiscal year. The excess available fund balance may be used to fund one-time capital expenditures or other one-time costs, or may be transferred to Capital Reserves for future use for a specific purpose within a specified time frame.

Multiple-Employer Defined Benefit Pension Plans:

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

2. Stewardship, Compliance, and Accountability

Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2023, the expenditures made in one department in the County's General Fund exceeded the authorized appropriations made by the governing board. The transportation department expended $34,692 over its appropriation. This over-expenditure occurred because of slow to receive invoices from vendors that related to fiscal year 2023 activity. Management will more closely review the fiscal year 2024 budget for an increase in usage of transportation services and adjust as needed.

Deficit Fund Balance of Individual Funds

At June 30, 2023, the FEMA capital project fund had a deficit fund balance of $238,572 as a result of unpaid disaster relief incurred in excess of fund balance. Management expects the deficit fund balance to be resolved in the coming fiscal year through a combination of grant funding and contributions from the general fund.

3. Detail Notes on All Activities and Funds

A. Assets

i. Deposits:

All of the County and the TDA's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's or TDA's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County and the TDA, these deposits are considered to be held by their agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or the TDA, or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County or the TDA under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County and the TDA have no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all Pooling Method financial institutions and to monitor them for compliance. The County and the TDA comply with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2023, the County's deposits had a carrying amount of $14,566,200 and a bank balance of $15,144,580. Of the bank balance, $606,265 was covered by federal depository insurance and the remainder by collateral held under the Pooling Method.

At June 30, 2023, the County had $5,450 cash on hand.

At June 30, 2023, the TDA's deposits had a carrying amount of $446,094 and a bank balance of $485,829. Of the bank balance, $250,000 was covered by federal depository insurance and the remainder was covered under the pooling method. The TDA had cash on hand at year-end in the amount of $200.

ii. Investments:

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

			Term to Maturity		
Investment type	Valuation Measurement Method	Fair Value	Less Than Six Months	Six to Twelve Months	More Than Twelve Months
NC Capital Management Trust - Government Portfolio	Fair Value - Level 1	$ 83,133,134	$ 83,133,134	$ -	$ -
US Treasuries	Fair Value - Level 1	4,847,511	167,936	1,306,508	3,373,067
Total		$ 87,980,645	$ 83,301,070	$ 1,306,508	$ 3,373,067

The TDA had the following investments as of June 30, 2023:

Investment type	Valuation Measurement Method	Fair Value	Term to Maturity: Less Than Six Months	Term to Maturity: Six to Twelve Months	Term to Maturity: More Than Twelve Months
NC Capital Management Trust - Government Portfolio	Fair Value - Level 1	$ 2,157,988	$ 2,157,988	N/A	N/A
Total		$ 2,157,988	$ 2,157,988	$ -	$ -

*Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months. The NCCMT Government Portfolio has an AAAm rating from S&P.

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

Reconciliation of Deposits and Investments

A reconciliation of cash and cash equivalents and shown on the County's government-wide statement of net position is as follows:

Reported value of deposits	$ 14,566,200
Petty cash	5,450
Fair value of investments	87,980,645
	$ 102,552,295
Statement of Net Position	
Cash and cash equivalents	$ 93,933,617
Cash and cash equivalents, restricted	8,501,167
	102,434,784
Statement of Fiduciary Net Position	
Cash and cash equivalents	117,511
	$ 102,552,295

Interest Rate Risk:

As a means of limiting its exposure to fair value losses arising from interest rates, funds will be invested with the chief objectives of safety of principal, liquidity, and yield, therefore, the County's investment policy limits at least 80% of the county's investment portfolio to maturities of less than 12 months, with all investments maturing in no more than 36 months from their purchase date.

Credit and Custodial Credit Risk:

State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). The County's investments in the North Carolina Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2023. The County's investment in the North Carolina Capital Management Trust Term Portfolio is unrated. No more than 5% of the County's investment funds may be invested in a specific company's commercial paper, and no more than 20% of the County's investment funds may be invested in commercial paper. No more than 25% of the County's investments may be invested in any one U.S. Agency's securities.

Receivables:

- **Notes Receivable**

  On June 27, 2017, the County sold real property in exchange for a note receivable in the amount of $325,000. The agreement requires equal monthly installments of $1,402, including principal and interest at .99%, beginning July 1, 2017 and maturing in full on September 1, 2024. At June 30, 2023, the balance was $286,529.

- **Lease Receivable**

  On August 1, 2020, the County entered into a lease with the United States of America. Under the lease, the Government pays the County $4,883 per month for 36 months in exchange for use of the USDA Service Building. There are no variable components in the lease. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 1.50%.

  On March 26, 2010, the County entered into a lease with the RCG-Waynesville LLC and Tractor Supply Company. Under the lease, Tractor Supply pays the County $10,000 per month for the first 5 year lease term, $11,000 per month for the second 5 year lease term, $12,100 per month in the third 5 year lease term, $13,310 per month for the fourth 5 year lease term, $14,641 per month for the fifth 5 year lease term, and $16,105 per month for the final 5 year lease term, in exchange for use of the Tractor Supply Building. There are no variable components in the lease. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 2.00%.

  In the fiscal year 2023, the County recognized $198,767 of lease revenue and $49,889 of interest revenue under the leases.

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

	Accounts Receivable	Related Accrued Interest	Lease Receivable	Other	Total
Governmental activities:					
General Fund	$ 2,607,677	$ 1,814,604	$ 2,419,938	$ 637,648	$ 7,479,867
Other governmental funds	1,042,865	211,851	-	33,950	1,288,666
Governmental activities only	-	162,454	-	-	162,454
Total receivables	3,650,542	2,188,909	2,419,938	671,598	8,930,987
Allowance for doubtful accounts	(2,508,243)	(636,684)	-	-	(3,144,927)
Total	$ 1,142,299	$ 1,552,225	$ 2,419,938	$ 671,598	$ 5,786,060
Amounts not expected to be collected within one year	$ -	$ -	$ -	$ 285,127	$ 285,127

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

Local option sales tax	$ 6,060,448
Sales tax refunds	677,965
NC DMV tax receivable	524,354
DSS reimbursements	811,462
Other	967,431
	$ 9,041,660

iii. Capital Assets

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

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 13,471,852	$ -	$(1,119,635)	$ 12,352,217
Construction in progress	10,324,508	4,796,437	(5,324,554)	9,796,391
Total capital assets not being depreciated	23,796,360	4,796,437	(6,444,189)	22,148,608
Capital assets being depreciated:				
Improvements	20,760,279	277,976	-	21,038,255
Buildings	72,826,566	-	-	72,826,566
Equipment	16,932,088	723,527	(637,269)	17,018,346
Vehicles	8,428,634	1,045,435	(628,074)	8,845,995
Total capital assets being depreciated	118,947,567	2,046,938	(1,265,343)	119,729,162
Less accumulated depreciation for:				
Improvements	18,564,660	259,807	-	18,824,467
Buildings	21,571,208	1,504,626	-	23,075,834
Equipment	14,360,241	1,129,929	(643,974)	14,846,196
Vehicles	6,379,126	1,156,623	(477,478)	7,058,271
Total accumulated depreciation	60,875,235	4,050,985	(1,121,452)	63,804,768
Capital assets being depreciated, net	58,072,332			55,924,394
Governmental activities capital assets, net	$ 81,868,692			$ 78,073,002

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

General government	$ 1,311,971
Public safety	1,761,172
Environmental protection	392,993
Economic and physical development	43,170
Human services	477,583
Cultural and recreational	64,096
Total depreciation expenses	$ 4,050,985

☐ Discretely Presented Component Unit

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

	Beginning Balance	Increase	Decrease	Ending Balance
Tourism Development Authority:				
Capital assets being depreciated:				
Improvements	$ 9,890	$ -	$ 2,472	$ 7,418
Equipment, furniture, and vehicles	86,366	4,924	35,358	55,932
Total capital assets being depreciated	96,256	4,924	37,830	63,350
Less accumulated depreciation for:				
Improvements	8,962	438	1,352	8,048
Equipment, furniture, and vehicles	53,390	11,905	35,253	30,042
Total accumulated depreciation	62,352	12,343	36,605	38,090
Capital assets, net	$ 33,904			$ 25,260

iv. Right to Use Leased Assets

The County has recorded multiple right to use leased assets. The assets are right to use assets for leased land, buildings, computer equipment and equipment. The related leases are discussed in the Leases subsection of the Long-term obligations section of this note. The right to use lease assets are amortized on a straight-line basis over the terms of the related leases.

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

	Beginning Balance	Increases	Decreases	Ending Balance
Right to use assets				
Buildings	$ 61,522	$ -	$ -	$ 61,522
Land	158,104	-	27,531	130,573
Computer equipment	260,277	-	260,277	-
Equipment	23,139	-	-	23,139
Total right to use assets	503,042	-	287,808	215,234
Less accumulated amortization for:				
Buildings	17,814	17,816	-	35,630
Land	38,784	38,785	27,531	50,038
Computer equipment	145,272	115,005	260,277	-
Equipment	7,667	7,666	-	15,333
Total accumulated amortization	209,537	179,272	287,808	101,001
Right to use assets, net	$ 293,505			$ 114,233

Right to use asset activity for the TDA for the year ended June 30, 2023, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Tourism Development Authority:				
Right to use assets:				
Building	$ 134,284	$ -	$ 134,284	$ -
Equipment	20,662	-	-	20,662
Total right to use assets	154,946	-	134,284	20,662
Less accumulated amortization for:				
Building	27,312	27,312	54,624	-
Equipment	3,013	5,166	-	8,179
Total accumulated amortization	30,325	32,478	54,624	8,179
Right to use assets, net	$ 124,621			$ 12,483

B. Deferred Outflows of Resources

Deferred outflows of resources at the government-wide level at June 30, 2023 were as follows:

Deferred charges on refunding of debt	$ 151,425
Contributions to pension plans subsequent to the measurement date (LGERS and ROD)	3,570,366
Benefit payments for LEOSSA subsequent to the measurement date	64,493
Benefit payments for OPEB subsequent to the measurement date	993,949
Differences between expected and actual experience	4,229,957
Changes of assumptions	10,074,561
Changes in proportion and differences between employer contributions and proportionate share of contributions	454,770
	$ 26,223,094

C. Liabilities

i. Payables:

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

	Vendors	Salaries and Benefits	Other	Total
Governmental activities:				
General fund	$ 3,996,096	$ 1,541,574	$ 838,113	$ 6,375,783
Solid waste management fund	102,828	11,792	-	114,620
Estimated claims payable	-	-	1,483,335	1,483,335
Other governmental funds	1,151,643	1,654	-	1,153,297
Total	$ 5,250,567	$ 1,555,020	$ 2,321,448	$ 9,127,035

The County has also recorded a liability as of June 30, 2023 for advances due to grantors in the amount of $5,643,950. The represents the amount of unspent grant funding being held by the County at year-end.

ii. Pension Plan Obligations:

☐ **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 post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2023 was 13.04% of compensation for law enforcement officers and 12.15% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were $3,563,532 for the year ended June 30, 2023.

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, 2023, the County reported a liability of $20,102,665 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2023 (measured June 30, 2022), the County's proportion was 0.35634%, which was an increase of .02655% from its proportion as of June 30, 2022 (measured as of June 30, 2021). For the year ended June 30, 2023, the County recognized pension expense of $5,732,434. At June 30, 2023 the TDA reported a liability of $246,530 for its proportionate share of the net pension liability.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 866,206	$ 84,927
Changes of assumptions	2,005,795	-
Net difference between projected and actual earnings on pension plan investments	6,644,141	-
Changes in proportion and difference between County contributions and proportionate share of contributions	454,031	296,902
County contributions subsequent to the measurement date	3,563,532	-
	$ 13,533,705	$ 381,829

$3,563,532 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an decrease of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2024	2,999,282
2025	2,536,078
2026	887,592
2027	3,165,392
	$ 9,588,344

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

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

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

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study 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, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Real Rate of Return
Fixed Income	33.0%	0.9%
Global Equity	38.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Credit	7.0%	5.0%
Inflation Protection	6.0%	2.7%
Total	100.0%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2021 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 3.25%. All rates of return and inflation are annualized.

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

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

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
County's proportionate share of the net pension liability (asset)	$ 36,282,721	$ 20,102,665	$ 6,769,359

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

☐ **Law Enforcement Officers' Special Separation Allowance**

Plan Description. The County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

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

Inactive members receiving benefits	5
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	72
Total	77

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 and refunds are recognized when due and payable in accordance with the terms of the plan.

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

Actuarial Assumptions:

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

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

The discount rate used to measure the total pension liability is the weekly average of the Bond Buyer General Obligation 20-year Municipal Bond Index determined at the end of each month.

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

Mortality rates are based on the RP-2014 mortality tables base rates projected to the valuation date using MP-2015.

Contributions:

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administrative costs of the Separation Allowance are financed through investment earnings. The County paid $82,747 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, 2023, the County reported a total pension liability of $2,154,735. The total pension liability was measured as of December 31, 2022 based on a December 31, 2021 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2022 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the County recognized pension expense of $199,686.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 146,725	$ 176,976
Changes of assumptions and other inputs	413,387	392,386
Benefit payments and plan administrative expense made subsequent to the measurement date	64,493	-
	$ 624,605	$ 569,362

$64,493 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date, and changes of assumptions and other inputs will be recognized as a decrease of the total pension liability in the year ended June 30, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	$ 37,735
2025	52,707
2026	27,255
2027	(60,829)
2028	(64,939)
Thereafter	(1,179)
	$ (9,250)

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

	1% Decrease (3.31%)	Discount Rate (4.31%)	1% Increase (5.31%)
Total pension liability	$ 2,341,749	$ 2,154,735	$ 1,985,693

Schedule of Changes in Total Pension Liability	
Beginning balance	$ 2,394,793
Changes for the year:	
Service cost at end of year	145,936
Interest	52,952
Change in benefit terms	-
Difference between expected and actual experience	50,203
Changes of assumptions and other inputs	(406,402)
Benefit payments	(82,747)
Other	-
Net changes	(240,058)
Ending balance of the total pension liability	$ 2,154,735

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

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

☐ **Supplemental Retirement Income Plan for Law Enforcement Officers**

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

*Funding Policy***.** Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan.

The County contributed $223,244 for law enforcement officers for the reporting year. No amounts were forfeited.

☐ **Supplemental Retirement Income Plan for Employees Not Engaged in Law Enforcement**

Full-time employees not engaged in law enforcement are eligible to participate in the Supplemental Retirement Plan under Internal Revenue Code Section 401(k). Under this plan, an employee may contribute a percentage of their annual gross salary as limited by federal tax laws. Haywood County contributed an amount equal to 2% of annual gross pay.

The County contributed $736,873 for general employees for the reporting year. No amounts were forfeited.

☐ **Registers of Deeds' Supplemental Pension Fund**

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

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were $6,834 for the year ended June 30, 2023.
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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the County reported an asset of $94,871 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At the June 30, 2022, measurement date the County's proportion was .71655%, which was an increase of .00612% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the County recognized pension expense of $21,230. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 731	$ 1,720
Changes of assumptions	5,023	-
Net difference between projected and actual earnings on pension plan investments	39,432	-
Changes in proportion and difference between County contributions and proportionate share of contributions	739	838
County contributions subsequent to the measurement date	6,834	-
	$ 52,759	$ 2,558

$6,834 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2024	$ 12,007
2025	8,316
2026	13,127
2027	9,917
	$ 43,367

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

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

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

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study as of December 31, 2019.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2023 is 1.4%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2021 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

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

	1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
County's proportionate share of the net pension liability (asset)	$ 109,353	$ (94,871)	$ (161,467)

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.

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

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

	LGERS	ROD	LEOSSA	Total
Proportionate Share of Net Pension Liability (Asset)	$ 20,102,665	$ (94,871)	$ -	$ 20,007,794
Proportion of the Net Pension Liability (Asset)	0.35634%	0.71655%	N/A	N/A
Total Pension Liability	-	-	2,154,735	2,154,735
Pension Expense (Benefit)	5,732,434	21,230	199,686	5,953,350

	LGERS	ROD	LEOSSA	Total
Deferred Outflows of Resources:				
Differences between expected and actual experience	$ 866,206	$ 731	$ 146,725	$ 1,013,662
Changes of assumptions	2,005,795	5,023	413,387	2,424,205
Net difference between projected and actual earnings on plan investments	6,644,141	39,432	-	6,683,573
Changes in proportion and differences between County contributions and proportionate share of contributions	454,031	739	-	454,770
County contributions/benefit payments subsequent to the measurement date	3,563,532	6,834	64,493	3,634,859
	$ 13,533,705	$ 52,759	$ 624,605	$ 14,211,069

	LGERS	ROD	LEOSSA	Total
Deferred Inflows of Resources:				
Differences between expected and actual experience	$ 84,927	$ 1,720	$ 176,976	$ 263,623
Net difference between projected and actual investment earnings	-	-	-	-
Changes of assumptions	-	-	392,386	392,386
Changes in proportion and differences between County contributions and proportionate share of contributions	296,902	838	-	297,740
	$ 381,829	$ 2,558	$ 569,362	$ 953,749

☐ Other Postemployment Benefits–Healthcare Benefits

Plan Description. In addition to providing pension benefits, Haywood County has elected to provide healthcare benefits to retirees of Haywood County, as a single-employer defined benefit plan ("OPEB Plan"), who have at least thirty years of service with the North Carolina Local Governmental Employees' Retirement System (the "System") and, on a pro-rata basis, employees who are credited with at least twenty years of service with the System. Retired employees meeting the criteria discussed herein will be provided hospitalization in the same manner as the active County employees. Haywood County pays 100% of the retiree costs for those retirees who have thirty years of service with the System and seven years with the County. The County pays 50% of health insurance costs for those retirees who have 15 years with the System and are at least 60 years of age. For those retirees with fewer than 30 years of service, who are aged 50 to 59, a pro-rata cost share in health insurance costs is received. Retirees can purchase coverage for their dependents at Haywood County's group rates. Haywood County is self insured for health care costs and pays the Medicare Supplement for retirees who qualify, also on a pro-rata basis. A separate report was not issued for the plan.

Membership of the OPEB Plan consisted of the following at June 30, 2021, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	173
Active plan members	564
Total	737

Total OPEB Liability. Haywood County's total OPEB liability of $49,627,400 as of June 30, 2023 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions and Other Inputs. The Total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Salary increases	3.50 to 8.41 percent, including inflation and productivity factor
Healthcare cost trend rates	7.00 percent for 2021 decreasing to 4.5 percent in 2031

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

Balance at July 1, 2022	$	59,586,922
Changes for the year		
Service cost		3,314,273
Interest		1,348,303
Changes in benefit terms		-
Differences between expected and actual experience		(460,067)
Changes in assumptions and other inputs		(13,197,328)
Benefit payments		(964,703)
Net changes		(9,959,522)
Balance at June 30, 2023	$	49,627,400

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16 percent to 3.54 percent.

Mortality rates were based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study as of December 31, 2019.

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

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB Liability	$ 58,722,116	$ 49,627,400	$ 42,473,244

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

	(4.125% Medicare, 6.0% Pre-Medicare)	(5.125% Medicare, 7.0% Pre-Medicare)	(6.125% Medicare, 8.0% Pre-Medicare)
Total OPEB Liability	$ 41,274,537	$ 49,627,400	$ 60,588,728

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

For the year ended June 30, 2023, the County recognized OPEB expense of $3,641,331. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,216,295	$ 1,629,550
Changes of assumptions	7,650,356	13,519,679
Benefit payments made subsequent to the measurement date	993,949	-
	$ 11,860,600	$ 15,149,229

$993,949 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	
2024	$ (1,155,744)
2025	(528,181)
2026	(85,174)
2027	327,090
2028	(990,718)
Thereafter	(1,849,851)
	$ (4,282,578)

☐ **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 no less than $25,000 and no more than $50,000. All death benefit payments are made from the Death Benefit Plan. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants nor does the County have any 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.

iii. Closure and Post-Closure Care Costs–White Oak Landfill Facility:

State and federal laws and regulations require the County to place a final cover on its White Oak Landfill Facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County, in prior years, reported a portion of these closure and post-closure costs based on the estimated life of the landfill. As of May 2014, at the point that the County, per contract with Santek Environmental, Inc., turned over the management of the County landfill to that company, Santek Environmental, Inc. became responsible for funding the closure and post-closure care. Santek Environmental, Inc. has posted a performance bond for the full amount of the closure and post-closure care assurance, as determined by their engineers, provided that in no event, shall the amount of the closure assurance be less than the then current cost estimate for closure and post-closure care assurance that the North Carolina Department of Environment and Natural Resources ("NC DENR") has accepted. At June 30, 2023, the amount that NC DENR had accepted was $9.2 million. The landfill, constructed in phases, will not be closed until the final phase is completed. Haywood County expects to close the White Oak Facility in the year 2032. Actual costs for closing may different than estimated due to inflation, changes in technology, or changes in regulations.

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

iv. Pollution Remediation Obligation:

The County has recorded in the financial statements a cost estimate for pollution remediation at the site of a closed County landfill. The site has been identified by NC DENR as a location where there is exceedance of landfill gas at the facility property boundary. The facility has entered into mitigation through the use of a landfill gas extraction system, flare, and gas-to-energy generator system. The estimate of costs used to establish the liability for mitigation was developed through site analysis in conjunction with engineering estimates for similar activities at the County's White Oak Landfill. Actual costs may differ from the estimated liability due to factors such as price increases or decreases, changes in technology, or changes in applicable laws or regulations.

v. Risk Management:

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the government carries commercial insurance. Through the commercial carrier, the County also obtains property coverage equal to replacement cost values of owned property. The County also purchases general, auto, public officials, law enforcement, and employment practices liability coverage of $2 million per occurrence, auto physical damage coverage for owned auto at actual cash value subject to a limit of $1 million per occurrence, and crime coverage of $250,000 per occurrence.

A few of the county properties are located in Flood Zone X, which carries minimal risk of flooding. These County properties are covered for $1 million per occurrence through our general property and liability carrier. The County carries federal flood insurance of $500,000 on one property that has been determined to be located in Flood Zone AO. In addition to the federally funded flood insurance, the County has also purchased $2.5 million of coverage for this property, for a total of $3 million coverage on this property.

The employee medical benefits program is funded through the Insurance Internal Service Fund. The program is funded by both employee and employer contributions. Fringe benefits paid through this program include group health and dental insurance. The group health plan operates with a specific stop-loss of $100,000 and an aggregate stop-loss of 100% of the estimated loss fund. The employee workers' compensation program is funded through the Workers' Compensation Internal Service Fund.

The following is a summary of changes in estimated claims payable at June 30:

	2023	2022
Estimated claims payable, July 1	$ 861,775	$ 1,243,422
Incurred claims and changes in estimates	9,587,996	8,637,816
Claims payments	(8,966,436)	(9,019,463)
Estimated claims payable, June 30	$ 1,483,335	$ 861,775

In accordance with G.S. 159-29, the County's employees that have access to $100 or more of the County's funds at any given time are performance bonded through a commercial surety bond. The Director of Finance, Tax Collector and Register of Deeds are individually bonded for $1,000,000, $25,000, and $10,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for $250,000.

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

Haywood County TDA 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 Haywood County Finance Director is separately and individually bonded for $350,000 as Finance Director for the Authority. The Authority carries commercial insurance for these risks of loss. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

vi. Claims and Judgments:

At June 30, 2023, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of the majority of these legal matters will not have a material adverse effect on the County's financial position.

vii. Long-Term Obligations:

☐ **Leases**

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

The agreements were executed in July 2021 to lease buildings, land, computer equipment, and other equipment and require monthly payments ranging from $500 to $11,875 for a period of 21 to 36 months. There are no variable payment components of the lease. The lease liabilities are measured at a discount rate ranging from .4% to 1%, which approximates the federal AFR rates at the time of lease inception. As a result of the leases, the County has recorded right to use assets with a total net book value of $114,233 at June 30, 2023. The right to use assets are discussed in more detail in the right to use asset section of this note. At June 30, 2023 the total lease liability was $113,719.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023, were as follows:

	Principal	Interest	Total
2024	$ 52,013	$ 611	$ 52,624
2025	24,203	329	24,532
2026	31,095	175	31,270
2027	6,408	7	6,415
	$ 113,719	$ 1,122	$ 114,841

The future minimum lease obligations and the net present value of these minimum lease payments for the TDA as of June 30, 2023, were as follows:

Year Ending June 30	Principal Payments	Interest Payments	Total
2024	$ 5,323	$ 521	$ 5,844
2025	5,595	2,209	7,804
2026	1,827	20	1,847
	$ 12,745	$ 2,750	$ 15,495

☐ **Notes Payable (Direct Borrowing Installment Purchases)**

The County has entered into various notes payable:

$154,905 direct borrowing installment purchase of a USDA loan from a local nonprofit in order to purchase County property. The note was entered into on November 6, 2006, requiring 36 annual installments of $8,480, including interest at 4.25%. The property is pledged as collateral by the County.	$	112,675
$1,186,545 direct borrowing installment purchase of a USDA loan from local nonprofit in order to purchase County property. The note was entered into on November 6, 2006, requiring 37 annual installments of $68,298, including interest at 4.625%. The property is pledged as collateral by the County.		878,553
$159,018 direct borrowing installment purchase of a USDA loan to purchase County property from a local nonprofit. The note was entered into on November 6, 2006, requiring 40 annual installments of $8,489, including interest at 4.375%. The property is pledged as collateral by the County.		121,540
$12,500,000 direct borrowing installment purchase issued for the adaptive renovation project from USDA with ARRA funds to purchase a vacated Wal-Mart building to house the social services, health, and central permitting departments of the County. The note was entered into on October 4, 2010 and requires 40 annual payments of $608,243, including interest at 3.75%. The property is pledged as collateral by the County.		10,164,451
$1,700,000 direct borrowing installment purchase issued for the public schools high school renovation project on December 11, 2013, requiring 10 annual principal payments of $170,000, plus interest at 2.15%. The property is pledged as collateral by the County.		170,000
$2,100,000 direct borrowing installment purchase issued for the EMS/emergency management base building project on February 10, 2016, requiring 10 annual principal payments of $210,000, plus interest at 2.54%. The property is pledged as collateral by the County.		630,000
$4,100,000 direct borrowing installment purchase issued for the community college building projects on October 13, 2015, requiring 10 annual principal payments of $410,000, plus semi-annual interest payments at 2.16%. The property is pledged as collateral by the County.		820,000

$3,350,000 direct borrowing installment purchase issued for the animal services building on June 4, 2019, requiring 40 annual principal payments of $139,150 plus annual interest payments at 2.75%. The property is pledged as collateral by the County.	3,101,534
$8,391,00 direct borrowing installment purchase for the community college building projects on January 13, 2021, interest at 1.59%, due semiannually to 2036. The property is pledged as collateral by the County.	6,179,000
$2,000,000 direct borrowing installment purchase for the community college building projects, issued March 17, 2021, requiring 5 annual payments of $400,000, plus semi-annual interest payments at .99%. The property is pledged as collateral by the County.	1,200,000
$317,181 direct financing for the purchase of Zoll Emergency Services equipment, issued March 30, 2021, requiring 6 annual payments of $52,864, plus annual interest payments at 2.5%. The property is pledged as collateral by the County.	138,047
$200,000 direct borrowing installment purchase for improving the property at Jonathan's Creek, issued December 20, 2017, requiring one principal payment of $200,000 in 2023, plus annual interest payments at 2.5%. The property is pledged as collateral by the County.	200,000
Total direct borrowing installment purchases	$ 23,715,800

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

	Principal	Interest	Total
2024	$ 2,846,339	$ 667,866	$ 3,514,205
2025	2,475,911	617,017	3,092,928
2026	1,671,379	492,755	2,164,134
2027	686,506	534,038	1,220,544
2028	699,424	518,493	1,217,917
2029-2033	3,698,453	2,287,814	5,986,267
2034-2038	3,427,209	1,757,653	5,184,862
2039-2043	2,921,789	1,239,664	4,161,453
2044-2048	3,068,431	693,661	3,762,092
2049-2053	1,580,245	190,200	1,770,445
2054-2058	640,114	53,656	693,770
	$ 23,715,800	$ 9,052,817	$ 32,768,617

☐ **General Obligation Bond Indebtedness**

The general obligation bonds financed by the governmental funds are accounted for in the governmental funds. All general obligation bonds 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 a default, the County agrees to pay the Purchaser, on demand, interest on any and all amounts due and owing by the County under this Agreement. The County's general obligation bonds payable at June 30, 2023 are comprised of the following individual issues:

$2,862,000 2020 General Obligation Refunding Bond with principal amounts due on March 1 of each fiscal year beginning March 1, 2021 for $390,000 with reducing increments through 2025, then a $642,000 principal payment due March 1, 2026 and $375,000 due March 1, 2027. Interest amounts are due September 1 and March 1 at an interest rate of 1.52%. Refunds all remaining maturities on the 2008 School Facility Serial Bonds.	$ 1,728,000
$7,150,000 2012 Jail/Law Enforcement Center Refunded General Obligation Bond, with principal amounts due on June 1 of each year beginning June 1, 2013 in reducing increments through June 1, 2025, and interest amounts due each June 1 and December 1, with an interest rate of 1.88%.	1,140,000
$10,783,000 2015 School Facility Refunded General Obligation Bond, with principal amounts due on May 1 of each year beginning May 1, 2016 for $163,000, then a $1,145,000 principal payment due on May 1, 2017, and reducing increments after that through May 1, 2026. Interest payments are due each May 1 and November 1, with an interest rate of 1.78%.	3,145,000
Total general obligation bonds payable	$ 6,013,000

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

	Principal	Interest	Total
2024	1,914,000	103,679	$ 2,017,679
2025	1,859,000	69,965	1,928,965
2026	1,865,000	37,228	1,902,228
2027	375,000	5,700	380,700
	$ 6,013,000	$ 216,572	$ 6,229,572

☐ **Changes in Long-Term Liabilities**

A summary of changes in long-term liabilities follows:

	Beginning Balances	Additions	Retirements	Ending Balances	Due Within One Year
General obligation bonds	$ 7,974,000	$ -	$ 1,961,000	$ 6,013,000	$ 1,914,000
Direct borrowing Installment purchases	26,443,832	-	2,728,032	23,715,800	2,846,339
Pollution remediation obligation	2,076,734	143,295	-	2,220,029	-
Leases	297,008	-	183,289	113,719	52,013
Compensated absences	2,482,792	2,065,889	2,114,732	2,433,949	2,100,000
Total pension liability (LEOSSA)	2,394,793	-	240,058	2,154,735	-
Net pension liability (LGERS)	5,057,646	15,045,019	-	20,102,665	-
Total OPEB liability	59,586,922	-	9,959,522	49,627,400	-
	$ 106,313,727	$ 17,254,203	$ 17,186,633	$ 106,381,297	$ 6,912,352

Compensated absences for governmental activities typically have been liquidated in the General Fund. Any pension or OPEB liabilities have typically been liquidated in the General Fund as well.

At June 30, 2023, Haywood County had a legal debt margin of approximately $763,000,000.

D. Deferred Inflows of Resources

The balance in deferred inflows of resources on the fund statements and unearned revenues on the government-wide statements at June 30, 2023 is composed of the following elements:

	Governmental Funds	Governmental Activities
Prepaid taxes not yet earned (General Fund)	$ 332,162	$ 332,162
Prepaid fees not yet earned (Special Revenue)	-	-
Taxes receivable, net (General Fund)	1,320,126	-
Fees receivable (General Fund)	40,991	-
Taxes receivable, net (Special Revenue)	69,643	-
Lease receivable, net (General Fund)	2,331,958	2,331,958
Long-term notes receivable (General Fund)	286,529	-
Fees receivable (Special Revenue)	416,622	-
Grant revenue received in cash (General Fund)	489,147	489,147
Changes in assumptions	-	13,912,065
Differences between expected and actual experience	-	1,893,173
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	297,740
Total	$ 5,287,178	$ 19,256,245

E. Net Position and Fund Balances

i. Net Investment in Capital Assets - Net investment in capital assets at June 30, 2023, are computed as follows:

Capital assets, net of accumulated depreciation	$ 78,073,002
Less capital debt:	
Gross debt	29,728,800
Less: Deferred charge on refunding of debt	(151,425)
Less: Community college debt related to assets to which the County does not hold title	(8,199,000)
Unexpended debt proceeds	(77,931)
Net capital debt	21,300,444
Net investment in capital assets	$ 56,772,558

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

Total fund balance - General Fund	$ 55,069,383
Less:	
Leases	87,979
Inventory	151,955
Restricted for stabilization by State statute	10,037,763
Restricted for public safety and public schools	35,955
Assigned fund balance	5,503,816
Fund balance policy (11%)	9,974,015
Remaining fund balance	$ 29,277,900

4. **Related Organizations** - Until July 1, 2014, the Haywood County Board of Commissioners appointed the members of the Haywood County Economic Development Commission (the "EDC"). In July 2014, the commissioners dissolved the EDC and merged it into the Haywood County Chamber of Commerce. The Chamber of Commerce is a separate non-profit organization. Contributions for the year ended June 30, 2023 were $50,000.

5. **Joint Ventures** - The County, in conjunction with Haywood County Chamber of Commerce and the Maggie Valley Chamber of Commerce, participates in a joint venture to operate the Haywood County Tourism Development Authority (the "TDA"). The TDA exists to promote local business and to make tourists aware of the opportunities and activities available in Haywood County. The County collects occupancy tax and remits the occupancy tax less 3% of the first $500,000 and 1% of amounts over $500,000 for administrative fees to the TDA. Although the participating entities do not have any equity interest in the joint venture, the County does appoint the twelve board members. Therefore, the TDA is presented as a component unit of the County in the financial statements. Complete financial statements for the TDA may be obtained from the TDA's offices at 1110 Soco Road, Maggie Valley, North Carolina, 28751.

   The County, in conjunction with the State of North Carolina and Haywood County Board of Education, participates in a joint venture to operate Haywood County Community College (the "Community College"). Each of the three participants appoints four members of the thirteen-member board of trustees of the Community College. The president of the Community College's student government association serves as a non-voting, ex-officio member of the board of trustees. The Community College is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the Community College and also provides some financial support for the Community College's operations. The County has an ongoing financial responsibility for the Community College because of the statutory responsibilities to provide funding for the Community College's facilities. The County contributed $3,200,422 to the Community College for operating purposes during the fiscal year ending June 30, 2023 from the General Fund. Complete financial statements for the Community College may be obtained from the Community College's administrative offices at 185 Freedlander Drive, Clyde, North Carolina, 28721.

   The County, in conjunction with fourteen other county governments, participates in a joint venture to operate Vaya Health, a public managed care organization ("MCO"). Each of the fifteen participants appoints one board member to the 15-25 member board of directors. Each of the fifteen participants then appoints the remaining members in such a manner as to provide equitable area-wide representation. The County has an ongoing financial responsibility for the joint venture because the

MCO's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the MCO, so no equity interest has been reflected in the financial statements at June 30, 2023. In accordance with the intergovernmental agreement between the participating governments, the County appropriated $80,000 to the MCO to supplement its activities. Complete financial statements for Vaya Health may be obtained from the MCO's area offices at 128 Sylva Place, Sylva, North Carolina, 28779.

6. **Jointly Governed Organization** - The County, in conjunction with 21 town and county governments, established the Southwestern North Carolina Planning and Economic Development Commission (the "Commission"). The participating governments established the Commission to coordinate funding received from various federal and State agencies. Each participating government appoints one member to the Commission's governing board.

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

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

9. **Conduit Debt Obligations** - Haywood County Industrial Facility and Pollution Control Financing Authority (the "Authority") has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed, as well as by letters of credit, and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2023, there were no industrial revenue bonds outstanding.

10. **Transfers** – Interfund transfers for the year ended June 30, 2023 consisted of the following:

Transfers to / (from) General Fund to:		
Affordable Housing Fund	To fund affordable housing projects	(1,000,000)
Master Facilities Capital Project Fund	To fund capital projects	$ (4,581,275)
County Building Renovations Fund	To fund capital projects	(25,634)
ARPA Fund	To reimburse the General Fund	5,114,051
Total		$ (492,858)

Transfers from Solid Waste Management Fund to:		
Solid Waste Projects Fund	To fund capital projects	$ 14,230
Total		

Transfers are used to: (1) move revenues from the fund that budget requires to collect them to the fund that budget requires to expend them; and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

11. **Special Item – Donated Assets –** During the year ended June 30, 2023, the County conveyed their portion of the construction of the new Nursing Education Building at Haywood Community College to the College for zero consideration. The County's cost of construction at the date of conveyance was $4,864,809. The County has recorded expense in this same amount as a special item on the Statement of Activities.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

- Schedule of Changes in Total Pension Liability – Law Enforcement Officers' Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered Payroll – Law Enforcement Officers' Special Separation Allowance
- Schedule of Changes in Total OPEB Liability and Related Ratios – Other Post Employment Benefits
- Schedule of Proportionate Share of Net Pension Liability (Asset) – Local Governmental Employees' Retirement System
- Schedule of the County's Contributions – Local Governmental Employees' Retirement System
- Schedule of Proportionate Share of Net Pension Liability (Asset) – Register of Deeds' Supplemental Pension Fund
- Schedule of the County's Contributions – Register of Deeds' Supplemental Pension Fund

HAYWOOD COUNTY, NORTH CAROLINA

Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Last Seven Fiscal Years

Schedule of Changes in Total Pension Liability

	2023	2022	2021	2020	2019	2018	2017
Beginning balance	$ 2,394,793	$ 2,593,011	$ 1,621,856	$ 1,364,186	$ 1,355,115	$ 1,209,014	$ 1,174,480
Changes for the year:							
Service cost at end of year	145,936	143,271	101,399	88,042	80,451	70,868	74,243
Interest	52,952	49,365	51,953	48,868	42,454	45,880	41,023
Difference between expected and actual experience	50,203	(254,511)	125,639	112,950	(34,940)	(20,129)	-
Changes of assumptions and other inputs	(406,402)	(65,850)	748,550	51,109	(55,632)	90,314	(29,986)
Benefit payments	(82,747)	(70,493)	(56,386)	(43,299)	(23,262)	(40,832)	(50,746)
Net changes	(240,058)	(198,218)	971,155	257,670	9,071	146,101	34,534
Ending balance	$ 2,154,735	$ 2,394,793	$ 2,593,011	$ 1,621,856	$ 1,364,186	$ 1,355,115	$ 1,209,014

Schedule of Total Pension Liability as a Percentage of Covered Payroll

	2023	2022	2021	2020	2019	2018	2017
Total pension liability	$ 2,154,735	$ 2,394,793	$ 2,593,011	$ 1,621,856	$ 1,364,186	$ 1,355,115	$ 1,209,014
Covered-employee payroll	3,921,391	3,589,336	3,900,092	3,601,354	3,105,011	2,986,556	2,938,001
Total pension liability as a percentage of covered payroll	54.95%	66.72%	66.49%	45.03%	43.93%	45.37%	41.15%

Notes to the schedule:

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

* The amounts presented for each fiscal year were determined as of the prior December 31 (measurement date).

HAYWOOD COUNTY, NORTH CAROLINA

Other Postemployment Benefits
Required Supplementary Information
Last Six Fiscal Years

Schedule of Changes in the Total OPEB Liability and Related Ratios

	2023	2022	2021	2020	2019	2018
Beginning balance	$ 59,586,922	$ 49,811,440	$ 37,632,787	$ 40,261,409	$ 40,027,217	$ 41,463,795
Changes for the year:						
Service cost	3,314,273	2,573,185	1,697,831	1,887,592	2,003,285	2,269,894
Interest	1,348,303	1,144,981	1,361,052	1,544,177	1,411,173	1,239,794
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(460,067)	4,518,439	(171,063)	(2,660,945)	(10,063)	(190,906)
Changes of assumptions or other inputs	(13,197,328)	2,696,241	10,185,376	(2,257,853)	(2,388,298)	(4,202,035)
Benefit payments	(964,703)	(1,157,364)	(894,543)	(1,141,593)	(781,905)	(553,325)
Net changes	(9,959,522)	9,775,482	12,178,653	(2,628,622)	234,192	(1,436,578)
Ending balance	$ 49,627,400	$ 59,586,922	$ 49,811,440	$ 37,632,787	$ 40,261,409	$ 40,027,217
Covered-employee payroll	$ 24,119,843	$ 24,119,843	$ 18,905,300	$ 18,905,300	$ 19,042,317	$ 19,042,317
Total OPEB liability as a percentage of covered-employee payroll	205.75%	247.05%	263.48%	199.06%	211.43%	210.20%

Notes to the schedule:

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

Fiscal year	Rate
2023	3.54%
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

HAYWOOD COUNTY, NORTH CAROLINA

County's Proportionate Share of the Net Pension Liability (Asset)
Required Supplementary Information
Last Ten Fiscal Years*

Local Government Employees' Retirement System

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) (%)	0.35634%	0.32979%	0.35389%	0.34441%	0.32689%	0.32718%	0.34549%	0.33264%	0.33193%	0.33680%
County's proportion of the net pension liability (asset) ($)	$ 20,102,665	$ 5,057,646	$ 12,645,997	$ 9,405,568	$ 7,754,949	$ 4,998,404	$ 7,332,455	$ 1,492,868	$ (1,957,545)	$ 4,059,733
County's covered payroll	28,518,807	23,621,808	23,150,982	22,409,531	21,168,153	21,182,545	20,081,972	19,534,790	19,279,263	19,052,302
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	70.49%	21.41%	54.62%	41.97%	36.63%	23.60%	36.51%	7.64%	(10.15%)	21.31%
Plan fiduciary net position as a percentage of the total pension liability (asset)	84.14%	95.51%	88.61%	90.86%	92.00%	94.18%	91.47%	98.09%	102.64%	94.35%

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

HAYWOOD COUNTY, NORTH CAROLINA

Schedule of County's Contributions
Required Supplementary Information
Last Ten Fiscal Years

Local Government Employees' Retirement System

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 3,563,532	$ 3,088,125	$ 2,429,396	$ 2,107,858	$ 1,767,363	$ 1,611,153	$ 1,573,773	$ 1,365,167	$ 1,389,017	$ 1,367,400
Contributions in relation to the contractually required contribution	3,563,532	3,088,125	2,429,396	2,107,858	1,767,363	1,611,153	1,573,773	1,365,167	1,389,017	1,367,400
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
County's covered payroll	$ 29,075,318	$ 28,518,807	$ 23,621,808	$ 23,150,982	$ 22,409,531	$ 21,168,153	$ 21,182,545	$ 20,081,972	$ 19,534,790	$ 19,279,263
Contributions as a percentage of covered payroll	12.26%	10.83%	10.28%	9.10%	7.89%	7.61%	7.43%	6.80%	7.11%	7.09%

HAYWOOD COUNTY, NORTH CAROLINA

County's Proportionate Share of the Net Pension Liability (Asset)
Required Supplementary Information
Last Ten Fiscal Years*

Registers of Deeds' Supplemental Pension Fund

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) (%)	0.71655%	0.71043%	0.72124%	0.68831%	0.77531%	0.76894%	0.74391%	0.75660%	0.70658%	0.71396%
County's proportion of the net pension liability (asset) ($)	$ (94,871)	$ (136,495)	$ (165,294)	$ (135,886)	$ (128,415)	$ (131,250)	$ (139,081)	$ (175,334)	$ (160,159)	$ (152,502)
Plan fiduciary net position as a percentage of the total pension liability (asset)	139.04%	156.53%	173.62%	164.11%	153.31%	153.77%	160.17%	197.29%	193.88%	190.50%

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

HAYWOOD COUNTY, NORTH CAROLINA

Schedule of County's Contributions
Required Supplementary Information
Last Ten Fiscal Years

Registers of Deeds' Supplemental Pension Fund

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 6,834	$ 10,033	$ 8,449	$ 7,268	$ 6,542	$ 6,635	$ 6,681	$ 6,077	$ 6,054	$ 5,769
Contributions in relation to the contractually required contribution	6,834	10,033	8,449	7,268	6,542	6,635	6,681	6,077	6,054	5,769
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

APPENDIX C

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

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APPENDIX C

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following is a brief summary of the provisions of the Contract, the Indenture and the Deed of Trust. This summary is not intended to be definitive and is qualified in its entirety by reference to each of the aforementioned documents for the complete terms thereof. Copies of said documents are available from the County on request.

DEFINITIONS

"*Acquisition and Construction Fund*" means the special fund created under the Indenture.

"*Additional Bonds*" means additional parity bonds or other parity obligations executed and delivered in accordance with the Indenture.

"*Additional Payments*" means the reasonable and customary expenses and fees (including, but not limited to, attorneys' fees, costs and expenses) of the Trustee and the Corporation, any expenses of the Corporation in defending an action or proceeding in connection with the Contract or the Indenture and any taxes or any other expenses, including, but not limited to, licenses, permits, state and local income, sales and use or ownership taxes or property taxes which the County or the Corporation is expressly required to pay as a result of the Contract (together with interest that may accrue thereon if the County fails to pay the same).

"*Bond Fund*" means the special fund created under the Indenture.

"*Bonds*" means the 2024 Bonds and any Additional Bonds.

"*Business Day*" means a day on which the Trustee or the County is not required or authorized by law to remain closed.

"*Cede & Co.*" means Cede & Co., the nominee of DTC or any successor nominee of DTC with respect to the Bonds.

"*Code*" means the Internal Revenue Code of 1986, as amended, and the rulings and regulations (including temporary and proposed regulations) promulgated thereunder, or any successor statute thereto.

"*Contract*" means the Installment Financing Contract dated as of March 1, 2024 between the Corporation and the County and any amendments or supplements thereto, including the Exhibits attached thereto.

"*Corporation*" means Haywood County Financing Corporation or any successor thereto.

"*Corporation Representative*" means any person or persons at the time designated to act on behalf of the Corporation for purposes of performing any act on behalf of the Corporation under the Contract and the Indenture by a written certificate furnished to the County and the Trustee containing the specimen signature of such person or persons and signed on behalf of the Corporation by its President.

"*Cost of Acquisition and Construction*" includes payment of or reimbursement for the following items:

(a) the Costs of Issuance;

(b) obligations incurred or assumed for the Projects in connection with the acquisition, construction, renovation, equipping and financing or refinancing thereof, including, without limitation, costs of obtaining title insurance and a survey of the Mortgaged Property; and

(c) all other costs which are considered to be a part of the cost of acquisition, construction, renovation, equipping and financing of the Projects in accordance with generally accepted accounting principles and, to the extent applicable, which will not affect the exclusion from gross income for federal income tax purposes of the designated interest component of Installment Payments payable by the County, including sums required to reimburse the County for advances made by the County that are properly chargeable to the acquisition, construction, renovation, equipping and financing of the Projects.

"*Costs of Issuance*" means the costs incurred in connection with the initial execution and delivery of the Bonds, including, without limitation, all printing expenses in connection with the Indenture, the Contract, and the documents and certificates contemplated by the Indenture, the Preliminary Official Statement and the Official Statement for the Bonds, if any, and the Bonds, legal fees and expenses of counsel to the Corporation, special counsel, counsel to the County, other counsel, counsel to the purchaser or purchasers of the Bonds, financial advisor fees, rating agency fees, any accounting expenses incurred in connection with determining that the Bonds are not "arbitrage bonds" within the meaning of the Code, the Trustee's initial fees and expenses (including attorney's fees, costs, and expenses), and state license fees, on the submission of requisitions by the County signed by a County Representative stating the amount to be paid, to whom it is to be paid and the reason for such payment, and that the amount of such requisition is justly due and owing and has not been the subject of another requisition which was paid and is a proper expense of executing and delivering the Bonds.

"*County*" means the County of Haywood, North Carolina or any successor to its functions.

"*County Representative*" means (1) the County Manager, the Chairman of the Board, the Finance Director, or the person or persons at the time designated to act on behalf of the County for the purpose of performing any act under the Contract by a written certificate furnished to the Trustee and the Corporation containing the specimen signatures of such person or persons and signed on behalf of the County by the County Manager, the Chairman of the Board, or the Finance Director, or (2) if any or all of the County's rights and obligations are assigned under the Contract, the person or persons at the time designated to act on behalf of the County and the assignee by a written certificate similarly furnished and of the same tenor.

"*Deed of Trust*" means the Deed of Trust, Security Agreement and Fixture Filing dated as of March 1, 2024 from the County to the deed of trust trustee named therein for the benefit of the Corporation or its assignees, as the same may be modified or extended in accordance with its terms. All of the terms, definitions, conditions and covenants of the Deed of Trust are incorporated by reference and are made a part of the Contract as if fully set forth therein.

"*Deed of Trust Trustee*" means the trustee named in the Deed of Trust and any trustee subsequently named pursuant to the terms of the Deed of Trust.

"*DTC*" means The Depository Trust Company, a limited purpose company organized under the law of the State of New York, and its successors and assigns.

"*DTC Participant*" or "*DTC Participants*" means securities brokers and dealers, banks, trust companies, clearing corporations and certain other corporations which have access to the DTC system.

"*Event of Default*" means those events of default specified in the Contract and the Indenture, as applicable.

"*Federal Securities*" means, to the extent such investments qualify under Section 159-30, or any replacement statute, of the General Statutes of North Carolina as amended from time to time, (a) direct obligations of the United States of America, obligations the principal of and interest on which are guaranteed by the United States of America or obligations of any agency or instrumentality of the United States of America, in each case for the payment of which the full faith and credit of the United States of America are pledged (including any securities issued or held in the name of the Trustee in book entry form on the books of the Department of the Treasury of the United States of America) which obligations are held by the Trustee and are not subject to prepayment or purchase before maturity at the option of anyone other than the holder; (b) any bonds or other obligations of any state or territory of the United States of America or of any agency, instrumentality or local governmental unit of any such state or territory which are (1) not callable before maturity or (2) as to which irrevocable instructions have been given to the trustee or escrow agent of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified, and which are rated by Moody's and S&P within its highest rating category and which are secured as to principal, redemption premium, if any, and interest by a fund consisting only of cash or bonds or other obligations of the character described in clause (a) of this definition which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified prepayment date or dates pursuant to such irrevocable instructions, as appropriate; or (c) evidences of ownership of proportionate interests in future interest and principal payments on specified obligations described in clause (a) or (b) held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor on the underlying obligations described in clause (a) or (b), and which underlying obligations are not available to satisfy any claim of the custodian or any person claiming through the custodian or to whom the custodian may be obligated.

"*Fiscal Year*" means a twelve-month period commencing on the first day of July of any year and ending on the 30th day of June of the succeeding year, or such other twelve-month period which may subsequently be adopted as the Fiscal Year of the County.

"*Indenture*" means the Indenture of Trust dated as of March 1, 2024 between the Corporation and the Trustee, as amended or supplemented from time to time, pursuant to which the Bonds are executed and delivered.

"*Installment Payments*" means those payments made by the County to the Corporation as described in the Contract and in the Payment Schedule attached thereto.

"*Interest Payment Date*" means, (a) with respect to the 2024 Bonds, each April 1 and October 1, beginning October 1, 2024, and (b) for any Additional Bonds, the days designated in the supplemental indenture authorizing such Additional Bonds.

"*LGC*" means the Local Government Commission of North Carolina.

"*Moody's*" means Moody's Investors Service, its successors and their assigns, and, if such entity for any reason no longer performs the function of a securities rating agency, "*Moody's*" will be deemed to refer to any other nationally recognized securities rating agency designated by the Corporation.

"*Mortgaged Property*" means the property subject to the lien and security interest created by the Deed of Trust, as more particularly described therein.

"*Net Proceeds,*" means, when used with respect to any (1) proceeds from policies of insurance which are payable to the Corporation or the Trustee with respect to the Mortgaged Property, (2) proceeds from any payment and performance bond maintained pursuant to the Contract, (3) proceeds of any condemnation award arising out of the condemnation of all or any portion of the Mortgaged Property or (4) proceeds from any sale or lease of the Mortgaged Property pursuant to the Deed of Trust or otherwise subsequent to an Event of Default, the amount remaining after deducting from the gross proceeds thereof all expenses (including, without limitation, attorneys' fees, costs and expenses) incurred in the collection of such proceeds.

"*Opinion of Counsel*" means an opinion in writing of legal counsel, who may be counsel to the Trustee, the County or the Corporation.

"*Outstanding*" or "*Bonds Outstanding*" means, as of the date in question, all Bonds which have been executed and delivered under the Indenture, except:

(a) Bonds canceled or which have been surrendered to the Trustee for cancellation;

(b) Bonds in lieu of which other Bonds have been authenticated under the Indenture;

(c) Bonds which have been prepaid as provided in the Indenture (including Bonds prepaid on a partial payment as provided in the Indenture); and

(d) Bonds which have been deemed paid under the Indenture.

"*Owner*" or "*Owners*" means, initially, Cede & Co., as nominee for DTC, and if the book entry system of evidence and transfer of ownership in the Bonds is discontinued, the registered owner or owners of any Bond fully registered as shown in the registration books of the Trustee.

"*Payment Schedule*" means the document attached to the Contract which sets forth the County's Installment Payments.

"*Permitted Investments*" means investments which are qualified under Section 159-30, or any replacement statute, of the General Statutes of North Carolina, as amended from time to time.

"*Person*" or "*person*" means natural persons, firms, associations, corporations and public bodies.

"*Prepayment Fund*" means the special fund of that name created under the Indenture.

"*Projects*" means, initially, the 2024 Project, as such term may be amended in connection with any other project financed or refinanced with the proceeds of Additional Bonds executed and delivered under the Indenture.

"*Purchase Price*" means the amount advanced by the Corporation to enable the County to finance the Projects, as such price may be adjusted in connection with the execution and delivery of Additional Bonds under the Indenture.

"*Rebate Fund*" means the special fund of that name created under the Indenture.

"*Record Date*" means the fifteenth day (whether or not a Business Day) of the month next preceding an Interest Payment Date.

"*Revenues*" means (a) all Net Proceeds not applied to the replacement of the Mortgaged Property; (b) all Installment Payments; and (c) all investment income on all funds and accounts created under the Indenture (other than the Rebate Fund).

"*S&P*" means S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, its successors and their assigns, and, if such entity for any reason no longer performs the function of a securities rating agency, "*S&P*" will be deemed to refer to any other nationally recognized securities rating agency designated by the Corporation.

"*State*" means the State of North Carolina.

"*Tax Certificate*" means the Tax Certificate executed by and among the County, the Corporation and the Trustee to signify the acceptance of certain covenants and obligations necessary for the exclusion of interest with respect to the 2024 Bonds from the gross income of the owners thereof under the Code.

"*Trustee*" means Truist Bank, acting in the capacity of trustee for the Owners pursuant to the Indenture, and any successor thereto appointed under the Indenture.

"*Trust Estate*" means the property pledged and assigned to the Trustee pursuant to and defined as such in the granting clauses of the Indenture.

"*Trustee Representative*" means the person or persons at the time designated to act on behalf of the Trustee for purposes of performing any act on behalf of the Trustee under the Indenture by a written certificate furnished to the County and the Corporation containing the specimen signature of such person or persons and signed on behalf of the Trustee by any duly authorized officer of the Trustee.

"*2024 Bonds*" means the Limited Obligation Bonds (County of Haywood, North Carolina), Series 2024 evidencing proportionate undivided interests in rights to receive certain Revenues pursuant to the Contract.

"*2024 Project*" means the renovations and an expansion to the existing County detention center, including, but not limited to, an approximately 155 new bed expansion and a new security system integrated into the existing detention center.

"*Underwriters*" means, with respect to the 2024 Bonds, PNC Capital Markets LLC.

THE CONTRACT

Advancement. In the Contract, the Corporation agrees to make an advance to the County of the Purchase Price, and the County accepts from the Corporation the Purchase Price to be applied in accordance with the terms and conditions of the Contract. The County will use the proceeds of the Purchase Price to finance the Projects and to Costs of Issuance.

Title; Release of Security Interest. Title to the Mortgaged Property and any and all additions, repairs, replacements or modifications thereto will be in the County from and after the date of execution and delivery of the Contract. The County will own the Mortgaged Property free and clear of any lien or security interest created by the Contract and the Deed of Trust, as applicable, on the repayment in full of the Purchase Price and the payment of all other amounts due under the Contract. The County will deliver to the Trustee the Deed of Trust simultaneously with the execution and delivery of the Contract and will cause the Deed of Trust to be recorded in the Haywood County Register of Deeds. On payment in full of all of the County's obligations under the Contract, including the Purchase Price and all other payments due under the Contract, the Corporation or its assignee, at the County's expense and request, will discharge the Indenture and release the lien on the Mortgaged Property, at which time the Contract will terminate.

Installment Payments; Additional Payments. As consideration for the Corporation's advance of the Purchase Price to the County, the County shall repay to the Trustee, as assignee of the Corporation under the Indenture, the Purchase Price in installments with interest as provided in the Contract and the Payment Schedule attached to the Contract (each an "*Installment Payment*"). Each installment shall be deemed to be an Installment Payment and shall be paid in the amounts and at the times set forth on the Payment Schedule except as provided in the Contract. There shall be credited against the amount of Installment Payments otherwise payable under the Contract amounts equal to (1) earnings derived from the investment of the Bond Fund and the Prepayment Fund and (2) any other money not constituting Installment Payments required to be deposited in the Bond Fund. Installment Payments shall be sufficient in the aggregate to repay the Purchase Price together with interest thereon. As further consideration for the Corporation's advance of the Purchase Price to the County, the County shall also pay the Additional Payments, as required in the Contract, on a timely basis directly to the person or entity to which such Additional Payments are owed.

Limited Obligation of the County. NOTWITHSTANDING ANY PROVISION OF THE CONTRACT, THE INDENTURE OR THE DEED OF TRUST WHICH MAY BE TO THE CONTRARY, NO PROVISION OF THE CONTRACT, THE INDENTURE OR THE DEED OF TRUST SHALL BE CONSTRUED OR INTERPRETED AS CREATING A PLEDGE OF THE FAITH AND CREDIT OF THE COUNTY WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE. NO PROVISION OF THE CONTRACT, THE DEED OF TRUST OR THE INDENTURE SHALL BE CONSTRUED OR INTERPRETED AS CREATING A DELEGATION OF GOVERNMENTAL POWERS NOR AS A DONATION BY OR A LENDING OF THE CREDIT OF THE COUNTY WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE. THE CONTRACT, THE DEED OF TRUST AND THE INDENTURE SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE COUNTY TO MAKE ANY PAYMENTS BEYOND THOSE APPROPRIATED IN THE SOLE DISCRETION OF THE COUNTY FOR ANY FISCAL YEAR IN WHICH THE CONTRACT IS IN EFFECT; PROVIDED, HOWEVER, ANY FAILURE OR REFUSAL BY THE COUNTY TO APPROPRIATE FUNDS WHICH RESULTS IN THE FAILURE BY THE COUNTY TO MAKE ANY PAYMENT COMING DUE UNDER THE CONTRACT WILL IN NO WAY OBVIATE THE OCCURRENCE OF THE EVENT OF DEFAULT RESULTING FROM SUCH NONPAYMENT. NO DEFICIENCY JUDGMENT MAY BE RENDERED AGAINST THE COUNTY IN ANY ACTION FOR BREACH OF A CONTRACTUAL OBLIGATION UNDER THE CONTRACT, AND THE TAXING POWER OF THE COUNTY IS NOT AND MAY NOT BE PLEDGED DIRECTLY OR INDIRECTLY OR CONTINGENTLY TO SECURE ANY MONEY DUE UNDER THE CONTRACT. NO PROVISION OF THE CONTRACT, THE INDENTURE OR THE DEED OF TRUST SHALL BE CONSTRUED TO PLEDGE OR TO CREATE A LIEN ON ANY CLASS OR SOURCE OF THE COUNTY'S MONEY, NOR SHALL ANY PROVISION OF THE CONTRACT, THE INDENTURE OR THE DEED OF TRUST RESTRICT THE FUTURE ISSUANCE OF ANY OF THE COUNTY'S BONDS OR OBLIGATIONS PAYABLE FROM ANY CLASS OR SOURCE OF THE COUNTY'S MONEY. TO THE EXTENT OF ANY CONFLICT BETWEEN THIS PROVISION AND ANY OTHER PROVISION OF THE CONTRACT, THE INDENTURE OR THE DEED OF TRUST, THIS PROVISION SHALL TAKE PRIORITY.

Damage, Destruction or Condemnation; Use of Net Proceeds. If, during the term of the Contract, (1) any portion of the Mortgaged Property is destroyed or damaged by fire or other casualty; (2) title to or the temporary or permanent use of any portion of the Mortgaged Property or the estate of the County or the Corporation or its assignee in any portion of the Mortgaged Property is taken under the power of eminent domain by any governmental authority; (3) a material defect in construction of any portion of the Mortgaged Property becomes apparent; or (4) title to or the use of any portion of the Mortgaged Property is lost by reason of a defect in title thereto, then the County continues to be obligated, subject to the provisions set forth below, to pay the amounts specified in the Contract at the respective times required and written notice of any of the foregoing shall promptly be given to the Trustee.

Subject to the provisions set forth below, the County shall direct the Trustee in writing to cause the Net Proceeds of any insurance policies, performance or payment bonds, if any, condemnation awards or Net Proceeds made available by reason of any occurrence described above, to be deposited in a separate fund held by the Trustee. Except as set forth below, all Net Proceeds so deposited will be applied to the prompt repair, restoration, modification, improvement or replacement of the Mortgaged Property on receipt of requisitions approved by a County Representative stating with respect to each payment to be made: (a) the requisition number; (b) the name and address of the person, firm or corporation to whom payment is due; (c) the amount to be paid; and (d) that each obligation mentioned therein has been properly incurred, is a proper charge against the Acquisition and Construction Fund or such separate fund, and has not been the basis of any previous withdrawal and specifying in reasonable detail the nature of the obligation, accompanied by a bill or a statement of account for such obligation. The Trustee will cooperate with the County in the administration of such separate fund and shall not unreasonably withhold its approval of requisitions under this paragraph. The Trustee shall be fully protected in releasing amounts approved by the County Representative and the Trustee has no duty or obligation to determine whether or not any such requisitioned amounts are appropriate. If the Net Proceeds (plus any amount withheld therefrom by reason of any deductible clause) are insufficient to pay in full the cost of any repair, restoration, modification, improvement or replacement of the Mortgaged Property, the County may complete the work and pay any cost in excess of the amount of the Net Proceeds, and the County agrees that, if by reason of any such insufficiency of the Net Proceeds, the County will make any payments pursuant to the provisions of this paragraph, the County is not entitled to any reimbursement therefor from the Corporation, the Trustee or the Owners nor is the County entitled to any diminution of the amounts payable under the Contract. Any repair, restoration, modification, improvement or replacement paid for in whole or in part out of such Net Proceeds will be the property of the County, subject to the Deed of Trust to the extent it relates to the Mortgaged Property, and will be included as part of the Mortgaged Property as set forth in the Contract.

On the occurrence of an event described above with respect to the Mortgaged Property, the County may elect not to repair, restore, improve or replace the affected portion of the Mortgaged Property if (1) (a) the Net Proceeds are less than $1,000,000 and (b) a County Representative certifies to the Corporation that such Net Proceeds are not necessary to restore the affected portion of the Mortgaged Property to its intended use or (2) the County uses the Net Proceeds, together with any other available funds of the County that may be necessary, to redeem or defease all of the Outstanding Bonds in accordance with the terms of the Indenture. In such event, the County shall direct the Trustee in writing to either deposit such Net Proceeds in the Bond Fund to be applied toward the next payment of principal and interest with respect to the Bonds or in the Prepayment Fund or an escrow fund to effect the prepayment or defeasance of the Outstanding Bonds, as the case may be.

Within 90 days of the occurrence of an event specified above, the County will commence the repair, restoration, modification, improvement or replacement of the Mortgaged Property, or will elect, by written notice to the Trustee, to proceed under the provisions of the immediately preceding paragraph. For purposes of these provisions, "commence" will include the retention of an architect or engineer in anticipation of repair, restoration, modification, improvement or replacement of the Mortgaged Property.

Care and Use. Subject to the provisions of applicable law and the terms of the Contract, the County shall use the Mortgaged Property in a careful and proper manner, in compliance with all applicable laws and regulations, and, at its sole cost and expense, shall service, repair and maintain the Mortgaged Property so as to keep the Mortgaged Property in good condition, repair, appearance and working order for the purposes intended, ordinary wear and tear excepted. The County shall replace any part of the Mortgaged Property as may from time to time become worn out, unfit for use, lost, stolen, destroyed or damaged, if necessary to the proper operation of the Mortgaged Property. Any and all additions to or replacements of the Mortgaged Property and all parts thereof shall constitute accessions to the Mortgaged Property and shall be subject to all the terms and conditions of the Contract and included in the term "*Mortgaged Property*" and as used in the Contract.

General Tax Covenant. In the Contract, the County covenants that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest portion of the Installment Payments created by the Contract and allocable to the 2024 Bonds under Section 103 of the Code. The County will not directly or indirectly use or permit the use of any proceeds of any fund created under the Indenture allocable to the 2024 Bonds, or take or omit to take any action that would cause the obligation created by the Contract and allocable to the 2024 Bonds to be an "arbitrage bond" within the meaning of Section 148(a) of the Code. To that end, the County and the Corporation have executed the Tax Certificate and will comply with all requirements of Section 148 of the Code to the extent applicable. The County further represents and covenants that the Installment Payments created by the Contract and allocable to the 2024 Bonds are not and will not constitute a "private activity bond" as defined in Section 141 of the Code.

Property Insurance. The County shall continually maintain or cause to be maintained insurance to the full insurable value of the Mortgaged Property against, to the extent commercially available at a reasonable cost, loss by fire, wind damage, hazards customarily included in the term "extended coverage" with responsible and reputable insurance companies and shall promptly pay all premiums therefor when due. All insurance policies and renewals thereof shall name the Corporation and the Trustee as parties insured thereunder, as the respective interests of each of such parties may appear, and have attached thereto a mortgagee long form loss payable clause in favor of the Trustee, and provide that no such policy can lapse or be canceled, substantially modified or terminated without at least 30 days prior notice to the Trustee and that any loss payable thereunder shall be made payable and shall be applied as provided in the Contract. In the event of loss, the County shall give immediate written notice by mail to the Trustee, who may, but shall not be obligated to, make proof of loss. In the event of a foreclosure of the Deed of Trust or other transfer of title to the Mortgaged Property, all right, title and interest of the County in any insurance policies then in force shall pass to the Trustee. Additionally, during the term of the Contract, the County shall continually maintain standard liability insurance as is customarily maintained by like entities with respect to facilities similar to the Mortgaged Property.

The County may provide for and maintain the insurance required under the Contract partially or wholly by means of an adequate risk retention fund. Reserves for a risk retention fund shall be determined by using actuarial principles. Any risk retention fund shall be reviewed annually by the County's risk manager or an independent insurance consultant or actuarial consultant. The Trustee shall conclusively rely on a letter of the County's risk manager or an independent insurance consultant or actuarial consultant as to the adequacy of any risk retention fund. The Trustee has made no evaluation as to the sufficiency of the insurance requirements set forth in the Contract.

Assignment. The County may not sell, assign, lease, sublease, pledge or otherwise encumber or suffer a lien or encumbrance on or against any interest in the Contract or the Mortgaged Property (except for permitted encumbrances under the Contract) without the prior written consent of the Trustee. Notwithstanding the foregoing, the County may lease all or a portion of the Mortgaged Property subject to the following conditions:

(a) the obligation of the County to make Installment Payments and Additional Payments under the Contract will remain obligations of the County;

(b) the County will furnish or cause to be furnished to the Trustee a true and complete copy of such lease at least 30 days before the execution and delivery of any such lease;

(c) no lease will cause the interest component of Installment Payments relating to any Bonds intended to be excludable from gross income of the recipient thereof for federal income tax purposes to become includable in gross income for federal income tax purposes; and

(d) the Trustee may request to receive an Opinion of Counsel to the County to the effect that such lease is subordinate in all respects to the lien of the Deed of Trust and that such lease is subject to immediate termination at the direction of the Trustee following an Event of Default by the County under the Contract.

Amendments and Modifications.

--*Without Consent of the Owners.* The Indenture provides that the Corporation and the Trustee may, with the written consent of the County, but without the consent of or notice to the Owners, consent to any amendment, change or modification of the Contract or the Deed of Trust as may be required (a) by the provisions of the Contract, the Deed of Trust or the Indenture; (b) for the purpose of curing any ambiguity, inconsistency, or formal defect or omission in the Contract or the Deed of Trust; (c) to more precisely identify the Mortgaged Property or to add or substitute improvements acquired in accordance with the Contract, the Deed of Trust and the Indenture; (d) to execute and deliver Additional Bonds as provided in the Indenture; (e) to amend the County's continuing disclosure obligation as provided in any supplement or amendment to the Contract; or (f) in connection with any other change therein which does not materially adversely affect the interests of the existing Owners.

--*With Consent of the Owners.* The Indenture provides that, except for the amendments, changes or modifications permitted by the above provision, neither the Corporation nor the Trustee will consent to any other amendment, change or modification of the Contract or the Deed of Trust without the giving of notice thereof to the LGC and to the Owners and receipt of consent by the LGC and by the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding given and procured as provided in the Indenture. If the County and the Corporation request the consent of the Trustee to any such proposed amendment, change or modification of the Contract or the Deed of Trust, the Trustee will, on being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided in the Indenture. Such notice will be prepared by the County or the Corporation, shall briefly set forth the nature of such proposed amendment, change or modification and will state that copies of the instrument embodying the same are on file at the designated corporate trust office of the Trustee for inspection by all Owners.

The consent by the purchaser of a series of Additional Bonds constitutes the consent of the Owners of that series of Additional Bonds.

Events of Default. The occurrence of the following are considered Events of Default under the Contract:

(a) The County fails to make any Installment Payment on the date such Installment Payment is due under the Contract;

(b) The County fails to budget and appropriate money sufficient to pay all Installment Payments and the reasonably estimated Additional Payments coming due in any Fiscal Year;

(c) The County fails to perform or observe any term, condition or covenant of the Contract on its part to be observed or performed, other than as referred to in (a) or (b) above, or of the Deed of Trust on its part to be observed or performed, or breaches any warranty by the County therein contained, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the County by the Trustee unless the Trustee agrees in writing to an extension of such time prior to its expiration; provided, however, that if the failure cannot be corrected within the stated period, the Trustee will not unreasonably withhold consent for an extension;

(d) Any bankruptcy, insolvency or reorganization proceedings or similar litigation, is instituted by the County, or a receiver, custodian or similar officer is appointed for the County or any of its property, and such proceedings or appointments are not vacated or fully stayed within 90 days after the institution or occurrence thereof; or

(e) Any representation or statement made by the County in the Contract, in the Deed of Trust or in any other document executed or delivered in connection therewith is found to be incorrect or misleading in any material respect on the date made.

Remedies on Default. On the occurrence of any Event of Default, the Trustee may, and if required by a majority in aggregate principal amount of the Owners of the Bonds, the Trustee shall, to the extent permitted by applicable law and the Contract, exercise any one or more of the following remedies as the Trustee may elect or as shall be directed in writing by a majority in aggregate principal amount of the Owners of the Bonds:

(a) Declare the unpaid portion of the principal and interest components of Installment Payments immediately due and payable without notice or demand to the County;

(b) Proceed by appropriate court action to enforce performance by the County of the applicable covenants of the Contract or to recover for the breach thereof; or

(c) Exercise or direct the Deed of Trust trustee to exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code of the State and the general laws of the State with respect to the enforcement of the security interest granted or reserved under the Contract and the Deed of Trust including, without limitation, to the extent permitted by law, re-enter and take possession of the Mortgaged Property without any court order or other process of law and without liability for entering the premises and sell, lease, sublease or make other disposition of the same in a commercially reasonable manner for the account of the County, and apply the proceeds of any such sale, lease, sublease or other disposition, after deducting all costs and expenses, including court costs and attorneys' fees, costs and expenses incurred with the recovery, repair, storage and other sale, lease, sublease or other disposition, toward the balance due under the Contract and, thereafter, shall pay any remaining proceeds to the County.

NOTWITHSTANDING ANY OTHER PROVISIONS IN THE CONTRACT TO THE CONTRARY, IT IS THE INTENT OF THE PARTIES TO THE CONTRACT TO COMPLY WITH GENERAL STATUTES OF NORTH CAROLINA SECTION 160A-20. NO DEFICIENCY JUDGMENT MAY BE RENDERED AGAINST THE COUNTY IN VIOLATION OF SECTION 160A-20 INCLUDING, WITHOUT LIMITATION, ANY DEFICIENCY JUDGMENT FOR AMOUNTS THAT MAY BE OWED UNDER THE CONTRACT WHEN THE SALE OF ALL OR ANY PORTION OF THE MORTGAGED PROPERTY IS INSUFFICIENT TO PRODUCE ENOUGH MONEY TO PAY IN FULL ALL REMAINING OBLIGATIONS UNDER THE CONTRACT.

THE INDENTURE

Funds and Accounts. The Indenture creates (1) the Bond Fund; (2) the Prepayment Fund; (3) the Rebate Fund; and (4) the Acquisition and Construction Fund, to be held in trust by the Trustee.

--The Bond Fund. There has been created and established with the Trustee a special fund to be designated "*County of Haywood, NC 2024 Installment Financing Contract Bond Fund*" (the "*Bond Fund*"), the money in which shall be used to pay the principal, premium, if any, and interest with respect to the Bonds. Within the Bond Fund are an Interest Account and a Principal Account, the money in each of which is to be used as set forth in the Indenture. A "*2024 Subaccount of the Interest Account*" has been created within the Interest Account of the Bond Fund. A "*2024 Subaccount of the Principal Account*" has been created within the Principal Account of the Bond Fund.

--The Interest Account. There shall be deposited into the Interest Account of the Bond Fund (1) that portion of each payment of Installment Payments which is designated and paid as interest under the Contract; (2) investment earnings on the Bond Fund and the Prepayment Fund, as provided in the Indenture; (3) Net Proceeds from any lease of the Mortgaged Property, including after an Event of Default to the extent required to pay the next installment of interest or any previous installment of interest not paid; (4) all money required to be deposited therein in accordance with the Indenture; and (5) all other money received by the Trustee under the Indenture accompanied by directions from the County that such money is to be deposited into the Interest Account of the Bond Fund. The Trustee shall credit all amounts deposited into the Interest Account of the Bond Fund, including the amounts set forth in the Contract, toward the interest component of the Installment Payment then due and payable under the Contract. The Trustee shall notify the County of all amounts credited toward such Installment Payments within 30 days of such credit.

--The Principal Account. There shall be deposited into the Principal Account of the Bond Fund (1) that portion of each payment of Installment Payments which is designated and paid as principal with respect to the Bonds under the Contract; (2) Net Proceeds from any lease of the Mortgaged Property, including after an Event of Default after the deposit described under the first paragraph of the caption "*--The Interest Account*" above; (3) all money required to be deposited therein in accordance with the Indenture; and (4) all other money received by the Trustee under the Indenture accompanied by directions from the County that such money is to be deposited into the Principal Account of the Bond Fund.

--Use of Money in Bond Fund. Money in the Interest Account of the Bond Fund shall be used for the payment of the interest with respect to the Bonds as the same becomes due and payable. Money in the Principal Account of the Bond Fund shall be used for the payment of the principal with respect to the Bonds. Investment earnings on money on deposit in the Interest Account and Principal Account of the Bond Fund shall be applied to the next payment of Installment Payments with respect to the Bonds. If the Bonds are to be prepaid in whole pursuant to the Indenture, any money remaining in the Interest Account and the Principal Account of the Bond Fund shall be applied to such prepayment along with other money held by the Trustee for such purpose.

--The Prepayment Fund. There has been created and established with the Trustee a special fund to be designated the "*County of Haywood, NC 2024 Installment Financing Contract Prepayment Fund*" (the "*Prepayment Fund*"). A "*2024 Account*" has been created within the Prepayment Fund. The Trustee shall deposit into the Prepayment Fund money provided by the County as a prepayment of Installment Payments and apply such funds to prepay Installment Payments as directed in writing by the County. Money on deposit in the Prepayment Fund shall be disbursed for prepayment of the Bonds as provided in the Indenture. Any income from investment of money in the Prepayment Fund shall be deposited into the Interest Account of the Bond Fund and applied to the interest component of the next payment of the Installment Payments. Whenever any money on deposit in the Prepayment Fund is disbursed for prepayment of less than all of the Outstanding Bonds, the Installment Payments set forth in the Contract shall be recalculated by the Trustee and verified by the County to reflect the reduction in the outstanding principal amount of the Bonds after such prepayment.

--*The Rebate Fund*. If the County informs the Trustee that funds are to be set aside in a separate account of the Trustee to be held for the payment of rebate payments to the Federal Government pursuant to the terms of the Tax Certificate, the Trustee shall create and establish the "*County of Haywood, NC 2024 Installment Financing Contract Rebate Fund*" (the "*Rebate Fund*") and a "*2024 Account*" within the Rebate Fund. The Trustee shall deposit in the Rebate Fund the amounts as directed by the County. The County shall make or cause to be made the calculation or calculations required by the Tax Certificate and shall direct the Trustee in writing to make deposits and disbursements from the Rebate Fund in accordance therewith. The Trustee shall invest the Rebate Fund as directed in writing by the County. The Rebate Fund is a trust fund, but amounts therein do not constitute part of the Trust Estate.

--*The Acquisition and Construction Fund*. There has been created and established with the Trustee a special fund to be designated "*County of Haywood, NC 2024 Installment Financing Contract Acquisition and Construction Fund*" (the "*Acquisition and Construction Fund*") and within the Acquisition and Construction Fund, a separate account designated the "*2024 Account.*" The Trustee shall deposit in the 2024 Account the amount set forth in the Indenture. In addition, the Trustee shall deposit into the Acquisition and Construction Fund such amounts as the County may designate in a certificate signed by a County Representative in connection with the execution and delivery of Additional Bonds under the Indenture. Any money held in the Acquisition and Construction Fund or any account thereof shall be invested and reinvested by the Trustee at the direction of the County in accordance with the Indenture, and the income therefrom shall be retained in the Acquisition and Construction Fund or any account thereof and used (together with all other money held in the Acquisition and Construction Fund) to pay the Cost of Acquisition and Construction attributable to the Projects and otherwise, as directed by the County in accordance with the Contract. The Trustee shall create additional accounts within the Acquisition and Construction Fund on the County's written direction.

Investment of Money. All money held as part of the Bond Fund, the Prepayment Fund, the Acquisition and Construction Fund or any other fund or account created under the Indenture or the Contract except the Rebate Fund will be deposited or invested and reinvested from time to time by the Trustee, at the written direction of the County as agent of the Corporation, in deposits or investments, which are certified by the County to be Permitted Investments subject to the following restrictions:

(a) Money in the Acquisition and Construction Fund shall be invested only in obligations which will by their terms mature not later than the date the County estimates, in a writing provided to the Trustee, the money represented by the particular investment will be needed for withdrawal from the Acquisition and Construction Fund;

(b) Money in the Bond Fund shall be invested only in obligations which will by their terms mature on such dates as to ensure that on the date of each interest and principal payment, there will be in the Bond Fund from matured obligations and other money already in the Bond Fund, cash to pay the interest and principal payable on such payment date; and

(c) Money in the Prepayment Fund shall be invested in obligations which will by their terms mature, or will be subject to prepayment at the option of the owner thereof, on or before the date funds are expected to be required for expenditure or withdrawal.

The Rebate Fund shall be invested and reinvested by the Trustee, at the written direction of the County. The County acknowledges that all investment directions given to the Trustee are required to comply with the terms of the Tax Certificate, and the Trustee may rely upon any such direction as to such compliance.

If the County fails to provide the Trustee with written investment direction for any funds held by the Trustee under the Indenture, then the Trustee will hold such amounts uninvested in cash and without liability for interest. Any and all such deposits or investments shall be held by or under the control of the Trustee. The Trustee may make any and all such deposits or investments through its own investment department or the investment department of any bank, trust company or financial institution under common control with the Trustee and may charge its ordinary and customary fees for such investments, as agreed to by the County. The Trustee is specifically authorized to enter into agreements with itself or any other person, which agreements guarantee the repurchase of specific Permitted Investments at specific prices. Except as expressly provided in the Indenture, deposits or investments, shall at all times be a part of the fund or account from which the money used to acquire such deposits or investments shall have come, and all income and profits on such deposits or investments shall be credited to, and losses thereon shall be charged against, such fund or account. In computing the amount in any fund or account held under the provisions of the Indenture, obligations purchased as a deposit or investment of money therein shall be valued at the market price thereof, exclusive of accrued interest. The Trustee shall sell and reduce to cash a sufficient amount of such deposits or investments whenever the cash balance in any fund or account created under the Indenture is insufficient to satisfy the purposes of such fund or account.

Additional Bonds. So long as the Contract remains in effect and no Event of Default has occurred and is continuing, Additional Bonds may be executed and delivered on the terms and conditions provided in the Indenture.

Additional Bonds may be delivered by the Trustee at the direction of the Corporation to provide funds to pay: (1) the cost of expanding the Projects, acquiring, constructing, renovating and equipping other facilities or acquiring equipment and other capital assets for utilization by or on behalf of the County for public purposes; (2) the cost of refunding of all or any portion of the Bonds then Outstanding or any other financing obligations of the County; and (3) the Costs of Issuance relating to the execution, delivery and sale of the Additional Bonds.

Additional Bonds may be executed and delivered only on there being filed with the Trustee:

(a) Originally executed counterparts of a supplemental indenture and an amendment to the Contract adopted in accordance with the requirements of the Indenture and approved by the LGC, if so required by law, including requirements regarding approval of the Owners, if applicable, expressly providing that the Additional Bonds being executed and delivered as well as any Bonds and Additional Bonds theretofore executed and delivered will be secured on a parity as provided in the Indenture, except that the date or dates of the Additional Bonds, the rate or rates of interest with respect to the Additional Bonds, the time or times of payment of interest with respect thereto and the principal amount thereof, and provisions for the prepayment thereof, if any, all will be as provided in the supplemental indenture and amendment to the Contract, and further providing for an increase in the Purchase Price and the Installment Payments required or authorized to be paid to the Trustee under the Contract in such amount as will be necessary to pay (assuming that no Event of Default will occur), the principal, premium, if any, and interest with respect to the Additional Bonds.

(b) A written opinion or opinions of nationally recognized bond counsel and mutually acceptable to the County and the Corporation, to the effect that the amendment to the Contract and the execution and delivery of the Additional Bonds have been duly authorized, that the amendment to the Contract is valid and enforceable against the County and, to the extent applicable, that the exclusion from gross income for federal income tax purposes of the interest component of the Installment Payments will not be adversely affected by the execution and delivery of the Additional Bonds, and that the execution, sale, and delivery of the Additional Bonds will not constitute a default under the Contract or the Indenture or cause any violation of the covenants, agreements or representations under the Contract or the Indenture.

(c) A written order to the Trustee to deliver the Additional Bonds to the purchaser or purchasers therein identified on payment to the Trustee of a specified sum plus accrued interest, if any.

Each of the Additional Bonds executed and delivered pursuant to the Indenture will evidence a proportionate undivided interest in rights to receive certain Revenues under the Contract, as amended, proportionately and ratably secured with the 2024 Bonds originally executed and delivered and all other issues of Additional Bonds, if any, executed and delivered pursuant to the Indenture, without preference, priority or distinction of any 2024 Bonds or Additional Bond over any other.

Supplemental Indentures.

--Consent of Owners Not Required. The Trustee and the Corporation may, with the written consent of the County, but without the consent of, or notice to, the Owners, enter into such indentures supplemental to the Indenture for any one or more or all of the following purposes:

(a) To add to the covenants and agreements of the Corporation contained in the Indenture other covenants and agreements to be thereafter observed by the Corporation or to surrender any rights or powers herein reserved to or conferred upon the Corporation which are not contrary to or inconsistent with the Indenture as then in effect;

(b) To cure any ambiguity, or to cure, correct or supplement any defect or omission or inconsistent provision contained in the Indenture, or to make any provisions with respect to matters arising under the Indenture or for any other purpose if such provisions are necessary or desirable and do not adversely affect the interests of the Owners;

(c) To grant to or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners or the Trustee which are not contrary to or inconsistent with the Indenture as then in effect or to subject to the pledge and lien of the Indenture, additional revenues, properties, or collateral;

(d) To modify, alter, supplement or amend the Indenture in such manner as shall permit the qualification of the Indenture, if required, under the Trust Indenture Act of 1939 or, the Securities Act of 1933, as from time to time amended, or any similar federal statute hereafter in effect;

(e) To make any other change to the Indenture that is determined by the Trustee to be not materially adverse to the interests of the Owners and which does not involve a change requiring consents of specific Owners; or

(f) To execute and deliver Additional Bonds as provided in the Indenture.

--Consent of Owners Required. Exclusive of supplemental indentures covered under the caption "*--Consent of Owners Not Required*" above, the written consent of the County and the LGC and the consent of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding is required for the execution by the Corporation and the Trustee of any indenture or indentures supplemental to the Indenture; provided, however, that (1) if such supplemental indenture will, by its terms, not take

effect so long as any Bonds so affected remain Outstanding, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under the Indenture, and (2) without the consent of the LGC and the Owners of all the Bonds at the time Outstanding affected thereby nothing contained in the Indenture will permit, or be construed as permitting:

(a) A change in the terms of prepayment or maturity of the principal amount of or the interest with respect to any Outstanding Bond, or a reduction in the principal amount of or premium payable on any prepayment of any Outstanding Bond or the rate of interest with respect thereto;

(b) The deprivation of the Owner of any Bond then Outstanding of the lien created by the Indenture (other than as originally permitted thereby);

(c) A privilege or priority of any Bond or Bonds over any other Bond or Bonds; or

(d) A reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indenture.

If at any time the County or the Corporation requests the Trustee to enter into such supplemental indenture for any of the purposes described above, the Trustee will, on being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be mailed by first class mail to the Owners of the Bonds then Outstanding at the address shown on the registration books maintained by the Trustee (or by such other method as permitted by the Owners). Such notice will be prepared by the County or the Corporation, will briefly set forth the nature of the proposed supplemental indenture and will state that copies thereof are on file at the designated corporate trust office of the Trustee for inspection by all Owners. If, within 60 days or such longer period as is prescribed by the County following the giving of such notice, the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding at the time of the execution of any such supplemental indenture have consented to and approved the execution thereof as provided in the Indenture, no Owner will have any right to object to any of the terms and provisions contained therein, or in the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Corporation from executing the same or from taking any action pursuant to the provisions thereof.

The consent by the purchaser of a series of Additional Bonds constitutes the consent of the Owners of that series of Additional Bonds.

Any consent or request by the Owners of any Bond is conclusive and binding on such Owner and on all future Owners of the Bonds and of any Bonds executed and delivered on the transfer of any Bond, whether or not notation of such consent or request is made on the Bond.

--*Consent of Initial Purchaser, Underwriter or Remarketing Agent.* Notwithstanding anything in the Indenture to the contrary, (1) any initial purchaser, underwriter or remarketing agent holding any Bonds may, regardless of its intent to sell or distribute such Bonds in the future, consent as the Owner of such Bonds to any amendment or supplemental indenture as required by the Indenture, including any amendment or supplemental indenture that adversely affects the interests of other Owners and (2) any such holder providing its consent will not be entitled to receive, nor will the County be required to provide, any prior notice or other documentation regarding such amendment or supplemental indenture.

Exclusion of Bonds Held By or For the County and the Corporation. In determining whether the Owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture, Bonds owned by the County and the

Corporation will be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee is protected in relying on any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Trustee actually knows to be so owned will be disregarded.

Events of Default. Any of the following events are defined as and shall be deemed an "*Event of Default*" under the Indenture:

(a) Default in the payment of the principal or premium, if any, with respect to any Bond when the same becomes due and payable, whether at the stated maturity thereof or as a sinking fund prepayment or on proceedings for prepayment for which notice of such prepayment was not a conditional notice.

(b) Default in the payment of any installment of interest with respect to any Bond when the same becomes due and payable.

(c) The occurrence of an "*Event of Default*" under the Contract.

Remedies on Default.

(a) On the occurrence and continuance of an Event of Default, the Trustee may, and shall, if required in writing by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the County, declare the obligations of the County as to the principal and interest components of Installment Payments and the aggregate principal amount of the Bonds and the accrued interest with respect thereto to be immediately due and payable, whereupon they will, without further action, become due and payable.

(b) The provisions of the preceding paragraph are subject, to the condition that if, after the principal with respect to any of the Installment Payments and the Bonds has been so declared to be due and payable, and before the earlier of (1) the exercise of rights granted under the Deed of Trust or (2) to the extent permitted by applicable law and the Indenture, any judgment or decree for the payment of the money due has been obtained or entered as provided in the Indenture, the defaulting party (the "*Defaulting Party*") shall cause to be deposited with the Trustee a sum sufficient to pay all matured installments of the principal and interest with respect to all Bonds which have become due otherwise than by reason of such declaration (with interest on such overdue installments of principal and interest, to the extent permitted by law, at the rate or rates per annum borne by the Bonds) and such amount as is sufficient to cover reasonable compensation and reimbursement of expenses payable to the Trustee, and all Events of Default under the Indenture other than nonpayment of the principal or interest with respect to the Bonds which have become due by said declaration have been remedied, then, in every such case, such Event of Default shall be deemed waived and such declaration and its consequences rescinded and annulled, and the Trustee shall promptly give written notice of such waiver, rescission or annulment to the Defaulting Party and shall give notice thereof by first class mail to all Owners; but no such waiver, rescission and annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

The provisions of paragraph (a) are further subject to the condition that any waiver of any event of default under the Contract and a rescission and annulment of its consequences shall constitute a waiver of the corresponding Event of Default under the Indenture and a rescission and annulment of the consequences thereof. If notice of such event of default under the Contract has been given as provided in the Indenture, the Trustee shall promptly give written notice of such waiver, rescission or annulment to the Defaulting Party and shall give notice thereof by first class mail to all Owners; but no such waiver, rescission and annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

(c) On the occurrence and continuance of any Event of Default and on the written direction of Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding and receipt of indemnity to the Trustee's satisfaction, the Trustee shall, to the extent permitted by the Indenture and applicable law, in its own name and as the Trustee of an express trust:

(1) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Owners, and require the Defaulting Party to carry out any agreements with or for the benefit of the Owners and to perform its or their duties under the Contract and the Indenture, provided that any such remedy may be taken only to the extent permitted under the applicable provisions of the Contract or the Indenture, as the case may be;

(2) take whatever action at law or in equity is permissible and may appear necessary or desirable to enforce its rights against the Defaulting Party or the Mortgaged Property held as security therefor, including exercising its rights under the Deed of Trust.

No right or remedy is intended to be exclusive of any other rights or remedies, but each and every such right or remedy shall be cumulative and in addition to any other remedy given under the Indenture or now or hereafter existing at law or in equity or by statute. If any Event of Default has occurred and if requested in writing by the Owners of a majority in aggregate principal amount of Bonds then Outstanding and indemnified as provided in the Indenture, the Trustee is obligated to exercise, to the extent permitted applicable law and subject to the Indenture, such one or more of the rights and powers conferred by the Indenture as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Owners. When the Trustee incurs costs or expenses (including legal fees, costs and expenses) or renders services after the occurrence of an Event of Default, such costs and expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

Application of Money. All money received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture (other than amounts in the Rebate Fund) after an Event of Default shall, after payment of the costs and expenses of the proceedings resulting in the collection of such money and of the outstanding fees of the Trustee and the costs, expenses, liabilities and advances incurred or made by the Trustee, including the reasonable fees, costs, and expenses of its agents and counsel, be deposited in the Bond Fund and applied as follows:

(a) Unless the principal with respect to all of the Bonds have become or have been declared due and payable, all such money shall be applied:

FIRST - To the payment to the persons entitled thereto of all installments of interest then due with respect to the Bonds, in the order of the maturity of the installments of such interest beginning with the earliest such maturity and, if the amount available is not sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

SECOND - To the payment to the persons entitled thereto of the unpaid principal and premium, if any, with respect to any of the Bonds which have become due (other than Bonds matured or called for prepayment for the payment of which money is held pursuant to the provisions of the Indenture), in the order of their due dates and beginning with the earliest due date, and, if the amount available is not sufficient to pay in full the principal of such Bonds due on any particular date, then to the payment, ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege; and

THIRD - To the payment to the persons entitled thereto of interest on overdue installments of principal, premium, if any, and interest, to the extent permitted by law, and if the amount available is not sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such particular installment, to the persons entitled thereto, without any discrimination or privilege; and

FOURTH - To be held for the payment to the persons entitled thereto, as the same become due, of the principal, premium, if any, and interest with respect to the Bonds which may thereafter become due in accordance with the terms of the Indenture.

(b) If the principal with respect to all of the Bonds has become due or has been declared due and payable, all such money shall be applied to the payment of the principal and interest then due and unpaid with respect to the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due, respectively, for principal and interest, to the persons entitled thereto without any discrimination or privilege, with interest on overdue installments of interest or principal, to the extent permitted by law.

Whenever money is to be applied pursuant to the provisions described above, such money shall be applied at such times, and from time to time, as the Trustee determines, having due regard to the amount of such money available for application and the likelihood of additional money becoming available for such application in the future. Whenever the Trustee applies such funds, it shall fix the date (which shall be an Interest Payment Date unless it deems another date more suitable) on which such application is to be made and on such date interest with respect to the amounts of principal to be paid on such dates, and for which money is available, shall cease to accrue. The Trustee shall also select a new record date for such payment date. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such money and of the fixing of any such record date and payment date, and shall not be required to make payment to the Owner of any Bond until such Bond is presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever the principal, premium, if any, and interest with respect to all of the Bonds have been paid and all expenses and charges of the Trustee have been paid, any balance remaining in the Bond Fund shall be paid to the County.

Defeasance. If, when the Bonds secured by the Indenture become due and payable in accordance with their terms or otherwise as provided in the Indenture, the whole amount of the principal, premium, if any, and interest due and payable with respect to all of the Bonds shall be paid or provision has been made for the payment of the same, together with all other sums payable under the Indenture, then the right, title and interest of the Trustee in and to the Trust Estate and all covenants, agreements and other obligations of the Corporation to the Trustee and the Owners shall then cease, terminate and become void and be discharged and satisfied. In such event, on the written request of the County, the Trustee shall transfer and convey to the County all property assigned or pledged to the Trustee by the Corporation then held by the Trustee pursuant to the Indenture, and the Trustee shall execute such documents as may be reasonably required by the County and shall turn over to the County any surplus in any fund created under the Indenture other than the Rebate Fund and unclaimed funds set aside pursuant to the Indenture.

Outstanding Bonds shall, before the maturity or prepayment date thereof, be deemed to have been paid within the meaning and with the effect expressed in the above paragraph if (a) in case said Bonds are to be prepaid on any date before their maturity, the County has given to the Trustee in form satisfactory to the Trustee irrevocable instructions to give on a date, in accordance with the provisions of the Indenture, notice of prepayment of such Bonds on said prepayment date, (b) there has been deposited with the Trustee either money in an amount which shall be sufficient, or Federal Securities, the principal of and the interest on which when due, and without any reinvestment thereof, will provide money which, together with the money, if any, deposited with or held by the Trustee at the same time, sufficient to pay when due the principal, premium, if any, and interest due and to become due with respect to said Bonds on and before the prepayment date or maturity date thereof, as the case may be, and (c) in the event said Bonds are not by their terms subject to prepayment within the next 60 days, the County has given the Trustee in form satisfactory to it (1) irrevocable instructions to give, as soon as practicable in the same manner as the notice of prepayment is given pursuant to the Indenture, a notice to the Owners of such Bonds that the deposit required by (b) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Indenture and stating such maturity or prepayment date on which money is to be available for the payment of the principal, premium, if any, and interest with respect to said Bonds, (2) verification from an independent accountant or other nationally recognized expert selected by the County that the money or Federal Securities deposited with the Trustee will be sufficient to pay when due the principal, premium, if any, and interest due and to become due with respect to the Bonds on and before the prepayment date or maturity date thereof, and (3) an opinion of nationally recognized bond counsel selected by the County that, to the extent applicable, such deposit of money or Federal Securities will not adversely affect the exclusion from gross income for federal income tax purposes of interest with respect to the applicable Bonds delivered with the expectation that interest with respect thereto will be excludable from the gross income of the owners thereof for federal income tax purposes. Neither the Federal Securities nor money deposited with the Trustee pursuant to the Indenture or principal or interest payments on any such Federal Securities shall be withdrawn or used for any purpose other than, and such Federal Securities or money shall be held in trust for, the payment of the principal, premium, if any, and interest with respect to said Bonds; provided any cash received from such principal or interest payments on such Federal Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Federal Securities of the type described in clause (b) of this paragraph maturing at the times and in amounts sufficient (together with any other money or Federal Securities then held by the Trustee as described above) to pay when due the principal, premium, if any, and interest to become due with respect to said Bonds on or before such prepayment date or maturity date thereof, as the case may be. At such time as any Bonds shall be deemed paid as aforesaid, such Bonds shall no longer be secured by or entitled to the benefits of the Indenture and the Contract, except for the purpose of exchange and transfer and any payment from such money or Federal Securities deposited with the Trustee.

The release of the obligations of the Corporation described in the preceding paragraph is without prejudice to the rights of the Trustee to be paid reasonable compensation for all services rendered by it under the Indenture and all its reasonable expenses, charges and other disbursements incurred with respect to the administration of the trust created by the Indenture and the performance of its powers and duties under the Indenture.

THE DEED OF TRUST

Deed of Trust and Security Interest. To secure (1) the obligations of the County to make the Installment Payments and (2) the payment and performance of all the other liabilities and obligations, whether now existing or hereafter arising, of the County to the Corporation under the Contract and the Deed of Trust, the County has granted and conveyed to the Deed of Trust Trustee for the benefit of the Beneficiary, its successors and assigns all right, title and interest that the County now has or may hereafter acquire in the Mortgaged Property as more fully described in the Deed of Trust.

County's Continuing Obligation. The County will remain liable for full payment and performance, as the case may be, of all obligations secured by the Deed of Trust, notwithstanding the occurrence of any event or circumstance whatsoever. However, no deficiency judgment may be rendered against the County in favor of the Beneficiary in violation of Section 160A-20 of the North Carolina General Statutes, including, without limitation, any deficiency judgment for amounts that may be owed under the Contract or the Deed of Trust when the sale of all or any portion of the Mortgaged Property is insufficient to produce enough money to pay in full all remaining obligations under the Contract or the Deed of Trust.

Release of Mortgaged Property. Notwithstanding any other provisions of the Deed of Trust, at any time so long as there is no Event of Default, the Deed of Trust Trustee must release the Mortgaged Property or any part thereof from the lien and security interest of the Deed of Trust when and if the following requirements have been fulfilled:

(a) In connection with any release of the Mortgaged Property, or any part thereof, there shall be filed with the Beneficiary a certified copy of the resolution of the Board of Commissioners for the County stating the purpose for which the County desires such release of the Mortgaged Property, giving an adequate legal description of the part of the Mortgaged Property to be released, requesting such release and providing for the payment by the County of all expenses in connection with such release.

(b) In connection with the release of any part of the Mortgaged Property constituting less than the entire Mortgaged Property, either (1) the tax, insured or appraised value of the Mortgaged Property remaining after the proposed release is not less than 25% of the aggregate principal components of the Installment Payments related to the Bonds then Outstanding under the Indenture or (2) the County (i) provides for the substitution of other real property therefor and the tax, insured or appraised value of the Mortgaged Property remaining after the proposed substitution is not less than the replacement value of the Mortgaged Property (as determined above) immediately before the proposed substitution, (ii) delivers to the Deed of Trust Trustee and the Corporation, or its assignee, an opinion of Bond Counsel to the effect that the substitution (A) is permitted by law and under the Deed of Trust and (B) will not adversely affect the tax treatment of any Outstanding Bonds, and (iii) records a modification to the Deed of Trust reflecting such substitution of the Mortgaged Property.

(c) In connection with the release of any part of the Mortgaged Property constituting less than the entire Mortgaged Property, such release shall not prohibit the County's ingress, egress and regress to and from the remainder of the Mortgaged Property not being released, or materially interfere with the use of the remainder of the Mortgaged Property not being released.

(d) In connection with the release of all property constituting the entire Mortgaged Property, there is paid to the Beneficiary an amount sufficient to provide for the payment in full of all Outstanding Bonds in accordance with the Indenture.

Grant and Release of Easements. Notwithstanding any other provisions of the Deed of Trust, at any time so long as there is no Event of Default, the County may at any time or times grant easements, licenses, rights of way and other rights and privileges in the nature of easements with respect to any part of the Mortgaged Property and the County may release existing interests, easements, licenses, rights of way and other rights or privileges with or without consideration. The Beneficiary agrees that it shall execute and deliver and will cause, request or direct the Deed of Trust Trustee to execute and deliver any instrument reasonably necessary or appropriate to grant or release any such interest, easement, license, right of way or other right or privilege but only upon receipt of (a) a copy of the instrument of grant or release, (b) a written request of the County requesting such instrument and (c) a certificate executed by the County that the grant or release is not detrimental to the proper conduct of the operations of the County at the Mortgaged Property and will not impair the effective use, nor materially decrease the value, of the Mortgaged Property.

Release of Fixtures. Notwithstanding any other provisions of the Deed of Trust, at any time so long as there is no Event of Default, the County may at any time or times release Fixtures to be added to the Mortgaged Property from the security interest created by the Deed of Trust with or without consideration. The Beneficiary agrees that it shall execute and deliver and will cause, request or direct the Deed of Trust Trustee to execute and deliver any instrument reasonably necessary or appropriate to release any such Fixture but only upon receipt of (a) a copy of the instrument of release, (b) a written request of the County requesting such instrument and (c) a certificate executed by the County that the release is not detrimental to the proper conduct of the operations of the County at the Mortgaged Property and will not impair the effective use, nor materially decrease the value, of the Mortgaged Property.

Amendments. See "THE CONTRACT—*Amendments and Modifications*" above.

Events of Default. The term "*Event of Default*" as used in the Deed of Trust, shall mean any one or more of the following events:

(a) The occurrence of any "*Event of Default*" under the Contract; or

(b) Failure by the County to perform or observe any term, condition or covenant of the Deed of Trust on its part to be observed or performed, other than as referred to in (a) above, or breach of any warranty by the County therein contained, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the County by the Deed of Trust Trustee or the Beneficiary unless the Deed of Trust Trustee or the Beneficiary agrees in writing to an extension of such time before its expiration; provided, however, that if the failure cannot be corrected within the stated period, the Deed of Trust Trustee or the Beneficiary will not unreasonably withhold consent for an extension.

Acceleration on Default; Additional Remedies. If an Event of Default has occurred and is continuing, the Beneficiary shall, at the written direction of a majority in aggregate principal amount of the Owners of the Outstanding Bonds, declare all Indebtedness to be due and payable and the same shall thereupon become due and payable in accordance with the Contract and the Deed of Trust without any presentment, demand, protest or notice of any kind. Thereafter, the Beneficiary may, to the extent permitted by applicable law and subject to the Contract:

(a) Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of its security, enter upon and take possession of the Mortgaged Property, or any part thereof, in its own name or in the name of the Deed of Trust Trustee, and do any acts which it deems necessary or desirable to preserve the value, marketability or rentability of the Mortgaged Property, or part thereof or interest therein, increase the income therefrom or protect the security thereof, and, with or without taking possession of the Mortgaged Property, sue for or otherwise collect the rents and issues thereof, including those rents and issues past due and unpaid, and apply the same, less costs and expenses of operation and collection including attorney's fees, upon any Indebtedness, all in such order as the Beneficiary may determine. The entering upon and taking possession of the Mortgaged Property, the collection of such rents and issues and the application thereof as aforesaid, shall not cure or waive any Event of Default or notice of Event of Default under the Deed of Trust or invalidate any act done in response to such Default or pursuant to such notice of Default and notwithstanding the continuance in possession of the Mortgaged Property or the collection, receipt and application of rents and issues, the Deed of Trust Trustee or the Beneficiary, to the extent permitted by applicable law and subject to the Contract, shall be entitled to exercise every right provided for in any instrument securing or relating to the Indebtedness or by law upon occurrence of any Event of Default, including the right to exercise the power of sale;

(b) Commence an action to foreclose the Deed of Trust as a mortgage, specially enforce any of the covenants of the Deed of Trust, or cause the Deed of Trust Trustee to foreclose the Deed of Trust by power of sale; and

(c) To the extent permitted by applicable law and subject to the Contract, exercise any or all of the remedies available to a secured party under the Uniform Commercial Code of North Carolina or under any other applicable laws.

NOTWITHSTANDING ANY PROVISIONS CONTAINED IN THE DEED OF TRUST, IT IS THE INTENT OF THE PARTIES TO COMPLY WITH THE PROVISIONS OF NORTH CAROLINA GENERAL STATUTES SECTION 160A-20. NO DEFICIENCY JUDGMENT MAY BE RENDERED AGAINST THE COUNTY IN FAVOR OF THE BENEFICIARY IN VIOLATION OF SECTION 160A-20, INCLUDING, WITHOUT LIMITATION, ANY DEFICIENCY JUDGMENT FOR AMOUNTS THAT MAY BE OWED UNDER THE CONTRACT OR THE DEED OF TRUST WHEN THE SALE OF ALL OR ANY PORTION OF THE MORTGAGED PROPERTY IS INSUFFICIENT TO PRODUCE ENOUGH MONEY TO PAY IN FULL ALL REMAINING OBLIGATIONS UNDER THE CONTRACT OR THE DEED OF TRUST. NOTWITHSTANDING ANY PROVISION TO THE CONTRARY IN THE DEED OF TRUST, NO DEFICIENCY JUDGMENT MAY BE RENDERED AGAINST THE COUNTY IN ANY ACTION TO COLLECT ANY OF THE INDEBTEDNESS SECURED BY THE DEED OF TRUST AND THE TAXING POWER OF THE COUNTY IS NOT AND MAY NOT BE PLEDGED DIRECTLY OR INDIRECTLY OR CONTINGENTLY TO SECURE ANY MONEY DUE OR SECURED UNDER THE DEED OF TRUST.

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

[Letterhead of Parker Poe Adams & Bernstein LLP]

March ___, 2024

County of Haywood, North Carolina
Waynesville, North Carolina

Haywood County Financing Corporation
Waynesville, North Carolina

Truist Bank
Wilson, North Carolina

$23,330,000
Limited Obligation Bonds
(County of Haywood, North Carolina), Series 2024
Evidencing Proportionate Undivided Interests in Rights to
Receive Certain Revenues Pursuant to an Installment Financing Contract
between the Haywood County Financing Corporation and
the County of Haywood, North Carolina

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the execution and delivery of the $23,330,000 Limited Obligation Bonds (County of Haywood, North Carolina), Series 2024 (the "*2024 Bonds*") evidencing proportionate undivided interests in rights to receive certain Revenues pursuant to an Installment Financing Contract dated as of March 1, 2024 (the "*Contract*") between the Haywood County Financing Corporation, a nonprofit corporation organized and existing under the Constitution and laws of the State of North Carolina (the "*Corporation*"), and the County of Haywood, North Carolina (the "*County*").

The 2024 Bonds are being executed and delivered pursuant to an Indenture of Trust dated as of March 1, 2024 (the "*Indenture*") between the Corporation and Truist Bank, as trustee (the "*Trustee*"). To secure its obligations under the Contract, the County has executed and delivered a Deed of Trust, Security Agreement and Fixture Filing dated as of March 1, 2024 (the "*Deed of Trust*") from the County to the deed of trust trustee named therein. The Corporation has assigned to the Trustee pursuant to the Indenture all of its rights, title and interest in and to the Contract, including the right to receive Installment Payments, but excluding certain reserved rights described in the Indenture, and the Deed of Trust. Each capitalized term used but not defined herein has the meaning given to such term in the Contract and the Indenture, as applicable.

The proceeds of the 2024 Bonds will be disbursed by the Trustee to (1) finance renovations and an expansion to the existing County detention center, including, but not limited to, an approximately 155 new bed expansion and a new security system integrated into the existing detention center, and (2) pay financing costs related to the 2024 Bonds. The County has agreed under the Contract to pay its Installment Payments required thereunder directly to the Trustee.

In our capacity as Bond Counsel, we have examined executed copies of the Indenture, the Deed of Trust and the Contract, a specimen of the 2024 Bonds and such law and certified proceedings, instruments, opinions and other documents as we have deemed necessary to render the opinions hereinafter expressed. As to questions of fact material to the opinions hereinafter expressed, we have relied on representations of the Corporation and the County contained in the Contract and the related documents thereto, the certified proceedings and other certifications of public officials and others furnished to us, including certifications furnished to us by or on behalf of the Corporation and the County, without undertaking to verify the same by independent investigation. We have also relied on the opinion of Frank G. Queen, Esq., County Attorney, dated the date hereof, with respect to the County's due authorization, execution and delivery of the Contract and other matters set forth therein. We have assumed the accuracy and truthfulness of all public records and of all certifications, documents and other proceedings that we have examined that have been executed or certified by public officials acting within the scope of their official capacities and have not verified the accuracy or truthfulness thereof. We have also assumed the genuineness of the signatures appearing upon such public records, certifications, documents, opinions and proceedings.

On the basis of the foregoing, we are of the opinion, under existing law, that:

1. The Indenture has been duly authorized, executed and delivered by the Corporation and is a valid, binding and enforceable obligation of the Corporation and, assuming the due authorization, execution and delivery by the Trustee, creates a valid lien on the Revenues in favor of the Trustee for the benefit of the Owners of the 2024 Bonds.

2. The Contract has been duly authorized, executed and delivered by the County and the Corporation and is a valid, binding and enforceable obligation of the County and the Corporation.

3. The 2024 Bonds have been duly authorized, executed and delivered for the purposes described above. The 2024 Bonds evidence valid and legally binding proportionate undivided interests in the Revenues pursuant to the Contract, enforceable in accordance with their terms. The 2024 Bonds are entitled to the benefits and security of the Indenture for the payment thereof from certain amounts to be paid under the Contract in accordance with the terms of the Indenture and the Contract.

4. The portion of the Installment Payments designated and paid as interest with respect to the 2024 Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal individual alternative minimum tax; provided, however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. The opinion set forth in the preceding sentence is subject to the condition that the County and the Corporation comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the execution and delivery of the 2024 Bonds in order that the portion of the Installment Payments designated and paid as interest with respect to the 2024 Bonds be, or continue to be, excludable from gross income for federal income tax purposes. The County and the Corporation have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the portion of the

Installment Payments designated and paid as interest with respect to the 2024 Bonds to be included in gross income for federal income tax purposes retroactively to the date of execution and delivery of the 2024 Bonds. We express no opinion regarding other federal tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest with respect to the 2024 Bonds.

5. The portion of the Installment Payments designated and paid as interest under the Contract with respect to the 2024 Bonds is exempt from State of North Carolina income taxation.

The rights of the Owners of the 2024 Bonds and the enforceability of the Indenture, the Contract and the 2024 Bonds may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, liquidation, readjustment of debt and other similar laws affecting creditors' rights and remedies generally, and by general principles of equity, whether such principles are considered in a proceeding at law or in equity.

Our services as Bond Counsel in connection with the execution and delivery of the 2024 Bonds have been limited to rendering the opinions expressed above based on our review of such proceedings and documents as we deem necessary to approve the validity of the 2024 Bonds and the tax-exempt status of interest with respect thereto. We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Preliminary Official Statement or the Official Statement (collectively, the "*Official Statement*"), or any other offering material relating to the 2024 Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion herein relating thereto (excepting only the matters set forth as our opinion in the Official Statement and the section entitled **"TAX TREATMENT"**) or as to the financial resources of the County or the ability of the County to make the payments required under the Contract, that may have been relied on by anyone in making the decision to purchase the 2024 Bonds.

This opinion is delivered to you and for your benefit in connection with the above transaction; it may not be relied on by you for any other purposes and may not be relied on by, nor may copies be provided to, any other person, firm, corporation or other entity without our prior written consent.

Respectfully submitted,

PARKER POE ADAMS & BERNSTEIN LLP

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APPENDIX E

BOOK ENTRY ONLY SYSTEM

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APPENDIX E

BOOK ENTRY ONLY SYSTEM

The Depository Trust Company
a subsidiary of The Depository Trust & Clearing Corporation

The Depository Trust Company ("*DTC*"), New York, NY, a subsidiary of the Depository Trust Company & Clearing Corporation, will act as securities depository for the 2024 Bonds (the "*2024 Bonds*"). The 2024 Bonds will be issued as fully-registered securities 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 will be issued for each maturity of the 2024 Bonds, in the aggregate principal component amount of such maturity, and will be deposited with DTC. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE 2024 BONDS, AS DTC'S PARTNERSHIP NOMINEE, REFERENCE HEREIN TO THE OWNERS OR REGISTERED OWNERS OF THE 2024 BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE 2024 BONDS.

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 ("*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 2024 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 ("*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 ("*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 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2024 Bonds on DTC's records. The ownership interest of each actual purchaser of the 2024 Bonds ("*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 purchase. 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 with respect to the 2024 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 bonds representing their ownership interests in 2024 Bonds, except in the event that use of the book-entry system for the 2024 Bonds is discontinued.

To facilitate subsequent transfers, all 2024 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 2024 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2024 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2024 Bonds arc credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain 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 Participants 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 2024 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2024 Bonds, such as prepayments, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of 2024 Bonds may wish to ascertain that the nominee holding the 2024 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.

Prepayment notices shall be sent to DTC. If less than all of the 2024 Bonds within an issue are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be prepaid.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2024 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2024 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Because DTC is treated as the Owner of the 2024 Bonds for substantially all purposes under the Indenture, Beneficial Owners may have a restricted ability to influence in a timely fashion remedial action or the giving or withholding of requested consents or other directions. In addition, because the identity of Beneficial Owners is unknown to the LGC, to the County, to DTC or to the Trustee, it may be difficult to transmit information of potential interest to Beneficial Owners in an effective and timely manner. Beneficial Owners should make appropriate arrangements with their broker or dealer regarding distribution of information regarding the 2024 Bonds that may be transmitted by or through DTC.

Prepayment proceeds, distributions, and Installment Payments on the 2024 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 Trustee, on the 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, the Trustee, the County or the LGC, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of prepayment proceeds, distributions, and Installment Payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the Trustee'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. THE LGC AND THE COUNTY CANNOT AND DO NOT GIVE ASSURANCE THAT DIRECT AND INDIRECT PARTICIPANTS WILL PROMPTLY TRANSFER PAYMENTS TO BENEFICIAL OWNERS.

DTC may discontinue providing its services as depository with respect to the 2024 Bonds at any time by giving reasonable notice to the LGC, the County and the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2024 Bond certificates are required to be printed and delivered.

The LGC 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, 2024 Bond certificates will be printed and delivered to DTC.

The information in this Appendix E concerning DTC and DTC's book-entry system has been obtained from sources the LGC and the County believe to be reliable, but the LGC and the County take no responsibility for the accuracy thereof.

THE LGC, THE COUNTY AND THE TRUSTEE HAVE NO RESPONSIBILITY OR OBLIGATION TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT, OR THE MAINTENANCE OF ANY RECORDS; (2) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE 2024 BONDS, OR THE SENDING OF ANY TRANSACTION STATEMENTS; (3) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE INDENTURE TO BE GIVEN TO OWNERS; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENTS UPON ANY PARTIAL PREPAYMENT OF THE 2024 BONDS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF THE 2024 BONDS, INCLUDING ANY ACTION TAKEN PURSUANT TO AN OMNIBUS PROXY.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources the LGC and the County believe to be reliable, but the LGC and the County take no responsibility for the accuracy thereof.

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HAYWOOD COUNTY
N.C.
BLUE RIDGE 1808 GREAT SMOKIES