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

PRELIMINARY OFFICIAL STATEMENT DATED MAY 9, 2025

NEW ISSUE - Book-Entry Only

This Official Statement has been prepared by the North Carolina Local Government Commission and the County of Forsyth, North Carolina (the "County") to provide information in connection with the sale and issuance of the bonds described herein (collectively, the "Bonds"). Selected information is presented on this cover page for the convenience of the user. To make an informed decision regarding the Bonds, a prospective investor should read this Official Statement in its entirety. Unless indicated, capitalized terms used on this cover page have the meanings given in this Official Statement.

County of Forsyth, North Carolina

$33,635,000*

General Obligation Bonds, Series 2025

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

Tax Treatment	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"), interest on the 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 and (2) interest on the Bonds is exempt from State of North Carolina income taxation. See **"TAX TREATMENT"** herein.
Redemption	The Bonds will be subject to optional redemption at the times and price set forth herein.
Security	The Bonds will constitute general obligations of the County secured by a pledge of the faith and credit and taxing power of the County.
Interest Payment Dates	June 1 and December 1, commencing December 1, 2025.
Denominations	$5,000 or any integral multiple thereof.
Expected Closing/Settlement Date	June 11, 2025.
Bond Counsel	Parker Poe Adams & Bernstein LLP, Raleigh, North Carolina.
Financial Advisor	First Tryon Advisors, LLC, Charlotte, North Carolina.
Sale Date	May 20, 2025.
Sale of Bonds	Pursuant to sealed bids in accordance with the Notice of Sale relating to the Bonds.

The date of this Official Statement is May __, 2025.

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* Preliminary; subject to change.

MATURITY SCHEDULE

$33,635,000*

County of Forsyth, North Carolina

General Obligation Bonds, Series 2025

Due June 1	Principal Amount*	Interest Rate	Yield[1]	CUSIP+
2026	$1,685,000			
2027	1,685,000			
2028	1,685,000			
2029	1,685,000			
2030	1,685,000			
2031	1,685,000			
2032	1,685,000			
2033	1,680,000			
2034	1,680,000			
2035	1,680,000			
2036	1,680,000			
2037	1,680,000			
2038	1,680,000			
2039	1,680,000			
2040	1,680,000			
2041	1,680,000			
2042	1,680,000			
2043	1,680,000			
2044	1,680,000			
2045	1,680,000			

* Preliminary; subject to change.

[1] Information obtained from the underwriters of the Bonds.

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

COUNTY OF FORSYTH, NORTH CAROLINA

BOARD OF COMMISSIONERS

Don Martin .... Chair

Gloria D. Whisenhunt .... Vice Chair

Dan Besse

Richard V. Linville

Tonya D. McDaniel

G. Gray Wilson

Malishai Woodbury

COUNTY STAFF

Shontell Robinson .... County Manager

Terri L. Goodman .... Chief Financial Officer

B. Gordon Watkins, III, Esq. .... County Attorney

FINANCIAL ADVISOR

First Tryon Advisors, LLC
Charlotte, North Carolina

BOND COUNSEL

Parker Poe Adams & Bernstein LLP
Raleigh, North Carolina

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NORTH CAROLINA
DEPARTMENT OF STATE TREASURER

BRADFORD B. BRINER
STATE TREASURER OF NORTH CAROLINA

STATE AND LOCAL GOVERNMENT FINANCE DIVISION
LOCAL GOVERNMENT COMMISSION

INTRODUCTION

This Official Statement, including the cover page and the appendices hereto, is intended to furnish information in connection with the sale and issuance of $33,635,000* General Obligation Bonds, Series 2025 (the "*Bonds*") of the County of Forsyth, North Carolina (the "*County*").

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

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

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

THE NORTH CAROLINA LOCAL GOVERNMENT COMMISSION

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

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*Preliminary, subject to change.

THE BONDS

Description

The Bonds will be dated as of their respective dates of delivery and will bear interest from their respective dates. Interest on the Bonds will be payable semiannually on each June 1 and December 1, commencing December 1, 2025, at the rates set forth on the inside cover page of this Official Statement. The Bonds will mature, subject to the right of prior redemption as described below, on June 1 in the years and amounts set forth on the inside cover page of this Official Statement.

Payment of interest will be made by the Bond Registrar on each interest payment date to the registered owner of the Bonds (or the previous Bond or Bonds evidencing the same debt as that evidenced by such Bonds) at the close of business on the record date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date.

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

Redemption Provisions

The Bonds maturing on or prior to June 1, 2035 will not be subject to redemption prior to maturity. The Bonds maturing on and after June 1, 2036 will be subject to redemption prior to maturity, at the option of the County, from any moneys that may be made available for such purpose, either in whole or in part on any date on or after June 1, 2035, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus interest accrued thereon to the date fixed for redemption.

If less than all of the Bonds are called for redemption, the County shall select the maturity or maturities of the Bonds to be redeemed in such manner as the County in its discretion may determine, and DTC and its participants shall determine which Bonds within a maturity are to be redeemed in accordance with its rules and procedures (or if the Bonds are not in book-entry, the County will determine by lot); provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of $5,000 or any integral multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bonds by $5,000.

When the County elects to redeem any Bonds, notice of such redemption of such Bonds, stating the redemption date, redemption price, any conditions to the redemption and identifying the Bonds or portions thereof to be redeemed and further stating that on such redemption date there are due and payable on each Bond or portion thereof so to be redeemed, the principal thereof and interest accrued to the redemption date and that from and after such date interest thereon shall cease to accrue, is to be given not less than 30 days nor more than 60 days before the redemption date in writing to DTC or its nominee as the registered owner of such Bonds, by prepaid certified or registered United States mail (or by such other means as may be permitted by DTC's rules and procedures), at the address provided to the County by DTC, but any failure or defect in respect of such mailing will not affect the validity of the redemption. If DTC, or its nominee, is not the registered owner of such Bonds, the County will give notice at the time set forth above by prepaid first class United States mail, to the then-registered owners of such Bonds or portions thereof to be redeemed at the last address shown on the registration books kept by the County. The County will also mail or transmit by facsimile or electronic submission a copy of the notice of redemption within the time set forth above (1) to the Commission and (2) to the Municipal Securities Rulemaking Board (the "*MSRB*") through the Electronic Municipal Market Access ("*EMMA*") system or other electronic format as prescribed by the MSRB, but any failure or defect in respect thereto will not affect the validity of the redemption.

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

Any scheduled redemption of Bonds or portions thereof may be rescinded in whole or in part at any time prior to the redemption date if the County delivers written notice of such rescission to the affected owners of the Bonds. Any Bonds where redemption has been rescinded shall remain outstanding, and the rescission shall not constitute an event of default. Further, the failure of the County to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the County shall give immediate notice to the affected owners of the Bonds that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

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

Authorization and Purpose

The Bonds are being issued pursuant to (1) the provisions of The Local Government Bond Act, as amended, Article 7, as amended, of Chapter 159 of the General Statutes of North Carolina, (2) (a) a bond order authorizing the issuance of not to exceed $27,335,000 General Obligation School Bonds of the County, (b) a bond order authorizing the issuance of not to exceed $2,300,000 General Obligation Community College Bonds of the County, (c) a bond order authorizing the issuance of not to exceed $2,000,000 General Obligation Parks and Recreation Bonds of the County, and (d) a bond order authorizing the issuance of not to exceed $2,000,000 General Obligation Public Facilities Bonds of the County, each duly adopted by the Board on April 10, 2025, and expected to take effect thirty days after publication of a notice of adoption thereof, and (3) a resolution adopted by said Board on April 10, 2025 (the "*Bond Resolution*").

The Bonds are being issued to provide funds, together with any other available funds, to pay the cost of acquiring, constructing, and equipping various public school, community college, parks and recreation, public buildings, and public facilities improvements.

Security

The County is authorized and required by law to levy on all property taxable by the County such ad valorem taxes, without limitation as to rate or amount, as may be necessary to pay the Bonds and the interest thereon.

Bankruptcy

Chapter 9 of the Title 11 of the United States Code (as amended, the "*Bankruptcy Code*") provides a process for a political subdivision of a state to voluntarily adjust its debts. An involuntary bankruptcy case may not be commenced against a political subdivision under Chapter 9. Section 109(c) of the Bankruptcy Code sets forth certain conditions that must be met for an entity to be a debtor under Chapter 9, including that the entity is specifically authorized to be a debtor under Chapter 9 by state law (or by a governmental officer or organization empowered by state law to authorize the entity to be a debtor under Chapter 9). Section 23-48 of the North Carolina General Statutes (the "*NC Authorizing Statute*") authorizes any county or city in the State to file a Chapter 9 bankruptcy case, but only with the approval of the Commission. While the Bonds are outstanding, the provisions of the Bankruptcy Code and applicable North Carolina law, including the NC Authorizing Statute, may be amended, supplemented or repealed; therefore, it is not possible to predict whether and under what conditions the County may be authorized to become a debtor in a bankruptcy case and how any such bankruptcy case might affect holders of the Bonds in the future.

If the County were to initiate bankruptcy proceedings under Chapter 9 with the consent of the Commission, the bankruptcy proceedings could have material and adverse effects on holders of the Bonds, including (a) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the County or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the County; (b) the incurrence of additional debt, including the claims of those supplying goods and services to the County after the initiation of bankruptcy proceedings and the expenses of administering the bankruptcy case, which may have a priority of payment superior to that of the purchasers of the Bonds; and (c) the possibility of the adoption of a plan for the adjustment of the County's debt without the consent of all of the purchasers of the Bonds, which plan may restructure, delay, compromise or reduce the amount of the claim of the purchasers of the Bonds. In addition, the Bankruptcy Code might invalidate any provision of the documents that makes the bankruptcy or insolvency of the County an event of default.

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 Bonds.

CONTINUING DISCLOSURE

In the Bond Resolution, the County has undertaken, for the benefit of the beneficial owners of the Bonds, to provide to the MSRB:

(a) by not later than seven months from the end of each fiscal year of the County, beginning with the fiscal year ending June 30, 2025, audited financial statements of the County for such fiscal year, if available, prepared in accordance with Section 159-34 of the General Statutes of North Carolina, as it may be amended from time to time, or any successor statute, or if such audited financial statements of the County are not 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 fifteen (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 of the County, beginning with the fiscal year ending June 30, 2025, (i) the financial and statistical data as of a date not earlier than the end of the such fiscal year for the type of information included within the tables under the headings "THE COUNTY - Debt Information and - Tax Information" (excluding any information on underlying units) in this Official Statement and (ii) the combined budget of the County for the current fiscal year, to the extent such items are not included in the audited financial statements referred to in (a) above;

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

(1) principal and interest payment delinquencies;

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

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

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

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

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

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

(8) call of any of the Bonds for redemption other than mandatory sinking fund redemption, if material, and tender offers;

(9) defeasances;

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

(11) rating changes;

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

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

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

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

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the 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 the required annual financial information described in (a) or (b) above on or before the date specified.

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

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

For purposes of this section, "financial obligation" means (a) a debt obligation, (b) 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 (c) a guarantee of either clause (a) or (b) 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.

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

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

Pursuant to the Bond Resolution, the County has reserved the right to modify from time to time the information to be provided to the extent necessary or appropriate in the judgment of the County, provided that:

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

(b) the information to be provided, as modified, would have complied with the requirements of 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 interests of the beneficial owners of the Bonds, as determined either by parties unaffiliated with the County (such as bond counsel), or by the approving vote of the registered owners of a majority in principal amount of the Bonds pursuant to the terms of the Bond Resolution, as it may be amended from time to time, at the time of such amendment.

In the event that the County makes such a modification, any annual financial information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

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

On December 19, 2019, the County executed and delivered a promissory note to the North Carolina Department of Environmental Quality in the amount of $4,473,000 (the *"DEQ Note")*to finance various sewer infrastructure improvements. On November 10, 2021, the County exercised the option to increase the principal amount of the DEQ Note to $4,920,300. Pursuant to a prior continuing disclosure undertaking of the County, the County agreed to provide notice of the incurrence of such financial obligation to the MSRB within ten business days after the occurrence thereof. The County later discovered that it had not provided such notice and filed such notice with the MSRB. Except as described above, to the best of the County's knowledge, it has complied in all material respects with is previous continuing disclosure undertakings under the Rule for the past five years.

CYBERSECURITY

As increased threats persist to the cybersecurity of private companies and local governments nationwide, the County has an Information Security Team, led by its Chief Information Officer, which continuously monitors all County systems for any incidents or attempts to access protected systems and information. The County also provides continual updates to its employees through its S.A.F.E. (*Security Awareness For Everyone*) program to help protect against cybersecurity threats. Related policies and training material are reviewed at least annually by the Information Security Team and revised if appropriate.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters incident to the authorization and issuance of the Bonds are subject to the approval of Parker Poe Adams & Bernstein, LLP, Raleigh, North Carolina, Bond Counsel, whose approving legal opinion will be available at the time of the delivery of the Bonds. The proposed form of such opinion is included in Appendix F hereto.

RATINGS

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

TAX TREATMENT

General. On the date of the issuance of the Bonds, Parker Poe Adams & Bernstein LLP, Raleigh, North Carolina, Bond Counsel, will render an opinion that, under existing law assuming compliance by the County with certain provisions of the Code (a) interest on the Bonds 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.

The Code imposes various restrictions, conditions and requirements relating to the exclusion of interest on obligations, such as the 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 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 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 issuance of the Bonds to maintain the excludability of the interest on the 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 issuance of the Bonds in order that the interest on the 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 issuance of the Bonds. Failure to comply with certain of such requirements may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. No other opinion is expressed by Bond Counsel regarding the federal tax consequences of the ownership of or the receipt, accrual or amount of interest with respect to the Bonds.

If the interest on the 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 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 includible in gross income for federal income tax purposes. Bond Counsel cannot predict whether the Internal Revenue Service will commence an audit of the Bonds. Prospective purchasers and owners of the Bonds are advised that, if the Internal Revenue Service does audit the 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 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 Bonds until the audit is concluded, regardless of the ultimate outcome.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds and the accrual or receipt of interest on the 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 Bonds. Bond Counsel does not express any opinion as to any such collateral tax consequences. Prospective purchasers of the Bonds should consult their own tax advisors as to 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 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 interest on the Bonds to be subject directly or indirectly to federal, state or local income taxation, adversely affect the market price or marketability of the Bonds or otherwise prevent the owners of the Bonds from realizing the full current benefit of the status of the interest on the Bonds.

Bond Counsel is further of the opinion that, under existing law, the interest on the 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 Discount. As indicated on the inside cover pages, the Bonds maturing on June 1, 20__ (the "*OID Bonds*"), are being sold at initial offering prices which are less than the principal amount payable at maturity.[1] Under the Code, the difference between (1) the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of each maturity of the OID Bonds is sold and (2) the principal amount payable at maturity of such OID Bonds, constitutes original issue discount treated as interest which will be excluded from the gross income of the owners of such OID Bonds for federal income tax purposes.

In the case of an owner of an OID Bond, the amount of original issue discount on such OID Bond is treated as having accrued daily over the term of such OID Bond on the basis of a constant yield compounded at the end of each accrual period and is added to the owner's cost basis of such OID Bond in determining, for federal income tax purposes, the gain or loss upon the sale, redemption or other disposition of such OID Bond (including its sale, redemption or payment at maturity). Amounts received upon the sale, redemption or other disposition of an OID Bond which are attributable to accrued original issue discount on such OID Bonds will be treated as interest exempt from gross income, rather than as a taxable gain, for federal income tax purposes, and will not be a specific item of tax preference for purposes of the federal individual alternative minimum tax. However, it should be noted that the original issue discount that accrues to an owner of an OID Bond may result in other collateral federal income tax consequences for certain taxpayers in the year of accrual.

Original issue discount is treated as compounding semiannually (which yield is based on the initial public offering price of such OID Bond) at a rate determined by reference to the yield to maturity of each individual OID Bond. The amount treated as original issue discount on an OID Bond for a particular semiannual accrual period is equal to (1) the product of (a) the yield to maturity for such OID Bond (determined by compounding at the close of each accrual period) and (b) the amount which would have been the tax basis of such OID Bond at the beginning of the particular accrual period if held by the original purchaser, less (2) the amount of interest payable on such OID Bond during the particular accrual period. The tax basis is determined by adding to the initial public offering price on such OID Bond the sum of the amounts which have been treated as original issue discount for such purposes during all prior accrual periods. If an OID Bond is sold between semiannual compounding dates, original issue discount which would have accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

The Code contains additional provisions relating to the accrual of original issue discount in the case of owners of the OID Bonds who subsequently purchase any OID Bonds after the initial offering or at a price different from the initial offering price during the initial offering of the Bonds. Owners of OID Bonds should consult their own tax advisors with respect to the precise determination for federal and state income tax purposes of the amount of original issue discount accrued upon the sale, redemption or other disposition of an OID Bond as of any date and with respect to other federal, state and local tax consequences of owning and disposing of an OID Bond. It is possible that under the applicable provisions governing the determination of state or local taxes, accrued original issue discount on an OID Bond may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment attributable to such original issue discount until a later year.

[1]Information provided by the underwriters of the Bonds.

Original Issue Premium. As indicated on the inside cover pages, the Bonds maturing on June 1, 20__ (the "*Premium Bonds*"), are being sold at initial offering prices which are in excess of the principal amount payable at maturity.[1] The difference between (1) the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the Premium Bonds is sold and (2) the principal amount payable at maturity of such Premium 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 Premium Bond, however, the amount of the original issue premium which is treated as having accrued over the term of such Premium Bond, is reduced from the owner's cost basis of such Premium Bond in determining, for federal income tax purposes, the taxable gain or loss upon the sale, redemption or other disposition of such Premium Bond (whether upon its sale, redemption, or payment at maturity). Owners of Premium Bonds should consult their tax advisors with respect to the determination, for federal income tax purposes, of the "adjusted basis" of such Premium Bonds upon any sale or disposition and with respect to any state or local tax consequences of owning a Premium Bond.

FINANCIAL ADVISOR

First Tryon Advisors, LLC has served as financial advisor (the "*Financial Advisor*") to the County with respect to the sale of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent on the issuance and delivery of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement and the appendixes thereto.

UNDERWRITING

The underwriters of the Bonds are ____.[1]

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

____

[1]Information provided by the underwriters of the Bonds.

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MISCELLANEOUS

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

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

The execution of this Official Statement has been duly authorized by the Local Government Commission of North Carolina and the Board of Commissioners for the County.

LOCAL GOVERNMENT COMMISSION OF NORTH CAROLINA

By

Jennifer Wimmer
Deputy Secretary of the Commission

COUNTY OF FORSYTH, NORTH CAROLINA

By

Don Martin
Chair of the Board of Commissioners

By

Shontell Robinson
County Manager

By

Terri L. Goodman
Chief Financial Officer

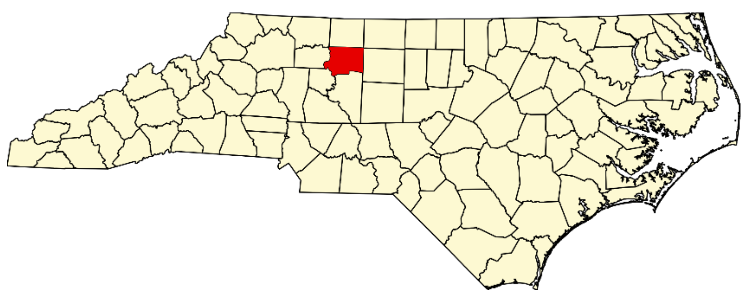
APPENDIX A

THE COUNTY

GENERAL DESCRIPTION

Forsyth County, North Carolina (the "*County*") is located in the northwestern piedmont section of North Carolina (the "*State*") and includes the City of Winston-Salem (the "*City*"), the County seat and fifth most populous city in the State. The County has a land area of approximately 410 square miles and is located approximately 210 miles from the Atlantic coast, 250 miles southwest of Washington, D.C., and 290 miles northeast of Atlanta, Georgia.

The County is located in the heart of a 12-county region known as the Piedmont Triad. More than 1.7 million people live in the Piedmont Triad region, making it the 30th largest metropolitan area in the United States. The City, together with Greensboro and High Point, form the urban core of the Piedmont Triad region. While the Piedmont Triad has long been recognized as a national hub for manufacturing and distribution, the region has also experienced growth in health care and biotechnology sectors. The region's growth is actively promoted through the Piedmont Triad Partnership, a nonprofit organization chartered specifically for regional business recruitment, leadership development and regional strategic planning throughout the 12-county region.



DEMOGRAPHIC CHARACTERISTICS

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

1990	2000	2010	2020
265,878	306,067	350,670	382,606

The North Carolina Office of State Budget and Management has estimated the population of the County to be as follows:

2019	2020	2021	2022	2023
380,663	383,952	388,012	390,794	393,062

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

YEAR	COUNTY	STATE	UNITED STATES
2019	$ 48,883	$ 48,374	$ 55,567
2020	51,790	51,758	59,123
2021	56,581	57,008	64,460
2022	57,884	58,953	66,244
2023	60,481	61,839	69,810

Source: United States Department of Commerce, Bureau of Economic Analysis (latest data available).

COMMERCIAL, INDUSTRIAL AND INSTITUTIONAL PROFILE

General. The County's economy features a mix of manufacturing, trade, and service enterprises that significantly contribute to its tax base. Major industries include health care, biotechnology, banking, tourism, education, textiles, tobacco, transportation, and electronics. The County serves as the primary employment hub for northwest North Carolina and parts of southwest Virginia. Having evolved from its manufacturing-focused past, the County has diversified its economic base. According to the U.S. Bureau of Labor Statistics' Quarterly Census of Employment and Wages (Q2 2024), the top five industries by employment are health care and social assistance (22.2%), retail trade (11.7%), accommodation and food services (9.8%), educational services (8.7%), and manufacturing (8.4%).

Health Care. According to the North Carolina Department of Commerce, Labor and Economic Analysis Division, the health care sector is the largest industry in the County, employing more than 40,000 people as of the second quarter of 2024 (latest data available). The County is home to two major medical centers—Atrium Health Wake Forest Baptist ("*Atrium*") and Novant Health, Inc. ("*Novant*") — and a U.S. Department of Veteran Affairs facility. These institutions have earned the County a reputation as a regional and national center for medical research, development and treatment and are a driving force behind a burgeoning bio-technology industry in the County.

Atrium is the County's largest employer with over 18,000 employees across its hospitals, emergency departments, clinics, and primary care facilities. Its main campus, Atrium Health Wake Forest Baptist Medical Center ("*WFBMC*"), is an 885-bed tertiary care facility and internationally respected academic medical center with nationally recognized Cancer, Neurology, and Neuroscience specialists. The network includes Brenner Children's Hospital and a Comprehensive Cancer Center—one of three in the State to be designated as comprehensive by National Cancer Institute designation, held continuously since 1990. Additionally, Atrium operates Wake Forest School of Medicine in downtown Winston-Salem, a leading medical education and research center, and Wake Forest Innovations, which commercializes research and operates the Innovation Quarter, an urban research and technology park.

Novant is a not-for-profit integrated healthcare network with over 850 locations, including 19 hospitals and over 700 physician clinics and urgent care centers across North and South Carolina. Headquartered in the City, Novant operates several facilities in the County through controlled affiliates, including Novant Health Forsyth Medical Center—the largest medical center in the Novant system and fourth largest in the State. This 921-bed hospital provides comprehensive medical, surgical, rehabilitative and behavioral health services. In January 2025, Novant completed a new $222 million critical care tower at Forsyth Medical Center featuring 59 critical care rooms, 36 medical-surgical rooms, and an innovative surgical suite. This 193,000-square-foot, five-story tower is part of a broader $400 million investment that began in 2019.

Novant also operates Medical Park Hospital, a 22-bed facility specializing in elective, outpatient and short-stay surgeries, and Kernersville Medical Center, a 50-bed hospital providing emergency, surgery, cardiovascular, diagnostics and cancer care services. Additionally, Novant includes Novant Health Medical Group, Inc., an employed physician network of 2,500 physicians and other mid-level providers (physician assistants and nurse practitioners) across 800 sites throughout North Carolina, South Carolina, Georgia and Virginia.

Biotechnology and Sciences. The Innovation Quarter is a master-planned urban park in downtown Winston-Salem that houses research, business, and educational facilities focused on biomedical science, IT, digital media, clinical services, and advanced materials. Home to 170 companies, five academic institutions, 3,800 employees, 1,800 degree-seeking students, and over 8,000 workforce trainees, it spans 330 acres with 2.1 million square feet of mixed-use space. More than 1,100 residential units exist within or near the Innovation Quarter. The park has attracted over $876 million in public-private investment, generating approximately $1.66 billion in economic impact for the City and County. Construction on Phase II of the Innovation Quarter began in September 2023, with plans for 10 new buildings totaling 2.7 million square feet, including 1 million square feet of additional clinical, lab, and office space. The master plan for the development also provides for the creation of 15 acres of urban green space, up to 450 additional residential units, and 30,000 square feet of ground-level retail and restaurant space.

WFBMC houses many bioscience departments, programs, and research initiatives within the Innovation Quarter in a $100 million, 242,000 square-foot facility. Adjacent to the Wake Forest School of Medicine space, Wake Forest University established Wake Downtown, a satellite campus for its undergraduate College of Arts & Sciences. Wake Downtown serves as the main campus for programs in Biochemistry & Molecular Biology, Medicinal Chemistry & Drug Discovery, and Engineering, while also offering liberal arts courses. Atrium is renovating a four-story, 250,000-square-foot building to establish an eye institute in the Innovation Quarter. The facility, representing an investment exceeding $53.5 million, will provide comprehensive eye care services including operating rooms, procedure rooms, diagnostic imaging, and research spaces. Renovations are in progress, with the outpatient surgery center scheduled to open in July 2026. In March 2024, Charter Medical established its new Innovation Hub in the Innovation Quarter focusing on single-use technologies for the biopharma industry's cold chain logistics process, bringing in an additional 160 full-time employees to the development.

The RegenMed Hub represents another specialized ecosystem within the Innovation Quarter focused on regenerative medicine innovation. At its foundation is the Wake Forest Institute for Regenerative Medicine (WFIRM), a global leader in tissue engineering that has pioneered numerous breakthrough therapies, working alongside the RegenMed Development Organization (ReMDO), which focuses on solving critical manufacturing challenges in the field. The RegeneratOR Innovation Accelerator provides startups access to cutting-edge biomanufacturing equipment, specialized expertise, and a collaborative environment where promising regenerative technologies can be developed and refined. With over 30 companies already participating, the RegenMed Hub positions the Innovation Quarter as an emerging center for next-generation medical treatments.

Manufacturing. The County's manufacturing sector comprises more than 275 companies that collectively employ over 16,000 residents. Manufacturing has contributed approximately 10% of the region's net job growth in recent years.

Reynolds American, Inc., a long-time corporate citizen and major employer in the County, maintains a significant presence in the County's economy. The company produces major cigarette brands including Newport, Camel, and Pall Mall, while its subsidiary, R.J. Reynolds Vapor Company, manufactures the market-leading Vuse e-cigarette in the County. Beyond tobacco, Reynolds American contributes to the region's economic diversification and employment landscape, serving as a pivotal component of the local manufacturing sector within the County's evolving economic base.

Caterpillar Inc. ("*Caterpillar*") operates an 850,000-square-foot manufacturing facility in the City and is a major employer in the County. The City and County initially provided Caterpillar up to $23.5 million in local incentives tied to job creation, retention, and capital investment targets. While the facility initially produced axle assemblies for trucks, Caterpillar shifted its primary operations to manufacturing railroad equipment and renegotiated its incentive agreement. The revised terms reduced Caterpillar's employment requirement from 196 to 100 jobs while extending Caterpillar's commitment to maintain operations through December 2027. Under this agreement, the County can recover a portion of the $3.27 million in paid incentives if employment fall below the revised 100-job threshold.

The County hosts several significant manufacturers beyond Reynolds American and Caterpillar. Hanesbrands, Inc., the world's largest marketer of basic apparel with brands including Hanes, Playtex, Maidenform, and Bali, maintains its headquarters in the City. Collins Aerospace (formerly B/E Aerospace) manufactures and installs aircraft interior equipment at its City facility. Herbalife Ltd.'s southeastern Winston-Salem facility employs over 750 people, representing half of the company's U.S. production of weight-loss powder shakes and green tea mixes. In 2023, Ardagh Group, a global supplier of sustainable metal and glass packaging, completed a $195.5 million expansion to its Winston-Salem facility, adding 94 new jobs to its existing 230-person workforce.

Recent developments include John Deere's commitment of approximately $70 million in May 2024 to build a new 380,000-square-foot facility in Kernersville for manufacturing small excavators, expected to add 150 jobs to the local economy. Similarly, in October 2023, Purple Crow announced a $50 million investment to consolidate and expand its operations at Whitaker Park, projecting the creation of 199 new jobs.

Financial Services. The County houses significant operations centers for Wells Fargo and Truist—the nation's fourth and seventh largest financial holding companies—which employ approximately 3,500 people locally. Two of the State's largest credit unions are headquartered in the City: Allegacy Federal Credit Union, which supports over 750 companies regionwide; and Truliant Federal Credit Union, which employs about 620 County workers and operates 30 financial centers across four states. The County's financial landscape is further diversified by the presence of Bank of America, PNC Bank, First Horizon Bank, Carolina Farm Credit, and Piedmont Federal Savings Bank.

Tourism. Tourism has grown to become an important economic contributor in the County, with visitor spending reaching $1.05 billion in 2023, representing a 6.9% increase from 2022 and ranking the County ninth among the State's 100 counties for tourism revenue. The sector generated $72.6 million in state and local tax revenues, supported 6,753 jobs, and contributed $272 million in personal income from tourism-related employment. Since 1983, when the County became one of the first five counties in the State to adopt a special tax on visitor accommodations, the County has developed its tourism infrastructure, with about 61% of hotel and room occupancy tax revenues being directed back into tourism development efforts.

The County's tourism infrastructure features two venues that host events throughout the year. The Lawrence Joel Veterans Memorial Coliseum complex, owned by Wake Forest University, typically hosts nearly 100 events annually and can hold over 14,500 attendees. The M.C. Benton Jr. Convention Center, a key component of the City's Twin City Quarter, offers 144,000 square feet of flexible meeting space. Following an $18.5 million renovation completed in 2017, the facility now features modern amenities and design elements that pay homage to the City's historic arts, tobacco, and textile roots. The convention center is connected to nearby hotels and parking decks, providing convenient access for attendees and enhancing its appeal as a centrally-located venue for various events and conferences.

Old Salem Museum & Gardens ("*Old Salem*") is one of the country's most authentic historic restorations spanning approximately 100 buildings across 87 acres. Old Salem encompasses the Museum of Early Southern Decorative Arts and employs costumed interpreters who recreate daily life from the late 18th and early 19th centuries in what was once Salem—a German-speaking trading center and Moravian church town.

***Arts and Recreation**.* The County offers diverse arts and cultural opportunities for residents and visitors. The community has historically maintained high per capita contributions to the arts compared to other U.S. communities, supporting the numerous cultural institutions established throughout the County.

The Arts Council of Winston-Salem and Forsyth County, established in 1949 as the nation's first Arts Council, provides grant funding to numerous cultural organizations including the Sawtooth School for Visual Art, Associated Artists of Winston-Salem, Winston-Salem Symphony, North Carolina Black Repertory Company, Little Symphony, Winston-Salem Delta Fine Arts, Piedmont Craftsmen, Piedmont Opera Theater, Children's Theatre, Little Theatre of Winston-Salem, North Carolina Museum of Art, Winston-Salem (formerly SECCA), and Kernersville Little Theatre. Its Community Support Program assists with planning festivals, concerts, workshops, and educational programs throughout the County.

The County hosts several other significant cultural institutions, including the Milton Rhodes Center for the Arts with its performing spaces, galleries, theater; the University of North Carolina School of the Arts, presenting over 300 annual performances; the eleven-day RiverRun International Film Festival; the International Black Theatre Festival, the nation's largest exposition of Black theatre groups; and Reynolda House with its acclaimed art collection.

Kaleideum, an interactive museum in the City, was formed in 2016 through the merger of the Children's Museum of Winston-Salem and SciWorks. In February 2024, it opened a new five-story, 70,000-square-foot facility in downtown Winston-Salem, featuring exhibition galleries, a rooftop adventure space, and a digital dome. The museum blends arts, sciences, and technology to provide hands-on learning experiences across disciplines such as STEM and the natural world. Kaleideum's exhibits encourage exploration and creativity, making it a popular destination for families and visitors of all ages.

The County features diverse parks and recreational facilities. The Parks and Recreation Department manages ten public parks totaling over 2,700 acres. Triad Park, a 434-acre regional park along the Guilford County border in Kernersville, is jointly operated with Guilford County. The County also owns Tanglewood Park, a 1,147-acre facility offering tennis courts, three golf courses, Mallard Lake, bike trails, picnic shelters, and an aquatic center. The County's capital improvement plan includes upgrades to the park system, including improvements to all three golf courses and construction of a new clubhouse, construction of an agricultural event center in Tobaccoville, and opening of the new J. Dudley Watts Jr. Belews Lake Park.

The County hosts several athletic teams, including the Winston-Salem Dash (Chicago White Sox Class A minor league baseball affiliate), Wake Forest University (NCAA Division I teams in football, basketball, baseball, cross-country, tennis, track and field, soccer, volleyball, field hockey, and golf), and Winston-Salem State University (NCAA Division II teams in football, basketball, track and field, cross-country, tennis, softball, and volleyball). The County is also home to the Carolina Classic Fair (formerly Dixie Classic Fair), which is the second largest fair in the State and draws crowds from a wide area.

ECONOMIC DEVELOPMENT

Business Parks. The industrial site market in the County represents a substantial economic development resource for the area. Over 8,200 acres of property are situated along the County's strategic development corridors. The County and the City work with State and local economic development organizations to ensure that an inventory of attractive space is available in business parks for prospective companies looking to relocate or expand.

Union Cross Business Park is a 403-acre park designated for light industrial uses consisting of 29 developable lots that currently houses several established companies including Pepsi Bottling Ventures, Bekaert Deslee, and The Clearing House. Nearby, Union Cross Industrial Center is a 99-acre business park designed to support modern industrial and distribution operations that is home to several major companies such as Caterpillar and Herbalife International. In August 2024, Ziehl-Abegg, Inc. a German manufacturer of ventilation systems, generators, and other equipment, established its North American headquarters in the park, investing over $100 million in a 500,000-square-foot facility to house both its headquarters and its manufacturing and distribution operations. The facility is the home base for its 350 employees, with plans to add approximately 600 more jobs.

Whitaker Park is a 220-acre manufacturing complex that has been transformed into a mixed-use employment center, with Reynolds American having donated 125 acres and 12 buildings to the project. The park is now among the County's newest developing business parks and serves as a key link between the Innovation Quarter, Smith Reynolds Airport, and Wake Forest University. Its location offers convenient access to major transportation infrastructure, including major interstates I-40, I-85, and the future I-74, as well as an onsite Norfolk Southern rail spur. Both the County and the City have committed $8 million to create the infrastructure to attract businesses to the complex, which currently has over 1.7 million square feet of building space. All twelve buildings are currently utilized.

In April 2025, the Lofts at Whitaker Park, a $60 million luxury apartment community by Frye Properties, were opened. The project converted two historic R.J. Reynolds Tobacco Company Buildings into 163 apartment units. In August 2021, Nature's Value Inc., a vitamin and dietary supplements manufacturer, invested $19 million to expand operations to a 426,000 square-foot facility at Whitaker Park with plans to create 183 jobs. Responding to strong demand for industrial space, Brennan Investment Group completed a new 110,000 square-foot Class A industrial building in 2022 designed to accommodate between up to four tenants. In October 2023, Purple Crow, a major Hispanic food distributor, established its headquarters at Whitaker Park, consolidating its four existing locations and committing to invest $50 million and create 199 new jobs by 2028 with average salaries of $72,000, well above the County average. Most recently, in January 2025, Wake Forest University purchased an 87,342-square-foot laboratory building at Whitaker Park for $2.7 million to house its Center for Nanotechnology and Molecular Materials, further expanding the university's presence on the campus.

Tanglewood Business Park, formerly known as Idols Road Industrial Park, is currently under development and ready for build-to-suit industrial development. With 150 usable acres capable of accommodating up to 1,000,000 square feet of total build-out, the business park is actively being marketed as available for development, targeting advanced manufacturing, medical technology, research and development, distribution and logistics, and food and beverage processing industries.

Recent Projects. The Grounds is a $200 million, 100-acre, mixed-use development in the City that is intended to serve as a catalyst for economic growth and community engagement. The project broke ground in December 2024 and is a partnership between Carter, Front Street Capital, Wake Forest University, and the City. Phase I of the development will feature a 42,000 square-foot retail village, 25 loft-style units, a 229-unit modern residential community, and a 127,000-130,000 square-foot Class-A office building that Wake Forest University will lease. Strategically positioned around key venues including Lawrence Joel Veterans Memorial Coliseum and Winston-Salem Fairgrounds, The Grounds will include improved infrastructure, walking paths, and Silas Creek restoration. Announced in September 2024, Phase I completion is targeted for summer 2026, with Phase Ib potentially adding hotel or condo hotel options.

In March 2023, Tex-Tech Industries, a manufacturer with an existing company headquarters and facilities in Kernersville, announced plans to build an additional manufacturing site in the City. Tex-Tech will construct a 170,000-square-foot build-to-suit facility on Old Lexington Road in an expansion that will generate $41.7 million in investment and create 49 new jobs over five years with an average annual salary of $67,918. Tex-Tech's new facility was awarded its Certificate of Occupancy in November of 2024. They have created 17 new jobs and continue to hire as they prepare for a grand opening in the summer of 2025.

John Deere has invested nearly $140 million in Kernersville, North Carolina through two major expansions. In August 2023, the company announced the establishment of its Electric Powertrain's North American headquarters in Kernersville with a $69.6 million investment, adding 50 new jobs focused on battery and charger manufacturing. Additionally, in May 2024, the company announced the construction of a new 380,000-square-foot factory for small excavator production with a $70 million investment, creating approximately 150 new jobs beyond their existing 600-employee campus.

In June 2024, Excel Interior Door, LLC, a door manufacturer, announced plans to relocate its headquarters to the City and build a new 148,000-square-foot manufacturing facility. This $10.5 million investment will create at least 69 new jobs with an average annual salary of $64,474, which exceeds the County's average wage.

In September 2023, ProKidney, a biotech company focused on treating chronic kidney disease, announced that it will expand its headquarters in the City. ProKidney will expand its footprint of manufacturing, office, and lab space in facilities on Westpoint Drive and Empire Drive. The expansion will generate $21 million in capital investment and 50 new jobs by 2027.

In April 2024, South African company Radel, announced plans to locate its United States manufacturing presence to the City, promising a $9 million investment and 50 new jobs.

In September 2024, Foster Caviness Co. Inc., a food supply chain solutions provider, announced plans to relocate its distribution facility to the County with a $6.2 million investment, adding 165 new jobs. Construction of the facility is underway.

In October 2024, Nelipak, a global health care packaging manufacturer, opened its first North American flexible packing operation in the County. Nelipak moved into an industrial spec building in the Union Cross Industrial Park. The company committed to $20 million in building upfit and machinery and equipment investment. Over the next few years Nelipak expects to create 80 new jobs.

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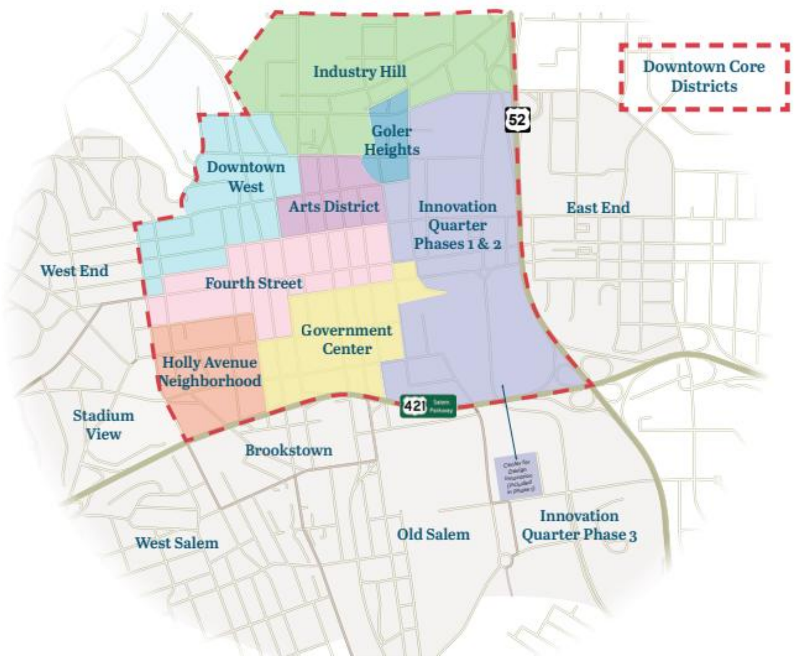
Downtown Winston-Salem. Downtown Winston-Salem serves as an important economic center for the region. The City, through strategic partnerships with nonprofit organizations and business leaders, has actively supported transformative development throughout the downtown corridor. Since 2000, downtown revitalization efforts have attracted over $1.97 billion in capital investment.



Downtown Winston-Salem has experienced a significant revitalization through strategic adaptive reuse projects, preserving the City's architectural heritage while transforming historic landmarks into modern spaces.

One anchor of the downtown revitalization effort is the Innovation Quarter. See "**COMMERCIAL, INDUSTRIAL AND INSTITUTIONAL PROFILE - *Biotechnology and Sciences***" above for more information.

Located in the heart of the Innovation Quarter is the Bailey Power Plant, a 111,479-square-foot historic coal-fired power plant that was transformed into a mixed-use development. Phase I of the project was a $40 million renovation that converted the plant into office, retail, and entertainment spaces while preserving 97% of the original structure and features. Notable elements include the renovated Turbine Hall and the iconic 130-foot smokestacks illuminated by color-changing LED lights. Phase II infused another $25 million into the project and expanded the project to include Bailey South and the Morris Building, adding nearly 100,000 square feet of space and outdoor communal areas. The development hosts several major tenants such as CML Microsystems, Alma Mexicana, Incendiary Brewing Co., and McAdams engineering firm. It stands as North Carolina's largest historic redevelopment initiative and serves as a central hub for the Innovation Quarter's community of approximately 4,000 employees and 1,500 students, blending Winston-Salem's industrial heritage with a focus on innovation.

Another notable example of downtown revitalization is the iconic Reynolds Building, a 314-foot Art Deco skyscraper constructed in 1929, which famously inspired the Empire State Building. A $60 million renovation transformed the building, converting its upper floors into luxury apartments and introducing the Kimpton Cardinal Hotel on the lower floors, while maintaining historic elements in the lobby. Another important project involved the revitalization of the historic Pepper Building, an Art Deco structure built in 1928 and repurposed as Hotel Indigo. Developers preserved original terrazzo floors and period-specific details while addressing structural repairs and restoring over 300 damaged windows. In 2019, the project was touted as being the most thoughtful repositioning of abandoned space in the nation.

The former GMAC Building, a vacant 18-story office building was renamed 500 W 5th and currently hosts Flow Companies' corporate headquarters and a 35,000-square-foot startup accelerator. Another notable transformation was the conversion of the Forsyth County Courthouse, built in 1926, into the 50 West Fourth apartments. This project adapted former courtrooms and office spaces into 58 residential units, preserving distinctive historic features such as the original main courtroom, cast-iron staircase, and ornate lobby areas. Additionally, the Innovation Quarter and Grubb Properties completed Link Apartments Innovation Quarter, creating 344 apartments, 5,000 square feet of retail space, and an 872-space parking deck. It is considered the largest private residential project in the history of downtown Winston-Salem.

The Brookstown Project, located on the west side of downtown, aims to establish a significant new district combining residential, employment, and entertainment opportunities. Truist Stadium, opened in 2010 as the home of the Winston-Salem Dash minor league baseball team, serves as the project's anchor. Link Apartments Brookstown contributes an additional 205 residential units adjacent to the stadium. Nearby, the West End Station apartments opened in 2019, providing 229 apartments within two blocks of the stadium. In May 2022, The Easley, another multifamily development, added 300 more apartments to the area.

A cornerstone of downtown Winston-Salem is the Forsyth County Library, which underwent a $28 million renovation in 2017. This renovation transformed the library into a state-of-the-art facility with 103,000 square feet of flexible space. Additionally, in October 2023, the County completed construction of a new courthouse in downtown. This $120 million facility spans six floors and covers 250,000 square feet, including 18 courtrooms and multiple hearing rooms.

Industry Hill, located on the northern edge of downtown Winston-Salem, has transformed from a formerly industrial area of empty lots and abandoned warehouses into the City's designated entertainment district. A thriving hub for makers, creatives, and entrepreneurs, the district offers an array of entertainment venues, popular breweries, and distinctive recreational spaces within a walkable community while retaining its historic industrial charm. In 2023, significant residential development occurred with the opening of The Artreaux, a major housing project featuring 235 apartments and 7 townhouses, significantly expanding living options in the district.

Construction Activity. New construction activity in the County is indicated by the following table, which summarizes the number and value of new building permits issued in the County for the past five fiscal years and a portion of the fiscal year ending June 30, 2025:

FISCAL YEAR ENDED JUNE30	NON-RESIDENTIAL		RESIDENTIAL		
	NUMBER	VALUE	NUMBER	VALUE	TOTAL VALUE
2020	1,061	$ 192,748,137	3,227	$ 347,614,781	$ 540,362,918
2021	924	315,977,012	3,688	452,934,583	768,911,595
2022	1,084	447,623,340	3,551	470,109,599	917,732,939
2023	898	517,672,602	3,195	518,223,311	1,035,895,913
2024	1,098	501,594,464	3,491	450,183,745	951,778,209
2025[1]	649	279,810,749	2,369	310,847,522	590,658,271

[1] Through February 2025.
Source: Winston-Salem/Forsyth County Inspections Department.

Total taxable sales in the County for the past five fiscal years and for a portion of the current fiscal year, are shown in the following table:

FISCAL YEAR ENDED OR ENDING JUNE 30	TOTAL TAXABLE RETAIL SALES	CHANGE OVER PREVIOUS YEAR (%)
2020	$ 5,724,710,125	(0.28)%
2021	6,968,752,208	21.73[1]
2022	7,862,160,614	12.82[1]
2023	8,328,159,602	5.93
2024	8,525,950,986	2.37
2025 (8 months)[2]	5,710,637,024	--

[1] The large increase in taxable sales for fiscal years 2021 and 2022 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.
[2] For the 8-month period ended February 28, 2025. Taxable sales for the 8-month period ended February 29, 2024 were $5,742,231,995, resulting in an approximately 0.56% decrease from the FY24 8-month period to the FY25 8-month period. The decrease in taxable sales is due, at least in part, to a general slowdown, year over year, of gross sales across the State.
Source: North Carolina Department of Revenue, Sales and Use Tax Division.

EMPLOYMENT

The following table lists the ten largest employers in the County as of March 30, 2024 (latest data available):

EMPLOYER	DESCRIPTION	EMPLOYEES[1]
Atrium Health Wake Forest Baptist	Academic Medical Center	1,000+
Winston Salem/Forsyth County Schools	Educational System	1,000+
Novant Health	Medical Center and Health Services	1,000+
Wake Forest University	Higher Education	1,000+
City of Winston-Salem	Government	1,000+
Wal-Mart Associates Inc.	Retail Trade	1,000+
Forsyth County	Government	1,000+
National General Management Corp.	Financial Services and Insurance	1,000+
B E Aerospace Inc.	Manufacturing	1,000+
Congruity HR LLC	Human Resources	1,000+

Source: North Carolina Department of Commerce.
[1] Employment estimates may vary.

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The North Carolina Department of Commerce, Labor and Economic Analysis Division has estimated the percentage of unemployment in the County to be as follows (latest data available):

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2020	3.9%	3.7%	4.5%*	13.5%*	12.4%	10.5%	9.8%	7.4%	6.7%	5.9%	5.9%	6.0%
2021	6.4	6.1	5.6	5.3	5.3	5.7	5.4	5.2	4.5	4.4	4.1	3.5
2022	4.2	4.0	3.7	3.4	3.7	4.2	4.2	4.4	3.6	3.8	3.8	3.4
2023	3.9	3.8	3.6	3.1	3.6	3.9	3.9	4.0	3.5	3.6	3.6	3.4
2024	3.8	3.8	3.8	3.3	3.6	4.1	4.4	4.2	3.4	3.4	3.7	3.4
2025	3.9	3.7	3.8	-	-	-	-	-	-	-	-	-

* Onset of the COVID-19 pandemic.

By way of comparison, the North Carolina Department of Commerce, Labor and Economic Analysis Division estimated the March 2025 percentage of unemployment in the State at 3.7% and in the United States at 4.2%.

GOVERNMENT AND MAJOR SERVICES

Government Structure. The County has a commission-manager form of government, with a seven-member Board of Commissioners (the "*Board*") comprising the governing body. The County is divided into two districts for election purposes, and Commissioners are elected on a staggered basis for terms of four years: two from one district; four from the second district; and one at large. The County Manager is appointed by, and serves at the pleasure of, the Board. The Board annually adopts a balanced budget and establishes a tax rate for the support of County programs. The County Manager has the responsibility for administering these programs in accordance with policies and the annual budget ordinance adopted by the Board.

Education. The County has a consolidated County-wide school system operated and administered by an elected Board of Education, which appoints a school superintendent. Winston-Salem/Forsyth County Public Schools ("*WSFCS*"), the fourth largest school system in the State and 81st largest in the nation, serves about 52,744 students enrolled in 79 schools.

State law provides a basic minimum educational program for each school administrative unit or district which is supplemented by the County and federal government. The State's minimum program provides funds for operational costs only, but the building of public-school facilities is primarily a responsibility of the County. Local financial support is provided by the County for capital and operating expenses not provided by the State. For the fiscal year ending June 30, 2025, budgeted appropriations from the County to the school system were $170,032,875 for operating expenses and $7,408,261 for capital outlay.

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

School Year	Elementary Grades (K-5)		Middle School Grades (6-8)		High School Grades (9-12)		Specialty Schools Grades (K-12)		Total	
	No.	ADM[1]	No.	ADM[1]	No.	ADM[1]	No.	ADM[1]	No.	ADM[1]
2020-21	44	22,694	14	11,579	13	15,760	7	1,789	78	51,822
2021-22	44	22,088	15	11,092	13	15,891	7	2,951	79	52,022
2022-23	44	22,393	15	11,157	13	16,378	7	2,008	79	51,936
2023-24	44	22,139	15	10,902	13	16,575	7	1,688	79	51,304
2024-25	44	21,990	15	10,894	13	16,203	7	1,626	79	50,713

[1] Average daily membership or "ADM" (determined by actual records at the schools) is computed by the North Carolina Department of Public Instruction on a uniform basis for all public school units in the State. ADM figures are used for both teacher allotments and per capita distribution of local funds if there is more than one school administrative unit within a county.
Source: Winston-Salem/Forsyth County Public Schools.

The County is also home to several institutions of higher education. Forsyth Technical Community College ("*FTCC*") is a post-secondary member institution of the North Carolina Community College System. The State and the County share responsibility for financial support of FTCC. The County appropriated $12,151,690 to FTCC for capital and operating expenses for the fiscal year ending June 30, 2025. FTCC is the sixth largest community college in North Carolina with 11,161 curriculum students and 9,114 continuing education students served. With over 1,100 full and part-time employees, FTCC has over 200 programs that lead to a degree, certificate or diploma in a number of fields, including health care, engineering technologies, criminal justice, automotive technology, logistics management, nanotechnology and biotechnology.

Founded in 1834, Wake Forest University is a private liberal arts university with a nationwide reputation for challenging academics, individualized teaching, small classes and state-of-the-art resources. The 2023-24 school year enrollment was 5,490 undergraduates and 3,832 graduate students. For its 2025 rankings, *U.S. News & World Report* ranked Wake Forest University as the 46th best university in the country. The university expanded its undergraduate campus to the downtown Wake Forest Innovation Quarter in 2017, where the engineering and biomedical sciences programs are housed. The downtown campus is named Wake Downtown and covers 151,000 square feet of space.

Winston-Salem State University ("*WSSU*"), one of the seventeen constituent institutions of The University of North Carolina system, is a leading regional institution providing learning opportunities for a diverse student population. WSSU offers degrees in areas of high job demand such as nursing, computer science, biotechnology, education and information management. The 2023-24 school year enrollment was 4,192 undergraduates and 590 graduate students. WSSU offers over 40 undergraduate degree programs and 10 graduate degree programs, both masters and doctorate. WSSU partners in biomedical research taking place in the Innovation Quarter and in numerous other organizational and philanthropic endeavors, including health care and safety studies. WSSU is one of the top producers of nurses in North Carolina and was ranked by the Nurse Journal as a top ten nursing school in the East.

The University of North Carolina School of the Arts ("*UNCSA*"), also one of the 17 constituent institutions of The University of North Carolina and an arts conservatory of international renown, trains talented students for professional careers in the arts. The first state-supported residential school of its kind in the nation, UNCSA opened in 1965 on 67 acres and became part of the University of North Carolina system in 1972. High school and college students are currently enrolled in its five professional schools:

Dance, Design & Production (including a Visual Arts Program), Drama, Filmmaking and Music. Total enrollment for the 2023-2024 school year was approximately 1,367, including 253 high school, 946 undergraduate, 166 graduate students. The school is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools and awards the high school diploma, the College Arts Diploma, the Professional Artist Certificate and bachelor's and master's degrees. The State pays the full cost of attending UNCSA (tuition, fees, and room and board) for all in-state students who are accepted into the high school program. The campus currently includes 11 performance and screening spaces comparable to the best in the industry. Students must audition/interview for admission and study with master teachers who have had successful careers in the arts, as well as with guest artists such as filmmaker Spike Lee and actor Mandy Patinkin. UNCSA's School of Filmmaking trains talented students for professional careers in the film and television industries. UNCSA alumni have performed in or behind the scenes of Broadway shows, film television and regional theatre, and are members of the world's finest symphony orchestras and opera and dance companies.

Founded in 1772, Salem College is the nation's 13th oldest institution of higher education and the oldest continuously operating women's college, according to the American Council on Education. The latest total enrollment is over 500 students. Committed to the liberal arts curriculum, Salem College offers four undergraduate degrees, two graduate programs in teaching and education, and a continuing studies program for adults. Salem's Women in Science program is designed to provide academic and career support for students interested in pursuing careers in science or mathematics. Salem College shares a 47-acre campus with Salem Academy, a college preparatory boarding school for girls in grades 9 through 12. Salem Academy and Salem College are located in the Old Salem historical district.

Transportation. The Piedmont Triad region has strong transportation connectivity, supported by an integrated network of highways, airports, and waterways designed to efficiently serve local commerce and industry. North Carolina's extensive state-maintained highway system—the largest in the United States—significantly enhances the region's mobility by providing convenient access to major interstate corridors along the East Coast.

US Highway 421, known locally as Salem Parkway (previously Interstate 40 Business), serves as a crucial thoroughfare through the County. It connects directly to Interstate 85 to the east and Interstate 77 to the west. In February 2020, a 1.2-mile downtown segment of Salem Parkway underwent a comprehensive three-year renovation project managed by the North Carolina Department of Transportation,. This multi-phase initiative included structural upgrades, modernization efforts, and aesthetic enhancements, greatly improving traffic flow and safety in the City.

Interstate 40 Bypass encircles the southern portion of the City, intersecting Salem Parkway near Clemmons to the west and Kernersville to the east. Meanwhile, US Highway 52 runs north-south through the center of the county, intersecting Salem Parkway near downtown Winston-Salem.

The State is primarily responsible for the expansion, maintenance, and improvement of major highways within the County. Local municipalities manage their respective local street systems. The County participates actively in the Winston-Salem/Forsyth County Planning Board, allowing it to influence local road planning decisions without incurring direct financial obligations related to road construction or maintenance.

The Winston-Salem Northern Beltway is a transformative 34.5-mile multi-lane freeway loop designed to significantly reduce traffic congestion around Winston-Salem, North Carolina. The project, divided into Eastern (future I-74) and Western (future I-274) segments, has progressed in phases since construction commenced in December 2014, with the initial section opening in September 2020.

Currently, the Eastern Loop is partially operational and is expected to be fully completed by the end of 2026. Meanwhile, development on the Western Loop is scheduled to begin in 2030 and continue for about ten years. Upon full completion, the beltway is expected to deliver numerous benefits, including a 20% reduction in traffic volume on US 52, enhanced safety and mobility across the Winston-Salem region, commuter travel time savings of 15-20 minutes in specific areas, and expanded economic development opportunities. With the completion of the beltway, the City will also become the seventh city in North Carolina to feature a complete or partially completed Interstate loop.

Smith Reynolds Airport (the "*Airport*"), owned by the County and located minutes from downtown Winston-Salem, serves as a strategic hub for corporate aircraft, air charter services, general aviation, and air cargo operations. Spanning over 700 acres with two runways, the Airport has become a center for aviation sector growth. The County and FTCC invested $16 million in an aviation center on the premises, providing hangar, shop, and lab facilities for aerospace manufacturing education and maintenance service training. According to a January 2025 report by the North Carolina Department of Transportation's Division of Aviation, the Airport generates over $885 million in economic impact while supporting 3,190 jobs and contributing $251.3 million in personal income to the local economy. Additionally, Airport operations produce $24 million in state and local tax revenue, establishing it as one of the State's leading general aviation airports in economic impact.

Major air carrier service is also provided at the Piedmont Triad International Airport ("*PTIA*") located approximately 20 miles east of downtown Winston-Salem. Passenger service at PTIA is provided by four major airlines that serve on average over 65,000 flyers each month.

The Piedmont Authority for Regional Transportation ("*PART*") provides shuttle service in a ten-county area, including the County. Its operations are primarily funded by a five-cent tax levied on the short-term rental of private vehicles in six of its ten member counties, including the County. PART provides 30-minute service, five days a week, between the City, Greensboro, and High Point during peak travel periods with hourly service at other times of the day. Shuttle services are also available to PTIA and to any other destination within a range of three to four miles of the Regional Terminal.

AMTRAK Connector Service, which provides three daily round trips between the City and the High Point Rail Station, has developed into a valued service for passengers traveling on the Piedmont and the Carolinian passenger trains. Rail systems include Norfolk Southern Corporation, Yadkin Valley Railroad and the intrastate Winston-Salem Southbound Railway.

HUMAN SERVICES

Social Services Programs. Social services programs are funded primarily by the federal government and the State, with local matching funds provided by the County. Among the programs provided are Services to the Aged and Disabled, Aid to Families with Dependent Children, Special Assistance for Adults, Adoption and Foster Care, Medicaid, and Services to Families and Children. For the fiscal year ending June 30, 2025, the County appropriated $57,477,546 to these programs.

Public Health Programs. Community health services provided to County residents include maternal and child health care, disease detection and prevention, health education, school nursing service and environmental health programs. For the fiscal year ending June 30, 2025, the County appropriated $27,711,295 to these health programs.

Behavioral Health Services. The County and Partners Health Management ("*Partners*") collaboratively manage mental health, substance abuse, and developmental disability services. Partners, a Local Management Entity/Managed Care Organization (LME/MCO), manages Medicaid and state-funded behavioral health services across 14 North Carolina counties, including the County. The Highland Avenue Center, a County-owned building, houses multiple services, including a 24-hour Behavioral Health Urgent Care for crisis intervention, walk-in outpatient services, a primary care physical health clinic, Partners' offices, the County's Stepping Up program, Substance Use Services Coordinator, and related services. By June 30, 2025, renovations to the Highland Avenue Center for a 16-bed adult crisis center and County pharmacy will be complete. For the fiscal year ending June 30, 2025, the County appropriated $6,390,236 in local funds, $3,323,965 in Opioid Settlement Funds, and $904,853 in Pandemic Response funds for these behavioral health initiatives.

PUBLIC SERVICE ENTERPRISES

Water and Sewer System. The County is served by a consolidated water and sewer system administered by a Utility Commission which is appointed jointly by the County and the City and operated by the City. Water for the system comes from two sources, the Yadkin River and Salem Lake. The Yadkin River provides a large supply and is capable of supplying all of the area's water needs for the foreseeable future. The County has no financial responsibility for operation of the water and sewer system.

Electric and Natural Gas Service. Duke Energy provides electric service to residents of the County, and Piedmont Natural Gas provides natural gas service to residents of the County.

DEBT INFORMATION

Legal Debt Limit. In accordance with the provisions of the State Constitution and The Local Government Bond Act, as amended, the County had the statutory capacity to incur additional net debt in the amount of $2,901,721,877 as of June 30, 2024. For a summary of certain constitutional, statutory and administrative provisions governing or relating to the incurrence of debt by units of local government of the State, see **Appendix E** hereto.

Outstanding General Obligation Debt.

	PRINCIPAL OUTSTANDING AS OF JUNE 30,				
	2020	2021	2022	2023	2024
School	$233,951,255	$294,438,334	$281,934,178	$382,004,075	$363,784,850
Community College	35,756,539	57,531,062	54,738,332	63,917,872	60,612,092
Refunding	181,860,000	180,460,000	155,385,000	130,250,000	104,925,000
Other	61,522,206	68,900,604	65,442,490	64,963,053	61,358,058
TOTAL	$513,090,000	$601,330,000	$557,500,000	$641,135,000	$590,680,000

Latest Bonds Issued:

2022-23 $29,220,000 General Obligation Bonds, Series 2023A, 3.5658% true interest cost, 10.46 years average maturity.

$98,300,000 General Obligation Bonds, Series 2023B, 3.5299% true interest cost, 10.46 years average maturity.

Note: Outstanding general obligation debt set forth above does not include refunded bonds which are in-substance defeased.

General Obligation Debt Ratios.

AS OF JUNE 30	TOTAL GO DEBT[1]	ASSESSED VALUATION	TOTAL GO DEBT TO ASSESSED VALUATION	POPULATION[2]	TOTAL GO DEBT PER CAPITA	ASSESSED VALUATION PER CAPITA
2020	$513,090,000	$37,355,249,837	1.37%	383,953	$1,336	$97,291
2021	601,330,000	38,410,028,405	1.57	388,012	1,550	98,992
2022	557,500,000	43,063,714,841	1.29	390,794	1,427	110,195
2023	641,135,000	44,260,797,034	1.45	393,062	1,631	112,605
2024	590,680,000	45,610,109,776	1.30	393,062[3]	1,503	116,038
After Bonds now offered are issued[4]	$572,495,000[4]	$46,386,346,325[5]	1.23%	393,062[3]	$1,457	$118,013

[1] Does not include refunded general obligation bonds which are in substance defeased.
[2] Estimate of the North Carolina Office of State Budget and Management.
[3] 2023 population used.
[4] Preliminary; subject to change.
[5] Estimated as of January 31, 2025.

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General Obligation Debt Service Requirements and Maturity Schedules.

Fiscal Year Ending June 30th	Existing Debt		Bonds Now Offered*
	Principal	Principal & Interest	Principal
2026	$ 52,510,000	$ 72,650,466	$ 1,685,000
2027	52,405,000	70,285,712	1,685,000
2028	50,140,000	65,682,621	1,685,000
2029	49,945,000	63,615,834	1,685,000
2030	43,350,000	55,198,859	1,685,000
2031	36,050,000	46,126,734	1,685,000
2032	35,800,000	44,467,528	1,685,000
2033	31,850,000	39,258,653	1,680,000
2034	29,300,000	35,578,428	1,680,000
2035	29,290,000	34,594,453	1,680,000
2036	29,290,000	33,618,734	1,680,000
2037	22,930,000	26,283,015	1,680,000
2038	18,805,000	21,382,900	1,680,000
2039	18,805,000	20,742,069	1,680,000
2040	12,820,000	14,110,088	1,680,000
2041	12,820,000	13,726,188	1,680,000
2042	6,375,000	6,897,288	1,680,000
2043	6,375,000	6,636,144	1,680,000
2044	-	-	1,680,000
2045	-	-	1,680,000
Totals	$538,860,000	$670,855,714	$33,635,000

* Preliminary; subject to change.

General Obligation Bonds Authorized and Unissued.

Purpose	Date Approved	Authorized and Unissued	Bonds Now Offered*	Balance*
School	04/10/2025	$ 27,335,000	$ 27,335,000	--
Community College	04/10/2025	2,300,000	2,300,000	--
Parks and Recreation	04/10/2025	2,000,000	2,000,000	--
Public Facilities	04/10/2025	2,000,000	2,000,000	--
Total		$ 33,635,000	$ 33,635,000	--

* Preliminary; subject to change.

General Obligation Debt Information for Underlying Units as of June 30, 2024.

Unit	2023 Population[1]	Assessed Valuation	Tax Rate Per $100	Bonds Authorized and Unissued		Total GO Debt		Total GO Debt Per Capita
				Utility	Other	Utility	Other	
Winston-Salem	255,417	$27,685,093,433	.6610	—	$32,870,000	—	$225,525,000	$882.97

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

Other Long-Term Commitments. Other long-term commitments of the County as of June 30, 2024 are disclosed in the Notes to the Financial Statements included in **Appendix D**.

Debt Outlook. The County's Capital Improvement Plan through fiscal year 2030 allocates $84.2 million for proposed projects to be funded with long-term financing. This includes $65.3 million for public schools, $6.9 million for community college projects, $6.0 million for park system development and maintenance, and $6.0 million for County general capital improvements. The County will finance a portion of these projects with proceeds from the Bonds. The County is also considering presenting voters with a $330 million bond referendum in 2028, which would not require any tax rate increases to service the resulting debt.

TAX INFORMATION

General Information.

	Fiscal Year Ended or Ending June 30,				
	2021	2022	2023	2024	2025[3]
Assessed Valuation:					
Assessment Ratio[1]	100%	100%	100%	100%	100%
Real Property	$29,924,209,616	$34,468,614,147	$34,957,174,220	$35,796,667,950	$36,361,656,934
Personal Property	7,705,967,365	7,756,902,123	8,343,358,655	8,809,745,589	8,984,514,232
Public Service Companies[2]	779,851,424	838,198,571	960,264,159	1,003,686,237	1,040,175,159
Total Assessed Valuation	$38,410,028,405	$43,063,714,841	$44,260,797,034	$45,610,109,776	$46,386,346,325
Rate per $100	.7435	.6778	.6778	.6778	.6778
Levy[4]	$286,211,607	$293,652,311	$302,086,595	$310,929,904	$315,290,919

[1] Percentage of appraisal value has been established by statute. The most recent property revaluation was effective as of January 1, 2025 for the tax levy associated with the fiscal year ending June 30, 2026. Property revaluations are conducted every four years.
[2] Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Property Tax Commission.
[3] Estimated as of January 31, 2025.
[4] Includes certain additional discoveries, releases and refunds.

Tax Collections.

Fiscal Year Ended June 30	Collected within the Fiscal Year of the Levy		Collected in Subsequent Fiscal Years	Total Collections at FY End	
	Amount	Percentage of Levy		Amount	Percentage of Levy
2020	$279,198,788	99.05%	$2,080,140	$281,278,928	99.79%
2021	284,394,322	99.37	1,094,222	285,488,544	99.75
2022	291,834,443	99.38	1,101,553	292,935,966	99.76
2023	300,185,470	99.37	924,043	301,109,513	99.68
2024	308,682,492	99.28	--	308,682,492	99.28

Ten Largest Taxpayers for Fiscal Year ended June 30, 2024.

Name	Type of Enterprise	Assessed Valuation	Percentage of Total Assessed Valuation
Reynolds American Inc.	Tobacco, Foods, Petroleum, and Transportation	$1,120,994,636	2.46%
Duke Energy Corp./Piedmont Natural Gas	Electric Utility	714,807,068	1.57
Wells Fargo Bank, N.A.	Banking	352,852,974	0.77
Caterpillar Inc.	Manufacturer	223,760,631	0.49
Parr Investments	Real Estate Management	216,254,401	0.47
Firstkey Homes	Real Estate Management	184,749,385	0.41
Wexford Winston-Salem	Real Estate Management	179,489,801	0.39
Wake Forest Baptist Health	Healthcare	161,467,715	0.35
Ardagh Metal Packing USA Corp.	Manufacturer	154,705,695	0.34
Lowe's Data Center	Home Improvement Retailer	148,308,039	0.33
Totals		$3,457,390,345	7.58%

BUDGET

Budget Process. The General Statutes of North Carolina require the County to adopt an annual balanced budget. The General Statutes also provide for balanced project ordinances for the life of projects, including both capital and grant activities, which are expected to extend beyond the end of the fiscal year. The Board adopts the annual budget ordinance prior to July 1 of each year and adopts project ordinances as necessary. The Board has the authority to amend such ordinances.

2024-2025 Budget Commentary and Outlook. The County's adopted General Fund budget for the fiscal year ending June 30, 2025, is $583,718,640, an increase of $14,163,376, or 2.5%, from the General Fund budget for the fiscal year ended June 30, 2024. The budget increase is attributable to two primary factors, personal services and education. The two primary revenue sources, property tax and sales tax, were expected to see 1.8% growth over the prior year. The property tax rate remained unchanged at $.6778 per $100 valuation, which includes $.043 for bonds approved in 2006 and 2008, $.0055 for library bonds approved in 2010, $.0545 for public improvement bonds approved in 2016, and $.012 for a court facility project debt. As of March 31, 2025, the County had collected 79.4% of its budgeted General Fund operating revenues for the fiscal year ending June 30, 2025, which is $3.6 million more over the same period in the prior fiscal year, and incurred 69.3% of its budgeted General Fund operating expenditures, compared to 68.2% of budgeted expenditures for the same period in the prior fiscal year. Revenues and expenditures are tracking normally for fiscal year 2024-25, so the County expects the operations for the fiscal year to be consistent with the previous fiscal year and result in a similar reduction in the General Fund balance.

BENEFITS

Pension Plans. The County participates in the North Carolina Local Governmental Employees' Retirement System and the Supplemental Retirement Income Plan of North Carolina. The North Carolina Local Governmental Employees' Retirement System (the "*System*") is a service agency administered through a board of trustees by the State for public employees of counties, cities, boards, commissions, and other similar governmental entities. While the State Treasurer is the custodian of System funds, administrative costs are borne by the participating employer governmental entities. The State makes no contributions to the System.

The System provides, on a uniform System-wide basis, retirement and, at each employer's option, death benefits from contributions made by employers and employees. Employee members contribute 6% of their individual compensation. Each new employer makes a normal contribution plus, where applicable, a contribution to fund any accrued liability over a 24-year period. The normal contribution rate, uniform for all employers, was 13.60% of eligible payroll for general employees and 15.10% of eligible payroll for law enforcement officers for fiscal year 2024-25. The accrued liability contribution rate is determined separately for each employer and covers the liability of the employer for benefits based on employees' service rendered prior to the date the employer joins the system.

Members qualify for a vested deferred benefit at age 60 after at least five years of creditable service to the unit of local government. Unreduced benefits for general employees are available: at age 65, with at least five years of creditable service; at age 60, with at least 25 years of creditable service; or after 30 years of creditable service, regardless of age. Benefit payments are computed by taking an average of the annual compensation for the four consecutive years of membership service yielding the highest average.

This average is then adjusted by a percentage formula, by a total years of service factor and by an age service factor if the individual is not eligible for unreduced benefits.

Contributions to the System are determined on an actuarial basis. The County's contributions to the System for the fiscal year ended June 30, 2024 were $16,155,227. The contributions made by the County equaled the required contributions for each fiscal year.

For more information concerning the County's participation in the North Carolina Local Governmental Employees' Retirement System and the Supplemental Retirement Income Plan of North Carolina see the Notes to the County's Audited Financial Statements and the required supplementary information in **Appendix D**.

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

Other Post-Employment Benefits. The County provides certain other post-employment benefits (OPEB) as part of the total compensation offered to attract and retain the services of qualified employees. These benefits include medical benefits, limited life insurance coverage for disability retirees only, and a $2,000 death benefit for all employees retiring with at least 15 years of continuous full-time County service, except disability retirees. Current policy allows retired County employees who meet eligibility criteria to participate in the County's medical plan until they reach age 65 or are eligible for Medicare for the same premium as active employees. Coverage for eligible dependents on the plan the day before the employee retired may be continued until eligibility ceases. Based on the level of coverage, the County pays between 70.7% and 88.8% of the established premium cost, and the retiree pays the same premium as active employees.

The contribution requirements of the County are established and may be amended by the Board. The required contribution is based on projected pay-as-you-go financing requirements and an additional amount to prefund benefits as determined annually by the Board for the County. The County pays the full costs of retiree death benefits and life insurance for disability retirees, which were $11,000 and $10,166, respectively, for the fiscal year ended June 30, 2024. For the fiscal year ended June 30, 2024, the County contributed $3,154,769 for healthcare benefits and also contributed $1,600,000 to prefund benefits. This contribution is made to an irrevocable trust created by the County that is invested in the State-managed Ancillary Governmental Participant Investment Program. The plan fiduciary net position in this trust as of June 30, 2024, was $50,577,976.

At June 30, 2024, the County reported a net OPEB liability of $22,907,545. The total OPEB liability ($73,485,521) used to calculate the net OPEB liability is based upon an actuarial valuation as of June 30, 2022. The expected total OPEB liability is determined as of June 30, 2024 using standard roll forward techniques. The ratio of plan fiduciary net position to total OPEB liability is 68.83%.

The actuarial assumptions included (a) 6.27% investment rate of return and (b) projected health care cost increases of 7.00% decreasing to an ultimate rate of 4.50% by 2032. Item (b) included an inflation component of 2.50%. The assumptions did not include post-retirement benefit increases.

CONTINGENT LIABILITIES

The County is involved in several claims and lawsuits, which it intends to defend vigorously. The County's legal counsel is of the opinion that any possible liability of the County resulting from an adverse adjudication in such litigation and not covered by insurance would not have a materially adverse effect on the financial position of the County.

APPENDIX B

THE NORTH CAROLINA LOCAL GOVERNMENT COMMISSION

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

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

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

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

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

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

APPENDIX C

Management Discussion and Analysis

The following is Management's Discussion and Analysis of the financial activities of the County, lifted from the Annual Comprehensive Financial Report for Forsyth County for the fiscal year ended June 30, 2024. Management's Discussion and Analysis provides an objective and easily readable short and long-term analysis of the County's financial activities based on currently known facts, decisions, or conditions. Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. The independent auditors of the County have applied certain limited procedures, which consist primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, they did not audit this information and did not express an opinion on it.

Management's Discussion and Analysis

As management of Forsyth County, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2024. This narrative complements the data presented in the basic financial statements and we encourage readers to read the information presented here in conjunction with the transmittal letter at the front of this report and the County's financial statements, which follow this narrative.

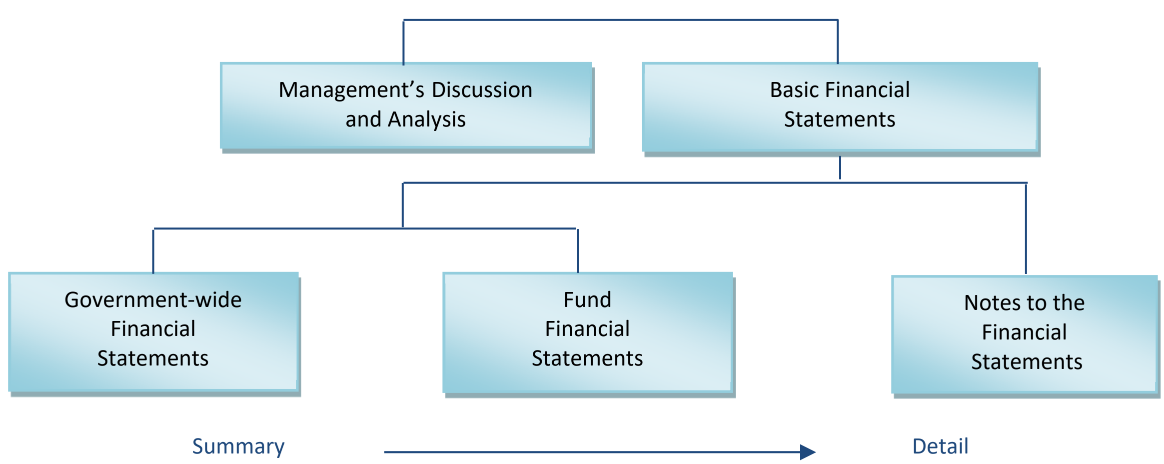
FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of Forsyth County exceeded liabilities and deferred inflows of resources at the close of the fiscal year by $66.2 million (*net position*).
- The County's total net position increased by $38.3 million from net position of the prior period despite the payment of $51.0 million for public school and community college facilities that are not reported as assets of the County.
- Forsyth County maintained its Aaa bond rating from Moody's Investors Service and AAA rating from Standard & Poor's Corporation for the 29th consecutive year.
- As of the close of the current fiscal year, Forsyth County's governmental funds reported combined ending fund balances of $516.0 million, a decrease of $34.5 million in comparison with the prior year. This decrease is largely attributed to County and Education Facilities capital project expenditures.
- The balance in the Education Debt Leveling Plans increased by a net $955,000 for the year bringing the total available to pay for future education-related debt service to $12.8 million. The balance in the Library Debt Leveling Plan increased by a net $670,000 for the year bringing the total available to pay for future library-related debt service to $3.0 million. The balance in the Public Improvement Debt Leveling Plan decreased by a net $4.9 million for the year bringing the total available to pay for future public improvement-related debt service to $9.3 million. The balance in the Courthouse Debt Leveling Plan decreased by a net $1.4 million for the year bringing the total available to pay for future courthouse-related debt service to $10.3 million. The reduction in plan reserves is expected as they are utilized to pay debt service in the latter years of the respective issues.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $81.7 million or 15.3% of total general fund expenditures for the fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to Forsyth County's basic financial statements. The County's basic financial statements have 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 supplementary information that will enhance the reader's understanding of the financial condition of Forsyth County.

Required Components of Annual Financial Report



BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, in a manner similar to a 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 **statement of net position** presents information on all of Forsyth County's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful way to gauge the County's financial condition.

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

Both government-wide statements are intended to distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are expected to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). Forsyth County has no business-type activities. Accordingly, the statement of net position and the statement of activities present only governmental activities, which include all of the County's basic services such as public safety, environmental protection, human services, culture and recreation, community and economic development, education, and general government. Property taxes, sales taxes and state and federal grant funds finance most of these activities. Additionally, these statements report only the activities of the primary government, Forsyth County, because the County's component unit, the Forsyth County Industrial Facilities and Pollution Control Financing Authority, has no financial transactions or account balances to report.

The government-wide financial statements are 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. Forsyth 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 Forsyth 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. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on quantifying monies remaining 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,* which provides a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in reconciliations that are part of the fund financial statements.

All of the County's basic services were accounted for in 12 governmental funds for the year ended June 30, 2023. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the County Facilities Projects Fund, the Education Facilities Projects Fund, and the Pandemic Response Fund which are considered to be major funds. Data for the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds are provided in the form of combining statements elsewhere in this report.

Forsyth County adopts an annual budget for its General Fund, as required by the North Carolina 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. Forsyth County's budget is prepared on the modified accrual basis of accounting. The summary budgetary comparison statement on Exhibit 5 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. A more detailed budgetary comparison schedule elsewhere in this report is presented at the legal level of budgetary control.

The basic governmental fund financial statements are Exhibits 3, 4, and 5 of this report.

Proprietary Funds – Forsyth County has one kind of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the functions of the County. The County uses an internal service fund to account for risk retention services for health and dental benefits provided to departments of the County on a cost reimbursement basis. The Employee Health Benefits fund has been included with the governmental activities in the government-wide financial statements, and it is presented in the proprietary fund financial statements, Exhibits 6, 7, and 8 of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Forsyth County's own programs. One trust fund, the other post-employment benefit trust, and two custodial funds comprise the County's fiduciary funds. The basic fiduciary fund financial statements can be found on Exhibits 9 and 10.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 23 - 54 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Forsyth County's progress in funding its obligation to provide pension benefits and other post-employment benefits ("OPEB") to certain employees. Required supplementary information can be found on pages 55 - 60 of this report.

Budgetary comparison schedules for major funds are presented following the required supplementary information on pensions and OPEB. The combining statements referred to earlier in connection with nonmajor governmental funds and individual fund statements and schedules can be found on pages 92 – 108 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of Forsyth County exceed liabilities and deferred inflows of resources by $66.2 million as of June 30, 2024. The total net position of the County is negatively affected by its issuance of debt for the construction, renovation, or acquisition of public school and community college facilities that are not reported as assets of the County. These facilities are necessary to provide for the education of the citizens of the County. North Carolina statutes do not permit public schools and community colleges to issue debt; responsibility for providing these facilities lies with the County. The titles to these assets are held by the Winston-Salem/Forsyth County Board of Education or Forsyth Technical Community College, and the assets are reported on their financial statements, as applicable. The outstanding amount of education-related debt, net of unspent proceeds, is $367.1 million at year-end and is reported as a reduction of unrestricted net position for governmental activities, resulting in a deficit balance of $309.7 million for this category of net position. Had the education-related debt not been reported as a reduction of unrestricted net position, the balance of unrestricted net position for governmental activities would be a deficit of $57.4 million and total net position would be $433.3 million, an increase in adjusted total net position of $23.7 million over the prior year.

The following summarizes Net Position at June 30, 2024 and 2023:

Forsyth County's Net Position

	Governmental Activities	
	2024	**2023**
Current and other assets	$ 594,598,281	$ 661,740,841
Capital assets, non-current lease receivable	405,386,579	383,679,503
Total assets	999,984,860	1,045,420,344
Deferred outflows of resources	62,943,682	62,804,455
Long-term liabilities outstanding	822,073,256	880,644,545
Other liabilities	147,955,190	166,329,957
Total liabilities	970,028,446	1,046,974,502
Deferred inflows of resources	26,654,122	33,346,854
Net position:		
Net investment in capital assets	232,911,258	211,657,845
Restricted	143,034,916	130,993,945
Unrestricted deficit	(309,700,200)	(314,748,347)
Total net position	$ 66,245,974	$ 27,903,443

A major portion of net position reflects the County's $232.9 million investment in capital assets (e.g., land, buildings, vehicles, and equipment) less any related debt still outstanding that was issued to acquire those items. Forsyth County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Forsyth 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 $143.0 million of Forsyth County's net position are subject to external restrictions on how they may be used.

The deficit in unrestricted net position decreased by $5.0 million. The change in unrestricted net position resulting from governmental activities is discussed in the following section.

Governmental activities. Since the County has no business-type activities, the total change in net position is a result of governmental activities. The County's net position increased by $38.3 million for the fiscal year ended June 30, 2024.

The following summarizes the changes in net position for the years ended June 30, 2024 and 2023:

Forsyth County's Changes in Net Position

	Governmental Activities	
	2024	**2023**
Revenues:		
Program revenues:		
Charges for services	$ 44,688,704	$ 39,069,884
Operating grants and contributions	81,436,134	88,059,984
Capital grants and contributions	12,556,934	10,725,650
General revenues:		
Property taxes	322,555,374	313,776,668
Other taxes	111,792,839	114,290,120
Grants and contributions not restricted to specific programs	4,241,681	10,159,198
Other	31,447,548	19,325,905
Total revenues	608,719,214	595,407,409
Expenses:		
General government	69,828,124	59,336,945
Public safety	121,673,832	109,807,538
Environmental protection	3,416,747	3,465,816
Human services	94,716,403	102,345,711
Culture and recreation	18,029,848	17,673,605
Community and economic development	7,531,065	6,504,022
Education	230,803,309	222,312,377
Interest on long-term debt	24,377,355	12,138,658
Total expenses	570,376,683	533,584,672
Increase in net position	**38,342,531**	**61,822,737**
Net position, July 1	27,903,443	(33,919,294)
Net position, June 30	**$ 66,245,974**	**$ 27,903,443**

As noted above, the balance of assets available to meet the government's ongoing obligations is obscured by debt issued to finance capital assets that are not reported as assets of the County. In spite of this, the County's financial position is strong as evidenced by the following:

- Program and general revenues increased $13.3 million from the prior year attributed primarily to increases in property tax revenue and interest earnings.
- Education expenses of $51.0 million represent debt-funded outlays for which the resulting capital assets are not reported as assets of the County; however, liability for the applicable debt is reported on the County's Statement of Net Position.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, Forsyth County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. For the fiscal year ended June 30, 2024, the County's four major funds were the General Fund, the County Facilities Projects Fund, the Education Facilities Projects Fund, and the Pandemic Response Fund.

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

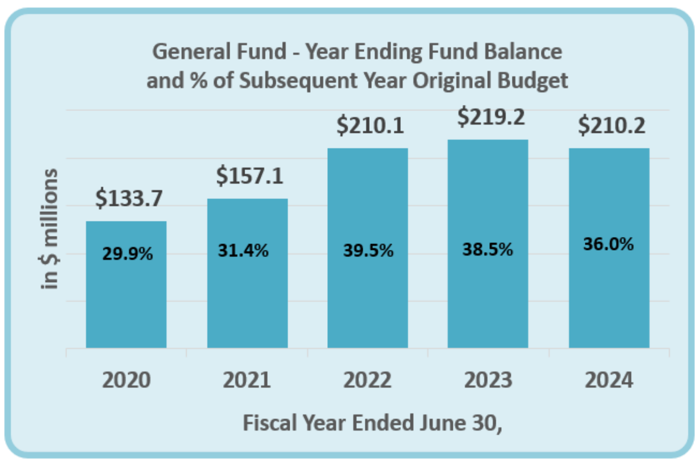
As of the end of the fiscal year, the County's governmental funds reported combined fund balances of $516.0 million, a decrease of $34.5 million from the prior year. This decrease is largely attributed to County and Education Facilities capital project expenditures. Approximately 64.2%, or $331.2 million of total combined fund balance, is restricted or non-spendable. $188.4 million of this restricted total is restricted for debt funded capital expenditures. $96.2 million is committed for future debt service, economic development projects, or capital projects. $34.0 million is assigned for subsequent fiscal year 2025 expenditures and capital projects. The remainder of the fund balance is unassigned.

General Fund Budgetary Highlights The General Fund is the primary operating fund of the County. During the fiscal year, the County revised the General Fund 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 or initiate new programs where timing is critical.

Amendments to the General Fund budget during the year totaled $49.8 million. Unanticipated federal, State and local grants totaling $8.5 million were appropriated for public health and social services, public safety initiatives and environmental protection programs. Appropriations of $33.1 million were made from fund balance, including $24.9 million to fund a variety of pay-go capital projects, $2.4 million for prior year encumbrances, $2.0 million the purchase of emergency services vehicles, $1.0 million to increase pay and fund additional positions for the Sheriff's Office, $801,000 in Article 46 sales tax earmarked for the Winston-Salem/Forsyth County Schools, $780,000 for human services initiatives, $700,000 for Kaleideum museum funding, and $389,000 to fund treatment programs for incarcerated individuals held at the County detention center.

Although $58.9 million of fund balance was appropriated in the final budget, the net change in fund balance for the year was a decrease of just $9.0 million.

General Fund At the end of the current fiscal year, the fund balance in the General Fund was $210.2 million, a decrease of $9.0 million, with $160.0 million net of statutory restriction and available for appropriation. From this amount, $44.2 million was placed in restricted or committed fund balance leaving a fund balance, net of restricted and committed fund balance, of $115.7 million, or 19.8% of the County's 2025 budget. $24.7 million was appropriated to balance the fiscal 2025 budget leaving 15.6% available fund balance of which 14% was set aside in accordance with the County's fund balance policy. To meet the cash flow needs of the County and to provide for unforeseen needs or opportunities, the governing body of Forsyth County has determined that the County should maintain a minimum unassigned fund balance of 14% of its subsequent year's general fund expenditures. The County met this policy target ending the 2024 fiscal year with an unassigned fund balance of $81.7 million.



Key factors that resulted in the $9.0 million decrease in the General Fund fund balance include:

- Growth in General Fund expenditures outpaced growth in revenues by $12.9 million. Much of the expenditure growth is attributed to a $20.3 million increase in personal services as the cost of labor and associated benefits continued to push higher. Non-capital operating support for the Winston-Salem/Forsyth County Schools and Forsyth Technical Community College also increased $6.1 million and $551,000, respectively. Purchased services increased by $4.2 million attributed primarily to increases in utility, contract and food services costs.
- Offsetting a portion of the expenditure growth were increases in property tax revenue ($8.4 million), charges for services ($4.6 million) and interest earnings ($4.7 million). The increase in property tax revenue arose from a $157.4 million increase in the County's fiscal year 2024 assessed property valuation combined with continued diligence in the collection efforts which resulted in a 99.28% collection percentage and allows the County to realize nearly full benefit of its property tax levy. Charges for services increased from improved ambulance collections, increased law enforcement services and improvements in culture and recreation fees.

County Facilities Projects Fund accounts for capital project ordinances adopted for the construction of and renovation to County facilities and the related acquisition of land, furnishings and equipment, funded by proceeds of general obligation bonds, limited obligation bonds, and general County revenues. Project spending during fiscal year 2024 included:

- $10.3 million for general government projects including $6.7 million for the County's new 250,000-square-foot, 18-courtroom courthouse facility. The $97.5 million facility was opened in October 2023. $2.4 million was also spent on a new vehicle maintenance facility to be shared with the Winston-Salem/Forsyth County Schools.
- $13.1 million for culture and recreation projects including $5.5 million for the new Kaleideum museum. The 73,600-square-foot, 4-story facility which cost $33.5 million opened in March 2024. Work continued on development of the Belews Lake Park with $3.1 million spent in the current year funded from both State grants and County general revenue sources. Construction began on a new $16 million golf clubhouse at Tanglewood Park and a $12.6 million multi-event agricultural park complex in the north central part of the County.
- $11.1 million for renovations, new construction, and improvements at the Smith Reynolds Airport. An additional $74.5 million is budgeted for airport improvements over the next several years.
- $3.5 million for public safety including $1.2 million for radio system upgrade, $1.5 million for public safety center upfits, and $756,000 for emergency vehicles.

The fund balance in the County Facilities Projects Fund at June 30, 2024 is $109.8 million comprised of $63.4 million in restricted, $53.1 million in committed, and a deficit of $6.7 million unassigned.

Education Facilities Projects Fund accounts for the construction of and renovation to school and community college facilities and the related acquisition of land, furnishings and equipment financed by proceeds of general obligation bonds. Project spending during fiscal year 2024 included:

- $12.4 million for Forsyth Technical Community College projects.
- $38.4 million for Winston-Salem Forsyth County Schools capital projects.

The fund balance in the Education Facilities Projects Fund at June 30, 2024 is $181.9 million comprised of $177.0 million restricted and $4.9 million committed funds. Expenditure of the remaining proceeds is expected to extend out through 2026.

Pandemic Response Fund The Pandemic Response special revenue fund accounts for federal grant funds received from the Emergency Rental Assistance Program and Local Fiscal Recovery Fund under the American Rescue Plan Act for expenditures incurred in response to and in recovery from the Coronavirus Disease 2019 public health emergency. During the year, the Pandemic Response Fund distributed $15.1 million in Local Fiscal Recovery Fund funds under the American Rescue Plan Act with an additional $23.1 million received but unearned and available for future spending as of June 30, 2024.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. Forsyth County's investment in capital assets for its governmental activities as of June 30, 2024, totals $398.9 million (net of accumulated depreciation), a $21.6 million increase from the prior year. These assets include land, buildings, construction-in-progress, park facilities, equipment, vehicles, software and subscription-based information technology arrangements.

Forsyth County's Capital Assets
(net of depreciation)

	Governmental Activities	
	2024	**2023**
Land	$ 22,110,621	$ 21,929,963
Art collections	851,438	851,438
Construction-in-progress	43,903,385	148,053,844
Buildings and right-to-use buildings	281,898,611	158,968,696
Improvements other than buildings	34,052,941	29,886,352
Equipment and right-to-use equipment	5,468,758	5,937,083
Vehicles	6,881,018	4,890,644
Right-to-use other assets	661,652	735,981
Software	30,643	76,864
Subscription assets	3,085,947	6,013,021
Total Capital Assets	$ 398,945,014	$ 377,343,886

Additional information on the County's capital assets can be found in Note 4e on pages 36 - 37 of the Basic Financial Statements.

Long-term Debt. At June 30, 2024, Forsyth County had total bonded debt outstanding of $590.7 million, all of which is backed by the full faith and credit of the County, total limited obligation and installment financing debt of $106.8 million secured solely by specified property, and unsecured long-term debt of $4.0 million. The County's total liability for bonded debt, limited obligation bonds, installment financing agreements, and unsecured debt is $701.5 million, a decrease of $58.7 million from the previous year.

At June 30, 2024 and 2023, the County's bonded and non-bonded debt consisted of:

Forsyth County's Outstanding Debt

	Governmental Activities	
	2024	**2023**
General obligation bonds	$ 590,680,000	$ 641,135,000
Limited Obligation Bonds	105,600,000	112,905,000
Installment purchase obligations	1,245,000	1,890,000
Other long-term borrowing	3,976,000	4,224,500
Total Outstanding Debt	$ 701,501,000	$ 760,154,500

As mentioned in the financial highlights section of this document, Forsyth County maintained for the 29th consecutive year its Aaa bond rating from Moody's Investors Service and AAA rating from Standard and Poor's Corporation. This bond rating is a clear indication of the sound financial condition of Forsyth County. This achievement is a primary factor in keeping interest costs on the County's outstanding debt low.

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 current debt limitation for Forsyth County is $3.6 billion. The County's total bonded debt is 1.36% of assessed valuation, well below the 8% of assessed valuation legal debt limit.

Additional information regarding Forsyth County's long-term debt can be found in Note 4i on pages 38 - 42 of the Basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S GENERAL FUND BUDGET AND RATES

The County has adopted a General Fund budget for the fiscal year ending June 30, 2025 in the amount of $583.7 million, a decrease of $27.4 million or 4.5% from the final 2024 budget of $611.1 million. The property tax rate of $0.6778 per hundred dollars assessed value is unchanged from the prior year rate. $33.3 million of the County's $159.9 million available fund balance was appropriated of which $8.7 million was from restricted and committed fund balances. Fund balance available net of restricted and committed fund balance and fund balance appropriated for the fiscal year 2025 budget is 15.6% of 2025 budgeted expenditures.

Significant factors considered in the preparation of the fiscal year 2025 County budget include:

- The County strives to limit the growth of the annual operating budget to an amount which can be accommodated by growth in the tax base as well as other local, state and federal revenues, without a tax rate increase, whenever possible.
- The three overarching themes that drive expenditures are: support for the Winston-Salem/Forsyth County Schools, debt service, and competition in the job market.
- The surge in sales tax growth during and coming out of the COVID pandemic years has slowed resulting in more modest revenue projections.
- Interest rates are expected to moderate but remain above levels of recent years and continue to support investment earning projections.

REQUESTS FOR INFORMATION

This discussion and analysis is designed to provide an overview of Forsyth County's finances for those with an interest in this area. Additional information can be found on the County's website at www.co.forsyth.nc.us. Questions concerning any of the information found in this report or requests for additional information should be directed to the Chief Financial Officer, Forsyth County Government Center, 201 N. Chestnut Street, Winston-Salem, NC 27101- 4120, or by calling (336) 703-2050.

APPENDIX D

Financial Information

Financial Statements

The financial statements of the County have been audited by certified public accountants for the fiscal years ended June 30, 2024, 2023, and 2022. Copies of these financial statements containing the reports of the independent certified public accountants are available on the County's website (https://www.co.forsyth.nc.us/Finance/ACFR.aspx) or by contacting the Chief Financial Officer at the Forsyth County Government Center, 201 North Chestnut Street, Winston-Salem, North Carolina 27101-4120, or by calling (336) 703-2050.

The Government Finance Officers Association (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Annual Comprehensive Financial Report for the past 40 years, including the fiscal year ended June 30, 2023. To receive this award, the highest form of recognition in governmental financial reporting, a governmental unit must publish a financial report which complies with both generally accepted accounting principles and applicable legal requirements. The County believes that the annual financial report for the year ended June 30, 2024, will continue to meet the requirements under the Certificate of Achievement Program.

The County financial statements present the government-wide financial statements, which are shown on pages D-2 through D-3 of this official statement and include fund and budgetary reporting. The government-wide financial statements are prepared on the full accrual basis of accounting. The government-wide statements report capital assets and all long-term obligations, for both governmental-type and business-type activities. As a result, government officials can demonstrate operational accountability in their stewardship of public funds in the long-term, in addition to demonstrating fiscal accountability in the short-term through the budgetary statements.

Fund reporting is presented to report on the government's most important funds individually as *major* funds instead of reporting all funds in the aggregate by fund type. The General Fund is always a major fund for a unit of government, and other governmental or enterprise funds may qualify as well. Also, in addition to presenting the budget as it stands at fiscal year-end, the budget is presented as originally adopted by the governing board as well. This information will provide readers the opportunity to see what changes have been made to the budget over the course of the fiscal year and to evaluate the County's ability to manage and estimate its resources. See page D-10 for the presentation of the County's budgetary statement.

The following financial statements are the Basic Financial Statements of the County and the notes thereto, lifted from the Annual Comprehensive Financial Report of the County for the fiscal year ended June 30, 2024.

FORSYTH COUNTY, NORTH CAROLINA

Exhibit 1

Statement of Net Position

June 30, 2024

		Governmental Activities
ASSETS		
Cash and cash equivalents / investments	$	274,619,051
Cash and cash equivalents / investments - restricted		258,751,815
Taxes receivable (net)		2,538,275
Accounts receivable (net)		5,699,159
Accrued interest receivable		1,817,350
Due from other governments		51,172,631
Leases Receivable		5,954,300
Net pension asset - restricted		365,015
Prepaid items		122,250
Capital assets:		
Land, collections, and construction-in-progress		66,865,444
Other capital assets, net of depreciation		332,079,570
Total capital assets		398,945,014
Total assets		**999,984,860**
DEFERRED OUTFLOWS OF RESOURCES		
Pension related deferrals		57,094,569
OPEB related deferrals		4,755,960
Deferred charge on refunding		1,093,153
Total deferred outflows of resources		**62,943,682**
LIABILITIES		
Accounts payable and accrued liabilities		23,400,617
Unearned revenue		42,577,140
Accrued interest payable		6,547,885
Due to other governments		2,433,710
Current portion of long-term liabilities		72,995,838
Noncurrent liabilities due in more than one year:		
Total pension liability-LEOSSA		13,195,454
Net pension liability-LGERS		87,693,844
Net OPEB liability		22,907,545
Other long-term liabilities		698,276,413
Total liabilities		**970,028,446**
DEFERRED INFLOWS OF RESOURCES		
Leases		6,035,656
Pension related deferrals		2,290,344
OPEB related deferrals		18,328,122
Total deferred inflows of resources		**26,654,122**
NET POSITION		
Net investment in capital assets		232,911,258
Restricted for:		
Stabilization by state statute		126,002,285
Pension asset - Register of Deeds		365,015
General government		2,136,515
Public safety		3,037,273
Human services		8,806,571
Community and economic development		2,687,257
Unrestricted deficit		(309,700,200)
Total net position	**$**	**66,245,974**

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

FORSYTH COUNTY, NORTH CAROLINA

Exhibit 2

Statement of Activities

For the Fiscal Year Ended June 30, 2024

		Program Revenues			
Functions	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**
Governmental:					
General government	$ 69,828,124	5,495,211	2,116,752	-	(62,216,161)
Public safety	121,673,832	21,742,436	4,138,870	-	(95,792,526)
Environmental protection	3,416,747	233,895	1,311,035	-	(1,871,817)
Human services	94,716,403	7,155,435	66,166,737	-	(21,394,231)
Culture and recreation	18,029,848	5,745,922	2,591,912	1,838,295	(7,853,719)
Community and economic development	7,531,065	4,276,011	1,413,232	10,718,639	8,876,817
Education	230,803,309	39,794	3,697,596	-	(227,065,919)
Interest on long-term debt	24,377,355	-	-	-	(24,377,355)
Total governmental activities	$ 570,376,683	44,688,704	81,436,134	12,556,934	(431,694,911)

General revenues:	
Taxes:	
Property taxes, levied for general purposes	322,555,374
Local option sales tax	107,042,735
Occupancy taxes, levied for economic development	1,141,575
Gross receipts tax	477,751
Excise stamp tax	3,130,778
Grants and contributions not restricted to specific programs	4,241,681
Interest earnings	29,977,898
Miscellaneous, unrestricted	1,469,650
Total general revenues	470,037,442
Change in net position	38,342,531
Net position - beginning	27,903,443
Net position - ending	**$ 66,245,974**

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

FORSYTH COUNTY, NORTH CAROLINA

Exhibit 3

Balance Sheet

Governmental Funds

June 30, 2024

		General Fund	County Facilities	Education Facilities	Pandemic Response	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and investments	$	178,564,554	86,645,963	4,785,430	-	-	269,995,947
Cash and investments - restricted		-	45,414,130	176,185,684	25,645,153	11,506,848	258,751,815
Receivables (net):							
Property taxes		1,830,673	-	-	-	67,984	1,898,657
Occupancy taxes		99,376	-	-	-	-	99,376
Other taxes		45,952	-	-	-	-	45,952
Accounts		4,828,558	-	-	-	1,682	4,830,240
Accrued interest		1,135,453	353,407	41,144	172,351	70,801	1,773,156
Due from other governments		38,159,869	7,179,392	849,322	145,651	4,838,029	51,172,263
Due from other funds		3,749,785	-	-	-	-	3,749,785
Leases receivable		5,954,300	-	-	-	-	5,954,300
Prepaid items		122,250	-	-	-	-	122,250
Total assets	**$**	**234,490,770**	**139,592,892**	**181,861,580**	**25,963,155**	**16,485,344**	**598,393,741**
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	$	9,994,190	11,866,377	-	1,140,623	212,041	23,213,231
Due to other governments		2,420,315	-	-	-	4,422	2,424,737
Due to other funds		-	-	-	-	3,749,785	3,749,785
Unearned revenue		1,583,818	17,874,965	-	23,118,357	-	42,577,140
Total liabilities		13,998,323	29,741,342	-	24,258,980	3,966,248	71,964,893
Deferred Inflows of Resources:							
Unavailable taxes		1,830,673	-	-	-	67,984	1,898,657
Unavailable other revenue		2,456,762	50,000	-	-	-	2,506,762
Leases		6,035,656	-	-	-	-	6,035,656
Total deferred inflows of resources		10,323,091	50,000	-	-	67,984	10,441,075

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

(continued)

FORSYTH COUNTY, NORTH CAROLINA

Exhibit 3

Balance Sheet

Governmental Funds

June 30, 2024

		General Fund	County Facilities	Education Facilities	Pandemic Response	Nonmajor Governmental Funds	Total Governmental Funds
Fund balances:							
Nonspendable		122,250	-	-	-	-	122,250
Restricted		56,155,285	63,399,879	176,988,298	18,386,747	16,127,578	331,057,787
Committed		38,176,186	53,119,300	4,873,282	-	-	96,168,768
Assigned		33,995,025	-	-	-	-	33,995,025
Unassigned		81,720,610	(6,717,629)	-	(16,682,572)	(3,676,466)	54,643,943
Total fund balances		210,169,356	109,801,550	181,861,580	1,704,175	12,451,112	515,987,773
Total liabilities, deferred inflows of resources and fund balances	$	**234,490,770**	**139,592,892**	**181,861,580**	**25,963,155**	**16,485,344**	**598,393,741**

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

FORSYTH COUNTY, NORTH CAROLINA — Exhibit 3.1

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2024

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

Fund balances - total governmental funds	$	515,987,773
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		398,945,014
Other long-term assets used in governmental activities are not a current financial resource and, therefore, are not reported in the funds.		859,305
Deferred outflows of resources used in governmental activities represent a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then, and therefore, are not reported in the funds.		62,943,682
Earned revenue that is not available to pay current period expenditures is deferred in the funds.		4,405,419
Deferred inflows of resources used in governmental activities represent an acquisition of net position that applies to a future period and so will not be recognized as a revenue until then, and therefore, are not reported in the funds.		(20,618,466)
An internal service fund is used by management to charge the costs of health and dental benefits to individual funds. Assets and liabilities of the internal service fund are included in governmental activities of the statement of net position.		2,923,226
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		(899,199,979)
Net position of governmental activities	**$**	**66,245,974**

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

FORSYTH COUNTY, NORTH CAROLINA

Exhibit 4

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2024

	General Fund	County Facilities	Education Facilities	Pandemic Response	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes	$ 310,615,172	-	-	-	11,921,221	322,536,393
Occupancy taxes	1,141,575	-	-	-	-	1,141,575
Local option sales taxes	103,836,182	-	-	-	3,206,553	107,042,735
Other taxes	477,751	-	-	-	-	477,751
Licenses and permits	834,390	-	-	-	-	834,390
Intergovernmental	51,732,050	17,492,926	-	21,760,858	12,576,866	103,562,700
Charges for services	35,692,596	-	-	-	-	35,692,596
Investment earnings	14,007,791	5,241,051	10,642,358	1,445,434	435,715	31,772,349
Other	14,820,804	231,841	-	-	97,051	15,149,696
Total revenues	533,158,311	22,965,818	10,642,358	23,206,292	28,237,406	618,210,185
Expenditures:						
Current:						
General government	50,514,340	-	-	-	-	50,514,340
Public safety	103,693,267	-	-	-	11,647,414	115,340,681
Environmental protection	3,313,596	-	-		-	3,313,596
Human services	78,329,796	-	-	13,679,563	1,423,401	93,432,760
Culture and recreation	17,849,097	-	-	-	-	17,849,097
Community and economic development	5,596,107	-	-	-	536,131	6,132,238
Education	756,776	-	-	-	-	756,776
Intergovernmental: Education	179,208,456	-	50,819,151	-	-	230,027,607
Debt service:			-	-		
Principal retirement	61,176,520	-	-	65,018	78,052	61,319,590
Interest and other charges	29,312,752	-	174,408	2,719	-	29,489,879
Capital outlay	4,487,040	38,509,700	-	1,376,447	881,426	45,254,613
Total expenditures	534,237,747	38,509,700	50,993,559	15,123,747	14,566,424	653,431,177
Excess (deficiency) of revenues over expenditures	(1,079,436)	(15,543,882)	(40,351,201)	8,082,545	13,670,982	(35,220,992)

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

(continued)

FORSYTH COUNTY, NORTH CAROLINA

Exhibit 4

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2024

	General Fund	County Facilities	Education Facilities	Pandemic Response	Nonmajor Governmental Funds	Total Governmental Funds
Other financing sources (uses):						
Lease liabilities issued	45,081	-	-	-	-	45,081
Subscription liabilities issued	34,737	-	-	-	619,540	654,277
Transfers in	15,683,809	22,156,879	1,498,642	-	52,190	39,391,520
Transfers out	(23,707,711)	-	-	(8,064,715)	(7,619,094)	(39,391,520)
Total other financing sources (uses)	(7,944,084)	22,156,879	1,498,642	(8,064,715)	(6,947,364)	699,358
Net change in fund balances	(9,023,520)	6,612,997	(38,852,559)	17,830	6,723,618	(34,521,634)
Fund balance - June 30, 2023	219,192,876	103,188,553	220,714,139	1,686,345	5,727,494	550,509,407
Fund balance - June 30, 2024	**$ 210,169,356**	**109,801,550**	**181,861,580**	**1,704,175**	**12,451,112**	**515,987,773**

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

FORSYTH COUNTY, NORTH CAROLINA Exhibit 4.1

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Fiscal Year Ended June 30, 2024

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

Net change in fund balances - total governmental funds	$ (34,521,634)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	22,189,671
Contributions in the current fiscal year to the pension plans are not included on the Statement of Activities.	16,656,006
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(588,543)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	(9,400,471)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	60,620,232
Expenses in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the governmental funds.	(12,927,772)
Internal service funds are used by management to charge the costs of health and dental benefits to individual funds. The profit or loss generated by the internal service fund is eliminated on the statement of activities.	(3,684,958)
Change in net position of governmental activities	$ 38,342,531

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

Exhibit 5

FORSYTH COUNTY, NORTH CAROLINA

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

General Fund

For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget
Revenues:				
Property taxes	$ 306,880,680	306,880,680	310,615,172	3,734,492
Occupancy taxes	1,000,000	1,000,000	1,141,575	141,575
Local option sales taxes	108,339,384	108,339,384	103,836,182	(4,503,202)
Other taxes	420,000	420,000	477,751	57,751
Total taxes	416,640,064	416,640,064	416,070,680	(569,384)
Licenses and permits	792,450	792,450	834,390	41,940
Intergovernmental	61,667,582	69,647,056	51,732,050	(17,915,006)
Charges for services	32,596,047	32,596,047	35,692,596	3,096,549
Investment earnings	5,251,500	5,251,500	14,007,791	8,756,291
Other	12,870,614	13,413,331	14,820,804	1,407,473
Total revenues	529,818,257	538,340,448	533,158,311	(5,182,137)
Expenditures:				
Current:				
General government	62,911,757	58,450,461	50,514,340	7,936,121
Public safety	102,685,995	107,014,768	103,693,267	3,321,501
Environmental protection	3,903,439	4,034,679	3,313,596	721,083
Human services	95,311,994	104,586,928	78,329,796	26,257,132
Culture and recreation	19,562,089	19,818,360	17,849,097	1,969,263
Community and economic development	7,807,536	9,471,619	5,596,107	3,875,512
Education	956,032	960,941	756,776	204,165
Intergovernmental: Education	179,173,995	180,208,456	179,208,456	1,000,000
Debt service:				
Principal retirement	58,653,500	58,653,500	61,176,520	(2,523,020)
Interest and other charges	29,150,943	29,150,943	29,312,752	(161,809)
Contingency	2,818,354	2,818,354	-	2,818,354
Total expenditures	564,838,675	583,766,992	534,237,747	49,529,245
Excess (deficiency) of revenues over expenditures	(35,020,418)	(45,426,544)	(1,079,436)	44,347,108
Other financing sources (uses):				
Lease liabilities issued	-	-	45,081	45,081
SBITA debt issued	-	-	34,737	34,737
Transfers in	13,884,344	13,884,344	15,683,809	1,799,465
Transfers out	(4,716,589)	(27,374,647)	(23,707,711)	3,666,936
Total other financing sources (uses)	9,167,755	(13,490,303)	(7,944,084)	5,546,219
Net change in fund balance	$ (25,852,663)	(58,916,847)	(9,023,520)	49,893,327
Fund balance - June 30, 2023			219,192,876	
Fund balance - June 30, 2024			$ **210,169,356**	

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

FORSYTH COUNTY, NORTH CAROLINA — Exhibit 6
Statement of Net Position
Proprietary Fund - Internal Service Fund
June 30, 2024

		Governmental Activities
ASSETS		
Current assets:		
Cash and cash equivalents / investments	$	4,623,104
Accounts receivable		868,919
Accrued interest		44,194
Due from other governments		368
Total assets		5,536,585
LIABILITIES		
Current liabilities:		
Accounts payable		187,386
Due to other governments		8,973
Claims liability		2,417,000
Total liabilities		2,613,359
NET POSITION		
Unrestricted	$	2,923,226

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

FORSYTH COUNTY, NORTH CAROLINA — Exhibit 7
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund - Internal Service Fund
For the Fiscal Year Ended June 30, 2024

		Governmental Activities
Operating revenues:		
Charges for services	$	30,135,358
Other revenue		4,122,522
Total operating revenues		34,257,880
Operating expenses:		
Professional services		4,241,829
Claims		31,448,288
Insurance premiums		2,551,752
Other operating		44,231
Total operating expenses		38,286,100
Operating income		(4,028,220)
Nonoperating revenues:		
Interest earnings		343,262
Change in net position		(3,684,958)
Net position at beginning of year		6,608,184
Net position at end of year	$	2,923,226

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

FORSYTH COUNTY, NORTH CAROLINA

Exhibit 8

Statement of Cash Flows

Proprietary Fund - Internal Service Fund

For the Fiscal Year Ended June 30, 2024

	Governmental Activities
Cash flows from operating activities:	
Cash received from user departments and participants	$ 34,077,043
Cash paid to suppliers, participants and others	(37,831,374)
Net cash provided by operating activities	(3,754,331)
Cash flows from investing activities:	
Interest and dividends on investments	326,263
Net increase in cash and cash equivalents	(3,428,068)
Cash and cash equivalents / investments at beginning of year	8,051,172
Cash and cash equivalents / investments at end of year	$ 4,623,104
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ (4,028,220)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Increase in accounts receivable	(180,469)
Increase in due from other governments	(368)
Increase in accounts payable	8,404
Increase in due to other governments	8,973
Increase in claims payable	437,349
Total adjustments	273,889
Net cash provided by operating activities	$ (3,754,331)

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

FORSYTH COUNTY, NORTH CAROLINA

Exhibit 9

Statement of Fiduciary Net Position
Fiduciary Funds

June 30, 2024

		Other Post-employment Benefit Trust Fund	Custodial Funds
ASSETS			
Cash and cash equivalents / investments	$	-	2,154,357
Cash and investments held by fiscal agent:			
Short-Term OPEB Fund		4,635,388	-
Long-Term OPEB Fund		11,607,161	-
OPEB Equity Funds		34,335,427	-
Receivables - Property taxes		-	3,662,122
Total assets		50,577,976	5,816,479
LIABILITIES			
Due to other governments		-	1,432,841
Accounts payable and accrued liabilities		-	145,692
Total liabilities		-	1,578,533
NET POSITION			
Restricted for:			
Post-employment benefits other than pensions		50,577,976	-
Individuals, organizations, and other governments		-	4,237,946
	$	50,577,976	4,237,946

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

FORSYTH COUNTY, NORTH CAROLINA

Exhibit 10

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Fiscal Year Ended June 30, 2024

	Other Post-employment Benefit Trust Fund	Custodial Funds
ADDITIONS		
Contributions:		
Employer	$ 4,775,934	-
Plan members	443,780	-
Total contributions	5,219,714	-
Investment income:		
Net increase in fair value of investments	-	-
Investment income	6,116,726	-
Less: investment expense	(2,933)	-
Net investment earnings	6,113,793	-
Ad valorem taxes collected for other governments	-	202,116,126
Collections pursuant to court orders	-	224,977
Total additions	11,333,507	202,341,103
DEDUCTIONS		
Benefits	3,619,714	-
Tax distributions to other governments	-	201,668,041
Payments pursuant to court orders	-	96,226
Total deductions	3,619,714	201,764,267
Change in net position	7,713,793	576,836
Net position - beginning	42,864,183	3,661,110
Net position, ending	**$ 50,577,976**	**4,237,946**

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

Notes to the Financial Statements

Forsyth County, North Carolina
June 30, 2024

1. *Summary of Significant Accounting Policies*

The accounting policies of Forsyth County conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

1a. Reporting Entity

Forsyth County (the "County") was created by an act of the General Assembly of North Carolina in 1849. The County operates under a commission-manager form of government with seven commissioners comprising the governing body. The County is divided into two districts for election purposes, and commissioners are elected on a staggered basis for terms of four years: two from one district; four from the second district; and one at large. The County Manager is appointed by and serves at the pleasure of the Board of Commissioners. The County provides the following services to its citizens: public safety, environmental protection, human services, culture and recreation programs, community and economic development, and education. Elementary and secondary education and professional, technical and vocational training beyond the secondary level are provided by other governmental agencies.

The Forsyth County Industrial Facilities and Pollution Control Financing Authority exists to issue and service revenue bond debt of private businesses for economic development purposes. The seven-member governing board of the Authority is appointed by the County Commissioners. The County can remove any member of the Authority's board with or without cause. The Authority is considered to be a component unit of the County; however, it has no financial transactions or account balances, and, therefore, it is not presented in the government-wide financial statements. The Authority does not issue separate financial statements.

The Forsyth County Financing Corporation ("FCFC") is a nonprofit corporation that exists to facilitate Limited Obligation Bond financings for the County. It is duly incorporated in the State and is in good standing under the North Carolina Nonprofit Corporation Act, Chapter 55A of the General Statutes. The FCFC was established on April 19, 2021, and is governed by a three-member board of directors. The FCFC is a legally separate entity from the County, but it is reported as if it were a part of the County since its sole purpose is to facilitate limited obligation bond financings for County capital projects. To fulfill its purpose, the FCFC has entered into a financing contract with the County that transfers all obligations of the financing to the County. In accordance with GAAP, eliminations are done in the fund financial statements resulting in the inclusion of all FCFC activities in the funds in which the activity takes place. Accordingly, there are no financial activities to report for the FCFC itself in these financial statements.

1b. Basis of Presentation, Basis of Accounting

Basis of Presentation *Government-wide Statements*: The statement of net position and the statement of activities report information on all of the non-fiduciary activities of the County. Eliminations have been made to minimize the double-counting of internal activities with the exception of interfund services provided and used which represent a customer-type relationship. Although such interfund activity is eliminated, the residual balances of the internal service fund are not and are included in the governmental activities column of the government-wide financial statements. These statements present the governmental activities of the County, which encompass all the financial activities of the County, except for fiduciary activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues 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, fines, 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 the fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. The proprietary fund, Employee Health Benefits internal service fund, is reported individually for that fund type.

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

The County reports the following major governmental funds:

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

County Facilities Fund. This fund is used to account for the construction of and renovation to County facilities and the related acquisition of land, furnishings and equipment.

Education Facilities Fund. This fund is used to account for the construction of and renovation to school and community college facilities and the related acquisition of land, furnishings and equipment.

Pandemic Response Fund. This fund accounts for federal grant funds received from the Emergency Rental Assistance Program and Local Fiscal Recovery Fund under the American Rescue Plan Act for expenditures incurred in response to and in recovery from the Coronavirus Disease 2019 public health emergency.

Additionally, the County reports the following fund types:

Proprietary - Internal Service Fund. The Employee Health Benefits Fund accounts for risk retention services for health and dental benefits provided to departments of the County on a cost reimbursement basis.

Fiduciary – Trust Fund. The Other Post-Employment Benefit Trust Fund accounts for the activities of the Healthcare Plan Fund, which accumulates resources to pay other post-employment benefits for qualified retired County employees.

Fiduciary - 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 These funds account for assets held by the County on behalf of others that meet certain criteria. The County maintains the following custodial funds: the Municipal Tax Fund, which accounts for property taxes and occupancy taxes collected on behalf of the County and other governments; and the Sheriff Fund, which accounts for monies held by the Sheriff's Office as a result of gathering evidence or executing court orders.

Measurement Focus, 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 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. Nonexchange 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 and time requirements have been satisfied.

Amounts reported as program revenues include charges to customers or applicants for goods, services, or privileges provided, operating grants and contributions, and capital grants and contributions. 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 nonoperating items. Operating revenues and expenses generally result from providing services or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County internal service fund are charges for health and dental premiums.

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

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within ninety days after year-end, except for property taxes. Uncollected property taxes are not recognized as 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 operations of the current year. Property taxes receivable are recorded net of an allowance for estimated uncollectible delinquent taxes, with the net receivable recorded as deferred inflows of resources until collected. 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.

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, other than those that are invoiced, are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there 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. Additionally, when both restricted and unrestricted non-grant resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

1c. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and four special revenue funds: the Fire Tax Districts Fund, Law Enforcement Equitable Distribution Fund, Emergency Telephone System Fund, and Moser Bequest for Care of Elderly Fund. All annual appropriations lapse at fiscal year end. The Pandemic Response Fund, State Public School Building Capital Fund, the Community Development Fund, the Public Safety Grants Fund, and the Opioid Settlement Fund, which are special revenue funds, and all capital projects funds are budgeted under project ordinances.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for the General Fund, except for Nondepartmental and intergovernmental education expenditures. Certain Nondepartmental appropriations are not expended until they are transferred to a specific department, so they are set apart from other Nondepartmental appropriations. Budgetary control for intergovernmental education expenditures is for current expense and capital outlay for each entity. The legal level of control varies for annually budgeted special revenue funds. Appropriations in the Fire Tax Districts Fund are controlled at the fire tax district level. The Law Enforcement Equitable Distribution Fund is controlled by an appropriation for a transfer to the General Fund. The Emergency Telephone System Fund and the Moser Bequest for Care of Elderly Fund have legal appropriation control at the program level. Amendments are required for revisions to appropriations at the legal level of control in annually budgeted funds, and these amendments may be approved by the County Manager and reported to the Board of Commissioners as long as they do not alter total expenditures of the fund. Amendments that alter total expenditures of any fund must be approved by the Board of Commissioners. During the year, Board amendments to the original budget totaling $49.8 million included $8.5 million for unanticipated intergovernmental and local grant funding, $8.25 million for transfers from the County Capital Facilities Fund, and appropriations of fund balance totaling $33.1 million. Appropriations of fund balance included $24.9 million to fund pay-go projects, $2.4 million for prior year encumbrances, $2 million for the purchase of emergency services vehicles, $1 million to increase pay and fund additional positions for the Sheriff's Office, $801,000 of excess Article 46 sales tax to be paid to the Winston-Salem/Forsyth County Schools, $780,000 for human services initiatives, $700,000 for Kaleideum museum funding, and $389,000 to fund treatment programs for incarcerated individuals held at the County detention center. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers the period until the annual ordinance can be adopted.

1d. Assets, Liabilities, Deferred Inflows and Outflows, and Fund Equity

Deposits and Investments All deposits of the County are made in board-designated official depositories and are secured as required by North Carolina General Statutes. State statutes authorize the County to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high-quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). Money market investments and investments that have a remaining maturity at the time of purchase of one year or less are reported at cost or amortized cost. The County's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. As permitted under State law, from time to time the County invests in securities which are callable and which provide for periodic interest rate increases. These investments are stated at fair value in the County's financial statements.

The NCCMT Government Portfolio is an SEC-registered (2a-7) money market mutual fund which invests in treasuries and government agencies. The Government Portfolio is reported at fair value.

General Statute 159-30.1 allows the County to establish an Other Postemployment Benefit (OPEB) Trust under the management of the State Treasurer and G.S. 159-30(g) allows the County to make contributions to the Fund. The Fund is not registered with the Securities and Exchange Commission. The State Treasurer in his discretion may invest the proceeds in equities of certain publicly held companies and long or short term fixed income investments as detailed in G.S. 147-69.2(1-6) and (8). Funds submitted are managed in three different sub-funds, the State Treasurer's Short Term Investment Fund (STIF) consisting of short to intermediate treasuries, agencies and corporate issues authorized by G.S. 147-69.1, the Bond Index Fund (BIF) consisting of high quality debt securities eligible under G.S. 147-69.2(b)(1)-(6), and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund authorized under G.S. 147-69.2(b)(8).

Cash and Cash Equivalents The County pools moneys from all funds, except the Other Post-employment Benefit Trust Fund, 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.

Restricted Investments The unexpended bond proceeds of the County are classified as restricted investments because their use is restricted to the purpose for which the bonds were originally issued.

Receivables and Payables The County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year, in accordance with State law. 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, 2023.

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. Historical collection experience is used to estimate the trade accounts receivable allowance. The allowance for uncollectible property taxes is estimated using the average collection rate for the last three years on back year taxes.

Outstanding balances between funds at fiscal year end result from use of pooled funds for cash flow purposes by capital projects funds or grant special revenue funds that will be reimbursed in the short-term by drawdowns from cash held by fiscal agent or grantors, respectively; or from year-end accruals of reimbursements due to the General Fund from special revenue funds. These balances are reported as "due to/from other funds."

Lease receivable The County's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under certain lease agreements, the County may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments, if any, are recorded as an inflow of resources in the period the payment is received.

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 plus lease payments received at or before the commencement of the lease, less lease incentives paid at or before the commencement of the lease. The deferred inflow of resources is recognized as revenue on a straight-line basis over the term of the lease.

Prepaid Items Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These outlays are accounted for using the consumption method.

Capital Assets Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets as defined by the County are buildings and improvements other than buildings with an initial, individual cost of $20,000 or more, and all other assets, except licensed software, with an initial, individual cost of $5,000 or more and an estimated useful life of three years or more. Licensed software is capitalized when its initial cost is greater than $10,000 and its annual maintenance fee is significantly less than the initial cost. Internally developed software is capitalized when development cost exceeds $100,000 and expected useful life is 3 years or greater. Assets are recorded at cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of the donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives, in years.

Asset Class	Estimated Useful Lives
Buildings	20 - 40
Improvements other than buildings	20
Equipment and vehicles	3 - 10
Computer software	3 - 6

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

The County has recorded subscription-based information technology arrangement assets and liabilities. The subscription assets are initially measured at an amount equal to the initial measurement of the related subscription liabilities plus any payments made prior to the subscription term, less incentives, and plus any ancillary charges necessary to place the subscription asset into service. The subscription assets are amortized on a straight-line balance over the life of the related contract. Subscription arrangements which are based on variable payments (or user seats) are not recorded as subscription assets or liabilities and are expenses as incurred.

Deferred outflows and inflows of resources In addition to assets, the statement of financial position reports a separate section for deferred outflow of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has several items that meet this criterion - a charge on refunding, and pension and OPEB related deferrals. In addition to liabilities, the statement of financial position also reports a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as revenue until then. The County has several items that meet this criterion – unavailable taxes and other revenue receivable, 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 on the statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized in the current period.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences The County permits its employees to accumulate a limited amount of vacation leave which, if not used, will be paid upon termination of service at the rates of pay then in effect. All vacation pay, including salary-related payments that are directly connected with this leave pay, are accrued when incurred in the government-wide financial statements.

The County allows unlimited accumulation of sick leave. Employees do not receive any payment for unused sick time upon separation or retirement. However, employees eligible for retirement benefits may use their unused sick leave in the determination of length of service for retirement benefit purposes. Since the County has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

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

Fund Balances In the fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent. The governmental fund types classify fund balances as follows:

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

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

Restricted. This classification includes revenue sources that are statutorily restricted for specific purposes, or restricted for specific purposes by grantors or creditors.

Restricted for Stabilization by State Statute. This portion of fund balance is not available for appropriation under State law G.S. 159-8. This statute is one of several 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. G.S. 159-8(a) stipulates that 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. The resulting amount of fund balance not available for appropriation is known as Restricted by State statute ("RSS"). RSS is calculated at the end of each fiscal year and is usually comprised of receivable balances that are not offset by deferred inflows and encumbrances related to purchase orders and contracts outstanding at year end that will be honored by the County in the next fiscal year. RSS is further reduced by inventories and prepaids as they are classified as nonspendable. RSS is included as a component of restricted net position in the Statement of Net Position and restricted fund balance in the governmental balance sheet.

Restricted for Register of Deeds. This represents the unspent portion of Register of Deeds fees whose use is restricted by State statute for expenditure on computer and imaging technology in the office of the Register of Deeds.

Restricted for Public Safety. This portion of fund balance is restricted by revenue source for law enforcement and emergency services purposes.

Restricted for Human Services. This represents the unspent portion of maintenance of efforts funding for mental health, developmental disabilities, and substance abuse services provided by a third party and unspent revenue restricted by source for social services and behavioral health purposes.

Restricted for Capital Projects. This portion of fund balance is restricted by revenue source for capital expenditures.

Restricted for Community and Economic Development. This portion of fund balance is restricted by revenue source for airport operations, housing rehabilitation and home buyer related purposes.

Committed. This classification includes amounts that can only be used for specific purposes imposed by majority vote of the governing board. Any changes or removal of specific purposes requires majority action by the governing body.

Committed for Education Debt Leveling Plans. Unspent revenue generated by 4.51 cents of the ad valorem tax rate and interest on the unspent portions thereof is committed for retirement of general obligation education debt authorized by the November 2006 and 2008 referendums.

Committed for Library Debt Leveling Plan. Unspent revenue generated by .57 cents of the ad valorem tax rate and interest on the unspent portions thereof is committed for retirement of general obligation library debt authorized in a November 2010 referendum for construction of library facilities.

Committed for Public Improvement Debt Leveling Plan. Portion of fund balance committed for retirement of general obligation public improvement debt authorized by a November 2016 referendum. Balance is comprised of annual operating contributions and revenue generated by 2.9 cents of the ad valorem tax rate and interest on the unspent portions thereof.

Committed for Courthouse Debt Leveling Plan. Unspent revenue generated by 2.0 cents of the ad valorem tax rate and interest on the unspent portions thereof is committed for retirement of debt incurred for the construction of new courthouse facility.

Committed for Public Safety. Portion of fund balance committed by action of the governing board for renovations to the Family Justice Center.

Committed for Community and Economic Development. Portion of fund balance committed by action of the governing board for certain future economic development purposes.

Committed for Capital Projects. Portion of fund balance committed by action of the governing board for certain school and County capital expenditures.

Assigned. The portion of fund balance that the governing board, with or without formal action, has assigned for specific management purposes. The governing board may delegate to the County Manager or Chief Financial Officer the authority to assign a portion of fund balance to promote sound financial operations of the County or to meet a future obligation. Assignment calculations may be made after the end of the fiscal year during the process of preparation of the financial statements.

Assigned for Subsequent Year Budget. This represents the portion of fund balance appropriated in the adopted 2024-2025 Budget Ordinance that is not already classified in restricted or committed.

Assigned for Public Safety. The represents the portion of fund balance assigned for countywide fire services.

Assigned for Management Special Projects. In the General Fund, unassigned fund balance in excess of 14% of the subsequent year's budget is assigned for management special projects in the subsequent year.

Unassigned. This portion of fund balance is the residual classification for amounts not restricted, committed, or assigned to specific purposes within the General Fund. In governmental funds other than the General Fund, it includes any residual negative balances which may not be classified as restricted or committed in those funds.

The County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Chief Financial Officer will use resources in the following order: federal funds, State funds, debt 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 fund balance. The Chief Financial Officer has the authority to deviate from this policy if it is in the best interest of the County.

The County has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is at least equal to or greater than 14% of budgeted expenditures. Any portion of the General Fund balance in excess of 14% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the County in a future budget.

Defined Benefit Pension Plans and OPEB Plan 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.

The County administers a public employee retirement plan, the Law Enforcement Officers' Special Separation Allowance, a single-employer defined benefit pension plan that provides benefits to the County's qualified sworn law enforcement officers. The County is required to provide these benefits by the North Carolina General Statutes. These benefits are funded on a pay-as-you-go basis.

The County administers a single-employer defined benefit health care other post-employment benefit plan (the OPEB Plan). For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to and deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments for the OPEB plan are reported at fair value.

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. The net adjustment of $(449,741,799) consists of several elements detailed in the following table.

Description	Detail	Net Adjustment
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		$ 398,945,014
Other long-term assets used in governmental activities are not a current financial resource and, therefore, are not reported in the funds.		
Pension asset - ROD	$ 365,015	
Accrued interest and penalties on property taxes	494,290	859,305
Deferred outflows of resources used in governmental activities represent a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then, and therefore, are not reported in the funds.		
Pension and OPEB contributions, current year	$ 24,268,714	
Pension and OPEB related deferred outflows	37,581,815	
Deferred bond refunding charges	1,093,153	62,943,682
Earned revenue that is not available to pay current period expenditures is deferred in the funds.		
Property taxes	1,898,657	
Intergovernmental revenue	50,000	
Interest earnings	280,740	
Fees and miscellaneous	2,176,022	4,405,419
Deferred inflows of resources reported in the government-wide statements, but not the fund statements – pension and OPEB related deferrals		(20,618,466)
An internal service fund is used by management to charge the costs of health and dental benefits to individual funds. The assets and liabilities of the Employee Health Benefits Fund are included in governmental activities in the statement of net position.		2,923,226
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period. Thus, they do not require current resources to pay and, accordingly, are not reported in the fund statements.		
Accrued interest payable	(6,547,885)	
Bonds, limited obligation bonds, installment purchases and other borrowing	(701,501,000)	
Leases and subscriptions payable	(4,804,500)	
Compensated absences	(10,277,764)	
Pension liabilities	(100,889,298)	
Claims, judgments and other – excluding health and dental	(6,686,082)	
Net OPEB obligation	(22,907,545)	
Unamortized issuance premiums	(45,585,905)	(899,199,979)
Total adjustment		$ (449,741,799)

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total governmental funds* and *change in net position of governmental activities* as reported in the government-wide statement of activities. Additional detail on the elements that comprise the total adjustment of $72,864,165 is given in the table that follows.

Description	Detail	Net Adjustment
Capital outlay expenditures are recorded in the fund statements but are capitalized as assets in the statement of activities.	$ 42,666,894	
Depreciation expense, the allocation of capital assets over their useful lives, is recorded on the statement of activities but not in the fund statements.	(20,477,223)	$ 22,189,671
Pension plan contributions in the current fiscal year are recorded as expenditures in the fund statements but are not included in the statement of activities.		16,656,006
The statement of activities reports *gains* and *losses* arising from the trade-in, sale, or disposal of existing capital assets. Conversely, governmental funds do not report any gain or loss on such transactions, but report the sale proceeds. The change in net position differs from the change in fund balance by the net cost of capital assets sold and donated assets received.		(588,543)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Reverse deferred inflows recorded at July 1, 2023:		
Property taxes and accrued interest on property taxes	(2,373,966)	
Intergovernmental	(1,681,861)	
Interest earnings	(363,344)	
Fees and miscellaneous	(9,857,692)	
Record deferred inflows in the fund statements at June 30, 2024:		
Property taxes and accrued interest on property taxes	2,392,947	
Intergovernmental	50,000	
Interest earnings	257,423	
Fees and miscellaneous	2,176,022	(9,400,471)
On the fund statements, new debt issued during the year is recorded as a source of funds, and principal payments on debt are recorded as a use of funds. Neither transaction affects the statement of activities.		
New debt issued	(699,358)	
Principal payments on debt	61,319,590	60,620,232
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.		
Compensated absences	(1,004,089)	
Claims, judgments and other – excluding health and dental	(5,437,364)	
OPEB contributions	7,612,708	
OPEB income	1,643,165	
Pension expense	(26,106,672)	
Accrued interest	(417,083)	
Amortized charge on refundings	(859,234)	
Amortized debt premiums	10,806,631	(12,927,772)
Internal service fund profit or loss generated by customers within the primary government is eliminated from the statement of activities.		(3,684,958)
Total adjustments		$ 72,864,165

3. *Stewardship, Compliance, and Accountability*

Excess of Expenditures over Appropriations Expenditures for the Public Safety Center upfit/WSPD colocation project under the 2020 Pay-Go Capital Project Ordinance exceeded budget by $34,026. An error made in the converted project budget when the County transitioned to a new financial system resulted in this overage. The project budget error was corrected by transfer from the 2022 Pay-Go Capital Project Ordinance. Debt service – interest and other charges exceeded project budget in the 2016 Schools Facilities Capital Project Ordinance, 2022 Winston-Salem/Forsyth County Schools Capital Maintenance Capital Project Ordinance and 2022 Forsyth Technical Community College Capital Maintenance Capital Project Ordinance by $150,841, $179,383 and $18,001, respectively. A miscalculation of the cost of issuance resulted in inadequate budget to cover actual charges. Refinement of estimates will preclude future overages for these expenditures.

4. *Detailed Notes on All Funds*

4a. Deposits

The County has pooled the cash resources of its funds in order to maximize investment opportunities. Each fund's portion of total cash and investments is reported as cash and cash equivalents/investments by the County's individual major funds and Internal Service Fund and in the aggregate for non-major and custodial funds. Interest earned is distributed monthly to the various funds based on each fund's proportionate equity in the cash and investments pool. For purposes of the statement of cash flows, all cash and investments of the proprietary fund are considered to be cash equivalents, since they are available on demand from the cash and investments pool.

In accordance with the County's investment policy, all the deposits of the County are either insured or collateralized by using the pooling method. 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, these deposits are considered to be held by the County's agent in the County's name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the pooling method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or with the escrow agent. Due to the inability to measure the exact amounts of collateral pledged for the County under the pooling method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the pooling method.

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2024, the deposit portion of the County's cash and investment pool was $160,306. The bank balances totaled $2,937,531, of which $500,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2024, the County's petty cash funds totaled $18,072.

4b. Investments

The table below shows the distribution of the County's investment holdings by maturity as of June 30, 2024. The weighted average maturity of the total portfolio at June 30, 2024 is 92.2 days.

	Valuation Measurement Method	Reported Value	Fair Value	Less than 1 year	1 – 2 years	2 – 5 years
NCCMT Government portfolio	Fair value – level 1	$ 354,845,312	354,845,312	354,845,312	-	-
US Treasury Securities	Fair value – level 1	9,944,700	9,944,700	9,944,700	-	-
Commercial Paper	Amortized cost	96,217,331	96,196,602	96,196,602	-	-
Agency Securities	Fair value – level 2	74,339,502	74,339,502	33,880,515	24,514,217	15,944,770
Total Portfolio		$ 535,346,845	535,326,116	494,867,129	24,514,217	15,944,770

Valuation. Investments with less than one year to maturity at time of purchase and with no call features are priced at amortized cost. Investments reported at fair value are valued using prices and other relevant information generated by market transactions involving identical or comparable assets or groups of assets. Fair value – level 1 securities are valued using directly observable, unadjusted quoted prices in active markets for identical assets. Fair value – level 2 securities are valued using a matrix pricing technique which values the security based its relationship to benchmark quoted prices.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment practice gives consideration to shortening maturities during periods of rising interest rates. The County manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Credit Risk. In accordance with the County's investment policy, the County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law and the County's investment policy limit investments in commercial paper to those issuers carrying the highest ratings issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2024, the County's investments in the bonds of U.S. Agencies were rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. The County's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's and AAAmf by Moody's Investor Services as of June 30, 2024.

Custodial Credit Risk. For an investment, the custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's investment policy provides limited guidance on custodial credit risk, but management procedures are that the County shall utilize a third party custodial agent for book entry transactions, all of which shall be held in the County's name. The custodial agent shall be a trust department authorized to do trust work in North Carolina who has an account with the Federal Reserve. Certificated securities shall be in the custody of the Chief Financial Officer.

Concentration of Credit Risk. The County places no limit on the amount that may be invested in any one issuer. Five percent (5%) or more of the County's investments are in agency securities issued by the Federal Home Loan Bank (6.9%), Federal Home Loan Mortgage Corporation (6.8%), and Federal National Mortgage Association (5.4%) as well as in the North Carolina Capital Management Trust Government Portfolio money market account (45.4%).

Other Post-Employment Benefits Trust

At June 30, 2024, the County's Irrevocable OPEB Trust had $50,577,976 invested in the Ancillary Governmental Participant Investment Program (AGPIP) established by the North Carolina Department of State Treasurer pursuant to G.S. 159-30.1. The AGPIP Program may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the General Statutes. At year-end, the OPEB Trust was invested as follows: State Treasurer's Short Term Investment Fund (STIF), 9.2%; State Treasurer's Bond Index Fund (BIF), 22.9%; and, BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund, 67.9% (the equities were split with 62.2% in domestic securities and 37.8% in international securities).

Valuation: North Carolina Department of State Treasurer OPEB Trust investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets. Ownership interest of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. STIF investments are valued by the custodian using Level 2 inputs which in this case involves inputs other than quoted prices included within Level 1 that are either directly or indirectly observable for the asset or liability. The STIF is valued at $1 per share at June 30, 2024. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund. Ownership of the BIF is determined monthly at fair value using the same Level 2 inputs as the STIF and is based upon units of participation. Units of participation are calculated monthly based upon inflows and outflows as well as allocations of net earnings. The BIF was valued at $1 per unit at June 30, 2024. The BlackRock's MSCI ACWI EQ Index Non-Lendable Class B fund, authorized under G.S. 147-69.2(b)(8), is a common trust fund considered to be commingled in nature. The Fund's fair value is the number of shares times the net asset value as determined by a third party. At June 30, 2024 the fair value of the funds was $38.06557 per share. Fair value for this Blackrock fund is determined using Level 1 inputs which are directly observable, quoted prices (unadjusted) in active markets for identical assets or liabilities.

Interest Rate Risk: The County does not have a formal investment interest rate policy that manages its exposure to fair value losses arising from increasing interest rates for the Healthcare Plan Fund. The State Treasurer's STIF had a weighted average maturity of 1.4 years at June 30, 2024. The State Treasurer's BIF had a weighted average maturity of 8.38 years at June 30, 2024.

Credit Risk: The County does not have a formal investment policy regarding credit risk for the Healthcare Plan Fund. The STIF is unrated and authorized under NC General Statute 147-69.1. The State Treasurer's STIF is invested in highly liquid fixed income securities consisting primarily of short to intermediate term treasuries, agencies, and money market instruments. The BIF is unrated and authorized under NC General Statute 147-69.1 and 147-69.2. The State Treasurer's BIF is invested in high quality debt securities eligible under NC General Statute 147-69.2(b)(1)-(6).

4c. Property tax – Use-value Assessment on Certain Lands

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

Year Levied	Tax	Interest	Total
2021	$ 2,200,224	720,573	2,920,797
2022	2,005,799	476,377	2,482,176
2022	2,005,799	295,855	2,301,654
2024	2,005,799	115,333	2,121,132
Totals	**$ 8,217,621**	**1,608,138**	**9,825,759**

4d. Receivables

Receivables at June 30, 2024 for the County's individual major funds and nonmajor governmental funds in the aggregate are net of applicable allowances for uncollectible accounts as follows:

Description	Gross Receivable	Allowance for Uncollectible Accounts	Net Receivable
Property taxes			
General fund	$ 5,127,307	(3,296,634)	1,830,673
Nonmajor governmental funds	190,409	(122,425)	67,984
Occupancy taxes – General fund	99,376	-	99,376
Other taxes – General fund	45, 952	-	45, 952
Accounts			
General fund	48,535,137	(43,706,579)	4,828,558
Nonmajor governmental funds	1,682	-	1,682
Accrued interest			
General fund	1,135,453	-	1,135,453
County Facilities fund	353,407	-	353,407
Education Facilities fund	41,144	-	41,144
Pandemic Response fund	172,351	-	172,351
Nonmajor governmental funds	70,801	-	70,801
Total receivables	**$55,773,019**	**(47,125,638)**	**8,647,381**

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report a liability in connection with resources that have been received, but not yet earned. At June 30, 2024, the components of *unavailable* and *unearned revenue* were as follows:

Governmental Funds:		Unavailable Revenue	Unearned Revenue
Delinquent property taxes receivable:	General fund	$ 1,830,673	-
	Nonmajor funds	67,984	-
Intergovernmental and private grants:	General fund	-	1,355,116
	Pandemic Response fund	-	23,118,357
	County Facilities Capital Projects fund	50,000	17,874,965
Fees and other revenue:	General fund	2,176,022	228,702
Investment earnings:	General fund	280,740	-
Total unavailable and unearned revenue for governmental funds		**$ 4,405,419**	**$ 42,577,140**

4e. Lease Receivable

The County has entered into a number of agreements for the lease of County property at the Smith Reynolds Airport, downtown parking facilities, and tower sites. Lease terms range from 1 to 36 years. The lease receivable is measured as the present value of the future minimum lease payments expected to be received during the lease term. For the fiscal year ending June 30, 2024, the County recognized $843,274 of lease revenue and $186,792 of interest revenue under these leases.

Regulated Leases

The County has entered into certain aeronautical leases with air carriers and other aeronautical users that are regulated by the United States Department of Transportation and the Federal Aviation Administration (collectively referred to as "regulators"). Regulators define aeronautical use of an airport as any activity that involves, makes possible, is required for the safety of, or is otherwise directly related to, the operation of an aircraft. Aeronautical use includes services provided by air carriers related directly or substantially to the movement of passengers, baggage, mail, and cargo on the airport. Because of the cost-recovery nature, and in some cases, revenue-sharing provisions, regulated leases are not included as part of lease receivables. During the fiscal year, the County recognized lease revenue of $1,173,396 from regulated leases which consisted of fixed payments in accordance with the terms of each lease.

Future minimum lease receipts as of June 30, 2024 are as follows:

Year Ending June 30	Amount
2025	$ 1,173,396
2026	1,173,396
2027	1,173,396
2028	1,173,396
2029	1,173,396
2030-2034	5,866,980
2035-2039	5,866,980
2040-2041	1,955,660
Total	$ 19,556,600

4f. Capital Assets

Capital asset activity for the year ended June 30, 2024, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 21,929,963	180,658	--	22,110,621
Art collections	851,438	--	--	851,438
Construction-in-progress	148,053,844	34,703,996	(138,854,455)	43,903,385
Total capital assets not being depreciated	170,835,245	34,884,654	(138,854,455)	66,865,444
Capital assets being depreciated/amortized:				
Buildings	290,014,812	131,306,239	--	421,321,051
Improvements other than buildings	50,881,964	8,602,962	--	59,484,926
Equipment	39,510,813	1,345,873	(28,768)	40,827,918
Vehicles	23,781,221	4,182,324	(1,848,384)	26,115,161
Software	4,484,635	--	--	4,484,635
Right to use building	496,745	--	(333,542)	163,203
Right to use equipment	2,452,671	45,082	--	2,497,753
Right to use other assets	884,639	--	--	884,639
Subscription-based assets	9,681,071	654,276	(4,808,021)	5,527,326
Total capital assets being depreciated/amortized	422,188,571	146,136,756	(7,018,715)	561,306,612
Less accumulated depreciation for:				
Buildings	131,206,570	8,238,538	--	139,445,108
Improvements other than buildings	20,995,612	4,436,373	--	25,431,985
Equipment	35,464,462	1,328,707	(28,768)	36,764,401
Vehicles	18,890,577	2,103,346	(1,759,780)	19,234,143
Software	4,407,771	46,221	--	4,453,992
Less accumulated amortization for:				
Right to use building	336,291	137,786	(333,542)	140,535
Right to use equipment	561,939	530,573	--	1,092,512
Right to use other assets	148,658	74,329	--	222,987
Subscription-based assets	3,668,050	3,581,350	(4,808,021)	2,441,379
Total accumulated depreciation and amortization	215,679,930	20,477,223	(6,930,111)	229,227,042
Total capital assets - depreciated/amortized, net	206,508,641	125,659,533	(88,604)	332,079,570
Capital assets, net	**$377,343,886**	**160,544,187**	**(138,943,059)**	**398,945,014**

Depreciation and amortization expense charged to functions for the year ended June 30, 2024, was as follows:

Function	Depreciation/ Amortization Expense
General government	$ 15,215,815
Public safety	3,231,910
Environmental protection	50,168
Human services	253,836
Culture and recreation	511,108
Community and economic development	1,192,371
Education	22,016
Total	**$ 20,477,223**

Construction Commitments

Active construction projects as of June 30, 2024 include: Renovation and improvements to the Z. Smith Reynolds Airport, Belews Lake Park development, Public Safety radio replacement and system upgrade, multi-event agricultural complex, Tanglewood Park golf clubhouse replacement, the design phase of various park improvement projects, business park infrastructure development, and various maintenance and repair projects to County facilities. At June 30, 2024, commitments with contractors on these projects are as follows:

Project	Spent-to-Date	Remaining Commitment
Z. Smith Reynolds Airport	$ 11,656,329	10,222,151
Belews Lake park	6,381,695	289,879
Public safety radio system upgrade	6,243,637	11,233,082
Multi-event Agricultural Complex	1,764,539	17,601,889
Tanglewood Park golf clubhouse	1,758,444	13,542,547
Various capital maintenance projects	2,023,870	1,896,266
Totals	**$ 29,828,514**	**54,785,814**

4g. Interfund Receivables, Payables, and Transfers

Certain special revenue funds account for revenues that are used to reimburse eligible expenditures in the General Fund. Accrual of these revenues at year-end results in interfund receivables and payables at June 30. Amounts advanced from the cash and investment pool are also included in due to and due from other funds. At June 30, 2024, interfund receivables and payables are as follows:

Payable Fund: / Receivable Fund:	General Fund
Nonmajor governmental funds:	
State Public School Building Capital Fund	$ 3,676,466
Public Safety Fund	73,319
Total	**$ 3,749,785**

The following is a summary of interfund transfers for the year ended June 30, 2024:

	Transfers out:			
Transfers in:	**General Fund**	**Pandemic Response Fund**	**Nonmajor Governmental Funds**	**Total**
General Fund	$ --	8,064,715	7,619,094	15,683,809
County Facilities Fund	22,156,879	--	--	22,156,879
Education Facilities Fund	1,498,642	--	--	1,498,642
Nonmajor governmental funds	52,190	--	--	52,190
Totals	**$ 23,707,711**	**8,064,715**	**7,619,094**	**39,391,520**

The General Fund transferred $22,156,879 to the County Capital Facilities Fund to fund pay-go, airport and parks projects, and $1,735,000 to the Education Facilities Fund for capital maintenance. Transfers of $15,683,809 to the General Fund included $6,064,715 from the Pandemic Response Fund for revenue loss reimbursement under the American Rescue Plan Act and $2,000,000 interest earnings for administrative costs, $3,761,383 from the Fire Tax Districts special revenue fund to support the County fire department, $181,245 from the Law Enforcement Equitable Distribution special revenue fund for law enforcement programs, $3,676,466 in lottery proceeds from the Public School Building Capital fund for the payment of current year debt service, and residual equity transfers of $1,398,272 from the County Capital Facilities Fund and $236,358 from the Education Facilities Fund.

4h. Payables

Payables at June 30, 2024, were as follows:

Description	General Fund	County Facilities Fund	Education Facilities Fund	Pandemic Response Fund	Nonmajor Governmental Funds	Total
Vendors	$ 6,186,079	11,866,377	--	1,140,623	212,041	19,405,120
Salaries and benefits	3,808,111	--	--	--	--	3,808,111
Totals	**$9,994,190**	**11,866,377**	**53,275**	**1,140,623**	**212,041**	**23,213,231**

4i. Long-term obligations

Long-term obligation activity

Changes in long-term obligations during the year ended June 30, 2024, were as follows:

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Due Within One Year
Governmental activities:					
Compensated absences	$ 9,273,675	15,360,479	14,356,390	10,277,764	7,311,418
Pension liability (LGERS), net	74,765,845	12,927,999	--	87,693,844	--
Pension liability (LEOSSA), total	11,651,675	2,352,273	808,494	13,195,454	--
General obligation bonds	641,135,000	--	50,455,000	590,680,000	51,820,000
Unamortized premiums	38,817,455	--	8,388,263	30,429,192	--
Limited obligation bonds	112,905,000	--	7,305,000	105,600,000	7,170,000
Unamortized premiums	17,575,081	--	2,418,368	15,156,713	--
Installment purchase obligations	1,890,000	--	645,000	1,245,000	630,000
Other long-term borrowing	4,224,500	--	248,500	3,976,000	248,500
Lease liabilities	2,854,707	37,279	705,141	2,186,845	559,923
Subscription liabilities	3,924,327	654,277	1,960,949	2,617,655	1,404,871
OPEB liability, net	29,375,741	29,156,600	35,624,796	22,907,545	--
Claims, judgments and other	3,228,369	37,703,063	31,828,350	9,103,082	3,851,126
Total general long-term obligations	**$ 951,621,375**	**98,191,970**	**154,744,251**	**895,069,094**	**72,995,838**

Compensated absences, pension liabilities, the net other postemployment benefit obligation, and general liability claims and judgments are liquidated in the General Fund. Health and dental claims are paid from the Employee Health Benefits internal service fund.

Arbitrage In accordance with Section 148 of the Internal Revenue Code of 1986, as amended, and Sections 1.103-13 to 1.103-15 of the related Treasury Regulations, the County must rebate to the federal government "arbitrage profits" earned on governmental bonds issued after August 31, 1986. Arbitrage profits are the excess of the amount earned on investments over the interest paid on the borrowings. At June 30, 2024, the County had a $5,251,956 liability for arbitrage.

General Obligation Bonds The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for governmental activities. All general obligation bonds are backed by the full faith, credit and taxing power of the County, and principal and interest requirements were appropriated in the Debt Service Fund for the year ending June 30, 2024. All future principal and interest requirements will be appropriated in the General Fund.

At June 30, 2024, the County has $1,093,153 bond refunding charges from prior refunding issues. These charges are reported as a deferred outflow of resources on the Statement of Net Position.

The American Recovery and Reinvestment Act of 2009 (the "Recovery Act") authorizes the County to issue taxable bonds known as "Qualified School Construction Bonds" to finance construction, rehabilitation or repair of public school facilities or for the acquisition of land on which a public school facility is to be constructed. Under the Act, the County may elect to receive a subsidy payment from the United States Treasury in an amount calculated as provided in the Recovery Act. The County has designated its 2010D Bonds as "Qualified School Construction Bonds" for purposes of the Recovery Act and expects to receive such subsidy payments from the federal government. The County received $1,215,963, or 95.7% of the interest paid on the 2010D Bonds, in such federal subsidy during the year ended June 30, 2024, and if the new federal sequester rate remains unchanged, expects to receive $2,777,732 in such subsidies over the remaining life of the bonds. Such cash subsidy payments are not pledged to the repayment of the 2010D Bonds but are expected to be a source of payment of debt service on the bonds. Such cash subsidy payments do not constitute a full faith and credit guarantee of the federal government but are required to be paid by the United States Treasury under the Recovery Act. If such cash subsidy payments from the United States Treasury are reduced or eliminated as a result of the change in the law, the 2010D Bonds are subject to extraordinary optional redemption.

A summary of outstanding general obligation bonds follows:

Purpose of Issue	Date of Issue	Final Maturity	Effective Interest Rate	Amount Issued	Principal Outstanding June 30, 2024
Governmental Activities					
School Building	09-02-2010	04-01-2027	4.9860	26,405,000	26,405,000
Community College	01-09-2013	05-01-2032	2.4014	5,000,000	2,525,000
Library	11-05-2014	05-01-2033	2.4617	34,000,000	23,200,000
Public Improvement	01-08-2013	05-01-2032	2.2334	13,750,000	7,425,000
	11-04-2014	05-01-2033	2.4455	13,550,000	9,050,000
	03-14-2017	03-01-2037	2.8348	20,535,000	13,290,000
	03-15-2017	03-01-2037	3.1155	102,610,000	83,220,000
	03-20-2019	03-01-2039	2.7236	21,375,000	16,025,000
	03-21-2019	03-01-2039	2.7459	98,415,000	73,800,000
	04-28-2021	03-01-2041	1.5584	13,065,000	11,100,000
	04-29-2021	03-01-2041	1.5255	115,975,000	98,575,000
	06-13-2023	06-01-2043	3.5995	29,220,000	27,755,000
	06-14-2023	06-01-2043	3.5629	98,300,000	93,385,000
Refunding	01-09-2013	07-01-2026	1.7692	35,090,000	12,250,000
	01-28-2015	12-01-2028	1.8425	72,245,000	35,990,000
	04-01-2020	04-01-2030	1.1763	66,810,000	48,510,000
	04-29-2021	03-01-2027	0.3996	19,850,000	8,175,000
Totals				**$ 786,195,000**	**590,680,000**

Of the $433,625,000 public improvement and public improvement refunding bonds outstanding, $39,126,064 funded County facilities and capital projects, $334,854,868 funded School facilities, and $59,644,069 funded Community College facilities.

Annual debt service requirements to maturity for general obligation bonds are as follows:

June 30	Principal	Interest	Total
2025	$ 51,820,000	23,573,950	75,393,950
2026	52,510,000	20,140,466	72,650,466
2027	52,405,000	17,880,713	70,285,713
2028	50,140,000	15,542,621	65,682,621
2029	49,945,000	13,670,834	63,615,834
2030 - 2034	176,350,000	44,280,200	220,630,200
2035 - 2039	119,120,000	17,501,170	136,621,170
2040 - 2044	38,390,000	2,979,706	41,369,706
Totals	**$ 590,680,000**	**155,569,660**	**746,249,660**

There are no authorized but unissued general obligation bonds at June 30, 2024.

Conduit Debt Obligations Forsyth County Industrial Facility and Pollution Control Financing Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as by letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2024, there was one series of industrial revenue bonds outstanding, with a principal amount payable of $2,672,177. The County has a limited commitment to maintain the tax-exempt status of the bonds.

Limited Obligation Bonds The County issues limited obligation bonds through the Forsyth County Financing Corporation ("the Corporation") to provide for the acquisition, construction, and equipping of capital facilities. The County has contractual obligations to the Corporation with terms that require annual interest and principal payments. These installment financings are non-general obligation financings and County facilities are pledged as collateral for the debt until the debt is retired. No deficiency judgment may be rendered against the County for amounts owed and the taxing power of the County may not be pledged directly or indirectly to collateralize amounts due pursuant to these contracts. Principal and interest requirements for limited obligation bonds are provided by a General Fund appropriation in the year in which they are due.

A summary of outstanding limited obligation bonds follows:

Purpose of Issue	Principal Outstanding June 30, 2024
Governmental Activities	
Issued $100,480,000 on June 29, 2021 to finance the construction of a new courthouse facility and new children's museum and the refunding of the PNC Bank installment financing and Series 2009 limited obligation bonds; collateralized by the courthouse facility; interest varies from 2.00% to 5.00%; final maturity 04-01-2041	$ 95,320,000
Issued $26,460,000 of taxable bonds on June 29, 2021 to finance construction and renovation projects at the airport and advance refund a majority of the Series 2012 limited obligation bonds; collateralized by the courthouse facility; interest varies from 0.179% to 1.585%; final maturity 04-01-2028	10,280,000
Total	**$ 105,600,000**

Debt service requirements to maturity for limited obligation bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2025	$ 7,170,000	4,076,066	11,246,066
2026	7,110,000	3,836,986	10,946,986
2027	7,040,000	3,595,471	10,635,471
2028	7,077,810	3,295,526	10,373,336
2029	6,524,943	2,962,810	9,487,753
2030 – 2034	31,417,247	9,947,960	41,365,207
2035 – 2039	28,050,000	3,981,600	32,031,600
2040 – 2044	11,210,000	504,300	11,714,300
Total	**$ 105,600,000**	**32,200,719**	**137,800,719**

Installment Purchases As authorized by State law, the County has entered into direct borrowing installment financing agreements secured by a deed of trust on County property as follows:

Purpose of Issue	Date of Issue	Final Maturity	Interest Rate	Amount Issued	Principal Outstanding June 30, 2024
Governmental Activities					
Refunding	01-22-2014	02-01-2026	2.47 %	$ 8,230,000	1,245,000
Totals				**$ 8,230,000**	**1,245,000**

Annual maturities are as follows:

Year Ending June 30	Principal	Interest	Total
2025	$ 630,000	30,752	660,752
2026	615,000	15,190	630,190
Total	**$ 1,245,000**	**45,942**	**1,290,942**

Other long-term borrowing. On December 20, 2019, the County entered a $4,473,000 unsecured direct installment financing draw program with the State of North Carolina for the purpose of constructing and equipping a sanitary sewer project to serve the western area of the county. The project was completed on April 19, 2021 at a total cost to the County of $5.1 million. The County was reimbursed on a periodic basis from the draw program for actual cost. On November 10, 2021, the County amended the original promissory note to receive an additional 10 percent, $447,300, which was allowable under the original loan terms to finance a portion of the project amount that exceeded the original loan amount. The final draw down for $1,051,551 was received during the fiscal year ending June 30, 2022.

As authorized by State law, the County has entered into an unsecured direct borrowing financing agreement as follows:

Purpose of Issue	**Principal Outstanding June 30, 2024**
Governmental Activities	
Issued $4,473,300 on December 20, 2019 to finance sanitary sewer project; interest rate 1.91%; Issue amount increased to $4,920,300 on November 10, 2021; final maturity 05-01-2040	$ 3,976,000
Total	**$ 3,976,000**

Debt service requirements to maturity for other long-term borrowing are as follows:

Year Ending June 30	**Principal**	**Interest**	**Total**
2025	$ 248,500	75,942	324,442
2026	248,500	71,195	319,695
2027	248,500	66,449	314,949
2028	248,500	61,703	310,203
2029	248,500	56,956	305,456
2030 - 2034	1,242,500	213,586	1,456,086
2035 - 2039	1,242,500	94,927	1,337,427
2040 - 2044	248,500	4,746	253,246
Total	**$ 3,976,000**	**645,504**	**4,621,504**

Principal and interest requirements for other long-term borrowing are provided by a General Fund appropriation in the year in which they are due.

Legal Debt Limit. As of June 30, 2024, the County's legal debt limit was $3,648,808,782, computed at 8% of the total appraised property valuation of $45,610,109,776. With $621,109,192 in County, School, and Community College general obligation bonds outstanding at June 30, 2024 and $125,977,713 committed under limited obligation bonds, installment purchase and other long-term borrowing, the County could issue additional bonds up to $2,901,721,877 if authorized.

Debt Related to Capital Activities. Of the total governmental activities debt, $198,006,136 relates to assets to which the County holds title. Unspent restricted investments related to this debt is $31,858,351.

Leases. The County has entered into agreements to lease certain equipment, office space and tower sites. 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. As a result of these leases, the County has recorded right to use assets with a net book value of $2,089,561 at June 30, 2024.

The future principal and interest lease payments as of June 30, 2024, were as follows:

Year Ending June 30	**Principal**	**Interest**	**Total**
2025	$ 559,923	41,756	601,679
2026	547,268	29,494	576,761
2027	566,269	16,675	582,945
2028	94,976	8,694	103,670
2029	80,008	7,220	87,228
2030-2034	338,401	14,108	352,509
Total	**$ 2,186,845**	**117,947**	**2,304,792**

SBITAs. The County has entered into subscription contracts for finance, reporting, and communications software for a period of 1 to 5 years and incremental borrowing rates between 1.580 to 3.451 percent. The subscription liabilities have been recorded at the present value of the future contract payments as of the date of their inception. As a result of these subscription agreements, the County has recorded a subscription asset with a net book value of $3,085,948 at June 30, 2024.

The future minimum principal and interest payments under the contracts as of June 30, 2024 are as follows:

Year Ending June 30	Principal	Interest	Total
2025	$ 1,404,871	66,262	1,471,133
2026	552,625	31,607	584,232
2027	519,995	17,989	537,984
2028	140,164	4,837	145,001
Total	**$ 2,617,655**	**120,695**	**2,738,350**

For the year ended June 30, 2024, the County had subscription liabilities with variable payments that were based on user seats which were expensed as incurred in the amount of $8,338.

For the year ended June 30, 2024, the County had no other payments, such as termination penalties, not previously included in the measurement of the subscription liability.

For the year ended June 30, 2024, the County had no commitments under SBITAs before the commencement of the subscription term or any losses associated with an impairment.

4j. Fund Balances

The following are details of the governmental funds fund balances as of June 30, 2024:

	General Fund	County Facilities Fund	Education Facilities Fund	Pandemic Response Fund	Non-major Funds	Total Governmental Funds
Nonspendable – prepaid items	$ 122,250	--	--	--	--	122,250
Restricted:						
State statute reserve	45,480,875	7,482,799	890,466	318,002	4,910,512	59,082,654
Encumbrance reserve	4,670,366	43,627,026	--	18,068,745	553,494	66,919,631
Total Stabilization by State Statute	50,151,241	51,109,825	890,466	18,386,747	5,464,006	126,002,285
Register of Deeds	2,136,515	--	--	--	--	2,136,515
Public Safety	--	--	--	--	3,037,273	3,037,273
Human Services	1,761,882	--	--	--	7,044,689	8,806,571
Capital Projects	--	12,290,054	176,097,832	--	--	188,387,886
Community & Economic Development	2,105,647	--	--	--	581,610	2,687,668
Total Restricted	56,155,285	63,399,879	176,988,298	18,386,747	16,127,578	331,057,787
Committed:						
Education Debt Leveling Plans	12,781,082	--	--	--	--	12,781,082
Library Debt Leveling Plan	3,011,693	--	--	--	--	3,011,693
Public Improvement Debt Leveling Plan	9,269,756	--	--	--	--	9,269,756
Courthouse Debt Leveling Plan	10,303,063	--	--	--	--	10,303,063
Public Safety	16,900	--	--	--	--	16,900
Community & Economic Development	1,073,774	--	--	--	--	1,073,774
Capital Projects	1,719,918	53,119,300	4,873,282	--	--	59,712,500
Total Committed	38,176,186	53,119,300	4,873,282	--	--	96,168,768
Assigned:						
Subsequent Year Budget	24,662,467	--	--	--	--	24,662,466
Public safety - Fire	1,951,695	--	--	--	--	1,951,695
Management Special Projects	7,380,863	--	--	--	--	7,380,863
Total Assigned	33,995,025	--	--	--	--	33,995,025
Unassigned	81,720,610	(6,717,629)	--	(16,682,572)	(3,676,466)	54,643,943
Total Fund Balances	**$ 210,169,356**	**109,801,550**	**181,861,580**	**1,704,175**	**12,451,112**	**515,987,773**

Subsequent Years Budget Appropriation. The following schedule provides information on the portion of restricted and committed fund balance that has been appropriated in the general fund budget for the fiscal year ending June 30, 2025:

	Subsequent Year's Budget Appropriation	Unappropriated Fund Balance	Total
Restricted:			
Register of Deeds	$ 45,659	2,090,856	2,136,515
Human Services	466,238	1,295,644	1,761,882
Committed:			
Education debt leveling	$ 1,665,965	11,115,117	12,781,082
Public improvement debt leveling	4,723,272	4,546,484	9,269,756
Court facility debt leveling	1,775,201	8,527,862	10,303,063

5. *Other Information*

5a. Pension Costs

North Carolina Local Governmental Employees' Retirement System

*Plan Description***.** Forsyth 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 provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G. S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, visiting their website at www.osc.nc.gov, or calling (919) 981-5454.

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 law enforcement officers (LEO) 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.

Funding Policy. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Plan members are required to contribute 6.0% of their annual covered salary. The County is required to contribute at an actuarially determined rate. The current rate for employees not engaged in law enforcement and for law enforcement officers is 12.85% and 14.04%, respectively, of annual covered payroll. The County's contribution to LGERS for the year ended June 30, 2024 was $16,155,227. The contribution made by the County equaled the required contribution for the year.

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 Local Governmental Employees' Retirement System (LGERS) Pension

At June 30, 2024, the County reported a liability of $87,693,844 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023 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, 2024, the County's proportion was 1.324% (measured as of June 30, 2023), which was a decrease of .001% from its proportion as of June 30, 2023 (measured as of June 30, 2022).

For the year ended June 30, 2024, the County recognized pension expense of $24,559,460. At June 30, 2024, 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	$ 9,771,691	210,367
Changes of assumptions	3,726,483	-
Net difference between projected and actual earnings on pension plan investments	23,470,711	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	391,384	659,013
Employer contributions subsequent to the measurement date	16,155,227	-
Totals	**$ 53,515,496**	**869,380**

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to LGERS pension benefits will be recognized in pension expense as follows:

Year ending June 30,	
2025	$ 13,156,041
2026	6,546,737
2027	15,795,643
2028	992,468
Total	**$ 36,490,889**

Actuarial Assumptions. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience review for the period January 1, 2015 through December 31, 2019. Future ad hoc cost of living adjustment amounts are not considered to be substantively automatic and are therefore not included in the measurement.

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

Asset Class	Target Allocation	Long-term Expected Real 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
Opportunistic fixed income	7.0	5.0
Inflation protection	6.0	2.7
Total	**100.0 %**	

The information above is based on 30-year expectations developed with an investment consulting firm as part of a study that was completed in early 2022, and is part of the asset, liability and investment policy 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 2.25%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 6.5%. 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 liability to changes in the discount rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

		1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
County's proportionate share of the net pension liability (asset)	$	151,926,140	87,693,844	34,811,801

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. Forsyth County administers a public employee retirement plan (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. 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, 2022, the Separation Allowance's membership consisted of:

Retirees currently receiving benefits	37
Active plan members	264
Total	**301**

Benefits Provided. The Separation Allowance is equal to .85% 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.

Funding Policy. 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 in the General Fund. There are 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. For the fiscal year ended June 30, 2024, the County's required and actual benefits paid were $878,750.

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

*Basis of Accounting***.** Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Law Enforcement Officers' Special Separation Allowance (LEOSSA) Pension

At June 30, 2024, the County reported a total pension liability of $13,195,454. The total pension liability was measured as of December 31, 2023 based on an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of December 31, 2023 utilizing update procedures incorporating the actuarial assumptions.

For the year ended June 30, 2024, the County recognized pension expense of $1,840,524. Benefit payments and administrative costs paid during the current fiscal year, but before the measurement date totaled $468,807.

At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to the LEOSSA pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,738,322	-
Changes of assumptions and other inputs	1,060,860	1,385,182
Benefit payments subsequent to the measurement date	468,807	-
Totals	**$ 3,267,989**	**1,385,182**

The amount reported as deferred outflows of resources related to pensions resulting from benefit payments made subsequent to the measurement date will be recognized as a decrease of the total pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to LEOSSA pension benefits will be recognized in pension expense as follows:

Year ending June 30,	
2025	$ 745,486
2026	362,147
2027	30,188
2028	89,065
2029	187,114
Total	**$ 1,414,000**

Actuarial Assumptions. The total pension liability in the December 31, 2022 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, includes inflation at 2.50%
Discount rate	4.00 percent, includes inflation at 2.50%

The discount rate used to determine the total pension liability is the Standard and Poor's Municipal Bond 20 Year High Grade Rate Index. The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an experience study completed by the actuary for the Local Government Employees' Retirement System for the five-year period ending December 31, 2019. All mortality rates use Pub-2010 amount-weighted tables and are projected from 2010 using generational improvement with Scale MP-2019.

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 4.00 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 (3.00 percent) or 1-percentage-point higher (5.00 percent) than the current rate:

	1% Decrease (3.00%)	Discount Rate (4.00%)	1% Increase (5.00%)
County's total pension liability	$ 14,231,394	13,195,454	12,253,397

Schedule of changes in total pension liability.

Total pension liability as of December 31, 2022	$ 11,651,675
Changes for the year:	
Service cost at end of year	496,145
Interest	484,764
Change in benefit terms	-
Difference between expected and actuarial experience	1,089,976
Changes of assumptions and inputs	281,388
Benefit payments	(808,494)
Other	-
Net changes	1,543,779
Total pension liability as of December 31, 2023	**$ 13,195,454**

Changes of assumptions and benefit terms. Since the prior measurement date of December 31, 2022 to the current measurement date of December 31, 2023, the discount rate has changed from 4.31 percent to 4.00 percent due to a change in the Municipal Bond Index Rate.

Supplemental Retirement Income Plan for Law Enforcement Officers

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

*Funding Policy***.** Article 12E of G.S. Chapter 143 requires that the County contribute each month an amount equal to 5.0% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. The County's contributions for the year ended June 30, 2024 were $1,027,480, exclusive of voluntary employee contributions.

Register of Deeds' Supplemental Pension Fund

Plan Description. The County contributes to the Register of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, cost-sharing multiple-employer defined benefit plan administered by the North Carolina Department of State Treasurer. The RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Governmental Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. 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 Register of Deeds' Supplemental Pension Fund is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, visiting their website at www.osc.nc.gov or calling (919) 981-5454.

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.

Funding Policy. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to 1.5% of the monthly receipts collected pursuant to Article 1 of North Carolina General Statute Chapter 161. The statutory contribution currently has no relationship to the actuarial required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Immediately following January 1 of each year, the Department of State Treasurer divides 93% of the amount in the RODSPF at the end of the preceding calendar year into equal shares, up to the statutory maximum, to be disbursed as monthly benefits. The remaining 7% of the fund's assets may be used by the State Treasurer in administering the fund. For the fiscal year ended June 30, 2024, the County's required and actual contributions were $31,972.

Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Register of Deeds' Supplemental Pension Fund (RODSPF)

At June 30, 2024, the County reported an asset of $365,015 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2023. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2023 (measurement date), the County's proportion was 3.037%, which was a decrease of .728% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the County recognized pension expense of $118,358. At June 30, 2024, 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	$ -	16,119
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	185,408	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	93,704	19,663
Employer contributions subsequent to the measurement date	31,972	-
Totals	**$ 311,084**	**35,782**

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the subsequent fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to RODSPF pension benefits will be recognized in pension expense as follows:

Year ending June 30,	
2025	$ 69,744
2026	108,027
2027	53,824
2028	11,735
Total	**$ 243,330**

Actuarial Assumptions. The total pension liability in the December 31, 2022 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 percent
Investment rate of return	3.00 percent

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

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study prepared as of December 31, 2020. Future ad hoc cost of living adjustment amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. 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 Bond Index External Investment Pool. The long-term expected real rate of return for the Bond Index Investment Pool as of June 30, 2023 is .78%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2022 asset, liability and investment policy study for the North Carolina Retirement Systems, including RODSPF. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.25%. All rates of return and inflation are annualized.

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

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.00 percent, as well as what the

County’s proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.00 percent) or 1-percentage-point higher (4.00 percent) than the current rate:

		1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
County’s proportionate share of the net pension liability (asset)	$	(249,165)	(365,015)	(462,701)

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

The following is information related to the proportionate share and pension expense for all pension plans as of June 30, 2024:

	LGERS	LEOSSA	RODSPF	Total
Pension Expense	$ 24,559,460	1,840,524	118,358	26,518,342
Pension Liability (Asset)	87,693,844	13,195,454	(365,015)	100,524,283
Proportionate share of pension liability (asset)	1.324%		3.037%	
Deferred Outflows of Resources:				
Differences between expected and actual experience	9,771,691	1,738,322	--	11,510,013
Changes of Assumptions	3,726,483	1,060,860	--	4,787,343
Net difference between projected and actual earnings on pension plan investments	23,470,711	--	185,408	23,656,119
Changes in proportion and differences between employer contributions and proportionate share of contributions	391,384	--	93,704	485,088
Employer contributions subsequent to the measurement date	16,155,227	468,807	31,972	16,656,006
Total Deferred Outflows of Resources	$ 53,515,496	3,267,989	311,084	57,094,569
Deferred Inflows of Resources:				
Differences between expected and actual experience	210,367	--	16,119	226,486
Changes of Assumptions	--	1,385,182	--	1,385,182
Net difference between projected and actual earnings on pension plan investments	--	--	--	--
Changes in proportion and differences between employer contributions and proportionate share of contributions	659,013	--	19,663	678,676
Total Deferred Inflows of Resources	$ 869,380	1,385,182	35,782	2,290,344

5b. Other Post-employment Benefits (OPEB)

Healthcare, Life Insurance, and Death Benefits

Plan Description. Forsyth County administers a single-employer defined benefit Healthcare Plan (the Plan). The Board of County Commissioners established and may amend the benefit provisions of the Plan.

As of July 1, 2007, the Plan provides postemployment healthcare benefits to retirees of the County until they reach age 65 or are eligible for Medicare, provided they participate in the North Carolina Local Governmental Employees’ Retirement System (System) and (1) have at least 5 years of creditable service with the County if employed prior to July 1, 2007; (2) have at least twenty years of creditable service with the County if employed on or after July 1, 2007. Coverage on eligible dependents that are on the retiree’s policy the day before retirement may be continued until eligibility ceases. Based on level of coverage, the County pays between 70.7% and 88.8% of the established premium cost. Retirees pay the same premium as active employees.

All employees that retire with fifteen or more continuous years of full-time service, other than those that retire under a disability retirement, are eligible to receive a benefit in the amount of $2,000 in the event of death. This benefit is provided at no cost to the retiree.

Those members that retire under a disability retirement are entitled to a life insurance benefit equal to one and a half times salary at the time they retire, subject to age reductions. The County pays the full cost of the life insurance premium.

The County has elected to partially pay the future overall cost of coverage for these benefits. A separate report was not issued for the Plan.

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

Retirees currently receiving benefits	1,074
Active plan members	1,845
Total	**2,919**

Contributions. The contribution requirements of plan members and the County are established and may be amended by the Board of County Commissioners. The required contribution is based on projected pay-as-you-go financing requirements and an additional amount to prefund benefits as determined annually by the Board of County Commissioners.

The County pays the full costs of retiree death benefits and life insurance for disability retirees, which were $11,000 and $10,166, respectively, for fiscal year 2024. The monthly cost of healthcare benefits is shared by the County and covered retirees, respectively, as follows: retiree-only coverage, $910 and $115; retiree and one dependent, $1,133 and $324; and retiree and more than one dependent, $1,584 and $656. For fiscal year 2024, the County contributed $3,154,769 for healthcare benefits, and retiree Plan members contributed $443,780. Additionally, the County contributed $1,600,000 to prefund benefits.

Investments. The allocation of invested assets is determined by an Investment Advisory Committee established by the County's Chief Financial Officer. The target asset allocation and best estimates of geometric real rates of return for each major asset class, as provided by the Plan's investment consultant, are summarized in the following table:

	Target Allocation	10 year expected geometric real rate of return
Equity index fund	65%	7.30%
Bond index fund	25%	4.80%
Short-term investment fund	10%	3.10%

For the year ended June 30, 2024, the money weighted annual rate of return on investments, net of investment expense, was 13.93 percent.

Net OPEB Liability. The components of the net OPEB liability at June 30, 2024 are:

Total OPEB liability	$	73,485,521
Plan fiduciary net position		50,577,976
Net OPEB liability	**$**	**22,907,545**

The ratio of plan fiduciary net position to total OPEB liability is 68.83 percent.

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2022 using the following key actuarial assumptions and other inputs:

Inflation	2.50 percent
Real wage growth	.75 percent
Wage inflation	3.25 percent
Salary increases, including wage inflation:	
General employees	3.25 – 8.41 percent
Firefighters	3.25 – 8.15 percent
Law enforcement officers	3.25 – 7.90 percent
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	6.27 percent
Municipal bond index rate:	
Prior measurement date	3.65 percent
Measurement date	3.93 percent
Year fiduciary net position to be depleted:	
Prior measurement date	N/A
Measurement date	N/A
Single equivalent interest rate, net of OPEB plan investment expense, including price inflation:	
Prior measurement date	6.27 percent
Measurement date	6.27 percent
Health care cost trends: Pre-Medicare	7.00 percent for 2022 decreasing to an ultimate rate of 4.50 percent by 2032

The total OPEB liability was rolled forward to June 30, 2024, utilizing update procedures incorporating the actuarial assumptions.

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2015 – December 31, 2019, adopted by the Board of the Local Government Employees Retirement System.

Several factors were considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were 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 then adding expected inflation.

Discount rate. The discount rate used to measure the total OPEB liability was based upon the long-term expected rate of return. The projection of cash flows used to determine the discount rate assumed that the County pays benefits directly to Plan members as the benefits come due and will contribute an additional $1,600,000 annually toward the Plan's financial net position. Based on these assumptions, the Plan's financial net position was projected to not be depleted.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the Plan's net OPEB liability using the discount rate of 6.27 percent, as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.27 percent) or 1-percentage-point higher (7.27 percent) than the current rate:

		1% Decrease (5.27%)	**Discount Rate (6.27%)**	**1% Increase (7.27%)**
Net OPEB liability	$	29,232,946	22,907,545	17,277,995

Sensitivity of the net OPEB liability to changes in the health care cost trend rates. The following presents the Plan's net OPEB liability using the health care cost trend rate of 7.00 percent, as well as what the Plan's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

		1% Decrease	**Healthcare Cost Trend Rate**	**1% Increase**
Net OPEB liability	$	15,698,727	22,907,545	31,348,746

Changes in Net OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB. At June 30, 2024, the County reported a net OPEB liability of $22,907,545. The total OPEB liability used to calculate the net OPEB liability is based upon an actuarial valuation as of June 30, 2022. The expected total OPEB liability is determined as of June 30, 2024 using standard roll forward techniques.

At June 30, 2024, the components of the net OPEB liability are as follows:

		Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance as of June 30, 2023	$	72,239,924	42,864,183	29,375,741
Changes for the year:				
Service cost		2,230,374	--	2,230,374
Interest		4,343,810	--	4,343,810
Difference between expected and actual experience		684,121	--	684,121
Changes of assumptions or other inputs		--	--	--
Contributions – employer		--	7,612,708	(7,612,708)
Net investment income		--	6,113,793	(6,113,793)
Benefit payments		(6,012,708)	(6,012,708)	--
Net changes		1,245,597	7,713,793	(6,468,196)
Balance as of June 30, 2024	**$**	**73,485,521**	**50,577,976**	**22,907,545**

For the year ended June 30, 2024, the County recognized OPEB income of $1,643,165. At June 30, 2024, 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	$ 3,479,680	11,025,218
Changes of assumptions and other inputs	1,276,280	4,949,662
Net difference between projected and actual earnings on pension plan investments	--	2,353,242
Totals	**$ 4,755,960**	**18,328,122**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30,	
2025	$ (6,725,952)
2026	(5,343,358)
2027	(1,008,989)
2028	(578,929)
2029	85,066
Total	**$ (13,572,162)**

5c. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees on the job; certain employee, dependent, and retiree health care costs; and natural disasters. These risks of loss are handled through a combination of risk retention and insurance. The County uses the Employee Health Benefits Fund (an internal service fund) to account for and finance its risks of loss for employee, dependent, and retiree health care. Other risks of loss are accounted for in the General Fund.

The County's risk retention program provides coverage for a maximum of $700,000 for each workers' compensation claim except Law Enforcement and Emergency Services which has a retention limit of $750,000 for each workers' compensation claim, $100,000 for each auto liability and general liability claim, $100,000 for each public officials, $250,000 for each law enforcement claim, $100,000 for each property damage claim, and $25,000 for each health care claim. The County purchases commercial insurance for claims in excess of the retention limits. There were no settlements in excess of the insurance coverage in any of the prior three fiscal years.

The County carries commercial flood insurance with maximum coverage of $15,000,000 per year for property in areas that have been mapped and designated "X" (an area with moderate to minimal flood hazard) by the Federal Emergency Management Agency (FEMA.) Most of the County's property is located in areas designated "X." The County has some property of lower value located in areas designated "A" (an area close to a river, lake, or stream) by FEMA, and the County has purchased flood insurance with maximum coverage of $1,000,000 per year for this property.

In accordance with G.S. 159-29, the County's employees that have access at any given time to $100 or more of the County's funds are performance bonded through a commercial surety bond. The chief financial officer and tax collector are individually bonded for $1,000,000 and $150,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for $4,000,000.

Claims liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). For losses other than employee, dependent, and retiree health care costs, the County's actuarially determined claims liability, which does not include non-incremental claims adjustment expenses, is $1,434,126 at June 30, 2024. It is reported in the Statement of Net Position as a long-term liability, due within one year.

The County's estimated claims liability for employee, dependent, and retiree health care costs is $2,417,000 at June 30, 2024. It is reported as a current liability in the proprietary fund Statement of Net Position and as a long-term liability, due within one year, in the government-wide Statement of Net Position.

The County's risk retention program for employee, dependent, and retiree health care costs, and premiums is maintained at a level to cover future catastrophic losses as well as the actuarially determined claims liability, and also to enable matching revenues and expenses over a reasonable period of time without significant year-to-year increases. The net position of $2,923,226 in the Employee Health Benefits Fund are designated for these purposes.

Changes in the claims liability amount in fiscal 2023 and fiscal 2024 were as follows:

	Beginning Balance	Current-Year Claims and Changes in Estimates	Claims Payments	Ending Balance
2022-2023	$3,642,157	28,515,200	(28,928,988)	3,228,369
2023-2024	3,228,369	32,451,107	(31,828,350)	3,851,126

5d. Contingent Liabilities

The County has received proceeds from a number of Federal and State of North Carolina grants. Periodic audits of these grants are required, and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial.

The County is involved in several other claims and lawsuits, which it intends to defend vigorously. The County's legal counsel estimates that any possible liability to the County resulting from such litigation and not covered by insurance would not have a material adverse effect on the financial position of the County at June 30, 2024.

5e. Joint Ventures

The County, in conjunction with the State of North Carolina and the Winston-Salem/Forsyth County Board of Education, participates in a joint venture to operate Forsyth Technical 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 serves as an ex officio nonvoting member of the community college's 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. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds or other debt instruments to provide financing for new facilities. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed $11,589,719 and $12,859,883 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2024. In addition, the County made debt service payments of $7,928,238 during the fiscal year on general obligation bonds and an installment financing agreement issued for community college capital facilities. The participating governments do not have an equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2024. Complete financial statements for the community college may be obtained from the community college's administrative offices at 2100 Silas Creek Parkway, Winston-Salem, North Carolina 27103.

In conjunction with the City of Winston-Salem and the Greater Winston-Salem Chamber of Commerce, Inc., the County takes part in a joint venture to operate the Forsyth County Tourism Development Authority, which was established pursuant to state statute for the purpose of furthering the development of travel, tourism, and conventions in the County. The Authority board is comprised of nine members of which the County and the City of Winston-Salem each appoint four, and the Chamber appoints one. The Authority receives 61.4% of room occupancy taxes which are levied and collected by the County. For the year ended June 30, 2024, occupancy taxes totaling $5,073,666 were distributed to the Authority. The County also provided $26,239 in financial services to the Authority during fiscal year 2024. The participating governments and agency do not have an equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2024. Complete financial statements for the Authority can be obtained from the Authority's finance officer at Forsyth County Government Center, 201 N. Chestnut Street, Winston-Salem, North Carolina 27101.

5f. Jointly Governed Organizations

The County, in conjunction with eleven other counties and 62 municipalities, is a member of the Piedmont Triad Regional Council (PTRC). The PTRC is a voluntary association of municipal and county governments, enabled by state law to promote regional issues and cooperation among members and to coordinate funding from federal and state agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of $80,653 to the Council during the fiscal year ended June 30, 2024.

The County participates with Guilford County and three municipalities in the Piedmont Triad International Airport Authority which operates the airport of the same name. Each participating government has one appointment to the seven-member board except Guilford County, which has three appointments. The County made no payments to the Authority in the fiscal year ended June 30, 2024.

The following financial statements have been compiled from the audited financial statements of the County for the fiscal years ended June 30, 2024, 2023, and 2022.

Forsyth County, North Carolina

General Fund

Balance Sheet

As of June 30, 2024, 2023, and 2022

	2024	2023	2022
Assets			
Cash and cash equivalents/investments	$ 178,564,554	$ 193,916,132	$ 183,512,762
Receivables:			
Property taxes	1,830,673	1,772,771	1,760,958
Occupany taxes	99,376	116,085	88,844
Other taxes	45,952	45,952	80,248
Accounts	4,828,558	12,074,166	12,105,204
Accrued interest	1,135,453	782,973	46,855
Due from other governments	38,159,869	39,252,605	42,845,929
Due from other funds	3,749,785	-	10,272
Lease receivables	5,954,300	5,714,811	6,286,301
Prepaid items	122,250	122,250	122,250
Total assets	$ 234,490,770	$ 253,797,745	$ 246,859,623
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable and accrued liabilities	$ 9,994,190	$ 8,676,729	$ 11,610,076
Due to other governments	2,420,315	4,376,384	3,529,220
Unearned revenue	1,583,818	2,258,293	2,117,964
Total Liabilities	13,998,323	15,311,406	17,257,260
Deferred Inflows of Resources			
Unavailable taxes	1,830,673	1,772,771	1,760,958
Unavailable other revenue	2,456,762	11,736,173	11,356,297
Leases	6,035,656	5,784,519	6,342,286
Total deferred inflows of resources	10,323,091	19,293,463	19,459,541
Fund Balances			
Non-spendable:			
Prepaid items	122,250	122,250	122,250
Restricted:			
Stabilization by state statute	50,151,241	44,694,994	47,573,550
Register of deeds	2,136,515	1,993,587	1,980,160
Public safety	-	-	123,338
Human services	1,761,882	2,294,054	3,371,408
Environmental protection	-	28,510	27,990
Community and economic development	2,105,647	1,248,318	1,774,004
Committed:			
Education debt leveling plans	12,781,082	11,826,441	11,638,518
Library debt leveling plans	3,011,693	2,341,673	1,804,477
Public improvement debt leveling plans	9,269,756	14,129,382	10,952,807
Courthouse debt leveling plans	10,303,063	11,731,613	13,231,909
Public safety	16,900	1,500,000	-
Capital projects	1,719,918	-	-
Intergovernmental - education	-	800,752	1,925,699
General government	-	-	1,288,077
Culture and recreation	-	740,000	40,000
Law enforcement special separation allowance	-	3,176,786	2,548,277
Community and economic development	1,073,774	1,078,674	1,082,811
Human services	-	317,214	-
Assigned:			
Subsequent year budget	24,662,467	14,896,928	13,901,975
Special appropriations	-	-	10,000
Management special projects	7,380,863	25,207,069	22,185,760
Public safety	1,951,695	1,284,194	-
Unassigned	81,720,610	79,780,437	74,559,812
Total Fund Balances	210,169,356	219,192,876	210,142,822
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 234,490,770	$ 253,797,745	$ 246,859,623

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

Forsyth County, North Carolina

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Fiscal Years Ended June 30, 2024, 2023 and 2022

	2024	2023	2022
Revenues			
Property taxes	$ 310,615,172	$ 302,179,933	$ 294,120,682
Occupancy taxes	1,141,575	1,135,675	990,022
Local option sales taxes	103,836,182	106,244,850	104,700,795
Other taxes	477,751	493,555	579,661
Licenses and permits	834,390	882,939	964,200
Intergovernmental	51,732,050	54,799,595	51,711,198
Charges for services	35,692,596	31,052,716	31,341,027
Investments earnings	14,007,791	9,059,056	(448,158)
Other	14,820,804	11,274,506	12,040,798
Total Revenues	533,158,311	517,122,825	496,000,225
Expenditures			
Current:			
General government	50,514,340	53,332,484	43,700,089
Public safety	103,693,267	97,510,437	85,005,642
Environmental protection	3,313,596	3,528,372	3,443,896
Human services	78,329,796	73,125,072	68,218,113
Culture and recreation	17,849,097	17,874,057	16,733,075
Community and economic development	5,596,107	5,171,268	7,275,318
Education	756,776	776,277	707,748
Intergovernmental education	179,208,456	172,542,568	168,941,532
Capital outlay	4,487,040	-	1,605,549
Debt service:			
Principal	61,176,520	56,223,500	56,193,650
Interest and other fees	29,312,752	25,467,993	25,731,530
Total Expenditures	534,237,747	505,552,028	477,556,142
Revenues over (under) expenditures	(1,079,436)	11,570,797	18,444,083
Other Financing Sources (uses):			
Lease liabilities issued	45,081	2,244,111	1,605,549
Subscription liabilites issued	34,737	5,778,513	-
Transfers in:			
Special revenue funds	15,683,809	14,001,791	90,159,282
Transfers out:			
Special revenue funds	(52,190)	(63,105)	(37,431,116)
Capital project funds	(23,655,521)	(24,482,053)	(19,820,609)
Total other financing sources (uses)	(7,944,084)	(2,520,743)	34,513,106
Net change in fund balances	(9,023,520)	9,050,054	52,957,189
Fund balance, beginning of year	219,192,876	210,142,822	157,185,633
Fund balance, end of year	$ 210,169,356	$ 219,192,876	$ 210,142,822

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

The following financial statements have been compiled from the budget ordinance and related amendments of the County for the fiscal year ending June 30, 2025.

Forsyth County, North Carolina

Compiled Budget - General Fund and Debt Service Fund

For the Fiscal Year Ending June 30, 2025

As of February 28, 2025

	General Fund
Estimated Revenues	
Property taxes	$ 312,261,912
Occupancy taxes	1,000,000
Local option sales taxes	110,184,462
Other taxes	420,000
Licenses and permits	823,191
Intergovernmental	57,918,533
Charges for services	35,885,352
Investments earnings	7,251,500
Other	13,798,608
Total estimated revenues	539,543,558
Appropriations	
General government	74,248,056
Public safety	112,752,525
Environmental protection	5,135,110
Human services	98,333,068
Culture and recreation	20,369,840
Community and economic development	11,596,793
Education	964,606
Intergovernmental education	186,151,021
Debt service:	
Principal	59,868,500
Interest and other fees	26,849,189
Total appropriations	596,268,708
Estimated revenues under appropriations	(56,725,150)
Other Financing Sources (Uses)	
Transfers from other funds:	
Special Revenue Fund	18,085,785
Capital Project Fund	4,988,897
Transfers to other funds:	
Special Revenue Fund	(160,000)
Capital Project Fund	(4,534,279)
Appropriated fund balances	38,344,747
Total other financing sources	56,725,150
Estimated revenues and other financing sources over appropriations and other financing uses	$ -

*Compiled by the staff of the Forsyth County Finance Department

APPENDIX E

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

Constitutional Provisions

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

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

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

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

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

(d) to suppress riots or insurrections;

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

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

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

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

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

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

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

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

The Local Government Bond Act

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

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

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

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

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

The Act provides that, subject to certain exceptions, no bond order may be adopted by the governing body of a unit of local government unless it appears from a sworn statement of debt filed in connection therewith that the net debt of the unit does not exceed 8% of the assessed value of property subject to taxation by the issuing unit. Under current law, the mandated assessment ratio is 100% of appraised value. This limitation does not apply to funding and refunding bonds, bonds issued for water, gas or electric power purposes, or two or more of such purposes, certain sanitary sewer, sewage disposal or sewage purification plant bonds, bonds or notes issued for erosion control purposes or bonds or notes issued for the purposes of erecting jetties or other protective works to prevent encroachment by certain bodies of water.

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

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

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

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

Short-Term Obligations

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

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

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

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

The Local Government Budget and Fiscal Control Act

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

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

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

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

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

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

Major General Fund Revenue Sources

Ad Valorem Tax - Each unit of local government having authority to incur general obligation bonded indebtedness also has authority to levy ad valorem taxes on property having a situs within the unit. The ad valorem tax is levied on classes of property selected for taxation by the General Assembly through laws that are uniform throughout the State. The statute governing the listing, appraisal and assessment of property for taxation and the collection of taxes levied is the Machinery Act, G.S. Ch. 105, Subchapter II.

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

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

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

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

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

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

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

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

    (c) Certain pollution abatement and resource recovery equipment.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Local Government Sales and Use Taxes

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

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

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

Alcoholic Beverage Control Store Profits

The sale of liquor in the State is a government monopoly. Stores are operated by counties and municipalities that have been authorized and have chosen to establish them. The net profits of these stores are distributed to the units of local government in which they operate. The General Assembly has enacted numerous local acts prescribing different formulas for the distribution of profits. Local elections are authorized to permit sales of liquor by the drink by qualified restaurants and clubs. An additional tax of $20 per four liters is levied on liquor purchased by restaurants or clubs for resale as mixed beverages, and $10 of the $20 is paid to the State's General Fund.

Intragovernmental Shared Revenues

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

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

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

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

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

State and Local Fiscal Relations

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

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

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

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

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

APPENDIX F

FORM OF OPINION OF BOND COUNSEL

[Letterhead of Parker Poe Adams & Bernstein LLP]

June __, 2025

County of Forsyth, North Carolina
Winston-Salem, North Carolina

$___________
County of Forsyth, North Carolina
General Obligation Bonds, Series 2025

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance and sale of $__________ aggregate principal amount of County of Forsyth, North Carolina General Obligation Bonds, Series 2025 (the "*2025 Bonds*"). The 2025 Bonds are issuable as fully registered obligations and will mature and bear interest at the rates and at the times, all as provided in the resolution adopted by the Board of Commissioners (the "*Board of Commissioners*") of the County of Forsyth, North Carolina (the "*County*") on April 10, 2025 (the "*Bond Resolution*").

In connection with the issuance of the 2025 Bonds, we have examined the following, and we have assumed the truth and accuracy of the representations, covenants and warranties set forth therein:

(a) Certified copies of (1) the Bond Order authorizing School Bonds, (2) the Bond Order authorizing Community College Bonds, (3) the Bond Order authorizing Parks and Recreation Bonds, and (4) the Bond Order authorizing Public Facilities Bonds, each adopted by the Board of Commissioners on April 10, 2025 and which will be effective 30 days after their publication and during which no petition to a vote of the people is filed with the Clerk to the Board under Section 159-60 of the General Statutes of North Carolina;

(b) A certified copy of the Bond Resolution;

(c) A specimen of the 2025 Bonds; and

(d) Such other documents as we deemed relevant and necessary in rendering this opinion.

From such examination we are of the opinion, under existing law, that:

1. The 2025 Bonds have been duly authorized under the provisions of the Constitution and laws of the State of North Carolina (the "*State*"), including The Local Government Bond Act, Section 159-43 et. seq., of the General Statutes of North Carolina.

2. The 2025 Bonds are legal, valid and binding general obligations of the County.

3. The County has pledged its faith and credit for the payment of the principal of and the interest on the 2025 Bonds, and the County is authorized to levy on all real property taxable by the County such ad valorem taxes as may be necessary to pay the 2025 Bonds and the interest thereon without limitation as to rate or amount.

4. Interest on the 2025 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, however, such interest on the 2025 Bonds is taken into account in determining the annual adjusted financial statement income of certain corporations (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "*Code*")) for the purpose of computing the alternative minimum tax imposed on corporations. The opinion set forth in the preceding sentence is subject to the condition that the County comply with all requirements of the Code that must be satisfied subsequent to the issuance of the 2025 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The County has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the 2025 Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2025 Bonds. We express no opinion regarding other federal tax consequences related to the ownership of or the receipt, accrual or amount of interest on the 2025 Bonds.

5. The interest on the 2025 Bonds is exempt from State of North Carolina income taxation.

Our services as bond counsel in connection with the issuance of the 2025 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 2025 Bonds and the tax-exempt status of interest with respect thereto.

We express no opinion relating to 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 2025 Bonds (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 on the 2025 Bonds that may have been relied on by anyone in making the decision to purchase the 2025 Bonds.

The rights of the owners of the 2025 Bonds and the enforceability of the 2025 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.

In rendering the foregoing opinions, we have assumed the accuracy and truthfulness of all public records and of all certifications, documents, opinions, and other proceedings examined by us 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 on such public records, certifications, documents, opinions, and proceedings.

Respectfully submitted,

PARKER POE ADAMS & BERNSTEIN LLP

APPENDIX G

BOOK-ENTRY ONLY SYSTEM

Beneficial ownership interests in the Bonds will be available only in a book-entry system. The actual purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in such Bonds purchased. So long as The Depository Trust Company (the "DTC"), a New York corporation, or its nominee is the registered owner of the Bonds, references in this Official Statement to the registered owners of the Bonds shall mean DTC or its nominee and shall not mean the Beneficial Owners of the Bonds.

The following description of DTC, of procedures and record keeping on beneficial ownership interests in the Bonds, payment of interest and other payments with respect to the Bonds to DTC Participants or to Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Bonds and of other transactions by and between DTC, DTC Participants and Beneficial Owners is based on information furnished by DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's Participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of the Bonds. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (the "DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each Beneficial Owner is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchases. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of

Beneficial Owners. Beneficial Owners will not receive physical certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual identities of the Beneficial Owners of the Bonds; DTC's records reflect only the identities of the Direct Participants to whose accounts the Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants are responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

Principal and interest and redemption premiums, if any, on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County, on each payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the County or the Commission, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption premiums, if any, is the County's responsibility, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The Commission or the County may decide to discontinue use of the system of book-entry- only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this Appendix concerning DTC and DTC's book-entry system has been obtained from DTC, and the County takes no responsibility for the accuracy thereof.

The County cannot and does not give any assurances that DTC, Direct Participants or Indirect Participants will distribute to the Beneficial Owners of the Bonds (a) payments of principal of, premium, if any, and interest on the Bonds, (b) confirmations of their ownership interests in the Bonds or (c) redemption or other notices sent to DTC or Cede & Co., its partnership nominee, as the registered owner of the bonds, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement.

THE COUNTY HAS NO RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OR ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OR ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF, PREMIUM, IF ANY OR INTEREST ON THE BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS OF THE BONDS UNDER THE TERMS OF THE RESOLUTIONS AUTHORIZING THE ISSUANCE OF THE BONDS; AND (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS OWNER.