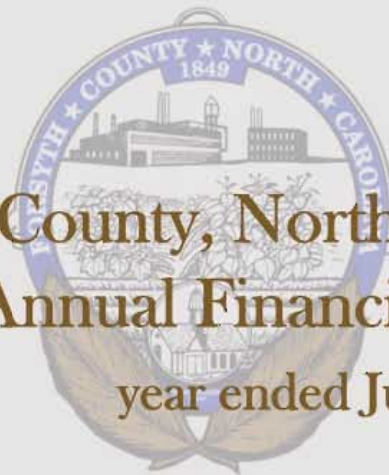


# 2010

FORSYTH COUNTY  
GOVERNMENT CENTER

Forsyth County, North Carolina  
Comprehensive Annual Financial Report  
year ended June 30, 2010



**Forsyth County,  
North Carolina**

**Comprehensive Annual Financial Report**

For the Fiscal Year Ended June 30, 2010

**Prepared by the Forsyth County Finance Department:**

**Paul L. Fulton, Jr., CPA, *Chief Financial Officer***

**Terri L. Goodman, CPA, *Deputy Chief Financial Officer***

**Michael J. Phelps, CPA, *Controller and Systems Manager***

**Teresa G. Everhart, CISR, *Risk Manager***

**Judy F. Kirk, CIA, *Internal Audit Manager***

Gloria M. Turowski, *Fiscal Analyst*

M. Brandon Branscome, *Fiscal Analyst*

Courtney D. Anderson, *Risk Management Analyst*

Barbara A. Cassidy, *Safety/Loss Control Analyst*

Cynthia R. Cobb, *Fiscal Supervisor*

Daphne Avery, *Payroll Specialist*

Bonita J. Gray, *Payroll Specialist*

Linda T. Bowles, *Fiscal Technician*

Michelle A. Pilcher, *Fiscal Technician*

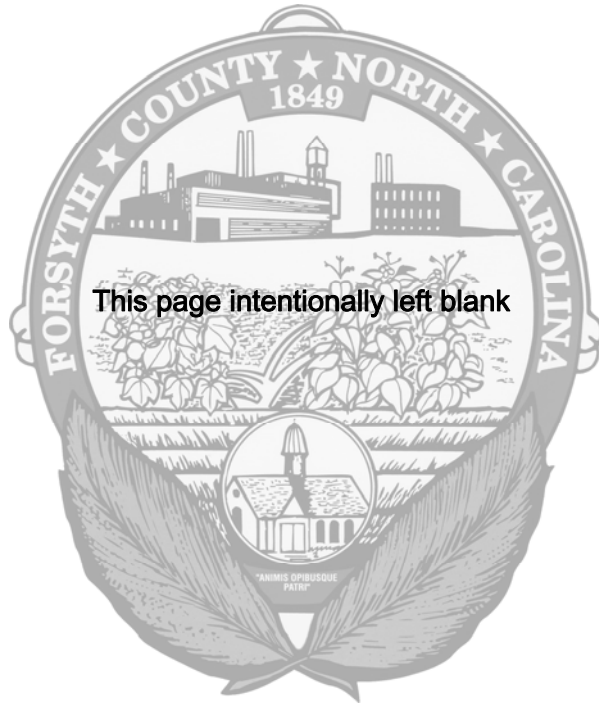
Margaret A. Burchette, *Fiscal Technician*

Regina G. Ireland, *Fiscal Technician*

Mary Elizabeth (Beth) Godwin, *Fiscal Technician*

Beverly W. Smith, *Fiscal Technician*

Miranda D. Cole, *Senior Office Assistant*



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# Forsyth County, North Carolina

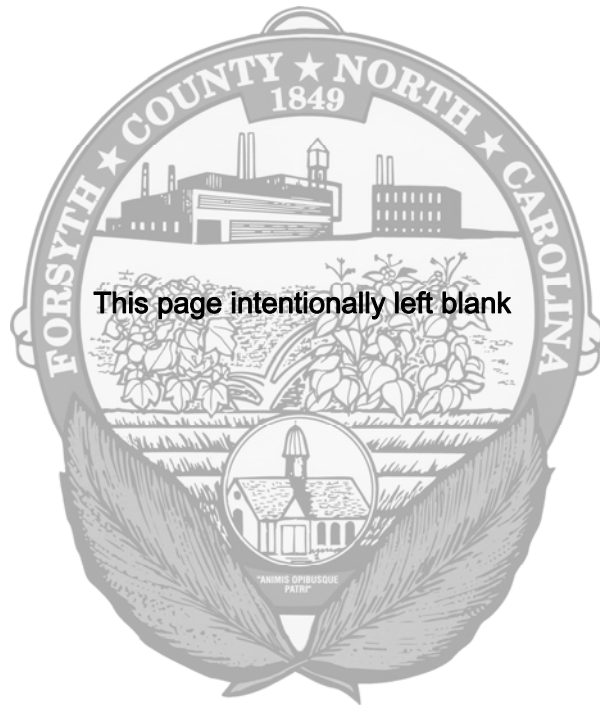
## Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2010

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## FINANCE DEPARTMENT

**Paul L. Fulton, Jr., CPA**  
CHIEF FINANCIAL OFFICER

**Terri L. Goodman, CPA**  
DEPUTY CHIEF FINANCIAL OFFICER

**Lee H. Plunkett**  
TREASURER



**Michael J. Phelps, CPA**  
CONTROLLER AND SYSTEMS MANAGER

**Teresa G. Everhart, CISR**  
RISK MANAGER

**Judy F. Kirk, CIA**  
INTERNAL AUDIT MANAGER

October 31, 2010

Honorable Members of the Forsyth County Board of Commissioners  
and Citizens of Forsyth County, North Carolina:

State law requires that all local governments publish within four months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Forsyth County for the fiscal year ended June 30, 2010.

This report consists of management's representations concerning the finances of Forsyth County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of Forsyth County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Forsyth County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Forsyth County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Forsyth County's financial statements have been audited by Cherry, Bekaert & Holland, L.L.P., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Forsyth County for the fiscal year ended June 30, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Forsyth County's financial statements for the fiscal year ended June 30, 2010, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Forsyth County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements



involving the administration of federal awards. These reports are available in the compliance section of this report.

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

## **Profile of the Government**

Forsyth County is located in the northwestern piedmont section of the state and includes the City of Winston-Salem, which is the County seat and fifth most populous city in the state. The County was created by Act of the North Carolina General Assembly in 1849. The County operates under a commission-manager form of government with seven publicly elected 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 Board of Commissioners meets twice a month to adopt local regulations and ordinances, establish policies, make appointments, and set the level of services to be provided to County residents. Forsyth County is empowered by state statute to levy a property tax on both real and personal properties located within its boundaries. The Board of Commissioners annually adopts a balanced budget and establishes a tax rate for the support of County programs. The County's annual budget allocates its resources for the health, education, welfare, and protection of its citizens. The County Manager is appointed by and serves at the pleasure of the Board of Commissioners. The manager, administrative staff, and all departments of County government must administer the County programs in accordance with the policies and annual budget ordinance adopted by the Board of Commissioners. Attesting to the sound financial management of the Board of Commissioners, the County remains one of only a handful of AAA-rated counties nationwide, as ranked by Standard & Poor's, Fitch Ratings, and Moody's Investor Services.

Forsyth County provides a broad range of services that include public safety, environmental protection, health and social services, cultural and recreational programs, community and economic development, and education. This report encompasses the County's activities in maintaining these services and includes its financial support to certain separate agencies, boards, and commissions to assist their efforts in serving citizens. Among these are the Winston-Salem/Forsyth County Schools, Forsyth Technical Community College, and CenterPoint Human Services.

The financial reporting entity includes all funds of the primary government, Forsyth County, as well as its component unit. Component units are legally separate entities for which the primary government is financially accountable. The Forsyth County Industrial Facilities and Pollution Control Financing Authority is a component unit of Forsyth County; however, this authority has no financial transactions or account balances and, therefore, is not reported in the financial statements.

The annual budget serves as the foundation for Forsyth County's financial planning and control. Each year all County departments are required to submit requests for appropriations to the County Manager, who then compiles a proposed budget and presents it to the Board of Commissioners for review. The Board is required to hold public hearings on the proposed budget and to adopt a final budget by July 1 of the fiscal year, or the Board must adopt an interim budget that covers that time until the annual ordinance can be adopted. The annual ordinance includes appropriations for the General Fund and four annually budgeted special revenue funds. Note 1c provides additional information on budgetary data. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on page 19 as part of the basic financial statements for the governmental funds and, in greater detail, on pages 55-57 in the subsection for major fund budgetary comparison schedules. For annually budgeted special revenue funds, this comparison is presented in the nonmajor governmental fund subsection of this report, which starts on page 59. Also included in the governmental fund subsection are project-length budget-to-actual

comparisons for each nonmajor governmental fund for which a project-length budget has been adopted (i.e., grant project special revenue funds and capital project funds).

### **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Forsyth County operates.

**Local economy.** Located midway between Washington, D.C. and Atlanta, Georgia, Forsyth County is in the heart of the state's Piedmont Triad region, a 12-county area with more than 1.5 million people. Three cities comprise the Triad: Winston-Salem, Greensboro and High Point. Each city has its own character, its own heritage, and its own industrial base. Yet the area's commercial and cultural growth transcends geographic boundaries with the strengths of each city combining to form a vibrant economic hub.

Forsyth County, with an estimated population of 355,575 and a workforce of more than 176,000, plays a vital role in the Triad's economy. With a strong and well diversified core of manufacturing companies, health care, biotechnology, financial services, and tourism sectors, the County serves as the major employment center for the counties which comprise northwest North Carolina and portions of southwest Virginia.

Economic resilience and employment stability have formed the foundation for strong local consumer and commercial markets. Personal income levels remain consistently higher than state figures. The County's per capita income is \$37,278, the thirteenth highest among counties in the state, and higher than the State's \$35,249. Capital investment, as measured by the value of new residential and commercial building permits issued during the year, totaled \$309.4 million during the year ended June 30, 2010.

**Long-term financial planning.** The County's Capital Improvement Program ("CIP") through the year 2021 as of June 2010 consists of \$517 million for proposed projects funded with long-term financing, \$2.8 million in short-term equipment financings, \$6.9 million in pay-as-you-go funding for capital maintenance and small projects, and \$5.25 million from private and governmental sources. The majority of long-term debt will be incurred for K-12 schools (\$230.5 million), community college projects (\$32.3 million), an addition to or the replacement of the central library (\$40 million) and two replacement branch libraries (\$12.4 million), new administrative space for the sheriff and new jail space (\$51.9 million), a new public safety training facility (\$4 million), an addition to the Hall of Justice for the court system (\$91 million), park system development (\$20.25 million), public safety communications system upgrades (\$25 million) and various smaller projects.

In order to level the effects of issuing the \$250 million schools and \$25 million community college bonds authorized in the November 2006 referendum, the County has dedicated proceeds from the state education lottery and from a 3-cent property tax increase to debt service on these bonds. Similarly, the fiscal year 2010 budget included an additional 1.1-cent tax increase over the revenue-neutral rate to fund the \$62 million educational facilities bond authorization approved in the November 2008 referendum. Each year lottery funds will be applied first, and the balance of applicable debt service will be paid from fund balance designated from the 3-cent and 1.1-cent levies plus any interest on that designated fund balance. No additional tax increases are anticipated to pay this debt service.

**Cash management policies and practices.** Under the authority of North Carolina General Statute 159-30, the County invests in obligations of the United States Treasury and several of its agencies and instrumentalities, high-grade commercial paper, and participating shares in a Local Government Commission certified mutual fund for local government investment. The objectives of the County's investment program are safety, liquidity and yield, in that order. Investment vehicles are chosen with the greatest emphasis placed on credit quality and maturity. The cash and investment portfolio balance for the fiscal year ended June 30, 2010 for all funds except proceeds from bonds, certificates of participation and limited obligation bonds, is \$127.9 million. The average yield on investments was .534%, exclusive of fair value appreciation. Reported investment income includes increases in the fair value of investments. Gains

in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it necessarily a certainty that such gains will be realized, especially in the case of temporary changes in the fair value of investments that the County intends to hold to maturity.

In addition to its investment portfolio, the County has invested general obligation and limited obligation bond proceeds at the North Carolina Capital Management Trust. These separate investment accounts are used as a means to maximize investment yield while segregating investment earnings on financing proceeds for federal arbitrage purposes. At June 30, 2010, the County had 7 such accounts totaling \$44.6 million in unexpended financing proceeds and accumulated interest earnings.

The assets of the County's Healthcare Plan are invested in the State Treasurer's Local Government Other Post-Employment Benefits Fund and totaled \$3.4 million at June 30, 2010.

**Risk management.** The County provides risk management services to all County departments in the General Fund and to other funds as necessary. In addition, the County provides risk management services to other local governments and agencies in the County, although there is no risk sharing or pooling of risk with the County or among any of these entities.

As part of a long-range plan to curtail health care costs, the County utilizes a risk retention program for employee, dependent and retiree health care costs. An additional component of the plan is a wellness screening program that provides participants with information to assist in maintaining and improving their health and includes premium-reduction incentives for participants.

The County continues numerous programs to reduce losses and to lessen the severity of those that occur. Current programs include a defensive driving course, a driver observation program, an accident review board, an employee wellness program, a return-to-work program, and numerous occupational safety and health programs for employees. Additional information on the County's risk financing may be found in Note 5c.

**Pension and other post-employment benefits.** Forsyth County provides pension benefits through a state-wide plan managed by the State Treasurer. Forsyth County has no obligation in connection with employee benefits offered through this plan beyond its annual contractual payment to the retirement system.

Forsyth County administers a single-employer defined benefit pension plan for its qualified sworn law enforcement officers. Each year, an independent actuary engaged by the pension plan calculates the amount of the annual contribution that Forsyth County must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, Forsyth County fully funds each year's annual required contribution to the pension plan as determined by the actuary. Forsyth County has funded 1.1% of the present value of the projected benefits earned by employees as of December 31, 2009, the actuarial valuation date, and the remaining unfunded amount is being systematically funded over 21 years as part of the annual required contribution calculated by the actuary.

Forsyth County also provides post-retirement health care benefits for certain retirees and their dependents, and life insurance or death benefits for eligible retirees. In the year-ended June 30, 2010, the County elected to partially pay the future overall cost of coverage for these benefits and contributed \$1.6 million to an irrevocable trust fund established for this purpose. According to an independent actuarial evaluation as of December 31, 2009, the annual other post employment benefit (OPEB) cost for fiscal year 2010 was \$6.3 million; the County's OPEB payments during the fiscal year were 59.7% of the annual cost.

Additional information on Forsyth County's pension arrangements and post-employment benefits can be found in Notes 5a and 5b in the notes to the financial statements.

## Awards and Acknowledgements

**Awards.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Forsyth County for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This was the twenty-sixth consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

GFOA also presented the County with a Distinguished Budget Presentation Award for the County's fiscal year 2010 annual budget. To receive this award, a governmental unit must publish a budget document that meets program criteria. This award is valid for one year only. We believe the fiscal year 2011 budget continues to conform to program requirements, and we are submitting it to GFOA to determine eligibility for another award.

**Acknowledgements.** The preparation of the annual financial report was made possible by the dedicated service of the entire staff of the Finance Department. The year-end closing of the accounting system and report preparation was effectively managed by Terri L. Goodman, Deputy Chief Financial Officer. Also providing substantial support in report preparation and related accounting activities were: Michael J. Phelps, Controller and Systems Manager; Teresa Everhart, Risk Manager; and, Gloria Turowski and Brandon Branscome, Fiscal Analysts.

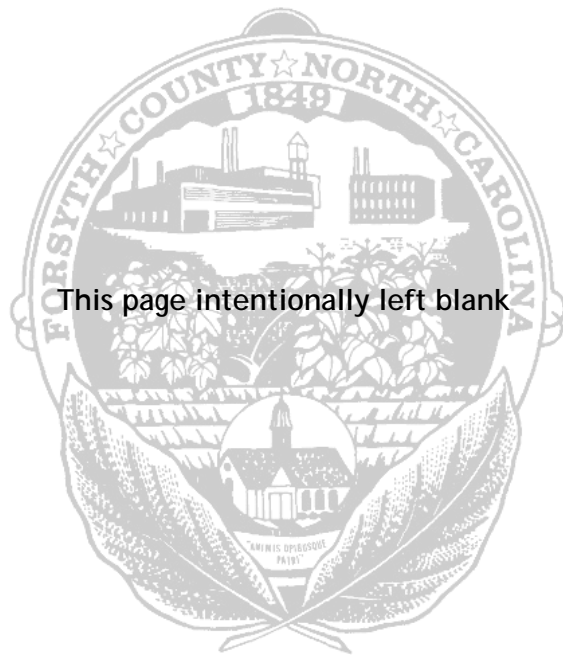
This annual financial report is dedicated to Maribeth W. Weinman who retired on July 30, 2010 after more than 38 years of service in the Forsyth County Finance Department, the last 22 of which were spent as the Deputy Chief Financial Officer and the preparer of this report for the years ended 1988 through 2009. Her diligence and integrity established her legacy as a dedicated servant of the citizens of Forsyth County.

In closing, without the continued leadership and support of the Board of County Commissioners, preparation of this report would not have been possible.

Sincerely,

J. Dudley Watts, Jr., County Manager

Paul L. Fulton, Jr., Chief Financial Officer



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# ***Forsyth County Board of Commissioners***



Seated: David R. Plyler, Chairman and Debra Conrad, Vice-Chair  
Standing (left to right): Gloria D. Whisenhunt, Walter Marshall, Richard V. Linville,  
Ted Kaplan, Beaufort O. Bailey

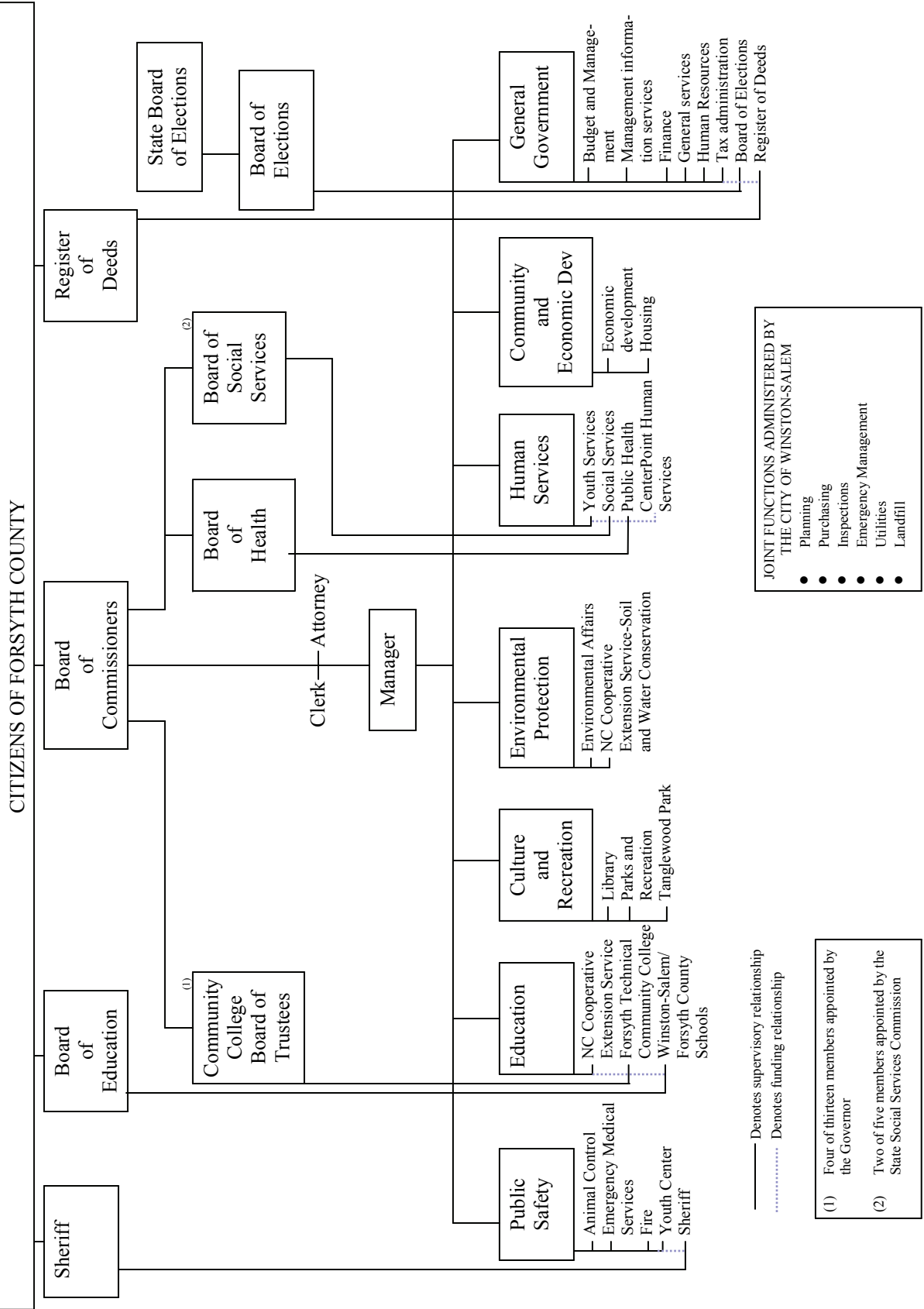
## **County Officials**



J. Dudley Watts, Jr.  
County Manager



Paul L. Fulton, Jr.  
Chief Financial Officer





# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Forsyth County North Carolina

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



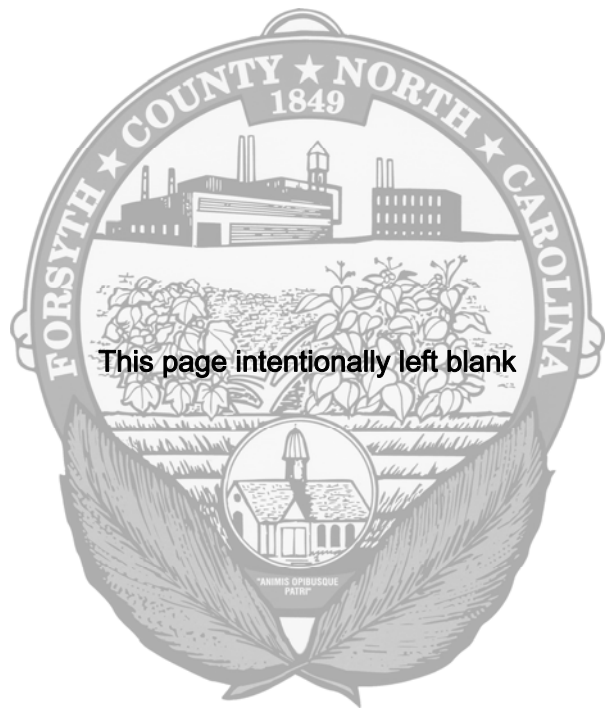
A stylized, handwritten signature in black ink, appearing to read "JEFFREY R. ENOW".

President

A stylized, handwritten signature in black ink, appearing to read "JEFFREY R. ENOW".

Executive Director





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## Independent Auditors' Report

To the Board of County Commissioners  
Forsyth County, North Carolina

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Forsyth County, North Carolina (the "County") as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

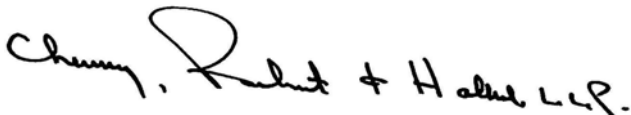
In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County as of June 30, 2010, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2010 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and the Required Supplementary Information listed in the Table of Contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the County. The introductory section, budgetary comparison schedules – major governmental funds, combining and individual fund financial statements and schedules, other schedules, and the statistical section, as well as the accompanying schedule of expenditures of federal and state awards as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary comparison schedules – major governmental funds, combining and individual fund financial statements and schedules, other schedules, and the accompanying schedule of expenditures of federal and state awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been audited by us and, accordingly, we do not express an opinion on them.

**CHERRY, BEKAERT & HOLLAND, L.L.P.**

A handwritten signature in black ink that reads "Cherry, Bekaert & Holland L.L.P." The signature is written in a cursive, flowing style.

Raleigh, North Carolina  
October 31, 2010

## 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, 2010. 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

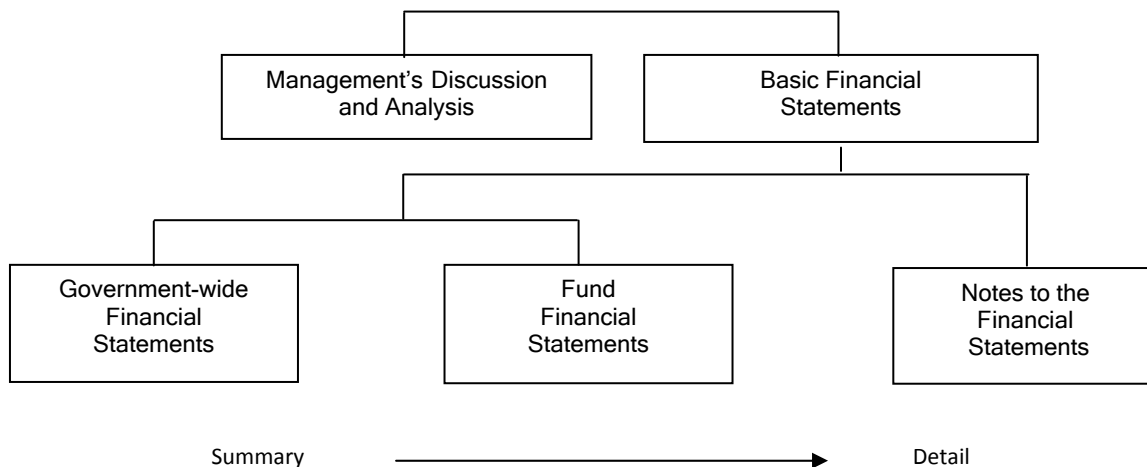
- The assets of Forsyth County were lower than its liabilities at the close of the fiscal year by \$145.2 million (*net assets*). The deficit in total net assets is a result of the County issuing debt as provided for in State law for the acquisition, renovation and construction of public school and community college facilities that are not reported as assets of the County. Had this debt (net of unspent proceeds) not been reported as a reduction of net assets, total net assets would be \$218.8 million.
- The County’s total net assets decreased by \$57.7 million from net assets of the prior period. This decrease was substantially less than the expenditure of \$83.9 million for new public school and community college facilities that are not reported as assets of the County. Unspent proceeds on new debt provided assets to offset some of the increase in long-term liabilities related to these new issues, allowing the reduction (exclusive of refunded debt) of \$30.5 million in previously issued debt to have a positive impact on net assets.
- As of the close of the current fiscal year, Forsyth County’s governmental funds reported combined ending fund balances of \$201.8 million, a decrease of \$72.7 million in comparison with the prior year. Approximately 80% of this total amount, or \$161.6 million, is available for spending at the government’s discretion (*unreserved fund balance*). A large part of this amount is either designated or appropriated for continuing activities, debt service and capital expenditures of the County.
- At the end of the current fiscal year, unreserved fund balance for the General Fund increased \$12.2 million to \$113.9 million, or 31.3% of total general fund expenditures for the fiscal year.
- Forsyth County’s total debt decreased by a net of \$14 million (or 2.8%) during the past fiscal year. New debt issued included general obligation bonds of \$42.9 million and limited obligation bonds of \$15 million. Principal payments totaled \$29.7 million, and \$43.7 million general obligation bonds were refunded.
- Forsyth County maintained its Aaa bond rating from Moody’s Investors Service and AAA rating from Fitch Ratings and Standard & Poor’s Corporation for the 15th consecutive 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

*Figure 1*



## 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 assets* presents information on all of Forsyth County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 assets and the statement of activities present only governmental activities, which include all of the County's basic services such as public safety, environmental protection, health and social services, culture and recreation, community and economic development, education, and general administration. 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 Assets 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 26 governmental funds for the year ended June 30, 2010. 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 and two capital project funds, the 2007 School Facilities fund and the 2009 Educational Facilities 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. Two trust funds, the pension trust and the other post-employment benefit trust, and three agency 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 25 - 47 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 49 - 52 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 59 – 85 of this report.

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as one useful indicator of a government’s financial condition. The assets of Forsyth County were lower than liabilities by \$145,214,138 as of June 30, 2010. The deficit in total net assets is a result of the County issuing debt for the acquisition and construction of capital assets that are not reported as assets of the County. This debt has been issued for the construction, renovation, or acquisition of public school and community college facilities. State statutes do not permit public schools and community colleges to issue debt for the acquisition and construction of facilities; 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. These debt issues were necessary to provide for the education of the citizens of the County. The outstanding amount of this debt, net of unspent proceeds, is \$364,001,310 at year-end and is reported as a reduction of unrestricted net assets for governmental activities, resulting in a deficit balance of \$227,581,718 for this category of net assets. Had this debt not been reported as a reduction of unrestricted net assets, the balance of unrestricted net assets for governmental activities would be \$136,419,592 and total net assets would be \$218,787,172.

**Forsyth County’s Net Assets**

*Figure 2*

|   | Governmental Activities |                        |
|---|-------------------------|------------------------|
|   | 2010                    | 2009                   |
| Current and other assets                        | \$ 229,165,815          | \$ 301,628,757         |
| Capital assets                                  | 151,248,147             | 147,747,903            |
| Total assets                                    | <u>380,413,962</u>      | <u>449,376,660</u>     |
| Long-term liabilities outstanding               | 506,227,708             | 518,761,601            |
| Other liabilities                               | 19,400,392              | 18,158,234             |
| Total liabilities                               | <u>525,628,100</u>      | <u>536,919,835</u>     |
| Net assets:                                     |                         |                        |
| Invested in capital assets, net of related debt | 78,662,765              | 72,988,514             |
| Restricted                                      | 3,704,815               | 3,860,233              |
| Unrestricted deficit                            | <u>(227,581,718)</u>    | <u>(164,391,922)</u>   |
| Total net deficit                               | <u>\$ (145,214,138)</u> | <u>\$ (87,543,175)</u> |

A major portion (\$78,662,765) of net assets reflects the County's investment in capital assets (e.g., land, buildings, machinery, 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 portion of Forsyth County's net assets, \$3,704,815, represents resources that are subject to external restrictions on how they may be used. The balance of assets available to meet the government's ongoing obligations (i.e., unrestricted net assets), as noted above, is obscured by debt issued to finance capital assets that are not reported as assets of the County.

The County's net assets decreased by \$57,670,963 for the fiscal year ended June 30, 2010. Education expenses of \$83.9 million for facilities and \$1.5 million for other capital outlay 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 Assets. Restricted net assets decreased \$155,418. Decreases in assets restricted for public safety (\$134,096) and community and economic development (\$120,525) resulted from the expenditure of amounts in excess of current year resources. These decreases more than offset the increase of \$99,586 in net assets restricted for Register of Deeds automation.

The deficit in unrestricted net assets grew by \$63,189,796. The change in unrestricted net assets resulting from governmental activities is discussed in the following section.

**Governmental activities.** Since the County has no business-type activities, the total increase in net assets is a result of governmental activities.

**Forsyth County's Changes in Net Assets**  
**Figure 3**

|  | Governmental Activities |                        |
|--|-------------------------|------------------------|
|  | 2010                    | 2009                   |
| Revenues:  |                         |                        |
| Program revenues:  |                         |                        |
| Charges for services   | \$ 31,837,016           | \$ 33,123,935          |
| Operating grants and contributions                           | 58,373,506              | 53,438,510             |
| Capital grants and contributions                             | -                       | -                      |
| General revenues:  |                         |                        |
| Property taxes   | 234,161,047             | 223,660,085            |
| Other taxes  | 51,906,951              | 58,597,362             |
| Grants and contributions not restricted to specific programs | 3,224,786               | 1,644,749              |
| Other  | 9,836,049               | 5,212,049              |
| Total revenues   | <u>389,339,355</u>      | <u>375,676,690</u>     |
| Expenses:  |                         |                        |
| General government   | 40,075,708              | 38,189,282             |
| Public safety  | 71,544,414              | 68,384,497             |
| Environmental protection                                     | 2,682,028               | 2,713,093              |
| Human services   | 76,826,616              | 81,156,032             |
| Culture and recreation                                       | 15,936,872              | 16,540,703             |
| Community and economic development                           | 4,231,621               | 2,777,002              |
| Education  | 217,912,687             | 185,747,060            |
| Interest on long-term debt                                   | 17,800,372              | 17,734,361             |
| Total expenses   | <u>447,010,318</u>      | <u>413,242,030</u>     |
| Increase (decrease) in net assets                            | (57,670,963)            | (37,565,340)           |
| Net assets, July 1   | <u>(87,543,175)</u>     | <u>(49,977,835)</u>    |
| Net assets, June 30  | <u>\$ (145,214,138)</u> | <u>\$ (87,543,175)</u> |

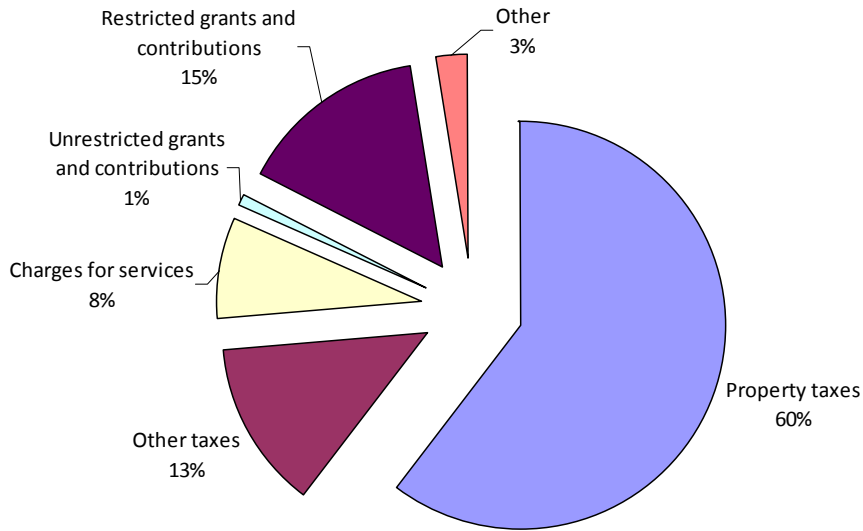
The following aspects of the County's financial operations contributed to the decrease of \$57,670,963 in net assets:

- A decrease of \$6.6 million (11.8%) in sales and use tax revenue as a result of the final changes related to Medicaid reform and the decline in retail sales due to the economic recession.
- A decrease of \$3.3 million (76.8%) in interest earnings due to the continued low level of interest rates.
- An increase of \$32.8 million (17.9%) in total education expenses.

The positive impact of the following precluded a greater decrease in net assets:

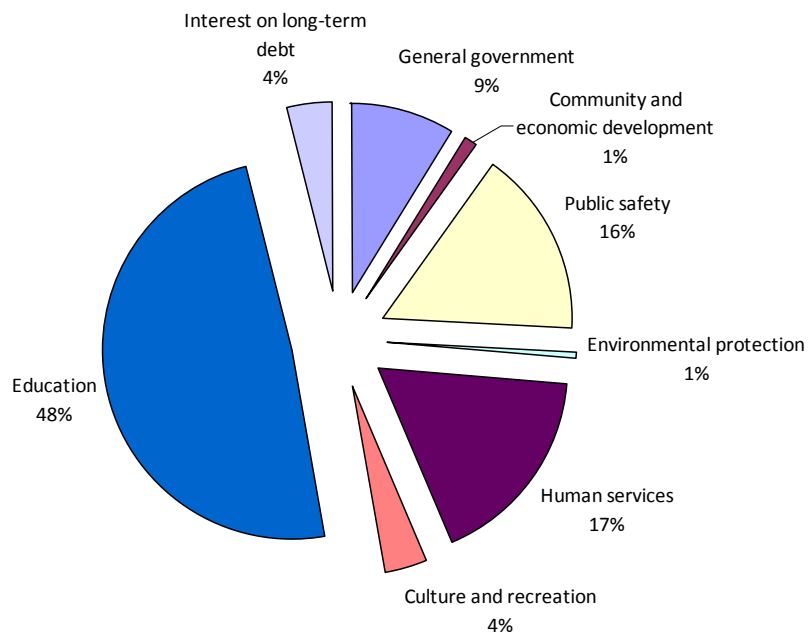
- An increase of \$11.1 million in property tax revenues due to an increase in the property tax base and an increase in the tax rate of 1.1 cents to fund the education debt plan for the 2008 educational facilities referendum.
- The net reduction of \$14.0 million in total debt.
- Continued low cost of debt due to the County's high bond ratings.

### Governmental Activities Revenues by Source



The County's revenues were \$389.3 million, of which 73% is from property and other taxes, and 24% is from program revenues. Total expenses of \$447 million covered a range of services, with nearly half related to education, and one-third related to human services and public safety.

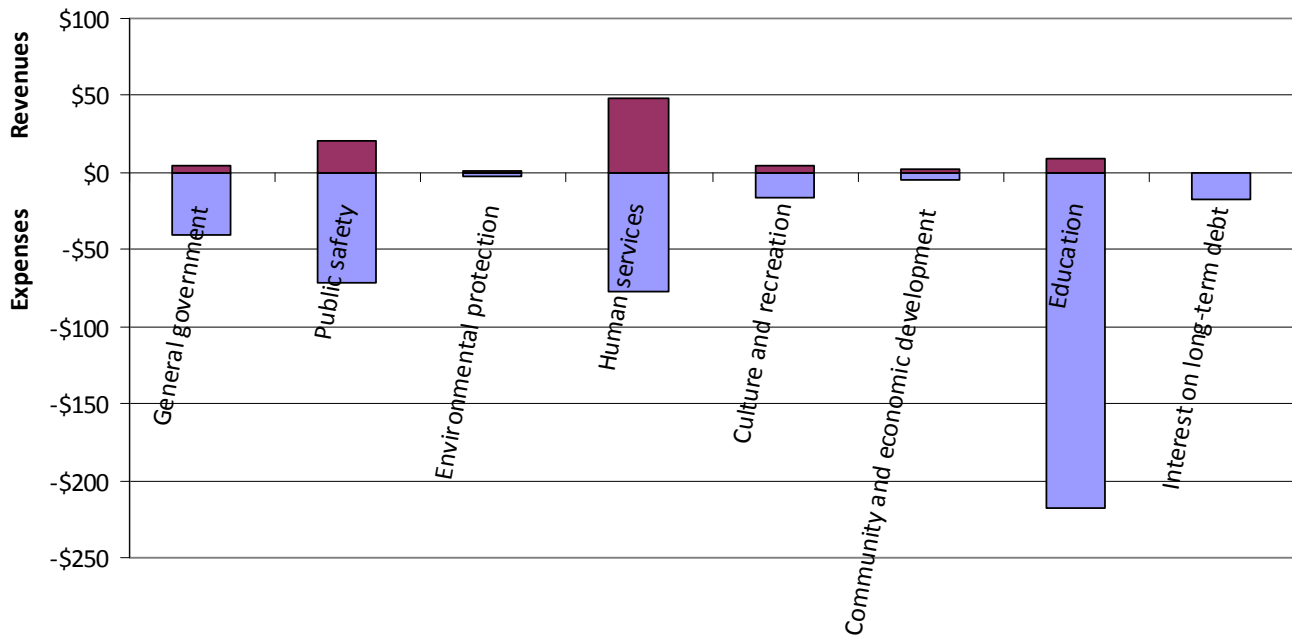
### Governmental Activities Expenses by Function





As demonstrated in the following graph, the net cost of County programs is funded predominantly by County taxpayers.

### Program Revenues and Expenses - Governmental Activities (\$ in millions)



#### 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, 2010, the County's three major funds, as defined by GAAP, were the General Fund, and two capital projects funds, the 2007 School Facilities Fund, and the 2009 Educational Facilities Fund.

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

As of the end of the fiscal year, the County's governmental funds reported combined fund balances of \$201.8 million, a decrease of \$72.7 million in comparison with the prior year. Approximately 80.1%, or \$161.6 million, of total combined fund balance constitutes *unreserved fund balance*, and \$55.5 million of this is *undesignated*, and, thus, available for spending at the County's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period (\$9.5 million) or reserved by state statute (\$29.9 million) or for other restricted purposes (\$807,000).

The decrease in combined fund balances is attributable to several factors. Expenditures in both the 2007 School Facilities Fund and the 2009 Educational Facilities Fund exceeded current year revenue resulting in decreases in fund balance of \$73.2 million and \$13.9 million, respectively, for those funds. Other governmental funds reported a modest increase in fund balances of \$286,000. Unspent limited obligation bond proceeds resulted in a \$12.0 million increase in the 2009 Phillips Building capital project fund balance, which offset most fund balance decreases in other capital projects funds where expenditures were made from prior year funding sources. The aggregate change in fund balances for capital projects funds was an increase of \$511,000. Special revenue funds had an aggregate decrease in fund balances of \$225,000 due primarily to the planned use of fund balance by fire tax districts.

The General Fund is the primary operating fund of Forsyth County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$113.9 million, an increase of \$12.2 million from the previous year, while total fund balance reached \$143.6 million, an increase of \$14 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 31.3% of total General Fund expenditures, while total fund balance represents 39.4% of that same amount.

Key factors that resulted in growth of \$14 million in total fund balance in the General Fund include:

- Total revenues increased \$10.9 million or 3.0%. Increased property tax revenue of \$10.6 million was generated from an increase in the tax base as a result of the quadrennial revaluation and an increase in the tax rate by 1.1 cents above the revenue-neutral rate in order to fully fund debt service on the November 2008 authorization for Educational Facilities. Decreases in sales tax of \$6.5 million and investment earnings of \$1.3 million resulting from the continued economic recession were offset by the \$7.9 million repayment of economic development incentives by Dell Corporation and an increase in intergovernmental revenue from increased American Recovery and Reinvestment Act funding.
- Transfers to the General Fund of \$9.4 million in lottery proceeds to pay debt service and \$1.5 million for schools capital outlay from the 2007 Schools capital fund.
- Total expenditures were \$2.4 million or .70% higher than in the prior year. Increases of \$3.9 million in debt service and \$3.9 million in education expenditures were only partially offset by the \$5.1 million reduction in human services expenditures as a result of the State assuming the final portion of the non-federal cost of Medicaid.

#### **General Fund Budgetary Highlights.**

During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services or initiate new programs where timing is critical.

Amendments to the General Fund budget totaled \$10.4 million. Unanticipated state and federal grants totaling \$5.1 million were appropriated for emergency services equipment including a medical ambulance bus, four time-limited positions in food and nutrition services, enhancement of victim services in the sheriff's department, child care subsidies, public health pandemic flu response efforts, and crisis intervention administered by Social Services; and other programs, primarily in Human Services. Additional appropriations of \$4.8 million were made from fund balance, including \$4.3 million to increase the appropriation for the 2010 Pay-Go Fund.

Although \$17.5 million of fund balance was appropriated in the final budget, the net change in fund balance for the year was an increase of \$14 million. Total revenues fell short of estimates by \$2.6 million primarily due to a \$1.3 million under-realization of both property and sales tax revenues. Intergovernmental revenues were \$5.4 million under-budget due to under spending which resulted in reduced reimbursement for human services grants. Under-realized charges for services of \$1.3 million where emergency medical and law enforcement services fees were \$878,000 and \$408,000 less than estimates, respectively, and a shortfall of \$770,000 in investment earnings, were also factors.

Expenditure appropriations were under-spent by \$35.3 million. In General Government, \$12.6 million (estimated to equal revenue generated by 4.1 cents of the ad valorem tax rate) was appropriated as a contingency for the Education Debt Leveling Plan. No expenditures were made against this appropriation. Appropriations for interest on variable rate debt were under-spent by \$2 million as a result of continued low rates. Other significant under-expenditures were in Human Services and Public Safety. In Human Services, the outlays for support and assistance were \$3.9 million under-budget. In Public Safety, savings were in the departments of Emergency Medical Services and the Sheriff.

#### **Capital Assets and Debt Administration**

**Capital assets.** Forsyth County's investment in capital assets for its governmental activities as of June 30, 2010, totals \$151,248,147 (net of accumulated depreciation). These assets include land, buildings, construction-in-progress, park facilities, equipment, and vehicles.

Major capital asset transactions during the year include:

- Acquisition of the Phillips Building to be renovated for Sheriff administrative offices for \$3.8 million.
- Tanglewood Park maintenance center construction at a cost of \$2.4 million.
- Expenditures of \$1.8 million to complete development of the property tax collection system.
- Tanglewood Park picnic shelters completed for a combined cost of \$1.1 million.
- Roof replacement at the Hall of Justice building at a cost of \$612,000.

**Forsyth County's Capital Assets  
(net of depreciation)**

**Figure 4**

|                                   | Governmental Activities |                       |
|-----------------------------------|-------------------------|-----------------------|
|                                   | 2010                    | 2009                  |
| Land                              | \$ 12,788,832           | \$ 12,538,682         |
| Art collections                   | 517,907                 | 270,707               |
| Construction-in-progress          | 5,076,170               | 3,429,971             |
| Buildings                         | 112,134,421             | 111,893,616           |
| Improvements other than buildings | 7,480,871               | 5,691,308             |
| Equipment                         | 13,249,945              | 13,923,619            |
| Total Capital Assets              | <u>\$ 151,248,146</u>   | <u>\$ 147,747,903</u> |

Additional information on the County's capital assets can be found in Note 4e on page 35 of the Basic Financial Statements.

**Long-term Debt.** At June 30, 2010, Forsyth County had total bonded debt outstanding of \$396,345,000, all of which is backed by the full faith and credit of the County. Other long-term debt represents obligations secured solely by specified property. The County's total liability for bonded debt, certificates of participation, limited obligation bonds and other installment financing agreements was \$478,047,207, a decrease of \$15,528,677. New debt included \$15,000,000 in limited obligation bonds to fund the renovation of the Phillips Building for future sheriff administrative offices.

**Forsyth County's Outstanding Debt**

**Figure 5**

|  | Governmental Activities |                       |
|--|-------------------------|-----------------------|
|  | 2010                    | 2009                  |
| General obligation bonds                                   | \$ 396,345,000          | \$ 420,955,000        |
| Certificates of Participation and Limited Obligation Bonds | 80,120,000              | 70,435,000            |
| Installment purchase obligations                           | 1,582,207               | 2,185,884             |
| Total Outstanding Debt                                     | <u>\$ 478,047,207</u>   | <u>\$ 493,575,884</u> |

As mentioned in the financial highlights section of this document, Forsyth County maintained for the 15<sup>th</sup> consecutive year its Aaa bond rating from Moody's Investors Service and AAA rating from Standard and Poor's Corporation and Fitch Ratings. This bond rating is a clear indication of the sound financial condition of Forsyth County. Forsyth County is one of the few counties in the country that maintains the highest financial rating from all three major rating agencies. 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 \$2,230,462,009. The County's total bonded debt is 1.17% 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 37 - 41 of the Basic Financial Statements.

**Economic Factors and Next Year's General Fund Budget and Rates**

Significant factors considered in the preparation of the fiscal year 2011 County budget include:

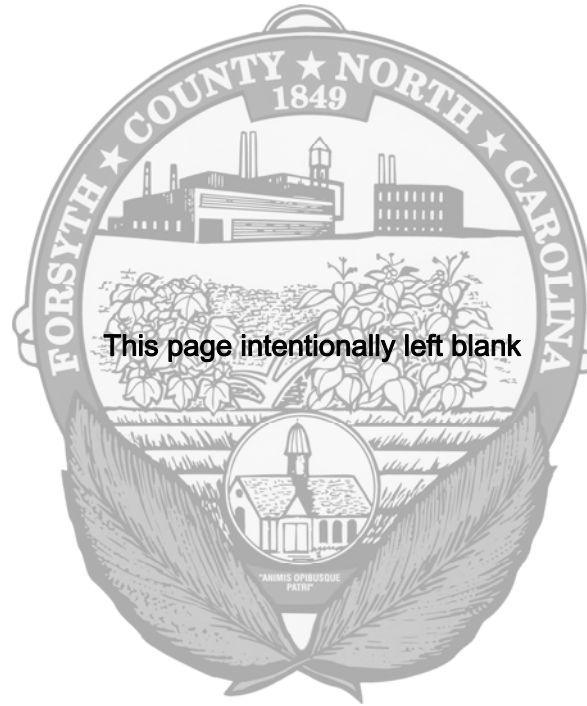
- A \$98.8 million decrease in the ad valorem tax base due to a lower valuation of motor vehicles and a 64-basis point drop in the fiscal year 2009 collection rate used to estimate tax collections resulted in a \$2.9 million reduction in estimated property tax revenue.
- Sales tax revenue will continue to reflect a very slow rebound and while modest growth is forecast it will produce only \$573,340 in additional revenue.
- Increased utilization of the State's lottery proceeds and use of the Education Debt Leveling Plan reserves will provide \$4.7 million toward the \$2.77 million in increased debt service.
- The Local Government Retirement System approved a 1.55% increase in employer contributions to the retirement system. For 2011, this will represent approximately \$1.2 million in additional benefit cost.

The County has adopted a General Fund budget for the fiscal year ending June 30, 2011 in the amount of \$395.3 million, a decrease of \$4.2 million or 1.1% from the final 2010 budget of \$399.5 million. The property tax rate of \$0.6740 per hundred dollars assessed value is unchanged from the prior year rate. Additionally, \$17.5 million of fund balance was appropriated, of which \$1.8 million was for the reappropriation of prior year encumbrances and \$4.7 million was for education debt leveling plan debt service. Unreserved fund balance of \$113.9 million net of \$15.7 million of appropriated fund balance is 24.8% of 2011 budgeted expenditures. In accordance with the County's fund balance policy, the following designations of unreserved fund balance have been made:

- The unspent balance of proceeds from 4.1 cents on the ad valorem tax rate and interest earned thereon totaled \$30.2 million and has been designated for the retirement of education debt authorized in the November 2006 and 2008 referendums. This designation is a key component of the Education Debt Leveling Plan.
- The amount by which unreserved, undesignated fund balance exceeds 16% of the subsequent year's budgeted expenditures totaled \$4.1 million, and of this, \$2.1 million has been designated for capital maintenance and \$2.0 million has been designated for capital outlay in the subsequent year.

#### **Requests for Information**

This report is designed to provide an overview of Forsyth County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Chief Financial Officer, Forsyth County Government Center, 201 N. Chestnut Street, Winston-Salem, NC 27101- 4120.



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## Basic Financial Statements

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**FORSYTH COUNTY, NORTH CAROLINA**

**Exhibit 1**

**Statement of Net Assets**

June 30, 2010

|   | <b>Governmental<br/>Activities</b> |
|---|------------------------------------|
| <b>ASSETS</b>                                   |                                    |
| Cash and cash equivalents                       | \$ 188,988,370                     |
| Cash and investments held by fiscal agent       | 23,347                             |
| Taxes receivable (net)                          | 4,606,817                          |
| Accounts receivable (net)                       | 4,752,086                          |
| Accrued interest on investments                 | 222,610                            |
| Due from other governments                      | 26,827,788                         |
| Prepaid items                                   | 499,204                            |
| Deferred charges                                | 3,245,593                          |
| Capital assets:                                 |                                    |
| Land, collections, and construction-in-progress | 18,382,909                         |
| Other capital assets, net of depreciation       | 132,865,238                        |
| Total capital assets                            | <u>151,248,147</u>                 |
| Total assets                                    | <u>380,413,962</u>                 |
| <b>LIABILITIES</b>                              |                                    |
| Accounts payable and accrued liabilities        | 9,303,543                          |
| Unearned revenue                                | 1,348,252                          |
| Accrued interest payable                        | 6,071,117                          |
| Due to other governments                        | 2,677,480                          |
| Long-term liabilities:                          |                                    |
| Due within one year                             | 37,168,318                         |
| Due in more than one year                       | 469,059,390                        |
| Total liabilities                               | <u>525,628,100</u>                 |
| <b>NET ASSETS</b>                               |                                    |
| Invested in capital assets, net of related debt | 78,662,765                         |
| Restricted for:                                 |                                    |
| Public safety                                   | 2,487,447                          |
| Human services                                  | 304,659                            |
| Community and economic development              | 105,788                            |
| Other purposes                                  | 806,921                            |
| Unrestricted deficit                            | (227,581,718)                      |
| Total net deficit                               | <u>\$ (145,214,138)</u>            |

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

**FORSYTH COUNTY, NORTH CAROLINA**  
**Statement of Activities**  
For the Fiscal Year Ended June 30, 2010

**Exhibit 2**

| Functions  | Expenses              | Program Revenues        |  | Governmental<br>Activities  |
|--|-----------------------|-------------------------|--|-----------------------------|
|  |                       | Charges for<br>Services | Operating<br>Grants and<br>Contributions |                             |
| Governmental:  |                       |                         |  |                             |
| General government   | \$ 40,075,708         | 3,211,221               | 944,665                                  | (35,919,822)                |
| Public safety  | 71,544,414            | 15,296,859              | 4,870,901                                | (51,376,654)                |
| Environmental protection                                     | 2,682,028             | 251,076                 | 767,359                                  | (1,663,593)                 |
| Human services   | 76,826,616            | 9,140,340               | 39,533,989                               | (28,152,287)                |
| Culture and recreation                                       | 15,936,872            | 3,872,609               | 1,112,728                                | (10,951,535)                |
| Community and economic<br>development                        | 4,231,621             | 23,587                  | 1,666,607                                | (2,541,427)                 |
| Education  | 217,912,687           | 41,324                  | 9,477,257                                | (208,394,106)               |
| Interest on long-term debt                                   | 17,800,372            | -                       | -  | (17,800,372)                |
| Total governmental activities                                | \$ <u>447,010,318</u> | <u>31,837,016</u>       | <u>58,373,506</u>                        | <u>(356,799,796)</u>        |
| General revenues:  |                       |                         |  |                             |
| Taxes:   |                       |                         |  |                             |
| Property taxes, levied for general purposes                  |                       |                         |  | 234,161,047                 |
| Local option sales tax                                       |                       |                         |  | 49,733,084                  |
| Occupancy taxes, levied for economic development             |                       |                         |  | 436,578                     |
| Other taxes and licenses                                     |                       |                         |  | 1,737,289                   |
| Grants and contributions not restricted to specific programs |                       |                         |  | 3,224,786                   |
| Investment earnings, unrestricted                            |                       |                         |  | 966,309                     |
| Miscellaneous, unrestricted                                  |                       |                         |  | 8,869,740                   |
| Total general revenues                                       |                       |                         |  | <u>299,128,833</u>          |
| Change in net assets   |                       |                         |  | (57,670,963)                |
| Net deficit - beginning                                      |                       |                         |  | (87,543,175)                |
| <b>Net deficit - ending</b>                                  |                       |                         |  | <b><u>(145,214,138)</u></b> |

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, 2010

|  | <u>General Fund</u>   | <u>Capital Projects Funds</u> |                                    | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|-----------------------|-------------------------------|------------------------------------|---------------------------------|---------------------------------|
|  |                       | <u>2007 School Facilities</u> | <u>2009 Educational Facilities</u> |                                 |                                 |
| <b>ASSETS</b>                              |                       |                               |                                    |                                 |                                 |
| Cash and cash equivalents                  | \$ 128,778,736        | 294,580                       | 23,799,678                         | 32,919,654                      | 185,792,648                     |
| Cash and investments held by fiscal agent  | 23,347                | -                             | -                                  | -                               | 23,347                          |
| Receivables (net):                         |                       |                               |                                    |                                 |                                 |
| Property taxes                             | 4,124,557             | -                             | -                                  | 91,215                          | 4,215,772                       |
| Occupancy taxes                            | 35,637                | -                             | -                                  | -                               | 35,637                          |
| Other taxes                                | 29,151                | -                             | -                                  | -                               | 29,151                          |
| Accounts                                   | 4,725,580             | -                             | -                                  | -                               | 4,725,580                       |
| Accrued interest                           | 214,127               | -                             | -                                  | 8,483                           | 222,610                         |
| Due from other governments                 | 23,283,340            | 1,998,228                     | 29,819                             | 1,516,401                       | 26,827,788                      |
| Due from other funds                       | 739,096               | -                             | -                                  | -                               | 739,096                         |
| Prepaid items                              | 213,515               | -                             | -                                  | -                               | 213,515                         |
| <b>Total assets</b>                        | <b>\$ 162,167,086</b> | <b>2,292,808</b>              | <b>23,829,497</b>                  | <b>34,535,753</b>               | <b>222,825,144</b>              |
| <b>LIABILITIES AND FUND BALANCES</b>       |                       |                               |                                    |                                 |                                 |
| Liabilities:                               |                       |                               |                                    |                                 |                                 |
| Accounts payable and accrued liabilities   | \$ 8,509,296          | -                             | -                                  | 794,026                         | 9,303,322                       |
| Due to other governments                   | 2,677,480             | -                             | -                                  | -                               | 2,677,480                       |
| Due to other funds                         | -                     | -                             | -                                  | 739,096                         | 739,096                         |
| Unearned revenue                           | 405,225               | -                             | -                                  | 790,601                         | 1,195,826                       |
| Deferred revenue                           | 6,972,530             | -                             | -                                  | 126,827                         | 7,099,357                       |
| <b>Total liabilities</b>                   | <b>18,564,531</b>     | <b>-</b>                      | <b>-</b>                           | <b>2,450,550</b>                | <b>21,015,081</b>               |
| Fund balances:                             |                       |                               |                                    |                                 |                                 |
| Reserved for:                              |                       |                               |                                    |                                 |                                 |
| Encumbrances                               | 2,531,735             | -                             | -                                  | 6,966,255                       | 9,497,990                       |
| State statute                              | 26,392,473            | 1,998,228                     | 29,819                             | 1,489,272                       | 29,909,792                      |
| Register of Deeds                          | 806,921               | -                             | -                                  | -                               | 806,921                         |
| Unreserved                                 | 113,871,426           | 294,580                       | 23,799,678                         | -                               | 137,965,684                     |
| Unreserved, reported in nonmajor:          |                       |                               |                                    |                                 |                                 |
| Special revenue funds                      | -                     | -                             | -                                  | (194,420)                       | (194,420)                       |
| Capital projects funds                     | -                     | -                             | -                                  | 23,824,096                      | 23,824,096                      |
| <b>Total fund balances</b>                 | <b>143,602,555</b>    | <b>2,292,808</b>              | <b>23,829,497</b>                  | <b>32,085,203</b>               | <b>201,810,063</b>              |
| <b>Total liabilities and fund balances</b> | <b>\$ 162,167,086</b> | <b>2,292,808</b>              | <b>23,829,497</b>                  | <b>34,535,753</b>               |                                 |

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

|  |                         |
|--|-------------------------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.                  | 151,248,147             |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.                 | 285,689                 |
| Earned revenue that is not available to pay current period expenditures is deferred in the funds.  | 7,425,614               |
| 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 assets.                | 1,507,809               |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. | (507,491,460)           |
| <b>Net assets of governmental activities</b>   | <b>\$ (145,214,138)</b> |

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, 2010

|  | <u>General Fund</u>   | <u>Capital Projects Funds</u> |                                    | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|-----------------------|-------------------------------|------------------------------------|---------------------------------|---------------------------------|
|  |                       | <u>2007 School Facilities</u> | <u>2009 Educational Facilities</u> |                                 |                                 |
| <b>Revenues:</b>   |                       |                               |                                    |                                 |                                 |
| Property taxes   | \$ 228,216,841        | -                             | -                                  | 5,850,964                       | 234,067,805                     |
| Occupancy taxes  | 436,578               | -                             | -                                  | -                               | 436,578                         |
| Local option sales taxes                                 | 48,558,272            | -                             | -                                  | 1,174,812                       | 49,733,084                      |
| Other taxes  | 242,411               | -                             | -                                  | -                               | 242,411                         |
| Licenses and permits                                     | 857,450               | -                             | -                                  | -                               | 857,450                         |
| Intergovernmental  | 49,051,096            | -                             | -                                  | 12,804,219                      | 61,855,315                      |
| Charges for services                                     | 24,332,511            | -                             | -                                  | -                               | 24,332,511                      |
| Investment earnings                                      | 755,386               | 86,192                        | 53,260                             | 89,864                          | 984,702                         |
| Other  | 16,384,886            | -                             | -                                  | 23,587                          | 16,408,473                      |
| <b>Total revenues</b>                                    | <b>368,835,431</b>    | <b>86,192</b>                 | <b>53,260</b>                      | <b>19,943,446</b>               | <b>388,918,329</b>              |
| <b>Expenditures:</b>                                     |                       |                               |                                    |                                 |                                 |
| Current:   |                       |                               |                                    |                                 |                                 |
| General government                                       | 36,672,233            | -                             | -                                  | -                               | 36,672,233                      |
| Public safety  | 60,600,070            | -                             | -                                  | 6,712,978                       | 67,313,048                      |
| Environmental protection                                 | 2,633,641             | -                             | -                                  | -                               | 2,633,641                       |
| Human services   | 68,823,289            | -                             | -                                  | 2,062                           | 68,825,351                      |
| Culture and recreation                                   | 15,034,842            | -                             | -                                  | -                               | 15,034,842                      |
| Community and economic development                       | 2,464,442             | -                             | -                                  | 1,772,272                       | 4,236,714                       |
| Education  | 1,580,098             | -                             | -                                  | -                               | 1,580,098                       |
| Intergovernmental:                                       |                       |                               |                                    |                                 |                                 |
| Human services   | 6,379,039             | -                             | -                                  | -                               | 6,379,039                       |
| Education  | 121,404,426           | 71,771,996                    | 13,915,134                         | 9,224,922                       | 216,316,478                     |
| Debt service:  |                       |                               |                                    |                                 |                                 |
| Principal retirement                                     | 29,693,677            | -                             | -                                  | -                               | 29,693,677                      |
| Interest and other charges                               | 18,957,389            | 1                             | -                                  | 232,032                         | 19,189,422                      |
| Capital outlay   | -                     | -                             | -                                  | 10,192,815                      | 10,192,815                      |
| <b>Total expenditures</b>                                | <b>364,243,146</b>    | <b>71,771,997</b>             | <b>13,915,134</b>                  | <b>28,137,081</b>               | <b>478,067,358</b>              |
| <b>Excess (deficiency) of revenues over expenditures</b> | <b>4,592,285</b>      | <b>(71,685,805)</b>           | <b>(13,861,874)</b>                | <b>(8,193,635)</b>              | <b>(89,149,029)</b>             |
| <b>Other financing sources (uses):</b>                   |                       |                               |                                    |                                 |                                 |
| Limited obligation bonds proceeds                        | -                     | -                             | -                                  | 15,000,000                      | 15,000,000                      |
| Refunding bonds issued                                   | 42,870,000            | -                             | -                                  | -                               | 42,870,000                      |
| Premium on refunding bonds                               | 5,025,171             | -                             | -                                  | -                               | 5,025,171                       |
| Premium on limited obligation bonds                      | -                     | -                             | -                                  | 1,023,705                       | 1,023,705                       |
| Transfers in   | 13,308,374            | -                             | -                                  | 4,264,308                       | 17,572,682                      |
| Transfers out  | (4,264,308)           | (1,500,000)                   | -                                  | (11,808,374)                    | (17,572,682)                    |
| Payment to refunded bond escrow agent                    | (47,495,636)          | -                             | -                                  | -                               | (47,495,636)                    |
| <b>Total other financing sources (uses)</b>              | <b>9,443,601</b>      | <b>(1,500,000)</b>            | <b>-</b>                           | <b>8,479,639</b>                | <b>16,423,240</b>               |
| <b>Net change in fund balances</b>                       | <b>14,035,886</b>     | <b>(73,185,805)</b>           | <b>(13,861,874)</b>                | <b>286,004</b>                  | <b>(72,725,789)</b>             |
| Fund balance - June 30, 2009                             | 129,566,669           | 75,478,613                    | 37,691,371                         | 31,799,199                      | 274,535,852                     |
| <b>Fund balance - June 30, 2010</b>                      | <b>\$ 143,602,555</b> | <b>2,292,808</b>              | <b>23,829,497</b>                  | <b>32,085,203</b>               | <b>201,810,063</b>              |

(continued)

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, 2010

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

|   |                        |
|---|------------------------|
| Net change in fund balances - total governmental funds  | \$ (72,725,789)        |
| 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.   | 2,970,628              |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.  | 529,616                |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.  | (281,326)              |
| 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 assets. 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. | 13,893,687             |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.   | (967,218)              |
| 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.  | <u>(1,090,561)</u>     |
| Change in net assets of governmental activities   | <u>\$ (57,670,963)</u> |

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

**FORSYTH COUNTY, NORTH CAROLINA**

**Exhibit 5**

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

General Fund

For the Fiscal Year Ended June 30, 2010

|  | <u>Budgeted Amounts</u> |                     |                              | <u>Variance<br/>with Final<br/>Budget</u> |
|--|-------------------------|---------------------|------------------------------|---|
|  | <u>Original</u>         | <u>Final</u>        | <u>Actual Amounts</u>        |   |
| <b>Revenues:</b>   |                         |                     |                              |   |
| Property taxes   | \$ 229,536,474          | 229,536,474         | 228,216,841                  | (1,319,633)                               |
| Occupancy taxes  | 450,000                 | 450,000             | 436,578                      | (13,422)                                  |
| Local option sales taxes                                 | 49,829,483              | 49,929,483          | 48,558,272                   | (1,371,211)                               |
| Other taxes  | 150,000                 | 150,000             | 242,411                      | 92,411                                    |
| Total taxes  | <u>279,965,957</u>      | <u>280,065,957</u>  | <u>277,454,102</u>           | <u>(2,611,855)</u>                        |
| Licenses and permits                                     | 962,796                 | 962,796             | 857,450                      | (105,346)                                 |
| Intergovernmental  | 48,846,067              | 54,498,284          | 49,051,096                   | (5,447,188)                               |
| Charges for services                                     | 26,296,310              | 25,672,518          | 24,332,511                   | (1,340,007)                               |
| Investment earnings                                      | 1,525,554               | 1,525,554           | 755,386                      | (770,168)                                 |
| Other  | 8,516,754               | 8,755,318           | 16,384,886                   | 7,629,568                                 |
| Total revenues   | <u>366,113,438</u>      | <u>371,480,427</u>  | <u>368,835,431</u>           | <u>(2,644,996)</u>                        |
| <b>Expenditures:</b>                                     |                         |                     |                              |   |
| Current:   |                         |                     |                              |   |
| General government                                       | 54,324,034              | 54,383,652          | 36,672,233                   | 17,711,419                                |
| Public safety  | 64,060,806              | 66,080,254          | 60,600,070                   | 5,480,184                                 |
| Environmental protection                                 | 2,463,602               | 2,466,362           | 2,633,641                    | (167,279)                                 |
| Human services   | 73,675,645              | 77,391,851          | 68,823,289                   | 8,568,562                                 |
| Culture and recreation                                   | 16,201,941              | 16,410,116          | 15,034,842                   | 1,375,274                                 |
| Community and economic development                       | 2,714,024               | 2,716,918           | 2,464,442                    | 252,476                                   |
| Education  | 1,656,060               | 1,643,039           | 1,580,098                    | 62,941                                    |
| Intergovernmental:                                       |                         |                     |                              |   |
| Human services   | 6,258,706               | 6,258,706           | 6,379,039                    | (120,333)                                 |
| Education  | 121,405,426             | 121,405,426         | 121,404,426                  | 1,000                                     |
| Debt service:  |                         |                     |                              |   |
| Principal retirement                                     | 29,706,244              | 29,706,244          | 29,693,677                   | 12,567                                    |
| Interest and other charges                               | 20,931,457              | 21,073,457          | 18,957,389                   | 2,116,068                                 |
| Total expenditures                                       | <u>393,397,945</u>      | <u>399,536,025</u>  | <u>364,243,146</u>           | <u>35,292,879</u>                         |
| <b>Excess (deficiency) of revenues over expenditures</b> | <u>(27,284,507)</u>     | <u>(28,055,598)</u> | <u>4,592,285</u>             | <u>32,647,883</u>                         |
| Other financing sources (uses):                          |                         |                     |                              |   |
| Refunding bonds issued                                   | -                       | 142,000             | 42,870,000                   | 42,728,000                                |
| Premium on refunding bonds                               | -                       | -                   | 5,025,171                    | 5,025,171                                 |
| Transfers in   | 14,779,621              | 14,786,344          | 13,308,374                   | (1,477,970)                               |
| Transfers out  | (45,308)                | (4,264,308)         | (4,264,308)                  | -   |
| Payment to refunded bond escrow agent                    | -                       | -                   | (47,495,636)                 | (47,495,636)                              |
| Total other financing sources (uses)                     | <u>14,734,313</u>       | <u>10,664,036</u>   | <u>9,443,601</u>             | <u>(1,220,435)</u>                        |
| <b>Net change in fund balance</b>                        | <u>\$ (12,550,194)</u>  | <u>(17,391,562)</u> | <u>14,035,886</u>            | <u>31,427,448</u>                         |
| Fund balance - June 30, 2009                             |                         |                     | <u>129,566,669</u>           |   |
| <b>Fund balance - June 30, 2010</b>                      |                         |                     | <u>\$ <b>143,602,555</b></u> |   |

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

**FORSYTH COUNTY, NORTH CAROLINA**  
**Statement of Net Assets**  
**Proprietary Fund - Internal Service Fund**  
June 30, 2010

Exhibit 6

|                           | <b>Governmental<br/>Activities</b> |
|---------------------------|------------------------------------|
| <b>ASSETS</b>             |                                    |
| Current assets:           |                                    |
| Cash and cash equivalents | \$ 3,195,722                       |
| Accounts receivable (net) | 23,804                             |
| Accrued interest          | 2,702                              |
| Total assets              | <u>3,222,228</u>                   |
| <b>LIABILITIES</b>        |                                    |
| Current liabilities:      |                                    |
| Accounts payable          | 221                                |
| Claims liability          | 1,561,772                          |
| Unearned revenue          | 152,426                            |
| Total liabilities         | <u>1,714,419</u>                   |
| <b>NET ASSETS</b>         |                                    |
| Unrestricted              | \$ <u>1,507,809</u>                |

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

**FORSYTH COUNTY, NORTH CAROLINA**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Fund - Internal Service Fund**  
For the Fiscal Year Ended June 30, 2010

Exhibit 7

|                                       | <b>Governmental<br/>Activities</b> |
|---------------------------------------|------------------------------------|
| Operating revenues:                   |                                    |
| Charges for services                  | \$ 21,467,018                      |
| Interest earnings                     | 20,185                             |
| Other reimbursements                  | 10,030                             |
| Total operating revenues              | <u>21,497,233</u>                  |
| Operating expenses:                   |                                    |
| Professional services                 | 1,849,507                          |
| Claims                                | 20,738,287                         |
| Total operating expenses              | <u>22,587,794</u>                  |
| Change in net assets                  | (1,090,561)                        |
| Total net assets at beginning of year | <u>2,598,370</u>                   |
| Total net assets at end of year       | \$ <u>1,507,809</u>                |

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, 2010

|   | <b>Governmental<br/>Activities</b> |
|---|------------------------------------|
| <b>Cash flows from operating activities:</b>  |                                    |
| Cash received from user departments and participants  | \$ 21,494,112                      |
| Cash paid to suppliers, participants and others   | (22,450,947)                       |
| Net cash provided (used) by operating activities  | <u>(956,835)</u>                   |
| Cash and cash equivalents at beginning of year  | <u>4,152,557</u>                   |
| Cash and cash equivalents at end of year  | <u>\$ 3,195,722</u>                |
| <b>Reconciliation of operating income to net cash provided by operating activities:</b>           |                                    |
| Operating income (loss)   | \$ <u>(1,090,561)</u>              |
| Adjustments to reconcile operating income to net cash<br>provided (used) by operating activities: |                                    |
| Increase in accounts receivable   | (13,965)                           |
| Increase in accrued interest  | (2,702)                            |
| Decrease in accounts payable  | (224,882)                          |
| Increase in claims payable  | 378,987                            |
| Decrease in unearned revenue  | (3,712)                            |
| Total adjustments   | <u>133,726</u>                     |
| Net cash provided (used) by operating activities  | <u>\$ (956,835)</u>                |

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

**FORSYTH COUNTY, NORTH CAROLINA**

**Exhibit 9**

**Statement of Fiduciary Net Assets**

Fiduciary Funds

June 30, 2010

|   | <b>Pension / Other<br/>Post-employment<br/>Benefit<br/><u>Trust Funds</u></b> | <b><u>Agency Funds</u></b> |
|---|---|----------------------------|
| <b>ASSETS</b>   |   |                            |
| Cash and cash equivalents                                   | \$ 123,292  | 1,158,872                  |
| Cash and investments held by fiscal agent                   | 3,366,722   |                            |
| Receivables:  |   |                            |
| Property taxes  | -   | 6,406,278                  |
| Accrued interest  | 12  | 71                         |
| Total assets  | <u>3,490,026</u>  | <u>7,565,221</u>           |
| <b>LIABILITIES</b>  |   |                            |
| Due to other governments                                    | -   | 7,494,579                  |
| Other liabilities   | -   | 70,642                     |
| Total liabilities   | <u>-</u>  | <u>7,565,221</u>           |
| <b>NET ASSETS</b>   |   |                            |
| Held in trust for pension/other<br>post-employment benefits | \$ <u>3,490,026</u>   | <u>-</u>                   |

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

**FORSYTH COUNTY, NORTH CAROLINA**  
**Statement of Changes in Fiduciary Net Assets**

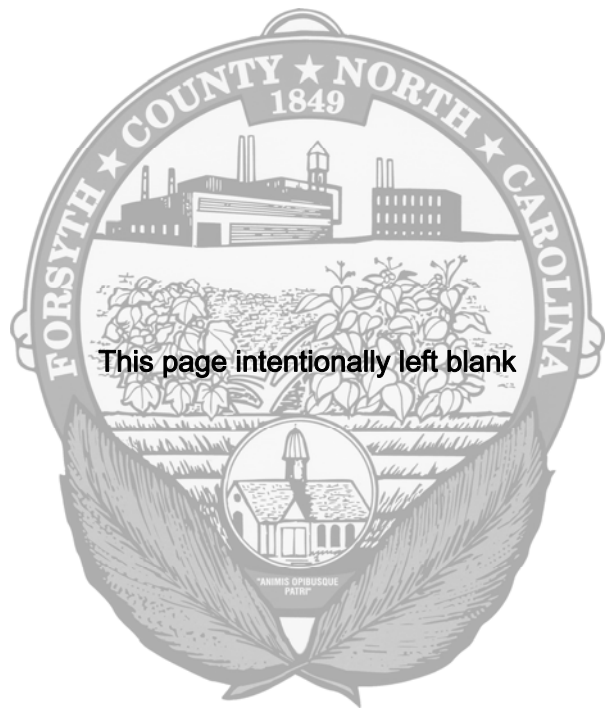
**Exhibit 10**

Fiduciary Funds  
 For the Fiscal Year Ended June 30, 2010

|                            | <b>Pension / Other<br/>Post-employment<br/>Benefit<br/><u>Trust Funds</u></b> |
|----------------------------|---|
| <b>ADDITIONS</b>           |   |
| Contributions:             |   |
| Employer                   | \$ 4,373,620  |
| Plan members               | 346,759   |
| Total contributions        | <u>4,720,379</u>  |
| Net investment income      | <u>102,531</u>  |
| Total additions            | 4,822,910   |
| <b>DEDUCTIONS</b>          |   |
| Benefits                   | <u>3,163,270</u>  |
| Change in net assets       | 1,659,640   |
| Net assets - beginning     | <u>1,830,386</u>  |
| <b>Net assets - ending</b> | <b><u><u>\$ 3,490,026</u></u></b>   |

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





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# Notes to the Financial Statements

Forsyth County, North Carolina  
June 30, 2010

## 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:

### a. 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, and community and economic development. Mental health programs are provided in part through the County's contribution to CenterPoint Human Services. 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.

### b. Basis of Presentation, Basis of Accounting

**Basis of Presentation** *Government-wide Statements:* The statement of net assets 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. 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. Non-operating 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.

*2007 School Facilities Capital Projects Fund.* This fund accounts for the construction and renovation of school buildings and acquisition of necessary land, furnishings and equipment to provide additional school facilities in the County. These capital projects are financed by proceeds of general obligation bonds authorized by a 2006 referendum.

*2009 Educational Facilities Fund.* This fund accounts for the acquisition by the community college of existing facilities from the schools and the renovation and equipping of those facilities for community college purposes; and the acquisition, construction, renovation, and furnishing of replacement facilities by the schools to be used for public school educational and administrative purposes. Proceeds of general obligation bonds authorized by a 2008 referendum fund these projects.

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 - Pension/Other Post-employment Benefit Trust Funds.* The pension trust fund accounts for the activities of the Law Enforcement Officers' Special Separation Allowance Fund, which accumulates resources for pension benefit payments to qualified public safety employees. 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 - Agency Funds.* Agency funds are custodial in nature and do not involve the measurement of operating results. These funds account for assets held by the County on behalf of others. The County maintains the following agency funds: the Protective Payee Fund, which accounts for monies held by the County on behalf of specific clients of Social Services; the Fines and Forfeitures Fund, which accounts for legal fines and forfeitures that the County is required to remit to the Winston-Salem/Forsyth County Schools; and the Tax Agency Fund, which accounts for property taxes and occupancy taxes collected on behalf of the County and other governments and the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles.

**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 pension and other post-employment benefit trust funds financial statements are reported using the economic resources measurement focus. The government-wide and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. 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 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. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital 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. 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 revenue until collected. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles. For those motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due.

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 assets 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.

#### **c. Budgetary Data**

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and for 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 State Public School Building Capital Fund, the 2006, 2007, 2008, 2009, and 2010 Housing Funds, and the 2007, 2008, 2009 and 2009 Recovery Act Justice Assistance Funds, 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 and the Emergency Telephone System Fund are controlled by an appropriation for a transfer to the General Fund. The Moser Bequest for Care of Elderly Fund has 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 included several for unanticipated intergovernmental and private grant funding that totaled \$5.1 million and appropriations of fund balance totaling \$4.8 million. The latter included \$4.3 million to increase the appropriation for the 2010 Pay-Go Fund. 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.

#### **d. Assets, Liabilities, 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).

The securities of the NCCMT Cash Portfolio, an SEC-registered money market mutual fund, are valued at fair value, which is the NCCMT's share price. 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.

General Statute 147-69.4 allows the County to establish an OPEB Trust Fund under the management of the State Treasurer and G.S. 159-30(g) allows the County to make contributions to the Fund. The State Treasurer in her 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 long-term investment fund (LTIF) consisting of investment grade corporate securities, treasuries, and agencies, and BlackRock's Global Ex-US Alpha Tilts Fund B and BlackRock's Russell 3000 Alpha Tilts Fund B authorized under G.S. 147-69.2(8). The STIF securities are reported at cost and maintain a constant \$1 per share value. Under the authority of G.S. 147.69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund. The LTIF is also valued at \$1 per share. The Global Ex-US Alpha Tilts Fund B is priced at \$13.728 per share and the Russell 3000 Alpha Tilts Fund B is priced at \$21.691 per share at June 30, 2010.

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

**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, 2009.

All trade and property tax receivables are shown net of an allowance for uncollectibles. 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.”

**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. The prepaid pension obligation is reported in the government-wide financial statements.

**Capital Assets** Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements; the County has no infrastructure, acquired before or after implementation of GASB Statement No. 34, to report. 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. Assets are recorded at cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of 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:

| <u>Asset Class</u>                | <u>Estimated Useful Lives</u> |
|-----------------------------------|-------------------------------|
| Buildings                         | 20 - 40                       |
| Improvements other than buildings | 20                            |
| Equipment                         | 3 - 10                        |
| Computer software                 | 3 - 6                         |

**Compensated Absences** The County permits its employees to accumulate a limited amount of vacation leave, holiday leave and compensatory time which, if not used, will be paid upon termination of service at the rates of pay then in effect. All vacation, holiday and compensatory 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.

**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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and 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 reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during 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.

**Net Assets** Net assets in the government-wide and proprietary fund financial statements are classified as follows:

*Invested in Capital assets, Net of Related Debt.* This category of net assets quantifies the County’s investment in capital assets, net of related debt.

*Restricted.* Restricted net assets represent 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. Restrictions on net assets are as follows:

*Restricted for Public Safety.* This portion of net assets represents the aggregate of net assets for seven special revenue funds: the Fire Tax Districts Fund; the Law Enforcement Equitable Distribution Fund; the Emergency Telephone System Fund; and the 2007, 2008, 2009 and 2009 Recovery Act Justice Assistance Funds.

*Restricted for Human Services.* The Moser Bequest for Care of the Elderly net assets comprise this portion of net assets.

*Restricted for Community and Economic Development.* This portion of net assets represents net assets of the 2007, 2008, 2009, and 2010 Housing special revenue funds.

*Restricted for Other Purposes.* General Fund net assets restricted for use by the Register of Deeds Office comprise this portion of restricted net assets.

*Unrestricted.* The difference in total net assets and the two categories above invested in capital assets, net of related debt and restricted net assets, is unrestricted net assets.

**Fund Equity** In the fund financial statements, reservations or restrictions of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change and are included in unreserved fund balance on the balance sheet.

State law restricts the appropriation of fund balance to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

*Reserved.*

*Reserved for Encumbrances.* This portion of fund balance represents the amount available for appropriation to pay for commitments related to purchase orders and contracts outstanding at year end that will be honored by the County in the next fiscal year.

*Reserved by State Statute.* This portion of fund balance is not available for appropriation under State law. This amount is usually comprised of receivable balances that are not offset by deferred revenues.

*Reserved 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.

*Unreserved.*

*Designated for Subsequent Years' Expenditures.*

*Budget.* In the annually budgeted governmental funds, a portion of fund balance available for appropriation is designated for appropriation in the adopted 2010-2011 Budget Ordinance. In grant project and capital project funds, the unspent appropriations comprise designated fund balance.

*Education Debt.* In the General Fund, unspent revenue generated by 4.1 cents of the ad valorem tax rate and interest on the unspent portions thereof is designated for retirement of general obligation education debt authorized by the November 2006 and 2008 referendums.

*Dell Repayment.* In the General Fund, unspent revenue generated by the repayment of economic development incentives by Dell Corporation is designated for future uses as determined by the Forsyth County Board of Commissioners.

*Capital.* In the General Fund, unreserved, undesignated fund balance in excess of 16% of the subsequent year's budget is designated for capital maintenance and capital outlay in the subsequent year. Of the total designation, the first \$2.1 million is designated for planned capital maintenance, and the remainder is for pay-as-you-go capital expenditures.

*Undesignated.* The amount of fund balance available for appropriation that is uncommitted at year end is undesignated.

**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 assets**

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. The net adjustment of \$(347,024,201) consists of several elements detailed in the following table.

| Description   | Detail        | Net Adjustment          |
|---|---------------|-------------------------|
| Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds. Total capital assets on the government-wide statement of net assets comprise this adjustment.   |               | \$ 151,248,147          |
| Pension assets resulting from contributions in excess of the annual required contribution are not financial resources and therefore are not reported in the funds.  |               | 285,689                 |
| Some of the County’s revenue will be collected after year-end, but is not available soon enough to pay for the current period’s expenditures, so it is reported as deferred revenue in the funds.   |               |                         |
| Property taxes and accrued interest on property taxes   | \$ 4,542,029  |                         |
| Grants  | 208,269       |                         |
| Interest earnings   | 30,825        |                         |
| Fees and miscellaneous  | 2,644,491     | 7,425,614               |
| 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 assets. |               |                         |
| Cash and cash equivalents   | 3,195,722     |                         |
| Accounts receivable   | 26,506        |                         |
| Claims and judgments – health and dental  | (1,561,772)   |                         |
| Accounts payable and accrued liabilities  | (221)         |                         |
| Unearned revenue  | (152,426)     | 1,507,809               |
| 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  | (6,071,117)   |                         |
| Bonds, installment purchases, limited obligation bonds and certificates of participation  | (478,047,207) |                         |
| Compensated absences  | (7,239,186)   |                         |
| Claims and judgments – excluding health and dental  | (2,298,306)   |                         |
| Net OPEB obligation   | (8,939,062)   |                         |
| Deferred charge on refundings   | 6,462,622     |                         |
| Deferred charge for issuance costs  | 3,245,593     |                         |
| Unamortized issuance premiums   | (14,604,797)  | (507,491,460)           |
| <b>Total adjustment</b>   |               | <b>\$ (347,024,201)</b> |

**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 assets of governmental activities* as reported in the government-wide statement of activities. Additional detail on the elements that comprise the total adjustment of \$15,054,826 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.   | \$ 13,349,388 |                      |
| Depreciation expense, the allocation of capital assets over their useful lives, is recorded on the statement of activities but not in the fund statements.  | (10,378,760)  | \$ 2,970,628         |
| The statement of activities reports <i>gains</i> and <i>losses</i> 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 assets differs from the change in fund balance by the net cost of capital assets sold and donated assets received.          |               | 529,616              |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.  |               |                      |
| Reverse deferred revenue recorded at July 1, 2009:  |               |                      |
| Property taxes and accrued interest on property taxes   | (4,448,787)   |                      |
| Grants  | (3,709)       |                      |
| Interest earnings   | (8,761)       |                      |
| Fees and miscellaneous  | (3,245,683)   |                      |
| Record revenue deferred in the fund statements at June 30, 2010:  |               |                      |
| Property taxes and accrued interest on property taxes   | 4,542,029     |                      |
| Grants  | 208,269       |                      |
| Interest earnings   | 30,825        |                      |
| Fees and miscellaneous  | 2,644,491     | (281,326)            |
| 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. Also, the governmental funds report the effect of other debt-related transactions when debt is first issued, but these amounts are deferred and amortized in the statement of activities. |               |                      |
| New debt issued   | (63,918,876)  |                      |
| Principal payments on debt  | 29,693,677    |                      |
| Payment to refunded bond escrow agent   | 47,495,636    |                      |
| Issuance and other costs  | 623,250       | 13,893,687           |
| 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  | (42,420)      |                      |
| Termination benefits  | 694,400       |                      |
| Reductions in claims and judgments – excluding health and dental  | 790,336       |                      |
| Prepaid pension benefit obligation  | 111,644       |                      |
| Net OPEB obligation   | (2,556,981)   |                      |
| Accrued interest  | (293,651)     |                      |
| Amortized deferred charge on refundings   | (1,205,830)   |                      |
| Amortized deferred charge for issuance costs  | (427,654)     |                      |
| Amortized debt premiums   | 1,962,938     | (967,218)            |
| Internal service fund profit or loss generated by customers within the primary government is eliminated from the statement of activities.   |               | (1,090,561)          |
| <b>Total adjustments</b>  |               | <b>\$ 15,054,826</b> |



### **3. Stewardship, Compliance, and Accountability**

#### **Excess of Expenditures over Appropriations**

The following budget variances are not in noncompliance with legal budgetary control. Expenditures for the Purchasing Department exceeded budget by \$4,686. Purchasing is a consolidated City - County department administered by the City of Winston-Salem. Appropriations for the Purchasing department are based on historical costs, and the fourth quarter review indicated the budget was adequate; however, final costs invoiced after the end of the budget year exceeded the appropriation. The County's contribution to the Other Post-employment Benefit Trust (the OPEB Trust) was budgeted in and paid from Nondepartmental, and at the end of the year it was allocated to departments based on salary costs. This allocation caused Attorney to exceed its legal appropriation by \$12,296. In future years, the appropriation for the contribution to the OPEB Trust will be transferred to departments, as applicable. The County's current year cost of retiree, health, life and death benefits was budgeted in general government nondepartmental other services and adjustments. Final costs were, however, allocated to the program areas and exceeded appropriation for the following areas: public safety by \$14,804, environmental protection by \$454, human services by \$12,299, culture and recreation by \$1,649, and education by \$596. More conservative cost estimates of final month costs may preclude future overages for these costs. Expenditures for the Inspections Department exceeded budget by \$219,724. Inspections is a consolidated City - County department administered by the City of Winston-Salem. Final costs invoiced after the end of the budget year exceeded appropriation. The County and City are discussing ways to minimize such overages in the future including reducing staff levels when revenue-generating building activity slows. Continued refinement of estimates may preclude future overages for this department. Intergovernmental expenditures for Human Services were \$120,333 greater than appropriations because some payments to CenterPoint Human Services are based on County services provided to that agency, and pharmacy services exceeded estimates. Since the Pharmacy budget was adequate to cover costs, the overage was not apparent until fourth quarter billings were processed after year-end. Revenues from CenterPoint for pharmacy services offset these expenditures.

Transfer of residual fund equity from the 2006 Housing fund that was closed during the fiscal year exceeded appropriation in that fund. This budget variance is not in noncompliance with legal budgetary control.

### **4. Detailed Notes on All Funds**

#### **a. Deposits**

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, 2010, the demand deposit portion of the County's cash and investment pool was \$17,751,216. The bank balances totaled \$18,110,249, of which \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2010, the County's petty cash funds totaled \$20,271.

**b. Investments**

As of June 30, 2010, the County had the following investments:

| <b>Investment Type</b> | <b>Reported</b>       |                    | <b>Less than</b>   |                   | <b>More than</b>  | <b>WAM<br/>(Years)</b> |
|------------------------|-----------------------|--------------------|--------------------|-------------------|-------------------|------------------------|
|                        | <b>Value</b>          | <b>Fair Value</b>  | <b>1 year</b>      | <b>1-2 years</b>  | <b>2 years</b>    |                        |
| NCCMT                  | \$ 52,560,323         | 52,560,323         | 52,560,323         | -                 | -                 | .0008                  |
| Commercial Paper       | 49,044,982            | 49,007,050         | 49,007,050         | -                 | -                 | .0766                  |
| Agency Securities      | 70,916,090            | 70,918,084         | 11,515,558         | 21,212,828        | 38,189,699        | .9034                  |
| <b>Total Portfolio</b> | <b>\$ 172,521,395</b> | <b>172,485,457</b> | <b>113,082,930</b> | <b>21,212,828</b> | <b>38,189,699</b> |                        |

Portfolio weighted  
average maturity                      0.9808      years

*Interest Rate Risk.* As a means of limiting its exposure to fair value losses arising from rising interest rates, the County’s investment policy 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. To further reduce its exposure to interest rate risk, the County invests in multi-step coupon securities for some of its longer term maturities. As of June 30, 2010, \$24,075,000 of the County’s \$38,190,000 in investments with maturities beyond two years are step or multi-step securities. Information about the sensitivity of the fair values of the County’s investments to market interest rate fluctuations is provided by the above table that shows the distribution by maturity and the weighted average maturity of the County’s investment holdings as of June 30, 2010.

*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, 2010, the County’s investments in the bonds of U.S. Agencies were rated with one or more of the following ratings: AAA by Standard & Poor’s, AAA by Fitch Ratings, Aaa by Moody’s Investors Service. The County’s investment in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor’s as of June 30, 2010.

*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 commercial paper issued by Citigroup Funding (5.2%) and bonds issued by the Federal Home Loan Bank (34.3%).

**Other Post-Employment Benefits Trust Fund**

At June 30, 2010, the Healthcare Plan had \$3,366,722 invested in the State Treasurer’s Local Government Other Post-Employment Benefits (OPEB) Fund pursuant to G.S. 147-69.4. The State Treasurer’s OPEB Fund 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 State Treasurer’s OPEB Fund was invested as follows: State Treasurer’s Short Term Investment Fund (STIF), 27.04%; State Treasurer’s Long Term Investment Fund (LTIF), 11.38%; and , BlackRock’s Global Ex-US Alpha Tilts Fund B and BlackRock’s Russell 3000 Alpha Tilts Fund B 61.58% (the equities were split with 75% in domestic securities and 25% in international securities).

*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 Short Term Investment Fund (STIF) is unrated and had a weighted average maturity of 1.6 years at June 30, 2010. The State Treasurer’s Long Term Investment Fund (LTIF) is unrated and had a weighted average maturity of 15.8 years at June 30, 2010.

*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 treasuries, agencies, and money market instruments. The LTIF is unrated and authorized under NC General Statute 147-69.1 and 147-69.2. The State Treasurer’s LTIF is invested in treasuries, agencies and corporate bonds with longer term maturities.

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

In accordance with the general statutes, agriculture, horticulture, and forestland may be taxed by the County at the present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original 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.

| <b>Year Levied</b> | <b>Tax</b>          | <b>Interest</b>  | <b>Total</b>      |
|--------------------|---------------------|------------------|-------------------|
| 2007               | \$ 2,140,660        | 701,066          | 2,841,726         |
| 2008               | 2,237,086           | 531,308          | 2,768,394         |
| 2009               | 2,237,086           | 329,970          | 2,567,056         |
| 2010               | 2,166,373           | 124,566          | 2,290,939         |
| <b>Totals</b>      | <b>\$ 8,781,205</b> | <b>1,686,910</b> | <b>10,468,115</b> |

**d. Receivables**

Receivables at June 30, 2010 for the County’s individual major funds and nonmajor governmental funds in the aggregate are net of applicable allowances for uncollectible accounts as follows:

| <b>Description</b>       | <b>Gross Receivable</b> | <b>Allowance for Uncollectible Accounts</b> | <b>Net Receivable</b> |
|--------------------------|-------------------------|---|-----------------------|
| Property taxes           |                         |   |                       |
| General fund             | \$ 9,835,205            | (5,710,648)                                 | 4,124,557             |
| Other governmental funds | 190,295                 | (99,080)                                    | 91,215                |
| Occupancy taxes          |                         |   |                       |
| General fund             | 35,637                  | -   | 35,637                |
| Other taxes              |                         |   |                       |
| General fund             | 29,151                  | -   | 29,151                |
| Accounts                 |                         |   |                       |
| General fund             | 22,897,585              | (18,172,005)                                | 4,725,580             |
| Accrued interest         |                         |   |                       |
| General fund             | 214,127                 | -   | 214,127               |
| Other governmental funds | 8,483                   | -   | 8,483                 |
| <b>Total receivables</b> | <b>\$33,210,483</b>     | <b>(23,981,733)</b>                         | <b>9,228,750</b>      |

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

At June 30, 2010, the various components of *deferred revenue* and *unearned revenue* were as follows:

| <b>Description</b>  | <b>Deferred (Unavailable)</b> | <b>Unearned</b>  |
|---|-------------------------------|------------------|
| Delinquent property taxes receivable                            |                               |                  |
| General fund  | \$ 4,124,557                  | -                |
| Other governmental funds  | 91,215                        | -                |
| Intergovernmental and private grants                            |                               |                  |
| General fund  | 172,657                       | 54,941           |
| Other governmental funds  | 35,612                        | 790,601          |
| Fees and other – General fund                                   | 2,644,491                     | 350,284          |
| Investment earnings – General fund                              | 30,825                        | -                |
| <b>Total deferred / unearned revenue for governmental funds</b> | <b>\$ 7,099,357</b>           | <b>1,195,826</b> |

**e. Capital Assets**

Capital asset activity for the year ended June 30, 2010, was as follows:

|   | Beginning<br>Balances | Increases        | Decreases        | Ending<br>Balances |
|---|-----------------------|------------------|------------------|--------------------|
| <b>Governmental activities:</b>             |                       |                  |                  |                    |
| Capital assets not being depreciated:       |                       |                  |                  |                    |
| Land  | \$ 12,538,682         | 250,150          | --               | 12,788,832         |
| Art collections                             | 270,707               | 247,200          | --               | 517,907            |
| Construction-in-progress                    | 3,429,971             | 1,646,199        | --               | 5,076,170          |
| Total capital assets not being depreciated  | 16,239,360            | 2,143,549        | --               | 18,382,909         |
| Capital assets being depreciated:           |                       |                  |                  |                    |
| Buildings                                   | 171,776,801           | 4,483,482        | --               | 176,260,283        |
| Improvements other than buildings           | 12,712,237            | 2,309,332        | --               | 15,021,569         |
| Equipment                                   | 55,394,427            | 5,165,475        | (2,429,922)      | 58,129,980         |
| Total capital assets being depreciated      | 239,883,465           | 11,958,289       | (2,429,922)      | 249,411,832        |
| Less accumulated depreciation for:          |                       |                  |                  |                    |
| Buildings                                   | 59,883,185            | 4,242,677        | --               | 64,125,862         |
| Improvements other than buildings           | 7,020,929             | 519,769          | --               | 7,540,698          |
| Equipment                                   | 41,470,808            | 5,616,314        | (2,207,088)      | 44,880,034         |
| Total accumulated depreciation              | 108,374,922           | 10,378,760       | (2,207,088)      | 116,546,594        |
| Total capital assets being depreciated, net | 131,508,543           | 1,579,529        | (222,834)        | 132,865,238        |
| <b>Capital assets, net</b>                  | <b>\$147,747,903</b>  | <b>3,723,078</b> | <b>(222,834)</b> | <b>151,248,147</b> |

Depreciation expense charged to functions for the year ended June 30, 2010, was as follows:

| Function                           | Depreciation<br>Expense |
|------------------------------------|-------------------------|
| General government                 | \$ 5,111,540            |
| Public safety                      | 3,464,625               |
| Environmental protection           | 25,798                  |
| Human services                     | 696,286                 |
| Culture and recreation             | 1,053,492               |
| Community and economic development | 5,587                   |
| Education                          | 21,432                  |
| <b>Total</b>                       | <b>\$ 10,378,760</b>    |

### Construction Commitments

Work on the new maintenance facility at Tanglewood Park, a \$4.0 million project, continued during the year. Progress has been made on the \$3.1 million project to upgrade technology at the Detention Center. Parks and recreation projects and an elevator upgrade project at the facility for the courts have also been initiated. Demolition and hazardous materials abatement has begun on the Phillips Building renovation project. At June 30, 2010, commitments with contractors on these projects are as follows:

| <b>Project</b>                       | <b>Spent-to-Date</b> | <b>Remaining Commitment</b> |
|--------------------------------------|----------------------|-----------------------------|
| Tanglewood Park maintenance facility | \$ 2,159,024         | 217,573                     |
| Tanglewood Park campground shelter   | --                   | 10,390                      |
| Jail technology project              | 883,062              | 1,848,084                   |
| Tanglewood Park pool renovation      | 77,450               | 69,200                      |
| Triad Park development               | 90,660               | 42,984                      |
| Hall of Justice elevator upgrade     | 486,274              | 95,075                      |
| Phillips Building renovation         | 631,620              | 2,611,493                   |
| <b>Totals</b>                        | <b>\$ 4,328,090</b>  | <b>4,894,799</b>            |

### f. 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. Sales tax paid on certain State Public School Building Capital Fund projects will be refunded by the State, so the cash and investment pool advances funds for these payments. At June 30, 2010, interfund receivables and payables are as follows:

| <b>Payable Fund</b>   | <b>Receivable Fund - General Fund</b> |
|---|---------------------------------------|
| Nonmajor governmental funds:  |                                       |
| State Public School Building Capital Fund – lottery proceeds for debt service | \$ 31,636                             |
| 2008 Housing Fund – advance from cash and investment pool                     | 13,656                                |
| 2009 Housing Fund – advance from cash and investment pool                     | 693,804                               |
| <b>Total</b>  | <b>\$ 739,096</b>                     |

The following is a summary of interfund transfers for the year ended June 30, 2010:

|                             | <b>Transfers in:</b> |                                    |                   |
|-----------------------------|----------------------|------------------------------------|-------------------|
|                             | <b>General Fund</b>  | <b>Nonmajor Governmental Funds</b> | <b>Total</b>      |
| <b>Transfers out:</b>       |                      |                                    |                   |
| General Fund                | \$ --                | 4,264,308                          | 4,264,308         |
| 2007 School Facilities      | 1,500,000            | --                                 | 1,500,000         |
| Nonmajor governmental funds | 11,808,374           | --                                 | 11,808,374        |
| <b>Totals</b>               | <b>\$ 13,308,374</b> | <b>4,264,308</b>                   | <b>17,572,682</b> |

The General Fund transferred \$45,308 to the 2010 Housing grant project fund to provide local matching funds for a grant. Transfers from the 2007 School Facilities fund were for Schools capital outlay in the General Fund.

Transfers of \$9,729,460 to the General Fund from nonmajor governmental funds were for debt service, including \$362,000 from capital projects funds, as permitted in the applicable financings, and \$9,367,460 in lottery proceeds from the Public School Building Capital fund. Other transfers to the General Fund from nonmajor governmental funds included \$565 residual equity from a fund that was closed; \$1,188,128 from the Fire Tax Districts special revenue fund to support the County fire department; \$32,775 from the Law Enforcement Equitable Distribution special revenue fund for law enforcement programs; and \$857,446 from the Emergency Telephone System fund for public safety communications costs.

**g. Payables**

Payables at June 30, 2010, were as follows:

| Description           | General Fund        | Nonmajor Governmental Funds | Total            |
|-----------------------|---------------------|-----------------------------|------------------|
| Vendors               | \$ 4,241,200        | 794,026                     | 5,035,226        |
| Salaries and benefits | 4,268,096           | --                          | 4,268,096        |
| <b>Totals</b>         | <b>\$ 8,509,296</b> | <b>794,026</b>              | <b>9,303,322</b> |

**h. Leases**

*Operating Leases* The County leases buildings, office facilities, and equipment under non-cancelable operating leases. Total costs for such leases were \$902,308 for the year ended June 30, 2010. The future minimum lease payments due under operating leases with initial or remaining non-cancelable lease terms in excess of one year are as follows:

| Year ending June 30                 | Operating Leases    |
|-------------------------------------|---------------------|
| 2011                                | \$ 922,785          |
| 2012                                | 730,555             |
| 2013                                | 443,926             |
| 2014                                | 138,777             |
| 2015                                | 142,242             |
| 2016 – 2020                         | 314,178             |
| 2021 – 2025                         | 363,743             |
| 2026 – 2030                         | 421,132             |
| 2031 – 2035                         | 273,212             |
| <b>Total minimum lease payments</b> | <b>\$ 3,750,550</b> |

The total rental expenditures for all operating leases were \$1,602,030 for the year ended June 30, 2010.

**i. Long-term obligations**

**Long-term obligation activity**

Changes in long-term obligations during the year ended June 30, 2010, were as follows:

|   | Balance<br>June 30, 2009 | Additions         | Reductions         | Balance<br>June 30, 2010 | Due Within<br>One Year |
|---|--------------------------|-------------------|--------------------|--------------------------|------------------------|
| <b>Governmental activities:</b>                               |                          |                   |                    |                          |                        |
| Compensated absences  | \$ 7,196,766             | 8,455,806         | 8,413,386          | 7,239,186                | 5,051,869              |
| Termination benefits  | 694,400                  | --                | 694,400            | --                       | --                     |
| General obligation bonds                                      | 420,955,000              | 42,870,000        | 67,480,000         | 396,345,000              | 22,635,000             |
| Deferred loss on refunding                                    | (1,818,610)              | (3,790,635)       | (971,980)          | (4,637,265)              | --                     |
| Unamortized premiums  | 7,949,785                | 5,025,171         | 1,621,962          | 11,352,994               | --                     |
| Installment purchase obligations                              | 2,185,884                | --                | 603,677            | 1,582,207                | 770,119                |
| Certificates of participation<br>and limited obligation bonds | 70,435,000               | 15,000,000        | 5,315,000          | 80,120,000               | 6,210,000              |
| Deferred loss on refunding                                    | (2,059,206)              | --                | (233,849)          | (1,825,357)              | --                     |
| Unamortized premiums  | 2,569,074                | 1,023,705         | 340,976            | 3,251,803                | --                     |
| Net OPEB obligation   | 6,382,081                | 6,345,621         | 3,788,640          | 8,939,062                | --                     |
| Claims and judgments  | 4,271,427                | 20,578,472        | 20,989,821         | 3,860,078                | 2,501,330              |
| <b>Total general long-term obligations</b>                    | <b>\$ 518,761,601</b>    | <b>95,508,140</b> | <b>108,042,033</b> | <b>506,227,708</b>       | <b>37,168,318</b>      |

Compensated absences, termination benefits, and claims and judgments typically are liquidated in the General Fund. Of the latter, health and dental claims are paid from the Employee Health Benefits internal service fund.

*Termination Benefits* In the prior fiscal year, Forsyth County offered a one-time voluntary retirement incentive to benefitted employees who met service and age requirements for unreduced retirement under the North Carolina Local Government Employees' Retirement System and who elected to retire with an effective date between May 1, 2009 and October 1, 2009. The incentive consisted of a lump-sum payment of \$20,000 for full-time employees and a pro-rated amount based on work-hours for part-time employees, to be paid within thirty days of the effective date of retirement. One lump-sum payment of \$20,000 was forfeited when the County manager granted the employee's request to withdraw from the program, the remaining balance of \$674,400 was paid during the fiscal year ending June 30, 2010.

*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, 2010, a liability for \$534,266 is included in claims and judgments and reported in long-term liabilities on the Statement of Net Assets.

*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 are appropriated in the General Fund when due.

On September 16, 2009, the County issued \$42,870,000 of general obligation refunding bonds, Series 2009, to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments of \$1,855,000 general obligation Parks and Recreation bonds, Series 2001, \$4,050,000 general obligation Public Improvement bonds, Series 2002A and \$37,800,000 general obligation Public Improvement bonds, Series 2002B. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$3,790,635. This amount is being netted against the new debt and amortized over the life of the new debt, which is the same as the life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next ten years by \$2,403,268 and resulted in an economic gain of \$2,117,069.

On December 22, 2009, the County issued \$15,000,000 limited obligation bonds for the renovation of administrative offices for the Sheriff. Interest rates range from 3.0 to 5.0 percent, with a final maturity of April 1, 2030.

On June 24, 2004, the County sold two \$15,000,000 issues of general obligation School bonds that initially bear interest at a weekly variable rate. The County has the option to convert to a flexible term rate, a medium-term rate, or a fixed rate by written notice at least 25 days in advance of the proposed conversion date. The current variable rate is determined weekly based on the lowest interest rate necessary to enable the remarketing of the bonds at par plus accrued interest, as determined by the remarketing agent, and shall not exceed an annual rate of 12%. At June 30, 2010, the rate of interest for both issues was 0.30%.

The County issued \$30,000,000 general obligation School bonds on April 19, 2007, that initially bear interest at a weekly variable rate. The County has the option to convert to a flexible term rate, a medium-term rate, or a fixed rate by written notice at least 25 days in advance of the proposed conversion date. The current variable rate is determined weekly based on the lowest interest rate necessary to enable the remarketing of the bonds at par plus accrued interest, as determined by the remarketing agent, and shall not exceed an annual rate of 12%. At June 30, 2010, the rate of interest was 0.30%.

A summary of outstanding general obligation bonds follows:

| Purpose of Issue               | Date of Issue          | Effective Interest Rate | Amount Issued        | Principal Outstanding June 30, 2010 |            |
|--------------------------------|------------------------|-------------------------|----------------------|-------------------------------------|------------|
| <u>Governmental Activities</u> |                        |                         |                      |                                     |            |
| School Building                | 06-24-04               | Var Rate %              | \$ 15,000,000        | 12,500,000                          |            |
|                                | 06-24-04               | Var Rate                | 15,000,000           | 12,500,000                          |            |
|                                | 02-21-06               | 4.0735                  | 22,500,000           | 21,300,000                          |            |
|                                | 04-19-07               | 3.9543                  | 30,000,000           | 28,300,000                          |            |
|                                | 04-19-07               | Var Rate                | 30,000,000           | 28,300,000                          |            |
|                                | 09-17-08               | 4.1701                  | 80,000,000           | 77,350,000                          |            |
|                                | Community College      | 04-01-07                | 3.9543               | 12,500,000                          | 11,900,000 |
|                                | Educational Facilities | 06-23-09                | 3.7680               | 36,250,000                          | 36,250,000 |
|                                | Parks and Recreation   | 06-12-01                | 4.7373               | 2,980,000                           | 125,000    |
|                                | Public Improvement     | 03-01-02                | 4.4913               | 6,420,000                           | 700,000    |
| 03-01-02                       |                        | 4.4913                  | 51,900,000           | 3,400,000                           |            |
| 09-01-03                       |                        | 4.1925                  | 3,950,000            | 500,000                             |            |
| 09-01-03                       |                        | 4.1925                  | 48,850,000           | 39,950,000                          |            |
| 02-21-06                       |                        | 4.0735                  | 10,185,000           | 9,585,000                           |            |
| 09-16-08                       |                        | 4.1175                  | 11,120,000           | 10,770,000                          |            |
| Public Improvement Refunding   |                        | 02-01-99                | 4.3001               | 16,480,000                          | 3,120,000  |
|                                |                        | 09-01-03                | 4.1925               | 8,785,000                           | 2,160,000  |
|                                |                        | 12-01-03                | 2.3916               | 16,105,000                          | 2,060,000  |
|                                |                        | 02-01-04                | 3.0633               | 30,855,000                          | 25,655,000 |
|                                | 09-17-08               | 2.8798                  | 28,885,000           | 27,050,000                          |            |
|                                | 09-16-09               | 2.5103                  | 42,870,000           | 42,870,000                          |            |
| <b>Totals</b>                  |                        |                         | <b>\$536,265,000</b> | <b>396,345,000</b>                  |            |

Of the \$132,425,000 public improvement bonds issued, \$23,875,000 funded County facilities and capital projects, \$101,550,000 funded School facilities, and \$7,000,000 funded Community College facilities.

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

| June 30       | Principal            | Interest           | Total              |
|---------------|----------------------|--------------------|--------------------|
| 2011          | \$ 22,635,000        | 14,555,551         | 37,190,551         |
| 2012          | 25,250,000           | 13,659,031         | 38,909,031         |
| 2013          | 26,195,000           | 12,669,969         | 38,864,969         |
| 2014          | 28,255,000           | 11,734,394         | 39,989,394         |
| 2015          | 25,715,000           | 10,687,969         | 36,402,969         |
| 2016 – 2020   | 117,240,000          | 40,179,813         | 157,419,813        |
| 2021 - 2025   | 112,135,000          | 19,166,381         | 131,301,381        |
| 2026 - 2029   | 38,920,000           | 2,179,500          | 41,099,500         |
| <b>Totals</b> | <b>\$396,345,000</b> | <b>124,832,608</b> | <b>521,177,608</b> |

There are \$244,625,000 in authorized but unissued general obligation bonds at June 30, 2010.

*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, 2010, there were four series of industrial revenue bonds outstanding, with an aggregate principal amount payable of \$30,887,232.



*Certificates of Participation and Limited Obligation Bonds* Outstanding certificates of participation and limited obligation bonds are as follows:

| <b>Purpose of Issue</b>   | <b>Principal<br/>Outstanding<br/>June 30, 2010</b> |
|---|--|
| <u>Governmental Activities</u>  |  |
| Issued December 22, 2009 to finance County facility renovation and construction; interest varies from 3.00% to 5.00%  | \$ 15,000,000                                      |
| Issued August 9, 2005 to finance renovation of an elementary school and a middle school; interest varies from 3.50% to 5.00%  | 10,400,000   |
| Issued May 5, 2005 to advance refund portions of three previous issues; interest varies from 3.50% to 5.00%   | 40,800,000   |
| Issued December 1, 2002 to provide funds for County facility renovation and construction; interest varies from 3.875% to 4.125%   | 1,165,000  |
| Issued October 8, 2002 to finance a telephone system and emergency communications system for the County; variable rate for which the rate at June 30, 2010 was 0.34%          | 4,410,000  |
| Issued April 1, 2001 to finance County facility renovation and construction and for a current refunding of previously issued certificates of participation; interest is 5.00% | 6,395,000  |
| Issued September 1, 1998 to provide funds for site acquisition, equipment, facility renovation and park improvements for the County; interest varies from 4.60% to 5.00%      | 1,950,000  |
| <b>Total</b>  | <b>\$ 80,120,000</b>                               |

Debt service requirements to maturity for certificates of participation are as follows:

| <b>Year Ending June 30</b> | <b>Principal</b>     | <b>Interest</b>   | <b>Total</b>       |
|----------------------------|----------------------|-------------------|--------------------|
| 2011                       | \$ 6,210,000         | 3,698,155         | 9,908,155          |
| 2012                       | 6,370,000            | 3,309,913         | 9,679,913          |
| 2013                       | 6,220,000            | 3,097,585         | 9,317,585          |
| 2014                       | 4,920,000            | 2,870,438         | 7,790,438          |
| 2015                       | 5,095,000            | 2,629,438         | 7,724,438          |
| 2016 - 2020                | 27,515,000           | 9,261,438         | 36,776,438         |
| 2021 - 2025                | 19,390,000           | 3,038,063         | 22,428,063         |
| 2026 - 2030                | 4,400,000            | 595,000           | 4,995,000          |
| <b>Total</b>               | <b>\$ 80,120,000</b> | <b>28,500,027</b> | <b>108,620,027</b> |

Principal and interest requirements for certificates of participation are provided by a General Fund appropriation in the year in which they are due.

In prior years, the County defeased certain certificates of participation by placing the proceeds of new certificates in an irrevocable trust to provide for all future debt service payments on the old certificates. Accordingly, the trust account assets and the liability for the defeased certificates are not included in the County's financial statements. On June 30, 2010, \$35,225,000 of outstanding certificates of participation are considered defeased.

*Installment Purchases* As authorized by State law, the County has entered into installment financing agreements, for which interest is payable semiannually, as follows:

| <b>Purpose of Issue</b>         | <b>Date of Issue</b> | <b>Interest Rate</b> | <b>Amount Issued</b> | <b>Principal Outstanding June 30, 2010</b> |
|---------------------------------|----------------------|----------------------|----------------------|--|
| <u>Governmental Activities</u>  |                      |                      |                      |  |
| Computer equipment and software | 07-28-06             | 4.5900 %             | \$ 1,125,000         | 409,153                                    |
|                                 | 06-28-07             | 4.3400               | 788,500              | 336,008                                    |
|                                 | 01-06-09             | 4.4900               | 276,000              | 225,609                                    |
|                                 | 06-01-09             | 3.9100               | 750,000              | 611,437                                    |
| <b>Totals</b>                   |                      |                      | <b>\$ 2,939,500</b>  | <b>1,582,207</b>                           |

Annual maturities are as follows:

| <b>Year Ending June 30</b> | <b>Principal</b>    | <b>Interest</b> | <b>Total</b>     |
|----------------------------|---------------------|-----------------|------------------|
| 2011                       | \$ 770,119          | 63,294          | 833,413          |
| 2012                       | 376,545             | 29,300          | 405,845          |
| 2013                       | 213,203             | 15,567          | 228,770          |
| 2014                       | 222,340             | 6,430           | 228,770          |
| <b>Total</b>               | <b>\$ 1,582,207</b> | <b>114,592</b>  | <b>1,696,799</b> |

As of June 30, 2010, the County's legal debt limit was \$2,708,509,216, computed at 8% of the total appraised property valuation of \$33,856,365,200. With \$396,345,000 in County, School, and Community College bonds outstanding at June 30, 2010 and \$81,702,207 committed under certificates of participation, limited obligation bonds and installment purchases, the County could issue additional bonds up to \$2,230,462,009 if authorized.

**j. Fund Balances**

*Unreserved Fund Balance.* The amounts reported on the governmental funds balance sheet identified as unreserved fund balance comprise the following:

|                                  | <u>Designated for Subsequent Year's Expenditures</u> |                   |                    |                  |                   | Total              |
|----------------------------------|--|-------------------|--------------------|------------------|-------------------|--------------------|
|                                  | Budget   | Education Debt    | Dell Reimbursement | Capital          | Undesignated      |                    |
| General Fund                     | \$ 15,697,366  | 30,192,377        | 7,916,328          | 4,069,276        | 55,996,079        | 113,871,426        |
| 2007 School Facilities Fund      | 294,580  | --                | --                 | --               | --                | 294,580            |
| 2009 Educational Facilities Fund | 23,799,678   | --                | --                 | --               | --                | 23,799,678         |
| Other governmental funds:        |  |                   |                    |                  |                   |                    |
| Special revenue funds            | 787,651  | --                | --                 | --               | (982,071)         | (194,420)          |
| Capital projects funds           | 23,355,549   | --                | --                 | --               | 468,547           | 23,824,096         |
| <b>Totals</b>                    | <b>\$ 63,934,824</b>                                 | <b>30,192,377</b> | <b>7,916,328</b>   | <b>4,069,276</b> | <b>55,482,555</b> | <b>161,595,360</b> |

**5. Other Information**

**a. Pension Costs**

**North Carolina Local Governmental Employees' Retirement System**

*Plan Description.* Forsyth County contributes to the statewide Local Governmental Employees' Retirement System (LERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LERS 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. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy.* 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 4.80% and 4.86%, respectively, of annual covered payroll. The contribution requirements of members and of Forsyth County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2010, 2009, and 2008 were \$4,063,912, \$3,991,132, and \$3,866,762, respectively. The contributions made by the County equaled the required contributions for each year.

**Law Enforcement Officers' Special Separation Allowance**

*Plan Description.* Forsyth County administers a public employee retirement system (the Separation Allowance), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year 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. The Separation Allowance is reported in the County's report as a pension trust fund, and no stand-alone financial report is issued for the plan.

All full-time County law enforcement officers are covered by the Separation Allowance.

At December 31, 2009, the Separation Allowance's membership consisted of:

|                                       |            |
|---------------------------------------|------------|
| Retirees currently receiving benefits | 43         |
| Active plan members                   | 218        |
| <b>Total</b>                          | <b>261</b> |

**Summary of Significant Accounting Policies**

*Basis of Accounting.* Financial statements for the Separation Allowance are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the County has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan.

*Method Used to Value Investments.* Investments are reported at fair value. Short-term discount notes, deposits, repurchase agreements, and the North Carolina Capital Management Trust are reported at cost or amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price.

*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 by making contributions based on actuarial valuations. For the current year, the County contributed \$584,980, or 4.96% of annual covered payroll. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings.

**Annual Pension Cost and Net Pension (Asset) Obligation** The County's annual pension cost and net pension obligation for the current year were as follows:

|  |                     |
|--|---------------------|
| Annual required contribution               | \$ 474,990          |
| Interest on net pension obligation         | (12,618)            |
| Adjustment to annual required contribution | 10,964              |
| Annual pension cost                        | 473,336             |
| Contributions made                         | (584,980)           |
| Increase in net pension asset              | (111,644)           |
| Net pension asset, beginning of year       | (174,045)           |
| <b>Net pension asset, end of year</b>      | <b>\$ (285,689)</b> |

The annual required contribution for the fiscal year ended June 30, 2010 was determined as part of the December 31, 2008 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return and (b) projected salary increases of 4.5% to 12.3% per year. Item (b) included an inflation component of 3.75%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2008 was 22 years.

### Three-Year Trend Information

| Fiscal Year Ended | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension (Asset) Obligation |
|-------------------|---------------------------|-------------------------------|--------------------------------|
| 6/30/2008         | \$ 377,936                | 105.09%                       | \$(161,816)                    |
| 6/30/2009         | \$ 434,697                | 102.81%                       | \$(174,045)                    |
| 6/30/2010         | \$ 473,336                | 123.59%                       | \$(285,689)                    |

*Funded Status and Funding Progress.* As of December 31, 2009, the most recent actuarial valuation date, the plan was 1.1% funded. The actuarial accrued liability for benefits was \$6,215,412, and the actuarial value of assets was \$65,952, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,149,460. The covered payroll (annual payroll of active employees covered by the plan) was \$10,007,668, and the ratio of the UAAL to the covered payroll was 61.4%. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

#### **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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy.* Article 12E of G.S. Chapter 143 requires 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, 2010 were \$497,290, exclusive of voluntary employee contributions.

#### **Register of Deeds' Supplemental Pension Fund**

*Plan Description.* The County contributes to the Register of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund 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. The Register of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR 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, or by calling (919) 981-5454.

*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 G.S. Chapter 161. Immediately following January 1 of each year, the Department of State Treasurer divides 93% of the amount in the Fund 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, 2010, the County's required and actual contributions were \$28,641.

#### **b. 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 68.2% and 90.2% of the established premium cost, and the retiree pays 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 December 31, 2009, the date of the latest actuarial valuation:

|                                       |              |
|---------------------------------------|--------------|
| Retirees currently receiving benefits | 697          |
| Active plan members:                  |              |
| General employees                     | 1,824        |
| Law enforcement officers              | 218          |
| <b>Total</b>                          | <b>2,739</b> |

*Funding policy.* 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 \$4,000 and \$6,868, respectively, for fiscal year 2010. The monthly cost of healthcare benefits is shared by the County and covered retirees, respectively, as follows: retiree-only coverage, \$524 and \$57; retiree and one dependent, \$653 and \$161; and retiree and more than one dependent, \$912 and \$425. For fiscal year 2010, the County contributed \$ 2,177,772 for healthcare benefits, and retiree Plan members contributed \$ 346,759. Additionally, the County contributed \$1,600,000 to prefund benefits.

The current ARC rate is 7.74% of annual covered payroll. For the current year, the County contributed \$3,788,640 or 4.48% of annual covered payroll. The County self-funds its healthcare benefits, and premiums are set at a level to cover current costs and fund actuarially computed reserves. The County obtains life insurance coverage through a private insurer. The County's required contribution, set by the Board of County Commissioners, is the same for all employees.

*Summary of Significant Accounting Policies.* The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and when the County has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

*Annual OPEB Cost and Net OPEB Obligation.* The County's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the County's net OPEB obligation for the Plan benefits:

|  |                    |
|--|--------------------|
| Annual required contribution               | \$6,278,243        |
| Interest on net OPEB obligation            | 319,104            |
| Adjustment to annual required contribution | (251,726)          |
| Annual OPEB cost (expense)                 | 6,345,621          |
| Contributions made                         | (3,788,640)        |
| Increase in net OPEB obligation            | 2,556,981          |
| Net OPEB obligation, beginning of year     | 6,382,081          |
| <b>Net OPEB obligation, end of year</b>    | <b>\$8,939,062</b> |

The annual required contribution for the fiscal year ended June 30, 2010 was determined as part of the December 31, 2008 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return and (b) projected medical cost increases of 5.0% to 10.5% per year. Item (b) included an inflation component of 3.75%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on an open basis. The remaining amortization period at December 31, 2008 was 30 years.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the preceding year were as follows:

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-------------------|------------------|--|---------------------|
| 6/30/2008         | \$ 5,840,379     | 29.3%                                      | \$ 4,128,973        |
| 6/30/2009         | \$ 5,863,049     | 61.6%                                      | \$ 6,382,081        |
| 6/30/2010         | \$ 6,345,621     | 59.7%                                      | \$ 8,939,062        |

*Funded Status and Funding Progress.* As of December 31, 2009, the most recent actuarial valuation date, the plan was 5.2% funded. The actuarial accrued liability for benefits was \$67,480,466, and the actuarial value of assets was \$3,539,497, resulting in an unfunded actuarial accrued liability (UAAL) of \$63,940,969. The covered payroll (annual payroll of active employees covered by the plan) was \$84,578,860, and the ratio of the UAAL to the covered payroll was 75.6%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

### c. 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 \$400,000 for each workers' compensation claim, \$175,000 for each health care claim, \$250,000 for each auto liability, general liability, and public officials claim, and \$100,000 for each property damage claim. The County purchases commercial insurance for claims in excess of coverage provided by this program. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The County carries commercial flood insurance with maximum coverage of \$10,000,000 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 \$100,000 and \$150,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$500,000.

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 \$1,764,040 at June 30, 2010. It is reported in the Statement of Net Assets as a long-term liability, and \$939,558 is considered due within one year.

The County's actuarially determined claims liability for employee, dependent, and retiree health care costs is \$1,561,772 at June 30, 2010. It is reported as a current liability in the proprietary fund Statement of Net Assets and as a long-term liability, due in one year, in the government-wide Statement of Net Assets.

Fiscal year 2010 was the second year of the County's risk retention program for employee, dependent, and retiree health care costs, and premiums were established at a level to cover future catastrophe 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 assets of \$1,507,809 in the Employee Benefits Fund are designated for these purposes.

Changes in the claims liability amount in fiscal 2009 and fiscal 2010 were as follows:

|           | Beginning<br>Balance | Current-Year<br>Claims and Changes<br>in Estimates | Claims<br>Payments | Ending<br>Balance |
|-----------|----------------------|--|--------------------|-------------------|
| 2008-2009 | \$2,561,135          | 17,619,071   | (16,745,389)       | 3,434,817         |
| 2009-2010 | 3,434,817            | 20,578,472   | (20,687,477)       | 3,325,812         |

The County also provided risk management services, contractually, to local agencies and municipalities. There was no transfer or pooling of risks between or among any of the participants, and each participant was completely responsible for (and only responsible for) its own claims liabilities.

**d. Subsequent events**

The County has evaluated subsequent events through October 31, 2010, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.

*Bond issuance.* On September 1, 2010, the County issued \$14,225,000 general obligation public improvement bonds to fund County, schools and community college capital maintenance funds. The interest rates range from 2.0 to 4.0 percent and the final maturity is April 1, 2021.

On September 2, 2010, the County issued \$143,400,000 general obligation public improvement bonds for schools and community college capital projects. Included in this amount were \$80,380,000 Build America Bonds and \$26,405,000 Qualified School Construction Bonds. The interest rates range from 3.548 to 5.166 percent (before federal tax credit), and the final maturity is April 1, 2030. Also on September 2, 2010, the County issued \$50,295,000 general obligation refunding bonds to advance refund \$50,400,000 outstanding general obligation bonds resulting in net present value savings of \$2,876,650. These bonds have a final maturity of July 1, 2023.

**e. 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, 2010.

**f. Related Organization**

The County's governing board is responsible for a majority of the board appointments of the Airport Commission of Forsyth County, but the County's accountability for this organization does not extend beyond making these appointments. The Airport Commission was established by state statute for the purpose of operating an airport on land owned by the County, and it is funded primarily by airport revenue and federal grants. In fiscal year 2010, Forsyth County provided risk management services totaling \$5,500 to the Airport Commission, and \$1,375 of this amount comprised a receivable at year-end.

**g. 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 certificates of participation 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 \$6,592,790 and \$7,719,068 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2010.

In addition, the County made debt service payments of \$2,154,920 during the fiscal year on general obligation bonds and certificates of participation 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, 2010. 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.

The County participates with Stokes County, Davie County and Rockingham County, North Carolina in CenterPoint Human Services to provide services for general mental health, mental disorder, developmental disabilities, substance abuse and mental health education in Forsyth, Stokes, Davie, and Rockingham Counties. CenterPoint's board is composed of nineteen members. Forsyth, Stokes and Rockingham Boards of Commissioners each appoint one Commissioner as an ex-officio member of the Board. The Davie County Commissioners appoint one Commissioner, the County Manager or the Assistant County Manager as its ex-officio member of the Board. The fifteen additional members are appointed by the four ex-officio members of the board. The County has an ongoing financial responsibility for CenterPoint because it provides funding for a substantial portion of its annual budget. The County contributed \$6,379,039 for CenterPoint operations for the fiscal year ended June 30, 2010. Additionally, the County provided services to CenterPoint during the year for which it invoiced \$2,363,167, of which \$445,047 was outstanding at year-end. The participating governments do not have an equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2010. Complete financial statements for CenterPoint may be obtained from its administrative offices at 4045 University Parkway, Winston-Salem, North Carolina, 27106.

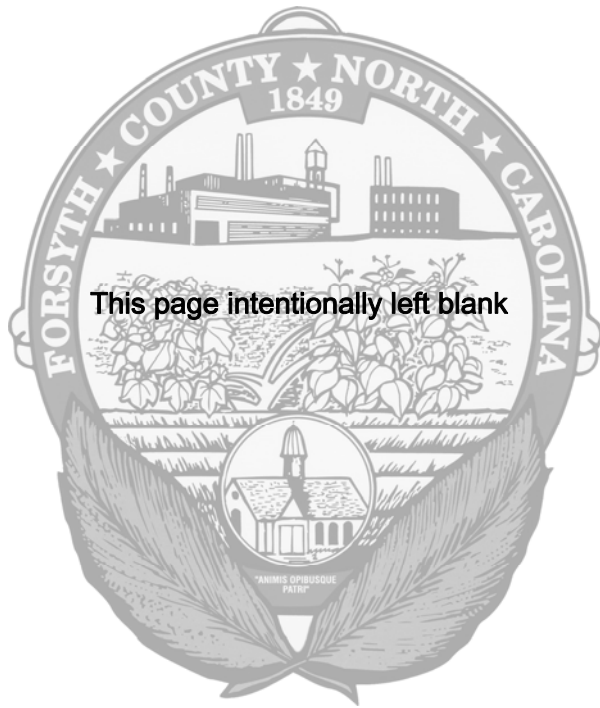
In conjunction with the City of Winston-Salem and the Greater Winston-Salem Chamber of Commerce, Inc., the County takes part in a joint venture to operate the Forsyth County Tourism Development Authority, which was established by state statute to further the development of travel, tourism, and conventions 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 approximately 61.0% of room occupancy taxes which are levied and collected by the County. For the year ended June 30, 2010, occupancy taxes totaling \$1,940,347 were distributed to the Authority. The County also provided \$10,254 in financial services to the Authority during fiscal year 2010. 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, 2010. 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.

#### **h. Jointly Governed Organizations**

The County, in conjunction with five other counties and twenty-one municipalities, formed the Northwest Piedmont Council of Governments to enhance and promote the potential of the region 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 \$104,990 to the Council during the fiscal year ended June 30, 2010.

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 Airport Authority in the fiscal year ended June 30, 2010.





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## Required Supplementary Schedules

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This section contains additional information required by generally accepted accounting principles.

**Law Enforcement Officers' Special Separation Allowance – Schedule of Funding Progress**

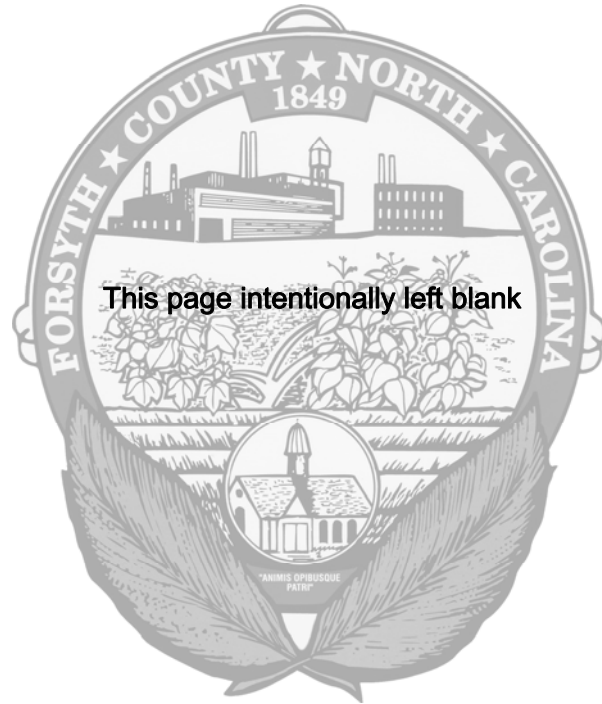
**Law Enforcement Officers' Special Separation Allowance – Schedule of Employer Contributions**

**Law Enforcement Officers' Special Separation Allowance – Notes to the Required Schedules**

**Healthcare Plan – Schedule of Funding Progress**

**Healthcare Plan – Schedule of Employer Contributions**

**Healthcare Plan – Notes to the Required Schedules**



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**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF FUNDING PROGRESS**

FORSYTH COUNTY, NORTH CAROLINA

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) - Projected Unit Credit (b) |                           | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------|-------------------------------|---|---------------------------|---------------------------|--------------------|---------------------|---|
|                          |                               | Liability (AAL) - Projected Unit Credit (b)                   | Unfunded AAL (UAAL) (b-a) |                           |                    |                     |   |
| 12/31/2003               | \$ 1,223,836                  | \$ 4,514,489  | \$ 3,290,653              | 27.11 %                   | \$ 7,997,734       | 41.14 %             |   |
| 12/31/2004               | 1,048,797                     | 4,783,417   | 3,734,620                 | 21.93                     | 8,498,129          | 43.95               |   |
| 12/31/2005               | 924,989                       | 4,438,017   | 3,513,028                 | 20.84                     | 9,092,712          | 38.64               |   |
| 12/31/2006               | 742,951                       | 4,414,409   | 3,671,458                 | 16.83                     | 8,980,782          | 40.88               |   |
| 12/31/2007               | 494,627                       | 4,942,272   | 4,447,645                 | 10.01                     | 9,481,989          | 46.91               |   |
| 12/31/2008               | 263,693                       | 5,101,499   | 4,837,806                 | 5.17                      | 9,585,542          | 50.47               |   |
| 12/31/2009               | 65,952                        | 6,215,412   | 6,149,460                 | 1.06                      | 10,007,668         | 61.45               |   |

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

FORSYTH COUNTY, NORTH CAROLINA

| Year Ended June 30 | Annual Required Contribution | Percentage Contributed |
|--------------------|------------------------------|------------------------|
| 2004               | \$ 329,094                   | 109.98 %               |
| 2005               | 347,907                      | 106.21                 |
| 2006               | 386,989                      | 104.93                 |
| 2007               | 365,576                      | 97.74                  |
| 2008               | 379,512                      | 104.65                 |
| 2009               | 436,202                      | 102.46                 |
| 2010               | 474,990                      | 123.16                 |

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

|                               |                              |
|-------------------------------|------------------------------|
| Valuation date                | 12/31/2009                   |
| Actuarial cost method         | Projected unit credit        |
| Amortization method           | Level percent of pay, closed |
| Remaining amortization period | 21 years                     |
| Asset valuation method        | Market value                 |
| Actuarial assumptions:        |                              |
| Investment rate of return*    | 5.0%                         |
| Projected salary increases*   | 4.5% to 12.3%                |
| *Includes inflation at        | 3.75%                        |
| Cost-of-living adjustments    | None                         |

**HEALTHCARE PLAN**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF FUNDING PROGRESS**

FORSYTH COUNTY, NORTH CAROLINA

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) - Projected Unit Credit (b) |               | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------|-------------------------------|---|---------------|---------------------------|--------------------|---------------------|---|
|                          |                               |   |               |                           |                    |                     |   |
| 12/31/2007               | \$ -                          | \$ 65,181,263   | \$ 65,181,263 |                           | 0.0 %              | \$ 76,036,540       | 85.7 %  |
| 12/31/2008               | 1,661,067                     | 69,258,530  | 67,597,463    |                           | 2.4                | 81,150,253          | 83.3  |
| 12/31/2009               | 3,539,497                     | 67,480,466  | 63,940,969    |                           | 5.2                | 84,578,860          | 75.6  |

**HEALTHCARE PLAN**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

FORSYTH COUNTY, NORTH CAROLINA

| Year Ended June 30 | Annual Required Contribution | Percentage Contributed |
|--------------------|------------------------------|------------------------|
| 2008               | \$ 5,840,379                 | 29.3 %                 |
| 2009               | 5,863,049                    | 61.6                   |
| 2010               | 6,345,621                    | 59.7                   |

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

|                               |                               |
|-------------------------------|-------------------------------|
| Valuation date                | 12/31/2009                    |
| Actuarial cost method         | Projected unit credit         |
| Amortization method           | Level percentage of pay, open |
| Remaining amortization period | 30 years                      |
| Asset valuation method        | Market value                  |
| Actuarial assumptions:        |                               |
| Investment rate of return*    | 5.00%                         |
| Medical cost trend rate       | 10.50% - 5.00%                |
| Year of ultimate trend rate   | 2017                          |
| *Includes inflation at        | 3.75%                         |

# Major Governmental Funds

## Budgetary Comparison Schedules

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### General Fund

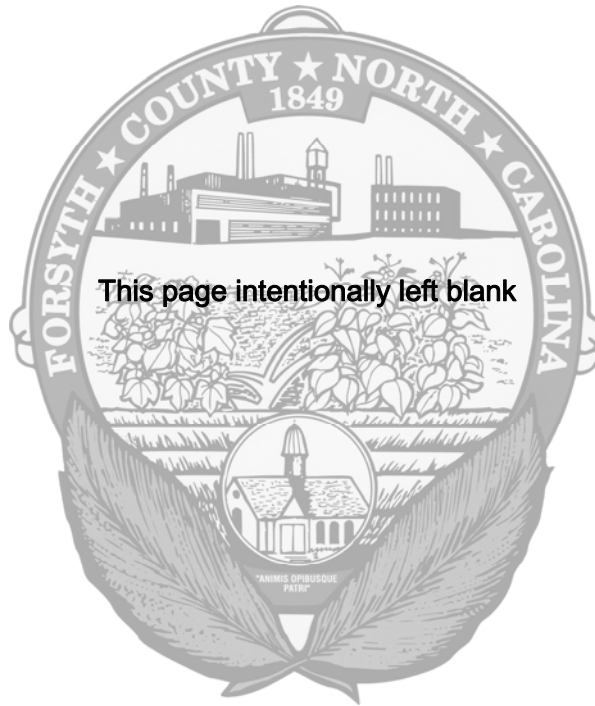
The **General Fund** accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

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### Major Capital Projects Fund

**2007 School Facilities Fund** – This fund is used to account for the construction of and renovation to school facilities and the related acquisition of land, furnishings and equipment, financed by proceeds of school facilities bonds authorized by a 2006 referendum.

**2009 Educational Facilities Fund** – This fund accounts for the use of proceeds of educational facilities bonds authorized by a 2008 referendum. Projects include acquisition by Forsyth Technical Community College of existing facilities from the Winston-Salem/Forsyth County Schools and the renovation and equipping of those facilities for community college purposes, and the acquisition, construction, renovation, and equipping of replacement facilities by the Winston-Salem/Forsyth County Schools for public school educational and administrative purposes.



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**GENERAL FUND**

**A-1**

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

FORSYTH COUNTY, NORTH CAROLINA

Page 1 of 3

For the Fiscal Year Ended June 30, 2010

|   | <u>Budgeted Amounts</u> |                    | <u>Actual Amounts</u> | <u>Variance</u>          |
|---|-------------------------|--------------------|-----------------------|--------------------------|
|   | <u>Original</u>         | <u>Final</u>       |                       | <u>with Final Budget</u> |
| <b>Revenues:</b>                            |                         |                    |                       |                          |
| Taxes:                                      |                         |                    |                       |                          |
| Property:                                   |                         |                    |                       |                          |
| Current year                                | \$ 225,686,474          | 225,686,474        | 223,635,757           | (2,050,717)              |
| Prior years                                 | 3,000,000               | 3,000,000          | 3,492,756             | 492,756                  |
| Interest and fees                           | 850,000                 | 850,000            | 1,088,328             | 238,328                  |
| Total property                              | <u>229,536,474</u>      | <u>229,536,474</u> | <u>228,216,841</u>    | <u>(1,319,633)</u>       |
| Occupancy taxes                             | <u>450,000</u>          | <u>450,000</u>     | <u>436,578</u>        | <u>(13,422)</u>          |
| Local option sales:                         |                         |                    |                       |                          |
| Article 39 one cent                         | 23,271,369              | 23,371,369         | 23,432,657            | 61,288                   |
| Article 40 one-half cent                    | 11,546,570              | 11,546,570         | 11,235,044            | (311,526)                |
| Article 42 one-half cent                    | 13,550,687              | 13,550,687         | 12,922,876            | (627,811)                |
| Article 44 one-half cent                    | 1,460,857               | 1,460,857          | 967,695               | (493,162)                |
| Total sales                                 | <u>49,829,483</u>       | <u>49,929,483</u>  | <u>48,558,272</u>     | <u>(1,371,211)</u>       |
| Other taxes                                 | <u>150,000</u>          | <u>150,000</u>     | <u>242,411</u>        | <u>92,411</u>            |
| Total taxes                                 | <u>279,965,957</u>      | <u>280,065,957</u> | <u>277,454,102</u>    | <u>(2,611,855)</u>       |
| Licenses and permits                        | 962,796                 | 962,796            | 857,450               | (105,346)                |
| Intergovernmental                           | 48,846,067              | 54,498,284         | 49,051,096            | (5,447,188)              |
| Charges for services                        | 26,296,310              | 25,672,518         | 24,332,511            | (1,340,007)              |
| Investment earnings                         | 1,525,554               | 1,525,554          | 755,386               | (770,168)                |
| Other                                       | <u>8,516,754</u>        | <u>8,755,318</u>   | <u>16,384,886</u>     | <u>7,629,568</u>         |
| Total revenues                              | <u>366,113,438</u>      | <u>371,480,427</u> | <u>368,835,431</u>    | <u>(2,644,996)</u>       |
| <b>Expenditures:</b>                        |                         |                    |                       |                          |
| Current:                                    |                         |                    |                       |                          |
| General government:                         |                         |                    |                       |                          |
| Budget and management                       | 562,983                 | 564,321            | 519,910               | 44,411                   |
| Management information services             | 7,952,112               | 8,063,441          | 7,750,455             | 312,986                  |
| Finance                                     | 2,054,696               | 2,179,756          | 1,875,191             | 304,565                  |
| General services                            | 14,059,253              | 14,496,192         | 13,079,530            | 1,416,662                |
| Human resources                             | 1,027,545               | 1,076,068          | 941,597               | 134,471                  |
| Planning                                    | 1,568,540               | 1,568,540          | 1,524,276             | 44,264                   |
| Purchasing                                  | 98,140                  | 98,140             | 102,826               | (4,686)                  |
| Attorney                                    | 1,213,933               | 1,203,218          | 1,215,514             | (12,296)                 |
| Board of elections                          | 1,157,359               | 1,150,788          | 973,869               | 176,919                  |
| County commissioners and manager            | 1,055,563               | 1,055,563          | 1,015,044             | 40,519                   |
| Register of deeds                           | 1,779,648               | 1,786,880          | 1,321,115             | 465,765                  |
| Tax administration                          | 5,327,803               | 5,346,103          | 5,086,309             | 259,794                  |
| Non-departmental:                           |                         |                    |                       |                          |
| Contingency                                 | 606,566                 | 1,029,340          | -                     | 1,029,340                |
| County-wide salary savings                  | (2,400,000)             | (2,400,000)        | -                     | (2,400,000)              |
| Other services and adjustments              | 3,178,304               | 3,060,228          | 1,237,381             | 1,822,847                |
| Designated for Education Debt Leveling Plan | 12,580,785              | 12,580,785         | -                     | 12,580,785               |
| Merit adjustment                            | 669,002                 | 666,502            | -                     | 666,502                  |
| Prior year encumbrances                     | 1,800,000               | 825,985            | -                     | 825,985                  |
| Special appropriations                      | <u>31,802</u>           | <u>31,802</u>      | <u>29,216</u>         | <u>2,586</u>             |
| Total general government                    | <u>54,324,034</u>       | <u>54,383,652</u>  | <u>36,672,233</u>     | <u>17,711,419</u>        |



**GENERAL FUND**

A-1

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

FORSYTH COUNTY, NORTH CAROLINA

Page 2 of 3

For the Fiscal Year Ended June 30, 2010

|  | <u>Budgeted Amounts</u> |                    | <u>Actual Amounts</u> | <u>Variance</u>          |
|--|-------------------------|--------------------|-----------------------|--------------------------|
|  | <u>Original</u>         | <u>Final</u>       |                       | <u>with Final Budget</u> |
| Public safety:   |                         |                    |                       |                          |
| Animal control   | \$ 1,981,315            | 1,972,658          | 1,813,338             | 159,320                  |
| Emergency management   | 326,470                 | 326,470            | 307,664               | 18,806                   |
| Interagency communications   | 1,371,459               | 1,374,529          | 1,271,691             | 102,838                  |
| Emergency medical service  | 12,002,230              | 12,250,789         | 10,552,599            | 1,698,190                |
| Fire protection  | 4,434,496               | 4,600,175          | 4,455,906             | 144,269                  |
| Sheriff  | 40,930,449              | 42,441,267         | 39,238,378            | 3,202,889                |
| Court services   | 484,109                 | 497,829            | 396,253               | 101,576                  |
| Medical examiner   | 190,000                 | 216,000            | 195,000               | 21,000                   |
| Youth center   | 1,310,128               | 1,370,387          | 1,324,287             | 46,100                   |
| Nondepartmental other services and adjustments                       | 1,030,150               | 1,030,150          | 1,044,954             | (14,804)                 |
| Total public safety  | <u>64,060,806</u>       | <u>66,080,254</u>  | <u>60,600,070</u>     | <u>5,480,184</u>         |
| Environmental protection:  |                         |                    |                       |                          |
| NC cooperative extension service - conservation of natural resources | 176,142                 | 176,608            | 139,130               | 37,478                   |
| Environmental affairs  | 1,849,459               | 1,851,753          | 1,836,332             | 15,421                   |
| Inspections  | 408,480                 | 408,480            | 628,204               | (219,724)                |
| Nondepartmental other services and adjustments                       | 29,521                  | 29,521             | 29,975                | (454)                    |
| Total environmental protection                                       | <u>2,463,602</u>        | <u>2,466,362</u>   | <u>2,633,641</u>      | <u>(167,279)</u>         |
| Human services:  |                         |                    |                       |                          |
| Public health  | 21,973,799              | 23,233,519         | 20,643,570            | 2,589,949                |
| Social services  | 49,583,354              | 51,912,797         | 46,009,457            | 5,903,340                |
| Special appropriations   | 1,390,158               | 1,517,201          | 1,429,629             | 87,572                   |
| Nondepartmental other services and adjustments                       | 728,334                 | 728,334            | 740,633               | (12,299)                 |
| Total human services   | <u>73,675,645</u>       | <u>77,391,851</u>  | <u>68,823,289</u>     | <u>8,568,562</u>         |
| Culture and recreation:  |                         |                    |                       |                          |
| Library  | 7,578,377               | 7,603,053          | 7,083,773             | 519,280                  |
| Parks and recreation   | 8,082,529               | 8,166,028          | 7,333,910             | 832,118                  |
| Special appropriations   | 412,823                 | 512,823            | 487,298               | 25,525                   |
| Nondepartmental other services and adjustments                       | 128,212                 | 128,212            | 129,861               | (1,649)                  |
| Total culture and recreation   | <u>16,201,941</u>       | <u>16,410,116</u>  | <u>15,034,842</u>     | <u>1,375,274</u>         |
| Community and economic development:                                  |                         |                    |                       |                          |
| Economic development   | 2,338,990               | 2,338,990          | 2,184,290             | 154,700                  |
| Housing  | 375,034                 | 377,928            | 280,152               | 97,776                   |
| Total community and economic development                             | <u>2,714,024</u>        | <u>2,716,918</u>   | <u>2,464,442</u>      | <u>252,476</u>           |
| Education:   |                         |                    |                       |                          |
| NC cooperative extension service                                     | 704,940                 | 691,919            | 628,382               | 63,537                   |
| Special appropriations   | 898,750                 | 898,750            | 898,750               | -                        |
| Nondepartmental other services and adjustments                       | 52,370                  | 52,370             | 52,966                | (596)                    |
| Total education  | <u>1,656,060</u>        | <u>1,643,039</u>   | <u>1,580,098</u>      | <u>62,941</u>            |
| Intergovernmental:   |                         |                    |                       |                          |
| Human services - CenterPoint Human Services                          | 6,258,706               | 6,258,706          | 6,379,039             | (120,333)                |
| Education:   |                         |                    |                       |                          |
| Forsyth Technical Community College:                                 |                         |                    |                       |                          |
| Current expense  | 6,593,790               | 6,593,790          | 6,592,790             | 1,000                    |
| Capital outlay   | 1,313,948               | 1,313,948          | 1,313,948             | -                        |
| Total Forsyth Technical Community College                            | <u>7,907,738</u>        | <u>7,907,738</u>   | <u>7,906,738</u>      | <u>1,000</u>             |
| Winston-Salem/Forsyth County Schools:                                |                         |                    |                       |                          |
| Instructional programs   | 69,946,412              | 71,152,081         | 71,152,081            | -                        |
| Support services   | 34,145,761              | 36,037,092         | 36,037,092            | -                        |
| Community services   | 337,638                 | 337,638            | 337,638               | -                        |
| Charter schools  | 3,725,000               | 3,725,000          | 3,725,000             | -                        |
| Contingency  | 3,097,000               | -                  | -                     | -                        |
| Capital outlay   | 2,245,877               | 2,245,877          | 2,245,877             | -                        |
| Total Winston-Salem/Forsyth County Schools                           | <u>113,497,688</u>      | <u>113,497,688</u> | <u>113,497,688</u>    | <u>-</u>                 |
| Total intergovernmental education                                    | <u>121,405,426</u>      | <u>121,405,426</u> | <u>121,404,426</u>    | <u>1,000</u>             |

**GENERAL FUND**

**A-1**

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

FORSYTH COUNTY, NORTH CAROLINA

Page 3 of 3

For the Fiscal Year Ended June 30, 2010

|   | <u>Budgeted Amounts</u> |                     | <u>Actual Amounts</u> | <u>Variance<br/>with Final<br/>Budget</u> |
|---|-------------------------|---------------------|-----------------------|---|
|   | <u>Original</u>         | <u>Final</u>        |                       |   |
| Debt service:   |                         |                     |                       |   |
| General obligation bonds:   |                         |                     |                       |   |
| Principal   | \$ 23,775,000           | 23,775,000          | 23,775,000            | -   |
| Interest and other charges  | 17,521,098              | 17,603,294          | 15,685,808            | 1,917,486                                 |
| Capital leases, installment purchases<br>and certificates of participation: |                         |                     |                       |   |
| Principal   | 5,931,244               | 5,931,244           | 5,918,677             | 12,567                                    |
| Interest and other charges  | 3,410,359               | 3,470,163           | 3,271,581             | 198,582                                   |
| Total debt service  | <u>50,637,701</u>       | <u>50,779,701</u>   | <u>48,651,066</u>     | <u>2,128,635</u>                          |
| Total expenditures  | <u>393,397,945</u>      | <u>399,536,025</u>  | <u>364,243,146</u>    | <u>35,292,879</u>                         |
| <b>Excess (deficiency) of revenues over expenditures</b>                    | <u>(27,284,507)</u>     | <u>(28,055,598)</u> | <u>4,592,285</u>      | <u>32,647,883</u>                         |
| <b>Other financing sources (uses):</b>                                      |                         |                     |                       |   |
| Refunding bonds issued  | -                       | 142,000             | 42,870,000            | 42,728,000                                |
| Premium on refunding bonds  | -                       | -                   | 5,025,171             | 5,025,171                                 |
| Transfers in:   |                         |                     |                       |   |
| Fire Tax Districts Fund   | 1,206,319               | 1,206,319           | 1,188,128             | (18,191)                                  |
| Law Enforcement Equitable Distribution Fund                                 | 409,841                 | 416,564             | 32,775                | (383,789)                                 |
| Emergency Telephone System Fund   | 957,446                 | 957,446             | 857,446               | (100,000)                                 |
| State Public School Building Capital Fund                                   | 10,344,015              | 10,344,015          | 9,367,460             | (976,555)                                 |
| 2006 Housing Fund   | -                       | -                   | 565                   | 565                                       |
| 2002 Schools Fund   | 33,000                  | 33,000              | 33,000                | -   |
| 2006 2/3rds Bonds Fund  | 64,000                  | 64,000              | 64,000                | -   |
| 2007 School Facilities Fund   | 1,500,000               | 1,500,000           | 1,500,000             | -   |
| 2007 Forsyth Technical Community College Fund                               | 265,000                 | 265,000             | 265,000               | -   |
| Total transfers in  | <u>14,779,621</u>       | <u>14,786,344</u>   | <u>13,308,374</u>     | <u>(1,477,970)</u>                        |
| Transfers out:  |                         |                     |                       |   |
| 2010 Pay-Go Fund  | -                       | (4,219,000)         | (4,219,000)           | -   |
| 2010 Housing Fund   | (45,308)                | (45,308)            | (45,308)              | -   |
| Total transfers out   | <u>(45,308)</u>         | <u>(4,264,308)</u>  | <u>(4,264,308)</u>    | <u>-</u>                                  |
| Payment to refunded bond escrow agent                                       | -                       | -                   | (47,495,636)          | (47,495,636)                              |
| Total other financing sources (uses)  | <u>14,734,313</u>       | <u>10,664,036</u>   | <u>9,443,601</u>      | <u>(1,220,435)</u>                        |
| <b>Net change in fund balance</b>   | <u>\$ (12,550,194)</u>  | <u>(17,391,562)</u> | <u>14,035,886</u>     | <u>31,427,448</u>                         |
| Fund balances - June 30, 2009   |                         |                     | <u>129,566,669</u>    |   |
| <b>Fund balances - June 30, 2010</b>  |                         |                     | <u>\$ 143,602,555</u> |   |

**2007 SCHOOL FACILITIES FUND**

A-2

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2010

|   | <u>Budget</u>        | <u>Cumulative<br/>Total to<br/>June 30, 2010</u> | <u>Activity<br/>Year Ended<br/>June 30, 2010</u> | <u>Cumulative<br/>Total to<br/>June 30, 2009</u> |
|---|----------------------|--|--|--|
| <b>Revenues - investment earnings</b>                     | \$ 4,429,705         | 4,728,414  | 86,192   | 4,642,222  |
| <b>Expenditures:</b>                                      |                      |  |  |  |
| Current - intergovernmental - education                   | 249,750,000          | 140,835,040                                      | 71,771,996                                       | 69,063,044                                       |
| Debt service - interest and other charges                 | 1,134,180            | 1,134,180  | 1  | 1,134,179  |
| Total expenditures  | <u>250,884,180</u>   | <u>141,969,220</u>                               | <u>71,771,997</u>                                | <u>70,197,223</u>                                |
| <b>Deficiency of revenues over expenditures</b>           | <u>(246,454,475)</u> | <u>(137,240,806)</u>                             | <u>(71,685,805)</u>                              | <u>(65,555,001)</u>                              |
| <b>Other financing sources (uses):</b>                    |                      |  |  |  |
| General obligation bonds issued                           | 250,000,000          | 140,000,000                                      | -  | 140,000,000                                      |
| Premium on general obligation bonds                       | 604,475              | 3,683,614  | -  | 3,683,614  |
| Transfers to General Fund                                 | (3,900,000)          | (3,900,000)                                      | (1,500,000)                                      | (2,400,000)                                      |
| Transfers to State Public School Building<br>Capital Fund | <u>(250,000)</u>     | <u>(250,000)</u>                                 | <u>-</u>   | <u>(250,000)</u>                                 |
| Total other financing sources (uses)                      | <u>246,454,475</u>   | <u>139,533,614</u>                               | <u>(1,500,000)</u>                               | <u>141,033,614</u>                               |
| <b>Net change in fund balance</b>                         | \$ <u>-</u>          | <u>2,292,808</u>                                 | <u>(73,185,805)</u>                              | <u>75,478,613</u>                                |
| Fund balance - June 30, 2009                              |                      |  | 75,478,613                                       |  |
| <b>Fund balance - June 30, 2010</b>                       |                      |  | \$ <u><u>2,292,808</u></u>                       |  |

**2009 EDUCATIONAL FACILITIES FUND**

A-3

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2010

|   | <u>Budget</u>       | <u>Cumulative<br/>Total to<br/>June 30, 2010</u> | <u>Activity<br/>Year Ended<br/>June 30, 2010</u> | <u>Cumulative<br/>Total to<br/>June 30, 2009</u> |
|---|---------------------|--|--|--|
| <b>Revenues - investment earnings</b>           | \$ 300,000          | 57,952   | 53,260   | 4,692  |
| <b>Expenditures:</b>                            |                     |  |  |  |
| Current - intergovernmental - education:        |                     |  |  |  |
| School Career Center                            | 26,150,745          | 2,646,241  | 2,646,241  | -  |
| School administrative offices                   | 13,450,000          | 10,993,730                                       | 10,993,730                                       | -  |
| FTCC expansion                                  | 23,500,000          | 275,163  | 275,163  | -  |
| Unallocated                                     | 582,715             | -  | -  | -  |
| Debt service - interest and other charges       | 300,000             | 280,793  | -  | 280,793  |
| Total expenditures                              | <u>63,983,460</u>   | <u>14,195,927</u>                                | <u>13,915,134</u>                                | <u>280,793</u>                                   |
| <b>Deficiency of revenues over expenditures</b> | <u>(63,683,460)</u> | <u>(14,137,975)</u>                              | <u>(13,861,874)</u>                              | <u>(276,101)</u>                                 |
| <b>Other financing sources:</b>                 |                     |  |  |  |
| General obligation bonds issued                 | 62,150,000          | 36,250,000                                       | -  | 36,250,000                                       |
| Premium on general obligation bonds             | 1,533,460           | 1,717,472  | -  | 1,717,472  |
| Total other financing sources                   | <u>63,683,460</u>   | <u>37,967,472</u>                                | <u>-</u>   | <u>37,967,472</u>                                |
| <b>Net change in fund balance</b>               | \$ <u>-</u>         | <u>23,829,497</u>                                | <u>(13,861,874)</u>                              | <u>37,691,371</u>                                |
| Fund balance - June 30, 2009                    |                     |  | 37,691,371                                       |  |
| <b>Fund balance - June 30, 2010</b>             |                     |  | \$ <u><u>23,829,497</u></u>                      |  |

# Nonmajor Governmental Funds

## Special Revenue Funds

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Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

**Fire Tax Districts Fund** – This fund is used to account for property tax collections and other revenue sources for distribution to the County’s twenty-three fire tax districts and one service district.

**Law Enforcement Equitable Distribution Fund** – This fund is used to account for the expenditure of funds distributed to the County through the federal Equitable Sharing Program and from the North Carolina unauthorized substance tax. Expenditures are restricted to law enforcement purposes.

**Emergency Telephone System Fund** – The Emergency Telephone System Fund accounts for distributions to the County from the 911 Fund administered by the State 911 Board. Use of the funds is restricted to allowable expenditures in support of the County 911 system, as specified by State statute.

**Moser Bequest for Care of Elderly** – This fund accounts for the bequest of Odis Moser to the Forsyth County Social Services Department, the use of which is restricted for the care of the elderly.

**State Public School Building Capital Fund** – This fund is used to account for capital expenditures by the Winston-Salem/Forsyth County Schools, financed by grant monies from the State Public School Building Capital Fund, transfers from the Schools Facilities Funds, and lottery proceeds, and for transfers to the General Fund of lottery proceeds approved to fund debt service.

**2006 Housing Fund** – This fund accounts for the use of state and federal grants initiated in fiscal year 2006 for rehabilitation and reconstruction of substandard dwellings in Forsyth County, down-payment assistance for Forsyth County citizens who meet eligibility requirements, and other housing rehabilitation and first-time home buyer related purposes.

**2007 Housing Fund** – This fund accounts for the use of state and federal grants initiated in fiscal year 2007 for rehabilitation and reconstruction of substandard dwellings in Forsyth County, down-payment assistance for Forsyth County citizens who meet eligibility requirements, and other housing rehabilitation and first-time home buyer related purposes.

**2008 Housing Fund** – This fund accounts for the use of state and federal grants initiated in fiscal year 2008 for rehabilitation and reconstruction of substandard dwellings in Forsyth County, down-payment assistance for Forsyth County citizens who meet eligibility requirements, and other housing rehabilitation and first-time home buyer related purposes.

**2007 Justice Assistance Fund** – This fund accounts for the 2007 Edward Byrne Memorial Justice Assistance grant.

**2009 Housing Fund** – This fund accounts for the use of state and federal grants initiated in fiscal year 2009 for rehabilitation and reconstruction of substandard dwellings in Forsyth County, down-payment assistance for Forsyth County citizens who meet eligibility requirements, and other housing rehabilitation and first-time home buyer related purposes.

**2008 Edward Byrne Memorial Justice Assistance Fund** – This fund accounts for the 2008 Edward Byrne Memorial Justice Assistance grant.

**2010 Housing Fund** – This fund accounts for the use of state and federal grants initiated in fiscal year 2010 for rehabilitation and reconstruction of substandard dwellings in Forsyth County, down-payment assistance for Forsyth County citizens who meet eligibility requirements, and other housing rehabilitation and first-time home buyer related purposes.

**2009 Recovery Act Justice Assistance Fund** – This fund accounts for the 2009 Recovery Act Edward Byrne Memorial Justice Assistance grant.

**2009 Justice Assistance Fund** – This fund accounts for the 2009 Edward Byrne Memorial Justice Assistance grant.

**2011 Housing Fund** – This fund accounts for the use of state and federal grants initiated in fiscal year 2010 for rehabilitation and reconstruction of substandard dwellings in Forsyth County, down-payment assistance for Forsyth County citizens who meet eligibility requirements, and other housing rehabilitation and first-time home buyer related purposes.

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## Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities and equipment.

**2002 Schools Fund** - This fund is used to account for the construction of and renovation to school facilities financed by proceeds of school facilities bonds authorized by a 2001 referendum.

**2006 2/3rds Bonds Fund** – Proceeds of general obligation two-thirds bonds will finance construction or repair work and equipment and land acquisition for Government Center renovations; Emergency Medical Services facility renovations; Tanglewood maintenance center; Lewisville Branch Library; and Public Health facility renovations.

**2007 Forsyth Technical Community College Fund** – Proceeds of general obligation bonds authorized by a 2006 referendum will be used for capital improvement projects of the Community College and accounted for in this fund.

**2008 Pay-Go Fund** – This fund accounts for renovations at the Social Services facility, jail technology improvements, the purchase of POD buildings for the Winston-Salem/Forsyth County Schools, improvements to Tanglewood Park campground, and a financial system upgrade, funded by transfers from the General Fund.

**2009 2/3rds Bonds Fund** – Proceeds of general obligation two-thirds bonds will finance School capital maintenance projects, shelter replacements at Tanglewood Park, pharmacy renovations, roof and elevator replacements at the Hall of Justice, and Triad Park development.

**2008 Schools Facilities Fund** – State legislation providing Medicaid relief to Counties included a reduction in Public School Building Capital Fund (ADM) monies and required counties to replace these funds in order to hold harmless the local school system. This fund accounts for the expenditure of the replacement funds required of Forsyth County, provided by transfers from the General Fund and restricted to the allowable uses of ADM funds.

**2009 Phillips Building (Phases 1A and 1B)** – The acquisition of an existing building, asbestos abatement, engineering and architectural services, and renovation and rehabilitation of two floors of the building will be funded with proceeds of certificates of participation and accounted for in this fund.

**2010 Pay-Go Fund** – This fund accounts for renovations at the Government Center, technology improvements, fleet vehicle purchases, emergency medical equipment purchases, and improvements to the Tanglewood Park aquatic center, funded by transfers from the General Fund.

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

**B-1**

FORSYTH COUNTY, NORTH CAROLINA

June 30, 2010

|  | <u>Special<br/>Revenue</u> | <u>Capital<br/>Projects</u> | <u>Total</u>      |
|--|----------------------------|-----------------------------|-------------------|
| <b>ASSETS</b>                                    |                            |                             |                   |
| Cash and cash equivalents                        | \$ 3,220,974               | 29,698,680                  | 32,919,654        |
| Receivables (net):                               |                            |                             |                   |
| Property taxes                                   | 91,215                     | -                           | 91,215            |
| Accrued interest                                 | 3,177                      | 5,306                       | 8,483             |
| Due from other governments                       | 1,341,179                  | 175,222                     | 1,516,401         |
| <b>Total assets</b>                              | <u>\$ 4,656,545</u>        | <u>29,879,208</u>           | <u>34,535,753</u> |
| <b>LIABILITIES AND FUND BALANCES</b>             |                            |                             |                   |
| Liabilities:                                     |                            |                             |                   |
| Accounts payable and accrued liabilities         | \$ 160,998                 | 633,028                     | 794,026           |
| Due to other governments                         | -                          | -                           | -                 |
| Due to other funds                               | 739,096                    | -                           | 739,096           |
| Unearned revenue                                 | 790,601                    | -                           | 790,601           |
| Deferred revenue                                 | 126,827                    | -                           | 126,827           |
| <b>Total liabilities</b>                         | <u>1,817,522</u>           | <u>633,028</u>              | <u>2,450,550</u>  |
| Fund balances:                                   |                            |                             |                   |
| Reserved for encumbrances                        | 1,724,699                  | 5,241,556                   | 6,966,255         |
| Reserved by state statute                        | 1,308,744                  | 180,528                     | 1,489,272         |
| Unreserved:                                      |                            |                             |                   |
| Designated for subsequent year's<br>expenditures | 787,651                    | 23,355,549                  | 24,143,200        |
| Undesignated                                     | (982,071)                  | 468,547                     | (513,524)         |
| <b>Total fund balances</b>                       | <u>2,839,023</u>           | <u>29,246,180</u>           | <u>32,085,203</u> |
| <b>Total liabilities and fund balances</b>       | <u>\$ 4,656,545</u>        | <u>29,879,208</u>           | <u>34,535,753</u> |

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS**

B-2

FORSYTH COUNTY, NORTH CAROLINA  
For the Fiscal Year Ended June 30, 2010

|  | <u>Special<br/>Revenue</u> | <u>Capital<br/>Projects</u> | <u>Total</u>             |
|--|----------------------------|-----------------------------|--------------------------|
| <b>Revenues:</b>   |                            |                             |                          |
| Taxes:   |                            |                             |                          |
| Property   | \$ 5,850,964               | -                           | 5,850,964                |
| Sales  | 1,174,812                  | -                           | 1,174,812                |
| Total taxes  | <u>7,025,776</u>           | <u>-</u>                    | <u>7,025,776</u>         |
| Intergovernmental  | 12,601,916                 | 202,303                     | 12,804,219               |
| Investment earnings                                      | 18,298                     | 71,566                      | 89,864                   |
| Other  | 23,587                     | -                           | 23,587                   |
| Total revenues   | <u>19,669,577</u>          | <u>273,869</u>              | <u>19,943,446</u>        |
| <b>Expenditures:</b>                                     |                            |                             |                          |
| Current:   |                            |                             |                          |
| Public safety  | 6,712,978                  | -                           | 6,712,978                |
| Human services   | 2,062                      | -                           | 2,062                    |
| Community and economic development                       | 1,772,272                  | -                           | 1,772,272                |
| Intergovernmental - education                            | 6,469                      | 9,218,453                   | 9,224,922                |
| Debt service - interest and other charges                | -                          | 232,032                     | 232,032                  |
| Capital outlay   | -                          | 10,192,815                  | 10,192,815               |
| Total expenditures                                       | <u>8,493,781</u>           | <u>19,643,300</u>           | <u>28,137,081</u>        |
| <b>Excess (deficiency) of revenues over expenditures</b> | <u>11,175,796</u>          | <u>(19,369,431)</u>         | <u>(8,193,635)</u>       |
| <b>Other financing sources (uses):</b>                   |                            |                             |                          |
| Limited obligation bonds issued                          | -                          | 15,000,000                  | 15,000,000               |
| Premium on limited obligation bonds                      | -                          | 1,023,705                   | 1,023,705                |
| Transfers in   | 45,308                     | 4,219,000                   | 4,264,308                |
| Transfers out  | (11,446,374)               | (362,000)                   | (11,808,374)             |
| Total other financing sources (uses)                     | <u>(11,401,066)</u>        | <u>19,880,705</u>           | <u>8,479,639</u>         |
| Net change in fund balances                              | (225,270)                  | 511,274                     | 286,004                  |
| Fund balance - June 30, 2009                             | <u>3,064,293</u>           | <u>28,734,906</u>           | <u>31,799,199</u>        |
| <b>Fund balance - June 30, 2010</b>                      | <u><b>\$ 2,839,023</b></u> | <u><b>29,246,180</b></u>    | <u><b>32,085,203</b></u> |



**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**

C-1

FORSYTH COUNTY, NORTH CAROLINA

June 30, 2010

|  | Fire Tax<br>Districts | Law<br>Enforcement<br>Equitable<br>Distribution | Emergency<br>Telephone<br>System | Moser<br>Bequest<br>for Care<br>of Elderly | State Public<br>School<br>Building<br>Capital | 2007<br>Housing | 2008<br>Housing | 2007<br>Justice<br>Assistance | 2009<br>Housing | 2008 Edward<br>Byrne Memorial<br>Justice<br>Assistance | 2010<br>Housing | 2009<br>Recovery Act<br>Justice<br>Assistance | 2009<br>Justice<br>Assistance | Total            |
|--|-----------------------|---|----------------------------------|--|---|-----------------|-----------------|-------------------------------|-----------------|--|-----------------|---|-------------------------------|------------------|
| <b>ASSETS</b>                                    |                       |   |                                  |  |   |                 |                 |                               |                 |  |                 |   |                               |                  |
| Cash and cash equivalents                        | \$ 756,518            | 1,174,034                                       | 66,404                           | 304,339                                    | -   | 50,152          | -               | 22,449                        | -               | 1,874  | 54,529          | 514,648                                       | 276,027                       | 3,220,974        |
| Receivables (net):                               |                       |   |                                  |  |   |                 |                 |                               |                 |  |                 |   |                               |                  |
| Property taxes                                   | 91,215                | -   | -                                | -  | -   | -               | -               | -                             | -               | -  | -               | -   | -                             | 91,215           |
| Accrued interest                                 | 679                   | 1,164   | 137                              | 300  | -   | 31              | -               | 22                            | -               | 2  | 54              | 547   | 241                           | 3,177            |
| Due from other funds                             | -                     | -   | -                                | -  | -   | -               | -               | -                             | -               | -  | -               | -   | -                             | -                |
| Due from other governments                       | 295,500               | 26,542  | 71,454                           | 20   | 31,636  | 12              | 20,897          | -                             | 893,528         | -  | 1,010           | 580   | -                             | 1,341,179        |
| <b>Total assets</b>                              | <b>\$ 1,143,912</b>   | <b>1,201,740</b>                                | <b>137,995</b>                   | <b>304,659</b>                             | <b>31,636</b>                                 | <b>50,195</b>   | <b>20,897</b>   | <b>22,471</b>                 | <b>893,528</b>  | <b>1,876</b>   | <b>55,593</b>   | <b>515,775</b>                                | <b>276,268</b>                | <b>4,656,545</b> |
| <b>LIABILITIES AND FUND BALANCES</b>             |                       |   |                                  |  |   |                 |                 |                               |                 |  |                 |   |                               |                  |
| Liabilities:                                     |                       |   |                                  |  |   |                 |                 |                               |                 |  |                 |   |                               |                  |
| Accounts payable and<br>accrued liabilities      | \$ 8,891              | -   | -                                | -  | -   | -               | 649             | -                             | 138,360         | -  | -               | 13,098  | -                             | 160,998          |
| Due to other governments                         | -                     | -   | -                                | -  | -   | -               | -               | -                             | -               | -  | -               | -   | -                             | -                |
| Due to other funds - General Fund                | -                     | -   | -                                | -  | 31,636  | -               | 13,656          | -                             | 693,804         | -  | -               | -   | -                             | 739,096          |
| Unearned revenue                                 | -                     | -   | -                                | -  | -   | -               | -               | 15,357                        | -               | 1,208  | -               | 498,063                                       | 275,973                       | 790,601          |
| Deferred revenue                                 | 91,215                | -   | -                                | -  | -   | -               | 9,022           | -                             | 25,580          | -  | 1,010           | -   | -                             | 126,827          |
| <b>Total liabilities</b>                         | <b>100,106</b>        | <b>-</b>  | <b>-</b>                         | <b>-</b>                                   | <b>31,636</b>                                 | <b>-</b>        | <b>23,327</b>   | <b>15,357</b>                 | <b>857,744</b>  | <b>1,208</b>   | <b>1,010</b>    | <b>511,161</b>                                | <b>275,973</b>                | <b>1,817,522</b> |
| Fund balances:                                   |                       |   |                                  |  |   |                 |                 |                               |                 |  |                 |   |                               |                  |
| Reserved for encumbrances                        | -                     | -   | -                                | -  | -   | -               | 2,000           | 4,500                         | 1,559,144       | -  | 9,091           | 4,302   | 145,662                       | 1,724,699        |
| Reserved by state statute                        | 296,179               | 27,706  | 71,591                           | 320  | 31,636  | 43              | 11,875          | 22                            | 867,948         | 2  | 54              | 1,127   | 241                           | 1,308,744        |
| Unreserved:                                      |                       |   |                                  |  |   |                 |                 |                               |                 |  |                 |   |                               |                  |
| Designated for subsequent<br>year's expenditures | 214,330               | 429,919   | 36,554                           | 8,000                                      | -   | 50,152          | -               | 2,592                         | -               | 666  | 45,438          | -   | -                             | 787,651          |
| Undesignated                                     | 533,297               | 744,115   | 29,850                           | 296,339                                    | (31,636)                                      | -               | (16,305)        | -                             | (2,391,308)     | -  | -               | (815)   | (145,608)                     | (982,071)        |
| <b>Total fund balances</b>                       | <b>1,043,806</b>      | <b>1,201,740</b>                                | <b>137,995</b>                   | <b>304,659</b>                             | <b>-</b>                                      | <b>50,195</b>   | <b>(2,430)</b>  | <b>7,114</b>                  | <b>35,784</b>   | <b>668</b>   | <b>54,583</b>   | <b>4,614</b>                                  | <b>295</b>                    | <b>2,839,023</b> |
| <b>Total liabilities and fund balances</b>       | <b>\$ 1,143,912</b>   | <b>1,201,740</b>                                | <b>137,995</b>                   | <b>304,659</b>                             | <b>31,636</b>                                 | <b>50,195</b>   | <b>20,897</b>   | <b>22,471</b>                 | <b>893,528</b>  | <b>1,876</b>   | <b>55,593</b>   | <b>515,775</b>                                | <b>276,268</b>                | <b>4,656,545</b> |

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**NONMAJOR SPECIAL REVENUE FUNDS**

FORSYTH COUNTY, NORTH CAROLINA  
For the Fiscal Year Ended June 30, 2010

|  | Fire Tax<br>Districts | Law<br>Enforcement<br>Equitable<br>Distribution | Emergency<br>Telephone<br>System | Moser<br>Bequest<br>for Care<br>of Elderly | State Public<br>School<br>Building<br>Capital | 2006<br>Housing | 2007<br>Housing | 2008<br>Housing | 2007<br>Justice<br>Assistance | 2009<br>Housing  | 2008 Edward<br>Byrne Memorial<br>Justice<br>Assistance | 2010<br>Housing | 2009<br>Recovery Act<br>Justice<br>Assistance | 2009<br>Justice<br>Assistance | Total               |
|--|-----------------------|---|----------------------------------|--|---|-----------------|-----------------|-----------------|-------------------------------|------------------|--|-----------------|---|-------------------------------|---------------------|
| <b>Revenues:</b>   |                       |   |                                  |  |   |                 |                 |                 |                               |                  |  |                 |   |                               |                     |
| Taxes:   |                       |   |                                  |  |   |                 |                 |                 |                               |                  |  |                 |   |                               |                     |
| Property   | \$ 5,850,964          | -   | -                                | -  | -   | -               | -               | -               | -                             | -                | -  | -               | -   | -                             | 5,850,964           |
| Sales  | 1,174,812             | -   | -                                | -  | -   | -               | -               | -               | -                             | -                | -  | -               | -   | -                             | 1,174,812           |
| Intergovernmental  | -                     | 66,998  | 857,446                          | -  | 9,373,929                                     | 3,099           | 14,630          | 200,021         | 11,118                        | 1,380,710        | 38,652   | 17,811          | 637,502                                       | -                             | 12,601,916          |
| Investment earnings  | 3,487                 | 6,484   | 664                              | 1,679                                      | -   | 15              | 233             | 17              | 168                           | 215              | 142  | 286             | 4,613   | 295                           | 18,298              |
| Other  | -                     | -   | -                                | -  | -   | -               | -               | 9,290           | -                             | 14,297           | -  | -               | -   | -                             | 23,587              |
| Total revenues   | <u>7,029,263</u>      | <u>73,482</u>                                   | <u>858,110</u>                   | <u>1,679</u>                               | <u>9,373,929</u>                              | <u>3,114</u>    | <u>14,863</u>   | <u>209,328</u>  | <u>11,286</u>                 | <u>1,395,222</u> | <u>38,794</u>  | <u>18,097</u>   | <u>642,115</u>                                | <u>295</u>                    | <u>19,669,577</u>   |
| <b>Expenditures:</b>   |                       |   |                                  |  |   |                 |                 |                 |                               |                  |  |                 |   |                               |                     |
| Current:   |                       |   |                                  |  |   |                 |                 |                 |                               |                  |  |                 |   |                               |                     |
| Public safety  | 6,025,707             | -   | -                                | -  | -   | -               | -               | -               | 11,118                        | -                | 38,652   | -               | 637,501                                       | -                             | 6,712,978           |
| Human Services   | -                     | -   | -                                | 2,062                                      | -   | -               | -               | -               | -                             | -                | -  | -               | -   | -                             | 2,062               |
| Community and economic<br>development                        | -                     | -   | -                                | -  | -   | 9,092           | 28,259          | 257,131         | -                             | 1,468,968        | -  | 8,822           | -   | -                             | 1,772,272           |
| Intergovernmental -<br>education                             | -                     | -   | -                                | -  | 6,469   | -               | -               | -               | -                             | -                | -  | -               | -   | -                             | 6,469               |
| Total expenditures   | <u>6,025,707</u>      | <u>-</u>  | <u>-</u>                         | <u>2,062</u>                               | <u>6,469</u>                                  | <u>9,092</u>    | <u>28,259</u>   | <u>257,131</u>  | <u>11,118</u>                 | <u>1,468,968</u> | <u>38,652</u>  | <u>8,822</u>    | <u>637,501</u>                                | <u>-</u>                      | <u>8,493,781</u>    |
| <b>Excess (deficiency) of<br/>revenues over expenditures</b> | <u>1,003,556</u>      | <u>73,482</u>                                   | <u>858,110</u>                   | <u>(383)</u>                               | <u>9,367,460</u>                              | <u>(5,978)</u>  | <u>(13,396)</u> | <u>(47,803)</u> | <u>168</u>                    | <u>(73,746)</u>  | <u>142</u>   | <u>9,275</u>    | <u>4,614</u>                                  | <u>295</u>                    | <u>11,175,796</u>   |
| <b>Other financing sources (uses):</b>                       |                       |   |                                  |  |   |                 |                 |                 |                               |                  |  |                 |   |                               |                     |
| Transfers in:  |                       |   |                                  |  |   |                 |                 |                 |                               |                  |  |                 |   |                               |                     |
| General Fund   | -                     | -   | -                                | -  | -   | -               | -               | -               | -                             | -                | -  | 45,308          | -   | -                             | 45,308              |
| 2007 School Facilities Fund                                  | -                     | -   | -                                | -  | -   | -               | -               | -               | -                             | -                | -  | -               | -   | -                             | -                   |
| Transfers out - General Fund                                 | (1,188,128)           | (32,775)  | (857,446)                        | -  | (9,367,460)                                   | (565)           | -               | -               | -                             | -                | -  | -               | -   | -                             | (11,446,374)        |
| Total other financing<br>sources (uses)                      | <u>(1,188,128)</u>    | <u>(32,775)</u>                                 | <u>(857,446)</u>                 | <u>-</u>                                   | <u>(9,367,460)</u>                            | <u>(565)</u>    | <u>-</u>        | <u>-</u>        | <u>-</u>                      | <u>-</u>         | <u>-</u>   | <u>45,308</u>   | <u>-</u>                                      | <u>-</u>                      | <u>(11,401,066)</u> |
| Net change in fund balances                                  | (184,572)             | 40,707  | 664                              | (383)                                      | -   | (6,543)         | (13,396)        | (47,803)        | 168                           | (73,746)         | 142  | 54,583          | 4,614   | 295                           | (225,270)           |
| Fund balance - June 30, 2009                                 | 1,228,378             | 1,161,033                                       | 137,331                          | 305,042                                    | -   | 6,543           | 63,591          | 45,373          | 6,946                         | 109,530          | 526  | -               | -   | -                             | 3,064,293           |
| <b>Fund balance - June 30, 2010</b>                          | <u>\$ 1,043,806</u>   | <u>1,201,740</u>                                | <u>137,995</u>                   | <u>304,659</u>                             | <u>-</u>                                      | <u>-</u>        | <u>50,195</u>   | <u>(2,430)</u>  | <u>7,114</u>                  | <u>35,784</u>    | <u>668</u>   | <u>54,583</u>   | <u>4,614</u>                                  | <u>295</u>                    | <u>2,839,023</u>    |

**FIRE TAX DISTRICTS FUND**

C-3

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

FORSYTH COUNTY, NORTH CAROLINA

For the Fiscal Year Ended June 30, 2010

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|  | <u>Budgeted Amounts</u> |                  | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|------------------|-----------------------|-----------------------------------|
|  | <u>Original</u>         | <u>Final</u>     |                       |                                   |
| <b>Revenues:</b>                               |                         |                  |                       |                                   |
| Taxes:   |                         |                  |                       |                                   |
| Property                                       | \$ 5,651,000            | 5,651,000        | 5,850,964             | 199,964                           |
| Sales  | 1,206,319               | 1,206,319        | 1,174,812             | (31,507)                          |
| Total taxes                                    | <u>6,857,319</u>        | <u>6,857,319</u> | <u>7,025,776</u>      | <u>168,457</u>                    |
| Investment earnings                            | -                       | -                | 3,487                 | 3,487                             |
| Total revenues                                 | <u>6,857,319</u>        | <u>6,857,319</u> | <u>7,029,263</u>      | <u>171,944</u>                    |
| <b>Expenditures - current - public safety:</b> |                         |                  |                       |                                   |
| Beeson Cross Roads                             | 240,000                 | 240,000          | 238,173               | 1,827                             |
| Belews Creek                                   | 235,400                 | 235,400          | 235,400               | -                                 |
| City View                                      | 30,900                  | 30,900           | 30,900                | -                                 |
| Clemmons                                       | 1,156,000               | 1,156,000        | 1,156,000             | -                                 |
| Forest Hill                                    | 8,100                   | 8,100            | 8,100                 | -                                 |
| Griffith                                       | 130,400                 | 130,400          | 126,796               | 3,604                             |
| Gumtree  | 74,300                  | 74,300           | 74,300                | -                                 |
| Horneytown                                     | 221,900                 | 221,900          | 221,900               | -                                 |
| King of Forsyth County                         | 264,400                 | 264,400          | 264,400               | -                                 |
| Lewisville                                     | 1,002,800               | 1,002,800        | 1,002,800             | -                                 |
| Mineral Springs                                | 130,300                 | 130,300          | 130,300               | -                                 |
| Mineral Springs Service                        | 4,800                   | 4,800            | 4,800                 | -                                 |
| Mt. Tabor                                      | 52,000                  | 52,000           | 52,000                | -                                 |
| Old Richmond                                   | 352,500                 | 352,500          | 352,500               | -                                 |
| Piney Grove                                    | 497,500                 | 497,500          | 497,500               | -                                 |
| Rural Hall                                     | 282,300                 | 282,300          | 282,300               | -                                 |
| Salem Chapel                                   | 50,500                  | 50,500           | 50,500                | -                                 |
| South Fork                                     | 5,000                   | 5,000            | 5,000                 | -                                 |
| Talley's Crossing                              | 142,200                 | 142,200          | 142,200               | -                                 |
| Triangle                                       | 116,600                 | 116,600          | 116,600               | -                                 |
| Union Cross                                    | 176,600                 | 176,600          | 176,438               | 162                               |
| Vienna   | 531,500                 | 531,500          | 531,500               | -                                 |
| Walkertown                                     | 282,500                 | 282,500          | 282,500               | -                                 |
| West Bend                                      | 42,800                  | 42,800           | 42,800                | -                                 |
| Total expenditures                             | <u>6,031,300</u>        | <u>6,031,300</u> | <u>6,025,707</u>      | <u>5,593</u>                      |
| <b>Excess of revenues over expenditures</b>    | <u>826,019</u>          | <u>826,019</u>   | <u>1,003,556</u>      | <u>177,537</u>                    |

**FIRE TAX DISTRICTS FUND**

C-3

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

FORSYTH COUNTY, NORTH CAROLINA

For the Fiscal Year Ended June 30, 2010

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|   | <u>Budgeted Amounts</u>    |                         | <u>Actual<br/>Amounts</u>  | <u>Variance<br/>with Final<br/>Budget</u> |
|---|----------------------------|-------------------------|----------------------------|---|
|   | <u>Original</u>            | <u>Final</u>            |                            |   |
| <b>Other financing uses - transfers out -</b> |                            |                         |                            |   |
| General Fund:                                 |                            |                         |                            |   |
| Beeson Cross Roads                            | (44,789)                   | (44,872)                | (44,872)                   | -   |
| Belews Creek                                  | (45,666)                   | (45,666)                | (43,081)                   | 2,585                                     |
| City View                                     | (6,557)                    | (6,601)                 | (6,601)                    | -   |
| Clemmons                                      | (244,357)                  | (244,096)               | (241,652)                  | 2,444                                     |
| Forest Hill                                   | (1,946)                    | (1,946)                 | (1,844)                    | 102                                       |
| Griffith                                      | (24,631)                   | (24,631)                | (24,144)                   | 487                                       |
| Gumtree                                       | (14,661)                   | (14,661)                | (14,369)                   | 292                                       |
| Horneytown                                    | (43,928)                   | (43,928)                | (43,866)                   | 62  |
| King of Forsyth County                        | (56,930)                   | (56,930)                | (56,826)                   | 104                                       |
| Lewisville                                    | (196,367)                  | (196,367)               | (195,540)                  | 827                                       |
| Mineral Springs                               | (26,733)                   | (26,733)                | (25,292)                   | 1,441                                     |
| Mineral Springs Service                       | (1,049)                    | (1,049)                 | (990)                      | 59  |
| Mt. Tabor                                     | (11,052)                   | (11,122)                | (11,122)                   | -   |
| Old Richmond                                  | (64,575)                   | (64,575)                | (62,330)                   | 2,245                                     |
| Piney Grove                                   | (103,629)                  | (103,629)               | (102,906)                  | 723                                       |
| Rural Hall                                    | (59,824)                   | (59,824)                | (57,143)                   | 2,681                                     |
| Salem Chapel                                  | (10,214)                   | (10,234)                | (10,234)                   | -   |
| South Fork                                    | (1,017)                    | (1,061)                 | (1,061)                    | -   |
| Talley's Crossing                             | (31,018)                   | (31,018)                | (31,015)                   | 3   |
| Triangle                                      | (15,817)                   | (15,817)                | (15,400)                   | 417                                       |
| Union Cross                                   | (35,849)                   | (35,849)                | (34,361)                   | 1,488                                     |
| Vienna  | (99,307)                   | (99,307)                | (98,986)                   | 321                                       |
| Walkertown                                    | (60,464)                   | (60,464)                | (58,577)                   | 1,887                                     |
| West Bend                                     | (5,939)                    | (5,939)                 | (5,916)                    | 23  |
| Total other financing uses                    | <u>(1,206,319)</u>         | <u>(1,206,319)</u>      | <u>(1,188,128)</u>         | <u>18,191</u>                             |
| <b>Net change in fund balance</b>             | <b>\$ <u>(380,300)</u></b> | <b><u>(380,300)</u></b> | <b>(184,572)</b>           | <b><u>195,728</u></b>                     |
| Fund balance - June 30, 2009                  |                            |                         | <u>1,228,378</u>           |   |
| <b>Fund balance - June 30, 2010</b>           |                            |                         | <b>\$ <u>1,043,806</u></b> |   |

**LAW ENFORCEMENT EQUITABLE DISTRIBUTION FUND**

C-4

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

FORSYTH COUNTY, NORTH CAROLINA

For the Fiscal Year Ended June 30, 2010

|  | <u>Budgeted Amounts</u> |                  | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|------------------|-----------------------|-----------------------------------|
|  | <u>Original</u>         | <u>Final</u>     |                       |                                   |
| <b>Revenues:</b>                             |                         |                  |                       |                                   |
| Intergovernmental                            | \$ -                    | -                | 66,998                | 66,998                            |
| Investment earnings                          | -                       | -                | 6,484                 | 6,484                             |
| Total revenues                               | -                       | -                | 73,482                | 73,482                            |
| <b>Other financing uses - transfers out:</b> |                         |                  |                       |                                   |
| General Fund                                 | (409,841)               | (416,564)        | (32,775)              | 383,789                           |
| <b>Net change in fund balance</b>            | <b>\$ (409,841)</b>     | <b>(416,564)</b> | 40,707                | <b>457,271</b>                    |
| Fund balance - June 30, 2009                 |                         |                  | 1,161,033             |                                   |
| <b>Fund balance - June 30, 2010</b>          |                         |                  | <b>\$ 1,201,740</b>   |                                   |

**EMERGENCY TELEPHONE SYSTEM FUND**

C-5

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

FORSYTH COUNTY, NORTH CAROLINA

For the Fiscal Year Ended June 30, 2010

|  | <u>Budgeted Amounts</u> |              | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|--------------|-----------------------|-----------------------------------|
|  | <u>Original</u>         | <u>Final</u> |                       |                                   |
| <b>Revenues:</b>                             |                         |              |                       |                                   |
| Intergovernmental                            | \$ 957,446              | 957,446      | 857,446               | (100,000)                         |
| Investment earnings                          | -                       | -            | 664                   | 664                               |
| Total revenues                               | 957,446                 | 957,446      | 858,110               | (99,336)                          |
| <b>Other financing uses - transfers out:</b> |                         |              |                       |                                   |
| General Fund                                 | (957,446)               | (957,446)    | (857,446)             | 100,000                           |
| <b>Net change in fund balance</b>            | <b>\$ -</b>             | <b>-</b>     | 664                   | <b>664</b>                        |
| Fund balance - June 30, 2009                 |                         |              | 137,331               |                                   |
| <b>Fund balance - June 30, 2010</b>          |                         |              | <b>\$ 137,995</b>     |                                   |

**MOSER BEQUEST FOR CARE OF ELDERLY FUND**

C-6

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

FORSYTH COUNTY, NORTH CAROLINA

For the Fiscal Year Ended June 30, 2010

|                                     | <u>Budgeted Amounts</u> |                | <u>Actual<br/>Amounts</u> | <u>Variance<br/>with Final<br/>Budget</u> |
|-------------------------------------|-------------------------|----------------|---------------------------|---|
|                                     | <u>Original</u>         | <u>Final</u>   |                           |   |
| Revenues - investment earnings      | \$ 5,000                | 5,000          | 1,679                     | (3,321)                                   |
| Expenditures - Human Services       | 10,000                  | 10,000         | 2,062                     | 7,938                                     |
| <b>Net change in fund balance</b>   | <b>\$ (5,000)</b>       | <b>(5,000)</b> | <b>(383)</b>              | <b>4,617</b>                              |
| Fund balance - June 30, 2009        |                         |                | 305,042                   |   |
| <b>Fund balance - June 30, 2010</b> |                         |                | <b>\$ 304,659</b>         |   |

**STATE PUBLIC SCHOOL BUILDING CAPITAL FUND**

C-7

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2010

|   | <u>Budget</u>         | <u>Cumulative<br/>Total to<br/>June 30, 2010</u> | <u>Activity<br/>Year Ended<br/>June 30, 2010</u> | <u>Cumulative<br/>Total to<br/>June 30, 2009</u> |
|---|-----------------------|--|--|--|
| <b>Revenues:</b>  |                       |  |  |  |
| Intergovernmental   | \$ 57,931,258         | 53,823,032                                       | 9,373,929  | 44,449,103                                       |
| Investment earnings   | 162,074               | 162,074  | -  | 162,074  |
| Total revenues  | 58,093,332            | 53,985,106                                       | 9,373,929  | 44,611,177                                       |
| <b>Expenditures - current - intergovernmental -<br/>education</b> | <b>51,669,991</b>     | <b>48,538,317</b>                                | <b>6,469</b>                                     | <b>48,531,848</b>                                |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b>      | <b>6,423,341</b>      | <b>5,446,789</b>                                 | <b>9,367,460</b>                                 | <b>(3,920,671)</b>                               |
| <b>Other financing sources (uses):</b>                            |                       |  |  |  |
| Transfers in:   |                       |  |  |  |
| Schools Fund  | -                     | 1,330,321  | -  | 1,330,321  |
| 1990 Schools Facilities Fund                                      | 4,170,049             | 4,169,875  | -  | 4,169,875  |
| 1995 School Facilities Fund                                       | 65,288                | 65,288   | -  | 65,288   |
| 1996 Schools Facilities Fund                                      | 1,933,499             | 1,933,499  | -  | 1,933,499  |
| 2002 Schools Fund   | 4,161,834             | 4,161,834  | -  | 4,161,834  |
| 2007 School Facilities Fund                                       | 250,000               | 250,000  | -  | 250,000  |
| Transfers out - General Fund                                      | (18,334,161)          | (17,357,606)                                     | (9,367,460)                                      | (7,990,146)                                      |
| Total other financing sources (uses)                              | (7,753,491)           | (5,446,789)                                      | (9,367,460)                                      | 3,920,671  |
| <b>Net change in fund balance</b>                                 | <b>\$ (1,330,150)</b> | <b>-</b>   | <b>-</b>   | <b>-</b>   |
| Fund balance - June 30, 2009                                      |                       |  | -  |  |
| <b>Fund balance - June 30, 2010</b>                               |                       |  | <b>\$ -</b>                                      |  |

**2006 HOUSING FUND**

C-8

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2010

|   | <u>Budget</u>   | <u>Cumulative<br/>Total to<br/>June 30, 2010</u> | <u>Activity<br/>Year Ended<br/>June 30, 2010</u> | <u>Cumulative<br/>Total to<br/>June 30, 2009</u> |
|---|-----------------|--|--|--|
| <b>Revenues:</b>  |                 |  |  |  |
| Intergovernmental:  |                 |  |  |  |
| 2005 WSFC HOME Consortium   | \$ 250,450      | 181,941  | (6,143)  | 188,084  |
| 2005 HOME Single Family Rehabilitation                                  | 400,000         | 396,482  | -  | 396,482  |
| 2005 NCHFA Urgent Repair Program  | 70,000          | -  | -  | -  |
| NCHFA Duke Power HELP   | 250,000         | 136,423  | 9,242  | 127,181  |
| Local government grants   | 12,000          | 12,000   | -  | 12,000   |
| Total intergovernmental   | <u>982,450</u>  | <u>726,846</u>                                   | <u>3,099</u>                                     | <u>723,747</u>                                   |
| Investment earnings   | -               | 565  | 15   | 550  |
| Total revenues  | <u>982,450</u>  | <u>727,411</u>                                   | <u>3,114</u>                                     | <u>724,297</u>                                   |
| <b>Expenditures - current - community<br/>and economic development:</b> |                 |  |  |  |
| 2005 WSFC HOME Consortium   | 254,918         | 235,941  | -  | 235,941  |
| 2005 HOME Single Family Rehabilitation                                  | 355,232         | 351,714  | 1  | 351,713  |
| 2005 NCHFA Urgent Repair Program  | 70,000          | -  | -  | -  |
| NCHFA Duke Power HELP   | 250,000         | 136,423  | 9,091  | 127,332  |
| Total expenditures  | <u>930,150</u>  | <u>724,078</u>                                   | <u>9,092</u>                                     | <u>714,986</u>                                   |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b>            | <u>52,300</u>   | <u>3,333</u>                                     | <u>(5,978)</u>                                   | <u>9,311</u>                                     |
| <b>Other financing sources (uses)</b>                                   |                 |  |  |  |
| Transfers in - General Fund   | 42,000          | 42,000   | -  | 42,000   |
| Transfers out - General Fund:   |                 |  |  |  |
| 2005 WSFC HOME Consortium   | (49,532)        | -  | -  | -  |
| 2005 HOME Single Family Rehabilitation                                  | (44,768)        | (44,768)   | -  | (44,768)   |
| Other   | -               | (565)  | (565)  | -  |
| Total other financing sources (uses)                                    | <u>(52,300)</u> | <u>(3,333)</u>                                   | <u>(565)</u>                                     | <u>(2,768)</u>                                   |
| <b>Net change in fund balance</b>                                       | <u>\$ -</u>     | <u>-</u>   | <u>(6,543)</u>                                   | <u>6,543</u>                                     |
| Fund balance - June 30, 2009  |                 |  | <u>6,543</u>                                     |  |
| <b>Fund balance - June 30, 2010</b>                                     |                 |  | <u>\$ -</u>                                      |  |

**2007 HOUSING FUND**

C-9

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2010

|   | <u>Budget</u>    | <u>Cumulative<br/>Total to<br/>June 30, 2010</u> | <u>Activity<br/>Year Ended<br/>June 30, 2010</u> | <u>Cumulative<br/>Total to<br/>June 30, 2009</u> |
|---|------------------|--|--|--|
| <b>Revenues:</b>  |                  |  |  |  |
| Intergovernmental:  |                  |  |  |  |
| CDBG - Scattered Site 06-C-1526   | \$ 400,000       | 390,702  | -  | 390,702  |
| 2006 WSFC HOME Consortium   | 350,590          | 350,590  | 14,630   | 335,960  |
| NCHFA New Home  | 250,000          | 36,000   | -  | 36,000   |
| Local government grants   | 12,000           | 12,000   | -  | 12,000   |
| Total intergovernmental   | <u>1,012,590</u> | <u>789,292</u>                                   | <u>14,630</u>                                    | <u>774,662</u>                                   |
| Investment earnings   | -                | 10,244   | 233  | 10,011   |
| Other   | 100,000          | 100,075  | -  | 100,075  |
| Total revenues  | <u>1,112,590</u> | <u>899,611</u>                                   | <u>14,863</u>                                    | <u>884,748</u>                                   |
| <b>Expenditures - current - community<br/>and economic development:</b> |                  |  |  |  |
| CDBG - Scattered Site 06-C-1526   | 400,000          | 390,702  | -  | 390,702  |
| 2006 WSFC HOME Consortium   | 402,858          | 402,856  | 20,265   | 382,591  |
| Forsyth County IDA  | 66,582           | 39,000   | 5,000  | 34,000   |
| NCHFA New Home  | 250,000          | 23,708   | -  | 23,708   |
| HOME mortgage repayments program  | 100,000          | 100,000  | 2,994  | 97,006   |
| Total expenditures  | <u>1,219,440</u> | <u>956,266</u>                                   | <u>28,259</u>                                    | <u>928,007</u>                                   |
| <b>Deficiency of revenues over expenditures</b>                         | (106,850)        | (56,655)   | (13,396)   | (43,259)   |
| <b>Other financing sources - transfers in -</b>                         |                  |  |  |  |
| General Fund  | <u>106,850</u>   | <u>106,850</u>                                   | <u>-</u>   | <u>106,850</u>                                   |
| <b>Net change in fund balance</b>                                       | <u>\$ -</u>      | <u>50,195</u>                                    | <u>(13,396)</u>                                  | <u>63,591</u>                                    |
| Fund balance - June 30, 2009  |                  |  | <u>63,591</u>                                    |  |
| <b>Fund balance - June 30, 2010</b>                                     |                  |  | <u>\$ 50,195</u>                                 |  |



**2008 HOUSING FUND**

**C-10**

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2010

|   | <u>Budget</u>  | <u>Cumulative<br/>Total to<br/>June 30, 2010</u> | <u>Activity<br/>Year Ended<br/>June 30, 2010</u> | <u>Cumulative<br/>Total to<br/>June 30, 2009</u> |
|---|----------------|--|--|--|
| <b>Revenues:</b>  |                |  |  |  |
| Intergovernmental:  |                |  |  |  |
| 2007 WSFC HOME Consortium   | \$ 231,200     | 227,158  | 199,656  | 27,502   |
| 2007 WSFC HOME ADDI   | 5,365          | 365  | 365  | -  |
| 2007 NCHFA Urgent Repair Program  | 75,000         | 42,025   | -  | 42,025   |
| Local government grants   | 12,000         | 12,000   | -  | 12,000   |
| Total intergovernmental   | <u>323,565</u> | <u>281,548</u>                                   | <u>200,021</u>                                   | <u>81,527</u>                                    |
| Investment earnings   | -              | 2,607  | 17   | 2,590  |
| Other   | 150,000        | 63,838   | 9,290  | 54,548   |
| Total revenues  | <u>473,565</u> | <u>347,993</u>                                   | <u>209,328</u>                                   | <u>138,665</u>                                   |
| <b>Expenditures - current - community<br/>and economic development:</b> |                |  |  |  |
| 2007 WSFC HOME Consortium   | 231,200        | 231,180  | 203,678  | 27,502   |
| 2007 WSFC HOME Consortium - local match                                 | 52,020         | 48,060   | 48,060   | -  |
| 2007 WSFC HOME ADDI   | 5,365          | 5,365  | 5,365  | -  |
| 2007 NCHFA Urgent Repair Program  | 75,000         | 42,000   | -  | 42,000   |
| CDBG mortgage repayments program  | 50,000         | -  | -  | -  |
| HOME mortgage repayments program  | 100,000        | 63,838   | 28   | 63,810   |
| Total expenditures  | <u>513,585</u> | <u>390,443</u>                                   | <u>257,131</u>                                   | <u>133,312</u>                                   |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b>            | (40,020)       | (42,450)   | (47,803)   | 5,353  |
| <b>Other financing sources - transfers in -</b>                         |                |  |  |  |
| General Fund  | 40,020         | 40,020   | -  | 40,020   |
| <b>Net change in fund balance</b>                                       | <u>\$ -</u>    | <u>(2,430)</u>                                   | <u>(47,803)</u>                                  | <u>45,373</u>                                    |
| Fund balance - June 30, 2009  |                |  | 45,373   |  |
| <b>Fund balance - June 30, 2010</b>                                     |                |  | <u>\$ (2,430)</u>                                |  |

**2007 JUSTICE ASSISTANCE FUND**

C-11

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2010

|  | <u>Budget</u>  | <u>Cumulative<br/>Total to<br/>June 30, 2010</u> | <u>Activity<br/>Year Ended<br/>June 30, 2010</u> | <u>Cumulative<br/>Total to<br/>June 30, 2009</u> |
|--|----------------|--|--|--|
| <b>Revenues:</b>   |                |  |  |  |
| Intergovernmental - Edward Byrne<br>Memorial Justice Assistance              | \$ 230,764     | 215,407  | 11,118   | 204,289  |
| Investment earnings  | 7,117          | 7,114  | 168  | 6,946  |
| Total revenues   | <u>237,881</u> | <u>222,521</u>                                   | <u>11,286</u>                                    | <u>211,235</u>                                   |
| <b>Expenditures - current -</b>  |                |  |  |  |
| public safety:   |                |  |  |  |
| Sheriff and City of Winston-Salem police -<br>storage area network expansion | 60,764         | 59,234   | -  | 59,234   |
| Sheriff:   |                |  |  |  |
| Interview/interrogation DVR equipment  | 60,000         | 60,000   | -  | 60,000   |
| Prosecutor case management software  | 16,000         | -  | -  | -  |
| Other  | 12,402         | 7,463  | 4,500  | 2,963  |
| City of Winston-Salem police:  |                |  |  |  |
| Network infrastructure equipment upgrades                                    | 10,000         | 15,606   | 6,618  | 8,988  |
| In-car digital camera equipment  | 75,000         | 73,104   | -  | 73,104   |
| Other  | 3,715          | -  | -  | -  |
| Total expenditures   | <u>237,881</u> | <u>215,407</u>                                   | <u>11,118</u>                                    | <u>204,289</u>                                   |
| <b>Net change in fund balance</b>  | <u>\$ -</u>    | <u>7,114</u>                                     | 168  | <u>6,946</u>                                     |
| Fund balance - June 30, 2009   |                |  | <u>6,946</u>                                     |  |
| <b>Fund balance - June 30, 2010</b>  |                |  | <u>\$ 7,114</u>                                  |  |

**2009 HOUSING FUND**

C-12

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2010

|   | <u>Budget</u>    | <u>Cumulative<br/>Total to<br/>June 30, 2010</u> | <u>Activity<br/>Year Ended<br/>June 30, 2010</u> | <u>Cumulative<br/>Total to<br/>June 30, 2009</u> |
|---|------------------|--|--|--|
| <b>Revenues:</b>  |                  |  |  |  |
| Intergovernmental:  |                  |  |  |  |
| CDBG IDA  | \$ 70,000        | 12,020   | 12,020   | -  |
| CDBG Neighborhood Stabilization Program                                 | 3,625,000        | 1,175,272  | 1,172,272  | 3,000  |
| 2008 WSFC HOME Consortium   | 231,000          | 172,736  | 172,736  | -  |
| 2008 WSFC HOME ADDI   | 2,175            | 2,175  | 2,175  | -  |
| 2009 NCHFA Urgent Repair Program  | 75,000           | 21,507   | 21,507   | -  |
| Local government grants   | 12,000           | 12,000   | -  | 12,000   |
| Total intergovernmental   | <u>4,015,175</u> | <u>1,395,710</u>                                 | <u>1,380,710</u>                                 | <u>15,000</u>                                    |
| Investment earnings   | -                | 1,806  | 215  | 1,591  |
| Other   | 117,500          | 31,285   | 14,297   | 16,988   |
| Total revenues  | <u>4,132,675</u> | <u>1,428,801</u>                                 | <u>1,395,222</u>                                 | <u>33,579</u>                                    |
| <b>Expenditures - current - community<br/>and economic development:</b> |                  |  |  |  |
| CDBG IDA  | 70,000           | 12,020   | 10,895   | 1,125  |
| CDBG Neighborhood Stabilization Program                                 | 3,625,000        | 1,175,272  | 1,172,272  | 3,000  |
| 2008 WSFC HOME Consortium   | 231,000          | 198,316  | 198,316  | -  |
| 2008 WSFC HOME Consortium - local match                                 | 52,000           | 36,476   | 36,476   | -  |
| 2008 WSFC HOME ADDI   | 2,175            | 2,175  | 2,175  | -  |
| 2009 NCHFA Urgent Repair Program  | 75,000           | 21,508   | 21,508   | -  |
| CDBG mortgage repayments program  | 50,000           | -  | -  | -  |
| HOME mortgage repayments program  | 107,710          | 27,326   | 27,326   | -  |
| Total expenditures  | <u>4,212,885</u> | <u>1,473,093</u>                                 | <u>1,468,968</u>                                 | <u>4,125</u>                                     |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b>            | (80,210)         | (44,292)   | (73,746)   | 29,454   |
| <b>Other financing sources - transfers in:</b>                          |                  |  |  |  |
| General Fund  | 40,000           | 40,000   | -  | 40,000   |
| 2004 Housing Fund   | 3,710            | 3,710  | -  | 3,710  |
| 2005 Housing Fund   | 36,500           | 36,366   | -  | 36,366   |
| Total other financing sources   | <u>80,210</u>    | <u>80,076</u>                                    | <u>-</u>   | <u>80,076</u>                                    |
| <b>Net change in fund balance</b>                                       | <u>\$ -</u>      | <u>35,784</u>                                    | <u>(73,746)</u>                                  | <u>109,530</u>                                   |
| Fund balance - June 30, 2009  |                  |  | 109,530  |  |
| <b>Fund balance - June 30, 2010</b>                                     |                  |  | <u>\$ 35,784</u>                                 |  |

**2008 EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE FUND**

**C-13**

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2010

|  | <u>Budget</u> | <u>Cumulative<br/>Total to<br/>June 30, 2010</u> | <u>Activity<br/>Year Ended<br/>June 30, 2010</u> | <u>Cumulative<br/>Total to<br/>June 30, 2009</u> |
|--|---------------|--|--|--|
| <b>Revenues:</b>   |               |  |  |  |
| Intergovernmental - 2008 Edward Byrne<br>Memorial Justice Assistance | \$ 66,393     | 65,185   | 38,652   | 26,533   |
| Investment earnings  | 708           | 668  | 142  | 526  |
| Total revenues   | <u>67,101</u> | <u>65,853</u>                                    | <u>38,794</u>                                    | <u>27,059</u>                                    |
| <b>Expenditures - current - public safety:</b>                       |               |  |  |  |
| Sheriff  | 33,389        | 31,533   | 5,000  | 26,533   |
| City of Winston-Salem police   | 33,712        | 33,652   | 33,652   | -  |
| Total expenditures   | <u>67,101</u> | <u>65,185</u>                                    | <u>38,652</u>                                    | <u>26,533</u>                                    |
| <b>Net change in fund balance</b>                                    | <u>\$ -</u>   | <u>668</u>                                       | 142  | <u>526</u>                                       |
| Fund balance - June 30, 2009   |               |  | 526  |  |
| <b>Fund balance - June 30, 2010</b>                                  |               |  | <u>\$ <u>668</u></u>                             |  |

**2010 HOUSING FUND**

C-14

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2010

|   | <u>Budget</u>    | <u>Cumulative<br/>Total to<br/>June 30, 2010</u> | <u>Activity<br/>Year Ended<br/>June 30, 2010</u> | <u>Cumulative<br/>Total to<br/>June 30, 2009</u> |
|---|------------------|--|--|--|
| <b>Revenues:</b>  |                  |  |  |  |
| Intergovernmental:  |                  |  |  |  |
| CDBG Scattered Site   | \$ 400,000       | -  | -  | -  |
| 2009 WSFC HOME Consortium   | 254,700          | -  | -  | -  |
| 2009 HOME Single Family Rehabilitation                                  | 400,000          | -  | -  | -  |
| NCHFA Duke Power HELP   | 150,000          | 7,811  | 7,811  | -  |
| Local government grants   | 12,000           | 10,000   | 10,000   | -  |
| Total intergovernmental   | <u>1,216,700</u> | <u>17,811</u>                                    | <u>17,811</u>                                    | -  |
| Investment earnings   | -                | 286  | 286  | -  |
| Total revenues  | <u>1,216,700</u> | <u>18,097</u>                                    | <u>18,097</u>                                    | -  |
| <b>Expenditures - current - community<br/>and economic development:</b> |                  |  |  |  |
| CDBG Scattered Site   | 400,000          | -  | -  | -  |
| 2009 WSFC HOME Consortium   | 312,008          | -  | -  | -  |
| 2009 HOME Single Family Rehabilitation                                  | 400,000          | -  | -  | -  |
| NCHFA Duke Power HELP   | 150,000          | 8,822  | 8,822  | -  |
| Total expenditures  | <u>1,262,008</u> | <u>8,822</u>                                     | <u>8,822</u>                                     | -  |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b>            | (45,308)         | 9,275  | 9,275  | -  |
| <b>Other financing sources - transfers in General Fund</b>              | <u>45,308</u>    | <u>45,308</u>                                    | <u>45,308</u>                                    | -  |
| <b>Net change in fund balance</b>                                       | <u>\$ -</u>      | <u>54,583</u>                                    | <u>54,583</u>                                    | -  |
| Fund balance - June 30, 2009  |                  |  | -  |  |
| <b>Fund balance - June 30, 2010</b>                                     |                  |  | <u>\$ 54,583</u>                                 |  |

**2009 RECOVERY ACT JUSTICE ASSISTANCE FUND**

C-15

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2010

|  | <u>Budget</u>    | <u>Cumulative<br/>Total to<br/>June 30, 2010</u> | <u>Activity<br/>Year Ended<br/>June 30, 2010</u> | <u>Cumulative<br/>Total to<br/>June 30, 2009</u> |
|--|------------------|--|--|--|
| <b>Revenues:</b>                               |                  |  |  |  |
| Intergovernmental - Recovery Act JAG           | \$ 1,135,565     | 637,502  | 637,502  | -  |
| Investment earnings                            | 4,632            | 4,613  | 4,613  | -  |
| Total revenues                                 | <u>1,140,197</u> | <u>642,115</u>                                   | <u>642,115</u>                                   | <u>-</u>   |
| <b>Expenditures - current - public safety:</b> |                  |  |  |  |
| Sheriff  | 540,404          | 38,394   | 38,394   | -  |
| City of Winston-Salem police                   | 538,453          | 537,879  | 537,879  | -  |
| Town of Kernersville police                    | 61,340           | 61,228   | 61,228   | -  |
| Total expenditures                             | <u>1,140,197</u> | <u>637,501</u>                                   | <u>637,501</u>                                   | <u>-</u>   |
| <b>Net change in fund balance</b>              | <u>\$ -</u>      | <u>4,614</u>                                     | 4,614  | <u>-</u>   |
| Fund balance - June 30, 2009                   |                  |  | -  |  |
| <b>Fund balance - June 30, 2010</b>            |                  |  | <u>\$ 4,614</u>                                  |  |

**2009 JUSTICE ASSISTANCE FUND**

C-16

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2010

|  | <u>Budget</u>  | <u>Cumulative<br/>Total to<br/>June 30, 2010</u> | <u>Activity<br/>Year Ended<br/>June 30, 2010</u> | <u>Cumulative<br/>Total to<br/>June 30, 2009</u> |
|--|----------------|--|--|--|
| <b>Revenues:</b>                               |                |  |  |  |
| Intergovernmental - Justice Assistance         | \$ 275,973     | -  | -  | -  |
| Investment earnings                            | -              | 295  | 295  | -  |
| Total revenues                                 | <u>275,973</u> | <u>295</u>                                       | <u>295</u>                                       | <u>-</u>   |
| <b>Expenditures - current - public safety:</b> |                |  |  |  |
| Sheriff  | 130,311        | -  | -  | -  |
| City of Winston-Salem police                   | 130,310        | -  | -  | -  |
| Town of Kernersville police                    | 15,352         | -  | -  | -  |
| Total expenditures                             | <u>275,973</u> | <u>-</u>   | <u>-</u>   | <u>-</u>   |
| <b>Net change in fund balance</b>              | <u>\$ -</u>    | <u>295</u>                                       | 295  | <u>-</u>   |
| Fund balance - June 30, 2009                   |                |  | -  |  |
| <b>Fund balance - June 30, 2010</b>            |                |  | <u>\$ 295</u>                                    |  |

**2011 HOUSING FUND**

C-17

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2010

|   | <u>Budget</u>  | <u>Cumulative<br/>Total to<br/>June 30, 2010</u> | <u>Activity<br/>Year Ended<br/>June 30, 2010</u> | <u>Cumulative<br/>Total to<br/>June 30, 2009</u> |
|---|----------------|--|--|--|
| <b>Revenues:</b>  |                |  |  |  |
| Intergovernmental:  |                |  |  |  |
| 2010 WSFC HOME Consortium   | \$ 253,000     | -  | -  | -  |
| Forsyth County IDA  | 27,582         |  |  |  |
| Local government grants   | 12,000         | -  | -  | -  |
| Total revenues  | <u>292,582</u> | <u>-</u>   | <u>-</u>   | <u>-</u>   |
| <b>Expenditures - current - community<br/>and economic development:</b> |                |  |  |  |
| 2010 WSFC HOME Consortium   | 253,000        | -  | -  | -  |
| 2010 WSFC HOME Consortium - local match                                 | 56,925         |  |  |  |
| Forsyth County IDA  | 27,582         |  |  |  |
| Total expenditures  | <u>337,507</u> | <u>-</u>   | <u>-</u>   | <u>-</u>   |
| <b>Excess (deficiency) of revenues<br/>    over expenditures</b>        | (44,925)       | -  | -  | -  |
| <b>Other financing sources - transfers in:</b>                          |                |  |  |  |
| General Fund  | 44,925         | -  | -  | -  |
| Total other financing sources   | <u>44,925</u>  | <u>-</u>   | <u>-</u>   | <u>-</u>   |
| <b>Net change in fund balance</b>                                       | \$ <u>-</u>    | <u>-</u>   | <u>-</u>   | <u>-</u>   |
| Fund balance - June 30, 2009  |                |  | -  |  |
| <b>Fund balance - June 30, 2010</b>                                     |                |  | <u>\$ -</u>                                      |  |



**COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS**

D-1

FORSYTH COUNTY, NORTH CAROLINA

June 30, 2010

|   | <u>2002<br/>Schools</u> | <u>2006<br/>2/3rds<br/>Bonds</u> | <u>2007 Forsyth<br/>Technical<br/>Community<br/>College</u> | <u>2008<br/>Pay-Go</u> | <u>2009<br/>2/3rds<br/>Bonds</u> | <u>2008<br/>School<br/>Facilities</u> | <u>2009 Phillips<br/>Building<br/>Phases 1A<br/>and 1B</u> | <u>2010<br/>Pay-Go</u> | <u>Total</u>      |
|---|-------------------------|----------------------------------|---|------------------------|----------------------------------|---------------------------------------|--|------------------------|-------------------|
| <b>ASSETS</b>   |                         |                                  |   |                        |                                  |                                       |  |                        |                   |
| Cash and cash equivalents                                 | \$ 1,519,134            | 2,165,904                        | 1,837,393   | 3,515,464              | 2,850,900                        | 1,624,274                             | 12,093,434   | 4,092,177              | 29,698,680        |
| Receivables - accrued interest                            | -                       | -                                | -   | 3,708                  | -                                | 1,598                                 | -  | -                      | 5,306             |
| Due from other governments                                | -                       | 40,916                           | -   | 54,711                 | 79,595                           | -                                     | -  | -                      | 175,222           |
| <b>Total assets</b>                                       | <b>\$ 1,519,134</b>     | <b>2,206,820</b>                 | <b>1,837,393</b>  | <b>3,573,883</b>       | <b>2,930,495</b>                 | <b>1,625,872</b>                      | <b>12,093,434</b>  | <b>4,092,177</b>       | <b>29,879,208</b> |
| <b>LIABILITIES AND FUND BALANCES</b>                      |                         |                                  |   |                        |                                  |                                       |  |                        |                   |
| Liabilities - accounts payable and<br>accrued liabilities | \$ -                    | 137,132                          | -   | 204,657                | 104,633                          | -                                     | 110,717  | 75,889                 | 633,028           |
| Fund balances:  |                         |                                  |   |                        |                                  |                                       |  |                        |                   |
| Reserved for encumbrances                                 | -                       | 203,756                          | -   | 1,798,447              | 108,107                          | -                                     | 2,919,649  | 211,597                | 5,241,556         |
| Reserved by state statute                                 | -                       | 40,916                           | -   | 58,419                 | 79,595                           | 1,598                                 | -  | -                      | 180,528           |
| Unreserved:   |                         |                                  |   |                        |                                  |                                       |  |                        |                   |
| Designated for subsequent year's<br>expenditures          | 1,191,882               | 1,758,108                        | 1,837,393   | 1,437,973              | 2,638,160                        | 1,624,274                             | 9,063,068  | 3,804,691              | 23,355,549        |
| Undesignated  | 327,252                 | 66,908                           | -   | 74,387                 | -                                | -                                     | -  | -                      | 468,547           |
| Total fund balances                                       | 1,519,134               | 2,069,688                        | 1,837,393   | 3,369,226              | 2,825,862                        | 1,625,872                             | 11,982,717   | 4,016,288              | 29,246,180        |
| <b>Total liabilities and fund balances</b>                | <b>\$ 1,519,134</b>     | <b>2,206,820</b>                 | <b>1,837,393</b>  | <b>3,573,883</b>       | <b>2,930,495</b>                 | <b>1,625,872</b>                      | <b>12,093,434</b>  | <b>4,092,177</b>       | <b>29,879,208</b> |

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**NONMAJOR CAPITAL PROJECTS FUNDS**

FORSYTH COUNTY, NORTH CAROLINA

For the Fiscal Year Ended June 30, 2010

|  | <b>2002<br/>Schools</b> | <b>2006<br/>2/3rds<br/>Bonds</b> | <b>2007 Forsyth<br/>Technical<br/>Community<br/>College</b> | <b>2008<br/>Pay-Go</b> | <b>2009<br/>2/3rds<br/>Bonds</b> | <b>2008<br/>School<br/>Facilities</b> | <b>2009 Phillips<br/>Building<br/>Phases 1A<br/>and 1B</b> | <b>2010<br/>Pay-Go</b> | <b>Total</b>        |
|--|-------------------------|----------------------------------|---|------------------------|----------------------------------|---------------------------------------|--|------------------------|---------------------|
| <b>Revenues:</b>   |                         |                                  |   |                        |                                  |                                       |  |                        |                     |
| Intergovernmental  | \$ -                    | -                                | -   | -                      | 202,303                          | -                                     | -  | -                      | 202,303             |
| Investment earnings  | 2,945                   | 7,010                            | 11,098  | 24,408                 | 9,944                            | 8,931                                 | 7,230  | -                      | 71,566              |
| <b>Total revenues</b>  | <b>2,945</b>            | <b>7,010</b>                     | <b>11,098</b>   | <b>24,408</b>          | <b>212,247</b>                   | <b>8,931</b>                          | <b>7,230</b>   | <b>-</b>               | <b>273,869</b>      |
| <b>Expenditures:</b>   |                         |                                  |   |                        |                                  |                                       |  |                        |                     |
| Current:   |                         |                                  |   |                        |                                  |                                       |  |                        |                     |
| Intergovernmental - education                                | 89,944                  | -                                | 6,405,120   | -                      | 2,723,389                        | -                                     | -  | -                      | 9,218,453           |
| Debt service - interest and other charges                    | -                       | -                                | -   | -                      | -                                | -                                     | 232,032  | -                      | 232,032             |
| Capital outlay:  |                         |                                  |   |                        |                                  |                                       |  |                        |                     |
| General government   | -                       | -                                | -   | -                      | 568,366                          | -                                     | -  | 38,889                 | 607,255             |
| Public safety  | -                       | -                                | -   | 949,061                | -                                | -                                     | 3,816,186  | 98,523                 | 4,863,770           |
| Human services   | -                       | -                                | -   | 403,504                | -                                | -                                     | -  | -                      | 403,504             |
| Culture and recreation                                       | -                       | 2,529,334                        | -   | 288,081                | 1,435,571                        | -                                     | -  | 65,300                 | 4,318,286           |
| <b>Total expenditures</b>                                    | <b>89,944</b>           | <b>2,529,334</b>                 | <b>6,405,120</b>  | <b>1,640,646</b>       | <b>4,727,326</b>                 | <b>-</b>                              | <b>4,048,218</b>   | <b>202,712</b>         | <b>19,643,300</b>   |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <b>(86,999)</b>         | <b>(2,522,324)</b>               | <b>(6,394,022)</b>  | <b>(1,616,238)</b>     | <b>(4,515,079)</b>               | <b>8,931</b>                          | <b>(4,040,988)</b>   | <b>(202,712)</b>       | <b>(19,369,431)</b> |
| <b>Other financing sources (uses):</b>                       |                         |                                  |   |                        |                                  |                                       |  |                        |                     |
| Limited obligation bonds issued                              | -                       | -                                | -   | -                      | -                                | -                                     | 15,000,000   | -                      | 15,000,000          |
| Premium on limited obligation bonds                          | -                       | -                                | -   | -                      | -                                | -                                     | 1,023,705  | -                      | 1,023,705           |
| General obligation bonds issued                              | -                       | -                                | -   | -                      | -                                | -                                     | -  | -                      | -                   |
| Premium on general obligation bonds                          | -                       | -                                | -   | -                      | -                                | -                                     | -  | -                      | -                   |
| Transfers in - General Fund                                  | -                       | -                                | -   | -                      | -                                | -                                     | -  | 4,219,000              | 4,219,000           |
| Transfers out - General Fund                                 | (33,000)                | (64,000)                         | (265,000)   | -                      | -                                | -                                     | -  | -                      | (362,000)           |
| <b>Total other financing sources (uses)</b>                  | <b>(33,000)</b>         | <b>(64,000)</b>                  | <b>(265,000)</b>  | <b>-</b>               | <b>-</b>                         | <b>-</b>                              | <b>16,023,705</b>  | <b>4,219,000</b>       | <b>19,880,705</b>   |
| <b>Net change in fund balances</b>                           | <b>(119,999)</b>        | <b>(2,586,324)</b>               | <b>(6,659,022)</b>  | <b>(1,616,238)</b>     | <b>(4,515,079)</b>               | <b>8,931</b>                          | <b>11,982,717</b>  | <b>4,016,288</b>       | <b>511,274</b>      |
| Fund balance - June 30, 2009                                 | 1,639,133               | 4,656,012                        | 8,496,415   | 4,985,464              | 7,340,941                        | 1,616,941                             | -  | -                      | 28,734,906          |
| <b>Fund balance - June 30, 2010</b>                          | <b>\$ 1,519,134</b>     | <b>2,069,688</b>                 | <b>1,837,393</b>  | <b>3,369,226</b>       | <b>2,825,862</b>                 | <b>1,625,872</b>                      | <b>11,982,717</b>  | <b>4,016,288</b>       | <b>29,246,180</b>   |

**2002 SCHOOLS FUND**

D-3

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2010

|   | <u>Budget</u>        | <u>Cumulative<br/>Total to<br/>June 30, 2010</u> | <u>Activity<br/>Year Ended<br/>June 30, 2010</u> | <u>Cumulative<br/>Total to<br/>June 30, 2009</u> |
|---|----------------------|--|--|--|
| <b>Revenues - investment earnings</b>                     | \$ 4,158,000         | 4,166,588  | 2,945  | 4,163,643  |
| <b>Expenditures:</b>                                      |                      |  |  |  |
| Current - intergovernmental - education                   | 147,038,166          | 145,846,298                                      | 89,944   | 145,756,354                                      |
| Debt service - interest and other charges                 | 1,231,919            | 1,231,905  | -  | 1,231,905  |
| Total expenditures  | <u>148,270,085</u>   | <u>147,078,203</u>                               | <u>89,944</u>                                    | <u>146,988,259</u>                               |
| <b>Deficiency of revenues over expenditures</b>           | <u>(144,112,085)</u> | <u>(142,911,615)</u>                             | <u>(86,999)</u>                                  | <u>(142,824,616)</u>                             |
| <b>Other financing sources (uses):</b>                    |                      |  |  |  |
| General obligation bonds issued                           | 150,171,500          | 150,000,000                                      | -  | 150,000,000                                      |
| Premium on general obligation bonds                       | 660,419              | 1,150,583  | -  | 1,150,583  |
| Transfers to General Fund                                 | (2,558,000)          | (2,558,000)                                      | (33,000)   | (2,525,000)                                      |
| Transfers to State Public School Building<br>Capital Fund | <u>(4,161,834)</u>   | <u>(4,161,834)</u>                               | <u>-</u>   | <u>(4,161,834)</u>                               |
| Total other financing sources (uses)                      | <u>144,112,085</u>   | <u>144,430,749</u>                               | <u>(33,000)</u>                                  | <u>144,463,749</u>                               |
| <b>Net change in fund balance</b>                         | \$ <u>-</u>          | <u>1,519,134</u>                                 | <u>(119,999)</u>                                 | <u>1,639,133</u>                                 |
| Fund balance - June 30, 2009                              |                      |  | 1,639,133  |  |
| <b>Fund balance - June 30, 2010</b>                       |                      |  | \$ <u>1,519,134</u>                              |  |

**2006 2/3rds BONDS FUND**

D-4

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2010

|   | <u>Budget</u>      | <u>Cumulative<br/>Total to<br/>June 30, 2010</u> | <u>Activity<br/>Year Ended<br/>June 30, 2010</u> | <u>Cumulative<br/>Total to<br/>June 30, 2009</u> |
|---|--------------------|--|--|--|
| <b>Revenues - investment earnings</b>           | \$ 959,000         | 982,294  | 7,010  | 975,284  |
| <b>Expenditures:</b>                            |                    |  |  |  |
| Debt service - interest and other charges       | 101,250            | 101,250  | -  | 101,250  |
| Capital outlay:                                 |                    |  |  |  |
| General government                              | 1,020,000          | 926,684  | -  | 926,684  |
| Public safety                                   | 552,000            | 524,621  | -  | 524,621  |
| Human services                                  | 1,252,000          | 967,885  | -  | 967,885  |
| Culture and recreation - Tanglewood             | 4,000,000          | 2,964,319  | 2,529,334  | 434,985  |
| Culture and recreation - Library                | 3,361,000          | 2,839,628  | -  | 2,839,628  |
| Total expenditures                              | <u>10,286,250</u>  | <u>8,324,387</u>                                 | <u>2,529,334</u>                                 | <u>5,795,053</u>                                 |
| <b>Deficiency of revenues over expenditures</b> | <u>(9,327,250)</u> | <u>(7,342,093)</u>                               | <u>(2,522,324)</u>                               | <u>(4,819,769)</u>                               |
| <b>Other financing sources (uses):</b>          |                    |  |  |  |
| General obligation bonds issued                 | 10,185,000         | 10,185,000                                       | -  | 10,185,000                                       |
| Premium on general obligation bonds             | -                  | 84,531   | -  | 84,531   |
| Transfers from General Fund                     | 210,000            | 210,000  | -  | 210,000  |
| Transfers to General Fund                       | (1,067,750)        | (1,067,750)                                      | (64,000)   | (1,003,750)                                      |
| Total other financing sources (uses)            | <u>9,327,250</u>   | <u>9,411,781</u>                                 | <u>(64,000)</u>                                  | <u>9,475,781</u>                                 |
| <b>Net change in fund balance</b>               | \$ <u>-</u>        | <u>2,069,688</u>                                 | <u>(2,586,324)</u>                               | <u>4,656,012</u>                                 |
| Fund balance - June 30, 2009                    |                    |  | 4,656,012  |  |
| <b>Fund balance - June 30, 2010</b>             |                    |  | \$ <u>2,069,688</u>                              |  |

**2007 FORSYTH TECHNICAL COMMUNITY COLLEGE FUND**

D-5

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2010

|   | <u>Budget</u>       | <u>Cumulative<br/>Total to<br/>June 30, 2010</u> | <u>Activity<br/>Year Ended<br/>June 30, 2010</u> | <u>Cumulative<br/>Total to<br/>June 30, 2009</u> |
|---|---------------------|--|--|--|
| <b>Revenues - investment earnings</b>           | \$ 677,375          | 843,612  | 11,098   | 832,514  |
| <b>Expenditures:</b>                            |                     |  |  |  |
| Current - intergovernmental - education         | 25,000,000          | 11,513,679                                       | 6,405,120  | 5,108,559  |
| Debt service - interest and other charges       | 87,375              | 86,519   | -  | 86,519   |
| <b>Total expenditures</b>                       | <u>25,087,375</u>   | <u>11,600,198</u>                                | <u>6,405,120</u>                                 | <u>5,195,078</u>                                 |
| <b>Deficiency of revenues over expenditures</b> | <u>(24,410,000)</u> | <u>(10,756,586)</u>                              | <u>(6,394,022)</u>                               | <u>(4,362,564)</u>                               |
| <b>Other financing sources (uses):</b>          |                     |  |  |  |
| General obligation bonds issued                 | 25,000,000          | 12,500,000                                       | -  | 12,500,000                                       |
| Premium on general obligation bonds             | -                   | 683,979  | -  | 683,979  |
| Transfers to General Fund                       | (590,000)           | (590,000)  | (265,000)  | (325,000)  |
| <b>Total other financing sources (uses)</b>     | <u>24,410,000</u>   | <u>12,593,979</u>                                | <u>(265,000)</u>                                 | <u>12,858,979</u>                                |
| <b>Net change in fund balance</b>               | <u>\$ -</u>         | <u>1,837,393</u>                                 | <u>(6,659,022)</u>                               | <u>8,496,415</u>                                 |
| Fund balance - June 30, 2009                    |                     |  | 8,496,415  |  |
| <b>Fund balance - June 30, 2010</b>             |                     |  | <u>\$ 1,837,393</u>                              |  |

**2008 PAY-GO FUND**

D-6

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2010

|   | <u>Budget</u>      | <u>Cumulative<br/>Total to<br/>June 30, 2010</u> | <u>Activity<br/>Year Ended<br/>June 30, 2010</u> | <u>Cumulative<br/>Total to<br/>June 30, 2009</u> |
|---|--------------------|--|--|--|
| <b>Revenues - investment earnings</b>                             | \$ -               | 132,806  | 24,408   | 108,398  |
| <b>Expenditures:</b>  |                    |  |  |  |
| Current - intergovernmental - education -<br>School POD purchases | 1,700,000          | 1,700,000  | -  | 1,700,000  |
| Capital outlay:   |                    |  |  |  |
| General government - financial system upgrade                     | 800,000            | -  | -  | -  |
| Public safety - jail technology                                   | 3,100,000          | 1,205,740  | 949,061  | 256,679  |
| Human services - Social Services renovations                      | 1,700,000          | 1,169,759  | 403,504  | 766,255  |
| Culture and recreation - Tanglewood Park<br>campground            | 300,000            | 288,081  | 288,081  | -  |
| <b>Total expenditures</b>   | <u>7,600,000</u>   | <u>4,363,580</u>                                 | <u>1,640,646</u>                                 | <u>2,722,934</u>                                 |
| <b>Deficiency of revenues over expenditures</b>                   | <u>(7,600,000)</u> | <u>(4,230,774)</u>                               | <u>(1,616,238)</u>                               | <u>(2,614,536)</u>                               |
| <b>Other financing sources - transfers from</b>                   |                    |  |  |  |
| General Fund  | 7,600,000          | 7,600,000  | -  | 7,600,000  |
| <b>Net change in fund balance</b>                                 | <u>\$ -</u>        | <u>3,369,226</u>                                 | <u>(1,616,238)</u>                               | <u>4,985,464</u>                                 |
| Fund balance - June 30, 2009                                      |                    |  | 4,985,464  |  |
| <b>Fund balance - June 30, 2010</b>                               |                    |  | <u>\$ 3,369,226</u>                              |  |

**2009 2/3rds BONDS FUND**

D-7

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2010

|   | <u>Budget</u>     | <u>Cumulative<br/>Total to<br/>June 30, 2010</u> | <u>Activity<br/>Year Ended<br/>June 30, 2010</u> | <u>Cumulative<br/>Total to<br/>June 30, 2009</u> |
|---|-------------------|--|--|--|
| <b>Revenues:</b>                                  |                   |  |  |  |
| Intergovernmental                                 | \$ 1,200,000      | 346,320  | 202,303  | 144,017  |
| Investment earnings                               | 100,000           | 136,478  | 9,944  | 126,534  |
| Total revenues                                    | <u>1,300,000</u>  | <u>482,798</u>                                   | <u>212,247</u>                                   | <u>270,551</u>                                   |
| <b>Expenditures:</b>                              |                   |  |  |  |
| Intergovernmental - education                     | 7,300,000         | 5,676,834  | 2,723,389  | 2,953,445  |
| Debt service - interest and other charges         | 100,000           | 100,000  | -  | 100,000  |
| Capital outlay:                                   |                   |  |  |  |
| General government - Hall of Justice replacements | 1,200,000         | 1,067,179  | 568,366  | 498,813  |
| Human services - pharmacy renovations             | 220,000           | 133,524  | -  | 133,524  |
| Culture and recreation:                           |                   |  |  |  |
| Tanglewood Park shelter replacements              | 1,200,000         | 1,180,860  | 1,030,965  | 149,895  |
| Triad Park development                            | 2,400,000         | 692,640  | 404,606  | 288,034  |
| Total expenditures                                | <u>12,420,000</u> | <u>8,851,037</u>                                 | <u>4,727,326</u>                                 | <u>4,123,711</u>                                 |
| <b>Deficiency of revenues over expenditures</b>   | (11,120,000)      | (8,368,239)                                      | (4,515,079)                                      | (3,853,160)                                      |
| <b>Other financing sources:</b>                   |                   |  |  |  |
| General obligation bonds issued                   | 11,120,000        | 11,120,000                                       | -  | 11,120,000                                       |
| Premium on general obligation bonds               | -                 | 74,101   | -  | 74,101   |
| Total other financing sources                     | <u>11,120,000</u> | <u>11,194,101</u>                                | <u>-</u>   | <u>11,194,101</u>                                |
| <b>Net change in fund balance</b>                 | \$ <u>-</u>       | <u>2,825,862</u>                                 | (4,515,079)                                      | <u>7,340,941</u>                                 |
| Fund balance - June 30, 2009                      |                   |  | 7,340,941  |  |
| <b>Fund balance - June 30, 2010</b>               |                   |  | \$ <u>2,825,862</u>                              |  |

**2008 SCHOOL FACILITIES FUND**

D-8

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2010

|  | <u>Budget</u>    | <u>Cumulative<br/>Total to<br/>June 30, 2010</u> | <u>Activity<br/>Year Ended<br/>June 30, 2010</u> | <u>Cumulative<br/>Total to<br/>June 30, 2009</u> |
|--|------------------|--|--|--|
| <b>Revenues - investment earnings</b>                        | \$ -             | 38,432   | 8,931  | 29,501   |
| <b>Expenditures:</b>   |                  |  |  |  |
| Intergovernmental - education                                | 1,587,441        | -  | -  | -  |
| Unallocated  | 235,420          | -  | -  | -  |
| Total expenditures   | <u>1,822,861</u> | <u>-</u>   | <u>-</u>   | <u>-</u>   |
| <b>Excess (deficiency) of revenues over expenditures</b>     | (1,822,861)      | 38,432   | 8,931  | 29,501   |
| <b>Other financing sources - transfers from General Fund</b> | <u>1,822,861</u> | <u>1,587,440</u>                                 | <u>-</u>   | <u>1,587,440</u>                                 |
| <b>Net change in fund balance</b>                            | \$ <u>-</u>      | <u>1,625,872</u>                                 | 8,931  | <u>1,616,941</u>                                 |
| Fund balance - June 30, 2009                                 |                  |  | 1,616,941  |  |
| <b>Fund balance - June 30, 2010</b>                          |                  |  | \$ <u>1,625,872</u>                              |  |

**2009 PHILLIPS BUILDING (PHASES 1A AND 1B) FUND**

D-9

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2010

|  | <u>Budget</u>       | <u>Cumulative<br/>Total to<br/>June 30, 2010</u> | <u>Activity<br/>Year Ended<br/>June 30, 2010</u> | <u>Cumulative<br/>Total to<br/>June 30, 2009</u> |
|--|---------------------|--|--|--|
| <b>Revenues</b> - investment earnings  | \$ -                | 7,230  | 7,230  | -  |
| <b>Expenditures:</b>   |                     |  |  |  |
| Phase 1A:  |                     |  |  |  |
| Current - debt service - interest and other charges  | 200,000             | 200,000  | 200,000  | -  |
| Capital outlay - public safety:  |                     |  |  |  |
| Site acquisition   | 3,480,000           | 3,483,122  | 3,483,122  | -  |
| Asbestos abatement; re-fireproofing; engineering and architectural services for two floors and parking level | 6,720,000           | 323,064  | 323,064  | -  |
| Professional fees  | 10,000              | 10,000   | 10,000   | -  |
| Phase 2A:  |                     |  |  |  |
| Current - debt service - interest and other charges  | 200,000             | 32,032   | 32,032   | -  |
| Capital outlay - public safety - renovation and rehabilitation of two floors and parking level               | 25,500,000          | -  | -  | -  |
| <b>Total expenditures</b>  | <u>36,110,000</u>   | <u>4,048,218</u>                                 | <u>4,048,218</u>                                 | <u>-</u>   |
| <b>Deficiency of revenues over expenditures</b>  | <u>(36,110,000)</u> | <u>(4,040,988)</u>                               | <u>(4,040,988)</u>                               | <u>-</u>   |
| <b>Other financing sources:</b>  |                     |  |  |  |
| Limited obligation bonds issued  | 36,110,000          | 15,000,000                                       | 15,000,000                                       | -  |
| Premium on limited obligation bonds  | -                   | 1,023,705  | 1,023,705  | -  |
| <b>Total other financing sources (uses)</b>  | <u>36,110,000</u>   | <u>16,023,705</u>                                | <u>16,023,705</u>                                | <u>-</u>   |
| <b>Net change in fund balance</b>  | \$ <u>-</u>         | <u>11,982,717</u>                                | 11,982,717                                       | <u>-</u>   |
| Fund balance - June 30, 2009   |                     |  | -  |  |
| <b>Fund balance - June 30, 2010</b>  |                     |  | <u>\$ 11,982,717</u>                             |  |

**2010 PAY-GO FUND**

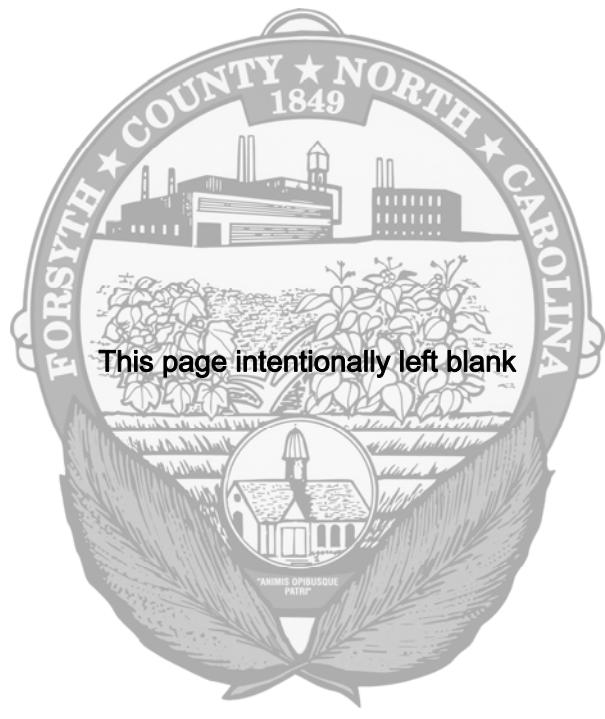
D-10

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2010

|  | <u>Budget</u>    | <u>Cumulative<br/>Total to<br/>June 30, 2010</u> | <u>Activity<br/>Year Ended<br/>June 30, 2010</u> | <u>Cumulative<br/>Total to<br/>June 30, 2009</u> |
|--|------------------|--|--|--|
| <b>Expenditures:</b>   |                  |  |  |  |
| Capital outlay:  |                  |  |  |  |
| General government:  |                  |  |  |  |
| Government Center renovations                                | \$ 400,000       | -  | -  | -  |
| Technology upgrades  | 544,000          | -  | -  | -  |
| Vehicles   | 50,000           | 38,889   | 38,889   | -  |
| Public safety - EMS equipment                                | 975,000          | 98,523   | 98,523   | -  |
| Human services - DSS Technology                              | 500,000          | -  | -  | -  |
| Culture and recreation:                                      |                  |  |  |  |
| Tanglewood Park pool enhancements                            | 1,750,000        | 65,300   | 65,300   | -  |
| <b>Total expenditures</b>                                    | <u>4,219,000</u> | <u>202,712</u>                                   | <u>202,712</u>                                   | <u>-</u>   |
| <b>Other financing sources</b> - transfers from General Fund | <u>4,219,000</u> | <u>4,219,000</u>                                 | <u>4,219,000</u>                                 | <u>-</u>   |
| <b>Net change in fund balance</b>                            | \$ <u>-</u>      | <u>4,016,288</u>                                 | 4,016,288  | <u>-</u>   |
| Fund balance - June 30, 2009                                 |                  |  | -  |  |
| <b>Fund balance - June 30, 2010</b>                          |                  |  | <u>\$ 4,016,288</u>                              |  |



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# Fiduciary Funds

## Trust Funds

---

Trust funds are used to account for assets held by the government in a trustee capacity for others and therefore cannot be used to support the government's own programs.

**Pension Trust – Law Enforcement Officers' Special Separation Allowance Fund** – This fund accumulates resources for pension benefit payments to qualified public safety employees.

**Other Post-employment Benefit Trust – Healthcare Plan Fund** – This fund accumulates resources to pay other post employment benefits for qualified retired County employees.

## Agency Funds

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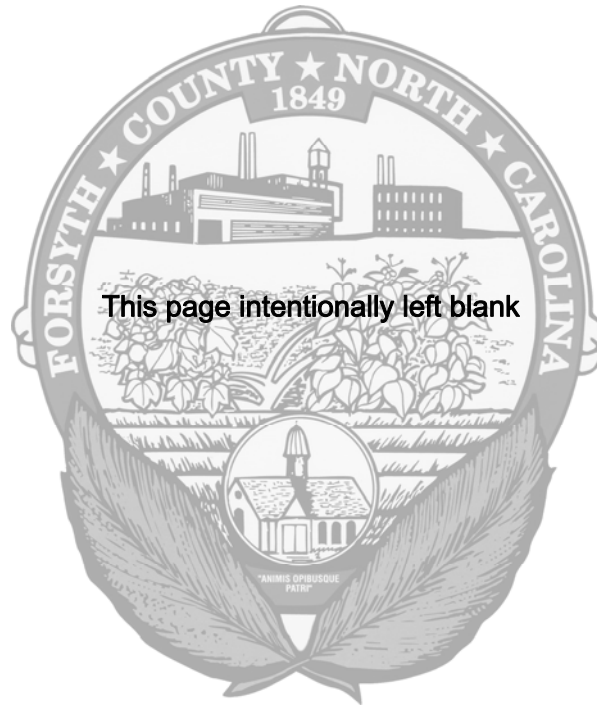
Agency funds are used to account for assets held by the County in an agency capacity for individuals, private organizations, or other governments.

**Tax Agency Fund** – This fund is used to account for collections of various taxes by the County/City Tax Collector that are remitted to other funds and to other local governments and authorities and the 3% interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles.

**Fines and Forfeitures Fund** – This fund is used to account for legal fines and forfeitures that the County is required to remit to the Winston-Salem/Forsyth County Schools.

**Social Services Protective Payee Fund** – This fund is used to account for moneys held by the Social Services Department as an agent for clients.





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**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**

E-1

**TRUST FUNDS**

FORSYTH COUNTY, NORTH CAROLINA

June 30, 2010

|   | <u>Pension Trust</u><br>Law Enforcement<br>Officers' Special<br>Separation<br>Allowance | <u>Other</u><br>Post-employment<br>Benefit Trust<br>Healthcare<br>Plan | <u>Total</u><br>Trust Funds |
|---|---|--|-----------------------------|
| <b>ASSETS</b>   |   |  |                             |
| Cash and cash equivalents                                   | \$ 123,292  | -  | 123,292                     |
| Cash and investments held by fiscal agent                   | -   | 3,366,722  | 3,366,722                   |
| Receivables:  |   |  |                             |
| Accrued interest  | 12  | -  | 12                          |
|   | <u>12</u>   | <u>-</u>   | <u>12</u>                   |
| <b>NET ASSETS</b>   |   |  |                             |
| Held in trust for pension/other<br>post-employment benefits | \$ <u>123,304</u>   | <u>3,366,722</u>   | <u>3,490,026</u>            |

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**

E-2

**TRUST FUNDS**

FORSYTH COUNTY, NORTH CAROLINA

For the Fiscal Year Ended June 30, 2010

|                            | <u>Pension Trust</u><br>Law Enforcement<br>Officers' Special<br>Separation<br>Allowance | <u>Other</u><br>Post-employment<br>Benefit Trust<br>Healthcare<br>Plan | <u>Total</u><br>Trust Funds |
|----------------------------|---|--|-----------------------------|
| <b>ADDITIONS</b>           |   |  |                             |
| Contributions:             |   |  |                             |
| Employer                   | \$ 584,980  | 3,788,640  | 4,373,620                   |
| Plan members               | -   | 346,759  | 346,759                     |
| Total contributions        | <u>584,980</u>  | <u>4,135,399</u>   | <u>4,720,379</u>            |
| Net investment income      | <u>369</u>  | <u>102,162</u>   | <u>102,531</u>              |
| Total additions            | 585,349   | 4,237,561  | 4,822,910                   |
| <b>DEDUCTIONS</b>          |   |  |                             |
| Benefits                   | <u>627,871</u>  | <u>2,535,399</u>   | <u>3,163,270</u>            |
| Change in net assets       | (42,522)  | 1,702,162  | 1,659,640                   |
| Net assets - beginning     | 165,826   | 1,664,560  | 1,830,386                   |
| <b>Net assets - ending</b> | <b>\$ <u>123,304</u></b>  | <b><u>3,366,722</u></b>  | <b><u>3,490,026</u></b>     |

**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**

E-3

**AGENCY FUNDS**

FORSYTH COUNTY, NORTH CAROLINA

June 30, 2010

|                                      | <u>Tax</u>       | <u>Fines and<br/>Forfeitures</u> | <u>Protective<br/>Payee</u> | <u>Total</u>     |
|--------------------------------------|------------------|----------------------------------|-----------------------------|------------------|
| <b>ASSETS</b>                        |                  |                                  |                             |                  |
| Cash and cash equivalents            | \$ 1,077,419     | 10,882                           | 70,571                      | 1,158,872        |
| Receivables:                         |                  |                                  |                             |                  |
| Property taxes                       | 6,406,278        | -                                | -                           | 6,406,278        |
| Accrued interest                     | -                | -                                | 71                          | 71               |
| Total assets                         | <u>7,483,697</u> | <u>10,882</u>                    | <u>70,642</u>               | <u>7,565,221</u> |
| <b>LIABILITIES</b>                   |                  |                                  |                             |                  |
| Due to NC Division of Motor Vehicles | 25,178           | -                                | -                           | 25,178           |
| Due to other governments             | 7,458,519        | 10,882                           | -                           | 7,469,401        |
| Other liabilities                    | -                | -                                | 70,642                      | 70,642           |
| Total liabilities                    | <u>7,483,697</u> | <u>10,882</u>                    | <u>70,642</u>               | <u>7,565,221</u> |
| <b>NET ASSETS</b>                    | <u>\$ -</u>      | <u>-</u>                         | <u>-</u>                    | <u>-</u>         |

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

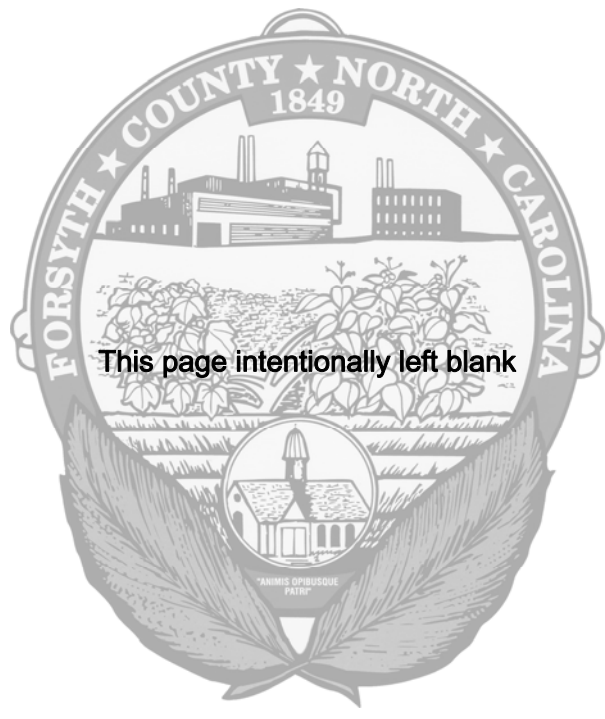
E-4

**AGENCY FUNDS**

FORSYTH COUNTY, NORTH CAROLINA

For the Fiscal Year Ended June 30, 2010

|  | <u>June 30, 2009</u> | <u>Additions</u>     | <u>Deductions</u>    | <u>June 30, 2010</u> |
|--|----------------------|----------------------|----------------------|----------------------|
| <b><u>TAX AGENCY</u></b>               |                      |                      |                      |                      |
| <b>ASSETS</b>                          |                      |                      |                      |                      |
| Cash and cash equivalents              | \$ 836,227           | 723,677,737          | 723,436,545          | 1,077,419            |
| Receivables - property taxes           | 5,886,160            | 357,147,114          | 356,626,996          | 6,406,278            |
| <b>Total assets</b>                    | <b>\$ 6,722,387</b>  | <b>1,080,824,851</b> | <b>1,080,063,541</b> | <b>7,483,697</b>     |
| <b>LIABILITIES</b>                     |                      |                      |                      |                      |
| Due to NC Division of Motor Vehicles   | \$ 16,950            | 208,427              | 200,199              | 25,178               |
| Due to other governments               | 6,705,437            | 849,770,113          | 849,017,031          | 7,458,519            |
| <b>Total liabilities</b>               | <b>\$ 6,722,387</b>  | <b>849,978,540</b>   | <b>849,217,230</b>   | <b>7,483,697</b>     |
| <b><u>FINES AND FORFEITURES</u></b>    |                      |                      |                      |                      |
| <b>ASSETS</b>                          |                      |                      |                      |                      |
| Cash and cash equivalents              | \$ 10,833            | 2,261,504            | 2,261,455            | 10,882               |
| <b>LIABILITIES</b>                     |                      |                      |                      |                      |
| Due to other governments               | \$ 10,833            | 2,261,504            | 2,261,455            | 10,882               |
| <b><u>PROTECTIVE PAYEE</u></b>         |                      |                      |                      |                      |
| <b>ASSETS</b>                          |                      |                      |                      |                      |
| Cash and cash equivalents              | \$ 78,949            | 319,673              | 328,051              | 70,571               |
| Receivables - accrued interest         | 66                   | 444                  | 439                  | 71                   |
| <b>Total assets</b>                    | <b>\$ 79,015</b>     | <b>320,117</b>       | <b>328,490</b>       | <b>70,642</b>        |
| <b>LIABILITIES</b>                     |                      |                      |                      |                      |
| Other liabilities                      | \$ 79,015            | 319,678              | 328,051              | 70,642               |
| <b>Total liabilities</b>               | <b>\$ 79,015</b>     | <b>319,678</b>       | <b>328,051</b>       | <b>70,642</b>        |
| <b><u>TOTAL - ALL AGENCY FUNDS</u></b> |                      |                      |                      |                      |
| <b>ASSETS</b>                          |                      |                      |                      |                      |
| Cash and cash equivalents              | \$ 926,009           | 726,258,914          | 726,026,051          | 1,158,872            |
| Receivables:                           |                      |                      |                      |                      |
| Property taxes                         | 5,886,160            | 357,147,114          | 356,626,996          | 6,406,278            |
| Accrued interest                       | 66                   | 444                  | 439                  | 71                   |
| <b>Total assets</b>                    | <b>\$ 6,812,235</b>  | <b>1,083,406,472</b> | <b>1,082,653,486</b> | <b>7,565,221</b>     |
| <b>LIABILITIES</b>                     |                      |                      |                      |                      |
| Due to other governments               | \$ 6,733,220         | 852,240,044          | 851,478,685          | 7,494,579            |
| Other liabilities                      | 79,015               | 319,678              | 328,051              | 70,642               |
| <b>Total liabilities</b>               | <b>\$ 6,812,235</b>  | <b>852,559,722</b>   | <b>851,806,736</b>   | <b>7,565,221</b>     |



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## **Other Schedules**

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This section contains additional information on property taxes.

**Schedule of Ad Valorem Taxes Receivable – General Fund**

**Analysis of Current Tax Levy – Countywide Levy**

**Ten Largest Taxpayers**

**SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
GENERAL FUND**

F-1

FORSYTH COUNTY, NORTH CAROLINA  
June 30, 2010

| <u>Fiscal Year</u>  | <u>Uncollected<br/>Balance<br/>June 30, 2009</u> | <u>Additions<br/>Net of<br/>Releases</u> | <u>Collections<br/>And Credits</u> | <u>Writeoffs</u> | <u>Uncollected<br/>Balance<br/>June 30, 2010</u> |
|---|--|--|------------------------------------|------------------|--|
| 2009 - 2010   | \$ -   | 229,188,797                              | 224,184,021                        | -                | 5,004,776  |
| 2008 - 2009   | 5,392,393  | (31,448)                                 | 3,009,478                          | -                | 2,351,467  |
| 2007 - 2008   | 1,207,977  | (5,092)                                  | 340,182                            | -                | 862,703  |
| 2006 - 2007   | 713,253  | (2,739)                                  | 110,105                            | 318,555          | 281,854  |
| 2005 - 2006   | 282,509  | (1,928)                                  | 49,566                             | -                | 231,015  |
| 2004 - 2005   | 383,745  | (1,116)                                  | 18,185                             | -                | 364,444  |
| 2003 - 2004   | 215,124  | (930)                                    | 11,380                             | -                | 202,814  |
| 2002 - 2003   | 324,250  | (412)                                    | 9,636                              | -                | 314,202  |
| 2001 - 2002   | 225,909  | (1,005)                                  | 10,136                             | -                | 214,768  |
| 2000 - 2001   | 158,711  | (510)                                    | 29,902                             | 128,299          | -  |
|   | <u>\$ 8,903,871</u>                              | <u>229,143,617</u>                       | <u>227,772,591</u>                 | <u>446,854</u>   | <u>9,828,043</u>                                 |
| Plus: dog taxes included in taxes<br>receivable: General Fund           |  |  |                                    |                  | 7,162  |
| Less: allowance for uncollectible accounts:<br>General Fund             |  |  |                                    |                  | <u>(5,710,648)</u>                               |
| Ad valorem taxes receivable - net:<br>General Fund                      |  |  |                                    |                  | \$ <u>4,124,557</u>                              |
| <br><u>Reconcilement with revenues:</u>                                 |  |  |                                    |                  |  |
| Property taxes - General Fund   |  |  |                                    |                  | \$ 228,216,841                                   |
| Penalties collected on ad valorem taxes -<br>Fines and Forfeitures Fund |  |  |                                    |                  | 145,578  |
| Reconciling items:  |  |  |                                    |                  |  |
| Interest and fees collected   |  |  |                                    |                  | \$ (1,088,327)                                   |
| Back years collection of dog taxes                                      |  |  |                                    |                  | (174)  |
| Refunds   |  |  |                                    |                  | 534,777  |
| Collection of taxes previously written off                              |  |  |                                    |                  | <u>(36,104)</u>                                  |
| Total reconciling items   |  |  |                                    |                  | <u>(589,828)</u>                                 |
| Total collections and credits   |  |  |                                    |                  | \$ <u>227,772,591</u>                            |

**ANALYSIS OF CURRENT TAX LEVY**

**COUNTYWIDE LEVY**

FORSYTH COUNTY, NORTH CAROLINA  
For the Fiscal Year Ended June 30, 2010

|   | Countywide               |          |                       | Total levy            |                      |
|---|--------------------------|----------|-----------------------|-----------------------|----------------------|
|   | Property                 | Rate     | Amount                | Property              | Registered           |
|   | Valuation                |          | of Levy               | Excluding             | Motor                |
|   |                          |          |                       | Registered            | Motor                |
|   |                          |          |                       | Vehicles              | Vehicles             |
| Gross levy:   |                          |          |                       |                       |                      |
| Property taxed at current year's rate               | \$ 33,194,394,202        | \$ .6740 | \$ 228,149,097        | \$ 217,096,259        | \$ 11,052,838        |
| Motor vehicles taxed at prior year's rate: FY 07-08 | 63,000                   | .6960    | 438                   | -                     | 438                  |
| FY 08-09  | 661,907,998              | .6960    | 4,607,809             | -                     | 4,607,809            |
| Penalties   | -                        |          | 120,700               | 120,700               | -                    |
| Total   | 33,856,365,200           |          | 232,878,044           | 217,216,959           | 15,661,085           |
| Releases  | (547,366,024)            |          | (3,689,247)           | (3,306,198)           | (383,049)            |
| Total property valuation                            | \$ <u>33,308,999,176</u> |          |                       |                       |                      |
| Net levy  |                          |          | 229,188,797           | 213,910,761           | 15,278,036           |
| Uncollected taxes at June 30, 2010                  |                          |          | 5,004,776             | 3,348,490             | 1,656,286            |
| Current year's taxes collected                      |                          |          | \$ <u>224,184,021</u> | \$ <u>210,562,271</u> | \$ <u>13,621,750</u> |
| Current levy collection percentage                  |                          |          | <u>97.82%</u>         | <u>98.43%</u>         | <u>89.16%</u>        |

Secondary Market Disclosures:

Assessed Valuation:

|  |                       |
|--|-----------------------|
| Assessment Ratio (1)                                 | 100%                  |
| Real Property  | \$ 27,808,315,600     |
| Personal Property                                    | 5,419,439,380         |
| Public Service Companies (2)                         | 628,610,220           |
| Total Assessed Valuation (3)                         | 33,856,365,200        |
| Tax Rate per \$100                                   | 0.674                 |
| Levy (includes discoveries, releases and abatements) | \$ <u>229,188,797</u> |

- (1) Percentage of appraised value has been established by statute.  
(2) Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Property Tax Commission.



**TEN LARGEST TAXPAYERS**

F-3

FORSYTH COUNTY, NORTH CAROLINA

For the Fiscal Year Ended June 30, 2010

| <u>Taxpayer</u>                 | <u>Type of Business</u>                         |    | <b>2009<br/>Assessed<br/>Valuation</b> | <b>Percentage<br/>of Total<br/>Assessed<br/>Valuation</b> |
|---------------------------------|---|----|--|---|
| R. J. Reynolds Industries, Inc. | Tobacco, Foods, Petroleum<br>and Transportation | \$ | 981,275,670                            | 2.90%   |
| Wachovia Bank & Trust           | Banking   |    | 351,180,720                            | 1.04%   |
| Duke Energy Corporation         | Electric Utility                                |    | 300,512,900                            | 0.89%   |
| JG Winston-Salem                | Real Estate Management                          |    | 203,206,800                            | 0.60%   |
| Hanesbrands Inc.                | Textiles  |    | 160,611,130                            | 0.47%   |
| Lowes Home Center               | Retail  |    | 157,405,930                            | 0.46%   |
| Wake Forest University          | Education / Health Care                         |    | 156,606,310                            | 0.46%   |
| Highwoods/Forsyth Partners      | Real Estate Management                          |    | 130,069,100                            | 0.38%   |
| Dell Inc. *                     | Computer Manufacturer                           |    | 124,645,000                            | 0.37%   |
| BellSouth Corporation           | Communications Utility                          |    | 113,562,030                            | 0.34%   |
|                                 |   | \$ | <u>2,679,075,590</u>                   | <u>7.91%</u>  |

\* Dell Inc. has indicated it will close its manufacturing center located in Forsyth County in November of 2010.

# Statistical Section

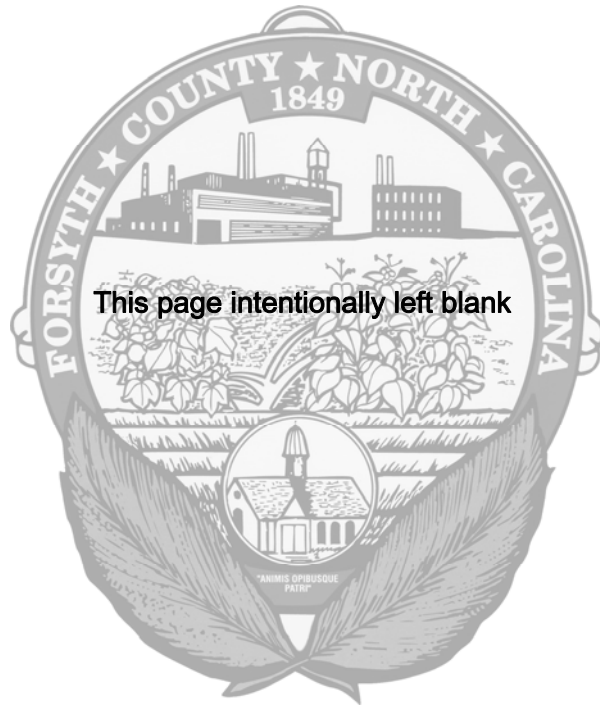
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This part of the Forsyth County comprehensive annual financial report presents detail information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

## Contents

|  |     |
|--|-----|
| <b>Financial Trends</b> – These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.  | 99  |
| <b>Revenue Capacity</b> – These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property taxes.   | 103 |
| <b>Debt Capacity</b> – These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.   | 108 |
| <b>Demographic and Economic Information</b> – These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments. | 111 |
| <b>Operating Information</b> – These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.                    | 113 |

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB Statement 34 in fiscal year 2002; schedules presenting government-wide information include information beginning in that year.



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**NET ASSETS BY COMPONENT**

FORSYTH COUNTY, NORTH CAROLINA

Last Nine Fiscal Years

(accrual basis of accounting)

**Schedule 1**

|   | Fiscal Year            |                     |                     |                      |                      |                      |                      |                      |                      |
|---|------------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | <u>2002</u>            | <u>2003</u>         | <u>2004</u>         | <u>2005</u>          | <u>2006</u>          | <u>2007</u>          | <u>2008</u>          | <u>2009</u>          | <u>2010</u>          |
| Governmental activities:                        |                        |                     |                     |                      |                      |                      |                      |                      |                      |
| Invested in capital assets, net of related debt | \$ 50,832,801          | 53,327,610          | 54,929,158          | 58,050,620           | 62,126,511           | 65,335,272           | 66,426,734           | 72,988,514           | 78,662,765           |
| Restricted                                      | 1,811,767              | 1,905,959           | 2,153,517           | 2,477,719            | 3,877,017            | 4,328,645            | 3,980,229            | 3,860,233            | 3,704,815            |
| Unrestricted                                    | <u>(69,838,879)</u>    | <u>(66,742,250)</u> | <u>(89,720,953)</u> | <u>(120,973,768)</u> | <u>(133,416,466)</u> | <u>(132,368,899)</u> | <u>(120,384,798)</u> | <u>(164,391,922)</u> | <u>(227,581,718)</u> |
| Total governmental activities net deficit       | <u>\$ (17,194,311)</u> | <u>(11,508,681)</u> | <u>(32,638,278)</u> | <u>(60,445,429)</u>  | <u>(67,412,938)</u>  | <u>(62,704,982)</u>  | <u>(49,977,835)</u>  | <u>(87,543,175)</u>  | <u>(145,214,138)</u> |

Note: Forsyth County began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.

**CHANGES IN NET ASSETS**

FORSYTH COUNTY, NORTH CAROLINA

Last Nine Fiscal Years

(accrual basis of accounting)

|  | Fiscal Year          |                      |                      |                      |                      |                      |                      |                      |                      |  |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|--|
|  | 2002                 | 2003                 | 2004                 | 2005                 | 2006                 | 2007                 | 2008                 | 2009                 | 2010                 |  |
| <b>Expenses</b>  |                      |                      |                      |                      |                      |                      |                      |                      |                      |  |
| Governmental activities:                                     |                      |                      |                      |                      |                      |                      |                      |                      |                      |  |
| General government   | \$ 33,504,313        | 32,511,954           | 37,176,344           | 38,054,338           | 40,702,218           | 40,954,886           | 42,473,984           | 38,189,282           | 40,075,708           |  |
| Public safety  | 43,226,614           | 44,319,571           | 50,956,682           | 53,265,074           | 56,416,719           | 60,563,286           | 67,092,138           | 68,384,497           | 71,544,414           |  |
| Environmental protection                                     | 2,110,570            | 2,124,756            | 2,287,496            | 2,171,643            | 2,160,200            | 2,220,009            | 2,521,035            | 2,713,093            | 2,682,028            |  |
| Human services   | 72,919,088           | 75,664,303           | 79,377,848           | 81,602,908           | 83,026,669           | 83,325,627           | 85,670,069           | 81,156,032           | 76,826,616           |  |
| Culture and recreation                                       | 14,694,632           | 14,489,189           | 15,056,770           | 15,209,100           | 16,913,156           | 17,214,387           | 17,401,634           | 16,540,703           | 15,936,872           |  |
| Community and economic development                           | 1,312,589            | 1,254,450            | 1,523,798            | 5,175,040            | 4,622,179            | 1,722,356            | 2,998,916            | 2,777,002            | 4,231,621            |  |
| Education  | 102,127,242          | 106,056,362          | 138,342,793          | 145,267,123          | 139,943,619          | 137,732,790          | 140,624,177          | 185,747,060          | 217,912,687          |  |
| Interest on long-term debt                                   | 12,149,584           | 13,664,297           | 14,426,316           | 14,567,408           | 14,846,094           | 15,995,831           | 18,501,304           | 17,734,361           | 17,800,372           |  |
| Total expenses   | <u>282,044,632</u>   | <u>290,084,882</u>   | <u>339,148,047</u>   | <u>355,312,634</u>   | <u>358,630,854</u>   | <u>359,729,172</u>   | <u>377,283,257</u>   | <u>413,242,030</u>   | <u>447,010,318</u>   |  |
| <b>Program revenues</b>                                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |  |
| Governmental activities:                                     |                      |                      |                      |                      |                      |                      |                      |                      |                      |  |
| Charges for services   |                      |                      |                      |                      |                      |                      |                      |                      |                      |  |
| General government   | 4,907,678            | 4,903,787            | 4,698,238            | 4,444,744            | 4,335,314            | 4,320,684            | 4,163,440            | 3,766,905            | 3,211,221            |  |
| Public safety  | 6,707,367            | 7,246,355            | 8,457,575            | 8,993,671            | 10,668,381           | 13,569,309           | 17,465,407           | 16,039,769           | 15,296,859           |  |
| Environmental protection                                     | 805,406              | 963,314              | 1,103,027            | 933,971              | 785,380              | 348,683              | 266,457              | 222,569              | 251,076              |  |
| Human services   | 4,207,333            | 5,456,001            | 6,322,469            | 7,227,474            | 6,686,842            | 6,781,195            | 7,752,966            | 8,631,222            | 9,140,340            |  |
| Culture and recreation                                       | 4,480,311            | 3,961,475            | 4,262,167            | 4,648,633            | 5,291,419            | 5,265,639            | 5,098,137            | 4,403,575            | 3,872,609            |  |
| Community and economic development                           | 137,239              | 27,493               | 52,681               | 118,587              | 77,862               | 115,432              | 55,552               | 16,988               | 23,587               |  |
| Education  | 29,330               | 29,410               | 29,410               | 33,469               | 33,332               | 33,332               | 33,372               | 42,907               | 41,324               |  |
| Operating grants and contributions                           |                      |                      |                      |                      |                      |                      |                      |                      |                      |  |
| General government   | 336,313              | 759,242              | 489,337              | 648,613              | 2,048,882            | 1,116,784            | 753,817              | 1,142,633            | 944,665              |  |
| Public safety  | 2,759,794            | 2,027,799            | 3,063,893            | 3,800,634            | 3,989,961            | 3,390,604            | 3,698,500            | 4,409,705            | 4,870,901            |  |
| Environmental protection                                     | 723,770              | 743,973              | 888,024              | 661,559              | 747,313              | 843,363              | 880,434              | 1,025,921            | 767,359              |  |
| Human services   | 32,996,444           | 34,681,881           | 35,011,146           | 34,162,314           | 35,684,538           | 35,702,370           | 36,224,878           | 38,460,763           | 39,533,989           |  |
| Culture and recreation                                       | 797,131              | 860,806              | 985,400              | 896,886              | 1,617,563            | 856,098              | 822,806              | 979,233              | 1,112,728            |  |
| Community and economic development                           | 560,069              | 594,285              | 623,320              | 873,626              | 716,889              | 391,429              | 959,624              | 321,981              | 1,666,607            |  |
| Education  | 4,163,828            | 3,202,900            | 1,405,681            | 1,090,700            | 2,393,376            | 3,459,671            | 5,790,588            | 7,098,274            | 9,477,257            |  |
| Capital grants and contributions                             |                      |                      |                      |                      |                      |                      |                      |                      |                      |  |
| General government   | -                    | -                    | -                    | -                    | -                    | -                    | 25,975               | -                    | -                    |  |
| Culture and recreation                                       | 15,107               | 8,381                | 226,512              | -                    | -                    | -                    | -                    | -                    | -                    |  |
| Total program revenues                                       | <u>63,627,120</u>    | <u>65,467,102</u>    | <u>67,618,880</u>    | <u>68,534,881</u>    | <u>75,077,052</u>    | <u>76,194,593</u>    | <u>83,991,953</u>    | <u>86,562,445</u>    | <u>90,210,522</u>    |  |
| Net expense  | <u>(218,417,512)</u> | <u>(224,617,780)</u> | <u>(271,529,167)</u> | <u>(286,777,753)</u> | <u>(283,553,802)</u> | <u>(283,534,579)</u> | <u>(293,291,304)</u> | <u>(326,679,585)</u> | <u>(356,799,796)</u> |  |
| <b>General revenues and other changes in net assets</b>      |                      |                      |                      |                      |                      |                      |                      |                      |                      |  |
| Governmental activities:                                     |                      |                      |                      |                      |                      |                      |                      |                      |                      |  |
| Taxes:   |                      |                      |                      |                      |                      |                      |                      |                      |                      |  |
| Property taxes   | 157,969,588          | 172,788,517          | 177,109,769          | 184,460,184          | 196,540,693          | 203,698,340          | 218,253,781          | 223,660,085          | 234,161,047          |  |
| Local option sales taxes                                     | 45,621,446           | 50,456,088           | 62,472,610           | 62,106,774           | 67,056,056           | 71,068,173           | 73,496,042           | 56,381,820           | 49,733,084           |  |
| Occupancy taxes  | 431,537              | 451,374              | 449,042              | 441,234              | 493,107              | 539,027              | 562,018              | 466,198              | 436,578              |  |
| Other taxes and licenses                                     | 2,652,281            | 2,930,050            | 3,427,625            | 3,656,571            | 3,752,002            | 3,261,547            | 2,587,667            | 1,749,344            | 1,737,289            |  |
| Grants and contributions not restricted to specific programs | 11,168,242           | 997,904              | 4,422,507            | 3,603,013            | 2,672,986            | 1,635,293            | 1,630,835            | 1,644,749            | 3,224,786            |  |
| Investment earnings  | 3,453,547            | 2,352,281            | 2,161,094            | 3,939,095            | 5,473,968            | 7,680,796            | 9,025,373            | 4,150,368            | 966,309              |  |
| Miscellaneous  | 562,996              | 291,949              | 392,170              | 763,732              | 597,480              | 359,359              | 462,735              | 1,061,681            | 8,869,740            |  |
| Total general revenues                                       | <u>221,859,637</u>   | <u>230,268,163</u>   | <u>250,434,817</u>   | <u>258,970,603</u>   | <u>276,586,292</u>   | <u>288,242,535</u>   | <u>306,018,451</u>   | <u>289,114,245</u>   | <u>299,128,833</u>   |  |
| <b>Change in net assets - governmental activities</b>        | <u>\$ 3,442,125</u>  | <u>5,650,383</u>     | <u>(21,094,350)</u>  | <u>(27,807,150)</u>  | <u>(6,967,510)</u>   | <u>4,707,956</u>     | <u>12,727,147</u>    | <u>(37,565,340)</u>  | <u>(57,670,963)</u>  |  |

Note: Forsyth County began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.

**FUND BALANCES OF GOVERNMENTAL FUNDS**

**Schedule 3**

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

*(modified accrual basis of accounting)*

|                                    | Fiscal Year          |                   |                   |                   |                   |                    |                    |                    |                    |                    |
|------------------------------------|----------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                                    | <u>2001</u>          | <u>2002</u>       | <u>2003</u>       | <u>2004</u>       | <u>2005</u>       | <u>2006</u>        | <u>2007</u>        | <u>2008</u>        | <u>2009</u>        | <u>2010</u>        |
| General Fund                       |                      |                   |                   |                   |                   |                    |                    |                    |                    |                    |
| Reserved                           | \$ 21,396,794        | 20,920,273        | 25,862,905        | 28,663,332        | 30,421,518        | 31,829,460         | 31,724,371         | 33,727,232         | 27,865,589         | 29,731,129         |
| Unreserved                         | 43,054,407           | 48,841,807        | 52,712,200        | 62,744,745        | 63,826,353        | 69,572,571         | 79,799,313         | 86,715,440         | 101,701,080        | 113,871,426        |
| Total General Fund                 | \$ <u>64,451,201</u> | <u>69,762,080</u> | <u>78,575,105</u> | <u>91,408,077</u> | <u>94,247,871</u> | <u>101,402,031</u> | <u>111,523,684</u> | <u>120,442,672</u> | <u>129,566,669</u> | <u>143,602,555</u> |
| All other governmental funds       |                      |                   |                   |                   |                   |                    |                    |                    |                    |                    |
| Reserved                           | \$ 27,702,013        | 19,786,503        | 14,474,673        | 5,717,155         | 7,461,248         | 6,378,241          | 3,931,316          | 2,054,017          | 11,659,953         | 10,483,574         |
| Unreserved, reported in:           |                      |                   |                   |                   |                   |                    |                    |                    |                    |                    |
| Special revenue funds              | 1,006,710            | 1,219,277         | 1,097,229         | 1,096,217         | 1,047,406         | 2,633,267          | 2,649,533          | 2,103,908          | 884,635            | (194,420)          |
| Capital projects funds             | <u>21,604,456</u>    | <u>58,209,778</u> | <u>47,329,968</u> | <u>82,857,433</u> | <u>29,421,813</u> | <u>37,964,525</u>  | <u>90,092,438</u>  | <u>80,459,522</u>  | <u>132,424,595</u> | <u>47,918,354</u>  |
| Total all other governmental funds | \$ <u>50,313,179</u> | <u>79,215,558</u> | <u>62,901,870</u> | <u>89,670,805</u> | <u>37,930,467</u> | <u>46,976,033</u>  | <u>96,673,287</u>  | <u>84,617,447</u>  | <u>144,969,183</u> | <u>58,207,508</u>  |

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**

**Schedule 4**

FORSYTH COUNTY, NORTH CAROLINA

Last Nine Fiscal Years

(modified accrual basis of accounting)

|  | 2002                 | 2003                | 2004                | 2005                | 2006                | 2007                | 2008               | 2009                | 2010                |
|--|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------|---------------------|---------------------|
| <b>Revenues</b>  |                      |                     |                     |                     |                     |                     |                    |                     |                     |
| Property taxes   | \$ 157,643,248       | 172,522,283         | 176,937,963         | 184,168,720         | 196,470,273         | 202,802,113         | 217,978,822        | 222,931,993         | 234,067,805         |
| Occupancy taxes  | 431,537              | 451,374             | 449,042             | 441,234             | 493,107             | 539,027             | 562,018            | 466,198             | 436,578             |
| Local option sales tax   | 45,621,446           | 50,456,088          | 62,472,610          | 62,106,774          | 67,056,056          | 71,068,173          | 73,496,042         | 56,381,820          | 49,733,084          |
| Other taxes  | 188,583              | 474,123             | 656,801             | 600,303             | 667,463             | 506,037             | 377,837            | 202,959             | 242,411             |
| Licenses and permits   | 2,163,592            | 2,099,216           | 2,091,175           | 1,867,850           | 1,704,474           | 1,215,187           | 922,548            | 940,488             | 857,450             |
| Intergovernmental  | 52,583,805           | 43,867,904          | 47,470,956          | 46,013,245          | 50,024,208          | 47,933,136          | 51,239,274         | 55,768,601          | 61,855,315          |
| Charges for services   | 15,411,300           | 18,047,774          | 20,436,933          | 20,869,798          | 21,707,464          | 23,207,853          | 24,621,408         | 25,129,543          | 24,332,511          |
| Investment earnings  | 3,468,009            | 2,365,499           | 2,171,427           | 3,964,492           | 5,530,265           | 7,774,158           | 9,122,280          | 4,251,484           | 984,702             |
| Other  | 5,824,459            | 5,812,209           | 6,095,875           | 7,168,741           | 7,633,841           | 8,011,182           | 8,904,354          | 9,379,996           | 16,408,473          |
| Total revenues   | <u>283,335,979</u>   | <u>296,096,470</u>  | <u>318,782,782</u>  | <u>327,201,157</u>  | <u>351,287,151</u>  | <u>363,056,866</u>  | <u>387,224,583</u> | <u>375,453,082</u>  | <u>388,918,329</u>  |
| <b>Expenditures</b>  |                      |                     |                     |                     |                     |                     |                    |                     |                     |
| Current:   |                      |                     |                     |                     |                     |                     |                    |                     |                     |
| General government   | 30,237,478           | 29,708,735          | 33,831,181          | 33,521,119          | 36,363,475          | 36,184,725          | 36,965,763         | 33,038,710          | 36,672,233          |
| Public safety  | 40,394,553           | 41,457,874          | 47,162,153          | 49,355,750          | 52,911,994          | 56,417,332          | 61,360,693         | 64,633,076          | 67,313,048          |
| Environmental protection                                       | 2,077,701            | 2,090,623           | 2,246,042           | 2,147,781           | 2,122,814           | 2,188,457           | 2,414,429          | 2,686,706           | 2,633,641           |
| Human services   | 66,890,595           | 69,649,946          | 72,759,964          | 74,294,247          | 76,279,429          | 76,741,426          | 77,348,513         | 74,142,024          | 68,825,351          |
| Culture and recreation   | 13,877,845           | 13,608,497          | 14,215,329          | 14,274,677          | 16,291,544          | 15,888,248          | 16,004,016         | 15,459,452          | 15,034,842          |
| Community and economic development                             | 1,310,043            | 1,252,937           | 1,520,985           | 5,175,387           | 4,618,272           | 1,715,501           | 2,977,892          | 2,766,353           | 4,236,714           |
| Education  | 580,424              | 598,136             | 635,088             | 578,341             | 620,556             | 635,338             | 895,261            | 2,243,594           | 1,580,098           |
| Intergovernmental:   |                      |                     |                     |                     |                     |                     |                    |                     |                     |
| Human services   | 5,546,049            | 5,631,153           | 6,026,136           | 6,418,360           | 6,013,611           | 5,898,652           | 6,181,990          | 6,167,610           | 6,379,039           |
| Education  | 101,524,083          | 105,735,273         | 137,687,638         | 144,663,575         | 139,301,345         | 137,070,648         | 139,681,424        | 183,475,254         | 216,316,478         |
| Debt service:  |                      |                     |                     |                     |                     |                     |                    |                     |                     |
| Principal retirement   | 13,335,000           | 15,075,000          | 18,700,000          | 21,345,000          | 22,545,420          | 21,746,497          | 23,924,516         | 26,200,993          | 29,693,677          |
| Interest and other charges                                     | 11,840,153           | 13,770,153          | 15,271,861          | 15,821,967          | 15,066,260          | 16,551,824          | 17,246,714         | 19,490,528          | 19,189,422          |
| Capital outlay   | 20,833,361           | 28,689,406          | 17,007,430          | 9,112,386           | 9,263,608           | 8,875,245           | 5,360,224          | 8,097,429           | 10,192,815          |
| Total expenditures   | <u>308,447,285</u>   | <u>327,267,733</u>  | <u>367,063,807</u>  | <u>376,708,590</u>  | <u>381,398,328</u>  | <u>379,913,893</u>  | <u>390,361,435</u> | <u>438,401,729</u>  | <u>478,067,358</u>  |
| Deficiency of revenues over expenditures                       | <u>(25,111,306)</u>  | <u>(31,171,263)</u> | <u>(48,281,025)</u> | <u>(49,507,433)</u> | <u>(30,111,177)</u> | <u>(16,857,027)</u> | <u>(3,136,852)</u> | <u>(62,948,647)</u> | <u>(89,149,029)</u> |
| <b>Other financing sources (uses):</b>                         |                      |                     |                     |                     |                     |                     |                    |                     |                     |
| Installment purchases  | 505,000              | -                   | 363,810             | -                   | -                   | 1,913,500           | -                  | 1,026,000           | -                   |
| Refunding bonds issued   | 12,135,830           | -                   | 55,745,000          | 15,630,000          | -                   | -                   | -                  | -                   | 42,870,000          |
| Premium on refunding bonds                                     | -                    | -                   | 3,675,841           | 621,449             | -                   | -                   | -                  | -                   | 5,025,171           |
| General obligation bonds issued                                | 58,752,659           | -                   | 86,550,000          | -                   | 32,685,000          | 72,500,000          | -                  | 156,255,000         | -                   |
| Premium on general obligation bonds                            | -                    | -                   | 563,580             | -                   | 362,985             | 2,262,434           | -                  | 4,407,759           | -                   |
| Certificates of participation issued                           | -                    | 23,495,000          | -                   | 40,985,000          | 13,000,000          | -                   | -                  | -                   | -                   |
| Premium on certificates of participation                       | -                    | 175,600             | -                   | 3,499,599           | 262,918             | -                   | -                  | -                   | -                   |
| Limited obligation bonds issued                                | -                    | -                   | -                   | -                   | -                   | -                   | -                  | -                   | 15,000,000          |
| Premium on limited obligation bonds                            | -                    | -                   | -                   | -                   | -                   | -                   | -                  | -                   | 1,023,705           |
| Transfers in   | 5,550,213            | 3,443,367           | 3,574,026           | 3,411,778           | 4,549,889           | 2,918,502           | 18,308,651         | 13,141,259          | 17,572,682          |
| Transfers out  | (5,550,213)          | (3,443,367)         | (3,574,026)         | (3,411,778)         | (4,549,889)         | (2,918,502)         | (18,308,651)       | (13,141,259)        | (17,572,682)        |
| Payment to refunded bond escrow agent                          | (12,068,925)         | -                   | (59,015,299)        | (16,080,775)        | -                   | -                   | -                  | (29,264,379)        | (47,495,636)        |
| Payment to refunded certificates of participation escrow agent | -                    | -                   | -                   | (44,048,384)        | -                   | -                   | -                  | -                   | -                   |
| Total other financing sources (uses)                           | <u>59,324,564</u>    | <u>23,670,600</u>   | <u>87,882,932</u>   | <u>606,889</u>      | <u>46,310,903</u>   | <u>76,675,934</u>   | <u>-</u>           | <u>132,424,380</u>  | <u>16,423,240</u>   |
| Net change in fund balances                                    | \$ <u>34,213,258</u> | <u>(7,500,663)</u>  | <u>39,601,907</u>   | <u>(48,900,544)</u> | <u>16,199,726</u>   | <u>59,818,907</u>   | <u>(3,136,852)</u> | <u>69,475,733</u>   | <u>(72,725,789)</u> |
| Debt service as a percentage of noncapital expenditures        | <u>8.8%</u>          | <u>9.7%</u>         | <u>9.7%</u>         | <u>10.1%</u>        | <u>10.1%</u>        | <u>10.3%</u>        | <u>10.7%</u>       | <u>10.6%</u>        | <u>10.4%</u>        |

Note: Functional expenditures and capital outlay have been restated to actual non-capital and capital outlays. This information is available beginning in fiscal year 2002 when GASB Statement 34 was implemented.

# ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Schedule 5

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

| Fiscal<br>Year<br>Ended | (1)<br>Tax Year<br>Ended |                   |                      |                        |                     |                   | (2) Ratio of                                      | (3) Total             |
|-------------------------|--------------------------|-------------------|----------------------|------------------------|---------------------|-------------------|---|-----------------------|
|                         |                          | Real<br>Property  | Personal<br>Property | Registered<br>Vehicles | Corporate<br>Excess | Total             | Assessed<br>Value to<br>Estimated<br>Actual Value | Direct<br>Tax<br>Rate |
| <u>June 30</u>          | <u>December 31</u>       |                   |                      |                        |                     |                   |   |                       |
| 2001                    | 2000                     | \$ 15,566,482,900 | \$ 2,596,212,430     | \$ 2,362,187,180       | \$ 565,729,780      | \$ 21,090,612,290 | 100%  | 0.6745                |
| 2002                    | 2001                     | 18,442,926,970    | 2,660,635,120        | 2,392,973,460          | 598,062,441         | 24,094,597,991    | 100%  | 0.6400                |
| 2003                    | 2002                     | 18,896,765,850    | 2,618,193,840        | 2,398,999,140          | 587,847,270         | 24,501,806,100    | 100%  | 0.6920                |
| 2004                    | 2003                     | 19,337,891,860    | 2,559,667,220        | 2,419,787,980          | 565,630,120         | 24,882,977,180    | 100%  | 0.6920                |
| 2005                    | 2004                     | 19,804,667,720    | 2,641,658,675        | 2,409,184,030          | 560,644,886         | 25,416,155,311    | 100%  | 0.7080                |
| 2006                    | 2005                     | 22,750,577,790    | 2,680,281,760        | 2,461,340,630          | 569,872,978         | 28,462,073,158    | 100%  | 0.6660                |
| 2007                    | 2006                     | 23,565,365,700    | 2,957,709,010        | 2,479,743,740          | 587,375,097         | 29,590,193,547    | 100%  | 0.6660                |
| 2008                    | 2007                     | 24,382,286,380    | 3,109,875,910        | 2,543,653,630          | 608,722,150         | 30,644,538,070    | 100%  | 0.6960                |
| 2009                    | 2008                     | 25,059,661,800    | 3,273,855,900        | 2,437,710,820          | 612,718,250         | 31,383,946,770    | 100%  | 0.6960                |
| 2010                    | 2009                     | 27,808,315,600    | 3,160,949,200        | 2,258,490,180          | 628,610,220         | 33,856,365,200    | 100%  | 0.6740                |

Notes: (1) Tax year for registered vehicles is the same as fiscal year.

(2) Assessed value is established at estimated market value. Real property was revalued on January 1 of 2001, 2005, and 2009. As of January 1, 1993, assessed value for registered vehicles is established monthly. Assessed value for all other property is established annually.

(3) Tax Rates per \$100 Valuation. Direct Rate shown does not include Fire Tax District Rates. See Schedule 6 for complete Direct and Overlapping Tax Rates.



**DIRECT AND OVERLAPPING PROPERTY TAX RATES**

**Schedule 6**

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

Page 1 of 2

|                         | Tax Rates per \$100 Valuation, Year Ended June 30, |             |             |             |             |             |             |             |             |             |
|-------------------------|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                         | <u>2010</u>  | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>2003</u> | <u>2002</u> | <u>2001</u> |
| Forsyth County          | \$ 0.674   | 0.696       | 0.696       | \$ 0.666    | \$ 0.666    | \$ 0.708    | \$ 0.692    | \$ 0.6920   | \$ 0.6400   | \$ 0.6745   |
| Municipalities: (1)     |  |             |             |             |             |             |             |             |             |             |
| City of Winston-Salem   | 0.468  | 0.490       | 0.490       | 0.485       | 0.485       | 0.525       | 0.495       | 0.4950      | 0.460       | 0.497       |
| Combined Rate           | 1.142  | 1.186       | 1.186       | 1.151       | 1.151       | 1.233       | 1.187       | 1.187       | 1.100       | 1.171       |
| Town of Bethania        | 0.350  | 0.350       | 0.350       | 0.300       | 0.300       | 0.250       | 0.250       | 0.250       | 0.180       | 0.180       |
| Combined Rate           | 1.024  | 1.046       | 1.046       | 0.966       | 0.966       | 0.958       | 0.942       | 0.942       | 0.820       | 0.855       |
| Village of Clemmons     | 0.0985   | 0.0985      | 0.0985      | 0.0985      | 0.0900      | 0.0900      | 0.0900      | 0.0900      | 0.0900      | 0.0900      |
| Combined Rate           | 0.773  | 0.795       | 0.795       | 0.765       | 0.756       | 0.798       | 0.782       | 0.782       | 0.730       | 0.765       |
| Town of Kernersville    | 0.498  | 0.550       | 0.550       | 0.550       | 0.525       | 0.525       | 0.495       | 0.495       | 0.470       | 0.540       |
| Combined Rate           | 1.172  | 1.246       | 1.246       | 1.216       | 1.191       | 1.233       | 1.187       | 1.187       | 1.110       | 1.215       |
| Town of Lewisville      | 0.177  | 0.177       | 0.177       | 0.177       | 0.177       | 0.195       | 0.195       | 0.195       | 0.110       | 0.110       |
| Combined Rate           | 0.851  | 0.873       | 0.873       | 0.843       | 0.843       | 0.903       | 0.887       | 0.887       | 0.750       | 0.785       |
| Town of Rural Hall      | 0.240  | 0.240       | 0.230       | 0.230       | 0.230       | 0.240       | 0.220       | 0.220       | 0.220       | 0.230       |
| Combined Rate           | 0.914  | 0.936       | 0.926       | 0.896       | 0.896       | 0.948       | 0.912       | 0.912       | 0.860       | 0.905       |
| Village of Tobaccoville | 0.050  | 0.050       | 0.050       | 0.050       | 0.050       | 0.050       | 0.050       | 0.050       | 0.050       | 0.050       |
| Combined Rate           | 0.724  | 0.746       | 0.746       | 0.716       | 0.716       | 0.758       | 0.742       | 0.742       | 0.690       | 0.725       |
| Town of Walkertown      | 0.200  | 0.200       | 0.200       | 0.200       | 0.200       | 0.200       | 0.200       | 0.200       | 0.200       | 0.200       |
| Combined Rate           | 0.874  | 0.896       | 0.896       | 0.866       | 0.866       | 0.908       | 0.892       | 0.892       | 0.840       | 0.875       |
| Fire Tax Districts: (2) |  |             |             |             |             |             |             |             |             |             |
| Beesons Crossroads      | 0.070  | 0.070       | 0.070       | 0.070       | 0.070       | 0.070       | 0.070       | 0.070       | 0.070       | 0.070       |
| Combined Direct Rate    | 0.744  | 0.766       | 0.766       | 0.736       | 0.736       | 0.778       | 0.762       | 0.762       | 0.710       | 0.745       |
| Belews Creek            | 0.070  | 0.070       | 0.055       | 0.055       | 0.045       | 0.045       | 0.045       | 0.045       | 0.045       | 0.045       |
| Combined Direct Rate    | 0.744  | 0.766       | 0.751       | 0.721       | 0.711       | 0.753       | 0.737       | 0.737       | 0.685       | 0.720       |
| City View               | 0.080  | 0.080       | 0.080       | 0.080       | 0.080       | 0.080       | 0.080       | 0.080       | 0.080       | 0.080       |
| Combined Direct Rate    | 0.754  | 0.776       | 0.776       | 0.746       | 0.746       | 0.788       | 0.772       | 0.772       | 0.720       | 0.755       |
| Clemmons                | 0.050  | 0.050       | 0.050       | 0.050       | 0.050       | 0.050       | 0.050       | 0.050       | 0.050       | 0.050       |
| Combined Direct Rate    | 0.724  | 0.746       | 0.746       | 0.716       | 0.716       | 0.758       | 0.742       | 0.742       | 0.690       | 0.725       |
| Forest Hill             | 0.065  | 0.065       | 0.050       | 0.050       | 0.050       | 0.050       | 0.050       | 0.050       | 0.050       | 0.050       |
| Combined Direct Rate    | 0.739  | 0.761       | 0.746       | 0.716       | 0.716       | 0.758       | 0.742       | 0.742       | 0.690       | 0.725       |
| Griffith                | 0.055  | 0.055       | 0.055       | 0.055       | 0.055       | 0.055       | 0.055       | 0.055       | 0.045       | 0.045       |
| Combined Direct Rate    | 0.729  | 0.751       | 0.751       | 0.721       | 0.721       | 0.763       | 0.747       | 0.747       | 0.685       | 0.720       |
| Gumtree                 | 0.085  | 0.085       | 0.085       | 0.085       | 0.085       | 0.085       | 0.085       | 0.070       | 0.070       | 0.070       |
| Combined Direct Rate    | 0.759  | 0.781       | 0.781       | 0.751       | 0.751       | 0.793       | 0.777       | 0.762       | 0.710       | 0.745       |
| Hornetown               | 0.100  | 0.100       | 0.100       | 0.100       | 0.100       | 0.100       | 0.100       | 0.100       | 0.070       | 0.070       |
| Combined Direct Rate    | 0.774  | 0.796       | 0.796       | 0.766       | 0.766       | 0.808       | 0.792       | 0.792       | 0.710       | 0.745       |

**DIRECT AND OVERLAPPING PROPERTY TAX RATES**

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

|                                 | Tax Rates per \$100 Valuation, Year Ended June 30, |              |              |              |              |              |              |              |              |              |
|---------------------------------|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                 | <u>2010</u>  | <u>2009</u>  | <u>2008</u>  | <u>2007</u>  | <u>2006</u>  | <u>2005</u>  | <u>2004</u>  | <u>2003</u>  | <u>2002</u>  | <u>2001</u>  |
| Fire Tax Districts (cont.): (2) |  |              |              |              |              |              |              |              |              |              |
| King                            | \$ 0.055   | 0.055        | 0.055        | \$ 0.055     | \$ 0.055     | \$ 0.055     | \$ 0.045     | \$ 0.045     | \$ 0.040     | \$ 0.038     |
| Combined Direct Rate            | <b>0.729</b>                                       | <b>0.751</b> | <b>0.751</b> | <b>0.721</b> | <b>0.721</b> | <b>0.763</b> | <b>0.737</b> | <b>0.737</b> | <b>0.680</b> | <b>0.713</b> |
| Lewisville                      | <b>0.060</b>                                       | 0.060        | 0.060        | 0.060        | 0.050        | 0.050        | 0.050        | 0.050        | 0.050        | 0.050        |
| Combined Direct Rate            | <b>0.734</b>                                       | <b>0.756</b> | <b>0.756</b> | <b>0.726</b> | <b>0.716</b> | <b>0.758</b> | <b>0.742</b> | <b>0.742</b> | <b>0.690</b> | <b>0.725</b> |
| Mineral Springs                 | <b>0.065</b>                                       | 0.065        | 0.050        | 0.050        | 0.040        | 0.040        | 0.040        | 0.040        | 0.040        | 0.040        |
| Combined Direct Rate            | <b>0.739</b>                                       | <b>0.761</b> | <b>0.746</b> | <b>0.716</b> | <b>0.706</b> | <b>0.748</b> | <b>0.732</b> | <b>0.732</b> | <b>0.680</b> | <b>0.715</b> |
| Mineral Springs Service         | <b>0.065</b>                                       | 0.065        | 0.050        | 0.050        | 0.040        | 0.040        | -            | -            | -            | -            |
| Combined Direct Rate            | <b>0.739</b>                                       | <b>0.761</b> | <b>0.746</b> | <b>0.716</b> | <b>0.706</b> | 0.748        | -            | -            | -            | -            |
| Mount Tabor                     | <b>0.075</b>                                       | 0.075        | 0.075        | 0.075        | 0.065        | 0.065        | 0.065        | 0.065        | 0.065        | 0.065        |
| Combined Direct Rate            | <b>0.749</b>                                       | <b>0.771</b> | <b>0.771</b> | <b>0.741</b> | <b>0.731</b> | <b>0.773</b> | <b>0.757</b> | <b>0.757</b> | <b>0.705</b> | <b>0.740</b> |
| Old Richmond                    | <b>0.070</b>                                       | 0.070        | 0.060        | 0.060        | 0.060        | 0.060        | 0.060        | 0.060        | 0.060        | 0.040        |
| Combined Direct Rate            | <b>0.744</b>                                       | <b>0.766</b> | <b>0.756</b> | <b>0.726</b> | <b>0.726</b> | <b>0.768</b> | <b>0.752</b> | <b>0.752</b> | <b>0.700</b> | <b>0.715</b> |
| Piney Grove                     | <b>0.090</b>                                       | 0.090        | 0.090        | 0.080        | 0.080        | 0.080        | 0.075        | 0.070        | 0.070        | 0.070        |
| Combined Direct Rate            | <b>0.764</b>                                       | <b>0.786</b> | <b>0.786</b> | <b>0.746</b> | <b>0.746</b> | <b>0.788</b> | <b>0.767</b> | <b>0.762</b> | <b>0.710</b> | <b>0.745</b> |
| Salem Chapel                    | <b>0.060</b>                                       | 0.060        | 0.060        | 0.060        | 0.060        | 0.060        | 0.060        | 0.060        | 0.060        | 0.060        |
| Combined Direct Rate            | <b>0.734</b>                                       | <b>0.756</b> | <b>0.756</b> | <b>0.726</b> | <b>0.726</b> | <b>0.768</b> | <b>0.752</b> | <b>0.752</b> | <b>0.700</b> | <b>0.735</b> |
| South Fork                      | <b>0.050</b>                                       | 0.050        | 0.050        | 0.050        | 0.050        | 0.050        | 0.050        | 0.050        | 0.050        | 0.050        |
| Combined Direct Rate            | <b>0.724</b>                                       | <b>0.746</b> | <b>0.746</b> | <b>0.716</b> | <b>0.716</b> | <b>0.758</b> | <b>0.742</b> | <b>0.742</b> | <b>0.690</b> | <b>0.725</b> |
| Suburban (Rural Hall)           | <b>0.065</b>                                       | 0.065        | 0.055        | 0.055        | 0.055        | 0.055        | 0.035        | 0.035        | 0.035        | 0.035        |
| Combined Direct Rate            | <b>0.739</b>                                       | <b>0.761</b> | <b>0.751</b> | <b>0.721</b> | <b>0.721</b> | <b>0.763</b> | <b>0.727</b> | <b>0.727</b> | <b>0.675</b> | <b>0.710</b> |
| Talley's Crossing               | <b>0.080</b>                                       | 0.080        | 0.080        | 0.080        | 0.080        | 0.080        | 0.065        | 0.065        | 0.065        | 0.065        |
| Combined Direct Rate            | <b>0.754</b>                                       | <b>0.776</b> | <b>0.776</b> | <b>0.746</b> | <b>0.746</b> | <b>0.788</b> | <b>0.757</b> | <b>0.757</b> | <b>0.705</b> | <b>0.740</b> |
| Triangle                        | <b>0.080</b>                                       | 0.080        | 0.070        | 0.070        | 0.050        | 0.035        | 0.035        | 0.035        | 0.035        | 0.035        |
| Combined Direct Rate            | <b>0.754</b>                                       | <b>0.776</b> | <b>0.766</b> | <b>0.736</b> | <b>0.716</b> | <b>0.743</b> | <b>0.727</b> | <b>0.727</b> | <b>0.675</b> | <b>0.710</b> |
| Union Cross                     | <b>0.080</b>                                       | 0.080        | 0.070        | 0.070        | 0.070        | 0.070        | 0.070        | 0.070        | 0.070        | 0.070        |
| Combined Direct Rate            | <b>0.754</b>                                       | <b>0.776</b> | <b>0.766</b> | <b>0.736</b> | <b>0.736</b> | <b>0.778</b> | <b>0.762</b> | <b>0.762</b> | <b>0.710</b> | <b>0.745</b> |
| Vienna                          | <b>0.075</b>                                       | 0.075        | 0.075        | 0.075        | 0.065        | 0.065        | 0.065        | 0.065        | 0.065        | 0.065        |
| Combined Direct Rate            | <b>0.749</b>                                       | <b>0.771</b> | <b>0.771</b> | <b>0.741</b> | <b>0.731</b> | <b>0.773</b> | <b>0.757</b> | <b>0.757</b> | <b>0.705</b> | <b>0.740</b> |
| Walkertown (Northeast)          | <b>0.080</b>                                       | 0.080        | 0.070        | 0.070        | 0.060        | 0.060        | 0.060        | 0.060        | 0.060        | 0.060        |
| Combined Direct Rate            | <b>0.754</b>                                       | <b>0.776</b> | <b>0.766</b> | <b>0.736</b> | <b>0.726</b> | <b>0.768</b> | <b>0.752</b> | <b>0.752</b> | <b>0.700</b> | <b>0.735</b> |
| West Bend                       | <b>0.050</b>                                       | 0.050        | 0.050        | 0.050        | 0.050        | 0.050        | 0.050        | 0.050        | 0.050        | 0.050        |
| Combined Direct Rate            | <b>0.724</b>                                       | <b>0.746</b> | <b>0.746</b> | <b>0.716</b> | <b>0.716</b> | <b>0.758</b> | <b>0.742</b> | <b>0.742</b> | <b>0.690</b> | <b>0.725</b> |

- Notes: (1) Municipalities set their own direct rate. This rate, combined with the County Rate and any applicable Fire Tax District Rate, is the total Overlapping Tax Rate.  
(2) The Forsyth County Board of Commissioners sets each Fire Tax District Rate.

**PRINCIPAL PROPERTY TAX PAYERS**

FORSYTH COUNTY, NORTH CAROLINA

Current Year and Nine Years Ago

Schedule 7

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| <u>Taxpayer</u>                 | <u>Type of Business</u>                      | <u>2010 Assessed Valuation</u> | <u>Rank</u> | <u>Percentage of Total Assessed Valuation</u> | <u>2001 Assessed Valuation</u> | <u>Rank</u> | <u>Percentage of Total Assessed Valuation</u> |
|---------------------------------|--|--------------------------------|-------------|---|--------------------------------|-------------|---|
| R. J. Reynolds Industries, Inc. | Tobacco, Foods, Petroleum and Transportation | \$ 981,275,670                 | 1           | 2.90%   | \$ 1,012,233,363               | 1           | 4.80%   |
| Wachovia Bank & Trust           | Banking                                      | 351,180,720                    | 2           | 1.04%   | 298,878,223                    | 2           | 1.42%   |
| Duke Energy Corporation         | Electric Utility                             | 300,512,900                    | 3           | 0.89%   | 214,065,574                    | 3           | 1.01%   |
| JG Winston-Salem                | Real Estate Management                       | 203,206,800                    | 4           | 0.60%   | -                              | -           | -   |
| Hanesbrands Inc.                | Textiles                                     | 160,611,130                    | 5           | 0.47%   | -                              | -           | -   |
| Lowe's Home Center              | Retail                                       | 157,405,930                    | 6           | 0.46%   | -                              | -           | -   |
| Wake Forest University          | Education / Health Care                      | 156,606,310                    | 7           | 0.46%   | 54,720,076                     | 10          | 0.26%   |
| Highwoods/Forsyth Partners      | Real Estate Management                       | 130,069,100                    | 8           | 0.38%   | 170,995,482                    | 4           | 0.81%   |
| Dell Inc.                       | Computer Manufacturer                        | 124,645,000                    | 9           | 0.37%   | -                              | -           | -   |
| BellSouth Corporation           | Communications Utility                       | 113,562,030                    | 10          | 0.34%   | 145,156,232                    | 5           | 0.69%   |
| Winston-Salem Joint Ventures    | Real Estate Management                       | -                              | -           | -   | 140,000,000                    | 6           | 0.66%   |
| Sara Lee Corporation            | Food and Textiles                            | -                              | -           | -   | 123,636,392                    | 7           | 0.59%   |
| Piedmont Natural Gas            | Utility                                      | -                              | -           | -   | 77,817,857                     | 8           | 0.37%   |
| CPC International, Inc.         | Food Processing                              | -                              | -           | -   | 64,903,020                     | 9           | 0.31%   |
|                                 |  | <u>\$ 2,679,075,590</u>        |             | <u>7.91%</u>                                  | <u>\$ 2,302,406,219</u>        |             | <u>10.92%</u>                                 |

Note: Hanesbrands Inc includes property previously reported under Sara Lee Corporation.

JG Winston-Salem includes property previously reported under Winston-Salem Joint Ventures.

Dell Inc. has indicated it will close its manufacturing center located in Forsyth County in November of 2010.

**PROPERTY TAX LEVIES AND COLLECTIONS**

**Schedule 8**

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

| Fiscal Year<br>Ended<br><u>June 30</u> | Total Tax<br>Levy for<br><u>Fiscal Year</u> | Collected within the           |                | Collections in<br>Subsequent<br><u>Years</u> | <u>Total Collections to Date</u> |                |
|--|---|--------------------------------|----------------|--|----------------------------------|----------------|
|  |   | <u>Fiscal Year of the Levy</u> | Percentage     |  | <u>Amount</u>                    | Percentage     |
|  |   | <u>Amount</u>                  | <u>of Levy</u> |  | <u>Amount</u>                    | <u>of Levy</u> |
| 2001                                   | \$ 142,338,005                              | \$ 139,483,266                 | 97.99%         | \$ 2,350,561                                 | \$ 141,833,827                   | 99.65%         |
| 2002                                   | 154,336,281                                 | 151,228,987                    | 97.99%         | 2,508,962                                    | 153,737,949                      | 99.61%         |
| 2003                                   | 169,219,186                                 | 165,481,873                    | 97.79%         | 3,077,469                                    | 168,559,342                      | 99.61%         |
| 2004                                   | 172,272,301                                 | 169,019,917                    | 98.11%         | 2,657,832                                    | 171,677,749                      | 99.65%         |
| 2005                                   | 179,925,473                                 | 176,332,367                    | 98.00%         | 2,836,653                                    | 179,169,020                      | 99.58%         |
| 2006                                   | 189,902,610                                 | 186,602,383                    | 98.26%         | 2,657,460                                    | 189,259,843                      | 99.66%         |
| 2007                                   | 197,416,909                                 | 193,927,020                    | 98.23%         | 2,691,774                                    | 196,618,794                      | 99.60%         |
| 2008                                   | 213,402,003                                 | 209,512,061                    | 98.18%         | 2,837,058                                    | 212,349,119                      | 99.51%         |
| 2009                                   | 219,385,625                                 | 213,993,232                    | 97.54%         | 3,009,119                                    | 217,002,351                      | 98.91%         |
| 2010                                   | 229,188,797                                 | 224,184,021                    | 97.82%         | -  | 224,184,021                      | 97.82%         |

**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**FORSYTH COUNTY, NORTH CAROLINA**  
 Last Ten Fiscal Years

Schedule 9

| Fiscal<br>Year | General<br>Obligation<br>Bonds | Bonded Debt as a   |  |
|----------------|--------------------------------|--|--|
|                |                                | Percentage of<br>Actual Taxable<br>Value of<br>Property <sup>a</sup> | Total<br>Bonded<br>Debt Per<br>Capita <sup>b</sup> |
| 2001           | \$ 173,820,000                 | 0.82%  | \$ 566.31  |
| 2002           | 219,515,000                    | 0.91%  | 706.67   |
| 2003           | 206,615,000                    | 0.84%  | 658.21   |
| 2004           | 279,050,000                    | 1.12%  | 881.34   |
| 2005           | 261,620,000                    | 1.03%  | 818.66   |
| 2006           | 276,360,000                    | 0.97%  | 850.67   |
| 2007           | 332,090,000                    | 1.12%  | 1,003.13   |
| 2008           | 313,620,000                    | 1.02%  | 928.94   |
| 2009           | 420,955,000                    | 1.34%  | 1,224.76   |
| 2010           | 396,345,000                    | 1.17%  | 1,114.66   |

| Governmental Activities |                                |                                     |                                |  |                                |  |  |
|-------------------------|--------------------------------|-------------------------------------|--------------------------------|--|--------------------------------|--|--|
| Fiscal<br>Year          | General<br>Obligation<br>Bonds | Certificates<br>of<br>Participation | Limited<br>Obligation<br>Bonds | Installment<br>Purchase<br>Obligations | Total<br>Primary<br>Government | Percentage<br>of Personal<br>Income <sup>b</sup> | Total<br>Debt Per<br>Capita <sup>b</sup> |
| 2001                    | \$ 173,820,000                 | \$ 64,070,000                       | \$ -                           | \$ -                                   | \$ 237,890,000                 | 2.50%  | \$ 775.06                                |
| 2002                    | 219,515,000                    | 63,430,000                          | -                              | 500,000                                | 283,445,000                    | 2.86%  | 912.48                                   |
| 2003                    | 206,615,000                    | 84,850,000                          | -                              | 400,000                                | 291,865,000                    | 2.88%  | 929.80                                   |
| 2004                    | 279,050,000                    | 80,935,000                          | -                              | 663,810                                | 360,648,810                    | 3.44%  | 1,139.06                                 |
| 2005                    | 261,620,000                    | 76,855,000                          | -                              | 563,810                                | 339,038,810                    | 3.02%  | 1,060.92                                 |
| 2006                    | 276,360,000                    | 85,525,000                          | -                              | 293,390                                | 362,178,390                    | 3.09%  | 1,114.83                                 |
| 2007                    | 332,090,000                    | 80,620,000                          | -                              | 2,135,393                              | 414,845,393                    | 3.34%  | 1,253.10                                 |
| 2008                    | 313,620,000                    | 75,595,000                          | -                              | 1,705,877                              | 390,920,877                    | 3.01%  | 1,157.90                                 |
| 2009                    | 420,955,000                    | 70,435,000                          | -                              | 2,185,884                              | 493,575,884                    | 3.80%  | 1,436.05                                 |
| 2010                    | 396,345,000                    | 65,120,000                          | 15,000,000                     | 1,582,207                              | 478,047,207                    | 3.61%  | 1,344.43                                 |

**Notes:** 1. Details regarding the County's outstanding debt can be found in the notes to the financial statements.

<sup>a</sup> See Schedule 5 for property value data.

<sup>b</sup> See Schedule 12 for population and personal income data.

**DIRECT AND OVERLAPPING GOVERNMENTAL  
ACTIVITIES DEBT**

Schedule 10

FORSYTH COUNTY, NORTH CAROLINA

As of June 30, 2010

| <u>Governmental Unit</u>                 | <u>Debt<br/>Outstanding</u> | <u>Percentage<br/>Applicable to<br/>Forsyth<br/>County<sup>a</sup></u> | <u>Estimated<br/>Share<br/>of Direct and<br/>Overlapping<br/>Debt</u> |
|--|-----------------------------|--|---|
| <b>Debt repaid with property taxes</b>   |                             |  |   |
| City of Winston-Salem                    | \$ 226,837,086              | 100.0%   | \$ 226,837,086  |
| Town of Kernersville                     | 7,915,231                   | 100.0%   | 7,915,231   |
| <b>Other debt</b>                        |                             |  |   |
| City of Winston-Salem                    | 475,049,401                 | 100.0%   | <u>475,049,401</u>  |
| Subtotal, overlapping debt               |                             |  | 709,801,718   |
| <b>County direct debt</b>                |                             |  | <u>478,047,207</u>  |
| <b>Total direct and overlapping debt</b> |                             |  | <u><u>\$ 1,187,848,925</u></u>  |

Sources: Assessed value data used to estimate applicable percentages provided by the Forsyth County Tax Office. Debt outstanding data provided by each governmental unit.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County.

This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Forsyth County. This process recognizes that, when considering the County's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident - and therefore responsible for repaying the debt - of each overlapping government.

<sup>a</sup> For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value which is within the County's boundaries and dividing it by each unit's total taxable assessed value. This approach was also used for the City of Winston-Salem's Other Debt.

# LEGAL DEBT MARGIN INFORMATION

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

(dollars in thousands)

Schedule 11

Legal Debt Margin Calculation for Fiscal Year 2010

|   |                     |
|---|---------------------|
| Assessed Value of Taxable Property                | \$ 33,856,365       |
| Debt Limit - Eight percent (8%) of assessed value | 2,708,509           |
| Debt applicable to limit:                         |                     |
| General obligation bonds                          | 396,345             |
| Certificates of participation                     | 65,120              |
| Installment purchase obligations                  | 1,582               |
| Total debt applicable to legal debt limit         | <u>463,047</u>      |
| Legal debt margin                                 | <u>\$ 2,245,462</u> |

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|  | <u>Fiscal Year</u>  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
|--|---------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|  | <u>2001</u>         | <u>2002</u>      | <u>2003</u>      | <u>2004</u>      | <u>2005</u>      | <u>2006</u>      | <u>2007</u>      | <u>2008</u>      | <u>2009</u>      | <u>2010</u>      |
| Debt Limit   | \$ 1,687,249        | 1,927,568        | 1,960,144        | 1,990,638        | 2,033,292        | 2,276,966        | 2,367,215        | 2,451,563        | 2,510,716        | 2,708,509        |
| Total net debt applicable to limit                                   | 237,890             | 283,445          | 291,865          | 360,649          | 339,039          | 362,178          | 414,845          | 390,921          | 493,576          | 463,047          |
| Legal debt margin  | \$ <u>1,449,359</u> | <u>1,644,123</u> | <u>1,668,279</u> | <u>1,629,989</u> | <u>1,694,254</u> | <u>1,914,788</u> | <u>1,952,370</u> | <u>2,060,642</u> | <u>2,017,140</u> | <u>2,245,462</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 14.1%               | 14.7%            | 14.9%            | 18.1%            | 16.7%            | 15.9%            | 17.5%            | 15.9%            | 19.7%            | 17.1%            |

Note: Under state law, the County's outstanding general obligation debt should not exceed eight percent (8%) of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

# DEMOGRAPHIC AND ECONOMIC STATISTICS

Schedule 12

## FORSYTH COUNTY, NORTH CAROLINA

Last Ten Calendar Years

| Calendar<br>Year <sup>b</sup> | Population <sup>1</sup> | Personal<br>Income<br>(000's) <sup>1</sup> | Per Capita<br>Personal<br>Income <sup>1</sup> | Median<br>Age <sup>1</sup> | Dropout<br>Rates for<br>Grades 9-12 <sup>2</sup> | Public<br>School<br>Enrollment <sup>3</sup> | Private<br>School<br>Enrollment <sup>4, a</sup> | Unemployment<br>Rate <sup>5</sup> |
|-------------------------------|-------------------------|--|---|----------------------------|--|---|---|-----------------------------------|
| 2000                          | 306,932                 | \$ 9,518,933                               | \$ 31,014                                     | 36.1                       | 6.4%   | 44,503                                      | 5,213   | 3.2%                              |
| 2001                          | 310,633                 | 9,906,520                                  | 31,726  | 36.3                       | 5.5%   | 46,351                                      | 5,570   | 4.7%                              |
| 2002                          | 313,902                 | 10,122,618                                 | 31,947  | 36.6                       | 5.8%   | 46,502                                      | 5,755   | 5.7%                              |
| 2003                          | 316,620                 | 10,468,786                                 | 32,672  | 36.8                       | 5.3%   | 47,478                                      | 5,885   | 5.6%                              |
| 2004                          | 319,572                 | 11,236,528                                 | 34,558  | 37.0                       | 5.2%   | 48,155                                      | 5,467   | 5.0%                              |
| 2005                          | 324,874                 | 11,707,073                                 | 35,313  | 37.2                       | 5.0%   | 49,599                                      | 5,454   | 4.7%                              |
| 2006                          | 331,054                 | 12,435,566                                 | 36,576  | 37.4                       | 5.7%   | 50,305                                      | 5,455   | 4.3%                              |
| 2007                          | 337,612                 | 12,979,389                                 | 37,301  | 37.6                       | 6.4%   | 50,974                                      | 5,441   | 4.4%                              |
| 2008                          | 343,704                 | 13,238,790                                 | 37,278  | 37.8                       | 5.5%   | 51,422                                      | 5,480   | 5.8%                              |
| 2009                          | 355,575                 | n/a  | n/a   | 36.7                       | 4.8%   | 51,501                                      | 5,197   | 9.7%                              |

Sources: <sup>1</sup> Office of State Budget and Management

<sup>2</sup> North Carolina Department of Public Instruction

<sup>3</sup> Winston-Salem/Forsyth County School System

<sup>4</sup> State of North Carolina Division of Non-Public Education

<sup>5</sup> The Employment Security Commission of North Carolina

Notes:

<sup>a</sup> Private School Enrollment does not include special schools or home schools

<sup>b</sup> Calendar Year 2009 is the most recent data available.



**PRINCIPAL EMPLOYERS**

**Schedule 13**

FORSYTH COUNTY, NORTH CAROLINA  
Current Year and Nine Years Ago

| <u>Employer</u>   | <u>2010<sup>1</sup></u>    |             |  | <u>2001</u>                |             |  |
|---|----------------------------|-------------|--|----------------------------|-------------|--|
|   | <u>Number of Employees</u> | <u>Rank</u> | <u>Percentage of Total County Employment</u> | <u>Number of Employees</u> | <u>Rank</u> | <u>Percentage of Total County Employment</u> |
| Wake Forest University Baptist Medical Center <sup>a</sup>  | 13,000                     | 1           | 8.3%   | 10,115                     | 1           | 6.6%   |
| Novant Health and Affiliates                                | 8,100                      | 2           | 5.2%   | 5,950                      | 3           | 3.9%   |
| Winston-Salem/Forsyth County School System                  | 6,692                      | 3           | 4.3%   | 4,700                      | 6           | 3.1%   |
| Reynolds American <sup>c</sup>                              | 3,000                      | 4           | 1.9%   | 5,930                      | 4           | 3.9%   |
| HanesBrands, Inc. <sup>b</sup>                              | 2,800                      | 5           | 1.8%   | 6,000                      | 2           | 3.9%   |
| Wachovia Bank, N.A., a division of Wells Fargo <sup>d</sup> | 2,800                      | 5           | 1.8%   | 5,333                      | 5           | 3.5%   |
| City of Winston-Salem                                       | 2,660                      | 7           | 1.7%   | 2,416                      | 8           | 1.6%   |
| Wake Forest University                                      | 2,596                      | 8           | 1.7%   | N/A                        |             | -  |
| Forsyth County  | 2,160                      | 9           | 1.4%   | 1,859                      | 10          | 1.2%   |
| BB&T Corporation  | 2,000                      | 10          | 1.3%   | N/A                        |             | -  |
| US Airways  | N/A                        |             | -  | 2,180                      | 9           | 1.4%   |
| Budd Services, Inc.   | N/A                        |             | -  | 2,800                      | 7           | 1.8%   |
| <b>Total</b>  | <b>45,808</b>              |             | <b>26.5%</b>                                 | <b>42,303</b>              |             | <b>26.4%</b>                                 |

<sup>1</sup> estimates as of June 2010

<sup>a</sup> formerly North Carolina Baptist Hospitals, Inc.

<sup>b</sup> formerly Sara Lee Personal Products

<sup>c</sup> formerly R.J. Reynolds Tobacco Company

<sup>d</sup> formerly Wachovia Corporation

Sources: Number of employees provided by the Greater Winston-Salem Chamber of Commerce, as reported by individual companies and institutions. County civilian labor force information used to calculate percentage of total employment provided by the North Carolina Employment Security Commission.

**FULL-TIME-EQUIVALENT COUNTY GOVERNMENT  
EMPLOYEES BY FUNCTION/PROGRAM**

**Schedule 14**

FORSYTH COUNTY, NORTH CAROLINA

Last Nine Fiscal Years <sup>a</sup>

| <u>Function</u>                       | <u>Full-time Equivalent Employees as of June 30,</u> |              |              |              |              |              |              |              |              |
|---------------------------------------|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                       | <u>2002</u>  | <u>2003</u>  | <u>2004</u>  | <u>2005</u>  | <u>2006</u>  | <u>2007</u>  | <u>2008</u>  | <u>2009</u>  | <u>2010</u>  |
| General government                    | 364  | 363          | 372          | 365          | 376          | 366          | 370          | 368          | 361          |
| Public safety                         | 655  | 658          | 685          | 703          | 782          | 765          | 786          | 792          | 803          |
| Human services                        | 596  | 583          | 594          | 585          | 636          | 626          | 633          | 660          | 654          |
| Environmental protection              | 27   | 27           | 27           | 25           | 25           | 24           | 23           | 22           | 22           |
| Community and<br>economic development | 4  | 4            | 4            | 5            | 5            | 5            | 5            | 5            | 5            |
| Education                             | 17   | 18           | 17           | 15           | 17           | 18           | 19           | 16           | 14           |
| Culture and recreation                | 224  | 224          | 219          | 211          | 227          | 225          | 219          | 216          | 200          |
| <b>Total</b>                          | <b>1,887</b>   | <b>1,877</b> | <b>1,918</b> | <b>1,909</b> | <b>2,068</b> | <b>2,029</b> | <b>2,055</b> | <b>2,079</b> | <b>2,059</b> |

<sup>a</sup> Data for 2001 is not available.

Source: Forsyth County Finance Department

Notes: The County has full-time employees scheduled to work 40-hour (2,080 hours per year), 42-hour (2,184 hour per year), 42.75-hour (2,223 hours per year) or 56-hour (2,912 hours per year) work weeks. Full-time-equivalent employment is calculated by dividing total labor hours employed by the standard scheduled hours.

# OPERATING INDICATORS BY FUNCTION

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

Schedule 15

Page 1 of 2

| Function  | 2000      | 2001      | 2002      | 2003      | 2004      | 2005      | 2006      | 2007      | 2008      | 2009      |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>General government</b>                       |           |           |           |           |           |           |           |           |           |           |
| General services                                |           |           |           |           |           |           |           |           |           |           |
| Number of facilities                            | 65        | 65        | 65        | 65        | 66        | 67        | 68        | 68        | 70        | 70        |
| Square footage - active                         | 2,480,000 | 2,510,000 | 2,510,000 | 2,510,000 | 2,877,698 | 2,898,258 | 2,917,181 | 2,881,478 | 2,917,478 | 2,917,478 |
| Assigned fleet vehicles                         | 508       | 538       | 588       | 570       | 574       | 584       | 589       | 597       | 597       | 597       |
| Register of deeds                               |           |           |           |           |           |           |           |           |           |           |
| Deeds recorded                                  | 13,917    | 13,587    | 13,884    | 14,873    | 16,414    | 17,594    | 17,737    | 16,572    | 13,932    | 10,346    |
| Real estate copies                              | 308,187   | 338,669   | 378,884   | 446,530   | 233,882   | 40,984    | 39,427    | 30,056    | 29,105    | 26,445    |
| Birth certificates                              | 5,725     | 5,330     | 5,008     | 5,722     | 7,959     | 8,247     | 8,538     | 8,216     | 9,325     | 8,526     |
| Marriage certificates                           | 2,436     | 2,306     | 2,222     | 2,142     | 2,027     | 2,193     | 2,233     | 2,113     | 2,097     | 2,039     |
| Vital records copies                            | 60,114    | 59,730    | 54,921    | 47,927    | 52,527    | 55,787    | 55,967    | 60,673    | 59,036    | 56,729    |
| Tax administration                              |           |           |           |           |           |           |           |           |           |           |
| Audits  | 292       | 323       | 327       | 328       | 334       | 335       | 343       | 351       | 350       | N/A       |
| Current year levy collection percentage         | 98.28%    | 97.99%    | 97.99%    | 97.79%    | 98.11%    | 98.00%    | 98.26%    | 98.93%    | 98.96%    | 98.27%    |
| <b>Public safety</b>                            |           |           |           |           |           |           |           |           |           |           |
| Animal control                                  |           |           |           |           |           |           |           |           |           |           |
| Animals sheltered                               | 8,045     | 7,770     | 7,497     | 7,773     | 7,862     | 7,403     | 8,471     | 8,086     | 8,079     | 8,833     |
| Animals adopted                                 | 432       | 348       | 430       | 542       | 1,024     | 1,024     | 1,386     | 1,326     | 1,349     | 1,474     |
| Emergency management                            |           |           |           |           |           |           |           |           |           |           |
| Responders receiving specialized training       | 92        | 110       | 175       | 475       | 475       | 620       | 612       | 101       | 448       | 477       |
| Emergency medical services                      |           |           |           |           |           |           |           |           |           |           |
| Emergency dispatches                            | 17,560    | 19,558    | 18,971    | 20,146    | 22,052    | 23,096    | 23,724    | 23,533    | 25,809    | 25,238    |
| Non-emergency dispatches                        | 10,037    | 9,626     | 9,608     | 8,062     | 8,894     | 9,378     | 8,254     | 12,480    | 10,258    | 8,561     |
| Fire  |           |           |           |           |           |           |           |           |           |           |
| Fire alarms (total dispatches)                  | 3,723     | 4,309     | 4,294     | 3,975     | 3,751     | 3,953     | 4,140     | 4,330     | 4,164     | 3,787     |
| Volunteer rescue squad response                 | 16,004    | 17,739    | 18,688    | 20,227    | 20,194    | 21,331    | 22,445    | 23,719    | 24,238    | 24,307    |
| 911 calls received                              | 57,367    | 75,036    | 79,458    | 78,250    | 75,205    | 77,414    | N/A       | N/A       | N/A       | 83,669    |
| Telephone calls processed                       | N/A       | N/A       | N/A       | N/A       | N/A       | N/A       | 179,324   | 172,928   | 205,592   | 178,366   |
| Sheriff   |           |           |           |           |           |           |           |           |           |           |
| Patrol service calls                            | 39,463    | 42,000    | 34,000    | 51,067    | 56,427    | 27,390    | 38,011    | 27,837    | 41,720    | 44,219    |
| Detention - avg. daily inmate population        | 728       | 760       | 788       | 815       | 850       | 847       | 869       | 897       | 881       | 869       |
| Detention - avg. length of stay (in days)       | N/A       | N/A       | 24        | 24        | 25        | 23        | 26        | 26        | 26        | 25        |
| Court - inmates / defendants processed          | N/A       | N/A       | 12,638    | 1,790     | 10,196    | 11,721    | 21,646    | 14,135    | 22,144    | 21,644    |
| Youth services                                  |           |           |           |           |           |           |           |           |           |           |
| Youth receiving drug assessments                | 95        | 88        | 85        | 116       | 82        | 82        | 107       | 74        | 81        | 79        |
| Youth receiving individual counseling           | 163       | 149       | 154       | 52        | 113       | 113       | 101       | 133       | 140       | 175       |
| Avg daily population: in-county / out-of-county | 15.3/.3   | 15.4/.30  | 14.25/.16 | 11.71/.08 | 7.33/.12  | 7.33/.12  | 13/.26    | 12.7/0.4  | 12.7/0.4  | 12/1      |

# OPERATING INDICATORS BY FUNCTION

## FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

| <u>Function</u>                               | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Human services</b>                         |             |             |             |             |             |             |             |             |             |             |
| Public health                                 |             |             |             |             |             |             |             |             |             |             |
| Wait time on improvement permits              | 4.5 weeks   | 3.5 weeks   | 3.5 weeks   | 6 weeks     | 6 weeks     | 3 weeks     | 3 weeks     | 20 days     | 3 weeks     | 1.5 weeks   |
| Children Immunized by 23 months of age        | 44%         | 41%         | 60%         | 64%         | 71%         | 91%         | 91%         | 83%         | 82%         | 82%         |
| Social services                               |             |             |             |             |             |             |             |             |             |             |
| Average number of public assistance cases     | 2,273       | 2,340       | 2,300       | 2,214       | 1,950       | 1,950       | 1,562       | 1,250       | 1,214       | 1,202       |
| Children in foster care returned to homes     | 33%         | 33%         | 30%         | 32%         | 36%         | 36%         | 47%         | 30%         | 57%         | 62%         |
| <b>Environmental protection</b>               |             |             |             |             |             |             |             |             |             |             |
| Environmental affairs                         |             |             |             |             |             |             |             |             |             |             |
| Permits processed within prescribed timeframe | 100%        | 95%         | 100%        | 100%        | 100%        | 100%        | 99%         | 99%         | 99%         | 100%        |
| Correct air quality forecasting               | 72%         | 75%         | 78%         | 78%         | 78%         | 75%         | 80%         | 80%         | 90%         | 89%         |
| <b>Economic development</b>                   |             |             |             |             |             |             |             |             |             |             |
| Housing                                       |             |             |             |             |             |             |             |             |             |             |
| Homes rehabilitated                           | 21          | 22          | 18          | 18          | 22          | 20          | 19          | 12          | 21          | 21          |
| First time home buyers & IDA                  | 10          | 10          | 17          | 31          | 64          | 126         | 96          | 76          | 48          | 44          |
| <b>Culture and recreation</b>                 |             |             |             |             |             |             |             |             |             |             |
| NC cooperative extension service              |             |             |             |             |             |             |             |             |             |             |
| Educational meetings conducted                | 55,320      | 2,529       | 1,872       | 1,872       | 2,057       | 1,743       | 1,460       | 2,645       | 1,778       | 2,539       |
| Total client education/services               | 42,504      | 84,667      | 73,676      | 72,665      | 69,898      | 63,381      | 57,172      | 51,281      | 53,475      | 62,827      |
| Library                                       |             |             |             |             |             |             |             |             |             |             |
| Number of libraries                           | 11          | 11          | 10          | 10          | 10          | 10          | 10          | 10          | 10          | 10          |
| Program Attendance                            | 73,627      | 139,476     | 146,911     | 152,973     | 142,827     | 143,553     | 78,815      | 89,743      | 90,867      | 107,468     |
| Materials Circulated                          | 1,779,898   | 1,761,480   | 1,819,344   | 1,938,191   | 1,811,398   | 1,717,875   | 1,734,473   | 1,806,564   | 1,913,042   | 2,044,856   |
| Recreation and parks                          |             |             |             |             |             |             |             |             |             |             |
| Number of parks                               | 10          | 10          | 11          | 11          | 11          | 11          | 11          | 11          | 11          | 11          |
| Park visitors                                 | 2,029,459   | 2,231,717   | 2,674,331   | 2,504,392   | 2,823,704   | 2,742,368   | 2,267,209   | 2,317,301   | 2,826,255   | 3,188,518   |
| Golf rounds played                            | N/A         | N/A         | 70,584      | 53,380      | 72,461      | 66,000      | 66,190      | 67,400      | 70,720      | 65,449      |
| Festival of lights - visitors                 | N/A         | N/A         | 288,414     | 237,000     | 257,784     | 281,082     | 244,750     | 274,530     | 282,700     | 250,458     |
| <b>Education</b>                              |             |             |             |             |             |             |             |             |             |             |
| Winston-Salem/Forsyth County Schools          |             |             |             |             |             |             |             |             |             |             |
| Number of schools                             | 66          | 67          | 67          | 67          | 68          | 70          | 70          | 72          | 75          | 76          |
| Number of classrooms                          | 2,161       | 2,183       | 2,202       | 2,231       | 2,301       | 2,364       | 2,364       | 2,416       | 2,653       | n/a         |
| Number of teachers                            | 2,703       | 2,756       | 2,812       | 46,502      | 2,914       | 2,968       | 2,968       | 3,020       | 3,293       | 3,585       |
| Forsyth Technical Community College           |             |             |             |             |             |             |             |             |             |             |
| Enrollment                                    | 5,260       | 6,283       | 6,246       | 7,215       | 6,977       | 7,001       | 7,200       | 7,203       | 7,895       | 9,144       |

Source: Forsyth County Budget Office. Fiscal Year 2008 is the most recent data available.

**CAPITAL ASSET STATISTICS BY FUNCTION**

**Schedule 16**

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

| <u>Function</u>                  | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010<sup>1</sup></u> |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------------------|
| <b>General government</b>        |             |             |             |             |             |             |             |             |             |                         |
| General services                 |             |             |             |             |             |             |             |             |             |                         |
| Number of facilities             | 65          | 65          | 65          | 66          | 67          | 68          | 68          | 70          | 70          | 72                      |
| Square footage - active          | 2,510,000   | 2,510,000   | 2,510,000   | 2,877,698   | 2,898,258   | 2,917,181   | 2,881,478   | 2,917,478   | 2,917,478   | 1,864,494               |
| Fleet vehicles <sup>2</sup>      | 538         | 588         | 570         | 574         | 584         | 589         | 595         | 613         | 590         | 620                     |
| <b>Public safety<sup>2</sup></b> |             |             |             |             |             |             |             |             |             |                         |
| Emergency medical services       |             |             |             |             |             |             |             |             |             |                         |
| Assigned vehicles                | 23          | 31          | 30          | 33          | 31          | 30          | 29          | 29          | 30          | 31                      |
| Fire                             |             |             |             |             |             |             |             |             |             |                         |
| Assigned vehicles                | 10          | 9           | 10          | 10          | 14          | 12          | 13          | 13          | 13          | 13                      |
| Sheriff                          |             |             |             |             |             |             |             |             |             |                         |
| Assigned vehicles                | 238         | 255         | 256         | 247         | 249         | 235         | 233         | 255         | 242         | 244                     |

Notes: <sup>1</sup> Square footage is estimated based on general services building records.

<sup>2</sup> Public safety vehicles listed are included in the general services fleet vehicles. Source: fleet vehicle records



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

To the Board of County Commissioners  
Forsyth County, North Carolina

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Forsyth County, North Carolina (the "County") as of and for the year ended June 30, 2010, which collectively comprises the County's basic financial statements and have issued our report thereon dated October 31, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

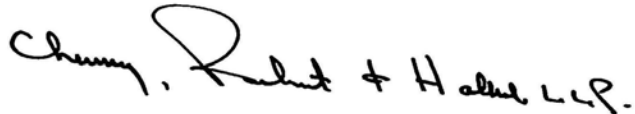
**Compliance and Other Matters**

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

We noted certain matters that we reported to management of the County, in a separate letter dated October 31, 2010.

This report is intended solely for the information and use of the County, management, others within the organization, members of the Board, federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

**CHERRY, BEKAERT & HOLLAND, L.L.P.**

A handwritten signature in black ink that reads "Cherry, Bekaert & Holland L.L.P." in a cursive, flowing script.

Raleigh, North Carolina  
October 31, 2010



**Independent Auditors' Report on Compliance With Requirements  
Applicable to Each Major Federal Program and on Internal Control  
Over Compliance in Accordance With OMB Circular A-133  
and the State Single Audit Implementation Act**

To the Board of County Commissioners  
Forsyth County, North Carolina

**Compliance**

We have audited the compliance of Forsyth County, North Carolina (the "County") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2010. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133, and the State Single Audit Implementation Act and which are described in the accompanying schedule of findings and questioned costs as items 10-1, 10-2, 10-4 and 10-6.



## Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

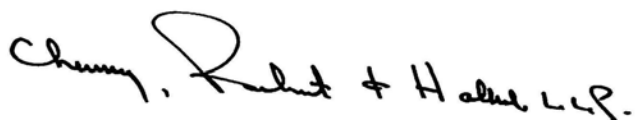
*A deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as 10-3, and 10-5. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged in governance.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the County, management, others within the organization, members of the Board, federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

**CHERRY, BEKAERT & HOLLAND, L.L.P.**

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Raleigh, North Carolina  
October 31, 2010



**Independent Auditors' Report on Compliance With Requirements  
Applicable to Each Major State Program and on Internal Control  
Over Compliance in Accordance With Applicable Sections of OMB Circular A-133  
and the State Single Audit Implementation Act**

To the Board of County Commissioners  
Forsyth County, North Carolina

**Compliance**

We have audited the compliance of Forsyth County, North Carolina (the "County") with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2010. The County's major State programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major State programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act and which are described in the accompanying schedule of findings and questioned costs as items 10-1 and 10-4.

## Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to State programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

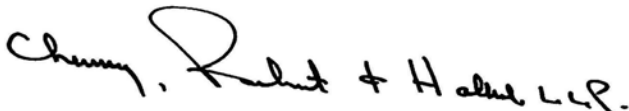
*A deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a State program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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as item 10-5. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and accordingly we express no opinion on the responses.

This report is intended solely for the information and use of the County, management, others within the organization, members of the Board, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

**CHERRY, BEKAERT & HOLLAND, L.L.P.**

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Raleigh, North Carolina  
October 31, 2010

**Forsyth County, North Carolina  
Schedule of Findings and Questioned Costs**

**For The Fiscal Year Ended June 30, 2010**

**Section I – Summary of Auditors’ Results**

**Financial Statements**

Type of auditors’ report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?                    \_\_\_ yes                    X no
  
- Significant Deficiency(ies) identified  
that are not considered to be  
material weaknesses?                    \_\_\_ yes                    X none reported

Noncompliance material to financial  
statements noted?                    \_\_\_ yes                    X no

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified?                    \_\_\_ yes                    X no
  
- Significant Deficiency(ies) identified  
that are not considered to be  
material weaknesses?                    X yes                    \_\_\_ no

Noncompliance material to federal awards noted?   \_\_\_ yes                    X no

Type of auditors’ report issued on compliance for major federal programs: Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with Section 510(a) of  
Circular A-133                    X yes                    \_\_\_ no

**Forsyth County, North Carolina  
Schedule of Findings and Questioned Costs  
For The Fiscal Year Ended June 30, 2010**

Identification of major federal programs:

| <u>CFDA#</u> | <u>Program Name</u>                                     |
|--------------|---|
| 93.778       | Medical Assistance Program                              |
|              | <i>Foster Care and Adoption Cluster</i>                 |
| 93.658       | Title IV-E Foster Care Child Protective Services        |
| 93.658       | Title IV-E Foster Care Administration                   |
| 93.658       | Title IV-E Foster Care                                  |
| 93.658       | ARRA Title IV-E Foster Care                             |
| 93.658       | Title IV-E Maximization                                 |
| 93.658       | State Foster Care/HIV                                   |
| 93.659       | Adoption Assistance                                     |
| 93.659       | ARRA Adoption   |
| 93.659       | Adoption Assistance Direct Benefit Payments             |
| N/A          | Maximization of State Funds                             |
|              | <i>Subsidized Child Care Program</i>                    |
| 93.596       | Child Care and Development Fund Administration          |
| 93.575       | Child Care and Development Fund, Discretionary          |
| 93.596       | Child Care and Development Fund, Mandatory, Match       |
| 93.667       | Social Services Block Grant                             |
| 93.558       | Temporary Assistance for Needy Families                 |
| 93.713       | ARRA- CCDF Discretionary                                |
| N/A          | Smart Start   |
| N/A          | State Appropriations                                    |
| N/A          | TANF/MOE  |
|              | <i>Food and Nutrition Cluster</i>                       |
| 10.561       | Food Stamp Administration                               |
| 10.561       | ARRA FNS Recovery Limited Time Positions                |
| 10.561       | Food Stamp Incentives                                   |
| 10.561       | Food Stamp Employment and Training                      |
|              | <i>Child Support Enforcement Administration Program</i> |
| 93.563       | Child Support Enforcement Administration                |
| 93.563       | Child Support Incentive                                 |
| 93.563       | Child Support Reimbursement                             |
| 93.563       | Child Support Enforcement Fees                          |
| 93.563       | TANF IV-D Collections                                   |
| 93.563       | ARRA CSE Incentive Recovery                             |
| 10.557       | Special Supplemental Nutrition Program – WIC            |
| 16.804       | ARRA 2009 Justice Assistance Grant Program              |

**Forsyth County, North Carolina  
Schedule of Findings and Questioned Costs**

**For The Fiscal Year Ended June 30, 2010**

Federal programs that did not meet the criteria for a major program using the criteria discussed in OMB Circular No. A-133 Section .520 but were tested as a major program because the State awards met the threshold for a major State program or were required to be tested as major by the State are included in the list of major federal programs.

Dollar threshold used to distinguish  
between Type A and Type B Programs \$ 3,000,000

Auditee qualified as low-risk auditee  X  yes   no

**State Awards**

Internal control over major State programs:

- Material weakness(es) identified?   yes  X  no
- Significant Deficiency(ies) identified that are not considered to be material weaknesses?  X  yes   none reported

Noncompliance material to federal awards noted?   yes  X  no

Type of auditors' report issued on compliance of major State programs: Unqualified

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

Identification of major State programs:

Other major State programs for Forsyth County are Medical Assistance, Foster Care and Adoption and Subsidized Child Care, which are State matches on Federal programs. Therefore, these programs have been included in the list of major federal programs above.

**Section II – Financial Statement Findings**

None reported.

**Forsyth County, North Carolina  
Schedule of Findings and Questioned Costs**

**For The Fiscal Year Ended June 30, 2010**

**Section III – Federal Awards Findings and Questioned Costs**

**U.S. Department of Health and Human Services  
Passed-through the N.C. Department of Health and Human Services  
Division of Social Services  
Program Name: Foster Care and Adoption Cluster  
CFDA #: 93.568 CL**

**Finding 10-01**

NON MATERIAL NONCOMPLIANCE - Eligibility

Criteria: As specified in the Family Services manual, the case files must have documentation of regular reviews to include a written Out of Home Family Services Agreement (DSS 5240) or Family Services Agreement Review (DSS 5241) depending on the type of placement. Either form must be updated every 6 months for in home and after 3 months for Out of Home the first time and every 6 months after that. The agreement is properly signed by at minimum the case manager.

Condition: We noted two instances in which the case file did not contain evidence of a subsequent review being performed that was applicable to the period being audited.

Questioned costs (include how it was determined): None  
The missing documentation did not affect the eligibility of the foster care child.

Context: CBH sampled 40 case files and reviewed for the Family Services Agreement and Out of Home Services Agreement. The follow up reviews applicable to the period being audited were not performed or documented properly.

Effect: A Family Services Agreement is implemented for all families when the child is placed in the custody of DSS, whether or not the child is removed from the home. This agreement is used to define the primary permanency plan, to identify the family's strengths and needs, to set objectives and case activities to assist the family in resolving those issues that place the child at risk, to specify consequences if the plan does or does not succeed, and to establish the alternative permanency plan if the primary plan does not succeed. This Agreement is required by the State and a failure to complete the form may lead to errors or inefficiencies in the handling of the foster care case, including the risk of ineligible recipients receiving benefits.

Cause: We noted one instance in which the permanency planning meeting was held, however, the information from the meeting was not documented in the Family Services Agreement as required. This case was transferred to a caseworker that was unaware that this form was required. We noted one instance in which the current Out of Home Services Agreement was not prepared at all.

**Forsyth County, North Carolina**  
**Schedule of Findings and Questioned Costs**  
**For The Fiscal Year Ended June 30, 2010**

Recommendation: The County should continue to train employees on the proper eligibility and verification procedures to ensure the proper documentation is obtained and supported in the case file.

Views of responsible officials: The necessary process controls have been created and will be instituted immediately.

**U.S. Department of Agriculture**  
**Passed-through the N.C. Dept. of Health and Human Services**  
**Division of Public Health**  
**Program Name: Women, Infants, and Children**  
**CFDA #: 10.557**

**Finding 10-02**

NON MATERIAL NONCOMPLIANCE - Eligibility

Criteria: As specified in the WIC manual, applicants for WIC Program benefits are screened at WIC clinic sites to determine whether they meet the eligibility criteria. Pregnant women are certified for the duration of their pregnancy and for up to six weeks postpartum. Breast-feeding women may be certified for six-month intervals ending with the breast-fed infant's first birthday. Infants are certified at intervals of approximately six months, except that infants under six months of age may be certified for a period extending up to the child's first birthday, provided the quality and accessibility of health care services are not diminished. Children are certified for six-month intervals ending with the month in which the child reaches the fifth birthday. Non-breast-feeding women are certified for up to six months postpartum.

Condition: We noted one instance in which the case file did not contain evidence of a six month assessment being performed that was applicable to the period being audited.

Questioned costs (include how it was determined): None

Client was issued a total of four vouchers during the period under audit. Questioned costs cannot be associated with this finding due to the fact that most vouchers are for goods that the individual client will purchase in the store. The value of the voucher will depend on the contents of the voucher, what the client actually purchases with the voucher, and the costs of the products at the store in which the client redeems the voucher.

Context: CBH sampled 40 case files and reviewed for assessment information identifying proper income, category, and need. The follow up assessment applicable to the period being audited were not performed or documented properly.



**Forsyth County, North Carolina  
Schedule of Findings and Questioned Costs**

**For The Fiscal Year Ended June 30, 2010**

**Effect:** An assessment is performed to assure continuity of care by communicating information among peer counselors and primary care physicians about a participant's nutrition and breastfeeding status. This assessment is required by the State and failure to have a proper assessment documentation may lead to errors or inefficiencies in the handling of the WIC case.

**Cause:** We noted one instance in which the six month assessment was not completed as required.

**Recommendation:** The County should continue to train employees on the proper documentation and verification procedures that should be supported in the case file.

**Views of responsible officials:** This year in particular we had a large number of new employees. For a new employee to really understand and be fully knowledgeable about all the procedures and details of the WIC program it takes about 6 months. Errors during this stage are going to occur no matter what, some we can catch on time, some we cannot. We have 11,777 files to keep up with.

**U.S. Department of Agriculture  
Passed-through the N.C. Dept. of Health and Human Services  
Division of Public Health  
Program Name: Women, Infants, and Children  
CFDA #: 10.557**

**Finding 10-03**

**SIGNIFICANT DEFICIENCY - Eligibility**

**Criteria or specific requirement:** The County should obtain all case files as part of the eligibility determination process.

**Condition:** We noted one instance in which the case file was missing.

**Questioned costs (include how it was determined):** None. Client was determined eligible through review of documentation in the system.

**Context:** CBH sampled 40 case files and one case file was missing and information could not be reviewed.

**Effect:** An assessment is performed for all families when applying for WIC benefits. Case file is used to document proper case records.

**Cause:** We noted one instance in which the case record could not be located.

**Forsyth County, North Carolina  
Schedule of Findings and Questioned Costs**

**For The Fiscal Year Ended June 30, 2010**

Recommendation: The County should establish procedures to ensure that all client records are obtained and retain proper documentation.

Views of responsible officials: The Forsyth County WIC Program does have a procedure when case files are no longer active (as in this case). When WIC clients are no longer eligible for WIC benefits, their information gets filed in a box in alphabetical order. We keep the boxes until money is available for us to send the files to Advance Imaging Systems and convert the information and save it in a CD-Rom. The issue that we encountered was that the information inside the CD-Rom was not readable in our system. It had to be downloaded by our medical records administrator and she was not available to do it, so we could not look for the file in all CD-Roms.

**U.S. Department of Health and Human Services  
Passed-through the N.C. Department of Health and Human Services  
Division of Social Services  
Program Name: Subsidized Child Care Cluster  
CFDA #: 93.575 CL**

**Finding 10-04**

NON-MATERIAL NONCOMPLIANCE – Special Tests and Provisions

Criteria: As specified in the Subsidized Child Care compliance supplement, case files must have documentation of calculation of parent fee every twelve months.

Condition: We noted two instances in which the case file did contain the correct parent fee calculation, but it was incorrectly entered or not entered at all into the system for reimbursement.

Questioned costs (include how it was determined):

Known costs: \$1,746, which represent the overpayment of the parent fee of \$254 over a five month period, between 3/2010 and 7/2010 and the underpayment of the parent fee of \$238 over a two month period, between 4/2010 and 5/2010.

Likely: \$23,086.11, which represents the net amount of the overpayment and underpayment errors noted if extrapolated over the entire population.

|                                       |                 |
|---------------------------------------|-----------------|
| Sample size                           | \$10,057.45     |
| Net Error in sample (254 less 238)    | 16.00           |
| % error                               | .16%            |
| Population: (Total paid to providers) | \$14,511,711.50 |
| Total Likely (%* pop)                 | \$23,086.11     |

Context: CBH sampled 40 case files and reviewed to ensure that the proper parent fee was calculated and charged to the client.

**Forsyth County, North Carolina  
Schedule of Findings and Questioned Costs**

**For The Fiscal Year Ended June 30, 2010**

Effect: The parent fee is to be recalculated and reviewed for correctness as required by the state. If incorrect, this could cause the County's payment to the provider to be incorrect.

Cause: Two instances in which the parent fee was incorrectly entered or not entered at all into the system for reimbursement.

Recommendation: The County should continue to train employees to ensure that the proper information is entered by the reimbursement workers to ensure proper payment to the Providers and proper reimbursement is made to the County.

Views of responsible officials: These were not eligibility nor calculation deficiencies at the Program level. They were keying errors resulting in a \$16.00 data entry error. Automation of this process would eliminate data keying errors in the provider payment process.

**U.S. Department of Health and Human Services  
Passed-through the N.C. Department of Health and Human Services  
Division of Social Services  
Program Name: Subsidized Child Care Cluster  
CFDA #: 93.575 CL**

**Finding 10-05**

SIGNIFICANT DEFICIENCY – Special Tests and Provisions

Criteria: As specified in the Subsidized Child Care compliance supplement, DSS must pay the provider the lower of the provider rate or the state approved rate.

Condition: We noted one instance in which DSS paid the provider rate which was higher than the state approved rate. The rate was properly calculated in the case file, but it was incorrectly entered into the system.

Questioned costs: None

Context: CBH sampled 40 case files and reviewed to ensure that the proper rate was paid by the County.

Effect: The lower of the provider rate and the state approved rate should be paid to the provider. This ensures that the County is paying the provider the proper amount.

Cause: We noted one instance in which the County was paying the incorrect amount. The amount was properly calculated in the case file, but it was incorrectly entered by the reimbursement worker into the system.

**Forsyth County, North Carolina  
Schedule of Findings and Questioned Costs**

**For The Fiscal Year Ended June 30, 2010**

Recommendation: The County should continue to train employees to ensure that the proper information is entered by the reimbursement workers to ensure proper payment by the County.

Views of responsible officials: This was not an eligibility nor a calculation deficiency at the Program level, it was a \$4.00 data keying error. Automation of this process would eliminate data keying errors in the provider payment process.

**U.S. Department of Justice**

**Program Name: ARRA 2009 Justice Assistance Grant Program**

**CFDA #: 16.804**

**Finding 10-06**

NON-MATERIAL NONCOMPLIANCE - Reporting

Criteria: As specified in the JAG grant agreement, the recipient agrees to submit quarterly financial status reports to the Office of Justice Programs (OJP). These reports are to be submitted on-line, no later than 45 days after the end of each calendar quarter. The recipient understands that after October 15, 2009, OJP will require recipients to submit quarterly financial status reports within 30 days after the end of each calendar quarter.

Condition: We noted three instances in which the quarterly financial status reports to OJP were submitted after the required timeframe.

Questioned costs (include how it was determined): None. The finding is an administrative finding that does not result in a questioned cost. All funding is for administrative support only.

Context: CBH sampled all four financial status reports that were submitted during the fiscal year end.

Effect: The OJP considers the reports that are submitted late to be delinquent. This could affect the County's ability to receive additional grant funding in the future if they are not compliant with the agreement.

Cause: Reports were not submitted in a timely manner.

Recommendation: We recommend that the County submit financial status reports within the timeframe allowed by the grant agreement.

Views of responsible officials: Financial status reports fell behind due to scheduling difficulties and competing deadlines of Business Manager.

**Forsyth County, North Carolina  
Schedule of Findings and Questioned Costs**

**For The Fiscal Year Ended June 30, 2010**

**Section IV – State Award Findings and Questioned Costs**

See findings 10-1, 10-4 and 10-5 described in Section III.

**Forsyth County, North Carolina  
Corrective Action Plan**

**For The Fiscal Year Ended June 30, 2010**

**Section II – Financial Statement Findings**

None reported.

**Section III – Federal Awards Findings and Questioned Costs**

**Finding 10-01**

Name of contact person: Pat Read, Business Officer Forsyth County DSS

Corrective Action: The Social Work Supervisor will review case records monthly to ensure proper documentation and completion of all case management activities including Permanency Planning Action Teams, the Family Services Agreement and Out of Home Family Services Agreement.

The Social Work Supervisor will use the In-Home Services Review Checklist to review the case record to ensure case compliance for *regular scheduled reviews* and completion of the *Family Services Agreement* and all other relevant forms and documents.

The Social Work Supervisor will use the Foster Care Review Checklist to review the case record to ensure case compliance for *regular scheduled reviews* and completion of the *Out-of-Home Family Services Agreement* and all other relevant forms and documents.

Proposed Completion Date: Immediately

**Finding 10-02**

Name of contact person: Mayte Grundseth, Program Director

Corrective Action: To make sure that we continue to provide extensive training and proper follow up on all employees.

Proposed Completion Date: Ongoing

**Finding 10-03**

Name of contact person: Mayte Grundseth, Program Director

Corrective Action: The WIC Program will request Advance Imaging Systems to burn all WIC CD-ROMs downloaded so we can have easy access to the data stored in them.

Proposed Completion Date: February 2011 when we send a new set of boxes to Advance Imaging Systems.

**Forsyth County, North Carolina  
Corrective Action Plan**

**Finding 10-04**

Name of contact person: Pat Read, Business Officer Forsyth County DSS

Corrective Action: Procedures are being reviewed and additional training of Daycare Reimbursement staff will take place to ensure greater accuracy.

Proposed Completion Date: Immediately

**Finding 10-05**

Name of contact person: Pat Read, Business Officer Forsyth County DSS

Corrective Action: Procedures are being reviewed and additional training of Daycare Reimbursement staff will take place. Particular attention will be paid to when new providers are engaged and when the annual rates are communicated. All current Subsidized Daycare rates will be reviewed to ensure that the rate paid is the lower of the Provider or the State rate.

Proposed Completion Date: November 10, 2010

**Finding 10-06**

Name of contact person: Karen Taylor, FCSO Business Manager

Corrective Action: Restructure workload between Business Manager, Assistant Business Manager and Administrative Assistant to allow for better workflow regarding grant documentation for completing reports.

Proposed Completion Date: Immediate

**Section IV – State Awards Findings and Questioned Costs**

See corrective action plan for Findings 10-1, 10-4 and 10-5 described above.

**Forsyth County, North Carolina  
Summary of Prior Year Findings**

**For The Fiscal Year Ended June 30, 2010**

**Findings: 09-01**

Status: Corrected

**Findings: 09-02**

Status: Corrected



**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

FORSYTH COUNTY

For the Fiscal Year Ended June 30, 2010

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| Grantor / Pass-through Grantor / Program Title              | Federal<br>CFDA<br>Number                             | Federal/State<br>Pass-Through<br>Grantor's Number | Fed. (Direct &<br>Pass-Through)<br>Expenditures | State<br>Expenditures |                  |
|---|---|---|---|-----------------------|------------------|
| <b>Federal Awards:</b>                                      |   |   |   |                       |                  |
| <u><b>U.S. Dept. of Health and Human Services</b></u>       |   |   |   |                       |                  |
| <u>Administration for Children and Families</u>             |   |   |   |                       |                  |
| Passed-through the N.C. Dept. of Health and Human Services: |   |   |   |                       |                  |
| Division of Social Services:                                |   |   |   |                       |                  |
| Temporary Assistance for Needy Families:                    |   |   |   |                       |                  |
|   | TANF Administration                                   | 93.558  | -   | \$ 275,808            | -                |
|   | TANF Services/Domestic Violence                       | 93.558  | -   | 1,479,754             | -                |
|   | TANF Child Protective Services/Foster Care/Adoption   | 93.558  | -   | 245,981               | 75,400           |
|   | TANF WF Funct Assess                                  | 93.558  | -   | 16,525                | -                |
|   | TANF Incentives                                       | -   | -   | -                     | 5,139            |
|   | Direct Benefit Payments                               | 93.558  | -   | 3,090,781             | (343)            |
| (a)   | Child Support Enforcement Administration              | 93.563  | -   | 2,355,179             | -                |
|   | Child Support Incentive                               | 93.563  | -   | 554,327               | -                |
|   | Child Support Reimbursement                           | 93.563  | -   | 9,433                 | -                |
|   | Child Support Enforcement Fees                        | 93.563  | -   | 22,175                | -                |
|   | TANF IV-D Collections                                 | 93.563  | -   | 128,582               | -                |
|   | ARRA CSE Incentive Recovery                           | 93.563  | -   | 515,832               | -                |
|   | Refugee Assistance Direct Benefits Payment            | 93.566  | -   | 19,484                | -                |
| Low Income Home Energy Assistance:                          |   |   |   |                       |                  |
|   | Low Income Home Energy Assistance Administration      | 93.568  | -   | 232,817               | -                |
|   | Low Income Home Energy Assistance Crisis Intervention | 93.568  | -   | 1,089,542             | -                |
|   | Direct Benefit Payments                               | 93.568  | -   | 1,563,307             | -                |
| Child Welfare Services - State Grants:                      |   |   |   |                       |                  |
|   | Child Welfare Services Permanency Planning            | 93.645  | -   | 77,622                | 28,162           |
|   | Child Welfare Services Permanency Special             | 93.645  | -   | 18,386                | 8,163            |
|   | Child Welfare Services Adoption Assistance            | -   | -   | -                     | 173,105          |
|   | Direct Benefit Payments                               | -   | -   | -                     | 911,351          |
|   | Foster Care Caseworker Visit                          | 93.556  | -   | 7,178                 | -                |
| (a)   | <u>Foster Care and Adoption Cluster: (Note 3)</u>     |   |   |                       |                  |
|   | Title IV-E Foster Care Administration                 | 93.658  | -   | 1,014,402             | -                |
|   | Title IV-E Foster Care                                | 93.658  | -   | 293,087               | 87,545           |
|   | ARRA IV-E Foster Care                                 | 93.658  | -   | 24,084                | -                |
|   | Title IV-E Foster Care Child Protective Services      | 93.658  | -   | 233,880               | 97,538           |
|   | Title IV-E Maximization                               | 93.658  | -   | 257,819               | -                |
|   | Maximization of State Funds                           | -   | -   | -                     | 145,023          |
|   | State Foster Care/HIV                                 | 93.658  | -   | 1,398                 | -                |
|   | Adoption Assistance                                   | 93.659  | -   | 6,712                 | 3,356            |
|   | ARRA Adoption   | 93.659  | -   | 79,285                | -                |
|   | Adoption Assistance - Direct Benefit Payments         | 93.659  | -   | 1,836,610             | 373,438          |
|   | Total Foster Care and Adoption Cluster (Note 3)       |   |   | <u>3,747,277</u>      | <u>706,900</u>   |
| Social Services Block Grant:                                |   |   |   |                       |                  |
|   | Social Services Block Grant Administration            | 93.667  | -   | 1,031,589             | 85,616           |
|   | Social Services Block Grant In Home Services          | 93.667  | -   | 282,575               | -                |
|   | Social Services Block Grant Adult Day Care            | 93.667  | -   | 71,576                | 71,161           |
|   | Chafee Foster Care - Independent Living               | 93.674  | -   | 54,993                | 13,748           |
|   | Independent Living - Direct Benefit Payments          | 93.674  | -   | 98,172                | -                |
| (a)   | <u>Subsidized Child Care (Note 3)</u>                 |   |   |                       |                  |
|   | <u>Child Care and Development Fund Cluster</u>        |   |   |                       |                  |
| Division of Social Services:                                |   |   |   |                       |                  |
|   | Child Care and Development Fund Administration        | 93.596  | -   | 607,572               | -                |
| Division of Child Development:                              |   |   |   |                       |                  |
|   | Child Care and Development Fund - Discretionary       | 93.575  | -   | 4,660,816             | -                |
|   | ARRA CCDF Discretionary                               | 93.713  | -   | 2,358,839             | -                |
|   | Child Care and Development Fund - Mandatory           | 93.596  | -   | 2,170,243             | -                |
|   | Child Care and Development Fund - Match               | 93.596  | -   | 921,749               | -                |
|   | Total Child Care Fund Cluster                         |   |   | <u>10,719,219</u>     | -                |
|   | Social Services Block Grant                           | 93.667  | -   | 62,058                | -                |
|   | Temporary Assistance for Needy Families               | 93.558  | -   | 2,271,862             | -                |
|   | Smart Start   | -   | -   | -                     | 495,757          |
|   | State Appropriations                                  | -   | -   | -                     | 456,645          |
|   | TANF-MOE  | -   | -   | -                     | 1,075,200        |
|   | Total Subsidized Child Care (Note 3)                  |   |   | <u>13,053,139</u>     | <u>2,027,602</u> |

The notes to the schedule of expenditures of federal and state awards are an integral part of this schedule.

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

FORSYTH COUNTY

For the Fiscal Year Ended June 30, 2010

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| Grantor / Pass-through Grantor / Program Title                    | Federal CFDA Number | Federal/State Pass-Through Grantor's Number | Fed. (Direct & Pass-through) Expenditures | State Expenditures |
|---|---------------------|---|---|--------------------|
| <b><u>U.S. Dept. of Health and Human Services (continued)</u></b> |                     |   |   |                    |
| <b><u>Centers for Medicare and Medicaid Services</u></b>          |                     |   |   |                    |
| Passed-through the N.C. Dept. of Health and Human Services:       |                     |   |   |                    |
| Division of Social Services:                                      |                     |   |   |                    |
| (a) State Children's Insurance Program                            | 93.767              | -   | \$ 41,059                                 | 11,629             |
| Medical Assistance Program:                                       |                     |   |   |                    |
| Medical Assistance Administration                                 | 93.778              | -   | 3,179,108                                 | -                  |
| Medical Assistance Expansion/De-Linking                           | 93.778              | -   | 135,628                                   | 135,628            |
| Adult Home Specialist   | 93.778              | -   | 60,662                                    | 46,903             |
| Adult Care Home Case Management                                   | 93.778              | -   | 85,391                                    | 42,695             |
| Medical Assistance Transportation Administration                  | 93.778              | -   | 286,364                                   | 54,604             |
| (a) Division of Medical Assistance:                               |                     |   |   |                    |
| Medical Assistance Program:                                       |                     |   |   |                    |
| Medical Assistance Transportation Vendor Payments                 | 93.778              | -   | 779,787                                   | 303,250            |
| Direct Benefit Payments   | 93.778              | -   | 243,245,533                               | 84,945,226         |
| <b><u>Administration on Aging</u></b>                             |                     |   |   |                    |
| Passed-through the N.C. Dept. of Health and Human Services:       |                     |   |   |                    |
| Division of Aging:  |                     |   |   |                    |
| Passed-through Northwest Piedmont Council of Governments:         |                     |   |   |                    |
| Special Programs for the Aging - Title III, Part B                | 93.044              | -   | 139,817                                   | -                  |
| <b><u>Centers for Disease Control and Prevention</u></b>          |                     |   |   |                    |
| Passed-through the N.C. Dept. of Health and Human Services:       |                     |   |   |                    |
| Division of Public Health:  |                     |   |   |                    |
| Project Grants and Cooperative Agreements for                     |                     |   |   |                    |
| Tuberculosis Control Programs                                     | 93.116              | -   | 46,541                                    | -                  |
| Immunization Outreach   | 93.268              | -   | 77,469                                    | -                  |
| H1N1  | 10.559              | -   | 90,913                                    | -                  |
| Family Strengthening Initiative                                   | 10.559              | -   | 10,481                                    | -                  |
| Consolidation Knowledge Development Grant                         | 93.283              | -   | 81,179                                    | -                  |
| Cooperative Agreements for State-Based Comprehensive:             |                     |   |   |                    |
| Comp Breast Cancer Screen   | 93.283              | -   | 47,135                                    | -                  |
| BCCP Wisewoman Project  | 93.283              | -   | 9,123                                     | -                  |
| Offsite HIV CTS   | 93.959              | -   | 35,249                                    | -                  |
| HIV Prevention Activities - Health Department Based               | 93.940              | -   | 27,297                                    | -                  |
| Jail Screening Program  | 93.940              | -   | 224,942                                   | -                  |
| Preventive Health and Health Services Block Grant                 | 93.991              | -   | 9,474                                     | -                  |
| Preventive Health and Health Services Block Grant                 | 93.283              | -   | 1,195                                     | -                  |
| Sexually Transmitted Diseases Control Grant                       | 93.977              | -   | 56,755                                    | -                  |
| Speech and Hearing  | 93.778              | -   | 20,547                                    | -                  |
| Preparedness and Response Team                                    | 93.283              | -   | 65,265                                    | -                  |
| <b><u>Health Resources and Services Administration</u></b>        |                     |   |   |                    |
| Passed-through the N.C. Dept. of Health and Human Services:       |                     |   |   |                    |
| Division of Public Health:  |                     |   |   |                    |
| Healthy Start Initiative  | 93.926              | -   | 235,283                                   | -                  |
| Minority Infant Mortality Rate                                    | 93.994              | -   | 26,533                                    | -                  |
| Maternal and Child Health Services Block Grant to the States      | 93.994              | -   | 282,993                                   | -                  |
| Women's Preventive Health   | 93.558              | -   | 42,422                                    | -                  |
| Family Planning Title X   | 93.218              | -   | 132,749                                   | -                  |
| Total U.S. Dept. of Health and Human Services                     |                     |   | <u>279,518,928</u>                        | <u>89,645,939</u>  |
| <b><u>U.S. Dept. of Transportation</u></b>                        |                     |   |   |                    |
| <b><u>National Highway Traffic Safety Administration</u></b>      |                     |   |   |                    |
| Passed-through N.C. Department of Transportation:                 |                     |   |   |                    |
| Governor's Highway Safety Program - Traffic Enforcement           | 20.601              | J8-06-03-42                                 | 7,596                                     | -                  |
| Governor's Highway Safety Program - Checkpoint Equipment          | 20.601              | K8-10-02-21                                 | 600                                       | -                  |
| Governor's Highway Safety Program - Simulation Grant              | 20.601              | K8-09-02-48                                 | 5,913                                     | -                  |
| Total U.S. Dept. of Transportation                                |                     |   | <u>14,109</u>                             | <u>-</u>           |

The notes to the schedule of expenditures of federal and state awards are an integral part of this schedule.

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

FORSYTH COUNTY

For the Fiscal Year Ended June 30, 2010

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| Grantor / Pass-through Grantor / Program Title                   | Federal<br>CFDA<br>Number | Federal/State<br>Pass-Through<br>Grantor's Number | Fed. (Direct &<br>Pass-through)<br>Expenditures | State<br>Expenditures |
|--|---------------------------|---|---|-----------------------|
| <b><u>National Endowment for the Arts</u></b>                    |                           |   |   |                       |
| Passed-through Arts Midwest:                                     |                           |   |   |                       |
| The Big Read Grant Program                                       | 45.024                    | -   | \$ 10,000                                       | -                     |
| <b><u>National Foundation on the Arts and the Humanities</u></b> |                           |   |   |                       |
| <b><u>Office of Library Services</u></b>                         |                           |   |   |                       |
| Passed-through N.C. Department of Cultural Resources:            |                           |   |   |                       |
| Division of State Library:                                       |                           |   |   |                       |
| State Library Program  | 45.310                    | -   | 100,000   | -                     |
| <b><u>U. S. Dept. of Housing and Urban Development</u></b>       |                           |   |   |                       |
| <b><u>Community Planning and Development</u></b>                 |                           |   |   |                       |
| HUD FY 2006 EDI Special Project Grant                            | 14.251                    | B-06-NC-0595                                      | 100,310   | -                     |
| Passed through N. C. Department of Commerce:                     |                           |   |   |                       |
| Division of Community Assistance:                                |                           |   |   |                       |
| Community Development Block Grants - IDA                         | 14.228                    | 08-C-1851   | 12,021  | -                     |
| Community Development Block Grants - NSP                         | 14.228                    | 08-N-1889   | 1,172,272                                       | -                     |
| Passed-through N.C. Housing Finance Agency:                      |                           |   |   |                       |
| NCHFA URP  |                           | -   | -   | 21,507                |
| Passed through City of Winston-Salem:                            |                           |   |   |                       |
| HOME Investment Partnerships Program:                            |                           |   |   |                       |
| 2006 Winston-Salem/Forsyth County HOME ADDI                      | 14.239                    | -   | 10,000  | -                     |
| 2007 Winston-Salem/Forsyth County HOME ADDI                      | 14.239                    | -   | 365   | -                     |
| 2008 Winston-Salem/Forsyth County HOME ADDI                      | 14.239                    | -   | 2,175   | -                     |
| 2006 Winston-Salem/Forsyth County HOME Consortium                | 14.239                    | M06-DC-37-0204                                    | 4,629   | -                     |
| 2007 Winston-Salem/Forsyth County HOME Consortium                | 14.239                    | M07-DC-37-0204                                    | 199,656   | -                     |
| 2008 Winston-Salem/Forsyth County HOME Consortium                | 14.239                    | M08-DC-37-0204                                    | 172,736   | -                     |
| Total U. S. Dept. of Housing and Urban Development               |                           |   | 1,674,164                                       | 21,507                |
| <b><u>U.S. Dept. of Agriculture</u></b>                          |                           |   |   |                       |
| <b><u>Food and Nutrition Service</u></b>                         |                           |   |   |                       |
| Passed-through the N.C. Dept. of Health and Human Services:      |                           |   |   |                       |
| Division of Social Services:                                     |                           |   |   |                       |
| <u>Food Stamp Cluster:</u>                                       |                           |   |   |                       |
| State Administrative Matching Grants:                            |                           |   |   |                       |
| (a) Food Stamp Administration                                    | 10.561                    | -   | 1,299,912                                       | -                     |
| ARRA FNS Recovery Time Limited Positions                         | 10.561                    | -   | 187,200   | -                     |
| Food Stamp Incentives  | 10.561                    | -   | 6,388   | -                     |
| Food Stamp Employment and Training                               | 10.561                    | -   | 2,910   | -                     |
| Total Food Stamp Cluster   |                           |   | 1,496,410                                       | -                     |
| Division of Public Health:                                       |                           |   |   |                       |
| (a) Special Supplemental Nutrition Program for                   |                           |   |   |                       |
| Women, Infants, & Children:                                      |                           |   |   |                       |
| Administration   | 10.557                    | -   | 1,747,665                                       | -                     |
| Direct Benefits  | 10.557                    | -   | 8,885,061                                       | -                     |
| Total U. S. Dept. of Agriculture                                 |                           |   | 12,129,136                                      | -                     |
| <b><u>Environmental Protection Agency</u></b>                    |                           |   |   |                       |
| Direct Programs:   |                           |   |   |                       |
| Surveys, Studies, Investigations and Special Purpose Grants      | 66.034                    | -   | 133,985   | -                     |
| <u>Office of Air and Radiation</u>                               |                           |   |   |                       |
| Air Pollution Control Program Support                            | 66.001                    | -   | 252,277   | -                     |
| Total Environmental Protection Agency                            |                           |   | 386,262   | -                     |
| <b><u>Department of Homeland Security</u></b>                    |                           |   |   |                       |
| Direct Programs:   |                           |   |   |                       |
| <u>Office of Federal Emergency Management Assistance</u>         |                           |   |   |                       |
| Assistance to Firefighters Grant                                 | 97.044                    | EMW-2008-FO-05835                                 | 117,473   | -                     |
| Total Department of Homeland Security                            |                           |   | 117,473   | -                     |

The notes to the schedule of expenditures of federal and state awards are an integral part of this schedule.

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

FORSYTH COUNTY

For the Fiscal Year Ended June 30, 2010

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| Grantor / Pass-through Grantor / Program Title                | Federal<br>CFDA<br>Number   | Federal/State<br>Pass-Through<br>Grantor's Number | Fed. (Direct &<br>Pass-through)<br>Expenditures | State<br>Expenditures |
|---|---|---|---|-----------------------|
| <b><u>U.S. Dept. of Justice</u></b>                           |   |   |   |                       |
| Direct programs:  |   |   |   |                       |
| <u>Office of Justice Programs</u>                             |   |   |   |                       |
| Bureau of Justice Assistance                                  |   |   |   |                       |
|   | 2007 Justice Assistance Grant Program                                   | 16.738  | 2007-DJ-BX-0290 \$ 11,118                       | -                     |
|   | 2008 Justice Assistance Grant Program                                   | 16.738  | 2008-DJ-BX-0290 38,652                          | -                     |
| (a)   | ARRA 2009 Justice Assistance Grant Program                              | 16.804  | 2009-SB-B9-0945 637,502                         | -                     |
| <u>Office of Violence Against Women</u>                       |   |   |   |                       |
|   | Forsyth Unified Domestic Violence Center                                | 16.588  | 2005-WE-AX-0036 82,577                          | -                     |
| Passed-through N.C. Dept. of Crime Control and Public Safety: |   |   |   |                       |
| Governor's Crime Commission:                                  |   |   |   |                       |
|   | ARRA Enhanced Victim's Services Grant                                   | 16.588  | 034-1-09-2VA-RW-716 19,081                      | -                     |
|   | Safe on Seven Domestic Violence Grant                                   | 16.588  | 034-1-07-3VA-AW-833 55,210                      | -                     |
|   | Total U.S. Dept. of Justice   |   | <u>844,140</u>                                  | <u>-</u>              |
|   | Total federal awards  |   | <u>294,794,212</u>                              | <u>89,667,446</u>     |
| <b>State Awards:</b>  |   |   |   |                       |
| <b><u>N.C. Dept. of Health and Human Services</u></b>         |   |   |   |                       |
| Division of Social Services:                                  |   |   |   |                       |
|   | Adult Protective Services   | -   | -   | 40,862                |
|   | Adoption/Foster Care  | -   | -   | 162,208               |
|   | Share the Warmth  | -   | -   | 1,089                 |
|   | CPS Expansion   | -   | -   | 210,915               |
|   | State/County Special Assistance for Adults -<br>Direct Benefit Payments | -   | -   | 2,530,992             |
| Division of Child Development:                                |   |   |   |                       |
| Passed-through Forsyth Early Childhood Partnership:           |   |   |   |                       |
|   | Early Childhood Initiatives - Smart Start                               | -   | -   | 166,908               |
|   | General Health Administration   | -   | -   | 215,999               |
|   | Child Health  | -   | -   | 77,184                |
|   | AIDS  | -   | -   | 25,264                |
|   | Offsite HIV CTS   | -   | -   | 61,866                |
|   | Tuberculosis  | -   | -   | 48,694                |
|   | TB Medical Services   | -   | -   | 2,968                 |
|   | Comp Breast Cancer Screen   | -   | -   | 28,050                |
|   | Communicable Disease  | -   | -   | 17,760                |
|   | CSHS Speech and Hearing   | -   | -   | 15,412                |
|   | Minority Infant Mortality Reduction                                     | -   | -   | 19,902                |
|   | Targeted Infant Mortality Reduction                                     | -   | -   | 42,070                |
|   | Health Promotion  | -   | -   | 5,116                 |
|   | Maternal and Child Health Services                                      | -   | -   | 57,556                |
|   | Women's Preventive Health   | -   | -   | 80,877                |
|   | Child Svc Coordination  | -   | -   | 5,245                 |
|   | High Risk Maternity Unit  | -   | -   | 73,398                |
|   | School Nurse Funding  | -   | -   | 102,268               |
|   | Mosquito control  | -   | -   | 2,971                 |
|   | AHEC NC Preceptor Payments  | -   | -   | 3,550                 |
|   | Healthy Carolinas   | -   | -   | 8,238                 |
|   | UNC Weight Wise Program   | -   | -   | 9,767                 |
|   | Family Strengthening Initiative   | -   | -   | 7,862                 |
|   | Smokefree Law   | -   | -   | 8,238                 |
| Division of Public Health:                                    |   |   |   |                       |
| Division of Aging:  |   |   |   |                       |
| Passed-through Northwest Piedmont Council of Governments:     |   |   |   |                       |
|   | Home and Community Care   | -   | -   | 193,080               |
|   | Total N.C. Dept. of Health and Human Services                           |   | <u>-</u>  | <u>4,226,309</u>      |

The notes to the schedule of expenditures of federal and state awards are an integral part of this schedule.

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

FORSYTH COUNTY

For the Fiscal Year Ended June 30, 2010

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| Grantor / Pass-through Grantor / Program Title                          | Federal<br>CFDA<br>Number | Federal/State<br>Pass-Through<br>Grantor's Number | Fed. (Direct &<br>Pass-through)<br>Expenditures | State<br>Expenditures |
|---|---------------------------|---|---|-----------------------|
| <b><u>N.C. Dept. of Cultural Resources</u></b>                          |                           |   |   |                       |
| Division of State Library:  |                           |   |   |                       |
| State Aid to Libraries  |                           | -   | \$ -  | 306,387               |
| <b><u>N.C. Dept. of Environment and Natural Resources</u></b>           |                           |   |   |                       |
| Triad Air Awareness Ozone Reduction                                     |                           | -   | -   | 41,213                |
| Air Quality Mobile Source Program                                       |                           | -   | -   | 207,809               |
| Food and Lodging Permit Distribution                                    |                           | -   | -   | 24,124                |
| Environmental Health  |                           | -   | -   | 6,000                 |
| Childhood Lead Poisoning Prevention                                     |                           | -   | -   | 40,956                |
| NC A&T University Position Reimbursement                                |                           | -   | -   | 39,068                |
| SWC - Agricultural Cost Share Program                                   |                           | -   | -   | 25,590                |
| SWC - Administration and Technical Assistance                           |                           | -   | -   | 4,800                 |
| Total N.C. Dept. of Environment and Natural Resources                   |                           |   | -   | 389,560               |
| <b><u>N.C. Dept. of Juvenile Justice and Delinquency Prevention</u></b> |                           |   |   |                       |
| Juvenile Crime Prevention   |                           | -   | -   | 713,510               |
| ARRA JCPC Winston-Salem State University                                |                           | -   | -   | 63,901                |
| Total N.C. Dept. of Juvenile Justice and Delinquency Prevention         |                           |   | -   | 777,411               |
| <b><u>N.C. Dept. of Correction</u></b>                                  |                           |   |   |                       |
| Criminal Justice Partnership Program                                    |                           | -   | -   | 228,382               |
| <b><u>Office of the Governor</u></b>                                    |                           |   |   |                       |
| Public School Building Capital Fund                                     |                           | 0-002-933   | -   | 9,373,929             |
| <b><u>N.C. Dept. of Transportation</u></b>                              |                           |   |   |                       |
| Rural Operating Assistance Program:                                     |                           |   |   |                       |
| Work First Transitional/Employment Transportation Assistance            |                           | 9.9051570   | -   | 72,805                |
| Elderly and Disabled Transportation Assistance                          |                           | 9.9050716   | -   | 203,222               |
| Total N.C. Dept. of Transportation                                      |                           |   | -   | 276,027               |
| Total state awards  |                           |   | -   | 15,578,005            |
| Total awards  |                           |   | \$ 294,794,212                                  | 105,245,451           |

(a) Major federal and / or state award program.

The notes to the schedule of expenditures of federal and state awards are an integral part of this schedule.

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

FORSYTH COUNTY, NORTH CAROLINA  
 For the Fiscal Year Ended June 30, 2010

**(1) Basis of Presentation**

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of Forsyth County, North Carolina and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. Benefit payments are paid directly to recipients and are not included in the County's financial statements. However, due to the County's involvement in determining eligibility, they are considered federal and state awards to the County and are included on this schedule.

**(2) Subrecipients**

Of the federal and state expenditures presented in the schedule, Forsyth County provided federal and state awards to subrecipients as follows:

| <u>Program Title/Subrecipient</u>                                      | <u>Federal<br/>CFDA<br/>Number</u> | <u>Federal/State<br/>Pass-Through<br/>Grantor's Number</u> | <u>Federal<br/>Expenditures</u> | <u>State<br/>Expenditures</u> |
|--|------------------------------------|--|---------------------------------|-------------------------------|
| U.S. Department of Justice   |                                    |  |                                 |                               |
| N.C. Department of Crime Control and Public Safety                     |                                    |  |                                 |                               |
| Governor's Crime Commission - Juvenile Crime Prevention Council:       |                                    |  |                                 |                               |
| Safe on Seven Domestic Violence Grant                                  | 16.588                             | 034-1-07-3VA-AW-833  | \$ 55,210                       | \$ -                          |
| N.C. Department of Juvenile Justice and Delinquency                    |                                    |  |                                 |                               |
| Prevention - Juvenile Crime Prevention:                                |                                    |  |                                 |                               |
| Host Homes   | -                                  | -  | -                               | 96,375                        |
| Teen Court   | -                                  | -  | -                               | 34,524                        |
| Work & Earn it / Monetary Restitution                                  | -                                  | -  | -                               | 94,872                        |
| Gray Cottage   | -                                  | -  | -                               | 191,972                       |
| Juvenile Psychological Services  | -                                  | -  | -                               | 68,545                        |
| YWCA - Make a Difference   | -                                  | -  | -                               | 56,004                        |
| Adolescent Anger Management  | -                                  | -  | -                               | 10,860                        |
| Multiple Family Treatment  | -                                  | -  | -                               | 2,763                         |
| Second Chances   | -                                  | -  | -                               | 66,919                        |
| Opportunity House  | -                                  | -  | -                               | 75,176                        |
| JCPC Administrative  | -                                  | -  | -                               | 15,500                        |
| ARRA Winston-Salem State University                                    | -                                  | -  | -                               | 63,901                        |
| Public School Building Capital Fund:                                   |                                    |  |                                 |                               |
| Winston-Salem/Forsyth County Schools                                   | -                                  | 0-002-933  | -                               | 9,331,830                     |
| Rural Operating Assistance Program:                                    |                                    |  |                                 |                               |
| City of Winston-Salem - Elderly and Disabled Transportation Assistance | -                                  | 9.9050716  | -                               | 203,222                       |

**(3) Clusters**

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirements: Foster Care and Adoption, Subsidized Child Care.

## ACKNOWLEDGEMENTS

The preparation of the annual financial report was made possible by the dedicated service of the entire staff of the Finance Department. The year-end closing of the accounting system and report preparation was effectively managed by Terri L. Goodman, Deputy Chief Financial Officer.

Also providing substantial support in report preparation and related accounting activities were:

Michael J. Phelps, Controller and Systems Manager

Teresa G. Everhart, Risk Manager

Gloria M. Turowski, Fiscal Analyst

M. Brandon Branscome, Fiscal Analyst

Cover Design: Gina Childress



Forsyth County, North Carolina  
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