

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2005



Brenda Jones Fox, CPA
Finance Director

Willie A. Best
County Manager

*Prepared by
Guilford County Finance Department*

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INTRODUCTORY



SECTION

Letter of Transmittal



Guilford County

October 3, 2005

The Board of County Commissioners
and Mr. Willie A. Best, County Manager
Guilford County, North Carolina

The Comprehensive Annual Financial Report (CAFR) of Guilford County, North Carolina, for the fiscal year ended June 30, 2005, is hereby submitted. This report was prepared by the County's Finance Department and consists of management's representations concerning the finances of Guilford County. Responsibility for the reliability, completeness, and fairness of the presentation of all of the information presented in this report rests with the County. In order to provide a reasonable basis for making these representations, management of Guilford 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 Guilford County's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal controls should not outweigh their benefits, Guilford 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. I believe this financial report is complete and reliable in all material respects.

This report is divided into three sections:

The **Introduction** includes this letter of transmittal, Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting, a list of the County's principal officials, and an organization chart of Guilford County government.

The **Financial Section** contains the independent auditor's report, Management's Discussion and Analysis, and the basic financial statements including the accompanying notes to the financial statements. In addition, there is required supplementary information presenting certain disclosures, combining and individual fund financial statements and schedules, and additional financial data.

The **Statistical Section** provides selected financial, economic, and demographic data for the past ten years.

North Carolina General Statutes Chapter 15, the Local Government Budget and Fiscal Control Act, requires that units of local governments have an audit of their accounts including a complete set of financial statements presented in conformity with GAAP as soon as possible after the close of each fiscal year by a certified public accountant. The audited financial report is submitted to the Local Government Commission (LGC), which is established by statute to oversee local government financial affairs. The Commission is authorized to issue rules and regulations regarding such audits. The LGC approves all audit contracts for audits of units of local government. LGC policy requires audited financial reports to be submitted within four months of the end of the fiscal year. If the audited financial report is submitted later than five months after the end of the fiscal year the audit contract must be amended and that amendment approved by the LGC before final payment is made to the auditor.

Letter of Transmittal

Cherry, Bekaert, & Holland, L.L.P., a firm of licensed certified public accountants, has audited Guilford County's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of Guilford County for the fiscal year ended June 30, 2005, 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 statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Guilford County's financial statements for the fiscal year ended June 30, 2005, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report. The independent audit of the financial statements of Guilford County was part of a broader, Federal and State of North Carolina mandated "Single Audit" designed to meet the special needs of Federal and State 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 and State awards. These reports are available in Guilford County's separately issued Single Audit Report.

As required by GAAP this CAFR includes all of the funds of the County and its component units, legally separate entities for which the County is financially accountable. Greensboro/Guilford County Tourism Development Authority is a discretely presented component unit, which is reported separately within Guilford County's financial statements to emphasize it is legally separate from the primary government. Additional information on the Authority can be found in Note I. A. in the notes to the financial statements.

GAAP requires 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. Guilford County MD&A can be found immediately following the report of the independent auditors.

County Government Profile

In January of 1771, the North Carolina General Assembly passed an act creating Guilford County. The new county was named after Francis North, first Earl of Guilford, whose son Frederick was Prime Minister of Great Britain at the time of the county's creation. In 1779, the southern portion of Guilford was taken to form Randolph County, and six years later the northern part was cut off to create Rockingham County, leaving Guilford with its present dimensions. Guilford County, with a population of 438,775, is the most populous county of the Piedmont Triad region. The Piedmont Triad is a twelve county area with a population in excess of 1.5 million located in the north central portion of North Carolina between the Blue Ridge Mountains and the coastal plains. A moderate year-round climate enhances the life-style of the area. The County's 651 square miles contain ten municipalities including two of the state's eight largest cities.

The Board of County Commissioners is the chief administrative and policymaking body of Guilford County government, and consists of eleven members, nine of whom are elected from districts and two of whom are elected at-large. Board members serve four-year staggered terms. The Board chooses a Chairman and Vice Chairman from among its membership during its first meeting in December.

Major duties of the Board of County Commissioners include:

- 1) Adoption of an annual budget.
- 2) Establishment of an annual property tax rate for the County.
- 3) Appointment of various officials and the following County employees - County Manager, County Attorney, Finance Director, Tax Director and Clerk to the Board.
- 4) Regulation of land use and zoning outside the jurisdiction of incorporated municipalities.
- 5) Enactment of local ordinances.
- 6) Enactment of policies concerning the operation of the County.
- 7) Planning for County needs.

The Board of County Commissioners does not have complete authority over all the services provided by the County. Many County activities are administered by boards with varying degrees of autonomy and by elected officials who receive their instructions from laws passed by the General Assembly. Some examples are the boards of education, social services, health, mental health, elections, register of deeds, and sheriff. State law requires the Commissioners to appropriate funds in the areas of health, mental health, social services, and public schools. They must also provide for the operation of the offices of the Register of Deeds, Elections and the Sheriff, and are required to allocate funds for the building and maintenance of courtrooms and facilities to house county departments. In addition Guilford County provides services in the areas of emergency services, juvenile detention, planning and zoning, building inspections, animal control, and parks and recreation.

Guilford County was a pioneer among North Carolina counties when it adopted the county manager form of government in 1928. The County Manager is responsible to the Board for carrying out its policies and ordinances, administration of county affairs, and supervising and coordinating the activities of county departments.

Guilford County continues to have an excellent financial reputation receiving a AAA bond rating from Standard & Poors Corporation, a Aa1 from Moodys, and a AA+ from Fitch IBCA on all of its nonrefunded outstanding debt.

County Budget

The North Carolina Local Government Budget and Fiscal Control Act governs all local governments and their agencies in North Carolina. All moneys received or spent by local governments must be budgeted, disbursed and accounted for in accordance with this act. The annual budget serves as the foundation for Guilford County's financial planning and control. All departments and agencies of Guilford County are required to submit requests for appropriation to the Office of Budget and Management. The offices of Budget and Management and County Manager use these requests as the starting point for developing a proposed budget. The County Manager presents the proposed budget to the Board of County Commissioners by June 1. The Board of County Commissioners is required to hold a public hearing on the proposed budget and to adopt the budget ordinance making appropriations and setting the tax rate no later than July 1, the first day of Guilford County's fiscal year.

Appropriations in the various funds are formally budgeted on a departmental basis except for the Rural Fire District Fund appropriations, which are by rural fire tax district; and the Room Occupancy/Tourism Tax Fund and Emergency Telephone Fund appropriations, which are on a fund basis. The County Manager is authorized by the budget ordinance to make intrafund transfers of appropriations up to \$30,000 for each transaction, except that funds transferred cannot be used to create unauthorized positions or raise salaries. Each such transfer must be reported to the Board of Commissioners at its next regular meeting. Any revisions that alter total appropriations of any fund must be approved by the Board. All annual appropriations lapse at year-end and open encumbrances must be reappropriated in the following fiscal year's budget. Concurrent with the adoption of the annual budget ordinance the County approves a balanced financial plan for the

Letter of Transmittal

Internal Service Fund. Any change in the financial plan during the year must be approved by the Board of County Commissioners. Guilford County appropriates funds for most capital projects and some grants through project and grant ordinances. This process is authorized under North Carolina law as an alternative to budgeting capital projects and grants in the annual budget ordinance. Under this process a project or grant ordinance is in effect as a legal appropriation until the project or grant is completed.

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 11 as part of the basic financial statements for the governmental funds. For other governmental funds with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 50. Also included in the governmental fund subsection are project-length budget-to-actual comparisons for each governmental fund for which a project-length budget has been adopted and a more detailed comparison of general fund expenditures by department, the legally adopted control level.

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 Guilford County operates.

Local economy. Guilford County enjoys a favorable economic environment, which has enjoyed consistent stable growth. Gross retail sales were \$9.5 billion in fiscal year 2005, an 8.7% increase over fiscal year 2004. This is the largest percentage increase in retail sales since fiscal year 1998 and takes retail sales above the previous high reached in fiscal year 2001. Guilford County has a labor force of approximately 238,000. During the current economic downturn the region has been affected more strongly than in the past due to the strong negative impact on manufacturing. Over the last ten years, Guilford County's unemployment rate has generally stayed well below state and national averages until mid 2001 when it began to exceed the national average. This trend reversed itself in 2004; however, the average unemployment for Guilford County for the last six months of 2004 and the first six months of 2005 was 5.2% as compared to 5.5% for North Carolina and 5.3% for the United States. The County's economy has continued to change and diversify. Manufacturing made up approximately 19.8% of the County's 279,400 jobs in 2000 as compared to 32.7% in 1980. The manufacturing and industrial base has become more diversified. In 1980 furniture and textiles made up nearly 55% of manufacturing jobs as compared to just 34% in 2000. Chemical and electrical equipment manufacturing have been two areas of strong growth. The general service sector has reflected the strongest growth adding 46,000 jobs between 1980 and 2000. Overall job growth was approximately 102,000 from 1980 to 2000. The increased diversity has added to the relative stability of the unemployment rate. The recession caused job losses from 2001 to mid-2003 with jobs reaching a low of approximately 263,000. For the quarter ending December 31, 2004, total jobs stood at 270,900, a decline of 8,500 or 3.0% from total jobs at the end of 2000. Manufacturing jobs have declined by approximately 15,700 while non-manufacturing jobs have increased by 7,200. Manufacturing jobs accounted for just 14.6% of total jobs at the end of 2004. Major employers with headquarters or divisions located within Guilford County's boundaries include semiconductor, communications, chemical, bus, truck, pharmaceutical, electronic and electrical parts, tobacco, furniture, textile, and mobile home manufacturers; and insurance, aircraft maintenance, healthcare, real estate development, and distribution services. The County is also home to two state universities, five private colleges and a community college with a total enrollment exceeding 36,500 students.

Construction continues on Federal Express' fifth national hub at Piedmont Triad International Airport with an estimated investment of \$500 million in facilities and equipment. The hub is projected to begin operations in 2009 creating approximately 1,500 jobs and is expected to draw other economic development. Dell announced a \$115 million state-of-the-art computer manufacturing facility in neighboring southeast Forsyth County, which is expected to employ 1,700 people. The facility, which

is near Guilford County's western border in close proximity to the County's airport, is scheduled to begin operations in September 2005 and will have a regional impact on employment and the economy. Citicard opened a \$35 million call center facility in late 2004 in southeastern Guilford County, which is projected to add an additional 1,000 jobs as well as consolidating its current employees. The downtown business district of Greensboro, the County's largest city, has seen a redevelopment trend taking hold with the renovation of a number of older buildings into entertainment, restaurant and retail uses along with new residential development in and near downtown. A new 7,600 seat minor league baseball stadium opened in April 2005 and the first phase of the central city park has been completed.

Long-term financial planning. In November 2004, the voters authorized \$47 million in general obligation debt for Community College facilities and \$20 million for parks and recreation facilities. In January 2005, the County issued \$183.2 million in new general obligation debt. The majority of the issuance consisted of the first \$150 million of the \$300 million authorization for school facilities approved in November of 2003 as school facilities projects funded from the remaining proceeds of the \$200 million in school facilities general obligation debt authorized in May 2000 were completed during the 2004-05 fiscal year. The remainder of the issuance consisted of \$11.5 million for Community Colleges from the November 2004 authorization; \$12.5 million for parks and recreation facilities, which included the remaining \$5 million from the May 2000 authorization and \$7.5 million from the November 2004 authorization; and \$9.2 million of general government two-thirds bonds for the purchase of an administrative building, renovation of courthouse space and an EMS base station.

The current fiscal year budget and the 2005-06 fiscal year budget contain funding for technology and software systems to improve the technology infrastructure, transition from the mainframe to a distributed architecture, provide additional operational capability in the event of power outages, and disaster recovery. During the current fiscal year, a new planning system was acquired and implementation is in process. A software selection process is underway for a new financial system and the selection process for a new Register of Deeds system is scheduled to begin in early 2005-06.

The unreserved, undesignated fund balance of the general fund at fiscal year end stood at 8.5% of the subsequent year's budget which exceeds the minimum of 8% set as a policy guideline by the Board of County Commissioners.

Cash management policies and practices

Cash temporarily idle during the year was invested in fully insured or collateralized certificates of deposit, obligations of the U.S. Treasury and various Federal and N.C. State Agencies, prime quality commercial paper and bankers' acceptances, and demand deposits in a State authorized money-market mutual fund whose portfolio consists of the types of instruments noted above. Investment income includes changes in the fair value of investments year-over-year. Changes in fair value during the current year, however, do not necessarily represent trends; nor are such amounts usually realized, especially in the case of temporary changes in the fair value of investments that Guilford County intends to hold to maturity. Interest earnings on investments only for the fiscal year ended June 30, 2005 were \$7.55 million on an average invested balance of \$332.77 million.

Risk management

The County protects itself from the potential financial losses from the various risks it is exposed to using a combination of risk financing methods, which are accounted for in an Internal Service Fund. The County's insurance program consists of liability, property, workers compensation, and employee healthcare coverage. The program consists of a combination of County funding, insurance and participation in Local Government Excess Liability Fund Inc. and the Local Government Property Insurance Deductible Fund, Inc. Additional information on Guilford County's risk management activity can be found in Note IV. D. of the notes to the financial statements.

Pension and other post employment benefits

Guilford County provides pension benefits for its employees through the statewide North Carolina Local Governmental Employees' Retirement System (LGERS). LGERS is a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. Guilford County has no obligation in connection with employee benefits offered through this plan beyond making the required contributions as set by the North Carolina General Assembly. The contribution rate is currently 4.87% of salary.

Guilford County administers a public employee retirement plan, the Law Enforcement Officers' Special Separation Allowance, a single-employer defined benefit pension plan that provides benefits to the County's qualified sworn law enforcement officers. The County is required to provide these benefits by the North Carolina General Statutes (Statutes).

The County contributes to the Supplemental Retirement Income Plan of North Carolina, a defined contribution pension plan administered by the North Carolina Department of State Treasurer and a Board of Trustees. All employees, who are currently members of a state-administered retirement plan, are eligible to participate from their date of employment. The authority to establish and amend benefits rests with the North Carolina General Assembly. The Statutes require that the County contribute monthly 5% of each law enforcement officer's qualified salary. The County has also elected to contribute this amount for all other eligible employees. Employees may also make additional contributions to the plan in accordance with Internal Revenue Service Code Section 401k.

Guilford County also contributes to the Registers of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution pension plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental benefits to any county Register of Deeds who is retired under the Local Governmental Employees' Retirement System or an equivalent locally sponsored plan. The authority to establish and amend benefits rests with the North Carolina General Assembly. The County is required to remit 4.5% of certain statutory fees collected by the Register of Deeds monthly to the Fund.

Guilford County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. All assets and income of the plan are in a trust for the exclusive benefit of the participants and their beneficiaries.

Guilford County also provides post-retirement healthcare benefits through its healthcare plan to retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System and their dependents. The benefit premium charged is the same as for current employees. The County's contribution toward the employer's portion of the premium is determined by the number of years of creditable service. Retirees with less than 25 years creditable service must pay the entire employer's share of the premium in addition to the employee's share. The County pays 75% of the employer's premium for retirees with more than 25 years of service but less than 30 years and 100% of the employer's premium for retirees with 30 or more years of service and former Commissioners. All but 5 years of creditable service must be with Guilford County. As of the end of the current fiscal year, there were 390 retired employees and 255 dependents receiving these benefits, which are financed on a pay-as-you-go basis. Currently, GAAP does not require government to report the full cost and obligation in its financial statements related to the provision of these post employment benefits. Governmental Accounting Standards Board (GASB) Statement 45 issued in August 2004 requires that state and local governmental employers account for and report the annual cost of other post employment benefits (OPEB) and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. This reporting requirement will take effect for the fiscal year ending June 30, 2007 for Guilford County, which is a tier one government.

Additional information on Guilford County's pension arrangements and post employment benefits can be found in Notes IV A.-C. in the notes to the financial statements.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Guilford County for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2004. This was the twenty-fourth consecutive year that Guilford County has received this prestigious award. In order to be awarded a Certificate of Achievement a governmental unit must publish an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR 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.

In addition, the County also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2004. Guilford County has received this award for nine consecutive years. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. I would like to express my appreciation to all members of the department who assisted and contributed to the preparation of this report. I would also like to thank the members of the Board of County Commissioners and County Management for their interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

Respectfully submitted,

Brenda Jones Fox, CPA
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Guilford County,
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

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.



Nancy L. Zjelle

President

Jeffrey R. Emer

Executive Director



Principal Officials

Board of County Commissioners

Bruce E. Davis
Chairman

Paul Gibson
Vice Chairman

Melvin L. (Skip) Alston

Stephen G. Arnold

Kay Cashion

Carolyn Q. Coleman

Kirk Perkins

Linda O. Shaw

Dr. Trudy Wade

Mike Winstead, Jr.

Billy Yow

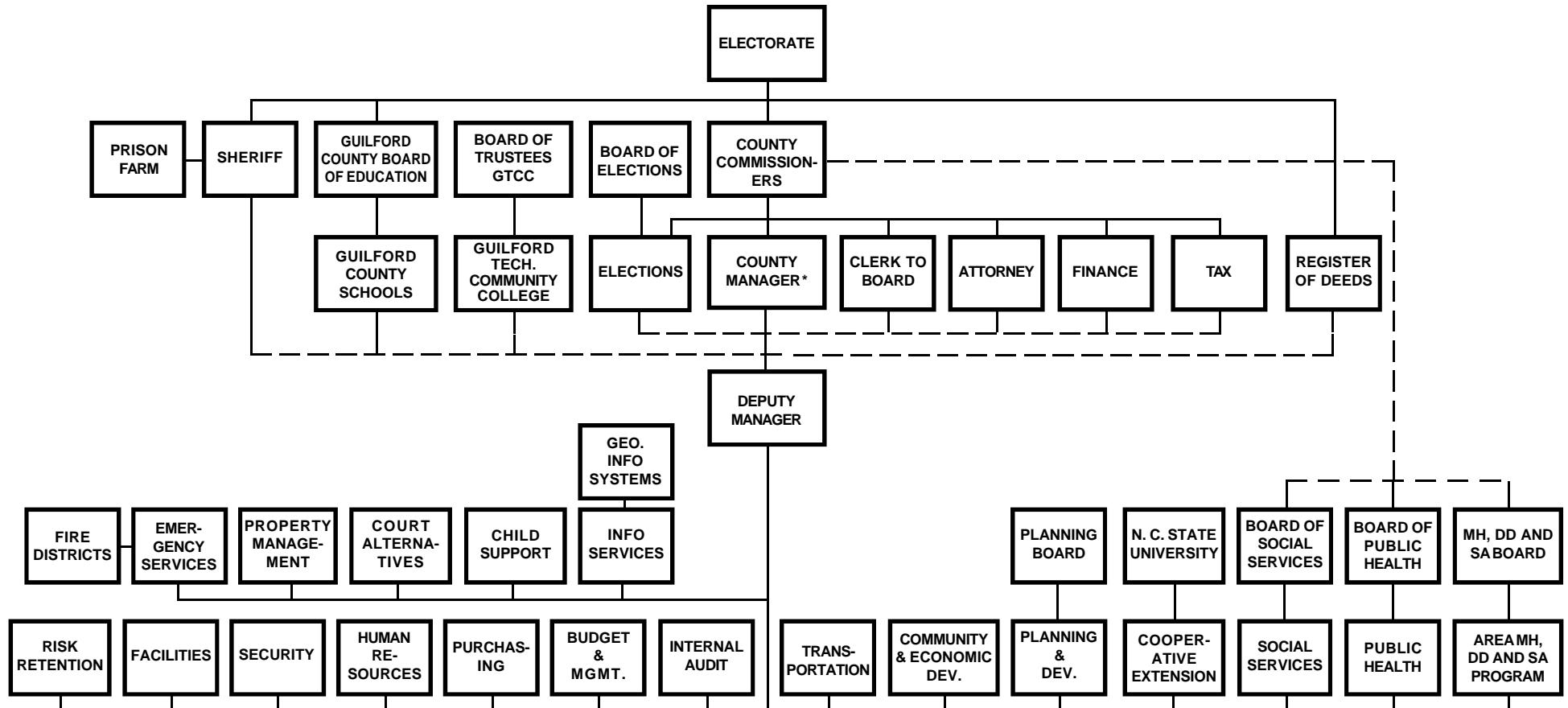
County Manager

Willie A. Best

Finance Director

Brenda Jones Fox, CPA

2004-05 ORGANIZATIONAL CHART GUILFORD COUNTY, NORTH CAROLINA



IX

* Information from any source for the Board of Commissioners regarding County policy and substantial fiscal matters is generally through the County Manager, the chief administrative officer of the County on behalf of the Board.

NOTE: Dotted line denotes substantial fiscal and/or appointive control. As shown above, the Deputy County Manager serves in a coordinative capacity regarding the activities of the agencies shown beneath.

FINANCIAL



SECTION



Independent Auditor's Report

To the Board of County Commissioners
Guilford County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Guilford County, North Carolina (the "County"), as of and for the year ended June 30, 2005, 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. The financial statements of the Greensboro/Guilford County Tourism Development Authority were not audited in accordance with Government Auditing Standards. 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 the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of June 30, 2005, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for 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 3, 2005 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, 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 and compliance. 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 thereon.

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 combining and individual fund statements and schedules, and the additional financial data listed in the accompanying Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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, as listed in the accompanying Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Cherry, Bekaert & Holland, L.L.C.

Greensboro, North Carolina
October 3, 2005

Management's Discussion and Analysis

As management of Guilford County, we are presenting to the readers of Guilford County's financial statements this narrative overview and analysis of the financial activities of Guilford County for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the Introductory Section of this report on pages i - vii.

Financial Highlights

Government-Wide

- The assets of Guilford County exceeded its liabilities at the close of the most recent fiscal year by \$59.4 million (*net assets*).
- The County's total net assets decreased by \$24.5 million compared to the prior year. This decrease is attributable to spending on education capital projects. The County issues general obligation debt to fund school and community college construction for which it remains responsible until the bonds are paid. The County School system and community college (separate entities) are the owners of the facilities (assets) that are renovated or constructed from the proceeds. Because the County has no corresponding asset to offset the liability it has incurred, the County's net assets are reduced.
- The County's decrease in net assets was substantially less than the \$66.9 million spent on Education capital assets net of dedicated revenues which indicates that the remainder of the County's activities generated offsetting increases in net assets of approximately \$42.4 million.
- The County's outstanding debt increased by \$166.6 million to \$443 million during the fiscal year while its investment in capital assets increased by just \$.4 million to \$123.5 million.

The County's Funds

- At the fiscal year end, Guilford County's governmental funds reported a combined fund balance of \$359 million, an increase of \$139.3 million from the previous fiscal year end. While all the major governmental funds increased their fund balances, the greatest increases occurred in the School Capital Outlay and County Building Construction funds from the February 2005 sale of \$183.2 million of general obligation bonds.
- The fund balance of the County's General Fund increased by \$9.7 million as revenue exceeded budget by \$20 million or 4.4%.
- The unreserved fund balance for the General Fund (the County's major operating fund) increased by \$2.6 million to \$69.6 million at fiscal year end equaling 14.9% of the total General Fund expenditures for the year.

Guilford County maintained its AAA rating from Standard and Poors Corporation and its Aa1 rating from Moodys Investors Service and AA+ rating from Fitch IBCA.

Overview of the Financial Report

This section, *management's discussion and analysis* along with the transmittal letter is intended to serve as an introduction to Guilford County's basic financial statements. Guilford County's basic financial statements contain three parts - two kinds of statements that provide two different views of the County, 1) government-wide financial statements and

Management's Discussion and Analysis

2) fund financial statements, along with 3) the notes to the financial statements. The report also contains other supplementary information.

Government-wide financial statements. The two *government-wide financial statements* are designed to provide readers with a broad overview of Guilford County's finances as a whole, using accounting methods that are similar to private-sector businesses.

- 1) The *statement of net assets* presents information on all of Guilford 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 indicator of whether the financial position of Guilford County is improving or deteriorating.
- 2) The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. This statement accounts for all of the year's revenue and expenses without regard as to when cash is received or paid. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements are divided into three categories: governmental activities, business-type activities and component units.

Governmental activities - Governmental activities are those functions of the County that are principally supported by taxes and intergovernmental revenues. The governmental activities of Guilford County include general government, human services, public safety, environmental protection, culture - recreation, urban redevelopment and housing, economic development and assistance, and education.

Business-type activities - Business-type activities are intended to recover all or a significant portion of their costs through user fees and charges. Guilford County has no business-type activities to report.

Component Units - The government-wide financial statements include not only Guilford County (*known as the primary government*), but also Greensboro/Guilford County Tourism Development Authority, a legally separate entity for which Guilford County is financially accountable. Financial information for this *component unit* is reported separately within the government-wide financial statements from the financial information presented for the primary government.

The government-wide financial statements can be found on pages 5 and 6 of this report.

Fund financial statements. 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. Guilford County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Guilford County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The fund financial statements provide more detailed information about the County's most significant funds.

Governmental funds. *Governmental funds* are used to account for essentially the same 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

Management's Discussion and Analysis

balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Guilford County maintains eight individual governmental funds. 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 three capital projects fund types—the County Building Construction Fund, Water and Sewer Construction Fund, and School Capital Outlay Fund—all of which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation under other governmental funds.

Guilford County adopts an annual appropriated budget for most of its governmental funds. A budgetary comparison statement with expenditures presented at the functional level has been provided for the General Fund on page 11 as part of the basic financial statements.

The basic governmental fund financial statements can be found on pages 7-11 of this report.

Proprietary funds. There are two different types of proprietary funds. *Enterprise funds* are used to report those functions that are presented as business-type activities in the government-wide financial statements. Guilford County has no enterprise funds. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among Guilford County's various functions. Guilford County uses an internal service fund to account for its risk management services. Because this service only benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

The internal service fund is presented in the proprietary fund financial statements which can be found on pages 12-14 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 Guilford County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Guilford County has two types of fiduciary funds—one pension trust fund and three agency funds.

The basic fiduciary fund financial statements can be found on pages 15 and 16 of this report.

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 can be found on pages 17-47 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding Guilford County's progress in funding its obligation to provide certain pension benefits to its qualified

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sworn law enforcement officers. This supplementary information is required by generally accepted accounting principles and can be found on page 49 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Guilford County, net assets are negatively impacted by the fact that the county issues debt to fund the construction of capital assets that become the assets of other governmental entities upon completion. The County issues general obligation debt to fund the majority of the cost of constructing these assets. Net assets exceeded liabilities by \$59.4 million at the close of the most recent fiscal year. Comparative information for net assets for the primary government is shown below in summarized form (see Table A-1).

	Governmental Activities	
	2005	2004
Current and other assets	\$425,222,628	285,050,775
Capital assets	123,475,476	123,057,874
Total assets	548,698,104	408,108,649
Long-term liabilities outstanding	453,502,659	286,338,590
Other liabilities	35,820,023	37,926,324
Total liabilities	489,322,682	324,264,914
Net assets:		
Invested in capital assets, net of related debt	112,083,864	111,008,939
Restricted	25,288,493	23,362,147
Unrestricted	(77,996,935)	(50,527,351)
Total net assets	\$ 59,375,422	83,843,735

The largest portion of Guilford County's net assets reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets. Guilford County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

Although Guilford County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Guilford County, along with many other counties in North Carolina, funds school facilities that become assets of the school district and community college facilities that become property of the community college, through the issuance of debt. In addition, Guilford County also funds water and sewer lines that become assets of various municipalities through the issuance of debt. General obligation bonds have been issued by the County to

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fund the majority of the cost of these assets. The County's liabilities at June 30, 2005 include outstanding general obligation debt of \$402 million related to funding these non-county assets. This represents 91.6% of the County's outstanding general obligation debt. Because the County does not retain the related assets, this debt liability (less any unspent proceeds) reduces the County's total net assets and presents a less favorable picture as compared to governments that do not extensively fund the capital assets of other governmental entities. Comparative information for changes in net assets for the primary government is shown below (see Table A-2).

Table A-2 Changes In GUILFORD COUNTY'S Net Assets (Primary Government)		
	Governmental Activities	
	2005	2004
Revenues		
Program revenues		
Charges for services	\$ 47,696,938	50,012,641
Operating grants and contributions	91,140,305	77,506,870
Capital grants and contributions	398,346	2,049,536
General revenues		
Taxes:		
Property taxes for general purposes	246,364,997	229,859,467
Property taxes for fire districts	8,422,319	6,229,675
Sales taxes for general purposes	66,843,356	61,889,799
Sales taxes for fire districts	2,209,697	2,448,238
Sales taxes for school capital/debt	10,792,474	10,293,317
Occupancy taxes for tourism development	4,232,851	3,976,303
Other taxes	5,015,207	4,780,224
Grants and contributions not restricted	3,735,353	4,794,484
Other	7,930,098	3,745,608
Total revenues	494,781,941	457,586,162
Expenses		
General government	38,935,052	35,776,935
Human services	168,210,350	162,046,232
Public safety	77,965,005	70,809,410
Environmental protection	1,682,060	1,174,894
Culture and recreation	3,824,634	2,754,118
Economic development/urban redevelopment	6,424,162	5,094,898
Education	210,740,935	189,254,201
Interest on long term debt	11,468,056	10,599,222
Total expenses	519,250,254	477,509,910
Deficiency before special item	(24,468,313)	(19,923,748)
Special item - contribution from capital asset trade	-	3,159,900
Changes in net assets	(24,468,313)	(16,763,848)
Net assets at beginning of year	83,843,735	100,607,583
Net assets at end of year	\$ 59,375,422	83,843,735

Management's Discussion and Analysis

As noted in the highlights Guilford County's net assets decreased \$24.5 million during the current fiscal year primarily as a result of providing funding for school and community college facilities from bond proceeds and other sources. The expenses under the education activity include \$71.8 million in capital spending with \$53.9 million going for school facilities and the remainder for community college facilities.

Aspects of the County's financial operations that influenced the change in the County's net assets include:

- Guilford County's activities would increase net assets if the expenses related to capital funding provided to outside entities and debt and restricted revenue supporting these expenses were eliminated.
- Program revenues covered 26.8% of program expenses, declining from 27.1% last year.
- Program revenues totaled \$139.2 million increasing by \$9.7 million from the previous year. Operating grants from the State and Federal government increased \$13.6 million to \$91.1 million after declining for the past two years. Charges for Services declined by \$2.3 million and capital grants and contributions were down \$1.7 million.
- General revenues totaled \$355.5 million increasing by \$27.5 million from the previous year. Property tax revenue increased to \$254.8 million, up \$18.7 million or 7.9%, due primarily to an increase in the County-wide tax rate. Sales tax revenue increased to \$79.8 million, up \$5.2 million or 7% from the previous year due to increased retail sales. The remaining general revenues increased \$3.6 million, primarily from investment earnings due to increased yields and average invested balances.
- Expenses increased 8.7% or 41.7 million to \$519.3 million. Education expenses were up \$21.5 million or 11.4% due to a \$5.5 million increase in operating funds and a \$16 million increase in capital funds provided to the schools and community college. While expenses increased in most programs, the Public Safety increase of \$7.2 million or 10.1%, like last year, increased at a higher rate than overall expenses.
- Net assets decreased \$24.5 million, up \$7.7 million or 46%, due to the increase in capital funding provided to outside entities. The increase in general revenues helped to buffer this decrease from being even greater.

Figure A-1
Guilford County
Sources of Revenue
Fiscal Year 2005

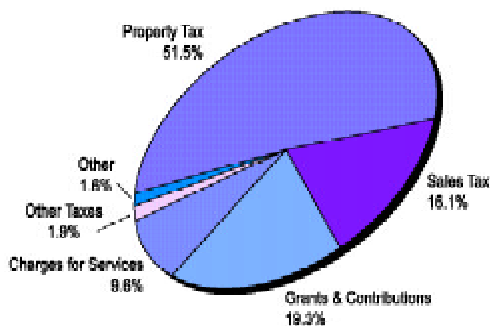
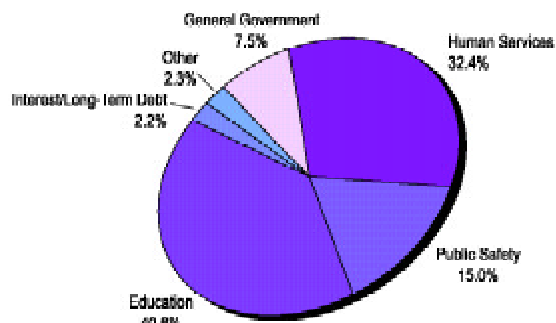


Figure A-2
Guilford County
Functional Expenses
Fiscal Year 2005



Financial Analysis of the Government's Funds

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

Governmental funds. The focus of Guilford County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Guilford County's financing requirements. In particular, *unreserved fund balance* may serve as 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 current fiscal year, Guilford County's governmental funds reported combined ending fund balances of \$359 million, an increase of \$139.3 million in comparison with the prior year. The increase is attributable to the issuance of \$183.2 million of general obligation bonds in February 2005. The *unreserved fund balance*, which is not reserved for specific purposes makes up 85.7 percent of the total or \$307.6 million. The remainder of fund balance is *reserved* to indicate that it is not available for general purposes because it is legally restricted or has been contractually committed: (1) to liquidate contracts and purchase orders of the prior period (\$9.6 million), (2) reserved under state statutory requirements (\$39.4 million), or (3) other restricted purposes (\$2.4 million). Approximately \$213.1 million of the unreserved fund balance has been *designated* by actions of the Board of County Commissioners for a specific purpose: (1) for subsequent years expenditures (\$30.6 million) (2) for capital project ordinances (\$181.5 million) or (3) for other specific purposes (\$1 million). The *undesignated fund balance* (that not reserved or designated) totals \$94.5 million.

The General Fund is the chief operating fund of Guilford County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$69.6 million, while total fund balance reached \$114.5 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 14.9 percent of total General Fund expenditures, while total fund balance represents 24.6 percent of that same amount. The Local Government Commission (LGC), which is established by statute to oversee local government financial affairs, has recommended that the General Fund undesignated fund balance be maintained at a minimum level of eight percent of the subsequent year's budget. The undesignated fund balance of \$43.6 million is equal to 8.5 percent of the fiscal year 2005/06 General Fund budget.

The fund balance of Guilford County's General Fund increased by \$9.7 million during the current fiscal year. Revenues of \$469.7 million exceeded expenditures by \$3.5 million and net transfers in added an additional \$6.5 million. Revenue increased by \$45.4 million, a 10.7% increase over last fiscal year. This increase includes \$10.8 million of sales tax revenue previously received by the School Capital Outlay Fund as discussed below. The increase in General Fund revenue is \$34.6 million or 8.1% not counting the shift in sales tax revenue. General Fund revenue activities are as follows:

- Property tax revenue increased to \$245.9 million, going up \$16.4 million or 7.1% due primarily to an increase in the County-wide tax rate from the revenue neutral ratio of \$.6034 to \$.6184 per hundred of assessed value.
- Sales tax revenue in the General Fund increased by \$16.9 million or 27.8%. However, due to a policy change shifting non-project capital funding for the schools and community college to the General Fund, the increase includes sales tax

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revenue previously received by the School Capital Outlay Fund. The total sales tax revenue for all governmental funds was up \$5.2 million or 7% from the prior fiscal year.

- Intergovernmental revenue increased by \$7.4 million or 9.1% with most of the increase resulting from increased Federal and State grant funds earned by Mental Health programs.
- Investment Income for the General Fund increased by \$3.5 million as both the yield and average invested balance increased.

General Fund expenditures were \$466.2 million, increasing \$48 million or 11.5% from last year. This increase includes expenditures for non-project capital outlay funding of \$22 million for the Schools and Community College previously accounted for in the School Capital Outlay Fund. The increase in General Fund expenditures is \$26 million or 6.2% excluding these expenditures. Highlights of significant areas of increase include:

- A \$2.4 million increase in debt service primarily related to the Series 2005 bond issuance of \$183.2 million in new debt.
- Education current expense funding to the Schools and Community College increased by \$5.5 million to \$138.9 million.
- Public Safety expenditures increased by \$5.5 million to \$65.8 million, a 9.1% increase. Emergency Services increased \$2.7 million or 18.2% as a result of eight new positions primarily for the fire response team, pay plan adjustments, and equipment refurbishment and replacement. Law Enforcement increased by \$2.1 million or 5.5% primarily as a result of normal increases and the addition of eight new positions throughout the department.
- Human Services expenditures were up \$7.5 million to \$168.6 million primarily as a result of increased public assistance costs and normal expenditure increases in other departments. While expenditures were up in Mental Health by 6% or \$2.3 million, the increase was more than covered by growth in Intergovernmental revenue of over \$5 million.
- Expenditures increased over \$3.1 million in all departments with personnel in order to cover the increased cost of employee healthcare benefits.

The other major governmental funds are the following three capital outlay funds: County Building Construction, which primarily handles capital projects in which the assets are retained entirely or in part by the County; Water and Sewer Construction Fund, which funds the construction of water and sewer lines and facilities which are transferred to the cities and towns upon completion; and School Capital Outlay Fund which funds the construction of school buildings and facilities for the Guilford County Board of Education and Guilford Technical Community College.

The County Building Construction Fund fund balance increased by \$17.8 million. Revenue and other sources included revenue of \$.9 million from grants and interest; bond proceeds of \$21.7 million for administrative and court facilities, an EMS base station, and parks and recreation facilities; and a net transfer in of \$.7 million. Expenditures of \$5.6 million included \$2 million for an 800 MHz communication system upgrade, \$1.8 million for parks and recreation projects, \$1.1 million for a scrap tire/white goods facility and \$.5 million for renovating the Health Department building in High Point. The fund balance of the School Capital Outlay Fund increased \$109.7 million. Revenue and other sources totaled \$166.5

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million consisting of \$161.5 million in bond proceeds for school and community college facilities and \$5.0 million in Public School Facilities funds from the State. Expenditures of \$49.9 million consisted of \$35.5 million for school facilities and \$14.4 million for community college facilities. A transfer of \$6.9 million from School Capital Outlay Fund balance went to the General Fund related to a decision to move school system and community college non-project capital funding to the General Fund. The fund balance of the Water and Sewer Construction Fund increased by \$1.8 million as revenue of \$3.1 million primarily from fees exceeded project expenditures of \$.9 million and transfers out of \$.4 million.

Proprietary funds. Guilford County's only proprietary fund is its Internal Service Fund. Because the operations of this fund are consolidated with governmental activities, information concerning Guilford County's proprietary funds are found only in the fund financial statements.

Operating revenue of internal service operations exceeded operating expenses by \$2.4 million. Non-operating revenue (interest income) added \$.5 million resulting in an overall gain of \$2.9 million. The sole purpose of the fund is the operation of the County's risk management programs. The largest part of the gain, \$1.8 million, was in healthcare which resulted in restoring a positive balance in the healthcare net asset segment of operations. The County contributions to the health insurance healthcare plan have been adjusted by approximately 15% to keep up with rising costs.

General Fund Budgetary Highlights

The final General Fund budget for fiscal year 2005 was \$553.6 million, an increase of \$95 million from the original budget of \$458.6 million.

Table A-3 Summary of GUILFORD COUNTY'S Additional Appropriations (General Fund)			
	<u>Sources</u>		<u>Uses</u>
Refunding Bonds with premium	\$ 60,037,142	Payment to Refund Bonds	\$ 60,717,192
Intergovernmental Revenue	10,323,999	Education	21,986,799
Sales Tax	10,218,091	Emergency Services	3,605,581
Fund Balance	9,538,018	Social Services	2,169,071
Transfers In	7,180,044	Information Services	1,936,479
Charges for Services	(2,666,348)	Economic Development	1,569,128
Other Sources	381,625	Law Enforcement	1,460,669
		Community Development	922,632
		Other Uses	645,020
	<u>\$ 95,012,571</u>		<u>\$ 95,012,571</u>

While it is typical for the budget to be amended significantly, the increase is larger than usual due to increases of \$60 million related to the refunding of general obligation bonds and \$20.5 million related to moving the funding of non-project capital funding provided to the school system and community college from the School Capital Outlay Fund to the General Fund. Guilford County typically increases its budget appropriation as a result of additional State and Federal funding and medicaid reimbursements received during the fiscal year. These grant funds provide funding for Economic Development, various human services programs of the Social Services, Mental Health, and Health Departments and the public safety programs of the Law Enforcement Department and other public safety departments.

Management's Discussion and Analysis

The County also amends its budget each year to carryforward outstanding encumbrances from the prior year utilizing fund balance. The carryforward budget amendment for the fiscal year ending June 30, 2005 was \$5.6 million for all General Fund departments.

In addition, fund balance was appropriated during the year in the amount of \$652,000 to address increased Medicaid costs, \$269,223 to pay towns related to planning services, \$234,500 of restricted inmate welfare funds, and \$219,400 for a Bicentennial Greenway project in High Point.

The variance of actual expenditures from the final budget is typical, but variance has decreased slightly each of the last three fiscal years. The variance results from conservative budget practices such as, budgeting fully for positions in most departments; the need to allow for fluctuation in Public Assistance, grant programs and management of the large number of service contracts in the Human Services area; and capital purchases which are not completed at year end.

The final General Fund Budget for fiscal year 2004/05 of \$553.6 million increased 23.2% from last fiscal year. This large increase is related to the refunding of bonds and transferred non-project capital outlay funds mentioned earlier. General Fund expenditures were 95.1% of budget or \$24.1 million under the budget.

Capital Asset and Debt Administration

Capital assets. Guilford County's investment in capital assets for its governmental activities as of June 30, 2005, amounts to \$123.5 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and machinery and equipment. Infrastructure capital assets at the County's park facilities, and watershed facilities have been included under improvements since the amounts are relatively insignificant. Guilford County's increase in its investment in capital assets was \$.4 million during the current fiscal year.

Improvements other than Buildings increased by \$1.7 million before depreciation related to additions to Northeast Park of \$.9 million, various other parks of \$.5 million and the scrap tire/white goods facility in the amount of \$.3 million. Construction in Progress increased \$.8 million primarily related to work on the High Point Health building and scrap tire/white goods facility.

Additional information on Guilford County's capital assets can be found in Note III. C. on pages 29 and 30 of this report.

Table A-4
GUILFORD COUNTY'S Capital Assets
(Net of Accumulated Depreciation)

	Governmental Activities	
	2005	2004
Land	\$ 28,032,659	27,954,857
Buildings	75,140,047	77,454,647
Improvements other than buildings	8,117,908	7,037,246
Machinery and equipment	11,264,106	10,475,939
Construction in progress	920,756	135,185
Total	\$ 123,475,476	123,057,874

Management's Discussion and Analysis

Debt Administration. At the end of the current fiscal year, Guilford County had total bonded debt outstanding of \$438.9 million all of which were general obligation bonds, backed by the full faith and credit of the County. In addition there were \$9.7 million in unamortized bond issuance/put bond premiums and \$.5 million of obligations under capital leases and installment financings all net of unamortized bond refunding charges of \$6 million. Guilford County's total debt increased by \$166.6 million during the fiscal year. The County issued on February 3, 2005 a total of \$237.6 million in general obligation debt consisting of \$183.2 million of new variable rate debt and \$54.4 million of fixed rate refunding bonds. The new debt consisted of \$150 million for schools, \$12.5 million for parks and recreation facilities, \$11.5 million for community college facilities, and \$9.2 million for office buildings and EMS facilities.

The \$54.4 million refunding debt was sold at a \$5.7 million premium with an average interest rate of 4.848%. The refunding debt refinanced series 1996 and 2000 general obligation debt that had average interest rates of 5.353% and 5.130%, respectively. This refunding will reduce the County's debt service payments by approximately \$2.3 million with a net present value savings of \$1.8 million.

A forward interest rate exchange entered into in March 2004 with Bank of America on the \$24 million of remaining variable rate debt issued in October 2002 maturing in annual installments from October 2021-2022 became effective January 1, 2005. This interest rate exchange has an intended synthetic rate exchange of 3.505% to maturity. The County entered into a forward interest rate exchange agreement on September 13, 2004 effective February 3, 2005 on \$90 million of variable rate debt issued February 3, 2005 maturing in annual installments from March 2006-2020. This interest rate exchange has an intended synthetic rate of 3.22% to maturity.

Guilford County maintains a "AAA" rating from Standard & Poor's Corporation on all of its outstanding bonded debt. Moody's has assigned a Aaa rating to the 1988 and 1991 issues which were refunded February 1, 1998 and Moody's has assigned a Aa1 to all other bonded debt. Fitch IBCA has assigned a "AA+" to the 2001 and 2003 issuance.

State statutes limit the amount of general obligation debt a governmental entity may issue to eight percent of its total assessed valuation. The current debt limitation for Guilford County is \$3.2 billion, which is significantly in excess of Guilford County's outstanding and unissued general obligation debt.

Additional information on Guilford County's long-term debt can be found in Note III. F. on pages 33-38 of this report.

Table A-5		
GUILFORD COUNTY'S Outstanding Debt		
	Governmental Activities	
	2005	2004
General obligation bonds	\$438,880,000	\$269,910,000
Plus bond issuance/put bond premiums	9,682,448	6,038,720
Less bond refunding charges	(6,039,324)	(333,315)
Capital leases and purchase money installment contracts	513,298	862,328
Total	<u>\$ 443,036,422</u>	<u>\$ 276,477,733</u>

Management's Discussion and Analysis

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

- The County's fiscal 2006 General Fund budget has increased by \$51.8 million from the fiscal year 2005 original budget to \$510.5 million. This includes a \$10 million net increase related to a change made during fiscal year 2005 that moved capital payments to the schools previously budgeted in the School Capital Outlay Fund. The sales tax revenue that supported these expenditures in the School Capital Outlay Fund was also moved to the General Fund to support School Bond Debt service expenditures. The adjusted increase in the General Fund budget of \$41.8 million represents a 9.1% increase from the original budget for fiscal year 2005.
- The General Fund tax rate levied for fiscal year 2006 is \$.6428 per \$100 valuation, an increase of \$.0244. The rate increase combined with a 2.8% growth in the County's tax base to \$40.6 billion will provide an additional \$15.1 million in tax revenue, a 6.3% increase from the previous year.
- Estimated sales tax revenue of \$75.2 million for the fiscal year 2006 is \$16.7 million more than last year's original General Fund budget. This includes \$10.2 million in sales tax revenue previously budgeted in the School Capital Outlay Fund. The net increase in sales tax revenue of \$6.5 million represents a 9.5% increase. Other significant increases in revenue include investment income and intergovernmental revenue which are up \$8.5 million and \$7.4 million respectively.
- Budget increases occurred across most General Fund budget categories. The current appropriation portion of the Education budget increased by \$11.8 million, Human Services by \$8.9 million, Public Safety by \$7.3 million and Debt Service by \$6.4 million.
- The local economic recovery continues to gradually improve. Unemployment for the first six months of 2005 was 5.2% as compared to 5.6% in 2004 and 6.3% in 2003. After several years of flat or declining retail sales, Guilford County retail sales increased by 8.7% in 2005 after a 3.1% increase in 2004.

Requests for Information

This financial report is designed to provide a general overview of Guilford County's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Brenda Jones Fox, Finance Director, Guilford County Finance Department, P. O. Box 3427, Greensboro, NC 27402.

Basic Financial Statements

The Basic Financial Statements consist of the government-wide financial statements which display all the financial activities except fiduciary activities of the County and its discretely presented component units; the fund financial statements which provide information about the County's funds, including its fiduciary funds; and the notes to the financial statements. They present the financial position of Guilford County, North Carolina as of June 30, 2005, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

GUILFORD COUNTY, NORTH CAROLINA
Statement of Net Assets
June 30, 2005

Exhibit 1

	Primary Government	Component Unit
	Governmental	Greensboro/Guilford
	Activities	County Tourism
		Development Authority
Assets		
Current assets:		
Cash and cash equivalents/investments	\$ 367,850,853	1,820,718
Receivables:		
Property taxes (net)	3,477,473	-
Accrued interest on property taxes (net)	275,000	-
Other taxes	562,603	-
Due from governmental units and agencies	34,899,667	51,854
Due from primary government	-	216,583
Service fees (net)	3,661,031	-
Special assessments	812,906	-
Accrued interest on investments	1,092,136	4,738
Other	4,353	7,652
Total receivables	44,785,169	280,827
Deposits and other assets	8,033,537	-
Deferred charges	1,442,526	-
Total current assets	422,112,085	2,101,545
Noncurrent assets:		
Due from governmental units and agencies	3,110,543	-
Non-depreciable capital assets	28,953,415	-
Depreciable capital assets (net)	94,522,061	52,623
Total noncurrent assets	126,586,019	52,623
Total assets	548,698,104	2,154,168
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	31,713,392	51,219
Due to component unit	216,583	-
Unearned revenue	3,325,398	-
Deposits	564,650	-
Current portion of long-term liabilities	24,531,521	-
Total current liabilities	60,351,544	51,219
Noncurrent liabilities:		
Noncurrent portion of long-term liabilities	428,971,138	-
Total liabilities	489,322,682	51,219
Net Assets		
Invested in capital assets, net of related debt	112,083,864	52,623
Restricted for:		
Capital projects	20,535,588	-
Other purposes	4,752,905	-
Unrestricted	(77,996,935)	2,050,326
Total net assets	\$ 59,375,422	2,102,949

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

GUILFORD COUNTY, NORTH CAROLINA
Statement of Activities
For the fiscal year ended June 30, 2005

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
					Governmental Activities	Greensboro/Guilford County Tourism Development Authority
Primary Government:						
Governmental activities:						
General government	\$ 38,935,052	7,632,915	1,101,983	-	(30,200,154)	-
Human services	168,210,350	21,075,399	80,870,482	84,778	(66,179,691)	-
Public safety	77,965,005	16,056,217	2,388,765	66,236	(59,453,787)	-
Environmental protection	1,682,060	83,527	890,214	9,759	(698,560)	-
Culture - recreation	3,824,634	8,700	-	237,573	(3,578,361)	-
Urban redevelopment and housing	152,052	-	120,228	-	(31,824)	-
Economic development and assistance	6,272,110	2,653,574	800,000	-	(2,818,536)	-
Education	210,740,935	-	4,968,633	-	(205,772,302)	-
Interest on long-term debt	11,468,056	186,606	-	-	(11,281,450)	-
Total primary government	<u>\$ 519,250,254</u>	<u>47,696,938</u>	<u>91,140,305</u>	<u>398,346</u>	<u>(380,014,665)</u>	<u>-</u>
Component Unit:						
Greensboro/Guilford Co Tourism Dev Authority:						
Tourism promotion and development	<u>\$ 3,152,018</u>	<u>6,700</u>	<u>3,650,827</u>	<u>-</u>	<u>-</u>	<u>505,509</u>
General revenues:						
Taxes:						
Property taxes, levied for general purposes					246,364,997	-
Property taxes, levied for fire districts					8,422,319	-
Sales taxes, levied for general purposes					66,843,356	-
Sales taxes, levied for fire districts					2,209,697	-
Sales taxes, levied for school capital and/or debt					10,792,474	-
Occupancy taxes, levied for tourism development					4,232,851	-
Excise tax					2,935,945	-
911 charges, levied for 911 system					769,657	-
Local gross receipts and franchise taxes					1,309,605	-
Grants and contributions not restricted to specific programs					3,735,353	-
Unrestricted investment earnings					7,707,805	32,836
Other					222,293	-
Total general revenues					<u>355,546,352</u>	<u>32,836</u>
Change in net assets					(24,468,313)	538,345
Net assets at beginning of year					83,843,735	1,564,604
Net assets at end of year					<u>\$ 59,375,422</u>	<u>2,102,949</u>

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

GUILFORD COUNTY, NORTH CAROLINA
Balance Sheet
Governmental Funds
June 30, 2005

Exhibit 3

	General	County Building Construction	Water and Sewer Construction	School Capital Outlay	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents/investments	\$ 100,389,158	39,578,956	31,060,787	175,645,864	1,192,271	347,867,036
Receivables:						
Property taxes (net)	3,384,341	-	-	-	93,132	3,477,473
Accrued interest on property taxes (net)	275,000	-	-	-	-	275,000
Other taxes	183,495	-	-	-	379,108	562,603
Due from governmental units and agencies	34,539,837	28,768	775,975	1,925,966	730,909	38,001,455
Service fees (net)	3,497,723	-	-	-	-	3,497,723
Special assessments	-	-	812,906	-	-	812,906
Accrued interest on investments	921,908	110,833	-	-	3,295	1,036,036
Other	4,353	-	-	-	-	4,353
Total receivables	42,806,657	139,601	1,588,881	1,925,966	1,206,444	47,667,549
Deposits and other assets	40,949	-	-	-	-	40,949
Total assets	\$ <u>143,236,764</u>	<u>39,718,557</u>	<u>32,649,668</u>	<u>177,571,830</u>	<u>2,398,715</u>	<u>395,575,534</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	\$ 17,649,043	282,051	814,075	5,276,857	144,376	24,166,402
Due to component unit	-	-	-	-	216,583	216,583
Deferred revenue	10,559,687	-	834,124	45,474	230,797	11,670,082
Deposits	564,650	-	-	-	-	564,650
Total liabilities	28,773,380	282,051	1,648,199	5,322,331	591,756	36,617,717
Fund balances:						
Reserved for:						
Encumbrances	7,104,457	678,009	1,784,557	-	45,248	9,612,271
State statute	35,408,960	139,601	775,975	1,925,966	1,113,312	39,363,814
Restricted funding sources	2,369,991	-	-	-	-	2,369,991
Unreserved:						
Designated for subsequent year's expenditures reported in:						
General fund	25,023,612	-	-	-	-	25,023,612
Special revenue funds	-	-	-	-	109,605	109,605
Capital projects funds	-	2,000,000	-	3,432,656	-	5,432,656
Designated for capital project ordinances reported in capital projects funds	-	13,771,172	885,680	166,890,877	-	181,547,729
Designated for specific purposes reported in general fund	966,055	-	-	-	-	966,055
Undesignated reported in:						
General fund	43,590,309	-	-	-	-	43,590,309
Special revenue funds	-	-	-	-	538,794	538,794
Capital projects funds	-	22,847,724	27,555,257	-	-	50,402,981
Total fund balances	114,463,384	39,436,506	31,001,469	172,249,499	1,806,959	358,957,817
Total liabilities and fund balances	\$ <u>143,236,764</u>	<u>39,718,557</u>	<u>32,649,668</u>	<u>177,571,830</u>	<u>2,398,715</u>	<u>395,575,534</u>

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

GUILFORD COUNTY, NORTH CAROLINA
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2005

Exhibit 4

Total fund balances - total governmental funds (Exhibit 3)	\$	358,957,817
<p>Amounts reported for governmental activities in the statement of net assets are different because (see also Note II.A.):</p>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		123,475,476
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. (Note II.A.1.)		8,344,684
Prepaid expenses (assets) consumed in governmental activities are not financial resources when reported as expenditures in the funds using the purchases method. (Note II.A.2.)		1,833,783
The Internal Service Fund is used by management to charge the costs of risk management and insurance to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the statement of net assets. (See Exhibit 8)		21,733,302
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (Note II.A.3.)		<u>(454,969,640)</u>
Total net assets of governmental activities (Exhibit 1)	\$	<u>59,375,422</u>

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

GUILFORD COUNTY, NORTH CAROLINA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the fiscal year ended June 30, 2005

Exhibit 5

	General	County Building Construction	Water and Sewer Construction	School Capital Outlay	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes:						
Property taxes	\$ 245,919,507	-	-	-	8,398,637	254,318,144
Sales tax	77,635,830	-	-	-	2,209,697	79,845,527
Occupancy taxes	-	-	-	-	4,232,851	4,232,851
Excise tax	2,935,945	-	-	-	-	2,935,945
911 charges	-	-	-	-	769,657	769,657
Local gross receipts tax	789,591	-	-	-	-	789,591
Franchise taxes	520,014	-	-	-	-	520,014
Licenses and permits	3,387,258	-	-	-	-	3,387,258
Intergovernmental	88,894,149	257,091	-	4,968,633	299,800	94,419,673
Charges for services	37,882,284	-	3,009,024	-	-	40,891,308
Investment earnings	6,497,880	660,580	-	-	48,966	7,207,426
Other	5,268,526	15,783	53,301	-	6,530	5,344,140
Total revenues	<u>469,730,984</u>	<u>933,454</u>	<u>3,062,325</u>	<u>4,968,633</u>	<u>15,966,138</u>	<u>494,661,534</u>
Expenditures						
Current:						
General government	37,795,664	-	-	-	-	37,795,664
Human services	168,618,392	-	-	-	-	168,618,392
Public safety	65,753,327	-	-	-	11,277,147	77,030,474
Environmental protection	1,125,296	-	-	-	-	1,125,296
Culture - recreation	3,247,907	-	-	-	-	3,247,907
Urban redevelopment and housing	-	-	-	-	152,052	152,052
Economic development and assistance	1,143,030	-	-	-	4,232,851	5,375,881
Intergovernmental:						
Education	160,879,105	-	-	49,861,830	-	210,740,935
Capital outlay	-	5,603,108	896,229	-	-	6,499,337
Debt service:						
Principal retirement	13,810,000	-	-	-	-	13,810,000
Interest and fiscal charges	12,984,350	-	-	-	-	12,984,350
Bond issuance costs	825,559	-	-	-	-	825,559
Total expenditures	<u>466,182,630</u>	<u>5,603,108</u>	<u>896,229</u>	<u>49,861,830</u>	<u>15,662,050</u>	<u>538,205,847</u>
Excess (deficiency) of revenues over expenditures	<u>3,548,354</u>	<u>(4,669,654)</u>	<u>2,166,096</u>	<u>(44,893,197)</u>	<u>304,088</u>	<u>(43,544,313)</u>
Other Financing Sources (Uses)						
Refunding bonds issued	54,380,000	-	-	-	-	54,380,000
General obligation bonds issued	-	21,720,000	-	161,500,000	-	183,220,000
Capital-related debt issued	158,845	-	-	-	-	158,845
Payment to bond refunding escrow agent	(60,717,190)	-	-	-	-	(60,717,190)
Premiums on refunding bonds issued	5,657,142	-	-	-	-	5,657,142
Transfers in	9,120,044	2,938,653	-	-	59,524	12,118,221
Transfers out	(2,623,516)	(2,235,901)	(374,661)	(6,884,143)	-	(12,118,221)
Sale of capital assets	191,586	-	-	-	-	191,586
Total other financing sources (uses)	<u>6,166,911</u>	<u>22,422,752</u>	<u>(374,661)</u>	<u>154,615,857</u>	<u>59,524</u>	<u>182,890,383</u>
Net changes in fund balances	9,715,265	17,753,098	1,791,435	109,722,660	363,612	139,346,070
Fund balances at beginning of year	104,748,119	21,683,408	29,210,034	62,526,839	1,443,347	219,611,747
Fund balances at end of year	<u>\$ 114,463,384</u>	<u>39,436,506</u>	<u>31,001,469</u>	<u>172,249,499</u>	<u>1,806,959</u>	<u>358,957,817</u>

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

GUILFORD COUNTY, NORTH CAROLINA
Reconciliation of Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the fiscal year ended June 30, 2005

Exhibit 6

Net changes in fund balances - total governmental funds (Exhibit 5) \$ 139,346,070

Amounts reported for governmental activities in the statement of activities are different because (see also Note II.B.):

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. (Note II.B.1.) 911,668

The net effect of various miscellaneous transactions involving capital assets (ie., sales, trade-ins and donations) is to decrease net assets. (Note II.B.2.) (494,066)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds until they are available. (Note II.B.3.) (521,442)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal consumes the current financial resources. Neither transaction, however, 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. (Note II.B.4.) (167,555,363)

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 the governmental funds. Some expenditures reported in the governmental funds do require the use of current financial resources because items are prepaid using the payments method and, therefore, are not reported as expenses in the statement of activities. (Note II.B.5.) 942,088

The Internal Service Fund is used by management to charge the costs of risk management and insurance to individual funds. The net revenue of the Internal Service Fund is reported with governmental activities. (See Exhibit 9) 2,902,732

Change in net assets of governmental activities (Exhibit 2) \$ (24,468,313)

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

GUILFORD COUNTY, NORTH CAROLINA

General Fund

Exhibit 7

**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the fiscal year ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary and GAAP Basis</u>	<u>Final Budget Positive (Negative)</u>
Revenues				
Taxes:				
Property taxes	\$ 239,612,529	239,612,529	244,954,198	5,341,669
Penalties and interest on delinquent property taxes	677,000	677,000	965,309	288,309
Total property taxes	240,289,529	240,289,529	245,919,507	5,629,978
Sales tax	58,530,000	68,748,091	77,635,830	8,887,739
Excise tax	2,079,074	2,079,074	2,935,945	856,871
Local gross receipts tax	700,000	700,000	789,591	89,591
Franchise taxes	440,000	440,000	520,014	80,014
Licenses and permits	2,963,506	2,963,506	3,387,258	423,752
Intergovernmental	78,598,317	88,922,316	88,894,149	(28,167)
Charges for services	39,328,264	36,661,916	37,882,284	1,220,368
Investment earnings	4,600,000	4,600,000	6,497,880	1,897,880
Other	4,403,472	4,327,229	5,268,526	941,297
Total revenues	<u>431,932,162</u>	<u>449,731,661</u>	<u>469,730,984</u>	<u>19,999,323</u>
Expenditures				
Current:				
General government	39,821,614	43,241,004	37,795,664	5,445,340
Human services	171,530,618	175,131,864	168,618,392	6,513,472
Public safety	66,637,734	72,000,777	65,753,327	6,247,450
Environmental protection	1,364,429	1,422,729	1,125,296	297,433
Culture - recreation	3,141,315	3,466,657	3,247,907	218,750
Economic development and assistance	1,221,070	2,790,198	1,143,030	1,647,168
Intergovernmental:				
Education	138,892,306	160,879,105	160,879,105	-
Capital outlay	700,000	-	-	-
Debt service:				
Principal retirement	13,810,000	13,810,000	13,810,000	-
Interest and fiscal charges	17,515,350	16,688,741	12,984,350	3,704,391
Bond issuance costs	679,000	825,559	825,559	-
Total expenditures	<u>455,313,436</u>	<u>490,256,634</u>	<u>466,182,630</u>	<u>24,074,004</u>
Excess (deficiency) of revenues over expenditures	<u>(23,381,274)</u>	<u>(40,524,973)</u>	<u>3,548,354</u>	<u>44,073,327</u>
Other Financing Sources (Uses)				
Refunding bonds issued	-	54,380,000	54,380,000	-
Capital-related debt issued	-	412,657	158,845	(253,812)
Payment to bond refunding escrow agent	-	(60,717,192)	(60,717,190)	2
Premiums on refunding bonds issued	-	5,657,142	5,657,142	-
Transfers in	1,940,000	9,120,044	9,120,044	-
Transfers out	(3,328,516)	(2,680,697)	(2,623,516)	57,181
Sale of capital assets	20,000	65,211	191,586	126,375
Total other financing sources (uses)	<u>(1,368,516)</u>	<u>6,237,165</u>	<u>6,166,911</u>	<u>(70,254)</u>
Net change in fund balances	<u>(24,749,790)</u>	<u>(34,287,808)</u>	<u>9,715,265</u>	<u>44,003,073</u>
Fund balances at beginning of year	<u>104,748,119</u>	<u>104,748,119</u>	<u>104,748,119</u>	<u>-</u>
Fund balances at end of year	\$ <u>79,998,329</u>	<u>70,460,311</u>	<u>114,463,384</u>	<u>44,003,073</u>

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

GUILFORD COUNTY, NORTH CAROLINA
Statement of Net Assets
Proprietary Funds - Internal Service Fund
June 30, 2005

Exhibit 8

		<u>Governmental Activities</u>
Assets		
Current assets:		
Cash and cash equivalents/investments	\$	19,983,817
Receivables:		
Due from governmental units and agencies		8,755
Service fees (net)		163,308
Accrued interest on investments		<u>56,100</u>
Total receivables		228,163
Deposits and other assets		<u>7,678,198</u>
Total assets		<u>27,890,178</u>
 Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities		4,204,922
Unearned revenue		1,928,466
Compensated absences		<u>14,998</u>
Total current liabilities		<u>6,148,386</u>
Noncurrent liabilities:		
Compensated absences		<u>8,490</u>
Total liabilities		<u>6,156,876</u>
 Net Assets		
Unrestricted		<u>21,733,302</u>
Total net assets	\$	<u><u>21,733,302</u></u>

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

GUILFORD COUNTY, NORTH CAROLINA
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds - Internal Service Fund
For the fiscal year ended June 30, 2005

Exhibit 9

	Governmental Activities
Operating revenues:	
Charges for services and materials	\$ 25,374,669
Other	131,712
Total operating revenues	25,506,381
Operating expenses:	
Personal services	273,421
Other direct service costs	120,368
Professional services	1,375,235
Claims, premiums and bonding	21,369,867
Total operating expenses	23,138,891
Operating gain	2,367,490
Nonoperating revenues:	
Interest income	535,242
Change in net assets	2,902,732
Total net assets at beginning of year	18,830,570
Total net assets at end of year	\$ 21,733,302

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

GUILFORD COUNTY, NORTH CAROLINA
Statement of Cash Flows
Proprietary Funds - Internal Service Fund
For the fiscal year ended June 30, 2005

Exhibit 10

	Governmental Activities
Increase (decrease) in cash and cash equivalents:	
Cash flows from operating activities:	
Cash received from user departments and participants	\$ 25,522,763
Other operating revenues	131,712
Cash paid to employees for services	(274,354)
Cash paid to suppliers, participants and others	(23,496,821)
Net cash provided by operating activities	1,883,300
Cash flows from investing activities:	
Interest and dividends on investments	375,212
Net increase in cash and cash equivalents	2,258,512
Cash and cash equivalents at beginning of year	17,725,305
Cash and cash equivalents at end of year	\$ 19,983,817
 Reconciliation of operating gain to net cash provided by operating activities:	
Operating gain	\$ 2,367,490
Adjustments to reconcile operating gain to net cash provided by operating activities:	
Change in assets and liabilities:	
Increase in accounts receivable	(125,496)
Increase in deposits and other assets	(300,482)
Decrease in accounts payable	(326,601)
Increase in deferred revenue	269,322
Decrease in accrued vacation and compensatory benefits	(933)
Total adjustments	(484,190)
Net cash provided by operating activities	\$ 1,883,300

Non-cash investing, capital and financing activities:

During the year, deposits and other assets also increased by interest income of \$138,146 from a fund in the risk pool in which the County participates where the risk of loss is retained.

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

GUILFORD COUNTY, NORTH CAROLINA
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2005

Exhibit 11

	Pension Trust Fund Law Enforcement Officers' Special Separation Allowance	Agency Funds
Assets		
Cash and cash equivalents/investments	\$ 1,779,660	\$ 1,434,288
Receivables:		
Accrued interest on investments	4,977	-
Total assets	1,784,637	\$ 1,434,288
Liabilities		
Accounts payable and accrued liabilities	2,635	\$ 206,418
Representative payee clients payable	-	311,733
Due to other taxing units	-	916,137
Total liabilities	2,635	\$ 1,434,288
Net Assets		
Held in trust for pension benefits	\$ 1,782,002	

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

GUILFORD COUNTY, NORTH CAROLINA
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds - Pension Trust Fund
For the fiscal year ended June 30, 2005

Exhibit 12

		Law Enforcement Officers' Special Separation Allowance
Additions		
Employer contributions	\$	349,121
Interest		37,861
Total additions		386,982
Deductions		
Benefits		435,437
Administrative expenses		11
Total deductions		435,448
Change in net assets		(48,466)
Net assets at beginning of year		1,830,468
Net assets at end of year	\$	1,782,002

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

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

Guilford County, North Carolina (the County) is governed by an elected Board of Commissioners with eleven members. The accompanying financial statements present the County and its component units, legally separate entities for which the County is considered to be financially accountable. The County has no component units which are required to be blended with data of the primary government. The discretely presented component unit presented below is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the County.

Discretely presented component units.

Greensboro/Guilford County Tourism Development Authority

The Greensboro/Guilford County Tourism Development Authority (the Authority) is a public authority under the North Carolina General Statutes, created to promote activities and programs which encourage travel and tourism to the area. The County is financially accountable for the Authority because it levies the occupancy tax which is the major source of the Authority's revenues and has final approval over the annual budget. The Authority, which has a June 30 year end, is presented as a governmental fund type. Of the \$4,232,851 County levied occupancy taxes earned and included as an economic development and assistance expense of the County, \$2,962,996 is reported as part of the Authority's operating grants and contributions program revenue along with \$687,831 from a separate City of Greensboro levy. The complete financial statements of the Authority may be obtained from its administrative office at Greensboro/Guilford County Tourism Development Authority, 317 South Greene Street, Greensboro, North Carolina 27401.

Guilford County Industrial Facility and Pollution Control Financing Authority

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

B. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government (the County) and its component unit (the Authority). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements report the County's *governmental activities* which generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. The County has no business-type activities, financed in whole or in part by fees charged to external parties, to report.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities and for the Authority. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. No indirect expense allocations have been made in the funds which require reversal for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

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 County's governmental 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 County has no enterprise funds on which to report.

Proprietary funds distinguish *operating* from *nonoperating* revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating revenues, mainly charges for services and materials, result from exchange transactions associated with the principal activities of the fund where each party receives and gives up essentially equal values. Operating expenses include professional and other services costs; claims, premiums and bonding; and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The County reports the following major governmental funds:

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

The *County Building Construction Fund*, a capital projects fund type, accounts for the financing and construction of various capital assets and improvements thereto of the County. Financing is provided principally by operating transfers from the General Fund, interest on investments, and proceeds of general obligation bonds when issued.

The *Water and Sewer Construction Fund*, a capital projects fund type, accounts for the financing and construction of various water and sewer construction projects through joint agreements with various municipalities (see Note IV. F.). The primary revenue sources are acreage user fees, joint operation fees, and assessments with additional financing provided principally by the proceeds of general obligation bonds when issued.

The *School Capital Outlay Fund*, a capital projects fund type, accounts for the County's portion of the financing of school capital assets for the Guilford County Public School System and Guilford Technical Community College. Financing is provided principally by operating transfers from the General Fund, the North Carolina Public School Building Capital Fund, the North Carolina Public School Building Bond Fund, and proceeds of general obligation bonds when issued by Guilford County.

The County also reports *Other Governmental Funds*, which are individually nonmajor, in total. The Rural Fire Districts, Room Occupancy/Tourism Developmental Tax, Emergency Telephone System, and Community Development Funds are all special revenue fund types. They are used to account for the proceeds of specific revenue sources, other than major capital projects, that are legally restricted to expenditures for specific purposes.

Additionally, the County reports the following fund types:

Proprietary fund:

The *Internal Service Fund* accounts for risk retention services provided to other departments of the County on a cost reimbursement basis.

Fiduciary funds:

The *Pension Trust Fund*, the Law Enforcement Officers' Special Separation Allowance Fund, accounts for the activities of a single employer, public employee retirement system, which accumulates resources for pension benefit payments to qualified law enforcement officers.

Agency Funds are used to account for assets held by the County on behalf of others. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The County maintains the following agency funds: the Tax Collection Fund, which accounts for property, occupancy, and/or privilege taxes collected by the County Tax Collector in his capacity as agent for various municipalities, a special district, and an authority; the Fines and

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

Forfeitures Fund, which accounts for fines and forfeitures collected by the County that are required to be remitted to the Guilford County Board of Education; and the Representative Payee Fund, which accounts for funds deposited with the Mental Health and Social Services Departments for the benefit of specified clients being served by the County.

C. Measurement Focus, Basis of Accounting

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

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

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

The government-wide (governmental activities) financial statements of the County follow Financial Accounting Standards Board Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with or contradict guidance of the Governmental Accounting Standards Board.

Governmental Fund Financial Statements. Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. 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. For this purpose, the government considers revenues, except for property taxes, to be available if they are collected within 90 days of the end of the current fiscal period. 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.

Ad valorem property taxes are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, property taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. See also Note I.E.2 for additional explanation. Those revenues susceptible to accrual are sales taxes, collected and held by the State at year end on behalf of the County, certain intergovernmental revenues and charges for services, and interest on investments. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amount will be reimbursed to the County; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met. Some types of charges for services are susceptible to accrual. Human Services Departments' client and contract fees and Emergency Services Department ambulance fees net of an adjustment for estimated uncollectible fees are recognized when earned because they are considered both measurable and available. All other charges for services as well as licenses and permits and other revenues are not susceptible to accrual because, generally, they are not measurable until received in cash.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

D. Budgetary Control

In compliance with the North Carolina Local Government Budget and Fiscal Control Act, the County adopts an annual budget ordinance for all funds except the projects within the Community Development Special Revenue Fund authorized by grant ordinance; certain projects within the County Building Construction, Water and Sewer Construction, and School Capital Outlay Capital Projects Funds authorized by project ordinance; the Internal Service Fund and Trust and Agency Funds. The budget ordinance must be adopted by July 1 of the fiscal year or the Board of County Commissioners must adopt an interim budget that covers that time until the annual ordinance can be adopted.

The appropriations in the General Fund and annually budgeted projects in the Capital Projects Funds are formally budgeted and legally controlled on a departmental basis. Projects in the Capital Projects Funds with project-length budgets are controlled by project. The legal level of control varies for the Special Revenue Funds. Appropriations in the Rural Fire District Fund are by rural fire tax district; the appropriations in the Room Occupancy/Tourism Development Tax Fund and the Emergency Telephone System Fund are on a fund basis. Appropriations in the Community Development Fund are controlled by project. The annual budget is prepared on the modified accrual basis of accounting as required by North Carolina law and consistent with generally accepted accounting principles. It is amended for supplemental appropriations during the fiscal year by the Board of County Commissioners. The County Manager is authorized by the budget ordinance to make intrafund transfers of appropriations up to \$30,000 for each transaction, except that funds transferred cannot be used to create unauthorized positions or to raise salaries and that funds appropriated for merit raises can be used solely for that purpose. Each such transfer shall be reported to the Board of Commissioners at its next regular meeting. Any revisions that alter total appropriations of any fund must be approved by the Board. All annual appropriations lapse at each fiscal year end and open encumbrances must be reappropriated in the following fiscal year's budget.

Concurrent with the adoption of the annual budget ordinance, the County approves a balanced financial plan for the Internal Service Fund. A financial plan is balanced when estimated expenses do not exceed estimated revenues. Any change in the financial plan during the year must be approved by the Board of County Commissioners.

E. Assets, Liabilities and Equity

1. Cash and Cash Equivalents/Investments

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

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

Investments with remaining maturities at the time of purchase of one year or less are stated at amortized cost which approximates fair value. 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. The securities of the North Carolina Capital Management Trust (NCCMT) Cash Portfolio, an SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

Portfolio's securities are valued at fair value. In accordance with State law, the County has invested in securities which are callable and may provide for periodic interest rate increases in specific increments until maturity; these and all other investments are stated at fair value.

2. *Property Taxes Receivable*

The County's property tax is levied each July 1 on the assessed value as of the prior January 1, for all taxable real and personal property (except registered motor vehicles) located in the County. Property taxes attach as an enforceable lien on real property as of the listing date. Assessed personal property values are established annually at estimated market value. A revaluation of all real property is required to be performed no less than every eight years, with the one affecting the fiscal year 2005 levy completed as of January 1, 2004. North Carolina General Statutes require that property taxes levied as of the beginning of the fiscal year are due September 1. Taxes are collected net of a 1% discount during July and August, in full from September 1 through January 5 and with additional penalties and interest accrued beginning January 6.

As of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles. As part of this change, Guilford County is responsible for billing and collecting these property taxes on behalf of all municipalities and special tax districts in the County. These vehicles are registered with the State's Division of Motor Vehicles under either a staggered or an annual system. For those vehicles registered under the staggered system and for vehicles newly-registered under the annual system, property taxes are due the first day of the fourth month after registration. Since billed taxes are applicable to the year in which they become due, taxes for vehicles registered from March 2004 through February 2005 apply to the fiscal year ended June 30, 2005. The uncollected portion of these taxes is included in property taxes receivable on the financial statements. Those taxes for vehicles registered from March 2005 through June 2005 apply to fiscal year 2006 and are therefore not included in property taxes receivable at June 30, 2005. For those vehicles whose registration is renewed under the annual system, taxes are due May 1 of each year and the uncollected portion is included in property taxes receivable at June 30, 2005.

The taxes collected during fiscal year 2005 for annually registered vehicles due May 1, 2005 are recorded as deferred (unearned) revenue as of June 30, 2005 because these taxes are intended to finance the County's operations during the 2006 fiscal year.

Property taxes receivable in the governmental fund financial statements are not recognized as revenue because the amount is not susceptible to accrual. At June 30, 2005, property taxes receivable are materially past due and, consequently, cannot be considered an available resource with which to pay liabilities of the current period, although the amount due is measurable. Therefore, all property taxes receivable are recorded net of an allowance for estimated uncollectible delinquent taxes, with the net receivable recorded as deferred revenue.

3. *Allowances for Doubtful Accounts*

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. Allowances are based on collection experience and management's evaluation of the current status of existing receivables.

4. *Capital Assets*

Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated life in excess of two years. Such assets are recorded at historical cost or at estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation. Public domain (infrastructure) capital assets consisting of certain improvements, including roads, bridges, curbs and gutters, water and sewer systems, school improvements, streets and sidewalks, drainage systems, and lighting systems, either have not been capitalized because the County does not own them or are included under improvements due to relatively insignificant amounts.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

Property, plant, and equipment of the primary government as well as the component unit is depreciated using the straight-line method over the following estimated useful lives:

Primary Government		Authority	
Buildings	45 years	Furniture and fixtures	7 years
Improvements other than buildings	20 years	Equipment	5 years
Machinery and equipment	10 years	Vehicles	5 years
Vehicles	3 years		

5. *Vacation, Compensatory and Sick Leave Benefits*

The County's vacation policy allows full time and fractional (but no part-time) employees to accumulate a maximum of thirty (30) days leave which, if not used, will be paid to employees upon separation from County service at the rates of pay then in effect. Any excess over the 30 days is transferred annually to sick leave as of the end of the leave accrual year.

According to the provisions of the Fair Labor Standards Act, nonexempt employees may earn compensatory time at the rate of one and one-half hours for each hour worked in excess of specified limits and may accrue a limited amount of earned compensatory benefits, which if not used, will be paid to employees upon separation from County service at the rates of pay then in effect. In addition, County policy allows exempt employees except the County Manager, Assistant Managers and Department Directors to earn compensatory time on an hour-for-hour basis and to accrue, based on years of service, a limited amount of earned compensatory benefits, which if not taken, is also payable upon separation from County service.

Accumulated vacation and compensatory benefits are accrued when incurred in the government-wide and proprietary fund financial statements. Benefits are considered to be taken on a first in, first out basis for determining the current portion of the liability. A liability for those amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

The County's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the County has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave is made.

6. *Long-term Obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or propriety fund type statement of net assets.

7. *Net Assets/Fund Balances*

Net Assets

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. 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.

Fund Balances

The governmental fund financial statements report reservations of fund balance for amounts that are not available for appropriation or are legally reserved by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

The governmental fund types classify fund balances as follows:

- Reserved for encumbrances - represents commitments for the expenditure of funds under outstanding purchase orders and contracts.
- Reserved for State statute - represents the amount of fund balance at June 30, 2005, which is not available for appropriation under provisions of the North Carolina General Statutes.
- Reserved for restricted funding sources - represents the amount of fund balance that must legally be segregated for specific future uses in accordance with requirements from the funding sources and/or applicable laws. The fund balance is adjusted for amounts already included in reserved for encumbrances/State statute or designated for subsequent year's expenditures.
- Unreserved - Designated for subsequent year's expenditures - represents the amount of fund balance appropriated to the 2005-2006 budget per the adopted budget ordinance.
- Unreserved - Designated for capital project ordinances - represents the amount of fund balance appropriated for capital projects with a project-length budgetary basis and adjusted for to date project activity and amounts already included in reserved for encumbrances and reserved for State statute.
- Unreserved - Designated for specific purposes - represents the amount of fund balance designated by the Board of Commissioners for specific future use by the Mental Health, Public Health, and Law Enforcement departments. The fund balance is adjusted for amounts already included in reserved for encumbrances/State statute or designated for subsequent year's expenditures.
- Unreserved - Undesignated - represents the amount of fund balance which is available for future appropriations.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

II. Reconciliation of government-wide and fund financial statements

A. 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 total *fund balances*—total *governmental funds* and *net assets of governmental activities* as reported in the government-wide statement of net assets. The details of selected elements of that reconciliation are further explained as follows:

1. "Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds."

Property taxes receivable (net)	\$ 3,477,473
Accrued interest on property taxes receivable (net)	275,000
Due from governmental units (cities) for reimbursement by contract of County watershed bonded debt	3,779,305
Special assessments receivable	<u>812,906</u>
Net adjustment to increase total fund balances - total governmental funds to arrive at net assets of governmental activities	<u>\$ 8,344,684</u>

2. "Prepaid expenses (assets) consumed in governmental activities are not financial resources when reported as expenditures in the funds using the purchases method."

Prepaid expenses for:	
Employer and employee healthcare benefits prepaid for July (eliminated against unearned revenue in the Internal Service Fund)	\$ 1,925,891
Less: Employee portion withheld in June, reclassified to current liabilities	(409,073)
Net pension asset for excess contributions to the Pension Trust Fund	<u>316,965</u>
Net adjustment to increase total fund balances - total governmental funds to arrive at net assets of governmental activities	<u>\$ 1,833,783</u>

3. "Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds."

General obligation bonds payable	\$ 438,880,000
Less: Deferred charge on refunding (to be amortized as interest expense)	(6,039,324)
Less: Deferred charge for issuance/put bond costs (to be amortized over life of debt)	(1,442,526)
Plus: Issuance/put bond premiums (to be amortized against interest expense)	9,682,448
Accrued interest payable	2,932,995
Capital leases and installment financings payable	513,298
Accrued compensated absences payable	<u>10,466,237</u>
Subtotal	454,993,128
Less: Accrued compensated absences payable of the Internal Service Fund	<u>(23,488)</u>
Net adjustment to decrease total fund balances - total governmental funds to arrive at net assets of governmental activities	<u>\$ 454,969,640</u>

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

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 changes in fund balances—total governmental funds* and *change in net assets of governmental activities* as reported in the government-wide statement of activities. The details of selected elements of that reconciliation are further explained as follows:

1. "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."

Capital outlay (net of Internal Service Fund amount of \$-0-)	\$ 7,493,097
Less: depreciation expense (net of Internal Service Fund amount of \$-0-)	<u>(6,581,429)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at change in net assets of governmental activities	<u>\$ 911,668</u>

2. "The net effect of various miscellaneous transactions involving capital assets (ie., sales, trade-ins and donations) is to decrease net assets."

In the statement of activities, only the gain or loss on the disposal of capital assets is reported. However, in the governmental funds, only the proceeds from a sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost net of accumulated depreciation of the capital assets disposed.	\$ (560,302)
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	<u>66,236</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at change in net assets of governmental activities	<u>\$ (494,066)</u>

3. "Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds until they are available."

Property taxes receivable (net)	\$ 444,172
Accrued interest on property taxes receivable (net)	25,000
Due from governmental units (cities) for reimbursement by contract of County watershed bonded debt	(581,863)
Special assessments receivable	<u>(408,751)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at change in net assets of governmental activities	<u>\$ (521,442)</u>

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

4. "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal consumes the current financial resources. Neither transaction, however, 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."

Debt issued or incurred:	
Issuance of refunding bonds	\$ (54,380,000)
Issuance of general obligation bonds	(183,220,000)
Capital leases and installment financings	(158,845)
Less: premiums on refunding bonds issued	(5,657,142)
Plus: bond issuance costs	825,559
Plus: refunding bond costs	5,897,190
Principal repayments:	
General obligation bonds	13,810,000
Capital leases and installment financings	507,875
Payment to escrow agent for refunding bonds	<u>54,820,000</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at change in net assets of governmental activities	\$ <u>(167,555,363)</u>

5. "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 the governmental funds. Some expenditures reported in the governmental funds do require the use of current financial resources because items are prepaid using the payments method and, therefore, are not reported as expenses in the statement of activities."

Accrued interest	\$ (345,658)
Compensated absences	(606,313)
Amortization of issuance and put bond costs	(152,557)
Amortization of deferred charge on refunding	(191,181)
Amortization of bond premiums and premium on put bond	2,013,414
Employer portion of healthcare benefits prepaid for July	219,268
Net pension asset for excess contributions to the Pension Trust Fund	<u>5,115</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at change in net assets of governmental activities	\$ <u>942,088</u>

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Cash and Cash Equivalents/Investments

As previously discussed, cash for all County funds is pooled for investment purposes. With the exception of a separate checking account, the Greensboro/Guilford County Tourism Development Authority (Authority) uses the County's pool for its investment purposes. At June 30, 2005, the cash and investments included the following:

Account Balances	Ownership of Funds
	Primary Government - Guilford County
Petty cash/cash on hand \$ 205,511	Governmental Funds \$ 347,867,036
Demand deposits 15,659,342	Internal Service Fund <u>19,983,817</u>
Certificates of deposit 47,089,181	Total Governmental Activities 367,850,853
Investments 309,931,485	Pension Trust Fund 1,779,660
	Agency Funds <u>1,434,288</u>
	371,064,801
	Component Unit - Authority <u>1,820,718</u>
\$ 372,885,519	\$ 372,885,519

Deposits

The deposits of the County's pool are governed by North Carolina General Statutes which allow depositories to collateralize excess deposits above Federal depository insurance coverage by one of two methods. Under the Dedicated Method, all deposits exceeding the Federal depository insurance coverage are collateralized with securities held by the County's agent in the County's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since 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. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for undercollateralization, 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.

At year-end, the deposit portion of pooled cash and investments had a carrying amount of \$62,733,151 and a bank balance of \$68,347,053. Of the bank balance, \$600,020 was covered by Federal depository insurance, and \$2,198,251 in non-interest-bearing deposits and \$65,548,782 in interest-bearing deposits were covered by collateral held under the Pooling Method.

Deposits of the Authority not included with the pool had a carrying amount of \$15,372 and a bank balance of \$61,497, which was fully covered by Federal depository insurance.

Investments

North Carolina General Statute 159-30(c) authorizes the County and Authority 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 nonguaranteed Federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

At June 30, 2005, the County's pooled investment balances were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Months)</u>
U.S. Treasury Securities	\$ 7,481,762	4.90
U.S. Government Agencies	130,848,969	11.39
N.C. State Agencies	50,900,000	0.56
Commercial Paper and Bankers' Acceptances	<u>64,602,378</u>	1.28
	253,833,109	6.46
N.C. Capital Management Trust	<u>56,098,376</u>	Demand
Total Pooled Investments	<u>\$ 309,931,485</u>	

The North Carolina (N.C.) State Agency instruments in the County's portfolio have final stated maturities ranging from 2015 to 2032; however, they may be redeemed at par at any time and the interest rate resets every 28 to 35 days. Effective maturity is deemed to be the next interest reset date.

Interest Rate Risk. In accordance with its investment policy, the County manages its exposure to declines in fair value by limiting investments with maturities beyond one year to 50% of the portfolio. No investment may be purchased with a maturity greater than five years from date of purchase.

Credit Risk. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2005, the County's investments in commercial paper were rated P1 by Standard & Poor's, F1 by Fitch Ratings, and/or A1 by Moody's Investors Service. The County's investments in the NCCMT Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2005. The County's investment in the NCCMT Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, obligations of the State of North Carolina, bonds and notes of North Carolina local governments/public authorities and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended. The County's investments in U.S. Agencies (Federal Home Loan Bank, Federal National Mortgage Association, and Federal Home Loan Mortgage Corporation) are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. The County's investments in N.C. State Agencies (State Education Assistance Authority) are rated Aaa by Moody's Investors Service and AAA by Fitch Ratings.

Custodial Credit Risk. Custodial credit risk is risk that the County will not be able to recover the value of its investments that are in the possession of its safekeeping custodian. To minimize this risk, the County's investment policy requires that all negotiable instruments shall be held in safekeeping in the trust department of a bank. The County's investments are held in the County's name by a safekeeping agent that is independent of all counterparties.

Concentration of Credit Risk. The County's investment policy limits investment in any one commercial paper issuer to no more than 15% of the total portfolio, which is defined by the County's investment policy to include interest-bearing bank deposits. No single commercial paper issuer accounted for more than 5% of the County's investments at June 30, 2005. The following State and Federal agencies comprise more than 5% of the County's investments, which exclude bank deposits for purposes of this disclosure: N.C. State Education Assistance Authority, 16.42%; Federal Home Loan Bank, 19.20%; and Federal National Mortgage Association, 20.10%.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

B. Receivables

Receivables are recorded net of an allowance for estimated uncollectible accounts at June 30, 2005 in the County's individual funds as follows:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>	<u>Internal Service Fund</u>
Allowance for uncollectible accounts on:				
Property taxes	\$ 3,974,977	72,714	4,047,691	-
Accrued interest on property taxes	1,417,810	-	1,417,810	-
Service fees	<u>10,684,778</u>	<u>-</u>	<u>10,684,778</u>	<u>9,000</u>
	<u>\$ 16,077,565</u>	<u>72,714</u>	<u>16,150,279</u>	<u>9,000</u>

C. Capital Assets

Capital asset activity for the year ended June 30, 2005 follows:

Primary Government – Governmental Activities

A summary of changes in capital assets, net of accumulated depreciation, for the fiscal year ended June 30, 2005 follows:

	Balance July 1, 2004	Increases	Decreases	Transfers	Balance June 30, 2005
Non-depreciable capital assets:					
Land	\$ 27,954,857	77,802	-	-	28,032,659
Construction in progress	<u>135,185</u>	<u>785,571</u>	<u>-</u>	<u>-</u>	<u>920,756</u>
Total non-depreciable capital assets	<u>28,090,042</u>	<u>863,373</u>	<u>-</u>	<u>-</u>	<u>28,953,415</u>
Depreciable capital assets:					
Buildings	116,122,175	453,424	-	-	116,575,599
Improvements other than buildings	10,839,294	1,672,312	-	-	12,511,606
Machinery and equipment	<u>41,000,737</u>	<u>4,570,224</u>	<u>(5,856,833)</u>	<u>-</u>	<u>39,714,128</u>
Total depreciable capital assets	167,962,206	6,695,960	(5,856,833)	-	168,801,333
Less accumulated depreciation for:					
Buildings	(38,667,528)	(2,768,024)	-	-	(41,435,552)
Improvements other than buildings	(3,802,048)	(591,650)	-	-	(4,393,698)
Machinery and equipment	<u>(30,524,798)</u>	<u>(3,221,755)</u>	<u>5,296,531</u>	<u>-</u>	<u>(28,450,022)</u>
Total accumulated depreciation	<u>(72,994,374)</u>	<u>(6,581,429)</u>	<u>5,296,531</u>	<u>-</u>	<u>(74,279,272)</u>
Total depreciable capital assets (net)	<u>94,967,832</u>	<u>114,531</u>	<u>(560,302)</u>	<u>-</u>	<u>94,522,061</u>
Governmental activities capital assets (net)	<u>\$ 123,057,874</u>	<u>977,904</u>	<u>(560,302)</u>	<u>-</u>	<u>123,475,476</u>

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

Depreciation expense was charged to the primary government governmental activities as follows:

<u>Function / Program</u>	
General government	\$ 1,825,596
Human services	993,684
Public safety	3,196,358
Environmental protection	14,871
Culture - recreation	550,920
Capital assets held by the government's Internal Service Fund are charged to the various functions based on their usage of the assets	<u>-</u>
Total governmental activities depreciation expense	\$ <u><u>6,581,429</u></u>

Guilford County's construction in progress at June 30, 2005 is composed of the following:

<u>Project Name</u>	<u>Project Authorization⁽¹⁾</u>	<u>Expended to June 30, 2005</u>	<u>Estimated Costs to Complete</u>	<u>Required Future Financing</u>
Mental Health Renovations	\$ 692,923	34,125	658,798	-
Kendall Center Renovation	767,000	17,100	749,900	-
EMS Base Station	501,470	11,690	489,780	-
High Point Health Dept. Renovations	489,000	450,478	38,522	-
Scrap Tire / White Goods Facility	<u>441,750</u>	<u>407,363</u>	<u>34,387</u>	<u>-</u>
	<u>\$ 2,892,143</u>	<u>920,756</u>	<u>1,971,387</u>	<u>-</u>

(1) Project Authorization and costs exclude amounts associated with land, land improvements, and non-capital costs.

Discretely Presented Component Unit – Greensboro/Guilford County Tourism Development Authority

A summary of changes in capital assets, net of accumulated depreciation, for the fiscal year ended June 30, 2005 follows:

	<u>Balance July 1, 2004</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2005</u>
Depreciable capital assets:				
Furniture, fixtures and equipment	\$ 402,611	3,620	(6,661)	399,570
Less accumulated depreciation	<u>(320,610)</u>	<u>(32,998)</u>	<u>6,661</u>	<u>(346,947)</u>
Tourism Authority capital assets, net	<u>\$ 82,001</u>	<u>(29,378)</u>	<u>-</u>	<u>52,623</u>

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

D. Accounts Payable and Accrued Liabilities

Primary Government – Governmental Activities

Accounts payable and accrued liabilities at June 30, 2005 includes the following balances:

	Vendors	Salaries, Benefits Accrued & Withheld	Accrued Interest	Due to Gov. Units, Districts & Agencies	Other	Total
Major Governmental Funds:						
General (1)	\$ 8,459,602	4,889,658	-	2,776,655	1,523,128	17,649,043
County Building Construction	282,051	-	-	-	-	282,051
Water and Sewer Construction	814,075	-	-	-	-	814,075
School Capital Outlay (2)	-	-	-	5,276,857	-	5,276,857
Nonmajor Governmental Funds	6,656	675	-	137,045	-	144,376
Internal Service Fund (3)	37,491	3,000	-	-	4,164,431	4,204,922
Reconciliation of balances in fund financial statements to government-wide financial statements	-	409,073	2,932,995	-	-	3,342,068
Total - Governmental Activities	\$ 9,599,875	5,302,406	2,932,995	8,190,557	5,687,559	31,713,392

(1) Other payable includes \$1,446,250 refundable taxes.

(2) Capital funding due to Guilford Technical Community College and Guilford County Schools.

(3) Other payable is County's insurance claims liability, all due within one year, of \$4,164,431. See Note IV. D. 4.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

E. Deferred/Unearned Revenue

The Government-wide financial statements, like the Governmental Funds and the Internal Service Fund, defer revenue recognition in connection with resources that have been received, but not yet earned. Governmental funds also report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

Deferred/unearned revenue at June 30, 2005 is composed of the following unearned and unavailable revenues:

	Major Governmental				Total
	General Fund	Water and Sewer Construction Fund	School Capital Outlay Fund	Nonmajor Governmental and Other Funds	
Governmental Funds:					
Unearned:					
Property tax collections not yet earned	\$ 3,093,170	-	-	137,665	3,230,835
Prepaid special assessments not yet billed or earned	-	21,218	-	-	21,218
Federal, State and private foundation grants received in advance	<u>27,871</u>	<u>-</u>	<u>45,474</u>	<u>-</u>	<u>73,345</u>
Total unearned - Governmental Activities	<u>3,121,041</u>	<u>21,218</u>	<u>45,474</u>	<u>137,665</u>	<u>3,325,398</u>
Unavailable:					
Property taxes receivable (net)	3,384,341	-	-	93,132	3,477,473
Accrued interest on property taxes receivable (net)	275,000	-	-	-	275,000
Due from governmental units (cities) for reimbursement by contract of County watershed bonded debt	3,779,305	-	-	-	3,779,305
Special assessments receivable	<u>-</u>	<u>812,906</u>	<u>-</u>	<u>-</u>	<u>812,906</u>
Total unavailable	<u>7,438,646</u>	<u>812,906</u>	<u>-</u>	<u>93,132</u>	<u>8,344,684</u>
Total deferred revenue - Governmental Funds	<u>\$10,559,687</u>	<u>834,124</u>	<u>45,474</u>	<u>230,797</u>	<u>11,670,082</u>
Internal Service Fund:					
Unearned:					
Service fees collected in advance				<u>\$ 1,928,466</u>	<u>1,928,466</u>

The Internal Service Fund service fees collected in advance are eliminated or reclassified when combined with the Governmental Funds to report the Primary Government's Governmental Activities.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

F. Long-term Liabilities

Primary Government – Governmental Activities

A summary of changes in long-term liabilities for the fiscal year ended June 30, 2005 follows:

	Balance July 1, 2004	Additions	Reductions	Balance June 30, 2005	Current Portion of Balance
Bonds payable:					
General obligation bonds	\$ 269,910,000	237,600,000	(68,630,000)	438,880,000	19,410,000
Plus bond issuance/put bond premiums	6,038,720	5,657,142	(2,013,414)	9,682,448	-
Less bond refunding charges	<u>(333,315)</u>	<u>(5,897,190)</u>	<u>191,181</u>	<u>(6,039,324)</u>	<u>-</u>
Total bonds payable	275,615,405	237,359,952	(70,452,233)	442,523,124	19,410,000
Capital leases and installment financings	862,328	158,845	(507,875)	513,298	265,686
Compensated absences	<u>9,860,857</u>	<u>7,642,111</u>	<u>(7,036,731)</u>	<u>10,466,237</u>	<u>4,855,835</u>
Total	<u>\$ 286,338,590</u>	<u>245,160,908</u>	<u>(77,996,839)</u>	<u>453,502,659</u>	<u>24,531,521</u>

The County issues general obligation bonds to provide funds for the acquisition, development, and construction of major capital facilities and to provide funding for Guilford County Schools and Guilford Technical Community College facilities, for watershed protection and for new water and sewer lines that under contract are owned by participating municipalities upon completion. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the County and principal and interest requirements are appropriated in the General Fund when due. The remaining long-term liabilities of the governmental activities are generally liquidated by the General Fund also. The Internal Service Fund predominantly serves the governmental funds, therefore, any long-term liabilities are included as part of the above totals for governmental activities. At year end this amounted to \$23,488 of the compensated absences balance. Any capital leases that finance equipment used in Internal Service Fund operations are reported as long-term debt in the Fund when issued and are retired by its resources.

Long-term liabilities outstanding as of June 30, 2005 include the following:

General Obligation Bonds:

1993 General Obligation Refunding bonds due in an annual installment of \$140,000 on April 1, 2006; interest at 4.90%.	\$ 140,000
1996 Water and Sewer serial bonds due in an annual installment of \$315,000 on May 1, 2006; interest at 5.25%.	315,000
1996 Public Improvement serial bonds due in an annual installment of \$525,000 on May 1, 2006; interest at 5.25%.	525,000
1998 Water and Sewer serial bonds due in annual installments of \$290,000 to \$300,000 through February 1, 2018; interest at 4.50% to 4.60%.	3,890,000
1998 Public Improvement serial bonds due in annual installments of \$315,000 to \$325,000 through February 1, 2018; interest at 4.50% to 4.60%.	4,215,000
1998 General Obligation Refunding bonds due in annual installments of \$130,000 to \$1,365,000 through February 1, 2008; interest at 4.10%.	2,030,000

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

General Obligation Bonds (continued):

2000 Water and Sewer serial bonds due in annual installments of \$260,000 to \$520,000 through October 2010; interest at 5.00%.	\$ 2,210,000
2000 Public Improvement serial bonds due in annual installments of \$3,740,000 to \$7,480,000 through October 2010; interest at 5.00%.	31,790,000
2000 Public Improvement serial bonds due in annual installments of \$1,380,000 to \$8,000,000 from October 2016 through 2020; interest fixed at 4.00% effective January 2004 through October 2007; then reverting to variable rate debt synthetically fixed at 3.865%.	30,000,000
2002 Water and Sewer serial bonds due in annual installments of \$130,000 to \$520,000 through October 2016; interest at 3.50% to 4.00%.	5,595,000
2002 Public Improvement serial bonds due in annual installments of \$3,830,000 to \$3,835,000 through October 2017; interest at 2.50% to 4.00%.	49,830,000
2002 Public Improvement serial bonds due in annual installments of \$12,000,000 from October 2018 through 2022. Interest fixed at 4.00% effective January 2004 through October 2007; then reverting to variable rate debt synthetically fixed at 3.25% on \$36,000,000 and 3.505% on \$24,000,000.	60,000,000
2002 General Obligation Refunding bonds due in annual installments of \$500,000 to \$2,735,000 through October 2010; interest at 2.50% to 3.25%.	10,740,000
2005 Public Improvement serial bonds due in annual installments of \$610,000 to \$615,000 through March 2020; variable rate interest synthetically fixed at 3.22% upon issuance due monthly.	9,220,000
2005 Public Improvement serial bonds due in annual installments of \$5,385,000 to \$5,390,000 through March 2020; variable rate interest synthetically fixed at 3.22% upon issuance due monthly.	80,780,000
2005 Public Improvement serial bonds due in annual installments of \$2,000,000 to \$18,645,000 from March 2019 through March 2025; interest due monthly at variable rates.	93,220,000
2005 General Obligation Refunding bonds due in annual installments of \$15,000 to \$9,125,000 through October 2016; interest at 3.00% to 5.00%.	<u>54,380,000</u>
Total general obligation bonds	<u><u>\$ 438,880,000</u></u>
 Obligations under capital leases and installment financings:	
For \$320,000 imaging equipment obligation due in monthly installments of \$10,020 through January 2006; interest at 7.95%.	\$ 68,317
For \$34,085 printer obligation due in monthly installments of \$775 through June 2006; interest at 12.97%.	7,308
For \$417,391 computer equipment obligation due in monthly installments of \$12,216 through June 2007; interest at 3.42%.	282,984
For \$158,845 computer equipment obligation due in monthly installments of \$4,695 through May 2008; interest at 4.07%.	<u>154,689</u>
Total obligations under capital leases and installment financings	<u><u>\$ 513,298</u></u>

The County has remarketing and stand-by purchase agreements with a bank which provide for remarketing of its \$183.22 million of 2005 variable-rate bonds when payment is demanded or the bank will purchase the bonds. The agreements have a maximum interest rate of 12% and expire on February 15, 2010, with provision for extensions. The County paid \$53,332 in fiscal year 2005 pursuant to these agreements.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

Interest rate swaps

Objective of the interest rate swaps. As a means to lower its borrowing costs the County entered into interest rate swaps in connection with its variable-rate general obligation bonds. The intention of the swaps was to effectively change the County's variable interest rate on the bonds to a synthetic fixed rate. The County's interest rate swaps are summarized in the table as follows:

	July 2002	July 2003	March 2004	September 2004
Date of contract	July 2002	July 2003	March 2004	September 2004
Effective Date	July 2002	July 2003	January 1, 2005	February 3, 2005
Type of transaction	Interest rate swap	Interest rate swap	Forward interest rate swap	Forward interest rate swap
Bonds:				
Amount	\$30 million	\$36 million	\$24 million	\$90 million
Description	2000 Series C	2002 Series C	2002 Series C	2005 Series A & B
Maturity	October 1, 2020	October 1, 2020	October 1, 2022	March 1, 2020
Principal payments begin	October 1, 2016	October 1, 2018	October 1, 2021	March 1, 2006
Rate	variable	variable	variable	variable
Rate basis	BMA	BMA	BMA	BMA
Swap:				
Notional amount	\$30 million	\$36 million	\$24 million	\$90 million
Maturity	October 1, 2020	October 1, 2020	October 1, 2022	March 1, 2020
Notional value declines begin	October 1, 2016	October 1, 2018	October 1, 2021	March 1, 2006
Rate County pays	3.865%	3.250%	3.505%	3.220%
Rate County receives	variable	variable	variable	variable
Rate basis received	67% of 30-day LIBOR	59% of 30-day LIBOR	59% of 30-day LIBOR	67% of 30-day LIBOR
Spread	None	+ 35 basis points	+ 35 basis points	None
June 30, 2005 information:				
Fair value of swap	(\$2,898,637)	(\$1,198,725)	(\$1,527,855)	(\$2,189,442)
Intended synthetic rate	3.865%	3.250%	3.505%	3.220%
Synthetic rate	4.197%	3.481%	3.739%	3.543%
BMA rate	2.300%	2.300%	2.300%	2.300%
LIBOR based rate	2.240%	2.320%	2.320%	2.240%

Terms. The notional amounts of the swaps match the principal amounts of the associated debt. Scheduled reductions in the notional amounts match principal retirement of the related bonds. Under the swaps associated with the variable-rate general obligation bonds, the County pays the counterparty a fixed payment and receives a variable payment computed as a percent of the 30-day London Interbank Offered Rate (LIBOR) as adjusted by a spread factor. Conversely, the bonds' variable-rate coupons are based on Bond Market Association Municipal Swap Index™ (BMA).

Fair value. The change in interest rates since the execution of the swaps produced fluctuation in fair values, as indicated in the table. The decline in the value of swaps reflected in the table with negative fair values at June 30, 2005 may be countered by a reduction in total interest payments required under the variable-rate bonds, creating a lower synthetic interest rate. Because the coupons on the County's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair values in the table were estimated using the market value method. This method calculates the net present value of cash flows to maturity for payments at the prevailing market rate versus the executed swap rate.

Credit risk. As of June 30, 2005, the County was not exposed to credit risk because the swaps all had negative fair values as indicated in the table. However, should interest rates change and the fair values of the swaps become positive, the County would be exposed to credit risk in the amount of the derivatives' fair values.

Basis risk. The swaps expose the County to basis risk should the relationship between LIBOR and BMA converge, changing the synthetic rate on the bonds. The effect of this difference in basis is indicated in the table by the difference between the intended synthetic rate and the synthetic rate as of June 30, 2005. Depending on the relationship between LIBOR and BMA, the expected cost savings may not be realized.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

Termination risk. The County or the counterparty may terminate the swap(s) if the other party fails to perform under the terms of the contract(s). If the swap(s) is (are) terminated, the variable-rate bonds would no longer carry a synthetic interest rate. Also, if at the time of termination the swap(s) has (have) a negative fair value, the County would be liable to the counterparty for a payment equal to the fair value(s) of the swap(s).

Swap payments and associated debt. Using rates as of June 30, 2005, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable-Rate Bonds		Interest Rate Swaps, Net	Total
	Principal	Interest		
2006	\$ 6,000,000	2,024,000	1,971,336	9,995,336
2007	6,000,000	1,886,000	1,912,404	9,798,404
2008	6,000,000	3,300,500	1,853,472	11,153,972
2009	6,000,000	3,680,000	1,794,540	11,474,540
2010	6,000,000	3,542,000	1,735,608	11,277,608
2011-2015	30,000,000	15,640,000	7,794,060	53,434,060
2016-2020	79,380,000	10,414,975	5,274,309	95,069,284
2021-2023	40,620,000	1,061,565	544,124	42,225,689
Total	\$ 180,000,000	41,549,040	22,879,853	244,428,893

Conversion/swap transaction

Objective of the conversion/swap transaction. The conversion/swap transaction was intended to take advantage of the spread between bond yields in the traditional, tax-exempt, fixed rate bond market versus synthetic fixed rates in the BMA swap market to generate savings over a four year period. In January 2004, the County's variable rate debt was converted to a fixed-rate put bond, with the structure generating a net premium of \$6,165,842 that was required to be used for the same purpose, school construction projects, as the variable-rate general obligation bonds. At the same time, the County entered into a swap transaction to pay interest at floating rates and receive a fixed-rate payment in exchange.

Terms. The County's \$90 million in variable rate debt was converted to a fixed-rate put bond bearing interest at 4.00%. The County simultaneously entered into a swap contract to pay interest on an equal notional amount of \$90 million at BMA and receive payment at a fixed rate of 2.21%. At June 30, 2005, BMA was 2.30%. The \$90 million fixed-rate bond and the swap both mature on October 1, 2007, then reverting to variable rate debt with synthetically fixed rates as previously disclosed.

Fair Value. At June 30, 2005, the swap had a negative fair value of \$1,120,897. The fair value was estimated using the market value method. This method calculates the net present value of cash flows to maturity for payments at the prevailing market rate versus the executed swap rate.

Credit risk. As of June 30, 2005, the County was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the County would be exposed to credit risk in the amount of the derivative's fair value.

Interest Rate Risk. The swap increases the County's exposure to interest rate risk. As BMA increases, the net amount the County receives on the swap decreases and at some point could become negative, as is the case at June 30, 2005, per the debt service requirements schedule below.

Termination risk. The County or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. Also, if at the time of termination the swap has a negative fair value, the County would be liable to the counterparty for a payment equal to the fair value of the swap.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

Swap payments and associated debt. Using rates as of June 30, 2005, debt service requirements of the fixed-rate debt and net swap receipts, assuming current interest rates remain the same for their term, were as follows. Net swap receipts will vary with changing rates.

Fiscal Year Ending June 30	Put Bond Fixed-Rate Interest	Interest Rate Swap, Net	Total
2006	\$ 3,600,000	81,000	3,681,000
2007	3,600,000	81,000	3,681,000
2008	1,800,000	(477,000)	1,323,000
Total	<u>\$ 9,000,000</u>	<u>(315,000)</u>	<u>8,685,000</u>

Advance Refunding

In February 2005, the County advance refunded portions of several series of bonds, as follows:

Series	Total Outstanding February 1, 2005	Amount Refunded	Average Interest Rate
Water and Sewer Bonds, Series 1996	\$ 4,040,000	3,500,000	5.353%
Public Improvement Bonds, Series 1996	5,550,000	4,700,000	5.353
Water and Sewer Bonds, Series 2000A	5,220,000	3,010,000	5.130
Public Improvement Bonds, Series 2000B	75,400,000	43,610,000	5.130
	<u>\$ 90,210,000</u>	<u>54,820,000</u>	

The County issued \$54,380,000 General Obligation Refunding Bonds at a \$5,657,142 premium and with an average interest rate of 4.848%. These resources together with County funding of \$943,922 provided for payment of issuance costs of \$263,874 and for purchase of U.S. Government Securities that were placed in an irrevocable trust to provide for all future debt service payments on \$54,820,000 of General Obligation Bonds. As a result, the refunded debt is considered to be defeased and the liability for those bonds is not included in the County's financial statements.

The reacquisition price exceeded the net carrying amount of the old debt by \$5,897,190. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt.

The County advance refunded these bonds to reduce its total debt service payments over the next twelve years by \$2,299,622 and obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,763,299.

The annual requirements to amortize all long-term liabilities outstanding, other than compensated absences payable, as of June 30, 2005 including interest payments of \$156,103,384 are as follows:

Ending June 30	General Obligation Bonds		Capital Leases and Installment Financings		Total
	Principal	Interest	Principal	Interest	
2006	\$ 19,410,000	16,593,188	265,686	15,127	36,284,001
2007	19,790,000	15,852,713	197,006	5,917	35,845,636
2008	19,715,000	14,332,065	50,606	1,036	34,098,707
2009	19,650,000	12,800,904	-	-	32,450,904
2010	19,475,000	12,028,016	-	-	31,503,016
2011-2015	97,905,000	48,246,226	-	-	146,151,226
2016-2020	114,095,000	28,297,001	-	-	142,392,001
2021-2025	<u>128,840,000</u>	<u>7,931,191</u>	<u>-</u>	<u>-</u>	<u>136,771,191</u>
	<u>\$ 438,880,000</u>	<u>156,081,304</u>	<u>513,298</u>	<u>22,080</u>	<u>595,496,682</u>

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

The County is subject to the Local Government Bond Act of North Carolina which limits the amount of net debt, exclusive of funding and refunding bonds, bonds issued for water, gas, or electric power purposes, and bonds issued for certain other specified purposes. The County may have outstanding and unissued an amount not to exceed 8% of the appraised value of property subject to taxation. At June 30, 2005, such statutory limit for the County was \$3,218,927,643 providing a debt margin of approximately \$2.59 billion.

Bonds authorized and unissued at June 30, 2005 are as follows:

For Additions and/or Improvements To	Date Approved	Amount
Public Schools	11/04/2003	\$ 150,000,000
Community College	11/02/2004	35,500,000
Parks and Recreation	11/02/2004	12,500,000
		\$ 198,000,000

Subsequent to June 30, 2005, the County entered into a forward interest rate swap effective April 1, 2007 in connection with \$100 million of its authorized and unissued general obligation bonds. The swap was intended to effectively change the County's variable interest rate on the bonds upon anticipated issue in 2007 to a synthetic fixed rate of 3.945%. Under the swap, the County will pay a counterparty a fixed payment of 3.945% and receive a variable payment computed at the BMA index rate. The bonds' variable-rate coupons are anticipated to be based on the BMA index. The risks associated with the new swap are substantially identical to those of the other swaps except that the County will not be exposed to basis risk since the variable payment received and the variable-rate coupons paid are both based on the BMA index.

G. Unrestricted Net Assets

The following is a summary of unrestricted net assets for Guilford County as of June 30, 2005:

Unrestricted net assets (liabilities)	Amount
Water and sewer	\$ (9,630,973)
Guilford County Schools	(184,015,643)
Guilford Technical Community College	(30,508,715)
Other	146,158,396
Unrestricted net assets	\$ (77,996,935)

Guilford County's unrestricted net assets include several categories which do not create capital assets owned by the County and therefore are individually unrestricted net liabilities as follows:

- The County has entered into contracts with certain municipalities for the joint financing of new water and sewer lines in areas adjacent to the municipalities. All water and sewer line expenses incurred by the County are owned by the participating municipalities upon completion. The related unspent debt proceeds net of bonds payable are reported separately above.
- All Guilford County Schools and Guilford Technical Community College capital projects expenses incurred by the County fund capital assets owned by the respective schools. Their shares of unspent County designated funding as well as remaining County issued debt proceeds net of bonds payable are reported as part of unrestricted net assets above.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

H. Interfund Transfers

The following is a summary of interfund transfers for Guilford County for the fiscal year ended June 30, 2005:

Transfers In	Transfers Out				Total
	Major Governmental Funds				
	General	County Building Construction	Water & Sewer Construction	School Capital Outlay	
Major Governmental Funds:					
General	\$ -	2,235,901	-	6,884,143	9,120,044
County Building Construction	2,623,516	-	315,137	-	2,938,653
Nonmajor Governmental Funds:					
Community Development	-	-	59,524	-	59,524
Total	<u>\$ 2,623,516</u>	<u>2,235,901</u>	<u>374,661</u>	<u>6,884,143</u>	<u>12,118,221</u>

Transfers from the General Fund to the County Building Construction are for funding general government construction projects per the Guilford County Capital Improvement Plan.

Transfers from the County Building Construction Fund to the General Fund are to support the original budget by \$1,940,000 as the County anticipated the economic conditions would not improve from the previous fiscal year's decline and revenues would not recover. Additionally, \$111,606 remaining County watershed funds were approved during the fiscal year towards costs to bring an existing watershed pond into State compliance by the Community Development Department, while \$184,295 in construction funds were approved for an Architectural/Planning/Feasibility Study for a Criminal Justice Master Plan for Guilford County by the Property Management/Courts Department.

Transfers from the Water and Sewer Construction Fund to the County Building Construction and Community Development Funds are to move unexpended funds from the closed Forest Oaks Water and Sewer Projects back to the original source and to provide water and sewer lines as matching funds for Federal HOME grants supporting a Habitat for Humanity of Greater Greensboro development.

Transfers from the School Capital Outlay Fund to the General Fund are to move available fund balance for the purpose of changing the annual capital outlay funding structure to a General Fund capital appropriation that is paid out each fiscal year instead of reimbursed only as the Guilford County Schools and Guilford Technical Community College disburse the funds.

There were no interfund receivables or payables at June 30, 2005.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

IV. OTHER INFORMATION

A. Employees Retirement Systems and Plans

Primary Government

1. North Carolina Local Governmental Employees' Retirement System

Plan Description

Guilford County contributes to the statewide North Carolina Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. The LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of General Statute Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The LGERS 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 LGERS. 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 six percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.80% and 4.64%, respectively, of annual covered payroll. The contribution requirements of members and of Guilford County are established and may be amended by the North Carolina General Assembly. The County's contributions to the LGERS for the years ended June 30, 2005, 2004, and 2003 were \$5,300,602, \$5,078,854, and \$4,868,283, respectively. The contributions made by the County equaled the required contributions for each year.

2. Law Enforcement Officers' Special Separation Allowance

Plan Description

Guilford County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of General Statute Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The plan does not issue a separate stand-alone financial report. The Separation Allowance is included in the County's Comprehensive Annual Financial Report as a pension trust fund.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2004, the Separation Allowance's membership consisted of:

Retirees receiving benefits	33
Active plan members	<u>233</u>
Total	<u>266</u>

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.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

Contributions

The County is required by Article 12D of General Statute 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 \$349,121 or 3.1% 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.

The annual required contribution for the current year was determined as part of the December 31, 2003 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 ranging from 5.9% to 9.8% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the fair value of investments. 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, 2003 was 27 years.

Annual Pension Cost and Net Pension Obligation (Asset)

The County's annual pension cost and net pension obligation (asset) of the Separation Allowance for the current year were as follows:

Annual required contribution	\$	349,121
Interest on net pension obligation		(22,609)
Adjustment to annual required contribution		<u>17,494</u>
Annual pension cost		344,006
Contributions made		<u>349,121</u>
Increase in net pension asset		(5,115)
Net pension obligation (asset) beginning of year		<u>(311,850)</u>
Net pension obligation (asset) end of year	\$	<u>(316,965)</u>

Three Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
6/30/2003	\$ 289,874	101.9	\$ (306,445)
6/30/2004	316,810	101.7	(311,850)
6/30/2005	344,006	101.5	(316,965)

3. Supplemental Retirement Income Plan

Plan Description

The County contributes to the Supplemental Retirement Income Plan of North Carolina (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. All law enforcement officers and any other employees, who are currently members of a state-administered retirement plan, are eligible to participate from the date of employment. Article 5 of General Statute 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

Funding Policy

Article 12E of General Statute Chapter 143 requires that the County contribute each month an amount equal to 5% of each law enforcement officer's qualified salary. During the year ended June 30, 2005, the County also elected to contribute 5% of qualified salaries for all other eligible employees. All covered employees may make voluntary contributions to the Plan. All contributions and investment earnings allocated to the employees' accounts are fully vested immediately. County contributions for the year ended June 30, 2005, to law enforcement officers' accounts and other employees' accounts were \$561,671 and \$4,872,078, respectively. Voluntary contributions to the Plan were \$2,746,443.

4. Registers of Deeds' Supplemental Pension Fund

Plan Description

Guilford County also contributes to the Registers of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution pension plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any county register of deeds who is retired under the Local Governmental Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of General Statute Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy

On a monthly basis, the County remits to the Department of State Treasurer an amount equal to four and one-half percent (4.5%) of the monthly receipts collected pursuant to Article 1 of General Statute 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2005, the County's required and actual contributions were \$160,457.

B. Deferred Compensation Plans

Guilford County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. All assets and income of the plan are in a trust for the exclusive benefit of the participants and their beneficiaries and therefore are not a part of the County's financial statements. The compensation deferred for the fiscal year ended June 30, 2005 was \$79,469.

Discretely Presented Component Unit

Greensboro Area Convention and Visitors Bureau Deferred Compensation Plan

The Authority offers its employees a Deferred Compensation Plan (Plan) created in accordance with Internal Revenue Code 457. The Plan, available to all full-time employees who have completed one year of service and are at least 21 years old, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement or death. The Authority has complied with changes in the laws that govern deferred compensation plans, requiring all assets of the plan to be held in trust for the exclusive benefit of the participants and their beneficiaries.

The Authority makes a matching contribution in an amount equal to the employees deferred contribution up to a maximum of 6 percent. All employees may defer amounts up to the maximum allowed by the Internal Revenue Service each year. Employees' contributions vest immediately. The Authority's contributions are fully vested after five years of continuous service. The employee receives credit for his contribution as well as the Authority's, and benefits are based on the total assets owned in the employee's individual accounts. Authority and employee contributions for the fiscal year ended June 30, 2005 were \$43,171 and \$51,333, respectively.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

C. Post-Employment Benefits

In addition to providing pension benefits, Guilford County has elected to provide health care benefits to retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (System). The County's contribution is determined by the number of years of creditable service prior to retirement. Retirees with at least thirty years of creditable service and their dependents may participate with the County contributing the normal employer share of the premium and the retiree paying the normal employee share of the premium. Retirees with at least twenty-five years of creditable service and their dependents may participate with the County contributing seventy-five percent of the employer's share and the retiree paying the balance of the employer's share of the premium as well as the normal employee share of the premium. Eligible retirees may participate in a Medicare supplement plan after age sixty-five. The service requirements are the same for the Medicare supplement plan as noted above for the health care benefit. The County contributes up to \$40 per month for each retiree with at least thirty years of creditable service and seventy-five percent of that amount for each retiree with at least twenty-five years of creditable service. The cost of retiree health care benefits and Medicare supplement benefits is recognized as an expenditure when the premiums are paid. Currently, 390 retirees and 255 dependents are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2005, \$2,454,637, inclusive of \$741,300 in retiree contributions, was paid by the County for these benefits. Currently 15 retirees are eligible for the Medicare supplement benefit. For the fiscal year ended June 30, 2005, the County paid \$6,108 for Medicare supplement coverage.

The County has elected to provide death benefits to employees through the Death Benefit Plan for Members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer State-administered cost-sharing plan funded on a one-year term cost basis. Lump sum death benefits are provided to beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The benefit payment is equal to the employee's 12 highest months salary in a row during the 24 months prior to his/her death, but the benefit must be between \$25,000 and \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. For the fiscal year ended June 30, 2005, the County made contributions to the State for death benefits of \$85,608. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .07 percent and .14 percent of covered payroll, respectively. The contributions to the Death Trust are not separated between the post-employment benefit amount and the other benefit amount, as the amounts cannot be reasonably estimated.

D. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County protects itself from potential loss using a combination of risk financing methods, which are accounted for in the Internal Service Fund. The County's insurance programs consist of liability, property, workers' compensation, and employee health care insurance.

All operating funds of the County participate in the risk management program and make payments to the program department based on the insured departments' exposure factors. Payments are for prior and current year claims and to establish adequate reserves for catastrophic losses. Amounts are recorded as quasi-external interfund transactions.

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 are not reported (IBNRs), based on actuarial computations. Settled claims have not exceeded self-retained or purchased insurance coverage in any of the past three fiscal years.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

1. Liability and Property Insurance

The liability program is financed using a combination of self-funding and participation in the Local Government Excess Liability Fund, Inc., a public entity risk pool (Liability Pool). The program was restructured during fiscal year 2001 to shift the funding for claims liability from risk sharing pools to banking pools where funds are made available to members in the event of a loss, on a loan basis. Primary Coverage Revolving Fund B, a banking pool, covers claims in excess of \$100,000 up to \$3,600,000. The County retains the first \$100,000 in liability claims and the claims in excess of the \$3,600,000 per occurrence. Liability Pool Fund G (banking pool) was established as a transitional fund to pay claims not covered by Fund B and other self-funded related expenses. As of June 30, 2005, the County's balances in Funds B and G were \$6,685,863 and \$164,098, respectively, which were recorded in the Internal Service Fund as a deposit. A pooled amount remains in Excess Liability Fund A, a member sharing pool, until all pending lawsuits against that fund have been resolved. The County's allocable interest and the total retained earnings of Fund A at June 30, 2005 are \$656,534 and \$2,745,911, respectively.

The property insurance program is financed through participation in the Local Government Property Insurance Deductible Fund, Inc., a public entity risk pool (Property Pool). The Property Pool pays property losses up to \$100,000 after application of a \$10,000 deductible requirement for each occurrence. Guilford County purchases an insurance policy to provide coverage above the \$100,000 loss amount up to a 100% replacement cost but limited to \$250 million in any one occurrence.

Claims paid by the Property Pool are shared jointly by all members. Risk of loss has been transferred by the County to the Property Pool, a combination risk-sharing and insurance-purchasing pool. A Board of Directors, with a representative from each member, administers policy and determines the annual deposit for the coverage. Required contributions were recorded as premiums expense as incurred. At June 30, 2005, the County's allocable interest and the total retained earnings of the Property Pool are \$165,193 and \$1,139,262, respectively.

The County has the right to withdraw its interest in the Funds of the Local Government Excess Liability Fund, Inc. and the Local Government Property Insurance Deductible Fund, Inc. when all claims against the pools have been settled and all legal obligations have been paid.

2. Workers' Compensation Insurance

The workers compensation program is financed using a combination of self-funding, participation in the Liability Pool and purchased insurance. The County is self-insured for the first \$100,000 coverage per accident. Claims from \$100,000 to \$400,000 are covered by the Revolving Fund-Employers' Liability/Workers Compensation (Fund E). Claims above \$400,000 are covered by a purchased insurance policy with an unlimited indemnity for workers compensation losses and employers' liability. Amounts paid by Fund E are repaid in subsequent years by the governmental unit incurring the loss, thus, no risk of loss has been transferred by the County to the Liability Pool Fund E which is a banking pool. Annual deposits by members are actuarially determined. As of June 30, 2005, the County's balance in Fund E of \$530,523 was recorded in the Internal Service Fund as a deposit.

3. Employee Health Care Insurance

The employee health care program is financed using an entirely self-funded plan. Two optional health care plans are available to employees, retirees, covered dependents, and eligible former employees. The County administers both healthcare plans through a self-funded program, supplemented by employee contributions, to pay claims administration and medical claims of the employees and their covered dependents. Specific stop-loss insurance with a deductible level of \$200,000 per member for all occurrences and a lifetime maximum of \$800,000 per member is purchased to limit the County's losses for the overall program. The County provides a basic dental plan and an enhanced dental plan for employees and covered dependents, supplemented by employee contributions, which are also accounted for in the self-funded program.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

4. Reconciliation of Claims Liability

Changes in the County's claims liability balance are as follows:

	Fiscal Year 2004 - 2005					Fiscal Year 2003-04 Total
	Liability	Property	Workers' Compensation	Employee Health Care	Total	
Balance Beginning of Year	\$ 166,338	14,583	1,771,384	2,538,880	4,491,185	3,238,826
Incurred Claims (Including IBNRs) and Changes in Estimates	121,619	100,554	643,894	19,762,548	20,628,615	19,882,404
Less Claims Payments	<u>117,998</u>	<u>112,795</u>	<u>488,643</u>	<u>20,235,933</u>	<u>20,955,369</u>	<u>18,630,045</u>
Balance End of Year (All due within one year)	\$ <u>169,959</u>	<u>2,342</u>	<u>1,926,635</u>	<u>2,065,495</u>	<u>4,164,431</u>	<u>4,491,185</u>

E. Benefit Payments Issued by the State

The State, on behalf of the County, makes benefit payments from Federal and State monies directly to recipients. County personnel are involved with certain functions, primarily eligibility determinations that cause these payments to be issued. The following amounts, which disclose the additional aid to County recipients, do not appear in the basic financial statements because they are not revenues and expenditures of the County.

Program Title	Federal	State
Aid to the Blind	\$ 81,510	29,951
Aid to Families with Dependent Children	(20,207)	(5,539)
SC/SA Domiciliary Care	-	3,147,036
SC/SA Certain Disabled	-	571
Refugee Assistance	73,713	-
Low Income Energy Assistance	503,709	-
Adoption Assistance - CWS	346,256	642,876
Adoption Assistance - IV-E	2,061,014	593,916
Medical Assistance	204,455,710	98,121,298
Women, Infants and Children	6,720,522	-
Food Stamp Program	44,560,201	-
Temporary Assistance for Needy Families	<u>7,701,900</u>	<u>(870)</u>
Total benefit payments issued by the State	\$ <u>266,484,328</u>	<u>102,529,239</u>

F. Commitments and Contingencies

The County leases certain equipment under long-term lease agreements. At June 30, 2005, such arrangements with initial or remaining noncancellable terms in excess of one year are as follows:

Year Ending June 30	Capital Leases and Installment Financings	Operating Leases
2006	\$ 280,813	317,725
2007	202,923	322,107
2008	51,642	201,715
2009	-	9,226
Total minimum payments	<u>535,378</u>	<u>850,773</u>
Less amount representing interest	<u>22,080</u>	
Present value of net minimum payment	\$ <u>513,298</u>	

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

There were no contingent rentals or sublease rentals associated with leases in effect at June 30, 2005. The total rental expense amounted to \$1,740,765 for the fiscal year ended June 30, 2005.

The County has entered into contracts with the cities of Greensboro, High Point, and Archdale and the towns of Jamestown and Gibsonville for the joint financing of new water and sewer lines in the respective areas of the County. Certain use and tap-on fees collected by the governmental units are contributed to a Joint Water and Sewer Trust Fund for financing the construction costs. The construction of water and sewer lines under these agreements is accounted for in the Water and Sewer Construction Fund, a capital projects fund, which includes the accounts of the Joint Water and Sewer Trust Fund. The lines are owned by the cities upon completion.

Expenditures incurred for improvements to property of the Guilford County Board of Education and Guilford Technical Community College are reimbursed upon request. Because Guilford County is not a party to the contracts for school improvements, the unexecuted balances of such contracts are considered obligations of the applicable school systems. Further, additional payments, if any, to be made by Guilford County will be from future appropriations. For these reasons, the unexecuted balances of such contracts, aggregating approximately \$31.8 million at June 30, 2005, represent commitments.

The County participates in a number of Federal and State of North Carolina financial assistance programs. For the fiscal year ended June 30, 2005, these programs were subject to audit in accordance with generally accepted auditing standards, Government Auditing Standards, the provisions of OMB Circular A-133, and the State Single Audit Implementation Act. The amount, if any, of expenditures which may be disallowed by the granting agencies resulting from this and other audits cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

The County is involved in several pending lawsuits and claims, which it intends to defend vigorously. In the opinion of the County's attorney and management, the disposition of these matters is not expected to have a material effect on the County's financial position.

G. Conduit Debt Obligations

The Guilford County Industrial Facilities and Pollution Control Financing Authority (the Authority) has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as 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, 2005, there were fourteen series of industrial revenue bonds outstanding with an aggregate principal amount payable of \$64,450,000.

In December 2003, Guilford County issued \$5,240,000 Multifamily Housing Revenue Bonds on behalf of Brentwood Crossing, LLC for the acquisition and rehabilitation of a low and moderate income multifamily rental housing development. These bonds are secured by rents from the property and a letter of credit. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for the repayment of these bonds. Accordingly, the outstanding bonds in the amount of \$5,190,000 at June 30, 2005 are not reported as liabilities in the accompanying financial statements.

H. Joint Venture

Guilford Technical Community College

The County, in conjunction with the State of North Carolina and Guilford County Board of Education, participates in a joint venture to operate the Guilford 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. 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

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

periodically issues general obligation bonds to provide financing for new and restructured facilities. Of the general obligation bond issues for this purpose, \$43,885,167 in debt is still outstanding. 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 \$8,226,785 and \$1,500,000 to the community college for operating and capital purposes, respectively, and issued \$11,500,000 of general obligation bonds for capital purposes, all during the fiscal year ended June 30, 2005. In addition, the County made debt service payments of \$4,640,587 during the fiscal year on general obligation bonds issued for community college capital facilities. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2005. Complete financial statements for the community college may be obtained from the community college's administrative offices at 601 High Point Road, Jamestown, North Carolina 27282.

I. Jointly Governed Organizations

Piedmont Triad Council of Governments

The County participates with six other counties and thirty-four municipalities in the Piedmont Triad Council of Governments (the Council). The Council was established to promote regional issues and cooperation among its members and to coordinate various funding received from Federal and State agencies. Each participating government appoints one member to the Council's governing board. The County paid membership dues of \$90,047 to the Council during the fiscal year ended June 30, 2005.

Piedmont International Airport Authority

The County, in conjunction with four other governmental entities, created the Piedmont International Airport Authority (the Authority) to establish policy for the development, operation, and maintenance of the Piedmont Triad International Airport. The County appoints three members of the seven-member governing board of the Authority.

High Point Convention and Visitors Bureau

The City of High Point created a High Point Convention and Visitors Bureau (the Bureau) to promote tourism and to solicit and encourage convention business in High Point. The County appoints five of the eleven voting members of the Bureau.

Piedmont Authority for Regional Transportation

The County participates with six other counties in the Piedmont Authority for Regional Transportation (the Authority) as established by the Cities of Burlington, Greensboro, High Point and Winston-Salem for the purpose of coordinating regional transportation services, facilities and programs for the entire Piedmont Triad area. The County appoints one of the sixteen voting members of the Authority.

Required Supplementary Information

The Required Supplementary Information schedules and notes contain additional information required by generally accepted accounting principles as follows:

Law Enforcement Officers' Special Separation Allowance:

Schedule of Funding Progress

Schedule of Employer Contributions

Notes to the Required Schedules

GUILFORD COUNTY, NORTH CAROLINA
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/99	\$ 1,534,447	2,352,565	818,118	65.2	8,044,966	10.2
12/31/00 †	1,631,404	3,508,428	1,877,024	46.5	8,933,142	21.0
12/31/01	1,726,681	3,754,551	2,027,870	46.0	9,510,987	21.3
12/31/02	1,784,464	4,056,804	2,272,340	44.0	9,883,894	23.0
12/31/03	1,846,493	4,380,231	2,533,738	42.2	10,384,692	24.4
12/31/04	1,810,744	5,100,430	3,289,685	35.5	11,121,820	29.6

† Reflects a revision to the actuarial assumptions due to an experience investigation where an additional 40% are assumed to retire when first eligible for unreduced service retirement whereas previously only 15% were assumed to retire at this time. In conjunction with this change, the amortization period was increased to 30 years.

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2000	\$ 144,402	138.5
2001	175,390	99.8
2002	273,019	100.0
2003	295,524	100.0
2004	322,215	100.0
2005	349,121	100.0

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	12/31/2004
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	26 years
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	From 5.9% to 9.8% per year
*Includes inflation at	3.75%
Cost of living adjustments	N/A

Major Governmental Funds

General Fund

The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

Capital Projects Funds

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

- *County Building Construction Fund* - Accounts for the financing and construction of various capital assets and improvements thereto of the County. Financing is provided principally by operating transfers from the General Fund, interest on investments and proceeds of general obligation bonds when issued.

- *Water and Sewer Construction Fund* - Accounts for the financing and construction of various water and sewer construction projects through joint agreements with various municipalities, including the cities of Greensboro, High Point, and Archdale and the towns of Jamestown and Gibsonville. The primary revenue sources are acreage user fees, joint operation fees and assessments with additional financing provided principally by the proceeds of general obligation bonds when issued.

- *School Capital Outlay Fund* - Accounts for the County's portion of the financing of school capital assets for the Guilford County Public School System as well as Guilford Technical Community College. Financing may be provided from three principal sources: (1) County-wide funds, primarily operating transfers from the General Fund; (2) Revenue from the North Carolina Public School Building Capital Fund and the North Carolina Public School Building Bond Fund; and (3) Proceeds of general obligation bonds issued by Guilford County. Under North Carolina law, such bonds cannot be issued by the respective school.

GUILFORD COUNTY, NORTH CAROLINA
General Fund
Schedule of Expenditures - Budget and Actual
For the fiscal year ended June 30, 2005

A-1

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary and GAAP Basis	Final Budget Positive (Negative)
Current:				
General government:				
County commissioners	\$ 299,821	299,821	277,906	21,915
Clerk to the board	264,377	267,377	266,337	1,040
County administration	1,751,945	1,460,779	886,460	574,319
County attorney	1,023,515	1,030,515	1,027,573	2,942
Human resources	3,155,936	3,076,023	3,000,325	75,698
Budget and management	542,559	542,559	494,703	47,856
Internal audit	315,672	315,672	312,912	2,760
Finance	2,207,469	2,300,281	2,238,866	61,415
Purchasing	407,432	407,432	351,923	55,509
Information services	7,661,827	9,598,306	7,448,322	2,149,984
Tax	6,018,860	6,055,656	5,687,925	367,731
Register of deeds	2,633,172	2,634,293	2,118,553	515,740
Elections	2,625,695	2,928,135	2,725,916	202,219
Community development	2,151,553	3,074,185	2,745,160	329,025
Geographic information system	336,119	346,119	322,538	23,581
Facilities	4,652,667	4,844,002	4,264,548	579,454
Security	1,622,413	1,622,413	1,550,416	71,997
Property management / courts	1,374,875	1,647,123	1,535,753	111,370
Parking and fleet operation	775,707	790,313	539,528	250,785
Total general government	<u>39,821,614</u>	<u>43,241,004</u>	<u>37,795,664</u>	<u>5,445,340</u>
Human services:				
Public health	33,842,398	34,103,158	32,721,629	1,381,529
Mental health	43,647,337	44,026,651	41,068,298	2,958,353
Social services	64,187,125	66,356,196	64,976,027	1,380,169
Public assistance - adults, families, medical	21,846,672	22,498,672	22,161,159	337,513
Child support enforcement	5,417,969	5,460,016	5,168,612	291,404
Cooperative extension service	420,921	432,105	416,675	15,430
Coordinated services	738,180	825,050	717,779	107,271
Transportation	1,430,016	1,430,016	1,388,213	41,803
Total human services	<u>171,530,618</u>	<u>175,131,864</u>	<u>168,618,392</u>	<u>6,513,472</u>
Public safety:				
Law enforcement	40,584,152	42,044,821	39,444,352	2,600,469
Emergency services	16,969,178	20,574,759	17,787,912	2,786,847
Inspections	3,238,713	3,508,251	3,377,420	130,831
Court Alternatives	3,345,154	3,354,134	2,766,565	587,569
Animal services	2,130,797	2,149,072	2,007,338	141,734
Other protection	369,740	369,740	369,740	-
Total public safety	<u>66,637,734</u>	<u>72,000,777</u>	<u>65,753,327</u>	<u>6,247,450</u>
Environmental protection:				
Sanitation	1,134,132	1,192,432	905,843	286,589
Soil and water conservation	230,297	230,297	219,453	10,844
Total environmental protection	<u>1,364,429</u>	<u>1,422,729</u>	<u>1,125,296</u>	<u>297,433</u>
Culture - recreation	3,141,315	3,466,657	3,247,907	218,750
Economic development and assistance	1,221,070	2,790,198	1,143,030	1,647,168
Intergovernmental - Education:				
Guilford Technical Community College:				
Current Appropriation	8,226,785	8,226,785	8,226,785	-
Capital Appropriation	-	3,627,916	3,627,916	-
Guilford County Board of Education:				
Current Appropriation	130,665,521	130,665,521	130,665,521	-
Capital Appropriation	-	18,358,883	18,358,883	-
Total education	<u>138,892,306</u>	<u>160,879,105</u>	<u>160,879,105</u>	<u>-</u>
Capital	700,000	-	-	-
Debt service:				
Principal retirement	13,810,000	13,810,000	13,810,000	-
Interest and fiscal charges	17,515,350	16,688,741	12,984,350	3,704,391
Bond issuance costs	679,000	825,559	825,559	-
Total debt service	<u>32,004,350</u>	<u>31,324,300</u>	<u>27,619,909</u>	<u>3,704,391</u>
Total expenditures	<u>\$ 455,313,436</u>	<u>490,256,634</u>	<u>466,182,630</u>	<u>24,074,004</u>

GUILFORD COUNTY, NORTH CAROLINA
County Building Construction Capital Projects Fund
Combining Schedule of Revenues and Expenditures
For the fiscal year ended June 30, 2005

A-2

	Annually Budgeted Projects	Project- Length Budgets	Total
Revenues			
Intergovernmental	\$ -	257,091	257,091
Interest on investments	660,580	-	660,580
Other	15,783	-	15,783
Total revenues	676,363	257,091	933,454
Expenditures			
Capital outlay	-	5,603,108	5,603,108
Excess (deficiency) of revenues over expenditures	676,363	(5,346,017)	(4,669,654)
Other Financing Sources (Uses)			
General obligation bonds issued	-	21,720,000	21,720,000
Transfers in	2,143,653	795,000	2,938,653
Transfers out	(2,235,901)	-	(2,235,901)
Total other financing sources (uses)	(92,248)	22,515,000	22,422,752
Excess of revenues and other sources over expenditures and other uses	\$ 584,115	17,168,983	17,753,098

GUILFORD COUNTY, NORTH CAROLINA
County Building Construction Capital Projects Fund
Schedule of Revenues and Expenditures -
Budget and Actual (Budgetary Basis - Annually Budgeted Projects)
For the fiscal year ended June 30, 2005

A-2a

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary and</u> <u>GAAP Basis</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues				
Interest on investments	\$ -	-	660,580	660,580
Other	-	-	15,783	15,783
Total revenues	<u>-</u>	<u>-</u>	<u>676,363</u>	<u>676,363</u>
Expenditures				
Capital outlay:				
County building construction for future projects	<u>4,928,516</u>	<u>2,743,653</u>	-	<u>2,743,653</u>
Excess (deficiency) of revenues over expenditures	<u>(4,928,516)</u>	<u>(2,743,653)</u>	<u>676,363</u>	<u>3,420,016</u>
Other Financing Sources (Uses)				
Transfers in	1,828,516	2,143,653	2,143,653	-
Transfers out	(1,940,000)	(2,235,901)	(2,235,901)	-
Appropriated fund balance	<u>5,040,000</u>	<u>2,835,901</u>	-	<u>(2,835,901)</u>
Total other financing sources (uses)	<u>4,928,516</u>	<u>2,743,653</u>	<u>(92,248)</u>	<u>(2,835,901)</u>
Excess of revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>-</u>	<u>584,115</u>	<u>584,115</u>

GUILFORD COUNTY, NORTH CAROLINA
County Building Construction Capital Projects Fund

A-2b

Schedule of Revenues and Expenditures -
Budget and Actual (Budgetary Basis - Project-Length Budgets)
From inception and for the fiscal year ended June 30, 2005

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Intergovernmental	\$ 1,972,543	1,788,233	257,091	2,045,324
Expenditures				
Capital outlay:				
Human Services Campus:				
Mental Health Renovations	692,923	8,025	26,100	34,125
DSS Building - Maple Street	1,296,599	1,126,156	17,810	1,143,966
Kendall Center Renovation	767,000	-	17,100	17,100
Watershed:				
Greensboro Watershed	4,125,878	3,736,913	153,603	3,890,516
Southern & Southeast Guilford Schools Watershed Ponds	160,000	-	-	-
Open Space:				
Triad Park	2,706,925	2,433,228	182,316	2,615,544
Bicentennial Greenway Trail Phase III	2,994,654	1,791,347	361,409	2,152,756
Northeast Park	3,750,000	1,403,819	1,002,170	2,405,989
Bur Mil Park Improvements	2,765,226	2,526,903	209,713	2,736,616
Southwest Park	3,000,000	-	6,433	6,433
Pleasant Garden Elementary School Park	100,000	10,045	-	10,045
Montlieu Elementary School Park	300,000	16,822	-	16,822
Bryan Park - Phase I	100,000	-	-	-
Hunter Elementary School Park	300,000	10,000	-	10,000
Summerfield Elementary School Park	100,000	12,922	-	12,922
Oak Ridge Elementary School Park	100,000	-	-	-
County Office Buildings:				
Independence Building	5,020,000	-	1,000	1,000
County Center High Point:				
High Point Health Department Renovations	550,000	43,320	466,341	509,661
Emergency Services:				
EMS Base Station - High Point	501,470	-	11,690	11,690
800 Mhz Radio System Upgrade	2,500,000	-	1,999,443	1,999,443
Sanitation:				
Scrap Tire / White Goods Facility	1,598,679	325,997	1,147,980	1,473,977
Total expenditures	33,429,354	13,445,497	5,603,108	19,048,605
Deficiency of revenues over expenditures	(31,456,811)	(11,657,264)	(5,346,017)	(17,003,281)
Other Financing Sources (Uses)				
General obligation bonds issued	15,197,678	4,236,603	21,720,000	25,956,603
Transfers in	3,782,467	2,987,467	795,000	3,782,467
Transfers out	(203,401)	(203,401)	-	(203,401)
Appropriated fund balance	17,180,067	-	-	-
Total other financing sources	35,956,811	7,020,669	22,515,000	29,535,669
Special Item				
Boot paid with capital asset trade:				
DSS Building - Maple Street	(4,500,000)	(4,500,000)	-	(4,500,000)
Excess (deficiency) of revenues and other sources over expenditures, other uses and special item	\$ -	(9,136,595)	17,168,983	8,032,388

GUILFORD COUNTY, NORTH CAROLINA
Water and Sewer Construction Capital Projects Fund
Combining Schedule of Revenues and Expenditures
For the fiscal year ended June 30, 2005

A-3

	Annually Budgeted Projects	Project- Length Budgets	Total
Revenues			
Charges for services	\$ 3,009,024	-	3,009,024
Other	53,301	-	53,301
Total revenues	3,062,325	-	3,062,325
Expenditures			
Capital outlay	278,174	618,055	896,229
Excess (deficiency) of revenues over expenditures	2,784,151	(618,055)	2,166,096
Other Financing Uses			
Transfers out	(374,661)	-	(374,661)
Total other financing uses	(374,661)	-	(374,661)
Excess (deficiency) of revenues over expenditures and other uses	\$ 2,409,490	(618,055)	1,791,435

GUILFORD COUNTY, NORTH CAROLINA
Water and Sewer Construction Capital Projects Fund
Schedule of Revenues and Expenditures -
Budget and Actual (Budgetary Basis - Annually Budgeted Projects)
For the fiscal year ended June 30, 2005

A-3a

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary and GAAP Basis</u>	<u>Final Budget Positive (Negative)</u>
Revenues				
Charges for services:				
Acreage user fees	\$ -	-	461,292	461,292
Assessments	-	-	407,452	407,452
Joint operation fees	-	-	2,140,280	2,140,280
Total charges for services	-	-	3,009,024	3,009,024
Other	-	-	53,301	53,301
Total revenues	-	-	3,062,325	3,062,325
Expenditures				
Capital outlay:				
Sanitary sewer	-	48,242	48,242	-
Water	-	469,558	222,887	246,671
Greensboro water and sewer	-	188,694	7,045	181,649
High Point water and sewer	-	6,460	-	6,460
Total expenditures	-	712,954	278,174	434,780
Excess (deficiency) of revenues over expenditures	-	(712,954)	2,784,151	3,497,105
Other Financing Sources (Uses)				
Transfers out	-	(374,661)	(374,661)	-
Appropriated fund balance	-	1,087,615	-	(1,087,615)
Total other financing sources (uses)	-	712,954	(374,661)	(1,087,615)
Excess of revenues and other sources over expenditures and other uses	\$ -	-	2,409,490	2,409,490

GUILFORD COUNTY, NORTH CAROLINA
Water and Sewer Construction Capital Projects Fund
Schedule of Revenues and Expenditures -
Budget and Actual (Budgetary Basis - Project-Length Budgets)
From inception and for the fiscal year ended June 30, 2005

A-3b

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Expenditures				
Capital outlay:				
Sanitary sewer:				
Northeast Guilford Middle and High Schools	\$ 444,195	35,500	379,400	414,900
Twilla Acres Subdivision	815,850	49,754	37,594	87,348
Southern Guilford Elementary and High Schools	1,078,000	42,570	180,776	223,346
Sumner Elementary School	560,000	439,796	19,266	459,062
Coe Place Subdivision	268,975	248,525	(1,615)	246,910
Water:				
Twilla Acres Subdivision	284,832	16,459	6,123	22,582
Southwest Water Project	296,700	87,096	-	87,096
Coe Place Subdivision	190,000	169,801	(3,489)	166,312
Greensboro water and sewer:				
Koury Development Water & Sewer Project	1,417,500	1,417,500	-	1,417,500
Huntington Run Private Extensions	110,460	-	-	-
High Point water and sewer:				
Koury Development Water & Sewer Project	604,856	604,856	-	604,856
Total expenditures	<u>6,071,368</u>	<u>3,111,857</u>	<u>618,055</u>	<u>3,729,912</u>
Deficiency of revenues over expenditures	<u>(6,071,368)</u>	<u>(3,111,857)</u>	<u>(618,055)</u>	<u>(3,729,912)</u>
Other Financing Sources				
General obligation bonds issued	350,000	350,000	-	350,000
Appropriated fund balance	<u>5,721,368</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>6,071,368</u>	<u>350,000</u>	<u>-</u>	<u>350,000</u>
Deficiency of revenues and other sources over expenditures	<u>\$ -</u>	<u>(2,761,857)</u>	<u>(618,055)</u>	<u>(3,379,912)</u>

GUILFORD COUNTY, NORTH CAROLINA
School Capital Outlay Capital Projects Fund
Combining Schedule of Revenues and Expenditures
For the fiscal year ended June 30, 2005

A-4

	Annually Budgeted Projects	Project- Length Budgets	Total
Revenues			
Intergovernmental	\$ -	4,968,633	4,968,633
Expenditures			
Intergovernmental:			
Education	-	49,861,830	49,861,830
Deficiency of revenues over expenditures	-	(44,893,197)	(44,893,197)
Other Financing Sources (Uses)			
General obligation bonds issued	-	161,500,000	161,500,000
Transfers out	(6,884,143)	-	(6,884,143)
Total other financing sources (uses)	(6,884,143)	161,500,000	154,615,857
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ (6,884,143)	116,606,803	109,722,660

GUILFORD COUNTY, NORTH CAROLINA
School Capital Outlay Capital Projects Fund
Schedule of Revenues and Expenditures -
Budget and Actual (Budgetary Basis - Annually Budgeted Projects)
For the fiscal year ended June 30, 2005

A-4a

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary and</u> <u>GAAP Basis</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues				
Taxes - local option sales taxes	\$ 10,170,000	-	-	-
Expenditures				
Intergovernmental:				
Education:				
Guilford Technical Community College	1,500,000	-	-	-
Guilford County Board of Education	<u>10,170,000</u>	-	-	-
Total expenditures	<u>11,670,000</u>	-	-	-
Deficiency of revenues over expenditures	<u>(1,500,000)</u>	-	-	-
Other Financing Sources (Uses)				
Transfers in	1,500,000	-	-	-
Transfers out	-	(6,884,143)	(6,884,143)	-
Appropriated fund balance	-	<u>6,884,143</u>	-	<u>(6,884,143)</u>
Total other financing sources (uses)	<u>1,500,000</u>	-	<u>(6,884,143)</u>	<u>(6,884,143)</u>
Deficiency of revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>-</u>	<u>(6,884,143)</u>	<u>(6,884,143)</u>

GUILFORD COUNTY, NORTH CAROLINA
School Capital Outlay Capital Projects Fund
Schedule of Revenues and Expenditures -
Budget and Actual (Budgetary Basis - Project-Length Budgets)
From inception and for the fiscal year ended June 30, 2005

A-4b

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Intergovernmental:				
Public School Building Capital Fund	\$ 11,285,256	5,094,805	4,968,633	10,063,438
Public School Building Bond Fund	17,419,252	17,419,252	-	17,419,252
Total revenues	<u>28,704,508</u>	<u>22,514,057</u>	<u>4,968,633</u>	<u>27,482,690</u>
Expenditures				
Intergovernmental:				
Education:				
Guilford Technical				
Community College	36,973,100	12,394,458	14,367,572	26,762,030
Guilford County Board of Education	536,343,064	194,021,223	35,494,258	229,515,481
Total expenditures	<u>573,316,164</u>	<u>206,415,681</u>	<u>49,861,830</u>	<u>256,277,511</u>
Deficiency of revenues over expenditures	<u>(544,611,656)</u>	<u>(183,901,624)</u>	<u>(44,893,197)</u>	<u>(228,794,821)</u>
Other Financing Sources				
General obligation bonds issued	488,403,102	179,903,108	161,500,000	341,403,108
Premium on put bonds	6,165,842	6,165,842	-	6,165,842
Transfers in	41,756,332	41,756,333	-	41,756,333
Appropriated fund balance	8,286,380	-	-	-
Total other financing sources	<u>544,611,656</u>	<u>227,825,283</u>	<u>161,500,000</u>	<u>389,325,283</u>
Excess of revenues and other sources over expenditures	\$ <u>-</u>	<u>43,923,659</u>	<u>116,606,803</u>	<u>160,530,462</u>

GUILFORD COUNTY, NORTH CAROLINA
School Capital Outlay Capital Projects Fund
Schedule of Expenditures - Guilford Technical Community College
Budget and Actual (Budgetary Basis - Project-Length Budgets)
From inception and for the fiscal year ended June 30, 2005

A-4c

<u>Project Name</u>	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Public Safety Training Grounds	\$ 2,520,000	2,201,811	248,770	2,450,581
Continuing Education Center	5,015,100	2,142,147	2,404,482	4,546,629
Greensboro Campus - Technical Education Center	14,438,000	3,203,431	9,574,237	12,777,668
Adult Education Center and Site Development	7,000,000	4,847,069	2,140,083	6,987,152
Health Technologies	<u>8,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	\$ <u>36,973,100</u>	<u>12,394,458</u>	<u>14,367,572</u>	<u>26,762,030</u>

GUILFORD COUNTY, NORTH CAROLINA
School Capital Outlay Capital Projects Fund
Schedule of Expenditures - Guilford County Board of Education
Budget and Actual (Budgetary Basis - Project-Length Budgets)
From inception and for the fiscal year ended June 30, 2005

A-4d

Project Name	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
System Wide Air Conditioning Renovation	\$ 21,139,311	19,939,313	543,473	20,482,786
Stokesdale Elementary School	9,439,006	96,229	424,670	520,899
Southwest Elementary School Park	106,745	106,501	-	106,501
Andrews High School	10,212,456	8,695,734	372,148	9,067,882
Dudley High School	31,825,000	21,294,394	9,414,386	30,708,780
Northwest High School	19,113,254	17,486,603	390,149	17,876,752
Smith High School	8,166,531	8,083,832	81,652	8,165,484
Hairston Middle School	15,174,313	15,124,769	48,802	15,173,571
Griffin Middle School	6,831,590	6,404,910	392,841	6,797,751
Kiser Middle School	8,940,335	8,799,024	141,311	8,940,335
High Point (Triangle Lake) Elementary Sch	11,178,588	11,184,267	(6,161)	11,178,106
Southeast Greensboro Elementary and Middle School Complex Park	553,696	506,496	-	506,496
Alderman Elementary School	2,241,102	2,214,456	7,694	2,222,150
Bessemer Elementary School	2,694,077	2,690,405	3,429	2,693,834
Brightwood Elementary School	9,900,000	9,833,317	(104,968)	9,728,349
Florence Elementary School	9,977,414	2,256,035	444,731	2,700,766
Frazier Elementary School	1,963,971	1,931,602	31,886	1,963,488
General Greene Elementary School	1,667,485	1,656,093	11,392	1,667,485
Gillespie Elementary School	7,613,998	7,472,396	140,088	7,612,484
Grimsley High School	12,546,000	12,475,255	(87,357)	12,387,898
Lincoln Performing Arts (K-8)	1,752,329	1,008,219	138,933	1,147,152
Lindley Elementary School	2,507,068	2,489,711	17,357	2,507,068
Millis Road Elementary School	2,538,482	2,538,482	(64,972)	2,473,510
Montlieu Elementary School	2,883,786	2,871,541	12,245	2,883,786
Northwood Elementary School	2,160,927	2,152,126	8,801	2,160,927
Page High School	10,199,761	9,473,992	671,175	10,145,167
Sedalia Elementary School	7,542,395	3,793,551	188,106	3,981,657
Sedgefield Elementary School	2,288,956	2,281,587	6,886	2,288,473
Wiley Elementary School	2,007,749	1,952,188	55,560	2,007,748
Relocation of Mobile Classrooms	1,156,000	1,145,236	10,240	1,155,476
Oak Ridge Elementary School	13,000,000	3,548,066	7,542,398	11,090,464
Allen Jay Middle School	24,261,507	635,650	681,183	1,316,833
Ferndale Middle School	4,681,585	-	123,675	123,675
Gateway Education Center West	9,455,625	-	32,469	32,469
Gibsonville Elementary School	12,950,004	86,400	413,906	500,306
Guilford Elementary School	16,120,498	103,722	1,988,756	2,092,478
Guilford Middle School	630,375	-	1,103	1,103
Irving Park Elementary School	3,151,875	27,167	583,821	610,988
Jamestown Middle School	29,224,566	60,433	263,105	323,538
Madison Elementary School	2,038,213	17,730	128,884	146,614
Morehead Elementary School	1,951,536	-	92,330	92,330
Subtotal expenditures	\$ 343,788,109	192,437,432	25,146,127	217,583,559

GUILFORD COUNTY, NORTH CAROLINA
School Capital Outlay Capital Projects Fund
Schedule of Expenditures - Guilford County Board of Education
Budget and Actual (Budgetary Basis - Project-Length Budgets)
From inception and for the fiscal year ended June 30, 2005

A-4d

<u>Project Name</u>	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Subtotal expenditures forward	\$ 343,788,109	192,437,432	25,146,127	217,583,559
Northeast High School	11,625,166	97,717	357,043	454,760
Northeast Middle School	4,724,660	33,636	244,420	278,056
Northern Elementary School	14,419,996	1,800	243,194	244,994
Northern High School	42,748,040	453,788	2,412,574	2,866,362
Northern Middle School	24,136,507	232,660	1,952,737	2,185,397
Northwest Area Elementary School	15,619,849	11,866	913,284	925,150
Oak View Elementary School	4,398,967	-	150,185	150,185
Parkview Elementary School	6,482,356	-	168,266	168,266
Peck Elementary School	3,427,139	-	142,728	142,728
Peeler Elementary School	1,951,536	-	76,248	76,248
Pleasant Garden Elementary School	4,754,078	-	98,721	98,721
Ragsdale High School	4,202,500	-	9,708	9,708
Reedy Fork Area Elementary School	14,419,995	-	188,915	188,915
Southern High School	9,562,241	18,300	422,290	440,590
Southwest High School	8,197,763	147,534	317,341	464,875
Union Hill Elementary School	12,986,776	60,448	421,335	481,783
Brown Summit College Prep Middle School	2,362,544	526,042	1,718,527	2,244,569
Southeast High School	2,669,325	-	117,247	117,247
McLeansville Math & Science Middle School	3,496,517	-	393,368	393,368
Aycock Middle School	369,000	-	-	-
Total expenditures	\$ <u>536,343,064</u>	<u>194,021,223</u>	<u>35,494,258</u>	<u>229,515,481</u>

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for specified purposes.

- *Rural Fire Districts Fund* - Accounts for voter-approved property taxes levied to provide fire protection services. In accordance with North Carolina General Statute Section 159-26(b)(2), separate accounts have been established for accounting purposes within the rural fire districts fund for each of the twenty-one fire protection districts.

- *Room Occupancy/Tourism Development Tax Fund* - Accounts for occupancy taxes collected from various hotels, motels and similar establishments in Guilford County. Under North Carolina General Statutes, Chapter 988, Guilford County levies a three percent occupancy tax. In accordance with Section 6 of the statute, the County remits seventy percent (70%) of the net proceeds to the Greensboro/Guilford County Tourism Development Authority (a component unit) and the remaining thirty percent (30%) to the City of High Point.

- *Emergency Telephone System Fund* - Accounts for 911 system subscriber fees and levies as provided for in North Carolina General Statute (NCGS) 159-26(b) (2). Under NCGS Chapter 62-A Guilford County imposes a monthly service charge (per wire access line) to cover the cost for implementing, operating, maintaining, and upgrading an Enhanced 911 emergency telecommunication wire line system. NCGS Chapter 62-B provides for the levy of a monthly service charge by the State for each wireless mobile connection unit to ensure the recovery of costs associated with developing and maintaining a wireless Enhanced 911 system.

- *Community Development Fund* - Accounts for projects financed primarily with Community Development Block Grant Funds for rehabilitation and new construction of housing for individuals with low to moderate income levels. Guilford County is a member of a housing consortium with four other local governments under the Home Investment in Affordable Housing Program created through Title II, Home Investment Partnership Act, of the Cranston-Gonzalez National Affordable Housing Act of 1990.

GUILFORD COUNTY, NORTH CAROLINA
Combining Balance Sheet
Nonmajor Governmental Funds -
Special Revenue Funds
June 30, 2005

B-1

	<u>Rural Fire Districts</u>	<u>Room Occupancy/ Tourism Development Tax</u>	<u>Emergency Telephone System</u>	<u>Community Development</u>	<u>Total Nonmajor Governmental Funds</u>
Assets					
Cash and cash equivalents/ investments	\$ 775,181	-	344,444	72,646	1,192,271
Receivables:					
Property taxes (net allowance for estimated uncollectible delinquent taxes of \$72,714)	93,132	-	-	-	93,132
Other taxes	-	309,404	69,704	-	379,108
Due from governmental units and agencies	643,389	-	37,620	49,900	730,909
Accrued interest on investments	3,295	-	-	-	3,295
Total receivables	<u>739,816</u>	<u>309,404</u>	<u>107,324</u>	<u>49,900</u>	<u>1,206,444</u>
Total assets	\$ <u>1,514,997</u>	<u>309,404</u>	<u>451,768</u>	<u>122,546</u>	<u>2,398,715</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	\$ 35,816	92,821	12,665	3,074	144,376
Due to component unit	-	216,583	-	-	216,583
Deferred revenue	230,797	-	-	-	230,797
Total liabilities	<u>266,613</u>	<u>309,404</u>	<u>12,665</u>	<u>3,074</u>	<u>591,756</u>
Fund balances:					
Reserved for:					
Encumbrances	-	-	-	45,248	45,248
State statute	646,684	309,404	107,324	49,900	1,113,312
Unreserved:					
Designated for subsequent year's expenditures	68,500	-	41,105	-	109,605
Undesignated	533,200	(309,404)	290,674	24,324	538,794
Total fund balances	<u>1,248,384</u>	<u>-</u>	<u>439,103</u>	<u>119,472</u>	<u>1,806,959</u>
Total liabilities and fund balances	\$ <u>1,514,997</u>	<u>309,404</u>	<u>451,768</u>	<u>122,546</u>	<u>2,398,715</u>

GUILFORD COUNTY, NORTH CAROLINA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds -
Special Revenue Funds
For the fiscal year ended June 30, 2005

B-2

	<u>Rural Fire Districts</u>	<u>Room Occupancy/ Tourism Development Tax</u>	<u>Emergency Telephone System</u>	<u>Community Development</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues					
Taxes:					
Property taxes	\$ 8,398,637	-	-	-	8,398,637
Sales tax	2,209,697	-	-	-	2,209,697
Occupancy taxes	-	4,232,851	-	-	4,232,851
911 charges	-	-	769,657	-	769,657
Intergovernmental	-	-	179,572	120,228	299,800
Interest on investments	48,966	-	-	-	48,966
Other	-	-	6,530	-	6,530
Total revenues	<u>10,657,300</u>	<u>4,232,851</u>	<u>955,759</u>	<u>120,228</u>	<u>15,966,138</u>
Expenditures					
Current:					
Public safety	10,311,321	-	965,826	-	11,277,147
Urban redevelopment and housing	-	-	-	152,052	152,052
Economic development and assistance	-	4,232,851	-	-	4,232,851
Total expenditures	<u>10,311,321</u>	<u>4,232,851</u>	<u>965,826</u>	<u>152,052</u>	<u>15,662,050</u>
Excess (deficiency) of revenues over expenditures	345,979	-	(10,067)	(31,824)	304,088
Other Financing Sources					
Transfers in	-	-	-	59,524	59,524
Net changes in fund balances	345,979	-	(10,067)	27,700	363,612
Fund balances at beginning of year	<u>902,405</u>	<u>-</u>	<u>449,170</u>	<u>91,772</u>	<u>1,443,347</u>
Fund balances at end of year	<u>\$ 1,248,384</u>	<u>-</u>	<u>439,103</u>	<u>119,472</u>	<u>1,806,959</u>

**GUILFORD COUNTY, NORTH CAROLINA
Rural Fire Districts Special Revenue Fund**

B-3

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
For the fiscal year ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary and GAAP Basis</u>	<u>Final Budget Positive (Negative)</u>
Revenues				
Taxes:				
Property taxes	\$ 8,369,313	8,369,313	8,365,539	(3,774)
Penalties and interest on delinquent taxes	-	-	33,098	33,098
Total property taxes	8,369,313	8,369,313	8,398,637	29,324
Sales tax	1,910,142	1,910,142	2,209,697	299,555
Interest on investments	18,650	18,650	48,966	30,316
Total revenues	<u>10,298,105</u>	<u>10,298,105</u>	<u>10,657,300</u>	<u>359,195</u>
Expenditures				
Current:				
Public safety:				
Alamance Community	746,261	746,261	746,261	-
Climax	71,376	71,376	71,376	-
Colfax	453,772	453,772	453,772	-
Deep River	202,075	202,075	202,075	-
Friedens Community	110,616	110,616	110,616	-
Guilford College Community	896,299	896,299	896,299	-
Guil-Rand	117,842	117,842	117,842	-
Julian	73,903	73,903	73,903	-
Kimesville	71,488	71,488	71,488	-
McLeansville	540,779	540,779	540,779	-
Mount Hope Community	281,758	281,758	281,758	-
Northeast	500,561	500,561	500,561	-
Oak Ridge	761,751	761,751	761,751	-
Pinecroft-Sedgefield	1,633,422	1,633,422	1,633,422	-
Pleasant Garden	595,861	595,861	595,861	-
Rankin	970,042	970,042	915,258	54,784
Southeast	146,112	146,112	146,112	-
Stokesdale	340,480	340,480	340,480	-
Summerfield	1,384,826	1,384,826	1,384,826	-
Whitsett	265,080	265,080	265,080	-
No. 14	201,801	201,801	201,801	-
Total expenditures	<u>10,366,105</u>	<u>10,366,105</u>	<u>10,311,321</u>	<u>54,784</u>
Net change in fund balance	(68,000)	(68,000)	345,979	413,979
Fund balance at beginning of year	902,405	902,405	902,405	-
Fund balance at end of year	\$ <u>834,405</u>	<u>834,405</u>	<u>1,248,384</u>	<u>413,979</u>

GUILFORD COUNTY, NORTH CAROLINA
Room Occupancy/Tourism Development Tax Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
For the fiscal year ended June 30, 2005

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	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary and</u> <u>GAAP Basis</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues				
Taxes:				
Occupancy	\$ 3,665,435	4,500,000	4,232,851	(267,149)
Expenditures				
Current:				
Economic development and assistance	<u>3,665,435</u>	<u>4,500,000</u>	<u>4,232,851</u>	<u>267,149</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

GUILFORD COUNTY, NORTH CAROLINA
Emergency Telephone System Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
For the fiscal year ended June 30, 2005

B-5

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary and</u> <u>GAAP Basis</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues				
Taxes:				
911 charges	\$ 1,345,200	761,970	769,657	7,687
Intergovernmental:				
Wireless 40% funds	159,000	159,000	179,572	20,572
Other	-	-	6,530	6,530
Total revenues	<u>1,504,200</u>	<u>920,970</u>	<u>955,759</u>	<u>34,789</u>
Expenditures				
Current:				
Public safety:				
911 system subscriber fees	1,345,170	819,151	742,262	76,889
Wireless 40% funds	<u>230,598</u>	<u>361,356</u>	<u>223,564</u>	<u>137,792</u>
Total expenditures	<u>1,575,768</u>	<u>1,180,507</u>	<u>965,826</u>	<u>214,681</u>
Deficiency of revenues over expenditures	(71,568)	(259,537)	(10,067)	249,470
Other Financing Sources				
Operating transfers in	-	<u>57,181</u>	-	<u>(57,181)</u>
Net change in fund balance	(71,568)	(202,356)	(10,067)	192,289
Fund balance at beginning of year	<u>449,170</u>	<u>449,170</u>	<u>449,170</u>	<u>-</u>
Fund balance at end of year	\$ <u>377,602</u>	<u>246,814</u>	<u>439,103</u>	<u>192,289</u>
Fund balance at end of year:				
911 charges			\$ 78,970	
Wireless 40% funds			<u>360,133</u>	
Total			<u>\$ 439,103</u>	

GUILFORD COUNTY, NORTH CAROLINA
Community Development Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
(Budgetary Basis - Project-Length Budgets)
From inception and for the fiscal year ended June 30, 2005

B-6

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues				
Intergovernmental:				
HUD - Home Investment Program	\$ <u>1,082,079</u>	<u>170,403</u>	<u>120,228</u>	<u>290,631</u>
Expenditures				
Current:				
Urban redevelopment and housing:				
1999-2000 Affordable Housing Funds	173,264	10,983	95,402	106,385
2001-2002 Affordable Housing Funds	33,827	19,616	426	20,042
2002-2003 Affordable Housing Funds	190,289	139,804	5,437	145,241
2003-2004 Affordable Housing Funds	123,020	-	887	887
2004-2005 Affordable Housing Funds	124,881	-	-	-
2005-2006 Affordable Housing Funds	188,094	-	-	-
2004 Scattered Site Program	<u>400,000</u>	<u>-</u>	<u>49,900</u>	<u>49,900</u>
Total expenditures	<u>1,233,375</u>	<u>170,403</u>	<u>152,052</u>	<u>322,455</u>
Deficiency of revenues over expenditures	(151,296)	-	(31,824)	(31,824)
Other Financing Sources				
Transfers in	<u>151,296</u>	<u>91,772</u>	<u>59,524</u>	<u>151,296</u>
Net change in fund balance	\$ <u>-</u>	<u>91,772</u>	27,700	<u>119,472</u>
Fund balance at beginning of year			<u>91,772</u>	
Fund balance at end of year			\$ <u>119,472</u>	



Agency Funds

Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments and/or other funds.

Individual Fund Descriptions:

Agency Funds

- *Tax Collection Fund* - Accounts for occupancy and/or ad valorem property taxes collected by the County tax collector in his capacity as agent for the Cities of Archdale, Burlington, Greensboro, and High Point, the Towns of Gibsonville, Jamestown, Oak Ridge, Sedalia, and Summerfield and the Sedgefield Sanitary District. Also accounts for privilege taxes on the short-term lease or rental of vehicles which are collected by the County tax collector in his capacity as agent for the Piedmont Authority for Regional Transportation.
- *Fines and Forfeitures Fund* - Accounts for fines and forfeitures collected by the County that are required to be remitted to the Guilford County Board of Education.
- *Representative Payee Fund* - Accounts for funds deposited with the Mental Health and Social Services Departments for the benefit of specified clients being served by the County.

GUILFORD COUNTY, NORTH CAROLINA
Agency Funds
Combining Balance Sheet
June 30, 2005

C-1

	Agency Funds			
	<u>Tax Collection</u>	<u>Fines and Forfeitures</u>	<u>Representative Payee</u>	<u>Total</u>
Assets				
Cash and cash equivalents/investments	\$ 916,137	206,418	311,733	1,434,288
Total assets	\$ 916,137	206,418	311,733	1,434,288
Liabilities				
Accounts payable and accrued liabilities	\$ -	206,418	-	206,418
Representative payee clients payable	-	-	311,733	311,733
Due to other taxing units	<u>916,137</u>	<u>-</u>	<u>-</u>	<u>916,137</u>
Total liabilities	\$ 916,137	206,418	311,733	1,434,288

GUILFORD COUNTY, NORTH CAROLINA

Agency Funds

C-2

**Combining Statement of Changes in Assets and Liabilities
For the fiscal year ended June 30, 2005**

	<u>Balance 7/1/04</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/05</u>
<u>Tax Collection Fund</u>				
Assets				
Cash and cash equivalents/investments	\$ <u>1,024,091</u>	<u>174,935,539</u>	<u>175,043,493</u>	<u>916,137</u>
Liabilities				
Due to other taxing units	\$ <u>1,024,091</u>	<u>174,935,539</u>	<u>175,043,493</u>	<u>916,137</u>
<u>Fines and Forfeitures Fund</u>				
Assets				
Cash and cash equivalents/investments	\$ <u>229,886</u>	<u>2,377,179</u>	<u>2,400,647</u>	<u>206,418</u>
Liabilities				
Accounts payable and accrued liabilities	\$ <u>229,886</u>	<u>2,377,179</u>	<u>2,400,647</u>	<u>206,418</u>
<u>Representative Payee Fund</u>				
Assets				
Cash and cash equivalents/investments	\$ <u>313,925</u>	<u>2,292,887</u>	<u>2,295,079</u>	<u>311,733</u>
Liabilities				
Representative payee clients payable	\$ <u>313,925</u>	<u>2,292,887</u>	<u>2,295,079</u>	<u>311,733</u>
<u>Total Agency Funds</u>				
Assets				
Cash and cash equivalents/investments	\$ <u>1,567,902</u>	<u>179,605,605</u>	<u>179,739,219</u>	<u>1,434,288</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 229,886	2,377,179	2,400,647	206,418
Representative payee clients payable	313,925	2,292,887	2,295,079	311,733
Due to other taxing units	<u>1,024,091</u>	<u>174,935,539</u>	<u>175,043,493</u>	<u>916,137</u>
Total liabilities	\$ <u>1,567,902</u>	<u>179,605,605</u>	<u>179,739,219</u>	<u>1,434,288</u>



Additional Financial Data

The Additional Financial Data schedules contain additional information on property taxes as follows:

Analysis of Current Tax Levy

Schedule of Property Taxes Receivable

Analysis of Current Tax Levy -
County-Wide Levy

Analysis of Current Tax Levy -
County-Wide Levy - General Information

General Obligation Debt Service Requirements
and Maturity Schedule

GUILFORD COUNTY, NORTH CAROLINA
Analysis of Current Tax Levy
For the fiscal year ended June 30, 2005

	<u>Assessed Value</u>	<u>Rate (1)</u>	<u>Amount of Levy (2)</u>
County-wide	\$ 40,236,595,537	0.6184	\$ <u>250,198,056</u>
Rural fire districts:			
Alamance Community	789,387,407	0.0819	632,546
Climax	78,108,568	0.0770	59,856
Colfax	386,781,791	0.1000	384,002
Deep River	212,829,885	0.0770	164,817
Friedens Community	107,847,772	0.0950	100,280
Guilford College Community	1,033,518,632	0.0708	727,210
Guil-Rand	116,319,227	0.0861	99,450
Julian	65,286,548	0.0910	59,592
Kimesville	71,414,693	0.0825	58,924
McLeansville	750,356,007	0.0600	448,705
Mount Hope Community	323,160,044	0.0800	254,815
Northeast	513,964,280	0.0800	409,947
Oak Ridge	766,860,528	0.0825	631,888
Pinecroft-Sedgefield	1,622,223,450	0.0860	1,378,523
Pleasant Garden	538,697,209	0.0950	506,383
Rankin	651,240,984	0.1000	648,267
Southeast	126,695,785	0.1000	125,042
Stokesdale	383,605,180	0.0773	293,303
Summerfield	1,299,883,173	0.0875	1,137,336
Whitsett	360,887,810	0.0632	227,166
No. 14 (Franklin Blvd.)	186,065,659	0.0810	<u>151,099</u>
Total rural fire districts			<u>8,499,151</u>
Total entity-wide			\$ <u>258,697,207</u>
Percent of current year levy collected:			
County-wide	<u>98.69</u>	%	
Rural fire districts	<u>98.89</u>		
Entity-wide	<u>98.70</u>		

Notes:

- (1) Per \$100 of assessed value.
- (2) Assessed value times rate will not equal amount of levy due to rounding differences, preferential rate treatments to certain properties and four months of motor vehicles levied at prior year tax rates in accordance with North Carolina General Statutes.

<u>Discoveries</u>	<u>Penalties</u>	<u>Discounts Allowed</u>	<u>Releases</u>	<u>Total Adjusted Tax Levy</u>	<u>Current Tax Collections</u>	<u>Uncollected at June 30, 2005</u>
<u>1,615,102</u>	<u>194,183</u>	<u>(1,163,020)</u>	<u>(4,393,151)</u>	<u>246,451,170</u>	<u>(243,231,103)</u>	<u>3,220,067</u>
1,126	74	(3,437)	(8,414)	621,895	(615,825)	6,070
292	21	(280)	(661)	59,228	(58,411)	817
2,800	102	(1,687)	(5,309)	379,908	(371,402)	8,506
5,650	67	(644)	(3,049)	166,841	(165,282)	1,559
210	15	(361)	(1,038)	99,106	(98,045)	1,061
4,369	2,059	(3,626)	(4,984)	725,028	(718,786)	6,242
59	15	(411)	(1,018)	98,095	(97,204)	891
70	30	(198)	(151)	59,343	(58,851)	492
371	63	(222)	(168)	58,968	(58,007)	961
2,570	208	(2,126)	(6,753)	442,604	(434,983)	7,621
752	476	(1,218)	(2,785)	252,040	(249,265)	2,775
5,469	169	(1,955)	(3,751)	409,879	(404,947)	4,932
4,769	200	(3,499)	(9,691)	623,667	(619,419)	4,248
9,193	892	(6,186)	(27,645)	1,354,777	(1,337,109)	17,668
3,526	506	(2,373)	(5,600)	502,442	(496,385)	6,057
7,194	526	(3,279)	(4,574)	648,134	(638,313)	9,821
720	72	(558)	(1,052)	124,224	(123,488)	736
928	75	(1,311)	(2,430)	290,565	(288,362)	2,203
6,621	228	(6,177)	(15,623)	1,122,385	(1,116,928)	5,457
3,667	145	(1,214)	(1,812)	227,952	(225,744)	2,208
2,315	244	(759)	(2,932)	149,967	(146,482)	3,485
<u>62,671</u>	<u>6,187</u>	<u>(41,521)</u>	<u>(109,440)</u>	<u>8,417,048</u>	<u>(8,323,238)</u>	<u>93,810</u>
<u>1,677,773</u>	<u>200,370</u>	<u>(1,204,541)</u>	<u>(4,502,591)</u>	<u>254,868,218</u>	<u>(251,554,341)</u>	<u>3,313,877</u>

GUILFORD COUNTY, NORTH CAROLINA
Schedule of Property Taxes Receivable
June 30, 2005

D-2

Fiscal Year	Uncollected Balance June 30, 2004	Total Adjusted Tax Levy	Collections and Credits	Uncollected Balance June 30, 2005
2004-2005	\$ -	254,868,218	251,554,341	3,313,877
2003-2004	2,769,830	-	1,782,410	987,420
2002-2003	881,798	-	192,708	689,090
2001-2002	597,536	-	54,810	542,726
2000-2001	443,700	-	21,102	422,598
1999-2000	406,796	-	11,565	395,231
1998-1999	302,853	-	6,738	296,115
1997-1998	335,920	-	10,595	325,325
1996-1997	257,866	-	9,204	248,662
1995-1996	225,815	-	2,677	223,138
1994-1995	222,810	-	222,810	-
	\$ 6,444,924	254,868,218	253,868,960	7,444,182
Plus uncollected FY 2005-2006 property taxes receivable on annually registered vehicles				80,982
Less allowance for estimated uncollectible delinquent taxes:				
General Fund			\$ (3,974,977)	
Rural Fire Districts Fund			(72,714)	(4,047,691)
Property taxes receivable (net)				\$ 3,477,473
Reconciliation with revenues:				
General Fund:				
Ad valorem taxes			\$ 244,954,198	
Penalties and interest on delinquent taxes			965,309	\$ 245,919,507
Rural Fire Districts Fund:				
Ad valorem taxes			8,365,539	
Penalties and interest on delinquent taxes			33,098	8,398,637
Plus collections and credits not included in revenues:				
Releases net of refunds on prior fiscal years			199,392	
Amounts written off for tax year 1994-1995 per statute of limitations			222,810	422,202
Subtotal				254,740,346
Less revenues not included in collections and credits:				
Collections on years prior to 1995-1996			(6,099)	
Payments in lieu of taxes			(33,152)	
Interest collected			(832,135)	(871,386)
Total collections and credits				\$ 253,868,960

GUILFORD COUNTY, NORTH CAROLINA
Analysis of Current Tax Levy
County-Wide Levy
For the fiscal year ended June 30, 2005

D-3

	County-Wide			Total Levy	
	Assessed Value	Rate(1)	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate (2)	\$ 38,789,342,335	0.6184	239,873,293	227,618,375	12,254,918
Registered motor vehicles taxed at prior year's rate	<u>1,447,253,202</u>	0.7135	<u>10,324,763</u>	-	<u>10,324,763</u>
Total	<u>40,236,595,537</u>		<u>250,198,056</u>	<u>227,618,375</u>	<u>22,579,681</u>
Discoveries:					
Current year taxes	192,426,585	0.6184	1,189,966	1,189,966	-
Prior year taxes	-		<u>425,136</u>	<u>425,136</u>	-
Total	<u>192,426,585</u>		<u>1,615,102</u>	<u>1,615,102</u>	-
Penalties	-		<u>194,183</u>	<u>194,183</u>	-
Discounts allowed	-		<u>(1,163,020)</u>	<u>(1,163,020)</u>	-
Releases:					
Current year taxes	(673,180,951)	0.6184	(4,162,951)	(3,989,275)	(173,676)
Prior year taxes	-		<u>(230,200)</u>	<u>(15,654)</u>	<u>(214,546)</u>
Total	<u>(673,180,951)</u>		<u>(4,393,151)</u>	<u>(4,004,929)</u>	<u>(388,222)</u>
Total assessed value	\$ <u>39,755,841,171</u>				
Total adjusted tax levy			246,451,170	224,259,711	22,191,459
Uncollected taxes at June 30, 2005			<u>(3,220,067)</u>	<u>(1,989,708)</u>	<u>(1,230,359)</u>
Current year's taxes collected			\$ <u>243,231,103</u>	<u>222,270,003</u>	<u>20,961,100</u>
Current levy collection percentage			<u>98.69%</u>	<u>99.11%</u>	<u>94.46%</u>

Notes:

- (1) Per \$100 of assessed value.
- (2) Assessed value times rate will not equal amount of levy due to rounding differences and preferential rate treatments to certain properties.

GUILFORD COUNTY, NORTH CAROLINA
Analysis of Current Tax Levy
County-Wide Levy - General Information
For the fiscal year ended June 30, 2005

Secondary Market Disclosures:

Assessed Valuation:	
Assessment Ratio (1)	100%
Real Property (2)	\$ 32,330,383,860
Personal Property	6,854,211,987
Public Service Companies (3)	<u>1,051,999,690</u>
Total Assessed Valuation	\$ <u>40,236,595,537</u>
Tax Rate per \$100 (4)	<u>0.6184</u>
Levy (5)	\$ <u><u>260,575,350</u></u>

Notes:

- (1) Percentage of appraised value has been established by State Statute.
- (2) Real property assessment is based on 2004 market values as established by the last revaluation. Pursuant to State law, revaluation is required to take place not less frequently than every eight years.
- (3) Valuation of railroads, telephone companies, and other utilities as determined by the North Carolina Property Tax Commission.
- (4) In addition to the County-wide rates shown, most property in the unincorporated areas was also subject to a special fire district tax.
- (5) Total levy including County-wide and special districts:

County-wide	\$ 252,007,341
Special Fire Districts	<u>8,568,009</u>
Total Levy	\$ <u><u>260,575,350</u></u>

The levy is adjusted to exclude rebates and discounts allowed of \$5,707,132.

GUILFORD COUNTY, NORTH CAROLINA
General Obligation Debt Service Requirements
and Maturity Schedule
As of June 30, 2005

D-5

Fiscal Year	UTILITY		OTHER		TOTAL	
	Existing Debt		Existing Debt		Existing Debt	
	Principal	Principal & Interest	Principal	Principal & Interest	Principal	Principal & Interest
2005-06	\$ 3,161,333	4,432,457	16,248,667	31,570,731	19,410,000	36,003,188
2006-07	2,506,520	3,645,842	17,283,480	31,996,871	19,790,000	35,642,713
2007-08	2,555,880	3,603,927	17,159,120	30,443,138	19,715,000	34,047,065
2008-09	2,557,973	3,511,414	17,092,027	28,939,490	19,650,000	32,450,904
2009-10	1,661,608	2,520,851	17,813,392	28,982,165	19,475,000	31,503,016
2010-11	1,483,123	2,273,507	18,461,877	28,915,697	19,945,000	31,189,204
2011-12	2,676,130	3,372,715	17,363,870	27,106,364	20,040,000	30,479,079
2012-13	2,740,139	3,310,690	17,359,861	26,409,238	20,100,000	29,719,928
2013-14	2,508,195	2,961,339	16,416,805	24,809,761	18,925,000	27,771,100
2014-15	2,502,249	2,843,282	16,392,751	24,148,633	18,895,000	26,991,915
2015-16	2,498,283	2,722,864	16,376,717	23,473,888	18,875,000	26,196,752
2016-17	2,220,745	2,335,911	16,634,255	23,056,389	18,855,000	25,392,300
2017-18	918,720	963,212	18,036,280	23,731,491	18,955,000	24,694,703
2018-19	410,000	418,200	28,000,000	32,814,223	28,410,000	33,232,423
2019-20	-	-	29,000,000	32,875,823	29,000,000	32,875,823
2020-21	-	-	30,265,000	33,277,401	30,265,000	33,277,401
2021-22	-	-	30,645,000	32,885,975	30,645,000	32,885,975
2022-23	-	-	30,645,000	32,036,540	30,645,000	32,036,540
2023-24	-	-	18,645,000	19,502,555	18,645,000	19,502,555
2024-25	-	-	18,640,000	19,068,720	18,640,000	19,068,720
	\$ <u>30,400,898</u>	<u>38,916,211</u>	<u>408,479,102</u>	<u>556,045,093</u>	<u>438,880,000</u>	<u>594,961,304</u>



STATISTICAL



SECTION

Statistical Section

GUILFORD COUNTY, NORTH CAROLINA
Government-Wide Expenses by Function
Last Three Fiscal Years (1)

Table 1

<u>Fiscal Year</u>		<u>General Government</u>	<u>Human Services</u>	<u>Public Safety</u>	<u>Environmental Protection</u>	<u>Culture/ Recreation</u>
2002	\$	31,516,270	154,085,861	63,192,587	1,988,716	2,022,230
2003		34,646,687	159,178,485	65,312,136	1,007,132	1,816,420
2004		35,776,935	162,046,232	70,809,410	1,174,894	2,754,118
2005		38,935,052	168,210,350	77,965,005	1,682,060	3,824,634

	<u>Urban Redevelopment & Housing</u>	<u>Economic Development & Assistance</u>	<u>Education</u>	<u>Interest on Long- term Debt</u>	<u>Total</u>
2002	4,056	4,995,855	222,698,036	7,873,266	488,376,877
2003	311,888	5,682,689	198,557,002	9,782,009	476,294,448
2004	259,242	4,835,656	189,254,201	10,599,222	477,509,910
2005	152,052	6,272,110	210,740,935	11,468,056	519,250,254

Note:

- (1) Ten-year trend information is being developed in this table. Data is presented since implementation of Governmental Accounting Standards Board Statement No. 34.

GUILFORD COUNTY, NORTH CAROLINA
Government-Wide Revenues
 Last Three Fiscal Years (1)

Table 2

<u>Fiscal Year</u>	<u>Program Revenues</u>		
	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
2002	\$ 44,145,348	83,640,559	118,690
2003	47,807,998	79,549,131	172,052
2004	50,012,641	77,506,870	2,049,536 ⁽²⁾
2005	47,696,938	91,140,305	398,346

	<u>General Revenues</u>				<u>Total Revenues</u>
	<u>Taxes</u>	<u>Grants and Contributions Not Restricted to Specific Programs</u>	<u>Unrestricted Investment Earnings</u>	<u>Miscellaneous</u>	
2002	281,885,317	11,485,517	9,699,517	264,431	431,239,379
2003	289,641,802	589,147	5,993,035	114,304	423,867,469
2004	319,477,023	4,794,484	3,582,623	162,985	457,586,162
2005	343,880,901	3,735,353	7,707,805	222,293	494,781,941

Notes:

- (1) Ten-year trend information is being developed in this table. Data is presented since implementation of Governmental Accounting Standards Board Statement No. 34.
- (2) Excludes a \$3,159,900 contribution from a capital asset trade reported as a special item.

GUILFORD COUNTY, NORTH CAROLINA
General Governmental Expenditures by Function (1)
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Government (2), (3), (4) & (7)</u>	<u>Human Services (5)</u>	<u>Public Safety (5)</u>	<u>Environmental Protection (7)</u>
1996	\$ 20,792,756	113,789,696	42,458,801	715,822
1997	21,880,608	123,947,111	43,478,376	750,932
1998	20,472,491	131,407,741	45,625,017	705,374
1999	21,334,534	136,103,386	48,629,120	812,072
2000	23,366,278	146,041,352	53,376,771	917,055
2001	32,169,069	148,581,337	58,591,519	859,299
2002	30,313,342	152,663,170	61,100,678	974,932
2003	33,445,902	157,893,840	63,221,245	1,027,260
2004	34,160,259	161,072,839	69,943,520	1,138,238
2005 ⁽¹⁰⁾	37,795,664	168,618,392	77,030,474	1,125,296

Notes:

- (1) Includes the General Fund and annually budgeted Special Revenue Funds (i.e., excludes the Community Development Fund).
- (2) Effective July 1, 2000, the County reported a residual equity transfer from the Internal Service Fund to discontinue reporting of certain departments in that fund and move them to the General Fund, under the General Government function. As a result, expenditures that in years prior to 2001 were charged to other functions by the Internal Service Fund are now charged to General Government. The prior years' expenditures have not been adjusted to reflect these changes.
- (3) Effective July 1, 2002, the County reported a residual equity transfer from the Internal Service Fund to discontinue reporting of Telecommunications in that fund and move it to the General Fund, under the General Government function. As a result, expenditures that in years prior to 2003 were charged to other functions by the Internal Service Fund are now charged to General Government. The prior years' expenditures have not been adjusted to reflect these changes.
- (4) Effective July 1, 1996, Highways & Streets, Public Works, and Urban Redevelopment & Housing functional expenditures have been accounted for as General Government functional expenditures. The prior years' expenditures have been adjusted to reflect this change.
- (5) Effective July 1, 1997, Child Services - Community Based Organizations (now Coordinated Services) has been accounted for as Human Services functional expenditures. The prior years' expenditures have been adjusted to reflect this change.
- (6) Effective July 1, 2001, the Room Occupancy/Tourism Development Tax Fund occupancy tax proceeds the County remits to the Greensboro/Guilford County Tourism Development Authority are reported as an Economic Development & Assistance expenditure instead of an operating transfer out - component unit. The prior years' expenditures have been adjusted to reflect this change.

Table 3

<u>Culture/ Recreation</u>	<u>Economic Development & Assistance (6)</u>	<u>Education</u>	<u>Debt Service</u>	<u>Total</u>
1,093,910	3,023,183	91,178,995	13,381,499	286,434,662
1,150,106	4,014,060	94,326,963	13,817,489	303,365,645
1,530,701	3,500,011	97,260,532	13,324,010 ⁽⁸⁾	313,825,877
1,557,478	3,756,275	99,880,380	13,393,285	325,466,530
1,446,372	4,139,326	110,140,688	12,533,877	351,961,719
1,417,582	4,267,548	114,237,651	14,369,238	374,493,243
1,641,649	4,549,424	122,720,100	17,846,219	391,809,514
1,459,007	4,746,102	124,913,318	19,866,873 ⁽⁹⁾	406,573,547
2,336,710	4,477,063	133,434,005	25,240,842	431,803,476
3,247,907	5,375,881	160,879,105 ⁽¹⁰⁾	27,619,909 ⁽¹¹⁾	481,692,628

(7) Effective July 1, 2001, Soil and Water Conservation expenditures are included in the Environmental Protection function instead of General Government. The prior years' expenditures have been adjusted to reflect this change.

(8) Excludes principal retirement and costs associated with advance refunding of \$2,025,000 of 1988 General Obligation Refunding serial bonds, \$7,700,000 of 1991 Public Improvement serial bonds, \$2,735,000 of 1991 Sanitary Sewer serial bonds and \$500,000 of 1991 Water serial bonds in January 1998.

(9) Excludes principal retirement and costs associated with advance refunding of \$12,500,000 of 1993 Public Improvement serial bonds, \$2,315,000 of 1993 Water and Sewer serial bonds, and \$800,000 of 1993 Sanitary Sewer serial bonds in October 2002.

(10) Effective during fiscal year 2005, the County changed the Guilford County Schools and Guilford Technical Community College annual capital outlay funding structure to a General Fund capital appropriation that is paid out each fiscal year instead of reimbursed from the School Capital Outlay Fund as the schools request the funds. These expenditures are included in the Education function instead of being omitted from this Table as School Capital Outlay Fund expenditures.

(11) Excludes principal retirement and costs associated with advance refunding of \$4,700,000 of 1996 and \$43,610,000 of 2000 Public Improvement serial bonds and \$3,500,000 of 1996 and \$3,010,000 of 2000 Water and Sewer serial bonds.

GUILFORD COUNTY, NORTH CAROLINA
General Governmental Revenues by Source (1)
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Taxes (2)</u>	<u>Licenses & Permits</u>	<u>Intergovernmental (2)</u>
1996	\$ 205,852,778	1,283,818	66,871,987
1997	213,500,118	1,364,611	74,071,498
1998	223,585,244	1,585,731	77,790,927
1999	231,562,826	1,901,813	78,709,116
2000	242,087,518	1,967,745	83,763,439
2001	252,871,154	1,908,456	88,417,229
2002	270,007,873	2,093,241	85,752,469
2003 ⁽³⁾	281,715,824 ⁽³⁾	2,646,591	76,821,044
2004 ⁽⁴⁾	307,723,079 ⁽⁴⁾	2,991,576	81,673,333
2005 ⁽⁵⁾	343,411,729 ⁽⁵⁾	3,387,258	89,073,721

Notes:

- (1) Includes the General Fund and annually budgeted Special Revenue Funds (i.e., excludes the Community Development Fund).
- (2) Effective July 1, 2001, cable television franchise taxes and 911 charges are reported as Taxes instead of Charges for Services. Jail fees and other specific federal and state reimbursements which are not considered financial assistance (grants) have been accounted for as Charges for Services and Other instead of Intergovernmental. The prior years' revenues have been adjusted to reflect these changes.
- (3) For fiscal year 2003, sales tax revenues have been restated to include sales taxes related to all June 2003 retail sales. The availability period has changed from 60 to 90 days at the same time collections from the State changed from quarterly to monthly distributions. The 90 day period did not affect years prior to 2003 because these sales taxes related to June were received in November of each year.
Also, an additional 1/2% local option sales tax was implemented in January 2003.
- (4) For fiscal year 2004, sales tax revenues have been allocated by the State to the County, its municipalities and special tax districts based on their respective ad valorem tax levies. Previously, sales tax revenues were allocated based on population.
- (5) For fiscal year 2005, sales tax revenues restricted by North Carolina General Statutes for school debt and/or school capital outlay purposes have been moved to the General Fund from the School Capital Outlay Fund as part of a change in the Guilford County Schools annual capital outlay funding structure. See also Table 3.

Table 4

Charges for Services (2)	Investment Earnings	Other (2)	Total
22,039,538	8,382,040	3,348,659	307,778,820
29,088,080	9,118,764	3,262,811	330,405,882
32,232,587	10,763,271	3,784,790	349,742,550
25,785,543	10,752,712	4,831,797	353,543,807
29,027,459	10,191,802	4,535,486	371,573,449
29,011,264	14,870,249	5,514,348	392,592,700
36,005,621	7,497,920	5,362,159	406,719,283
38,631,878	4,819,317	5,545,175	410,179,829
37,585,130	3,060,761	5,107,347	438,141,226
37,882,284	6,546,846	5,275,056	485,576,894

GUILFORD COUNTY, NORTH CAROLINA
General Governmental Tax Revenues by Source (1)
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Property Tax (2)</u>	<u>Sales Tax</u>	<u>Occupancy</u>
1996	\$ 163,574,931	36,838,298	2,806,703
1997	170,305,207	37,052,650	3,101,580
1998	177,639,064	39,191,513	3,359,761
1999	181,459,211	42,967,122	3,756,275
2000	191,026,884	43,663,450	3,969,326
2001	199,478,557	45,088,340	4,097,548
2002	219,066,626	42,634,776	3,825,082
2003 ⁽⁴⁾	222,529,052	51,019,149 ⁽⁴⁾	4,006,760
2004 ⁽⁵⁾	235,782,968	63,183,584 ⁽⁵⁾	3,976,303
2005 ⁽⁶⁾	254,318,144	79,845,527 ⁽⁶⁾	4,232,851

Notes:

- (1) Includes the General Fund and annually budgeted Special Revenue Funds (i.e., excludes the Community Development Fund).
- (2) Includes penalties and interest on delinquent taxes and amounts received from the Greensboro Housing Authority in lieu of property taxes.
- (3) Effective July 1, 2001, cable television franchise taxes and 911 charges are reported as Taxes instead of Charges for Services. The prior years' revenues have been adjusted to reflect this change.
- (4) For fiscal year 2003, sales tax revenues have been restated to include sales taxes related to all June 2003 retail sales. The availability period has changed from 60 to 90 days at the same time collections from the State changed from quarterly to monthly distributions. The 90 day period did not affect years prior to 2003 because these sales taxes related to June were received in November of each year.
 Also, an additional 1/2% local option sales tax was implemented in January 2003.
- (5) For fiscal year 2004, sales tax revenues have been allocated by the State to the County, its municipalities and special tax districts based on their respective ad valorem tax levies. Previously, sales tax revenues were allocated based on population.
- (6) For fiscal year 2005, sales tax revenues restricted by North Carolina General Statutes for school debt and/or school capital outlay purposes have been moved to the General Fund from the School Capital Outlay Fund as part of a change in the Guilford County Schools annual capital outlay funding structure. See also Table 3.

Table 5

<u>Excise Tax</u>	<u>911 Charges (3)</u>	<u>Local Gross Receipts Taxes</u>	<u>Franchise Tax (3)</u>	<u>Total</u>
1,415,917	847,957	-	368,972	205,852,778
1,736,747	891,927	-	412,007	213,500,118
1,811,585	940,101	-	643,220	223,585,244
2,015,067	986,737	-	378,414	231,562,826
2,051,417	1,043,177	-	333,264	242,087,518
1,933,722	1,057,255	825,466	390,266	252,871,154
2,057,359	1,034,031	799,508	590,491	270,007,873
1,949,926	1,022,015	775,777	413,145	281,715,824
2,680,418	871,980	721,737	506,089	307,723,079
2,935,945	769,657	789,591	520,014	343,411,729

GUILFORD COUNTY, NORTH CAROLINA
Property Tax Levies and Collections
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Total Adjusted Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>
1996	\$ 163,410,835	162,297,135	99.32	727,647
1997	170,062,243	168,866,547	99.30	866,298
1998	177,757,167	176,165,450	99.10	924,094
1999	181,214,741	179,596,143	99.11	1,222,956
2000	190,825,530	188,961,990	99.02	1,339,427
2001	198,895,763	197,132,452	99.11	1,564,548
2002	218,839,591	216,755,652	99.05	1,580,650
2003	222,456,979	220,251,203	99.01	1,568,601
2004	236,124,844	233,477,931	98.88	1,546,470
2005	254,868,218	251,554,341	98.70	1,898,516

Table 6

<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Adjusted Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Delinquent Taxes to Adjusted Tax Levy</u>
163,024,782	99.76	4,347,965	2.66
169,732,845	99.81	4,562,600	2.68
177,089,544	99.62	4,763,284	2.68
180,819,099	99.78	5,034,741	2.78
190,301,417	99.73	5,271,371	2.76
198,697,000	99.90	5,298,792	2.66
218,336,302	99.77	5,577,329	2.55
221,819,804	99.71	5,992,720	2.69
235,024,401	99.53	6,575,297	2.78
253,452,857	99.44	7,525,164	2.95

GUILFORD COUNTY, NORTH CAROLINA
Assessed and Estimated Actual Value
of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Property		Personal Property	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1996	\$ 15,683,491,280	18,152,188,981	4,503,504,471	4,503,504,471
1997 ⁽²⁾	19,119,381,816	19,119,381,816	5,036,415,397	5,036,415,397
1998	19,563,369,461	20,378,509,855	5,794,336,554	5,794,336,554
1999	20,323,693,575	21,561,312,938	6,188,698,255	6,188,698,255
2000	21,177,336,772	23,701,552,067	6,786,326,849	6,786,326,849
2001	22,142,602,002	25,019,889,268	7,031,400,195	7,031,400,195
2002	23,114,025,234	27,266,751,485	7,378,751,313	7,378,751,313
2003	23,791,217,316	28,598,650,458	7,112,928,391	7,112,928,391
2004	24,527,780,895	30,431,489,944	6,883,615,331	6,883,615,331
2005 ⁽²⁾	32,330,383,860	32,541,906,251	6,854,211,987	6,854,211,987

Notes:

- (1) Public service companies' property includes real and personal property of utilities, railroads and airlines, etc. These assessments are made by the North Carolina Department of Revenue with no distinction between real and personal property.
- (2) A revaluation of real property is required by the North Carolina General Statutes at least every eight years. The latest revaluations are reflected in the increased real property values in fiscal years 1997 and 2005.

Table 7

Public Service Companies' Property (1)		Total		Ratio of Total Assessed To Total Estimated Actual Value
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
870,398,585	870,398,585	21,057,394,336	23,526,092,037	89.5 %
1,006,515,299	1,006,515,299	25,162,312,512	25,162,312,512	100.0
987,039,067	987,039,067	26,344,745,082	27,159,885,476	97.0
1,019,987,786	1,019,987,786	27,532,379,616	28,769,998,979	95.7
1,064,397,818	1,064,397,818	29,028,061,439	31,552,276,734	92.0
1,008,407,536	1,008,407,536	30,182,409,733	33,059,696,999	91.3
1,093,908,849	1,093,908,849	31,586,685,396	35,739,411,647	88.4
1,010,523,814	1,010,523,814	31,914,669,521	36,722,102,663	86.9
925,129,727	925,129,727	32,336,525,953	38,240,235,002	84.6
1,051,999,690	1,051,999,690	40,236,595,537	40,448,117,928	99.5

GUILFORD COUNTY, NORTH CAROLINA
Property Tax Rates - Direct and Overlapping Governments
 (Per \$100 of Assessed Value)
 Last Ten Fiscal Years

Taxes Levied by Guilford County (1)						
Fiscal Year	County- Wide Rate	Special District Tax Rates Approved by Voters		Total County Rates		
		Sedgefield Sanitary District	Various	Maximum County Rate	Minimum County Rate	Average County Rate
			Fire Protection Districts			
1996	.7548	.0640	.0500 to .10	.8906	.7548	.7802
1997 ⁽²⁾	.6572	.0400	.0500 to .10	.7572	.6572	.6801
1998	.6572	.0400	.0425 to .10	.7572	.6572	.6781
1999	.6372	.0400	.0000 to .10	.7372	.6372	.6618
2000	.6372	.0400	.0000 to .10	.7572	.6372	.6609
2001	.6372	.0400	.0650 to .10	.7572	.6372	.6624
2002	.6742	.0400	.0650 to .10	.8042	.6742	.6966
2003	.6742	.0400	.0650 to .10	.8042	.6742	.7010
2004	.7135	.0400	.05 to .0975	.8185	.7135	.7341
2005 ⁽²⁾	.6184	.0350	.0600 to .10	.7394	.6184	.6365

Notes:

- (1) All taxable property is subject to the county-wide tax. Most property in unincorporated areas is also subject to one of twenty-one special fire district taxes. A very small unincorporated area is subject to the sanitary district tax. As required by state law, real property is reappraised at 100% of fair market value every eight years. Personal property is appraised each year and assessed at 100% of appraised value.
- (2) Decreased tax rates are a reflection of increased real property values due to the county-wide revaluations which were effective in fiscal years 1997 and 2005. (See Table 7)

Table 8

Overlapping Taxes Levied by Municipalities							Typical Combined Tax Rates		
City of Greensboro	City of High Point	Town of Gibsonville	Town of Jamestown	Town of Sedalia	Town of Oak Ridge	Town of Summerfield	Greensboro (3)	High Point (4)	Unincorporated Areas of Guilford County (5)
.6700	.610	.560	.34	N/A	N/A	N/A	1.4248	1.3648	.8266
.5975	.570	.530	.31	N/A	N/A	N/A	1.2547	1.2272	.7172
.6075	.570	.530	.31	N/A	N/A	N/A	1.2647	1.2272	.7172
.5825	.595	.530	.31	N/A	N/A	N/A	1.2197	1.2322	.6972
.5825	.595	.530	.31	N/A	N/A	N/A	1.2197	1.2322	.7172
.5825	.622	.530	.31	N/A	N/A	N/A	1.2197	1.2592	.7172
.5825	.622	.515	.31	N/A	N/A	N/A	1.2567	1.2962	.7642
.6175	.622	.515	.34	N/A	N/A	N/A	1.2917	1.2962	.7642
.6175	.622	.515	.35	.20	N/A	N/A	1.3310	1.3355	.7785
.5675	.540	.495	.35	.20	.0863	.105	1.1859	1.1584	.7044

(3) Includes county-wide and City of Greensboro tax rates.

(4) Includes county-wide and City of High Point tax rates.

(5) Includes county-wide and Pineroft-Sedgefield Fire Protection District tax rates. Pineroft-Sedgefield is the largest fire district in the County and its rate is considered to be the most representative.

GUILFORD COUNTY, NORTH CAROLINA
Ratio of Net General Bonded Debt to Assessed Value and
Net Bonded Debt Per Capita
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Assessed Value</u>
1996	391,232	\$ 21,057,394,336
1997	400,182	25,162,312,512
1998	407,571	26,344,745,082
1999	415,677	27,532,379,616
2000	422,351	29,028,061,439
2001	425,382	30,182,409,733
2002	427,916	31,586,685,396
2003	431,247	31,914,669,521
2004	434,688	32,336,525,953
2005	438,775	40,236,595,537

Sources:

- (1) North Carolina Office of State Planning estimates.

Table 9

Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value	Net Bonded Debt Per Capita
89,610,000	0.43 %	\$ 229.05
80,625,000	0.32	201.47
85,065,000	0.32	208.71
75,825,000	0.28	182.41
67,020,000	0.23	158.68
179,715,000	0.60	422.48
169,850,000	0.54	396.92
283,740,000	0.89	657.95
269,910,000	0.83	620.93
438,880,000	1.09	1,000.24

GUILFORD COUNTY, NORTH CAROLINA
Computation of Legal Debt Margin
June 30, 2005

Table 10

Assessed value of taxable property		\$ <u>40,236,595,537</u>
Debt limit - 8% of assessed value		\$ 3,218,927,643
Amount of debt applicable to debt limit:		
Bonded debt	\$ 438,880,000	
Bonds authorized, unissued	198,000,000	
Obligations under capital leases and purchase money installment contracts	<u>513,298</u>	
Gross debt		\$ 637,393,298
Less statutory deductions:		
Bonds issued and outstanding for water purposes		<u>8,387,862</u>
Net amount of debt applicable to debt limit		<u>629,005,436</u>
Legal debt margin		\$ <u>2,589,922,207</u>

GUILFORD COUNTY, NORTH CAROLINA
Ratio of Annual Debt Service Expenditures for
General Obligation Bonded Debt to Total General Governmental Expenditures
Last Ten Fiscal Years

Table 11

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest (2)</u>	<u>Total Debt Service (1)</u>	<u>Total General Governmental Expenditures (1), (3)</u>	<u>Ratio of Debt Service to Total General Government Expenditures</u>
1996	\$ 8,670,000	4,645,200	13,315,200	286,434,662	4.65 %
1997	8,985,000	4,832,489	13,817,489	303,365,645	4.55
1998	8,840,000 ⁽⁴⁾	4,365,710	13,205,710 ⁽⁴⁾	313,825,877	4.21
1999	9,240,000	4,152,985	13,392,985	325,466,530	4.12
2000	8,805,000	3,721,060	12,526,060	351,961,719	3.56
2001	7,925,000	6,121,878	14,046,878	374,493,243	3.75
2002	9,865,000	7,903,473	17,768,473	391,809,514	4.53
2003	9,865,000 ⁽⁵⁾	9,354,570	19,219,570 ⁽⁵⁾	406,573,547	4.73
2004	13,830,000	10,801,897	24,631,897	431,803,476	5.70
2005	13,810,000 ⁽⁶⁾	12,916,990	26,726,990 ⁽⁶⁾	481,692,628 ⁽⁷⁾	5.55

Notes:

- (1) Includes the General Fund and annually budgeted Special Revenue Funds (i.e., excludes the Community Development Fund).
- (2) Excludes bond issuance and other costs.
- (3) Effective July 1, 2001, the Room Occupancy/Tourism Development Tax Fund occupancy tax proceeds that the County remits to the Greensboro/Guilford County Tourism Development Authority are reported as an Economic Development & Assistance expenditure instead of an operating transfer out - component unit. The prior years' expenditures have been adjusted to reflect this change.
- (4) Excludes principal retirement and costs associated with advance refunding of \$2,025,000 of 1988 General Obligation Refunding serial bonds, \$7,700,000 of 1991 Public Improvement serial bonds, \$2,735,000 of 1991 Sanitary Sewer serial bonds and \$500,000 of 1991 Water serial bonds in January 1998.
- (5) Excludes principal retirement and costs associated with advance refunding of \$12,500,000 of 1993 Public Improvement serial bonds, \$2,315,000 of 1993 Water and Sewer serial bonds, and \$800,000 of 1993 Sanitary Sewer serial bonds in October 2002.
- (6) Excludes principal retirement and costs associated with advance refunding of \$4,700,000 of 1996 and \$43,610,000 of 2000 Public Improvement serial bonds and \$3,500,000 of 1996 and \$3,010,000 of 2000 Water and Sewer serial bonds.
- (7) Effective during fiscal year 2005, the County changed the Guilford County Schools and Guilford Technical Community College annual capital outlay funding structure to a General Fund capital appropriation that is paid out each fiscal year instead of reimbursed from the School Capital Outlay Fund as the schools request the funds. These expenditures are included in Total General Governmental Expenditures instead of being omitted from this Table as School Capital Outlay Fund expenditures.

GUILFORD COUNTY, NORTH CAROLINA
Computation of Direct and Overlapping Debt
June 30, 2005

Table 12

<u>Jurisdiction</u>	<u>Net Bonded Debt Outstanding</u>	<u>Percentage Applicable to Guilford County</u>	<u>Amount Applicable to Guilford County</u>
Guilford County	\$ 438,880,000	100.00	\$ <u>438,880,000</u>
City of Greensboro (1)	169,080,000	100.00	169,080,000
City of High Point	96,565,000	97.06	93,725,989
Town of Gibsonville	275,000	51.87	142,643
Town of Kernersville	6,900,000	0.01	<u>690</u>
Total overlapping debt			<u>262,949,322</u>
Total direct and overlapping debt			\$ <u><u>701,829,322</u></u>

Notes:

- (1) Includes general obligation bonds only and excludes certificates of participation amounting to \$46,650,000, revenue bonds amounting to \$200,610,000 and special obligation bonds of \$10,415,000.

GUILFORD COUNTY, NORTH CAROLINA
Demographic Statistics
Last Ten Fiscal Years

Table 13

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Per Capita Income (2)</u>	<u>Median Age (1)</u>	<u>Public School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
1996	391,232	\$ 24,636	34.24	56,249	3.4 %
1997	400,182	25,848	34.41	57,687	3.2
1998	407,571	27,338	34.58	59,120	2.7
1999	415,677	28,867	34.76	60,322	2.5
2000	422,351	29,388	34.92	61,190	3.3
2001	425,382	30,782	35.00	61,894	5.0
2002	427,916	31,057	35.08	62,767	6.4
2003	431,247	31,393	35.17	63,873	6.1
2004	434,688	31,786	35.30	65,199	5.4
2005	438,775	32,141	35.48	66,691	5.2

Sources:

- (1) 1996 through 2005 North Carolina Office of State Planning estimates.
- (2) Calendar years 1995 through 2003 Bureau of Economic Analysis, U.S. Department of Commerce.
 Calendar year 2004 Piedmont Triad Council of Governments estimate.
- (3) Average daily membership of Guilford County Schools as compiled by North Carolina Department of Public Instruction.
- (4) North Carolina Employment Security Commission - Calendar year annual average except for 2005 which is the average adjusted monthly rate for January through June.

GUILFORD COUNTY, NORTH CAROLINA
Property Value, Construction and Bank Deposits
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Non-Residential Construction (1)</u>		<u>Residential Construction (1)</u>	
	<u>Units</u>	<u>Value</u>	<u>Units</u>	<u>Value</u>
1996	916	\$ 236,317,108	4,149	\$ 374,958,310
1997	933	312,120,910	4,444	384,153,760
1998	699	213,470,562	4,504	425,464,663
1999	528	280,655,923	4,547	422,887,462
2000	1,330	358,305,640	3,529	373,766,394
2001	1,142	327,152,813	5,166	501,729,606
2002	954	213,830,785	4,653	490,069,399
2003	610	204,037,191	3,677	499,449,178
2004	598	164,040,751	4,978	688,557,896
2005	N/A	N/A	N/A	N/A

Notes:

- (1) Construction values are reported by calendar year only; therefore, 2005 amounts are not available at June 30, 2005. Source is the United States Department of Commerce as prepared by the North Carolina Department of Labor through 1999 and Guilford County Planning and U.S. Census Bureau for 2000 through 2004. The amounts are for new construction only, excluding additions and alterations.
- (2) Bank deposits include balances in commercial banks and savings and loan associations. Source is Federal Reserve Bank of Richmond. Amounts for 2005 are not available at June 30, 2005.
- (3) Estimated actual value of real property.

Table 14

Bank Deposits (2) (In Thousands)	Property Value (3)		
	Commercial	Residential	Nontaxable
5,242,998	5,515,557,997	12,636,630,984	2,579,691,435
5,513,112	5,873,844,671	13,245,537,145	2,715,867,490
5,112,547	6,149,736,182	14,228,773,673	2,795,514,094
5,532,220	6,490,125,934	15,071,187,004	2,849,048,472
5,595,336	7,053,841,987	16,647,710,080	2,946,480,215
6,037,333	7,466,226,887	17,553,662,381	3,071,047,565
6,338,903	8,136,698,111	19,130,053,374	3,143,234,385
6,711,122	8,524,979,369	20,073,671,089	3,346,897,675
6,759,614	8,991,363,634	21,440,126,310	3,381,046,896
N/A	9,971,185,599	22,570,720,652	4,564,507,208

GUILFORD COUNTY, NORTH CAROLINA
Principal Taxpayers
June 30, 2005

Table 15

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Tax Levy</u>
Koury Corporation	Real estate	\$ 398,076,535	0.99	2,461,705
Duke Energy Corporation	Electric utility	308,238,996	0.77	1,906,150
Lorillard Tobacco Company	Cigarette manufacturer	235,262,485	0.58	1,454,863
International Home Furnishings Center	Home furnishings sales	193,565,060	0.48	1,197,006
BellSouth	Telephone utility	183,655,028	0.46	1,135,723
Starmount Company	Real estate	173,340,163	0.43	1,071,936
Highwoods / Forsyth Limited	Real estate	166,041,100	0.41	1,026,798
Liberty Properties Limited Partnership	Real estate	160,721,229	0.40	993,900
Koury Ventures Limited	Real estate	148,184,351	0.37	916,372
TYCO Electronics (AMP)	Electrical connecting and switching devices manufacturer	<u>147,831,024</u>	<u>0.37</u>	<u>914,187</u>
		<u>\$ 2,114,915,971</u>	<u>5.26</u>	<u>13,078,640</u>

GUILFORD COUNTY, NORTH CAROLINA
Miscellaneous Statistics
June 30, 2005

Table 16

Date formed	1771
Form of government	Commissioner/Manager
Area in square miles	651
Number of employees:	
Number of benefitted employees	2,558
Other	275
Law Enforcement Protection:	
Number of enforcement centers	2
Number of employees:	
Officers and patrol	448
Other	38
Emergency Medical Services:	
Number of stations	11
Number of employees:	
Emergency medical technicians	119
Other employees	13
Volunteer Fire Protection:	
Number of stations	39
Number of firefighters	800
Building permits issued (unincorporated)	1,867
Miles of Streets: ⁽¹⁾	
City - maintained	1,726
State - maintained	1,745
Recreation and Culture:	
Parks	257
Libraries	10
Education: ⁽²⁾	
Number of schools	108
Number of teachers	4,444
Number of students	66,691

⁽¹⁾ Includes Cities of Greensboro and High Point, and Towns of Gibsonville and Jamestown only.

⁽²⁾ Includes Guilford County Schools only.

