

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2006



Brenda Jones Fox, CPA
Finance Director

W. David McNeill, Jr.
Interim County Manager

*Prepared by
Guilford County Finance Department*

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INTRODUCTORY



SECTION

Letter of Transmittal



Guilford County

October 30, 2006

The Board of County Commissioners
and Mr. W. David McNeill, Jr., Interim County Manager
Guilford County, North Carolina

The Comprehensive Annual Financial Report (CAFR) of Guilford County, North Carolina, for the fiscal year ended June 30, 2006, 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 trends; revenue and debt capacity; and demographic, economic and operating information for the past ten years. This section reflects changes related to the implementation of Governmental Accounting Standards Board Statement No. 44, *Economic Condition Reporting: The Statistical Section*.

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

Letter of Transmittal

audit contract must be amended and that amendment approved by the LGC before final payment is made to the auditor.

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, 2006, 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, 2006, 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 448,694, 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. State sales tax collections are the only comparable figures available to measure retail sales growth. Due to the national streamlined sales tax initiative, taxable sales are reported beginning in fiscal year 2006 rather than gross retail sales. While the taxable collections growth is not identical to either taxable sales growth or gross retail sales growth, it is a reasonable proxy. State sales tax collections for Guilford County grew by just 1.9% in fiscal year 2006 after growing by 8.3% and 5.2% respectively, in the two previous fiscal years. This pattern is consistent with national trends that show a slow down in retail consumer activity. Guilford County has a labor force of approximately 240,000. During the recent economic downturn, the Piedmont Triad region was affected more strongly than in the past due to the strong negative impact on traditional manufacturing industries. Guilford County's unemployment rate has historically been below both state and national averages, however, during 2001 this changed as the unemployment rate began to exceed the national average. During 2004 the County's unemployment rate improved and once again was below the national average. The unemployment rate for Guilford County was 5.3% for 2004 and 5.1% for 2005; the U.S. unemployment rate was 5.5% for 2004 and 5.1% for 2005. Guilford County's unemployment rate of 4.6% for the first six months of 2006 is below the U.S. rate of 4.8% and North Carolina rate of 5.5%.

Guilford County's economy has continued to change and diversify, improving its overall strength. In 2004, manufacturing accounted for 40,749 of the County's 327,423 jobs or just 12.4% as compared to 61,327 or 28.6% of the County's 214,346 jobs in 1980. Manufacturing jobs have declined significantly in furniture and textiles but have shown growth in computer and electronic products, electrical equipment and transportation equipment. Major employers with headquarters or divisions within Guilford County include semiconductor, communications, chemical, bus, truck, pharmaceutical, insurance, aircraft maintenance, healthcare, real estate development, and distribution services. The County is home to two state universities, five private colleges and a community college with a total enrollment exceeding 37,000 students.

Construction on the fifth national Federal Express hub at the Piedmont Triad International Airport continues with an ultimate investment estimated at \$500 million in facilities and equipment. The one million square foot hub is scheduled to begin operations in 2009 creating approximately 1,500 jobs and drawing other economic development. A state-of-the-art Dell computer manufacturing facility began operations in October of 2005 in neighboring southeast Forsyth County. The facility, located

near Guilford County's western border and in close proximity to the airport, will have a regional impact on employment and the economy. This facility is expected to eventually employ 1,700 and is currently ahead of schedule with employment exceeding 1,100. Wireless chip maker RF Micro Devices located in the airport area, employs 1,650 and announced an expansion which will involve an investment of \$80 million and add 300 jobs. Plans for the Triad Tower project—a 25-story mixed use office/retail/residential site near the airport—are taking shape. Construction is expected to begin near the end of 2006. Hotel development has picked up with the future addition of six hotels totaling over 700 rooms. Construction for these hotels is underway or will begin in the near future.

Development continues to thrive in downtown Greensboro with a number of condominium and apartment projects planned or underway along with the opening of several additional restaurant and entertainment venues. The largest project announced is the plan to turn the vacant 16-story building (formerly Wachovia) into a retail, office and 156 unit condominium complex with an investment of approximately \$37 million. The City of Greensboro and Guilford County have approved a total of \$2 million in incentives for the project. The Elon University School of Law opened for its initial class in August of 2006 in downtown Greensboro's former central library building, which was renovated at a cost of \$8 million.

Long-term financial planning. In November 2003 the voters authorized \$300 million in general obligation debt for school facilities and 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 general obligation debt of which \$169 million was against the above authorizations and which included \$150 million for school facilities. The County is planning to issue up to \$192.69 million in general obligation bonds in the spring of 2007. This issuance is planned to include the remaining \$150 million authorized for school facilities, \$27.25 million for community college facilities, \$2.5 million for park facilities and \$12.94 million two-thirds bonds for various purposes. The County is moving forward with plans to address the overcrowding of its jail facilities. Temporary measures to provide additional jail capacity have been taken by providing additional housing at the County Prison Farm while the County plans for construction of new jail facilities. A contract was awarded in April 2006 to begin design on a 500-600 bed annex to the Greensboro jail facility. The County is considering various options for financing the facility.

On the technology front, the planning and inspection system was implemented in March of 2006 and the Register of Deeds system was operational in July 2006. The County entered into contracts with Lawson Software Inc. and Sunguard Treasury in February 2006 for implementation of new ERP financial and human resources software with an overall budget of \$4.8 million including related hardware and other costs. The system will be implemented in phases during the latter part of 2006 and the first half of 2007.

The unreserved, undesignated fund balance of the general fund at fiscal year end stood at 8.95% 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, 2006 were \$15.7 million on an average invested balance of \$396.2 million.

Letter of Transmittal

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 564 retired employees and 257 dependents eligible to receive 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, 2008 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, 2005. This was the twenty-fifth 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, 2005. Guilford County has received this award for ten 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, 2005

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.



Carla E. Perry

President

Jeffrey R. Emmer

Executive Director

Principal Officials

Board of County Commissioners

Carolyn Q. Coleman
Chairwoman

Stephen G. Arnold
Vice Chairman

Melvin L. (Skip) Alston

Paul Gibson

Kay Cashion

Bruce Davis

Kirk Perkins

Linda O. Shaw

John Parks

Mike Winstead, Jr.

Billy Yow

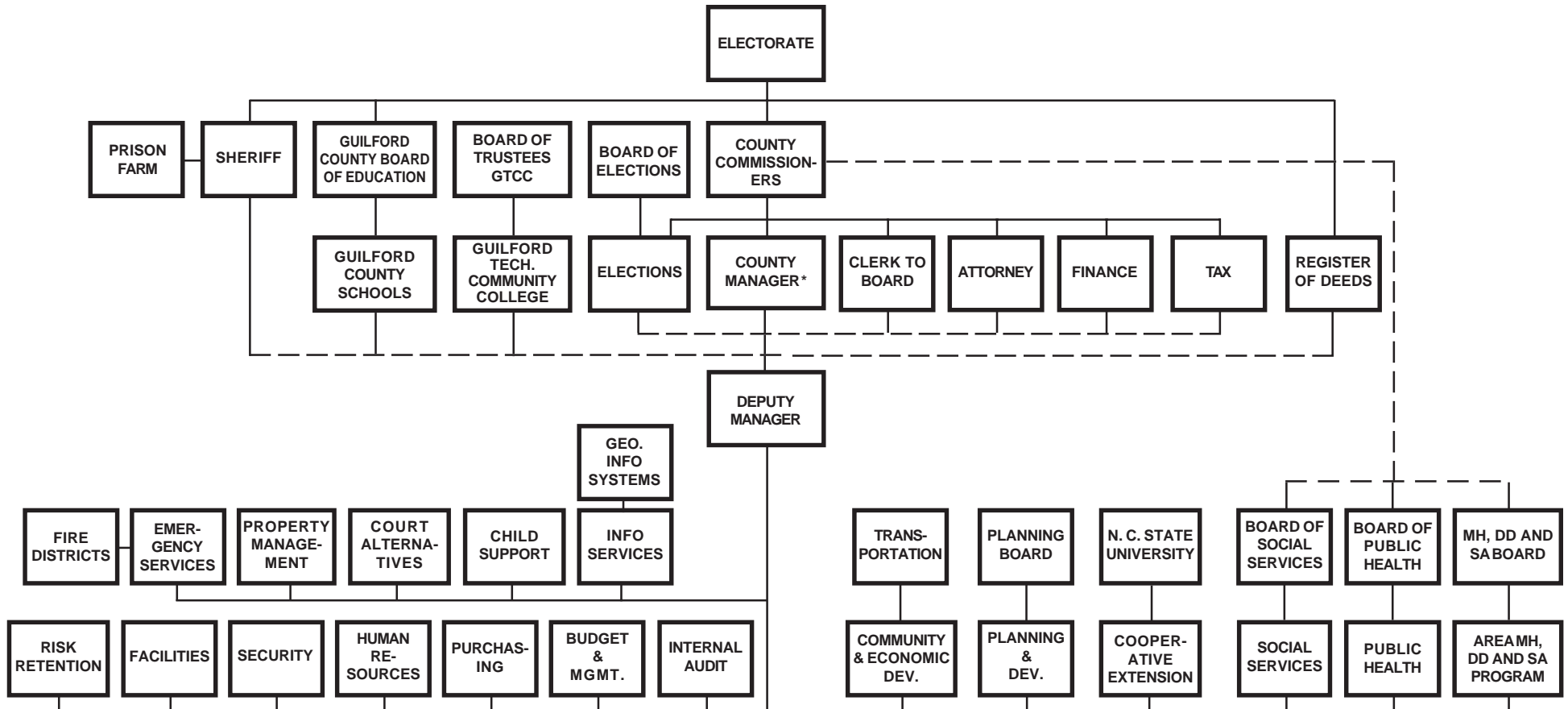
Interim County Manager

W. David McNeill, Jr.

Finance Director

Brenda Jones Fox, CPA

2005-06 ORGANIZATIONAL CHART GUILFORD COUNTY, NORTH CAROLINA



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* 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 Auditors' 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, 2006, 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, 2006, 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 30, 2006 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.P.

Asheboro, North Carolina
October 30, 2006



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, 2006. 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 liabilities of Guilford County exceeded its assets at the close of the most recent fiscal year by \$9.7 million (*net assets*).
- The County's total net assets decreased by \$69.1 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 and 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 \$103.3 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 \$34.2 million.
- The County's outstanding debt decreased by \$21.2 million to \$421.8 million during the fiscal year while its investment in capital assets increased by \$6.9 million to \$130.4 million.

The County's Funds

- At the fiscal year end, Guilford County's governmental funds reported a combined fund balance of \$261 million, a decrease of \$98 million from the previous fiscal year end. The decreases occurred in the school capital outlay fund and County Building Construction Fund as a result of the expenditure of bond proceeds from the issuance of bonds in the previous fiscal year.
- The fund balance of the County's General Fund increased by \$2.8 million as revenue exceeded expenditures by \$.5 million and other financing sources and uses contributed \$2.3 million.
- The unreserved fund balance for the General Fund (the County's major operating fund) increased by \$3.7 million to \$73.3 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 revenues 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 four 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

Management's Discussion and Analysis

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. Liabilities exceeded assets by \$9.7 million at the close of the most recent fiscal year (*net assets*). Comparative information for net assets for the primary government is shown below in summarized form (see Table A-1).

	Governmental Activities	
	2006	2005
Current and other assets	\$ 341,053,118	425,222,628
Capital assets	130,402,195	123,475,476
Total assets	471,455,313	548,698,104
Long-term liabilities outstanding	432,672,096	453,502,659
Other liabilities	48,493,393	35,820,023
Total liabilities	481,165,489	489,322,682
Net assets:		
Invested in capital assets, net of related debt	115,542,072	112,083,864
Restricted	27,765,244	25,288,493
Unrestricted	(153,017,492)	(77,996,935)
Total net assets (liabilities)	\$ (9,710,176)	59,375,422

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 fund the majority of the cost of these assets. The County's liabilities at June 30, 2006 include outstanding general obligation debt of \$385.9 million related to funding these non-county

Management's Discussion and Analysis

assets. This represents 92% 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).

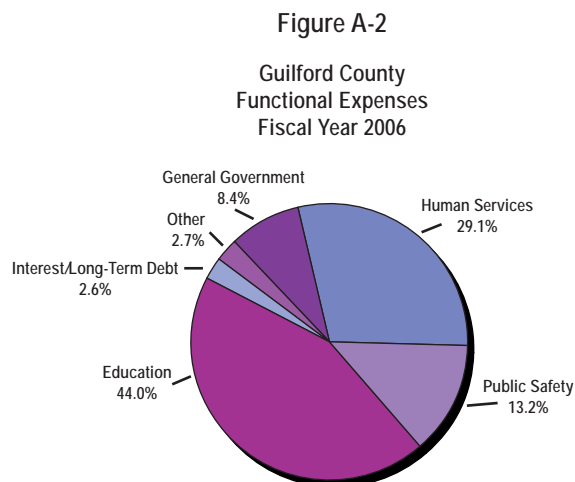
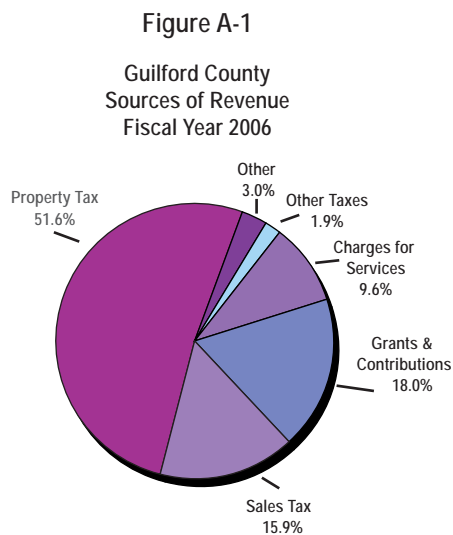
	Governmental Activities	
	2006	2005
Revenues		
Program revenues		
Charges for services	\$ 49,456,771	47,696,938
Operating grants and contributions	91,420,298	91,140,305
Capital grants and contributions	569,962	398,346
General revenues		
Taxes:		
Property taxes for general purposes	258,436,562	246,364,997
Property taxes for fire districts	8,759,407	8,422,319
Sales taxes for general purposes	67,561,489	66,843,356
Sales taxes for fire districts	2,683,532	2,209,697
Sales taxes for school capital/debt	12,316,865	10,792,474
Occupancy taxes for tourism development	4,485,837	4,232,851
Other taxes	5,588,946	5,015,207
Grants and contributions not restricted	1,347,053	3,735,353
Unrestricted investment earnings	15,391,864	7,707,805
Other	313,562	222,293
Total revenues	518,332,148	494,781,941
Expenses		
General government	49,489,061	38,935,052
Human services	170,986,656	168,210,350
Public safety	77,537,238	77,965,005
Environmental protection	1,127,138	1,682,060
Culture and recreation	4,790,197	3,824,634
Economic development/urban redevelopment	9,838,296	6,424,162
Education	258,171,386	210,740,935
Interest on long term debt	15,477,774	11,468,056
Total expenses	587,417,746	519,250,254
Changes in net assets	(69,085,598)	(24,468,313)
Net assets at beginning of year	59,375,422	83,843,735
Net assets (liabilities) at end of year	\$ (9,710,176)	59,375,422

Management's Discussion and Analysis

As noted in the highlights Guilford County's net assets decreased \$69.1 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 \$107.5 million in capital spending with \$103.6 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 24.1% of program expenses, declining from 26.8% last year.
- Program revenues totaled \$141.4 million increasing by \$2.2 million from the previous year. Operating grants from the State and Federal government increased \$.3 million to \$91.4 million. Charges for Services increased by \$1.8 million to \$49.5 million and capital grants and contributions were up \$.2 million.
- General revenues totaled \$376.9 million increasing by \$21.3 million from the previous year. Property tax revenue increased to \$267.2 million, up \$12.4 million or 4.9%, due primarily to an increase in the County-wide tax rate. Sales tax revenue increased to \$82.6 million, up \$2.7 million or 3.4% from the previous year due to increased retail sales. The remaining general revenues increased \$6.2 million, primarily from investment earnings due to increased yields and average invested balances.
- Expenses increased 13.1% or \$68.2 million to \$587.4 million. Education expenses were up \$47.4 million or 22.5% due to an \$11.8 million increase in operating funds and a \$35.6 million increase in capital funds provided to the schools and community college.
- Net assets decreased \$69.1 million, down \$44.6 million or 182.3%, 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.



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 \$261 million, a decrease of \$98 million in comparison with the prior year. The decrease is attributable to the expenditure of bond proceeds on schools and other capital projects. The *unreserved fund balance*, which is not reserved for specific purposes makes up 79.6 percent of the total or \$207.7 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 (\$11.4 million), (2) reserved under state statutory requirements (\$40.6 million), or (3) other restricted purposes (\$1.3 million). Approximately \$122.5 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 (\$26.1 million) (2) for capital project ordinances (\$95.5 million) or (3) for other specific purposes (\$1 million). The *undesignated fund balance* (that not reserved or designated) totals \$85.1 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 \$73.3 million, while total fund balance reached \$117.3 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 23.8 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 \$46.6 million is equal to 8.95 percent of the fiscal year 2006-07 General Fund budget.

The fund balance of Guilford County's General Fund increased by \$2.8 million during the current fiscal year. Revenues of \$492.3 million exceeded expenditures by \$.5 million and other financing sources and uses added an additional \$2.3 million. Revenue increased by \$22.5 million, a 4.8% increase over last fiscal year. General Fund revenue activities are as follows:

- Property tax revenue increased to \$258.7 million, going up \$12.8 million or 5.2% due primarily to an increase in the County-wide tax rate from the rate of \$.6184 to \$.6428 per hundred of assessed value.
- Sales tax revenue in the General Fund increased by \$2.2 million or 2.9%.
- Charges for services increased \$1.6 million or 4.1%. Emergency Services ambulance charges accounts for \$1.3 million of the increase and an increase in Law Enforcement inmate jail fees accounts for an additional \$.4 million and Health Department charges were up \$1 million. These increases were mostly offset by a decrease in Mental Health charges of \$.9 million.
- Investment Income for the General Fund increased by \$6.3 million as both the yield and average invested balance increased.

Management's Discussion and Analysis

General Fund expenditures were \$491.8 million, increasing \$25.6 million or 5.5% from last year. Highlights of significant areas of increase include:

- A \$9.5 million increase in debt service primarily related to the Series 2005 bond issuance of \$183.2 million in new debt.
- General Government expenditures increased \$5.3 million or 13.9%. Elections expenditures were up \$2 million related to the replacement of all voting machines, Register of Deeds and Information Services expenditures were up \$.9 million and \$1.2 million respectively primarily related to technology and systems improvements. Human Resources expenditures increased \$.6 million related to increased contributions for retiree health care.
- Public Safety expenditures increased \$5.9 million to \$71.7 million, a 9% increase. Law Enforcement expenditures were up \$4.3 million or 11%. The increase beyond normal increase was primarily due to an increase in vehicle purchases which fluctuate each year and the addition of four new positions at the beginning of the year and an additional 26 positions during the year as a measure to combat jail overcrowding. Emergency Services increased \$1.3 million or 7.5% primarily as a result of the addition of 13 new positions, three of which were funded through Homeland Security grants as well as other Homeland Security Grant expenditures.
- Expenditures increased over \$2.8 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 decreased by \$6.3 million. Revenue and other sources included revenue of \$1.5 million from grants and interest and a net transfer in of \$.7 million. Expenditures of \$8.5 million included \$4.3 million for the acquisition of an office building, \$1.6 million for a new financial reporting system, \$.4 million for Mental Health facilities and \$.2 million for emergency services projects. The fund balance of the School Capital Outlay Fund decreased \$95.3 million. Revenue and other sources totaled \$5.1 million primarily from Public School Facilities funds from the State and a general fund transfer of \$1 million. Expenditures of \$96.9 million consisted of \$94.6 million for school facilities and \$2.3 million for community college facilities. A transfer of \$3.5 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 \$.3 million as revenue of \$2.9 million primarily from fees exceeded project expenditures of \$2.6 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 \$1.1 million. Non-operating revenue (interest income) added \$1.1 million resulting in an overall gain of \$2.2 million. The sole purpose of the fund is the operation of the County's risk management

Management's Discussion and Analysis

programs. The operating gain was spread across all programs. 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 2005-06 was \$523.2 million, an increase of \$12.8 million from the original budget of \$510.5 million which is a 2.5% increase.

Table A-3 Summary of GUILFORD COUNTY'S Additional Appropriations (General Fund)			
	Sources		Uses
Fund Balance	\$ 6,384,450	Emergency Services	\$ 3,119,850
Intergovernmental Revenue	6,248,039	Law Enforcement	2,956,855
Charges for Services	(576,064)	Economic Development	
Capital Related Debt Issued	253,812	& Assistance	2,447,167
Other Sources	445,308	Information Services	2,031,236
		Social Services	1,432,307
		Mental Health	1,159,589
		Other Uses	(391,459)
	\$ 12,755,545		\$ 12,755,545

Guilford County typically increases its budget appropriation as a result of additional State and Federal funding 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, Emergency Services, and other public safety departments. The increase in this type of funding shown under intergovernmental revenues accounts for nearly half the increase in budget. 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, 2006 was \$5.3 million for all General Fund departments.

In addition, fund balance was appropriated during the year in the amount of \$1,047,100 to address the issue of the inmate population at the County's jails.

This variance in the actual expenditures from the final budget is in the typical range. 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 2005-06 was \$523.2 million, decreasing by \$30.4 million from the previous year's budget. Last fiscal year's final budget included \$60.7 million related to refunding of bonds. This fiscal year's final budget is an increase of 6.1% from last year's final budget with the budget increase related to last year's bond refunding eliminated. General Fund expenditures for the 2006 fiscal year were 94.6% of the final budget.

Management's Discussion and Analysis

Capital Asset and Debt Administration

Capital assets. Guilford County's investment in capital assets for its governmental activities as of June 30, 2006, amounts to \$130.4 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 \$6.9 million during the current fiscal year.

Buildings increased by \$4.1 million before depreciation of which \$3.4 million is related to the purchase of the Independence Center in downtown Greensboro which will house the Tax and Planning Departments and \$.45 million was transferred from construction in relation to the completion of renovations to the High Point Health Department building. Equipment increased by \$7.4 million before depreciation of which \$3.9 million is related to vehicle purchases and \$2.6 million is related to technology.

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	
	2006	2005
Land	\$ 28,932,033	28,032,659
Buildings	76,444,475	75,140,047
Improvements other than buildings	8,898,889	8,117,908
Machinery and equipment	14,956,049	11,264,106
Construction in progress	1,170,749	920,756
Total	<u>\$ 130,402,195</u>	<u>123,475,476</u>

Debt Administration. At the end of the current fiscal year, Guilford County had total bonded debt outstanding of \$419.5 million all of which were general obligation bonds, backed by the full faith and credit of the County. In addition there were \$7.4 million in unamortized bond issuance/put bond premiums and \$.4 million of obligations under capital leases and installment financings all net of unamortized bond refunding charges of \$5.5 million. Guilford County's total debt decreased by \$21.2 million during the fiscal year. The County entered into a forward-starting floating to fixed rate interest rate exchange with Bank of America in September 2005 related to the planned issuance of variable rate General Obligation Bonds in April of 2007. The County intends to issue at least \$100 million of these bonds as variable rate debt and the interest rate exchange will not exceed this amount. The fixed rate of the swap is 3.945% and the net cost rate will depend on ongoing fees to be determined at issuance.

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.

Management's Discussion and Analysis

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 \$3.3 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 33-37 of this report.

Table A-5
GUILFORD COUNTY'S Outstanding Debt

	Governmental Activities	
	2006	2005
General obligation bonds	\$419,470,000	438,880,000
Plus bond issuance/put bond premiums	7,388,183	9,682,448
Less bond refunding charges	(5,486,221)	(6,039,324)
Capital leases and purchase money installment contracts	423,913	513,298
Total	<u>\$ 421,795,875</u>	<u>443,036,422</u>

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

- The County's fiscal 2007 General Fund budget has increased by \$10.2 million from the fiscal year 2006 original budget to \$520.7 million, a 2% increase.
- The General Fund tax rate levied for fiscal year 2007 is \$.6615 per \$100 valuation, an increase of \$.0187. The rate increase combined with a 2.6% growth in the County's tax base to \$41.65 billion will provide an additional \$14.5 million in tax revenue, a 5.6% increase from the previous year.
- Estimated sales tax revenue of \$81.3 million for the fiscal year 2007 is \$6.1 million more than last year's original General Fund budget. Other significant changes in revenue include investment income which is up \$3.6 million and intergovernmental revenue which decreased by \$4.1 million.
- The General Fund budget categories with the most significant increases are Guilford County Schools current expense up \$15 million or 10.6% to \$156.7 million, Debt Service up \$2.9 million to \$41.3 or 7.4%, Law Enforcement up \$2.7 million or 6% to \$47.4 million and Transportation-Human Services up 35.3% to \$2 million. Mental Health decreased 16.5 % or \$7.4 million to \$37.3 million and Guilford County Schools Capital Outlay decreased by \$3 million to \$7 million.

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, 2006, 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, 2006

Exhibit 1

	Primary Government	Component Unit
	Governmental Activities	Greensboro/Guilford County Tourism Development Authority
Assets		
Current assets:		
Cash and cash equivalents/investments	\$ 283,325,410	1,461,875
Receivables:		
Property taxes (net)	3,231,486	-
Accrued interest on property taxes (net)	275,000	-
Other taxes	742,408	-
Due from governmental units and agencies	34,900,202	66,163
Due from primary government	-	280,580
Service fees (net)	3,320,101	-
Special assessments	613,766	-
Accrued interest on investments	2,453,829	15,341
Other	4,353	9,559
Total receivables	45,541,145	371,643
Deposits and other assets	8,439,730	-
Deferred charges	1,261,390	-
Total current assets	338,567,675	1,833,518
Noncurrent assets:		
Due from governmental units and agencies	2,485,443	-
Non-depreciable capital assets	30,102,782	-
Depreciable capital assets (net)	100,299,413	36,934
Total noncurrent assets	132,887,638	36,934
Total assets	471,455,313	1,870,452
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	44,102,789	58,998
Due to component unit	280,580	-
Unearned revenue	3,582,849	-
Deposits	527,175	-
Current portion of long-term liabilities	24,932,223	-
Total current liabilities	73,425,616	58,998
Noncurrent liabilities:		
Noncurrent portion of long-term liabilities	407,739,873	-
Total liabilities	481,165,489	58,998
Net Assets		
Invested in capital assets, net of related debt	115,542,072	36,934
Restricted for:		
Capital projects	22,960,567	-
Other purposes	4,804,677	-
Unrestricted	(153,017,492)	1,774,520
Total net assets (liabilities)	\$ (9,710,176)	1,811,454

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, 2006

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	\$ 49,489,061	8,092,944	2,299,531	6,000	(39,090,586)	-
Human services	170,986,656	20,768,155	80,654,657	5,518	(69,558,326)	-
Public safety	77,537,238	17,697,563	2,916,616	490,261	(56,432,798)	-
Environmental protection	1,127,138	45,292	722,687	17,883	(341,276)	-
Culture - recreation	4,790,197	9,100	2,000	50,300	(4,728,797)	-
Urban redevelopment and housing	158,816	-	158,816	-	-	-
Economic development and assistance	9,679,480	2,699,976	500,000	-	(6,479,504)	-
Education	258,171,386	-	4,165,991	-	(254,005,395)	-
Interest on long-term debt	15,477,774	143,741	-	-	(15,334,033)	-
Total primary government	<u>\$ 587,417,746</u>	<u>49,456,771</u>	<u>91,420,298</u>	<u>569,962</u>	<u>(445,970,715)</u>	<u>-</u>
Component Unit:						
Greensboro/Guilford Co Tourism Dev Authority:						
Tourism promotion and development	<u>\$ 4,273,182</u>	<u>27,879</u>	<u>3,870,187</u>	<u>-</u>	<u>-</u>	<u>(375,116)</u>
General revenues:						
Taxes:						
Property taxes, levied for general purposes					258,436,562	-
Property taxes, levied for fire districts					8,759,407	-
Sales taxes, levied for general purposes					67,561,489	-
Sales taxes, levied for fire districts					2,683,532	-
Sales taxes, levied for school capital and/or debt					12,316,865	-
Occupancy taxes, levied for tourism development					4,485,837	-
Excise tax					3,399,037	-
911 charges, levied for 911 system					824,713	-
Local gross receipts and franchise taxes					1,365,196	-
Grants and contributions not restricted to specific programs					1,347,053	-
Unrestricted investment earnings					15,391,864	83,621
Other					313,562	-
Total general revenues					<u>376,885,117</u>	<u>83,621</u>
Change in net assets					(69,085,598)	(291,495)
Net assets at beginning of year					<u>59,375,422</u>	<u>2,102,949</u>
Net assets (liabilities) at end of year					<u>\$ (9,710,176)</u>	<u>1,811,454</u>

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

GUILFORD COUNTY, NORTH CAROLINA
Balance Sheet
Governmental Funds
June 30, 2006

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	\$ 103,867,803	33,789,077	31,508,417	90,337,713	1,619,434	261,122,444
Receivables:						
Property taxes (net)	3,137,728	-	-	-	93,758	3,231,486
Accrued interest on property taxes (net)	275,000	-	-	-	-	275,000
Other taxes	264,104	-	-	-	478,304	742,408
Due from governmental units and agencies	34,835,867	63,184	622,807	1,040,430	817,734	37,380,022
Service fees (net)	3,283,196	-	-	-	-	3,283,196
Special assessments	-	-	613,766	-	-	613,766
Accrued interest on investments	2,000,890	266,100	-	-	15,668	2,282,658
Other	4,353	-	-	-	-	4,353
Total receivables	43,801,138	329,284	1,236,573	1,040,430	1,405,464	47,812,889
Deposits and other assets	48,569	-	-	-	-	48,569
Total assets	<u>\$ 147,717,510</u>	<u>34,118,361</u>	<u>32,744,990</u>	<u>91,378,143</u>	<u>3,024,898</u>	<u>308,983,902</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	\$ 19,967,269	964,022	842,891	14,417,217	171,239	36,362,638
Due to component unit	-	-	-	-	280,580	280,580
Deferred revenue	9,970,749	-	634,984	-	221,800	10,827,533
Deposits	527,175	-	-	-	-	527,175
Total liabilities	30,465,193	964,022	1,477,875	14,417,217	673,619	47,997,926
Fund balances:						
Reserved for:						
Encumbrances	5,327,955	3,772,853	2,292,768	-	33,583	11,427,159
State statute	37,312,546	329,284	622,807	1,040,430	1,311,706	40,616,773
Restricted funding sources	1,265,405	-	-	-	-	1,265,405
Unreserved:						
Designated for subsequent year's expenditures reported in:						
General fund	25,780,865	-	-	-	-	25,780,865
Special revenue funds	-	-	-	-	328,500	328,500
Designated for capital project ordinances reported in capital projects funds	-	15,819,711	3,835,885	75,823,871	-	95,479,467
Designated for specific purposes reported in general fund	953,337	-	-	-	-	953,337
Undesignated reported in:						
General fund	46,612,209	-	-	-	-	46,612,209
Special revenue funds	-	-	-	-	677,490	677,490
Capital projects funds	-	13,232,491	24,515,655	96,625	-	37,844,771
Total fund balances	117,252,317	33,154,339	31,267,115	76,960,926	2,351,279	260,985,976
Total liabilities and fund balances	<u>\$ 147,717,510</u>	<u>34,118,361</u>	<u>32,744,990</u>	<u>91,378,143</u>	<u>3,024,898</u>	<u>308,983,902</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, 2006

Exhibit 4

Total fund balances - total governmental funds (Exhibit 3)	\$	260,985,976
<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.		130,402,195
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. (Note II.A.1.)		7,244,684
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.)		2,024,836
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)		23,927,014
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>(434,294,881)</u>
Total net assets (liabilities) of governmental activities (Exhibit 1)	\$	<u><u>(9,710,176)</u></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, 2006

Exhibit 5

	General	County Building Construction	Water and Sewer Construction	School Capital Outlay	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes:						
Property taxes	\$ 258,683,174	-	-	-	8,758,782	267,441,956
Sales tax	79,878,354	-	-	-	2,683,532	82,561,886
Occupancy taxes	-	-	-	-	4,485,837	4,485,837
Excise tax	3,399,037	-	-	-	-	3,399,037
911 charges	-	-	-	-	824,713	824,713
Local gross receipts tax	746,443	-	-	-	-	746,443
Franchise taxes	618,753	-	-	-	-	618,753
Licenses and permits	3,470,989	-	-	-	-	3,470,989
Intergovernmental	87,965,065	51,086	-	4,165,991	377,310	92,559,452
Charges for services	39,454,043	-	2,845,352	-	-	42,299,395
Investment earnings	12,803,278	1,479,205	-	-	126,432	14,408,915
Other	5,245,697	-	53,764	-	9,903	5,309,364
Total revenues	<u>492,264,833</u>	<u>1,530,291</u>	<u>2,899,116</u>	<u>4,165,991</u>	<u>17,266,509</u>	<u>518,126,740</u>
Expenditures						
Current:						
General government	43,048,897	-	-	-	-	43,048,897
Human services	170,804,456	-	-	-	-	170,804,456
Public safety	71,653,055	-	-	-	12,077,536	83,730,591
Environmental protection	1,086,756	-	-	-	-	1,086,756
Culture - recreation	4,230,945	-	-	-	-	4,230,945
Urban redevelopment and housing	-	-	-	-	158,816	158,816
Economic development and assistance	2,560,173	-	-	-	4,485,837	7,046,010
Intergovernmental:						
Education	161,234,421	-	-	96,936,965	-	258,171,386
Capital outlay	-	8,548,631	2,633,470	-	-	11,182,101
Debt service:						
Principal retirement	19,410,000	-	-	-	-	19,410,000
Interest and fiscal charges	17,732,439	-	-	-	-	17,732,439
Total expenditures	<u>491,761,142</u>	<u>8,548,631</u>	<u>2,633,470</u>	<u>96,936,965</u>	<u>16,722,189</u>	<u>616,602,397</u>
Excess (deficiency) of revenues over expenditures	<u>503,691</u>	<u>(7,018,340)</u>	<u>265,646</u>	<u>(92,770,974)</u>	<u>544,320</u>	<u>(98,475,657)</u>
Other Financing Sources (Uses)						
Capital-related debt issued	253,812	-	-	-	-	253,812
Transfers in	5,432,656	2,736,173	-	962,500	-	9,131,329
Transfers out	(3,651,230)	(2,000,000)	-	(3,480,099)	-	(9,131,329)
Sale of capital assets	250,004	-	-	-	-	250,004
Total other financing sources (uses)	<u>2,285,242</u>	<u>736,173</u>	<u>-</u>	<u>(2,517,599)</u>	<u>-</u>	<u>503,816</u>
Net changes in fund balances	2,788,933	(6,282,167)	265,646	(95,288,573)	544,320	(97,971,841)
Fund balances at beginning of year	114,463,384	39,436,506	31,001,469	172,249,499	1,806,959	358,957,817
Fund balances at end of year	<u>\$ 117,252,317</u>	<u>33,154,339</u>	<u>31,267,115</u>	<u>76,960,926</u>	<u>2,351,279</u>	<u>260,985,976</u>

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

GUILFORD COUNTY, NORTH CAROLINA
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the fiscal year ended June 30, 2006

Exhibit 6

Net changes in fund balances - total governmental funds (Exhibit 5) \$ (97,971,841)

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.) 6,938,009

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.) (11,290)

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.) (1,100,000)

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.) 19,499,385

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.) 1,366,427

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) 2,193,712

Change in net assets of governmental activities (Exhibit 2) \$ (69,085,598)

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, 2006

	<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	\$ 254,597,063	254,597,063	257,909,368	3,312,305
Penalties and interest on delinquent property taxes	800,000	800,000	773,806	(26,194)
Total property taxes	<u>255,397,063</u>	<u>255,397,063</u>	<u>258,683,174</u>	<u>3,286,111</u>
Sales tax	75,200,000	75,200,000	79,878,354	4,678,354
Excise tax	2,539,896	2,539,896	3,399,037	859,141
Local gross receipts tax	800,000	800,000	746,443	(53,557)
Franchise taxes	440,000	440,000	618,753	178,753
Licenses and permits	3,130,392	3,130,392	3,470,989	340,597
Intergovernmental	85,964,914	92,212,953	87,965,065	(4,247,888)
Charges for services	39,477,800	38,901,736	39,454,043	552,307
Investment earnings	13,105,009	13,105,206	12,803,278	(301,928)
Other	3,933,755	4,314,212	5,245,697	931,485
Total revenues	<u>479,988,829</u>	<u>486,041,458</u>	<u>492,264,833</u>	<u>6,223,375</u>
Expenditures				
Current:				
General government	44,986,643	47,641,875	43,048,897	4,592,978
Human services	180,547,806	182,899,245	170,804,456	12,094,789
Public safety	73,351,674	79,483,661	71,653,055	7,830,606
Environmental protection	1,464,573	1,491,643	1,086,756	404,887
Culture - recreation	4,633,505	4,643,155	4,230,945	412,210
Economic development and assistance	1,295,920	3,743,087	2,560,173	1,182,914
Intergovernmental:				
Education	162,196,921	161,234,421	161,234,421	-
Capital outlay	700,000	-	-	-
Debt service:				
Principal retirement	19,410,000	19,410,000	19,410,000	-
Interest and fiscal charges	19,022,825	19,022,825	17,732,439	1,290,386
Total expenditures	<u>507,609,867</u>	<u>519,569,912</u>	<u>491,761,142</u>	<u>27,808,770</u>
Excess (deficiency) of revenues over expenditures	<u>(27,621,038)</u>	<u>(33,528,454)</u>	<u>503,691</u>	<u>34,032,145</u>
Other Financing Sources (Uses)				
Capital-related debt issued	-	253,812	253,812	-
Transfers in	5,432,656	5,432,656	5,432,656	-
Transfers out	(2,855,730)	(3,651,230)	(3,651,230)	-
Sale of capital assets	20,500	85,154	250,004	164,850
Total other financing sources	<u>2,597,426</u>	<u>2,120,392</u>	<u>2,285,242</u>	<u>164,850</u>
Net change in fund balances	<u>(25,023,612)</u>	<u>(31,408,062)</u>	<u>2,788,933</u>	<u>34,196,995</u>
Fund balances at beginning of year	114,463,384	114,463,384	114,463,384	-
Fund balances at end of year	<u>\$ 89,439,772</u>	<u>83,055,322</u>	<u>117,252,317</u>	<u>34,196,995</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, 2006

Exhibit 8

		<u>Governmental Activities</u>
Assets		
Current assets:		
Cash and cash equivalents/investments	\$	22,202,966
Receivables:		
Due from governmental units and agencies		5,623
Service fees (net)		36,905
Accrued interest on investments		<u>171,171</u>
Total receivables		213,699
Deposits and other assets		<u>8,070,706</u>
Total assets		<u>30,487,371</u>
 Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities		4,379,487
Unearned revenue		2,156,382
Compensated absences		<u>8,319</u>
Total current liabilities		6,544,188
Noncurrent liabilities:		
Compensated absences		<u>16,169</u>
Total liabilities		<u>6,560,357</u>
 Net Assets		
Unrestricted		<u>23,927,014</u>
Total net assets	\$	<u>23,927,014</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, 2006

Exhibit 9

	Governmental Activities
Operating revenues:	
Charges for services	\$ <u>28,635,602</u>
Operating expenses:	
Personal services	249,203
Other direct service costs	102,348
Professional services	1,438,764
Claims, premiums and bonding	<u>25,718,270</u>
Total operating expenses	<u>27,508,585</u>
Operating gain	1,127,017
Nonoperating revenues:	
Interest income	<u>1,066,695</u>
Change in net assets	2,193,712
Total net assets at beginning of year	<u>21,733,302</u>
Total net assets at end of year	\$ <u>23,927,014</u>

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, 2006

Exhibit 10

	Governmental Activities
Increase (decrease) in cash and cash equivalents:	
Cash flows from operating activities:	
Cash received from user departments and participants	\$ 28,989,921
Cash paid to employees for services	(248,203)
Cash paid to suppliers, participants and others	<u>(27,307,476)</u>
Net cash provided by operating activities	<u>1,434,242</u>
Cash flows from investing activities:	
Interest and dividends on investments	<u>784,907</u>
Net increase in cash and cash equivalents	2,219,149
Cash and cash equivalents at beginning of year	<u>19,983,817</u>
Cash and cash equivalents at end of year	<u>\$ 22,202,966</u>
 Reconciliation of operating gain to net cash provided by operating activities:	
Operating gain	\$ <u>1,127,017</u>
Adjustments to reconcile operating gain to net cash provided by operating activities:	
Change in assets and liabilities:	
Decrease in accounts receivable	129,535
Increase in deposits and other assets	(225,791)
Increase in accounts payable	174,565
Increase in deferred revenue	227,916
Increase in accrued vacation and compensatory benefits	<u>1,000</u>
Total adjustments	<u>307,225</u>
Net cash provided by operating activities	<u>\$ 1,434,242</u>

Non-cash investing, capital and financing activities:

During the year, deposits and other assets also increased by interest income of \$166,717 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, 2006

Exhibit 11

	Pension Trust Fund Law Enforcement Officers' Special Separation Allowance	Agency Funds
Assets		
Cash and cash equivalents/investments	\$ 1,706,548	\$ 1,766,122
Receivables:		
Accrued interest on investments	13,373	-
Total assets	1,719,921	\$ 1,766,122
Liabilities		
Accounts payable and accrued liabilities	4,100	\$ 501,109
Representative payee clients payable	-	400,614
Due to other taxing units	-	864,399
Total liabilities	4,100	\$ 1,766,122
Net Assets		
Held in trust for pension benefits	\$ 1,715,821	

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, 2006

Exhibit 12

		Law Enforcement Officers' Special Separation Allowance
Additions		
Employer contributions	\$	409,905
Interest		<u>72,092</u>
Total additions		<u>481,997</u>
Deductions		
Benefits		547,616
Administrative expenses		<u>562</u>
Total deductions		<u>548,178</u>
Change in net assets		(66,181)
Net assets at beginning of year		<u>1,782,002</u>
Net assets at end of year	\$	<u>1,715,821</u>

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, 2006

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 \$4,485,837 County levied occupancy taxes earned and included as an economic development and assistance expense of the County, \$3,140,086 is reported as part of the Authority's operating grants and contributions program revenue along with \$730,101 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 Forfeitures Fund, which accounts for fines and forfeitures collected by the County that are required to be remitted to the

GUILFORD COUNTY, NORTH CAROLINA
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Guilford County Board of Education; 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; and the N.C. Treasurer's Vehicle Interest Fund which accounts for three percent additional interest collected on the first month's interest assessed on delinquent registered motor vehicle property taxes as per House Bill 1779. The additional interest is remitted to the N.C. Department of State Treasurer monthly and will be used by the Division of Motor Vehicles to create a combined motor vehicle registration renewal and property tax collection system.

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

GUILFORD COUNTY, NORTH CAROLINA
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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.

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

GUILFORD COUNTY, NORTH CAROLINA
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market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term 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 2005 through February 2006 apply to the fiscal year ended June 30, 2006. The uncollected portion of these taxes is included in property taxes receivable on the financial statements. Those taxes for vehicles registered from March 2006 through June 2006 apply to fiscal year 2007 and are therefore not included in property taxes receivable at June 30, 2006. 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, 2006.

The taxes collected during fiscal year 2006 for annually registered vehicles due May 1, 2006 are recorded as deferred (unearned) revenue as of June 30, 2006 because these taxes are intended to finance the County's operations during the 2007 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, 2006, 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:

<u>Primary Government</u>		<u>Authority</u>	
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, 2006, 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 2006-2007 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)	\$ 3,231,486
Accrued interest on property taxes receivable (net)	275,000
Due from governmental units (cities) for reimbursement by contract of County watershed bonded debt	3,124,432
Special assessments receivable	<u>613,766</u>
Net adjustment to increase total fund balances - total governmental funds to arrive at net assets of governmental activities	<u>\$ 7,244,684</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)	\$ 2,154,218
Less: Employee portion withheld in June, reclassified to current liabilities	(452,001)
Net pension asset for excess contributions to the Pension Trust Fund	<u>322,619</u>
Net adjustment to increase total fund balances - total governmental funds to arrive at net assets of governmental activities	<u>\$ 2,024,836</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	\$ 419,470,000
Less: Deferred charge on refunding (to be amortized as interest expense)	(5,486,221)
Less: Deferred charge for issuance/put bond costs (to be amortized over life of debt)	(1,261,390)
Plus: Issuance/put bond premiums (to be amortized against interest expense)	7,388,183
Accrued interest payable	2,908,663
Capital leases and installment financings payable	423,913
Accrued compensated absences payable	<u>10,876,221</u>
Subtotal	434,319,369
Less: Accrued compensated absences payable of the Internal Service Fund	<u>(24,488)</u>
Net adjustment to decrease total fund balances - total governmental funds to arrive at net assets of governmental activities	<u>\$ 434,294,881</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-)	\$ 14,058,598
Less: depreciation expense (net of Internal Service Fund amount of \$-0-)	<u>(7,120,589)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at change in net assets of governmental activities	\$ <u>6,938,009</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.	\$ (60,485)
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>49,195</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at change in net assets of governmental activities	\$ <u>(11,290)</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)	\$ (245,987)
Due from governmental units (cities) for reimbursement by contract of County watershed bonded debt	(654,873)
Special assessments receivable	<u>(199,140)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at change in net assets of governmental activities	\$ <u>(1,100,000)</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:	
Capital leases and installment financings	\$ (253,812)
Principal repayments:	
General obligation bonds	19,410,000
Capital leases and installment financings	<u>343,197</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at change in net assets of governmental activities	\$ <u>19,499,385</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	\$ 24,332
Compensated absences	(408,984)
Amortization of issuance and put bond costs	(181,136)
Amortization of deferred charge on refunding	(553,103)
Amortization of bond premiums and premium on put bond	2,294,265
Employer portion of healthcare benefits prepaid for July	185,399
Net pension asset for excess contributions to the Pension Trust Fund	<u>5,654</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at change in net assets of governmental activities	\$ <u>1,366,427</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, 2006, the cash and investments included the following:

Account Balances	Ownership of Funds
	Primary Government - Guilford County
Petty cash/cash on hand \$ 243,694	Governmental Funds \$ 261,122,444
Demand deposits 1,590,646	Internal Service Fund <u>22,202,966</u>
Certificates of deposit 71,650,000	Total Governmental Activities 283,325,410
Investments 214,775,615	Pension Trust Fund 1,706,548
	Agency Funds <u>1,766,122</u>
	286,798,080
	Component Unit - Authority <u>1,461,875</u>
\$ 288,259,955	\$ 288,259,955

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. The County does not have a policy regarding custodial risk for deposits.

At year-end, the deposit portion of pooled cash and investments had a carrying amount of \$73,223,865 and a bank balance of \$78,788,526. Of the bank balance, \$700,021 was covered by Federal depository insurance, and \$7,038,505 in non-interest-bearing deposits and \$71,050,000 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 \$16,781 and a bank balance of \$65,182, 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).

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At June 30, 2006, the County's pooled investment balances were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Months)
U.S. Treasury Securities	\$ 11,992,902	2.92
U.S. Government Agencies	110,704,528	7.80
N.C. State Agencies	21,000,448	0.60
Commercial Paper and Bankers' Acceptances	<u>18,962,987</u>	0.49
	162,660,865	5.66
N.C. Capital Management Trust	<u>52,114,750</u>	Demand
Total Pooled Investments	<u>\$ 214,775,615</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 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, 2006, 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, 2006. 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, 2006. The following State and Federal agencies comprise more than 5% of the County's investments, which exclude bank deposits for purposes of this disclosure: U.S. Treasuries, 5.58%; N.C. State Education Assistance Authority, 9.78%; Federal Home Loan Bank, 29.80%; Federal National Mortgage Association, 11.06%; and Federal Home Loan Mortgage Corporation, 10.68%.

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, 2006 in the County's individual funds as follows:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds	Internal Service Fund
Allowance for uncollectible accounts on:				
Property taxes	\$ 4,333,005	76,072	4,409,077	-
Accrued interest on property taxes	1,553,902	-	1,553,902	-
Service fees	<u>9,985,843</u>	<u>-</u>	<u>9,985,843</u>	<u>13,000</u>
	<u>\$ 15,872,750</u>	<u>76,072</u>	<u>15,948,822</u>	<u>13,000</u>

C. Capital Assets

Capital asset activity for the year ended June 30, 2006 follows:

Primary Government – Governmental Activities

A summary of changes in capital assets, net of accumulated depreciation, for the fiscal year ended June 30, 2006 follows:

	Balance July 1, 2005	Increases	Decreases	Transfers	Balance June 30, 2006
Non-depreciable capital assets:					
Land	\$ 28,032,659	899,374	-	-	28,932,033
Construction in progress	<u>920,756</u>	<u>700,526</u>	<u>-</u>	<u>(450,533)</u>	<u>1,170,749</u>
Total non-depreciable capital assets	<u>28,953,415</u>	<u>1,599,900</u>	<u>-</u>	<u>(450,533)</u>	<u>30,102,782</u>
Depreciable capital assets:					
Buildings	116,575,599	3,673,712	-	450,533	120,699,844
Improvements other than buildings	12,511,606	1,440,588	-	-	13,952,194
Machinery and equipment	<u>39,714,128</u>	<u>7,393,593</u>	<u>(2,906,185)</u>	<u>-</u>	<u>44,201,536</u>
Total depreciable capital assets	168,801,333	12,507,893	(2,906,185)	450,533	178,853,574
Less accumulated depreciation for:					
Buildings	(41,435,552)	(2,819,817)	-	-	(44,255,369)
Improvements other than buildings	(4,393,698)	(659,607)	-	-	(5,053,305)
Machinery and equipment	<u>(28,450,022)</u>	<u>(3,641,165)</u>	<u>2,845,700</u>	<u>-</u>	<u>(29,245,487)</u>
Total accumulated depreciation	<u>(74,279,272)</u>	<u>(7,120,589)</u>	<u>2,845,700</u>	<u>-</u>	<u>(78,554,161)</u>
Total depreciable capital assets (net)	<u>94,522,061</u>	<u>5,387,304</u>	<u>(60,485)</u>	<u>450,533</u>	<u>100,299,413</u>
Governmental activities capital assets (net)	<u>\$ 123,475,476</u>	<u>6,987,204</u>	<u>(60,485)</u>	<u>-</u>	<u>130,402,195</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	\$ 2,028,058
Human services	995,484
Public safety	3,430,308
Environmental protection	36,014
Culture - recreation	<u>630,725</u>
Total governmental activities depreciation expense	<u>\$ 7,120,589</u>

Guilford County's construction in progress at June 30, 2006 is composed of the following:

<u>Project Name</u>	<u>Project Authorization⁽¹⁾</u>	<u>Expended to June 30, 2006</u>	<u>Estimated Costs to Complete</u>	<u>Required Future Financing</u>
Mental Health Renovations	\$ 642,923	432,047	210,876	-
Kendall Center Renovation	767,000	31,350	735,650	-
EMS Base Station	501,470	26,169	475,301	-
Scrap Tire / White Goods Facility	441,750	437,706	4,044	-
Northeast Park	4,412,985	243,477	4,169,508	4,020,260
EMS Base Station - Rock Creek	2,199,000	-	2,199,000	-
Design Phase - GC Detention Center	<u>660,000</u>	<u>-</u>	<u>660,000</u>	<u>580,000</u>
	<u>\$ 9,625,128</u>	<u>1,170,749</u>	<u>8,454,379</u>	<u>4,600,260</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, 2006 follows:

	<u>Balance July 1, 2005</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2006</u>
Depreciable capital assets:				
Furniture, fixtures and equipment	\$ 399,570	9,120	(89,365)	319,325
Less accumulated depreciation	<u>(346,947)</u>	<u>(24,809)</u>	<u>89,365</u>	<u>(282,391)</u>
Tourism Authority capital assets, net	<u>\$ 52,623</u>	<u>(15,689)</u>	<u>-</u>	<u>36,934</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, 2006 includes the following balances:

	<u>Vendors</u>	<u>Benefits Accrued & Withheld</u>	<u>Accrued Interest</u>	<u>Gov. Units, Districts & Agencies</u>	<u>Other</u>	<u>Total</u>
Major Governmental Funds:						
General (1)	\$ 10,253,248	4,998,577	-	3,126,545	1,588,899	19,967,269
County Building Construction	964,022	-	-	-	-	964,022
Water and Sewer						
Construction	842,891	-	-	-	-	842,891
School Capital Outlay (2)	-	-	-	14,417,217	-	14,417,217
Nonmajor Governmental Funds	233	708	-	170,298	-	171,239
Internal Service Fund (3)	58,331	2,512	-	-	4,318,644	4,379,487
Reconciliation of balances in fund financial statements to government-wide financial statements	-	452,001	2,908,663	-	-	3,360,664
Total - Governmental Activities	<u>\$ 12,118,725</u>	<u>5,453,798</u>	<u>2,908,663</u>	<u>17,714,060</u>	<u>5,907,543</u>	<u>44,102,789</u>

(1) Other payable includes \$1,530,477 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 \$4,318,644. 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, 2006 is composed of the following unearned and unavailable revenues:

	Major Governmental			
	General Fund	Water and Sewer Construction Fund	Nonmajor Governmental and Other Funds	Total
Governmental Funds:				
Unearned:				
Property tax collections not yet earned	\$ 3,341,882	-	128,042	3,469,924
Prepaid special assessments not yet billed or earned	-	21,218	-	21,218
Federal, State and private foundation grants received in advance	91,707	-	-	91,707
Total unearned - Governmental Activities	3,433,589	21,218	128,042	3,582,849
Unavailable:				
Property taxes receivable (net)	3,137,728	-	93,758	3,231,486
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	3,124,432	-	-	3,124,432
Special assessments receivable	-	613,766	-	613,766
Total unavailable	6,537,160	613,766	93,758	7,244,684
Total deferred revenue - Governmental Funds	\$ 9,970,749	634,984	221,800	10,827,533
Internal Service Fund:				
Unearned:				
Service fees collected in advance			\$ 2,156,382	2,156,382

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, 2006 follows:

	Balance July 1, 2005	Additions	Reductions	Balance June 30, 2006	Current Portion of Balance
Bonds payable:					
General obligation bonds	\$ 438,880,000	-	(19,410,000)	419,470,000	19,790,000
Plus bond issuance/put bond premiums	9,682,448	-	(2,294,265)	7,388,183	-
Less bond refunding charges	<u>(6,039,324)</u>	-	<u>553,103</u>	<u>(5,486,221)</u>	-
Total bonds payable	442,523,124	-	(21,151,162)	421,371,962	19,790,000
Capital leases and installment financings	513,298	253,812	(343,197)	423,913	281,601
Compensated absences	<u>10,466,237</u>	<u>7,337,587</u>	<u>(6,927,603)</u>	<u>10,876,221</u>	<u>4,860,622</u>
Total	<u>\$ 453,502,659</u>	<u>7,591,399</u>	<u>(28,421,962)</u>	<u>432,672,096</u>	<u>24,932,223</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 \$24,488 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.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

Long-term liabilities outstanding as of June 30, 2006 include the following:

General Obligation Bonds:

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%.	\$ 3,590,000
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%.	3,890,000
1998 General Obligation Refunding bonds due in annual installments of \$130,000 to \$535,000 through February 1, 2008; interest at 4.10%.	665,000
2000 Water and Sewer serial bonds due in annual installments of \$325,000 to \$520,000 through October 2010; interest at 5.00%.	1,950,000
2000 Public Improvement serial bonds due in annual installments of \$4,675,000 to \$7,480,000 through October 2010; interest at 5.00%.	28,050,000
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 \$260,000 to \$520,000 through October 2016; interest at 3.50% to 4.00%.	5,465,000
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%.	45,995,000
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 2.75% to 3.25%.	8,280,000
2005 Public Improvement serial bonds due in annual installments of \$610,000 to \$615,000 through October 2020; variable rate interest synthetically fixed at 3.22% upon issuance due monthly.	8,605,000
2005 Public Improvement serial bonds due in annual installments of \$5,385,000 to \$5,390,000 through October 2020; variable rate interest synthetically fixed at 3.22% upon issuance due monthly.	75,395,000
2005 Public Improvement serial bonds due in annual installments of \$2,000,000 to \$18,645,000 through October 2025; interest due monthly at variable rates.	93,220,000
2005 General Obligation Refunding bonds due in annual installments of \$1,140,000 to \$9,125,000 through October 2016; interest at 3.00% to 5.00%.	<u>54,365,000</u>
Total general obligation bonds	<u>\$419,470,000</u>

Obligations under capital leases and installment financings:

For \$253,812 computer equipment obligation due in monthly installments of \$7,057 through July 2008; interest at .65%.	\$ 176,301
For \$417,391 computer equipment obligation due in monthly installments of \$12,216 through June 2007; interest at 3.42%.	143,908
For \$158,845 computer equipment obligation due in monthly installments of \$4,695 through May 2008; interest at 4.07%.	<u>103,704</u>
Total obligations under capital leases and installment financings	<u>\$ 423,913</u>

The County has remarketing and stand-by purchase agreements with a bank which provide for remarketing of the remaining \$177.22 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 \$333,154 in fiscal year 2006 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. Bond amounts and swap notional amounts are as of June 30, 2006.

Date of contract	July 2002	July 2003	March 2004	September 2004	September 2005
Effective Date	July 2002	July 2003	January 1, 2005	February 3, 2005	April 1, 2007
Type of transaction	Interest rate swap	Interest rate swap	Forward interest rate swap	Forward interest rate swap	Forward interest rate swap
Bonds:					
Amount	\$30 million	\$36 million	\$24 million	\$84 million	\$100 million
Description	2000 Series C	2002 Series C	2002 Series C	2005 Series A & B	2007 Series A & B
Maturity	October 1, 2020	October 1, 2020	October 1, 2022	February 1, 2020	April 1, 2023
Principal payments begin	October 1, 2016	October 1, 2018	October 1, 2021	March 1, 2006	April 1, 2008
Rate	variable	variable	variable	variable	variable
Rate basis	BMA	BMA	BMA	BMA	BMA
Swap:					
Notional amount	\$30 million	\$36 million	\$24 million	\$84 million	\$100 million
Maturity	October 1, 2020	October 1, 2020	October 1, 2022	February 1, 2020	April 1, 2023
Notional value declines begin	October 1, 2016	October 1, 2018	October 1, 2021	March 1, 2006	April 1, 2008
Rate County pays	3.865%	3.250%	3.505%	3.220%	3.945%
Rate County receives	variable	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	BMA
Spread	None	+ 35 basis points	+ 35 basis points	None	None
June 30, 2006 information:					
Fair value of swap	(\$277,465)	\$1,413,399	\$444,288	\$2,405,061	\$1,632,254
Intended synthetic rate	3.865%	3.250%	3.505%	3.220%	3.945%
Synthetic rate	4.096%	3.538%	3.797%	3.442%	N/A
BMA rate	3.970%	3.970%	3.970%	3.970%	3.970%
LIBOR based rate	3.574%	3.497%	3.497%	3.574%	N/A

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, and executed prior to June 30, 2005, 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. On the forward swap executed in 2005, the variable payment received by the County will be based on Bond Market Association Municipal Swap Index™ (BMA). Conversely, the bonds' variable-rate coupons are based on 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 the swap reflected in the table with a negative fair value at June 30, 2006 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, 2006, the County was exposed to credit risk to the extent of the net positive fair value of the swaps as indicated in the table. According to the set-off provision in the master swap agreement, should the counterparty fail to perform according to the terms of the swap agreements, the County faced a maximum possible loss equivalent to the swaps' \$5,617,537 net fair value. As of June 30, 2006, the counterparty was rated Aa1 by Moody's Investor Service, AA by Standard and Poors and AA- by Fitch Ratings. To mitigate credit risk on the September 2005 forward swap, if the counterparty's credit quality falls to below A3 by Moody's or A- by Standard and Poors and Fitch, or shall fail to be rated by at least one rating agency, the County shall have the option to terminate the swap at market value.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

Basis risk. Except for the September 2005 contract, which is based on BMA, 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, 2006. Depending on the relationship between LIBOR and BMA, the expected cost savings may not be realized.

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, 2006, 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		
2007	\$ 6,000,000	3,255,400	(290,189)	8,965,211
2008	6,000,000	5,696,950	(268,947)	11,428,003
2009	6,000,000	6,352,000	(247,705)	12,104,295
2010	6,000,000	6,113,800	(226,463)	11,887,337
2011	6,000,000	5,875,600	(205,221)	11,670,379
2012-2016	30,000,000	25,805,000	(707,474)	55,097,526
2017-2021	90,000,000	14,410,306	(248,905)	104,161,401
2022-2023	24,000,000	714,600	1,388	24,715,988
Total	<u>\$ 174,000,000</u>	<u>68,223,656</u>	<u>(2,193,516)</u>	<u>240,030,140</u>

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, 2006, BMA was 3.97%. 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, 2006, the swap had a negative fair value of \$1,470,262. 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, 2006, 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, 2006, 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, 2006, 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
2007	\$ 3,600,000	1,584,000	5,184,000
2008	1,800,000	(101,250)	1,698,750
Total	<u>\$ 5,400,000</u>	<u>1,482,750</u>	<u>6,882,750</u>

The annual requirements to amortize all long-term liabilities outstanding, other than compensated absences payable, as of June 30, 2006 including interest payments of \$166,316,604 are as follows:

Ending June 30	General Obligation Bonds		Capital Leases and Installment Financings		Total
	Principal	Interest	Principal	Interest	
2007	\$ 19,790,000	17,437,453	281,601	6,006	37,515,060
2008	19,715,000	15,916,805	135,255	1,070	35,768,130
2009	19,650,000	14,385,644	7,057	1	34,042,702
2010	19,475,000	13,612,756	-	-	33,087,756
2011	19,945,000	12,828,944	-	-	32,773,944
2012-2016	96,835,000	52,247,475	-	-	149,082,475
2017-2021	125,485,000	31,792,350	-	-	157,277,350
2022-2026	98,575,000	8,088,100	-	-	106,663,100
	<u>\$ 419,470,000</u>	<u>166,309,527</u>	<u>423,913</u>	<u>7,077</u>	<u>586,210,517</u>

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, 2006, such statutory limit for the County was \$3,259,464,966 providing a debt margin of approximately \$2.65 billion.

Bonds authorized and unissued at June 30, 2006 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
		<u>\$ 198,000,000</u>

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

G. Unrestricted Net Assets

The following is a summary of unrestricted net assets for Guilford County as of June 30, 2006:

<u>Unrestricted net assets (liabilities)</u>	<u>Amount</u>
Water and sewer	\$ (10,168,312)
Guilford County Schools	(261,262,073)
Guilford Technical Community College	(29,309,351)
Other	<u>147,722,244</u>
Unrestricted net assets	<u>\$ (153,017,492)</u>

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.

H. Interfund Transfers

The following is a summary of interfund transfers for Guilford County for the fiscal year ended June 30, 2006:

<u>Transfers In</u>	<u>Transfers Out</u>			<u>Total</u>
	<u>Major Governmental Funds</u>			
	<u>General</u>	<u>County Building Construction</u>	<u>School Capital Outlay</u>	
Major Governmental Funds:				
General	\$ -	2,000,000	3,432,656	5,432,656
County Building Construction	2,688,730	-	47,443	2,736,173
School Capital Outlay	<u>962,500</u>	<u>-</u>	<u>-</u>	<u>962,500</u>
Total	<u>\$ 3,651,230</u>	<u>2,000,000</u>	<u>3,480,099</u>	<u>9,131,329</u>

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

Transfers from the General Fund to the School Capital Outlay Fund are for additional funding to the Guilford County School's Smith High School Academy project. These funds were taken from the annual capital appropriation per the school's request.

Transfers of \$2 million from the County Building Construction Fund to the General Fund are to support the funding of capital expenditures in the original budget.

Transfers from the School Capital Outlay Fund to the General Fund are to complete the move of available fund balance that began in fiscal year 2005. The purpose was to change 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 disburse the funds.

Transfers from the School Capital Outlay Fund to the County Building Construction Fund are to move unexpended funds from completed Guilford County School projects back to their original source.

There were no interfund receivables or payables at June 30, 2006.

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, 2006, 2005, and 2004 were \$5,538,024, \$5,300,602, and \$5,078,854, 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, 2005, the Separation Allowance's membership consisted of:

Retirees receiving benefits	37
Active plan members	<u>232</u>
Total	<u>269</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 \$409,905 or 3.5% 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, 2004 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, 2004 was 26 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	\$	409,026
Interest on net pension obligation		(22,980)
Adjustment to annual required contribution		<u>18,205</u>
Annual pension cost		404,251
Contributions made		<u>409,905</u>
Increase in net pension asset		(5,654)
Net pension obligation (asset) beginning of year		<u>(316,965)</u>
Net pension obligation (asset) end of year	\$	<u>(322,619)</u>

Three Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
6/30/2004	\$ 316,810	101.7	\$ (311,850)
6/30/2005	344,006	101.5	(316,965)
6/30/2006	404,251	101.4	(322,619)

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, 2006, 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, 2006, to law enforcement officers' accounts and other employees' accounts were \$585,988 and \$5,080,517, respectively. Voluntary contributions to the Plan were \$2,954,113.

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, 2006, the County's required and actual contributions were \$161,807.

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, 2006 was \$67,397.

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, 2006 were \$45,181 and \$52,794, 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. Non-Medicare eligible 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. Non-Medicare eligible 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. Medicare - eligible retirees who are enrolled in both Medicare Parts A and B are eligible to participate with the County contributing a flat amount for retirees with thirty years of creditable service and seventy-five percent of that rate for retirees with at least twenty-five years of creditable service. Medicare eligible participants receive secondary coverage. Eligible retirees after age sixty-five who do not opt to participate in the Plan may participate in a Medicare supplement plan. 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, 564 retirees and 257 dependents are eligible for post-retirement health benefits. Of that total, 107 retirees and 18 dependents are Medicare eligible participants. For the fiscal year ended June 30, 2006, \$3,137,692, inclusive of \$850,944 in retiree contributions, was paid by the County for these benefits. Currently 14 Medicare-eligible retirees who did not opt to participate in the Plan, participate in the Medicare supplement benefit. For the fiscal year ended June 30, 2006, the County paid \$7,979 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, 2006, the County made contributions to the State for death benefits of \$89,408. 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.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

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.

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 \$4,000,000. The County retains the first \$100,000 in liability claims and the claims in excess of the \$4,000,000 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, 2006, the County's balances in Funds B and G were \$6,830,015 and \$155,870, 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, 2006 are \$669,889 and \$2,805,115, respectively.

The property insurance program is financed using a combination of self-funding, participation in the Local Government Property Insurance Deductible Fund, Inc., a public entity risk pool (Property Pool) and purchased insurance. The Property Pool was restructured during 2004 to shift the funding for property claims from risk sharing pools to banking pools where funds are made available to members in the event of loss, on a loan basis. The Property Pool pays property losses up to \$100,000 after application of a \$10,000 deductible requirement of the County 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. As of June 30, 2006, the County's balance in the Property Pool of \$184,286 was recorded in the Internal Service Fund as a deposit.

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 \$500,000 are covered by the Revolving Fund-Employers' Liability/Workers Compensation (Fund E). Claims above \$500,000 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, 2006, the County's balance in Fund E of \$593,039 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 \$225,000 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 2005 - 2006					Fiscal Year 2004-05 Total
	Liability	Property	Workers' Compensation	Employee Health Care	Total	
Balance Beginning of Year	\$ 169,959	2,342	1,926,635	2,065,495	4,164,431	4,491,185
Incurred Claims (Including IBNRs) and Changes in Estimates	166,100	89,307	832,344	24,055,317	25,143,068	20,628,615
Less Claims Payments	<u>184,565</u>	<u>79,290</u>	<u>1,033,765</u>	<u>23,691,235</u>	<u>24,988,855</u>	<u>20,955,369</u>
Balance End of Year	\$ <u>151,494</u>	<u>12,359</u>	<u>1,725,214</u>	<u>2,429,577</u>	<u>4,318,644</u>	<u>4,164,431</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	\$ 93,833	26,193
Aid to Families with Dependent Children	(18,829)	(5,161)
SC/SA Domiciliary Care	-	3,306,706
SC/SA Certain Disabled	-	762
Refugee Assistance	113,026	-
Low Income Energy Assistance	498,700	-
Adoption Assistance - CWS	351,165	703,898
Adoption Assistance - IV-E	2,192,038	629,327
Adoption Guardianship - IV-E	6,958	2,001
Medical Assistance	209,596,930	102,964,738
Women, Infants and Children	7,187,785	-
Food Stamp Program	50,050,815	-
Temporary Assistance for Needy Families	<u>7,403,004</u>	<u>(750)</u>
Total benefit payments issued by the State	\$ <u>277,475,425</u>	<u>107,627,714</u>

F. Commitments and Contingencies

The County leases certain equipment under long-term lease agreements. At June 30, 2006, 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
2007	\$ 287,608	322,107
2008	136,325	201,715
2009	<u>7,057</u>	<u>9,226</u>
Total minimum payments	430,990	<u>533,048</u>
Less amount representing interest	<u>7,077</u>	
Present value of net minimum payment	\$ <u>423,913</u>	

There were no contingent rentals or sublease rentals associated with leases in effect at June 30, 2006. The total rental expense amounted to \$1,168,040 for the fiscal year ended June 30, 2006.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

The County has entered into contracts with the cities of Greensboro, High Point, and Archdale 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 \$120.6 million at June 30, 2006, 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, 2006, 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, 2006, there were thirteen series of industrial revenue bonds outstanding with an aggregate principal amount payable of \$53,900,000.

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 \$5,140,000 at June 30, 2006 are not reported as liabilities in the accompanying financial statements.

In November 2005, Guilford County issued \$4,110,000 of Multifamily Housing Revenue Bonds on behalf of Lake Road II, L.P., for the construction and equipping of a low-to-moderate income family housing project. These bonds are secured by rents from the property, and 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 \$4,110,000 at June 30, 2006 are not reported as liabilities in the accompanying financial statements.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the 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 periodically issues general obligation bonds to provide financing for new and restructured facilities. Of the general obligation bond issues for this purpose, \$40,299,475 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 \$9,031,400 and \$1,500,000 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2006. In addition, the County made debt service payments of \$5,118,675 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, 2006. 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 \$90,552 to the Council during the fiscal year ended June 30, 2006.

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 seven 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 eighteen voting members of the Authority.

J. Excess of Expenditures Over Appropriations

For the fiscal year ended June 30, 2006, the expenditures reported in the County's School Capital Outlay Fund, Aycok Middle School project, exceeded the authorized appropriations of the governing board by \$19,161. This over-expenditure occurred due to expenditures reported by Guilford County Schools in excess of their budget, to which the County adjusted at year end. The County plans to hold payment of this amount until a project amendment is approved. As the funding organization for the Schools' expenditures, the

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

County must rely on the Schools' management to more closely review the budget reports to ensure compliance in future years.

K. Budget Approvals Subsequent to June 30, 2006

For the fiscal year ended June 30, 2006, the County approved two budget amendments subsequent to June 30, 2006 that are reported in the final budget and were necessary to avoid additional over-expenditures of the authorized appropriations made by the governing board. These over-expenditures resulted after adjusting accounts payable at year end. The General Fund department, Special Assistance to Adults, was amended by \$250,000 on July 20, 2006. The County Building Construction Fund project, Triad Park, was amended by \$1 million on October 5, 2006. Management will more closely review the budget reports to ensure compliance in future years.

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 Accrued 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)
12/31/00 †	\$ 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
12/31/05	1,727,284	5,113,293	3,386,009	33.8	11,581,612	29.2

† 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
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
2006	409,026	100.2

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	12/31/2005
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	25 years
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	From 4.5% to 12.3% 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. 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**

A-1

**Schedule of Expenditures - Budget and Actual
For the fiscal year ended June 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary and GAAP Basis	Final Budget Positive (Negative)
Current:				
General government:				
County commissioners	\$ 368,525	376,866	354,241	22,625
Clerk to the board	264,779	273,479	268,709	4,770
County administration	1,566,444	1,157,772	883,996	273,776
County attorney	1,089,088	1,089,088	1,059,938	29,150
Human resources	4,152,754	4,152,754	3,641,890	510,864
Budget and management	534,676	535,108	509,932	25,176
Internal audit	341,044	346,044	340,019	6,025
Finance	2,359,565	2,407,811	2,233,849	173,962
Purchasing	451,379	451,379	423,688	27,691
Information services	7,694,431	9,725,667	8,610,128	1,115,539
Tax	6,212,917	6,188,396	5,805,027	383,369
Register of deeds	2,883,797	3,031,913	2,969,552	62,361
Elections	5,900,270	5,913,023	4,759,417	1,153,606
Planning and development	1,335,476	1,388,809	1,249,780	139,029
Community and economic development	772,240	879,574	737,422	142,152
Geographic information system	350,288	352,788	336,896	15,892
Facilities	4,538,220	4,920,596	4,616,714	303,882
Security	1,826,366	1,826,366	1,785,398	40,968
Property management / courts	1,649,925	1,776,293	1,637,577	138,716
Parking and fleet operation	694,459	848,149	824,724	23,425
Total general government	<u>44,986,643</u>	<u>47,641,875</u>	<u>43,048,897</u>	<u>4,592,978</u>
Human services:				
Public health	35,623,143	35,488,537	34,095,107	1,393,430
Mental health	44,647,874	45,807,463	41,033,607	4,773,856
Social services	66,917,016	68,349,323	64,008,325	4,340,998
Public assistance - adults, families, medical	24,848,902	24,578,902	23,446,475	1,132,427
Child support enforcement	5,402,120	5,410,053	5,265,913	144,140
Cooperative extension service	564,449	570,304	515,283	55,021
Coordinated services	965,323	845,507	729,920	115,587
Veteran services	92,046	92,223	91,350	873
Transportation	1,486,933	1,756,933	1,618,476	138,457
Total human services	<u>180,547,806</u>	<u>182,899,245</u>	<u>170,804,456</u>	<u>12,094,789</u>
Public safety:				
Law enforcement	44,707,368	47,664,223	43,793,683	3,870,540
Emergency services	19,034,381	22,154,231	19,113,547	3,040,684
Inspections	3,446,197	3,458,169	3,284,712	173,457
Court Alternatives	3,436,290	3,430,200	2,848,343	581,857
Animal services	2,346,606	2,384,006	2,230,832	153,174
Other protection	380,832	392,832	381,938	10,894
Total public safety	<u>73,351,674</u>	<u>79,483,661</u>	<u>71,653,055</u>	<u>7,830,606</u>
Environmental protection:				
Sanitation	1,223,505	1,250,575	849,662	400,913
Soil and water conservation	241,068	241,068	237,094	3,974
Total environmental protection	<u>1,464,573</u>	<u>1,491,643</u>	<u>1,086,756</u>	<u>404,887</u>
Culture - recreation	4,633,505	4,643,155	4,230,945	412,210
Economic development and assistance	1,295,920	3,743,087	2,560,173	1,182,914
Intergovernmental - Education:				
Guilford Technical Community College:				
Current Appropriation	9,031,400	9,031,400	9,031,400	-
Capital Appropriation	1,500,000	1,500,000	1,500,000	-
Guilford County Board of Education:				
Current Appropriation	141,665,521	141,665,521	141,665,521	-
Capital Appropriation	10,000,000	9,037,500	9,037,500	-
Total education	<u>162,196,921</u>	<u>161,234,421</u>	<u>161,234,421</u>	<u>-</u>
Capital	700,000	-	-	-
Debt service:				
Principal retirement	19,410,000	19,410,000	19,410,000	-
Interest and fiscal charges	19,022,825	19,022,825	17,732,439	1,290,386
Total debt service	<u>38,432,825</u>	<u>38,432,825</u>	<u>37,142,439</u>	<u>1,290,386</u>
Total expenditures	\$ <u>507,609,867</u>	<u>519,569,912</u>	<u>491,761,142</u>	<u>27,808,770</u>

GUILFORD COUNTY, NORTH CAROLINA
County Building Construction Capital Projects Fund
Combining Schedule of Revenues and Expenditures
For the fiscal year ended June 30, 2006

A-2

	Annually Budgeted Projects	Project- Length Budgets	Total
Revenues			
Intergovernmental	\$ -	51,086	51,086
Interest on investments	1,479,205	-	1,479,205
Total revenues	1,479,205	51,086	1,530,291
Expenditures			
Capital outlay	-	8,548,631	8,548,631
Excess (deficiency) of revenues over expenditures	1,479,205	(8,497,545)	(7,018,340)
Other Financing Sources (Uses)			
Transfers in	2,276,173	460,000	2,736,173
Transfers out	(2,000,000)	-	(2,000,000)
Total other financing sources (uses)	276,173	460,000	736,173
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ 1,755,378	(8,037,545)	(6,282,167)

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, 2006

A-2a

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary and GAAP Basis	Final Budget Positive (Negative)
Revenues				
Interest on investments	\$ -	-	1,479,205	1,479,205
Expenditures				
Capital outlay:				
County building construction for future projects	2,228,730	2,276,173	-	2,276,173
Excess (deficiency) of revenues over expenditures	(2,228,730)	(2,276,173)	1,479,205	3,755,378
Other Financing Sources (Uses)				
Transfers in	2,228,730	2,276,173	2,276,173	-
Transfers out	(2,000,000)	(2,000,000)	(2,000,000)	-
Appropriated fund balance	2,000,000	2,000,000	-	(2,000,000)
Total other financing sources (uses)	2,228,730	2,276,173	276,173	(2,000,000)
Excess of revenues and other sources over expenditures and other uses	\$ -	-	1,755,378	1,755,378

GUILFORD COUNTY, NORTH CAROLINA
County Building 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, 2006

A-2b

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Intergovernmental	\$ 2,022,543	2,045,324	51,086	2,096,410
Expenditures				
Capital outlay:				
Human Services Campus:				
Mental Health Renovations	692,923	34,125	397,922	432,047
Kendall Center Renovation	767,000	17,100	14,250	31,350
Watershed:				
Greensboro Watershed	4,125,878	3,890,516	43,550	3,934,066
Southern & Southeast Guilford Schools Watershed Ponds	160,000	-	-	-
Open Space:				
Triad Park	3,706,925	2,615,544	862,560	3,478,104
Bicentennial Greenway Trail Phase III	2,994,654	2,152,756	120,329	2,273,085
Northeast Park	8,162,985	2,405,989	803,581	3,209,570
Bur Mil Park Improvements	2,765,226	2,736,616	1,093	2,737,709
Southwest Park	3,000,000	6,433	10,101	16,534
Pleasant Garden Elementary School Park	100,000	10,045	-	10,045
Montlieu Elementary School Park	300,000	16,822	3,518	20,340
Bryan Park - Phase I	100,000	-	-	-
Hunter Elementary School Park	300,000	10,000	-	10,000
Summerfield Elementary School Park	100,000	12,922	87,078	100,000
Oak Ridge Elementary School Park	100,000	-	-	-
Open Space Acquisition	10,000,000	-	2,000	2,000
County Office Buildings:				
Independence Building	5,020,000	1,000	4,301,017	4,302,017
Design Phase - GC Detention Center	660,000	-	-	-
New Financial Reporting System	4,654,636	-	1,553,749	1,553,749
County Center High Point:				
High Point Health Department Renovations	550,000	509,661	55	509,716
Emergency Services:				
EMS Base Station - High Point	501,470	11,690	14,479	26,169
800 Mhz Radio System Upgrade	2,500,000	1,999,443	231,392	2,230,835
EMS Base Station - Rock Creek	2,500,000	-	2,600	2,600
Sanitation:				
Scrap Tire / White Goods Facility	1,598,679	1,473,977	99,357	1,573,334
Total expenditures	55,360,376	17,904,639	8,548,631	26,453,270
Deficiency of revenues over expenditures	(53,337,833)	(15,859,315)	(8,497,545)	(24,356,860)
Other Financing Sources (Uses)				
General obligation bonds issued	33,060,663	25,956,603	-	25,956,603
Future borrowed financing proceeds	580,000	-	-	-
Transfers in	4,242,467	3,782,467	460,000	4,242,467
Appropriated fund balance	15,454,703	-	-	-
Total other financing sources	53,337,833	29,739,070	460,000	30,199,070
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ -	13,879,755	(8,037,545)	5,842,210

GUILFORD COUNTY, NORTH CAROLINA
Water and Sewer Construction Capital Projects Fund
Combining Schedule of Revenues and Expenditures
For the fiscal year ended June 30, 2006

A-3

	Annually Budgeted Projects	Project- Length Budgets	Total
Revenues			
Charges for services	\$ 2,845,352	-	2,845,352
Other	53,764	-	53,764
Total revenues	2,899,116	-	2,899,116
Expenditures			
Capital outlay	264,934	2,368,536	2,633,470
Excess (deficiency) of revenues over expenditures	\$ 2,634,182	(2,368,536)	265,646

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, 2006

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	\$ -	-	475,160	475,160
Assessments	-	-	202,882	202,882
Joint operation fees	-	-	2,167,310	2,167,310
Total charges for services	-	-	2,845,352	2,845,352
Other	-	-	53,764	53,764
Total revenues	-	-	2,899,116	2,899,116
Expenditures				
Capital outlay:				
Sanitary sewer	-	48,476	48,476	-
Water	-	246,672	14,898	231,774
Greensboro water and sewer	-	536,146	201,560	334,586
High Point water and sewer	-	6,460	-	6,460
Total expenditures	-	837,754	264,934	572,820
Excess (deficiency) of revenues over expenditures	-	(837,754)	2,634,182	3,471,936
Other Financing Sources				
Appropriated fund balance	-	837,754	-	(837,754)
Excess of revenues and other sources over expenditures	\$ -	-	2,634,182	2,634,182

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, 2006

A-3b

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Expenditures				
Capital outlay:				
Sanitary sewer:				
Northeast Guilford Middle and High Schools	\$ 444,195	414,900	898	415,798
Twilla Acres Subdivision	1,586,922	87,348	915,985	1,003,333
Forest Oaks Estates	730,656	-	-	-
Southern Guilford Elementary and High Schools	1,078,000	223,346	795,173	1,018,519
Sumner Elementary School	560,000	459,062	-	459,062
Coe Place Subdivision	268,975	246,910	(7,328)	239,582
McConnell Road Private Extension	455,231	-	-	-
Water:				
Twilla Acres Subdivision	1,229,090	22,582	663,808	686,390
Forest Oaks Estates	688,638	-	-	-
Southwest Water Project	296,700	87,096	-	87,096
Coe Place Subdivision	190,000	166,312	-	166,312
McConnell Road Private Extension	89,232	-	-	-
Greensboro water and sewer:				
Koury Development Water & Sewer Project	1,417,500	1,417,500	-	1,417,500
Huntington Run Private Extensions	110,460	-	-	-
Hines Chapel Road	1,000,000	-	-	-
Trosper Road	931,512	-	-	-
High Point water and sewer:				
Koury Development Water & Sewer Project	604,856	604,856	-	604,856
Total expenditures	<u>11,681,967</u>	<u>3,729,912</u>	<u>2,368,536</u>	<u>6,098,448</u>
Deficiency of revenues over expenditures	<u>(11,681,967)</u>	<u>(3,729,912)</u>	<u>(2,368,536)</u>	<u>(6,098,448)</u>
Other Financing Sources				
General obligation bonds issued	350,000	350,000	-	350,000
Appropriated fund balance	11,331,967	-	-	-
Total other financing sources	<u>11,681,967</u>	<u>350,000</u>	<u>-</u>	<u>350,000</u>
Deficiency of revenues and other sources over expenditures	\$ <u>-</u>	<u>(3,379,912)</u>	<u>(2,368,536)</u>	<u>(5,748,448)</u>

GUILFORD COUNTY, NORTH CAROLINA
School Capital Outlay Capital Projects Fund
Combining Schedule of Revenues and Expenditures
For the fiscal year ended June 30, 2006

A-4

	Annually Budgeted Projects	Project- Length Budgets	Total
Revenues			
Intergovernmental	\$ -	4,165,991	4,165,991
Expenditures			
Intergovernmental:			
Education	-	96,936,965	96,936,965
Deficiency of revenues over expenditures	-	(92,770,974)	(92,770,974)
Other Financing Sources (Uses)			
Transfers in	-	962,500	962,500
Transfers out	(3,480,099)	-	(3,480,099)
Total other financing sources (uses)	(3,480,099)	962,500	(2,517,599)
Deficiency of revenues and other sources over expenditures and other uses	\$ (3,480,099)	(91,808,474)	(95,288,573)

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, 2006

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>
Other Financing Sources (Uses)				
Transfers out	\$ (3,432,656)	(3,480,099)	(3,480,099)	-
Appropriated fund balance	<u>3,432,656</u>	<u>3,480,099</u>	<u>-</u>	<u>(3,480,099)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(3,480,099)</u>	<u>(3,480,099)</u>
Deficiency of other sources over uses	\$ <u>-</u>	<u>-</u>	<u>(3,480,099)</u>	<u>(3,480,099)</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, 2006

A-4b

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues				
Intergovernmental:				
Public School Building Capital Fund	\$ 13,872,756	8,263,438	4,028,477	12,291,915
Public School Building Bond Fund	14,251,102	14,251,102	-	14,251,102
Guilford County Schools	-	-	137,514	137,514
Total revenues	<u>28,123,858</u>	<u>22,514,540</u>	<u>4,165,991</u>	<u>26,680,531</u>
Expenditures				
Intergovernmental:				
Education:				
Guilford Technical				
Community College	44,973,100	26,762,030	2,344,427	29,106,457
Guilford County Board of Education	467,094,174	154,964,035	94,592,538	249,556,573
Total expenditures	<u>512,067,274</u>	<u>181,726,065</u>	<u>96,936,965</u>	<u>278,663,030</u>
Deficiency of revenues over expenditures	<u>(483,943,416)</u>	<u>(159,211,525)</u>	<u>(92,770,974)</u>	<u>(251,982,499)</u>
Other Financing Sources				
General obligation bonds issued	428,552,318	273,552,324	-	273,552,324
Premium on put bonds	6,165,842	6,165,842	-	6,165,842
Transfers in	41,538,876	40,576,378	962,500	41,538,878
Appropriated fund balance	<u>7,686,380</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>483,943,416</u>	<u>320,294,544</u>	<u>962,500</u>	<u>321,257,044</u>
Excess (deficiency) of revenues and other sources over expenditures	\$ <u>-</u>	<u>161,083,019</u>	<u>(91,808,474)</u>	<u>69,274,545</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, 2006

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	2,450,581	12,233	2,462,814
Continuing Education Center	5,015,100	4,546,629	417,671	4,964,300
Greensboro Campus - Technical Education Center	14,438,000	12,777,668	1,585,465	14,363,133
Adult Education Center and Site Development	7,000,000	6,987,152	12,848	7,000,000
Health Technologies	8,000,000	-	119,566	119,566
Greensboro Classroom Building	<u>8,000,000</u>	<u>-</u>	<u>196,644</u>	<u>196,644</u>
 Total expenditures	 \$ <u><u>44,973,100</u></u>	 <u><u>26,762,030</u></u>	 <u><u>2,344,427</u></u>	 <u><u>29,106,457</u></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, 2006

A-4d

Project Name	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
System Wide Air Conditioning Renovation	\$ 21,139,311	20,482,786	95,577	20,578,363
Stokesdale Elementary School	9,439,006	520,899	4,515,457	5,036,356
Andrews High School	9,624,132	9,067,882	278,141	9,346,023
Dudley High School	32,275,000	30,708,780	1,083,456	31,792,236
Northwest High School	18,663,254	17,876,752	229,562	18,106,314
Smith High School Academy	3,850,000	-	2,350,725	2,350,725
Griffin Middle School	6,801,717	6,797,751	3,828	6,801,579
Brightwood Elementary School	9,809,293	9,728,349	-	9,728,349
Florence Elementary School	9,977,414	2,700,766	4,441,119	7,141,885
Grimsley High School	12,546,000	12,387,898	(47,723)	12,340,175
Lincoln Performing Arts (K-8)	1,752,329	1,147,152	311,896	1,459,048
Page High School	10,199,761	10,145,167	(6,955)	10,138,212
Sedalia Elementary School	7,542,395	3,981,657	2,360,564	6,342,221
Relocation of Mobile Classrooms	1,156,000	1,155,476	(3,761)	1,151,715
Oak Ridge Elementary School	13,000,000	11,090,464	1,270,442	12,360,906
Southern Middle School	27,511,710	1,316,833	8,450,630	9,767,463
Ferndale Middle School	4,818,062	123,675	555,278	678,953
Gateway Education Center West	9,455,625	32,469	38,920	71,389
Gibsonville Elementary School	12,950,004	500,306	7,386,879	7,887,185
Guilford Elementary School	18,258,573	2,092,478	1,922,120	4,014,598
Guilford Middle School	80,375	1,103	111	1,214
Irving Park Elementary School	3,151,875	610,988	1,602,905	2,213,893
Jamestown Middle School	3,271,574	323,538	2,302,280	2,625,818
Madison Elementary School	2,038,213	146,614	1,609,330	1,755,944
Morehead Elementary School	1,951,536	92,330	1,206,747	1,299,077
Northeast High School	11,625,166	454,760	6,004,431	6,459,191
Northeast Middle School	5,312,984	278,056	3,337,095	3,615,151
Northern Elementary School	16,519,996	244,994	703,548	948,542
Northern High School	53,334,387	2,866,362	5,732,222	8,598,584
Northern Middle School	27,236,507	2,185,397	17,172,479	19,357,876
Northwest Area Elementary School	17,211,754	925,150	1,229,831	2,154,981
Oak View Elementary School	4,785,664	150,185	1,117,248	1,267,433
Parkview Elementary School	7,326,356	168,266	311,646	479,912
Peck Elementary School	3,427,139	142,728	1,645,783	1,788,511
Peeler Elementary School	1,951,536	76,248	1,276,301	1,352,549
Pleasant Garden Elementary School	5,354,078	98,721	151,462	250,183
Ragsdale High School	481,287	9,708	1,556	11,264
Reedy Fork Area Elementary School	17,219,995	188,915	465,422	654,337
Southern High School	9,562,241	440,590	4,113,798	4,554,388
Southwest High School	8,197,763	464,875	4,528,732	4,993,607
Union Hill Elementary School	15,586,776	481,783	157,300	639,083
Subtotal expenditures	\$ 456,396,788	152,208,851	89,906,382	242,115,233

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, 2006

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	\$ 456,396,788	152,208,851	89,906,382	242,115,233
Brown Summit College Prep Middle School	2,362,544	2,244,569	3,486	2,248,055
Southeast High School	2,669,325	117,247	110,727	227,974
McLeansville Elementary School	5,296,517	393,368	4,183,782	4,577,150
Aycock Middle School	369,000	-	388,161	388,161
Total expenditures	\$ <u>467,094,174</u>	<u>154,964,035</u>	<u>94,592,538</u>	<u>249,556,573</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, 2006

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	\$ 1,127,760	-	412,768	78,906	1,619,434
Receivables:					
Property taxes (net allowance for estimated uncollectible delinquent taxes of \$76,072)	93,758	-	-	-	93,758
Other taxes	-	400,829	77,475	-	478,304
Due from governmental units and agencies	719,339	-	57,829	40,566	817,734
Accrued interest on investments	15,668	-	-	-	15,668
Total receivables	<u>828,765</u>	<u>400,829</u>	<u>135,304</u>	<u>40,566</u>	<u>1,405,464</u>
Total assets	\$ <u>1,956,525</u>	<u>400,829</u>	<u>548,072</u>	<u>119,472</u>	<u>3,024,898</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	120,249	50,990	-	171,239
Due to component unit	-	280,580	-	-	280,580
Deferred revenue	221,800	-	-	-	221,800
Total liabilities	<u>221,800</u>	<u>400,829</u>	<u>50,990</u>	<u>-</u>	<u>673,619</u>
Fund balances:					
Reserved for:					
Encumbrances	-	-	-	33,583	33,583
State statute	735,007	400,829	135,304	40,566	1,311,706
Unreserved:					
Designated for subsequent year's expenditures	328,500	-	-	-	328,500
Undesignated	671,218	(400,829)	361,778	45,323	677,490
Total fund balances	<u>1,734,725</u>	<u>-</u>	<u>497,082</u>	<u>119,472</u>	<u>2,351,279</u>
Total liabilities and fund balances	\$ <u>1,956,525</u>	<u>400,829</u>	<u>548,072</u>	<u>119,472</u>	<u>3,024,898</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, 2006

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	\$ 8,758,782	-	-	-	8,758,782
Sales tax	2,683,532	-	-	-	2,683,532
Occupancy taxes	-	4,485,837	-	-	4,485,837
911 charges	-	-	824,713	-	824,713
Intergovernmental	-	-	218,494	158,816	377,310
Interest on investments	126,432	-	-	-	126,432
Other	-	-	9,903	-	9,903
Total revenues	<u>11,568,746</u>	<u>4,485,837</u>	<u>1,053,110</u>	<u>158,816</u>	<u>17,266,509</u>
Expenditures					
Current:					
Public safety	11,082,405	-	995,131	-	12,077,536
Urban redevelopment and housing	-	-	-	158,816	158,816
Economic development and assistance	-	4,485,837	-	-	4,485,837
Total expenditures	<u>11,082,405</u>	<u>4,485,837</u>	<u>995,131</u>	<u>158,816</u>	<u>16,722,189</u>
Net changes in fund balances	486,341	-	57,979	-	544,320
Fund balances at beginning of year	<u>1,248,384</u>	<u>-</u>	<u>439,103</u>	<u>119,472</u>	<u>1,806,959</u>
Fund balances at end of year	\$ <u>1,734,725</u>	<u>-</u>	<u>497,082</u>	<u>119,472</u>	<u>2,351,279</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, 2006**

	<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	\$ 8,501,278	8,501,278	8,729,835	228,557
Penalties and interest on delinquent taxes	-	-	28,947	28,947
Total property taxes	8,501,278	8,501,278	8,758,782	257,504
Sales tax	2,490,227	2,490,227	2,683,532	193,305
Interest on investments	22,400	22,400	126,432	104,032
Total revenues	<u>11,013,905</u>	<u>11,013,905</u>	<u>11,568,746</u>	<u>554,841</u>
Expenditures				
Current:				
Public safety:				
Alamance Community	830,740	830,740	830,740	-
Climax	79,866	79,866	79,866	-
Colfax	485,568	485,568	485,568	-
Deep River	205,774	205,774	205,774	-
Friedens Community	134,029	134,029	134,029	-
Guilford College Community	923,806	923,806	923,806	-
Guil-Rand	126,437	126,437	126,437	-
Julian	74,860	74,860	74,860	-
Kimesville	88,182	88,182	88,182	-
McLeansville	591,214	591,214	591,214	-
Mount Hope Community	341,786	341,786	341,786	-
Northeast	543,242	543,242	543,242	-
Oak Ridge	845,310	845,310	845,310	-
Pinecroft-Sedgefield	1,739,865	1,739,865	1,739,865	-
Pleasant Garden	659,449	659,449	659,449	-
Rankin	842,090	834,590	834,590	-
Southeast	162,550	162,550	162,550	-
Stokesdale	386,555	386,555	386,555	-
Summerfield	1,537,995	1,537,995	1,537,995	-
Whitsett	299,331	299,331	299,331	-
No. 14	191,256	191,256	191,256	-
Total expenditures	<u>11,089,905</u>	<u>11,082,405</u>	<u>11,082,405</u>	<u>-</u>
Net change in fund balance	(76,000)	(68,500)	486,341	554,841
Fund balance at beginning of year	1,248,384	1,248,384	1,248,384	-
Fund balance at end of year	\$ <u>1,172,384</u>	<u>1,179,884</u>	<u>1,734,725</u>	<u>554,841</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, 2006

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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	\$ 4,100,000	4,500,000	4,485,837	(14,163)
Expenditures				
Current:				
Economic development and assistance	<u>4,100,000</u>	<u>4,500,000</u>	<u>4,485,837</u>	<u>14,163</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>	<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, 2006

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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:				
911 charges	\$ 770,435	777,435	824,713	47,278
Intergovernmental:				
Wireless 40% funds	159,000	159,000	218,494	59,494
Other	-	8,800	9,903	1,103
Total revenues	<u>929,435</u>	<u>945,235</u>	<u>1,053,110</u>	<u>107,875</u>
Expenditures				
Current:				
Public safety:				
911 system subscriber fees	1,397,435	795,435	848,399	(52,964)
Wireless 40% funds	<u>200,105</u>	<u>210,105</u>	<u>146,732</u>	<u>63,373</u>
Total expenditures	<u>1,597,540</u>	<u>1,005,540</u>	<u>995,131</u>	<u>10,409</u>
Excess (deficiency) of revenues over expenditures	(668,105)	(60,305)	57,979	118,284
Other Financing Sources				
Operating transfers in	<u>627,000</u>	-	-	-
Net change in fund balance	(41,105)	(60,305)	57,979	118,284
Fund balance at beginning of year	<u>439,103</u>	<u>439,103</u>	<u>439,103</u>	-
Fund balance at end of year	<u>\$ 397,998</u>	<u>378,798</u>	<u>497,082</u>	<u>118,284</u>
Fund balance at end of year:				
911 charges			\$ 64,140	
Wireless 40% funds			<u>432,942</u>	
Total			<u>\$ 497,082</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, 2006

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>290,631</u>	<u>158,816</u>	<u>449,447</u>
Expenditures				
Current:				
Urban redevelopment and housing:				
1999-2000 Affordable Housing Funds	173,264	106,385	3,160	109,545
2001-2002 Affordable Housing Funds	33,827	20,042	4,870	24,912
2002-2003 Affordable Housing Funds	190,289	145,241	-	145,241
2003-2004 Affordable Housing Funds	123,020	887	5,171	6,058
2004-2005 Affordable Housing Funds	124,881	-	-	-
2005-2006 Affordable Housing Funds	188,094	-	-	-
2004 Scattered Site Program	<u>400,000</u>	<u>49,900</u>	<u>145,615</u>	<u>195,515</u>
Total expenditures	<u>1,233,375</u>	<u>322,455</u>	<u>158,816</u>	<u>481,271</u>
Deficiency of revenues over expenditures	(151,296)	(31,824)	-	(31,824)
Other Financing Sources				
Transfers in	<u>151,296</u>	<u>151,296</u>	-	<u>151,296</u>
Net change in fund balance	\$ <u>-</u>	<u>119,472</u>	-	<u>119,472</u>
Fund balance at beginning of year			<u>119,472</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.
- *N.C. Treasurer's Vehicle Interest Fund* - Accounts for three percent additional interest collected on the first month's interest assessed on delinquent registered motor vehicle property taxes as per House Bill 1779. The additional interest is remitted to the N.C. Department of State Treasurer monthly and will be used by the Division of Motor Vehicles to create a combined motor vehicle registration renewal and property tax collection system.

GUILFORD COUNTY, NORTH CAROLINA

Agency Funds

C-1

Combining Balance Sheet

June 30, 2006

	Agency Funds				
	<u>Tax Collection</u>	<u>Fines and Forfeitures</u>	<u>Representative Payee</u>	<u>NC Treasurer's Vehicle Interest</u>	<u>Total</u>
Assets					
Cash and cash equivalents/investments	\$ <u>834,925</u>	<u>501,109</u>	<u>400,614</u>	<u>29,474</u>	<u>1,766,122</u>
Total assets	\$ <u>834,925</u>	<u>501,109</u>	<u>400,614</u>	<u>29,474</u>	<u>1,766,122</u>
Liabilities					
Accounts payable and accrued liabilities	\$ -	501,109	-	-	501,109
Representative payee clients payable	-	-	400,614	-	400,614
Due to other taxing units	<u>834,925</u>	<u>-</u>	<u>-</u>	<u>29,474</u>	<u>864,399</u>
Total liabilities	\$ <u>834,925</u>	<u>501,109</u>	<u>400,614</u>	<u>29,474</u>	<u>1,766,122</u>

GUILFORD COUNTY, NORTH CAROLINA

Agency Funds

C-2

Combining Statement of Changes in Assets and Liabilities
For the fiscal year ended June 30, 2006

	<u>Balance 7/1/05</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/06</u>
<u>Tax Collection Fund</u>				
Assets				
Cash and cash equivalents/investments	\$ 916,137	181,537,194	181,618,406	834,925
Liabilities				
Due to other taxing units	\$ 916,137	181,537,194	181,618,406	834,925
<u>Fines and Forfeitures Fund</u>				
Assets				
Cash and cash equivalents/investments	\$ 206,418	2,770,489	2,475,798	501,109
Liabilities				
Accounts payable and accrued liabilities	\$ 206,418	2,770,489	2,475,798	501,109
<u>Representative Payee Fund</u>				
Assets				
Cash and cash equivalents/investments	\$ 311,733	2,559,650	2,470,769	400,614
Liabilities				
Representative payee clients payable	\$ 311,733	2,559,650	2,470,769	400,614
<u>NC Treasurer's Vehicle Interest Fund</u>				
Assets				
Cash and cash equivalents/investments	\$ -	102,251	72,777	29,474
Liabilities				
Due to other taxing units	\$ -	102,251	72,777	29,474
<u>Total Agency Funds</u>				
Assets				
Cash and cash equivalents/investments	\$ 1,434,288	186,969,584	186,637,750	1,766,122
Liabilities				
Accounts payable and accrued liabilities	\$ 206,418	2,770,489	2,475,798	501,109
Representative payee clients payable	311,733	2,559,650	2,470,769	400,614
Due to other taxing units	916,137	181,639,445	181,691,183	864,399
Total liabilities	\$ 1,434,288	186,969,584	186,637,750	1,766,122



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, 2006

	<u>Assessed Value</u>	<u>Rate (1)</u>	<u>Amount of Levy (2)</u>
County-wide	\$ 40,743,312,069	0.6428	\$ <u>261,543,037</u>
Rural fire districts:			
Alamance Community	806,410,249	0.0819	660,339
Climax	82,584,528	0.0770	63,583
Colfax	386,311,720	0.1000	386,272
Deep River	207,884,262	0.0770	160,086
Friedens Community	109,189,083	0.0950	103,715
Guilford College Community	1,027,501,367	0.0725	744,264
Guil-Rand	110,265,028	0.0861	94,930
Julian	65,410,140	0.0910	59,526
Kimesville	72,181,863	0.1000	71,530
McLeansville	779,330,386	0.0600	467,572
Mount Hope Community	336,921,517	0.0800	269,470
Northeast	538,628,100	0.0800	430,883
Oak Ridge	820,798,177	0.0825	677,140
Pinecroft-Sedgefield	1,608,821,121	0.0860	1,383,389
Pleasant Garden	542,781,867	0.0950	515,590
Rankin	658,847,170	0.1000	658,812
Southeast	126,913,471	0.1000	126,880
Stokesdale	404,838,632	0.0773	312,912
Summerfield	1,408,555,060	0.0875	1,232,425
Whitsett	378,041,795	0.0632	238,910
No. 14 (Franklin Blvd.)	190,473,345	0.0810	<u>154,288</u>
Total rural fire districts			<u>8,812,516</u>
Total entity-wide			\$ <u><u>270,355,553</u></u>

Percent of current year adjusted tax levy collected:

County-wide	<u>98.85</u> %
Rural fire districts	<u>98.88</u>
Entity-wide	<u>98.85</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, 2006</u>
<u>1,377,922</u>	<u>185,761</u>	<u>(1,273,578)</u>	<u>(2,120,661)</u>	<u>259,712,481</u>	<u>(256,730,803)</u>	<u>2,981,678</u>
1,887	117	(3,687)	(2,059)	656,597	(648,779)	7,818
299	61	(294)	(230)	63,419	(62,593)	826
5,306	139	(1,839)	(1,683)	388,195	(386,349)	1,846
1,994	26	(636)	(6,776)	154,694	(152,267)	2,427
111	23	(436)	(271)	103,142	(102,028)	1,114
1,126	3,600	(3,988)	(6,578)	738,424	(719,128)	19,296
545	20	(424)	(201)	94,870	(93,730)	1,140
114	18	(199)	(185)	59,274	(58,895)	379
935	22	(287)	(416)	71,784	(70,672)	1,112
2,502	74	(2,388)	(1,178)	466,582	(457,918)	8,664
1,976	267	(1,278)	(972)	269,463	(264,517)	4,946
4,047	206	(2,135)	(1,439)	431,562	(426,284)	5,278
1,278	77	(3,923)	(3,006)	671,566	(668,472)	3,094
4,892	913	(6,355)	(8,398)	1,374,441	(1,364,776)	9,665
8,265	870	(2,527)	(1,489)	520,709	(515,224)	5,485
8,669	475	(3,485)	(2,304)	662,167	(653,383)	8,784
244	44	(557)	(343)	126,268	(125,357)	911
2,738	224	(1,379)	(666)	313,829	(311,222)	2,607
4,551	375	(6,763)	(5,382)	1,225,206	(1,218,404)	6,802
1,499	163	(1,280)	(5,831)	233,461	(231,513)	1,948
<u>3,106</u>	<u>249</u>	<u>(782)</u>	<u>(2,433)</u>	<u>154,428</u>	<u>(150,377)</u>	<u>4,051</u>
<u>56,084</u>	<u>7,963</u>	<u>(44,642)</u>	<u>(51,840)</u>	<u>8,780,081</u>	<u>(8,681,888)</u>	<u>98,193</u>
<u>1,434,006</u>	<u>193,724</u>	<u>(1,318,220)</u>	<u>(2,172,501)</u>	<u>268,492,562</u>	<u>(265,412,691)</u>	<u>3,079,871</u>

GUILFORD COUNTY, NORTH CAROLINA
Schedule of Property Taxes Receivable
June 30, 2006

D-2

Fiscal Year	Uncollected Balance June 30, 2005	Total Adjusted Tax Levy	Collections and Credits	Uncollected Balance June 30, 2006
2005-2006	\$ -	268,492,562	265,412,691	3,079,871
2004-2005	3,313,877	-	2,239,018	1,074,859
2003-2004	987,420	-	295,742	691,678
2002-2003	689,090	-	164,492	524,598
2001-2002	542,726	-	22,829	519,897
2000-2001	422,598	-	15,250	407,348
1999-2000	395,231	-	9,410	385,821
1998-1999	296,115	-	5,898	290,217
1997-1998	325,325	-	5,906	319,419
1996-1997	248,662	-	2,799	245,863
1995-1996	223,138	-	223,138	-
	<u>\$ 7,444,182</u>	<u>268,492,562</u>	<u>268,397,173</u>	<u>7,539,571</u>
Plus uncollected FY 2006-2007 property taxes receivable on annually registered vehicles				100,992
Less allowance for estimated uncollectible delinquent taxes:				
General Fund			\$ (4,333,005)	
Rural Fire Districts Fund			<u>(76,072)</u>	<u>(4,409,077)</u>
Property taxes receivable (net)				\$ <u><u>3,231,486</u></u>
Reconciliation with revenues:				
General Fund:				
Ad valorem taxes			\$ 257,909,368	
Interest on delinquent taxes			<u>773,806</u>	\$ 258,683,174
Rural Fire Districts Fund:				
Ad valorem taxes			8,729,835	
Interest on delinquent taxes			<u>28,947</u>	8,758,782
Plus collections and credits not included in revenues:				
Releases net of refunds on prior fiscal years			1,413,673	
Penalties on delinquent taxes			167,093	
Amounts written off for tax year 1995-1996 per statute of limitations			<u>223,138</u>	<u>1,803,904</u>
Subtotal				269,245,860
Less revenues not included in collections and credits:				
Collections on years prior to 1996-1997			(5,808)	
Payments in lieu of taxes			(40,126)	
Interest collected			<u>(802,753)</u>	<u>(848,687)</u>
Total collections and credits				\$ <u><u>268,397,173</u></u>

GUILFORD COUNTY, NORTH CAROLINA
Analysis of Current Tax Levy
County-Wide Levy
For the fiscal year ended June 30, 2006

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)	\$ 39,239,827,162	0.6428	252,233,609	238,885,965	13,347,644
Registered motor vehicles taxed at prior year's rate	<u>1,503,484,907</u>	0.6184	<u>9,309,428</u>	-	<u>9,309,428</u>
Total	<u>40,743,312,069</u>		<u>261,543,037</u>	<u>238,885,965</u>	<u>22,657,072</u>
Discoveries:					
Current year taxes	151,402,769	0.6428	973,217	973,217	-
Prior year taxes	-		<u>404,705</u>	<u>404,705</u>	-
Total	<u>151,402,769</u>		<u>1,377,922</u>	<u>1,377,922</u>	-
Penalties	-		<u>185,761</u>	<u>185,761</u>	-
Discounts allowed	-		<u>(1,273,578)</u>	<u>(1,273,578)</u>	-
Releases:					
Current year taxes	(286,995,177)	0.6428	(1,844,805)	(1,673,239)	(171,566)
Prior year taxes	-		<u>(275,856)</u>	<u>(95,053)</u>	<u>(180,803)</u>
Total	<u>(286,995,177)</u>		<u>(2,120,661)</u>	<u>(1,768,292)</u>	<u>(352,369)</u>
Total assessed value	\$ <u>40,607,719,661</u>				
Total adjusted tax levy			259,712,481	237,407,778	22,304,703
Uncollected taxes at June 30, 2006			<u>(2,981,678)</u>	<u>(1,593,305)</u>	<u>(1,388,373)</u>
Current year's taxes collected			\$ <u>256,730,803</u>	<u>235,814,473</u>	<u>20,916,330</u>
Current adjusted tax levy collection percentage			<u>98.85%</u>	<u>99.33%</u>	<u>93.78%</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, 2006

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Secondary Market Disclosures:

Assessed Valuation:	
Assessment Ratio (1)	100%
Real Property (2)	\$ 32,679,098,070
Personal Property	7,016,390,035
Public Service Companies (3)	<u>1,047,823,964</u>
Total Assessed Valuation	\$ <u><u>40,743,312,069</u></u>
Tax Rate per \$100 (4)	<u><u>0.6428</u></u>
Levy (5)	\$ <u><u>271,983,283</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	\$ 263,106,720
Special Fire Districts	<u>8,876,563</u>
Total Levy	\$ <u><u>271,983,283</u></u>

The levy is adjusted to exclude rebates and discounts allowed of \$3,490,721.

GUILFORD COUNTY, NORTH CAROLINA
General Obligation Debt Service Requirements
and Maturity Schedule
As of June 30, 2006

D-5

Fiscal Year	UTILITY		OTHER		TOTAL	
	Existing Debt		Existing Debt		Existing Debt	
	Principal	Principal & Interest	Principal	Principal & Interest	Principal	Principal & Interest
2006-07	\$ 2,506,520	3,645,842	17,283,480	33,581,611	19,790,000	37,227,453
2007-08	2,555,880	3,603,927	17,159,120	32,027,878	19,715,000	35,631,805
2008-09	2,557,973	3,511,414	17,092,027	30,524,230	19,650,000	34,035,644
2009-10	1,661,608	2,520,851	17,813,392	30,566,905	19,475,000	33,087,756
2010-11	1,483,123	2,273,507	18,461,877	30,500,437	19,945,000	32,773,944
2011-12	2,676,130	3,372,715	17,363,870	28,691,104	20,040,000	32,063,819
2012-13	2,740,139	3,310,690	17,359,861	27,993,979	20,100,000	31,304,669
2013-14	2,508,195	2,961,339	16,416,805	26,394,501	18,925,000	29,355,840
2014-15	2,502,249	2,843,282	16,392,751	25,733,373	18,895,000	28,576,655
2015-16	2,498,283	2,722,864	16,376,717	25,058,628	18,875,000	27,781,492
2016-17	2,220,745	2,335,911	16,634,255	24,641,129	18,855,000	26,977,040
2017-18	918,720	963,212	18,036,280	25,316,231	18,955,000	26,279,443
2018-19	410,000	418,200	28,000,000	34,398,963	28,410,000	34,817,163
2019-20	-	-	29,000,000	34,426,563	29,000,000	34,426,563
2020-21	-	-	30,265,000	34,777,141	30,265,000	34,777,141
2021-22	-	-	30,645,000	34,153,750	30,645,000	34,153,750
2022-23	-	-	30,645,000	32,987,350	30,645,000	32,987,350
2023-24	-	-	18,645,000	20,136,400	18,645,000	20,136,400
2024-25	-	-	18,640,000	19,385,600	18,640,000	19,385,600
	\$ <u>27,239,565</u>	<u>34,483,754</u>	<u>392,230,435</u>	<u>551,295,773</u>	<u>419,470,000</u>	<u>585,779,527</u>



STATISTICAL



SECTION

Statistical Section

This part of Guilford County's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

Contents

Tables

Financial Trends

1 - 2

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Capacity

3 - 6

These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property taxes.

Debt Capacity

7 - 9

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

Demographic and Economic Information

10 - 11

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.

Operating Information

12 - 14

These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.

Sources: *Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Reports for the relevant year. The County implemented Governmental Accounting Standards Board Statement No. 34 in 2002; schedules presenting government-wide information include information beginning in that year.*

Guilford County, North Carolina
Schedule of Changes in Net Assets / Net Assets by Component
Last Five Fiscal Years (1)
(full accrual basis of accounting)

	Fiscal Year				
	2002	2003	2004	2005	2006
Expenses					
Governmental activities:					
General government	\$ 31,516,270	34,646,687	35,776,935	38,935,052	49,489,061
Human services	154,085,861	159,178,485	162,046,232	168,210,350	170,986,656
Public safety	63,192,587	65,312,136	70,809,410	77,965,005	77,537,238
Environmental protection	1,988,716	1,007,132	1,174,894	1,682,060	1,127,138
Culture - recreation	2,022,230	1,816,420	2,754,118	3,824,634	4,790,197
Urban redevelopment and housing	4,056	311,888	259,242	152,052	158,816
Economic development and assistance	4,995,855	5,682,689	4,835,656	6,272,110	9,679,480
Education	222,698,036	198,557,002	189,254,201	210,740,935	258,171,386
Interest on long-term debt	7,873,266	9,782,009	10,599,222	11,468,056	15,477,774
Total primary government expenses	<u>488,376,877</u>	<u>476,294,448</u>	<u>477,509,910</u>	<u>519,250,254</u>	<u>587,417,746</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	6,926,831	8,111,851	8,218,987	7,632,915	8,092,944
Human services	23,448,275	23,792,095	21,869,902	21,075,399	20,768,155
Public safety	11,700,199	13,471,224	14,259,539	16,056,217	17,697,563
Economic development and assistance	1,742,561	2,079,544	5,437,989	2,653,574	2,699,976
Other activities	327,482	353,284	226,224	278,833	198,133
Operating grants and contributions:					
Human services	71,548,917	74,484,319	74,736,210	80,870,482	80,654,657
Public safety	2,249,286	1,181,844	1,494,192	2,388,765	2,916,616
Education	9,064,542	2,650,322	299,783	4,968,633	4,165,991
Other activities	777,814	1,232,646	976,685	2,912,425	3,683,034
Capital grants and contributions:					
General government	9,500	-	505,100	-	6,000
Public safety	45,260	34,147	214,986	66,236	490,261
Culture - recreation	11,748	17,916	1,238,163	237,573	50,300
Other activities	52,182	119,989	91,287	94,537	23,401
Total primary government program revenues	<u>127,904,597</u>	<u>127,529,181</u>	<u>129,569,047</u>	<u>139,235,589</u>	<u>141,447,031</u>
Total primary government net expenses	<u>(360,472,280)</u>	<u>(348,765,267)</u>	<u>(347,940,863)</u>	<u>(380,014,665)</u>	<u>(445,970,715)</u>

General Revenues and Other

Changes in Net Assets

Governmental activities:

Taxes:

Property taxes	219,789,569	222,694,649	236,089,142	254,787,316	267,195,969
Sales taxes	53,789,277	58,779,530	74,631,354	79,845,527	82,561,886
Occupancy taxes	3,825,082	4,006,760	3,976,303	4,232,851	4,485,837
Excise taxes	2,057,359	1,949,926	2,680,418	2,935,945	3,399,037
911 charges	1,034,031	1,022,015	871,980	769,657	824,713
Local gross receipts taxes	799,508	775,777	721,737	789,591	746,443
Franchise taxes	590,491	413,145	506,089	520,014	618,753
Unrestricted grants and contributions	11,485,517	589,147	4,794,484	3,735,353	1,347,053
Unrestricted investment earnings	9,699,517	5,993,035	3,582,623	7,707,805	15,391,864
Other	264,431	114,304	162,985	222,293	313,562
Special items	-	-	3,159,900	-	-

Total primary government general revenues
and other changes in net assets

303,334,782	296,338,288	331,177,015	355,546,352	376,885,117
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Changes in Net Assets

Governmental activities / primary government

\$ (57,137,498)	(52,426,979)	(16,763,848)	(24,468,313)	(69,085,598)
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Net Assets by Component

Governmental activities:

	(Restated)	(Restated)			
Invested in capital assets, net of related debt	\$ 99,485,526	100,094,146	111,008,939	112,083,864	115,542,072
Restricted	16,547,207	19,657,963	23,362,147	25,288,493	27,765,244
Unrestricted	37,001,829	(19,144,526)	(50,527,351)	(77,996,935)	(153,017,492)
Governmental activities / primary government	\$ 153,034,562	100,607,583	83,843,735	59,375,422	(9,710,176)

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.

Table 2

Guilford County, North Carolina
Schedule of Changes in Fund Balances / Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues							(Restated)			
Taxes:										
Property taxes	\$ 170,305,207	177,639,064	181,459,211	191,026,884	199,478,557	219,066,626	222,529,052	235,782,968	254,318,144	267,441,956
Sales taxes	46,218,336	48,594,303	53,498,154	54,695,595	56,326,992	53,789,277	62,861,654	74,631,354	79,845,527	82,561,886
Occupancy taxes	3,101,580	3,359,761	3,756,275	3,969,326	4,097,548	3,825,082	4,006,760	3,976,303	4,232,851	4,485,837
Excise taxes	1,736,747	1,811,585	2,015,067	2,051,417	1,933,722	2,057,359	1,949,926	2,680,418	2,935,945	3,399,037
911 charges	-	-	-	-	-	1,034,031	1,022,015	871,980	769,657	824,713
Local gross receipts taxes	-	-	-	-	825,466	799,508	775,777	721,737	789,591	746,443
Franchise taxes	-	-	-	-	-	590,491	413,145	506,089	520,014	618,753
Total taxes	221,361,870	231,404,713	240,728,707	251,743,222	262,662,285	281,162,374	293,558,329	319,170,849	343,411,729	360,078,625
Licenses and permits	1,364,611	1,585,731	1,901,813	1,967,745	1,908,456	2,093,241	2,646,591	2,991,576	3,387,258	3,470,989
Intergovernmental	85,949,246	98,005,501	97,709,747	102,240,203	107,086,375	94,911,830	79,806,114	83,470,521	94,419,673	92,559,452
Charges for services	29,380,129	33,161,974	27,301,215	30,321,735	30,212,354	37,835,744	40,826,767	42,020,340	40,891,308	42,299,395
Investment earnings	10,030,815	11,479,044	11,263,050	11,025,528	16,552,945	8,847,992	5,515,396	3,365,125	7,207,426	14,408,915
Other	2,965,449	3,313,793	4,393,011	4,217,953	4,923,322	5,381,366	5,566,681	5,124,932	5,344,140	5,309,364
Total revenues	351,052,120	378,950,756	383,297,543	401,516,386	423,345,737	430,232,547	427,919,878	456,143,343	494,661,534	518,126,740
Expenditures										
General government	22,027,963	20,626,001	21,527,611	23,536,671	32,348,856	30,313,342	33,445,902	34,160,259	37,795,664	43,048,897
Human services	122,363,463	131,407,741	136,103,386	146,041,352	148,581,337	152,663,170	157,893,840	161,072,839	168,618,392	170,804,456
Public safety	45,062,024	45,625,017	48,629,120	53,376,771	58,591,519	61,100,678	63,221,245	69,943,520	77,030,474	83,730,591
Environmental protection	603,577	551,864	618,995	746,662	679,512	974,932	1,027,260	1,138,238	1,125,296	1,086,756
Culture - recreation	1,150,106	1,530,701	1,557,478	1,446,372	1,417,582	1,641,649	1,459,007	2,336,710	3,247,907	4,230,945
Urban redevelopment & housing	-	2,500	745,097	22,842	23,145	4,056	311,888	259,242	152,052	158,816
Economic development & assistance (1)	4,014,060	3,500,011	3,756,275	4,139,326	4,267,548	4,549,424	4,746,102	4,477,063	5,375,881	7,046,010
Education (3)	94,326,963	97,260,532	99,880,380	110,140,688	114,237,651	122,720,100	124,913,318	133,434,005	138,892,306	150,696,921
Capital outlay - Education (3)	21,402,747	39,778,686	64,616,231	59,163,075	75,417,529	99,977,936	73,643,684	55,820,196	71,848,629	107,474,465
Capital outlay - Other	19,428,164	17,138,482	10,193,406	3,940,298	3,838,607	3,843,303	4,103,909	4,309,253	6,499,337	11,182,101
Debt service:										
Principal	8,985,000	8,840,000	9,240,000	8,805,000	7,925,000	9,865,000	9,865,000	13,830,000	13,810,000	19,410,000
Interest and fiscal charges	4,832,489	4,372,572	4,153,285	3,728,877	6,146,934	7,981,219	9,458,980	11,066,984	12,984,350	17,732,439
Bond issuance / put bond costs	-	111,438	-	-	297,304	-	542,893	343,858	825,559	-
Total expenditures	344,196,556	370,745,545	401,021,264	415,087,934	453,772,524	495,634,809	484,633,028	492,192,167	538,205,847	616,602,397
Excess (deficiency) of revenues over expenditures	6,855,564	8,205,211	(17,723,721)	(13,571,548)	(30,426,787)	(65,402,262)	(56,713,150)	(36,048,824)	(43,544,313)	(98,475,657)

**Other Financing Sources (Uses) &
Other Changes in Fund Balances**

Refunding bonds issued	-	13,760,000	-	-	-	-	16,015,000	-	54,380,000	-
General obligation bonds issued	-	12,480,000	-	-	120,620,000	-	123,355,000	-	183,220,000	-
Capital-related debt issued	800,000	-	-	-	1,901,560	-	320,000	417,391	158,845	253,812
Payment to bond refunding escrow agent	-	(13,683,958)	-	-	-	-	(16,153,861)	-	(60,717,190)	-
Premiums on bonds / put bonds issued	-	-	-	-	-	-	334,267	6,509,700	5,657,142	-
Transfers in	22,180,094	31,470,506	43,203,709	28,797,725	28,258,854	17,749,793	32,186,463	16,745,665	12,118,221	9,131,329
Transfers out (1)	(22,180,094)	(31,470,506)	(43,203,709)	(28,797,725)	(25,962,526)	(17,749,793)	(31,484,608)	(16,745,665)	(12,118,221)	(9,131,329)
Sale of capital assets	5,045,331	3,404,393	945,521	137	-	350,865	299,807	155,595	191,586	250,004
Special Items	-	-	-	-	-	-	-	(4,500,000)	-	-
Total other financing sources (uses) and other changes in fund balances	<u>5,845,331</u>	<u>15,960,435</u>	<u>945,521</u>	<u>137</u>	<u>124,817,888</u>	<u>350,865</u>	<u>124,872,068</u>	<u>2,582,686</u>	<u>182,890,383</u>	<u>503,816</u>
Changes in Fund Balances										
Governmental funds	<u>\$ 12,700,895</u>	<u>24,165,646</u>	<u>(16,778,200)</u>	<u>(13,571,411)</u>	<u>94,391,101</u>	<u>(65,051,397)</u>	<u>68,158,918</u>	<u>(33,466,138)</u>	<u>139,346,070</u>	<u>(97,971,841)</u>
Debt service as a percentage of noncapital outlay expenditures	<u>4.55%</u>	<u>4.21%</u>	<u>4.11%</u>	<u>3.56%</u>	<u>3.76%</u>	<u>4.55%</u>	<u>4.75%</u>	<u>5.76%</u>	<u>5.83%</u>	<u>7.46%</u>

Fund Balances

General fund:	(Restated)	(Restated)	(Restated)	(Restated)			(Restated)			
Reserved	\$ 25,174,534	30,174,671	32,649,719	34,379,190	28,347,418	29,393,205	35,833,092	37,807,777	44,883,408	43,905,906
Unreserved (2)	68,402,343	71,806,180	57,254,677	47,152,390	61,206,684	57,994,642	61,188,365	66,940,342	69,579,976	73,346,411
Total general fund	<u>\$ 93,576,877</u>	<u>101,980,851</u>	<u>89,904,396</u>	<u>81,531,580</u>	<u>89,554,102</u>	<u>87,387,847</u>	<u>97,021,457</u>	<u>104,748,119</u>	<u>114,463,384</u>	<u>117,252,317</u>
All other governmental funds:							(Restated)			
Reserved	\$ 18,615,237	20,462,805	10,335,270	9,734,408	9,996,196	9,774,903	11,224,504	10,159,955	6,462,668	9,403,431
Unreserved, reported in:										
Special revenue funds	274,588	(476,224)	53,621	390,258	174,981	(69,911)	(184,893)	276,287	648,399	1,005,990
Capital projects funds	49,296,526	63,961,442	68,857,387	63,923,017	150,245,085	87,826,128	145,016,817	104,427,386	237,383,366	133,324,238
Total all other governmental funds	<u>\$ 68,186,351</u>	<u>83,948,023</u>	<u>79,246,278</u>	<u>74,047,683</u>	<u>160,416,262</u>	<u>97,531,120</u>	<u>156,056,428</u>	<u>114,863,628</u>	<u>244,494,433</u>	<u>143,733,659</u>

Notes:

- (1) For years 1997 - 2001, operating transfers out - component unit have been reclassified to economic development and assistance for comparative purposes under current GAAP.
- (2) The effect of a July 1, 2000 restatement of General Fund unreserved fund balance in the amount of \$4,749,135 has been adjusted back to all prior years' unreserved fund balance as the effect on expenditures each year due to the restatement is considered insignificant.
- (3) For years 2005 - 2006, annual capital appropriations to Guilford Technical Community College and Guilford County Board of Education from the General Fund are included in Capital outlay - Education as in the prior years when these appropriations were reported in the School Capital Outlay Fund.

**Guilford County, North Carolina
Assessed and Estimated Actual Value
of Taxable Property
Last Ten Fiscal Years**

Fiscal Year	Residential Property	Commercial Property	Industrial and Farm Property	Total Real Property (1)		Personal Property (2)	Public Service Companies' Property (2)	Total		Ratio of Total Assessed To Total Estimated Actual Taxable Value	Total Direct Tax Rate (4)
	Assessed Taxable Value	Assessed Taxable Value	Assessed Taxable Value	Assessed Taxable Value	Estimated Actual Taxable Value	Assessed Taxable Value	Assessed Taxable Value	Assessed Taxable Value	Estimated Actual Taxable Value		
1997 ⁽³⁾	\$ 11,437,571,450	3,891,669,400	3,790,140,966	19,119,381,816	19,119,381,816	5,036,415,397	1,006,515,299	25,162,312,512	25,162,312,512	100.0 %	\$ 0.6814
1998	11,828,998,424	3,930,814,325	3,803,556,712	19,563,369,461	20,378,509,855	5,794,336,554	987,039,067	26,344,745,082	27,159,885,476	97.0	0.6767
1999	12,310,689,368	4,086,387,595	3,926,616,612	20,323,693,575	21,561,312,938	6,188,698,255	1,019,987,786	27,532,379,616	28,769,998,979	95.7	0.6571
2000	12,861,517,155	4,219,903,705	4,095,915,912	21,177,336,772	23,701,552,067	6,786,326,849	1,064,397,818	29,028,061,439	31,552,276,734	92.0	0.6572
2001	13,462,681,355	4,466,767,785	4,213,152,862	22,142,602,002	25,019,889,268	7,031,400,195	1,008,407,536	30,182,409,733	33,059,696,999	91.3	0.6603
2002	14,030,346,895	4,690,905,035	4,392,773,304	23,114,025,234	27,266,751,485	7,378,751,313	1,093,908,849	31,586,685,396	35,739,411,647	88.4	0.6959
2003	14,553,995,581	4,824,683,874	4,412,537,861	23,791,217,316	28,598,650,458	7,112,928,391	1,010,523,814	31,914,669,521	36,722,102,663	86.9	0.6983
2004	15,066,994,074	4,924,391,875	4,536,394,946	24,527,780,895	30,431,489,944	6,883,615,331	925,129,727	32,336,525,953	38,240,235,002	84.6	0.7310
2005 ⁽³⁾	19,562,056,478	6,843,652,613	5,924,674,769	32,330,383,860	32,541,906,251	6,854,211,987	1,051,999,690	40,236,595,537	40,448,117,928	99.5	0.6429
2006	20,205,010,087	6,706,281,210	5,767,806,773	32,679,098,070	33,112,876,755	7,016,390,035	1,047,823,964	40,743,312,069	41,177,090,754	98.9	0.6636

- Notes:
- (1) Estimated actual taxable value of real property is calculated by dividing taxable assessed value by a real estate assessment sales ratio study percentage by county obtained from the North Carolina Department of Revenue Tax Research Division.
 - (2) Personal property is appraised each year and assessed at 100% of appraised value. 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.
 - (3) 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.
 - (4) Per \$100 of assessed value. See Table 4 for details of the County's total direct rate, a weighted average rate.

Guilford County, North Carolina
Property Tax Rates - Direct and Overlapping Governments
(Per \$100 of Assessed Value)
Last Ten Fiscal Years

	Fiscal Year Taxes Are Payable										
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	
County Direct Rates:											
General Levy (1):											
Property taxed at current year's rate	\$ N/A	0.6253	0.6084	0.6079	0.6079	0.6420	0.6448	0.6813	0.5961	0.6191	
Registered motor vehicles at prior rate	N/A	<u>0.0319</u>	<u>0.0297</u>	<u>0.0293</u>	<u>0.0293</u>	<u>0.0304</u>	<u>0.0294</u>	<u>0.0304</u>	<u>0.0257</u>	<u>0.0228</u>	
Total general direct rate		0.6611	0.6572	0.6381	0.6372	0.6724	0.6742	0.7117	0.6218	0.6419	
Fire Protection Districts (2)		<u>0.0203</u>	<u>0.0195</u>	<u>0.0190</u>	<u>0.0200</u>	<u>0.0235</u>	<u>0.0241</u>	<u>0.0193</u>	<u>0.0211</u>	<u>0.0217</u>	
Total direct rate	\$	<u>0.6814</u>	<u>0.6767</u>	<u>0.6571</u>	<u>0.6572</u>	<u>0.6603</u>	<u>0.6959</u>	<u>0.6983</u>	<u>0.7310</u>	<u>0.6636</u>	
City Rates:											
Burlington (3)	\$	N/A	N/A	N/A	N/A	0.5000	0.4218	0.4971	0.5000	0.5545	0.5550
Greensboro		0.6004	0.6073	0.5839	0.5828	0.5828	0.5828	0.6163	0.6177	0.5700	
High Point		0.5713	0.5700	0.5940	0.5950	0.6209	0.6220	0.6220	0.6220	0.5424	0.5914
Town Rates:											
Archdale (4)	\$	0.2400	0.2400	0.2400	0.2400	0.2400	0.2300	0.2300	0.2300	0.2600	0.2600
Gibsonville (4)		0.5300	0.5300	0.5300	0.5300	0.5300	0.5150	0.5150	0.5150	0.4950	0.5150
Jamestown		0.3110	0.3100	0.3100	0.3100	0.3100	0.3100	0.3386	0.3495	0.3500	0.3500
Oak Ridge		None	None	None	None	None	None	None	None	0.0863	0.0863
Pleasant Garden		None	None	None	None	None	None	None	None	None	0.0500
Sedalia		None	None	None	None	None	None	None	0.2000	0.2000	0.2000
Summerfield		None	None	None	None	None	None	None	None	0.1050	0.0523
Sedgefield Sanitary District	\$	0.0407	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0352	0.0398

Notes:

- (1) All taxable property is subject to a county-wide tax. The general County direct rate differs from the county-wide rate approved by the Board of Commissioners each fiscal year because direct rates are a weighted average rate. The most significant differences are from certain registered motor vehicles levied at prior year tax rates in accordance with North Carolina General Statutes.
- (2) Most property in unincorporated areas is subject to one of twenty-one special fire district taxes. The fire protection districts' direct rate is a combined rate as the impact of each individual fire district is considered insignificant. The direct rate is much lower than the individual rates approved by the Board of Commissioners each fiscal year because direct rates are a weighted average rate and are impacted by assessed taxable values outside the fire protection districts' boundaries.
- (3) Burlington's total direct rate is computed only with regard to assessed taxable value in Guilford County.
- (4) The difference between the Archdale and Gibsonville total direct rates and the reported city-wide rates are considered insignificant.

**Guilford County, North Carolina
Principal Taxpayers
Current Year and Nine Years Ago**

Taxpayer	Fiscal Year 2006		Fiscal Year 1997	
	Assessed Value	Percentage of Total Assessed Value	Assessed Value	Percentage of Total Assessed Value
Duke Energy Corporation (formerly Duke Power)	\$ 321,206,468	0.79	\$ 266,101,008	1.06
Koury Corporation	271,934,102	0.67	295,115,899	1.17
Lorillard Tobacco Company	240,411,357	0.59	157,040,287	0.62
BellSouth (formerly Southern Bell Telephone & Telegraph Company)	182,995,785	0.45	196,609,244	0.78
International Home Furnishings Center (formerly Southern Furniture Exposition Building, Inc.)	181,792,585	0.45	135,550,347	0.54
Starmount Company	169,503,100	0.41	-	-
RF Micro Devices, Inc.	162,468,700	0.40	-	-
Highwoods / Forsyth Limited	154,896,600	0.38	-	-
Liberty Properties Limited Partnership	151,050,784	0.37	-	-
TYCO Electronics (AMP)	150,090,344	0.37	122,967,448	0.49
Procter & Gamble Manufacturing Company	-	-	142,684,835	0.57
Cone Mills Corporation	-	-	122,166,094	0.49
Guilford Mills, Inc.	-	-	121,071,866	0.48
Jefferson-Pilot Life Insurance Company	-	-	116,924,312	0.46
	<u>\$ 1,986,349,825</u>	<u>4.88</u>	<u>\$ 1,676,231,340</u>	<u>6.66</u>

**Guilford County, North Carolina
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year	(1) Taxes Levied for the Fiscal Year	Subsequent Years' Adjustments	Total Adjusted Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percent of Original Levy		Amount	Percent of Adjusted Tax Levy
1997 ⁽²⁾	\$ 170,413,651	(351,413)	170,062,238	168,866,547	99.09	948,771	169,815,318	99.85
1998	177,896,344	(139,179)	177,757,165	176,165,450	99.03	1,272,292	177,437,742	99.82
1999	181,418,234	(203,495)	181,214,739	179,596,143	99.00	1,329,222	180,925,365	99.84
2000	190,998,340	(177,992)	190,820,348	188,961,990	98.93	1,472,498	190,434,488	99.80
2001	199,064,756	(174,653)	198,890,103	197,132,452	99.03	1,355,741	198,488,193	99.80
2002	219,054,553	(222,957)	218,831,596	216,755,652	98.95	1,549,731	218,305,383	99.76
2003	222,664,562	(221,705)	222,442,857	220,251,203	98.92	1,668,362	221,919,565	99.76
2004	236,247,761	(161,700)	236,086,061	233,477,931	98.83	1,926,312	235,404,243	99.71
2005 ⁽²⁾	254,868,218	(1,341,922)	253,526,296	251,554,341	98.70	881,768	252,436,109	99.57
2006	268,492,562	-	268,492,562	265,412,691	98.85	-	265,412,691	98.85

Note:

- (1) Original levy adjusted for discoveries, penalties, discounts allowed and releases as of fiscal year end of the levy.
- (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 which generally result in appeals of these revalued amounts and thus, larger adjustments due to releases based on these appeals.

Guilford County, North Carolina
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding		Percentage of Estimated Actual Taxable Value of Property (2)	Per Capita	Other Governmental Activities Debt		Total Primary Government (1)	Percentage of Personal Income (3)	Per Capita (3)
	General Obligation Bonds (1)				Capital Leases and Installment Financings (1)				
1997	\$ 80,625,000		0.32	201.47	1,771,919		82,396,919	0.80	205.90
1998	85,065,000		0.31	208.71	1,258,381		86,323,381	0.77	211.80
1999	75,825,000		0.26	182.41	808,397		76,633,397	0.64	184.36
2000	67,020,000		0.21	158.66	338,899		67,358,899	0.54	159.46
2001	179,715,000		0.54	422.54	1,777,078		181,492,078	1.39	426.71
2002	169,850,000		0.48	396.98	1,255,693		171,105,693	1.29	399.92
2003	283,740,000		0.77	658.04	1,016,256		284,756,256	2.12	660.39
2004	269,910,000		0.71	621.23	862,328		270,772,328	1.98	623.21
2005	438,880,000		1.09	994.20	513,298		439,393,298	3.03	995.37
2006	419,470,000		1.02	934.87	423,913		419,893,913	2.73	935.81

Notes:

(1) Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(2) See Table 3 for estimated actual taxable value of property data.

(3) See Table 10 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Guilford County, North Carolina
Direct and Overlapping Governmental Activities Debt
June 30, 2006

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Guilford County	\$ 419,893,913	100.00	\$ <u>419,893,913</u>
City of Greensboro	217,922,219	100.00	217,922,219
City of High Point	58,456,128	96.77	56,567,995
Town of Gibsonville	567,389	53.47	303,383
Town of Kernersville	11,816,524	0.01	<u>1,182</u>
Total overlapping debt			<u>274,794,779</u>
Total direct and overlapping debt			\$ <u>694,688,692</u>

Notes:

(1) The percentage of overlap is based on assessed property values.

**Guilford County, North Carolina
Legal Debt Margin Information
Last Ten Fiscal Years (in thousands)**

	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Debt limit	\$ 2,012,985	2,107,580	2,202,590	2,322,245	2,414,593	2,526,935	2,553,174	2,586,922	3,218,928	3,259,465
Total net debt applicable to limit	<u>88,894</u>	<u>81,667</u>	<u>72,399</u>	<u>298,578</u>	<u>296,112</u>	<u>289,866</u>	<u>280,849</u>	<u>567,245</u>	<u>629,005</u>	<u>610,091</u>
Legal debt margin	\$ <u>1,924,091</u>	<u>2,025,913</u>	<u>2,130,191</u>	<u>2,023,667</u>	<u>2,118,481</u>	<u>2,237,069</u>	<u>2,272,325</u>	<u>2,019,677</u>	<u>2,589,923</u>	<u>2,649,374</u>
Total net debt applicable to limit as a percentage of debt limit	4.42%	3.87%	3.29%	12.86%	12.26%	11.47%	11.00%	21.93%	19.54%	18.72%

Legal Debt Margin Calculation for Fiscal Year 2006

Assessed value of taxable property	\$ <u>40,743,312,069</u>
Debt limit (8% of total assessed value)	\$ <u>3,259,464,966</u>
Debt applicable to limit:	
Bonded debt	419,470,000
Bonds authorized, unissued	198,000,000
Obligations under capital leases and purchase money installment contracts	<u>423,913</u>
Gross debt	617,893,913
Less statutory deductions:	
Bonds issued and outstanding for water purposes	<u>7,802,763</u>
Net amount of debt applicable to debt limit	<u>610,091,150</u>
Legal debt margin	\$ <u>2,649,373,816</u>

**Guilford County, North Carolina
Demographic and Economic Statistics
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (2) <i>(in thousands)</i></u>	<u>Per Capita Income (3)</u>	<u>Median Age (1)</u>	<u>Public School Enrollment (4)</u>	<u>Unemployment Rate (5)</u>
1997	400,182	\$ 10,343,904	\$ 25,848	34.41	57,687	3.2 %
1998	407,571	11,142,176	27,338	34.58	59,120	2.7
1999	415,677	11,999,348	28,867	34.76	60,322	2.5
2000	422,412	12,413,844	29,388	34.91	61,190	3.3
2001	425,324	13,092,323	30,782	34.99	61,894	5.1
2002	427,855	13,287,893	31,057	35.07	62,767	6.3
2003	431,191	13,424,701	31,134	35.16	63,873	6.2
2004	434,480	13,666,134	31,454	35.29	65,199	5.3
2005	441,439	14,518,046	32,888	35.47	66,367	5.1
2006	448,694	15,367,321	34,249	35.61	68,118	4.6

Sources:

- (1) 1997 through 2006 North Carolina Office of State Planning estimates.
- (2) Computed as a factor of population times per capita income.
- (3) Calendar years 1996 through 2004 Bureau of Economic Analysis, U.S. Department of Commerce.
 Calendar year 2005 Piedmont Triad Council of Governments estimate.
- (4) Average daily membership of Guilford County Schools as compiled by North Carolina Department of Public Instruction.
- (5) North Carolina Employment Security Commission - Calendar year annual average except for 2006 which is the average adjusted monthly rate for January through June.

**Guilford County, North Carolina
Principal Employers
Current Year and Nine Years Ago**

<u>Employer</u>	<u>2006</u>		<u>1997</u>	
	<u>Employees</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Percentage of Total County Employment</u>
Guilford County School System	8,000	3.49	7,400	3.49
Moses H. Cone Health Systems	6,200	2.71	4,000	1.89
Sears Regional Credit Card Center	3,000	1.31	2,600	1.23
American Express	2,800	1.22	2,600	1.23
Guilford County Government	2,700	1.18	2,200	1.04
City of Greensboro	2,400	1.05	2,200	1.04
TYCO Electronics (AMP)	2,000	0.87		
High Point Regional Hospital	1,975	0.86		
United Parcel Service (UPS)	1,900	0.83	2,400	1.13
Bank of America	1,800	0.79		
Thomas Built Buses	1,800	0.79		
Cone Mills Corporation			3,000	1.42
United States Postal Service			2,500	1.18
Lorillard Corporation (Division of Loews, Inc.)			2,400	1.13
Lucent Technologies (formerly AT&T)			2,200	1.04
Thomasville Furniture Industries			2,200	1.04
 Total County Employment	 229,199		 211,751	

Sources:

Principal employer data is for calendar years 1995 and 2005 from the Greensboro Chamber of Commerce. Total County employment is for calendar years 1996 and 2005 from the North Carolina Employment Security Commission civilian labor force estimates.

**Guilford County, North Carolina
Total County Government Employees by Function
Last Ten Fiscal Years**

<u>Function/Program</u>	<u>Total Number of Employees Paid as of June 30</u>									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General government	397	385	391	400	457	472	395	401	394	462
Human services	2,004	1,972	1,545	1,544	1,572	1,528	1,445	1,451	1,462	1,460
Public safety	693	699	695	742	813	840	798	830	855	891
Environmental protection	-	-	-	-	1	1	-	1	3	6
Total	<u>3,094</u>	<u>3,056</u>	<u>2,631</u>	<u>2,686</u>	<u>2,843</u>	<u>2,841</u>	<u>2,638</u>	<u>2,683</u>	<u>2,714</u>	<u>2,819</u>

**Guilford County, North Carolina
Operating Indicators by Function
Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General government:										
Real estate documents processed	309,457	281,118	322,488	397,666	415,020	338,034	556,164	656,458	691,835	541,936
Vital records recorded and issued	51,119	59,272	62,566	63,928	65,628	68,018	74,332	59,058	61,126	63,240
Building permits issued	2,900	3,000	3,624	3,743	2,977	2,785	2,750	2,765	2,765	2,760
Bldg,plumb,mech & elec insp completed	66,000	78,000	79,000	80,778	79,230	51,678	51,000	51,500	51,500	71,572
Human Services:										
Laboratory tests performed	188,020	173,000	184,216	197,446	212,842	157,204	148,421	136,802	142,046	143,042
Number of prescriptons filled	90,000	77,341	75,000	75,000	83,000	85,000	48,215	85,284	66,413	65,000
Adoption assistance cases	213	289	300	350	254	600	715	715	875	970
Children in Social Services custody	825	850	850	870	753	645	573	573	500	559
Schedule GTA SCAT trips	N/A	N/A	N/A	72,000	107,500	114,400	119,600	149,500	157,500	160,000
Bus Service-Senior	N/A	N/A	N/A	N/A	7,200	9,000	7,600	4,515	4,620	4,650
Bus Service-Medicaid	N/A	N/A	N/A	N/A	5,800	9,780	13,100	21,900	22,550	22,550
Social Services paratransit	N/A	N/A	18,250	70,760	99,800	98,220	112,600	110,659	113,979	114,000
Public Safety:										
911 calls received	112,000	130,000	135,000	140,000	155,000	106,000	112,000	116,000	118,000	121,709
Emergency HazMat responses	35	40	45	50	50	52	150	100	100	95
Average daily population juvenile detention	27	29	46	38	46	48	48	48	48	48
Average daily population adult jail	603	646	667	734	678	735	781	825	855	875
Number of animals received	13,500	14,500	13,000	11,345	10,173	12,112	14,341	16,000	15,325	16,000
Number of spay/neuter surgeries performed	N/A	2,000	2,000	3,611	3,560	3,749	4,000	4,500	5,000	5,000
Environmental protection:										
Number of scrap tires processed	550,000	537,000	574,000	574,000	565,000	594,000	625,000	650,000	650,000	900,000
Number of white goods disposed of(tons)	700	1,700	1,750	1,750	1,600	2,654	2,700	2,800	2,800	2,800
Culture and recreation:										
Number of park and rec participants	480,000	540,000	570,000	590,000	645,000	675,100	1,130,000	1,373,100	1,590,600	1,815,100
Education:										
Average daily membership	58,576	60,171	61,120	62,053	61,894	63,575	63,873	65,118	67,099	68,722
County appropriation per pupil	\$1,517.78	\$1,523.93	\$1,536.54	\$1,674.34	\$1,864.30	\$1,818.94	\$1,967.43	\$2,006.60	\$2,111.29	\$2,061.43

Source: Guilford County Annual Budget except for 2006 which uses the 2006-2007 Recommended Budget

**Guilford County, North Carolina
Capital Asset Statistics by Function
Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Human Services: (2),(4)										
Public health occupied square footage	121,723	121,723	121,723	121,723	121,723	121,723	121,723	95,806	95,806	95,806
Mental health occupied square footage	201,197	193,037	193,037	193,037	193,037	193,037	193,037	203,515	203,515	203,515
Social services occupied square footage	141,979	141,979	156,328	156,328	156,328	156,328	156,328	148,262	148,262	148,262
Cooperative Extension occupied square footage	47,022	47,022	47,022	47,022	47,022	47,022	47,022	47,022	47,022	47,022
Child support occupied square footage	14,349	14,349	-	-	-	-	-	-	-	9,040
Public Safety:										
Number of law enforcement vehicles (3),(4)	227	244	247	260	260	270	305	304	304	319
Number of law enforcement centers (4)	2	2	2	2	2	2	2	2	2	2
Number of emergency medical vehicles (3),(4)	41	41	42	41	47	48	69	67	73	73
Number of emergency medical stations (4)	10	10	10	10	11	11	11	11	11	11
Number of fire marshall vehicles (3),(4)	11	11	10	10	10	10	17	16	15	16
Number of volunteer fire stations (5)	41	41	41	41	41	39	39	39	39	39
Number of volunteer firefighters (5)	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	800	800
Number of animal control vehicles (3),(4)	8	8	8	8	8	8	14	15	14	13
Culture-recreation:										
Parks (4)	190	200	200	204	205	205	256	257	257	257
Libraries (6)	12	12	12	12	12	10	10	10	10	10
Education: (1)										
Number of schools (7)	95	95	95	96	98	101	102	107	108	108

Notes:

- (1) Includes Guilford County Schools only.
- (2) Human service square footage is based on occupancy of County owned properties only and does not include data related to services moving to non-County owned properties.

Sources:

- (3) Guilford County Risk Management
- (4) Guilford County Fixed Assets System
- (5) Guilford County Emergency Medical Services Department
- (6) Cities of Greensboro, High Point, Gibsonville and Jamestown
- (7) Guilford County Schools

