

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2010



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Prepared by
Guilford County Finance Department

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Introductory Section

LETTER OF TRANSMITTAL



Guilford County

November 15, 2010

The Board of County Commissioners
and Mrs. Brenda Jones Fox, County Manager
Guilford County, North Carolina

The Comprehensive Annual Financial Report (CAFR) of Guilford County, North Carolina, for the fiscal year ended June 30, 2010, 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 organizational 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.

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

LETTER OF TRANSMITTAL

Cherry, Bekaert, & Holland, L.L.P., a firm of licensed certified public accountants, has audited Guilford County's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of Guilford County for the fiscal year ended June 30, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial 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, 2010, 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. The 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 483,487, 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 nine 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.

LETTER OF TRANSMITTAL

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 & Poor's Corporation, Aaa from Moody's, and AAA from Fitch IBCA on all of its outstanding bonded 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, which is 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 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 58. 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. The proprietary fund subsection beginning on page 76 presents budget-to-actual comparisons of the approved financial plan for the Internal Service Fund.

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.

LETTER OF TRANSMITTAL

Local economy. Guilford County generally enjoys a favorable economic environment, which until the recent recession has enjoyed consistent stable growth. While gross retail sales information is unavailable, comparable State taxable sales figures are available to approximate 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. State taxable sales for Guilford County declined 9.3% and 8% in fiscal years 2010 and 2009, respectively, after growing 1.5% and 5.7% respectively, in the two previous fiscal years. Taxable sales are \$5.07 billion for fiscal year 2010 as compared to \$5.59 billion in fiscal year 2009. Guilford County has a labor force of approximately 246,000. 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. After tracking the national average for the past two years, the County's unemployment rate has exceeded the national average for fiscal 2010. The unemployment rate for Guilford County was 6.1% for calendar 2008 and 11.0% for 2009; the U.S. unemployment rate was 5.8% for 2008 and 9.3% for 2009. Guilford County's unemployment rate of 11.1% for the first six months of 2010 is above the U.S. and North Carolina rates of 9.9% and 10.8%, respectively. Announcements of layoffs in excess of one hundred employees per event by large retail, financial and manufacturing concerns have contributed to the increasing unemployment rate.

Guilford County's economy has continued to change and diversify. In December 2009, manufacturing accounted for 13.5% of the County's 227,824 jobs compared to 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, a private school of law, and a community college with a total enrollment exceeding 50,000 students.

FedEx completed construction at Piedmont Triad International Airport of its fifth national hub, FedEx Mid-Atlantic Hub. Initial expenditures by FedEx and the Piedmont Triad Airport Authority are expected to total \$300 million. The first phase of the hub became operational in June 2009. Full regional hub operations are slated to begin in the future. FedEx has 200 workers in Phase I, with a planned expansion to a total of 1,500 workers in Phase II. A 9,000-foot runway was constructed at PTIA to accommodate the FedEx hub. The \$150 million runway was dedicated in June 2010.

FedEx Ground continues construction of its \$100 million distribution hub on its 125 acre, \$13.3 million site in Triad Business Park. The 400,000 square-foot ground shipping hub will initially bring about 270 new jobs to the Triad. Ultimately, the operation could employ as many as 1,400 workers and contract drivers. Construction began in spring 2009, with a 2011 projected opening date.

Honda Aircraft Company, Inc. announced in February 2007 that it planned to locate its world headquarters and production facility at PTIA. The company currently occupies an administrative building and its World Research and Development Center at PTIA and began construction of its 250,000 square-foot production hangar in late summer 2009 with expected completion in early 2011. The delivery of the first HondaJet (priced at \$4.5 million) is projected to be in the 3rd quarter of 2012.

The revitalization of downtown Greensboro (Downtown) continues to thrive. In 2009-2010 Downtown gained a net of 14 new storefront businesses with a total financial investment of \$20.9 million. Downtown had 107 building renovation and construction projects generating \$8 million, with 52 properties purchased generating investment of \$12.9 million. The redevelopment of a vacant 17-story office tower including over 100 condominium units, one floor of office space, retail shops and a restaurant opened for occupancy in the spring of 2009. A restaurant and bank opened on the first floor in August and December 2009, respectively.

Mack Trucks, Inc., one of North America's largest producers of heavy-duty trucks, celebrated the grand opening of its new world headquarters in Greensboro in September 2009, bringing or creating 493 jobs and investing an expected \$17.7 million over the next three years. Ameritox, Ltd., specializing in pain prescription monitoring, opened its new laboratory and material analysis facility in a 70,000 square-foot facility in Greensboro in June 2010. At full capacity, the company will employ 228 people.

LETTER OF TRANSMITTAL

Precor Incorporated, an exercise equipment manufacturer, celebrated a grand opening of its 230,000 square foot, \$26.2 million facility in Rock Creek Center in March 2010. Precor plans to hire 142 new employees at an average salary in excess of \$38,000 by 2011. Approximately 90 full-time employees have been hired as of September 2010. The County's Board of Commissioners approved \$294,000 in incentives for Precor in November 2008.

American Express confirmed in May 2010 that it will invest up to \$600 million in construction of a data center on two sites near Interstate 40 at Rock Creek Dairy Road.

Timco Aviation Services officials announced in August 2010 that the company has hired more than 200 employees since the beginning of 2010 to support its many contracts, and will need another 80 employees by the end of the year.

High Point has continued to experience growth in its downtown as well as in outlying areas with \$29.4 million of commercial additions or expansions, while creating or announcing 1,405 jobs in 2009. High Point University completed projects totaling \$110 million and created 176 new jobs in 2009.

Harland Clarke Corporation opened its 135,000 square-foot order fulfillment facility on Premier Drive in High Point in May 2009. The company initially moved 200 employees from within the County; by August 2009, it had transferred 80 employees from facilities outside the County and by November 2009 it had hired an additional 70 new employees, resulting in 350 jobs at its High Point location.

Three interrelated companies, Trans Tech Pharma, PharmaCore, and the Mendenhall Clinical Research Center opened new facilities in 2009 on their campus in High Point. The new facilities are a part of an ongoing project announced in 2007 which will create 205 new jobs over five years.

Long-term financial planning. The County broke ground in November 2009 on a new 1,000-bed jail facility in Greensboro to address overcrowding. In May of 2008, the voters authorized \$114.6 million general obligation bonds for this purpose as well as \$457.3 million for school and \$79.5 million for community college facilities. In March 2010, the County issued new general obligation debt of \$7.5 million of the remaining park bonds from a 2004 referendum and \$157.5 million of the bonds approved in 2008 for jail, school and community college facilities. Plans call for the issue of the remaining \$347.3 million of authorized 2008 bonds over the next two or three fiscal years, depending on school needs. The remaining authorized/unissued bonds for schools, GTCC and jail are \$267.3 million, \$29.9 million and \$50.1 million, respectively.

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 \$5.3 million including related hardware and other costs. The system has been implemented in phases from the latter part of 2006 with the Lawson payroll system placed in service in March 2010. In conjunction with the payroll phase, the County implemented the KRONOS Incorporated time and attendance workforce management system to supplement Lawson payroll at an additional \$0.7 million. The County contracted with Intelligent Information Systems in association with the North Carolina Association of County Commissioners' Collaborative Property Tax Systems for land records, appraisal, billing and collections software prior to the next reappraisal as of January 1, 2012. The project budget is \$2.3 million with the land records and appraisal system implemented March 2010 and the billing and collections go live on July 5, 2010.

The County has historically provided post-retirement healthcare benefits to retirees meeting certain eligibility requirements as more fully described under the Pension and other post employment benefits heading below. However, in an effort to address the long-term costs of this benefit, the Board of County Commissioners has voted to discontinue all retiree health insurance eligibility for employees hired on or after July 1, 2009. A retirement health savings plan administered by ICMA with defined contributions that provide better control of costs has replaced this benefit for new employees. In addition, the County has begun funding the annual required contribution (ARC) for the healthcare plan beyond the historical pay-as-you-go amounts by contributing \$2 million during fiscal year 2010 to an irrevocable trust. Another \$2 million is budgeted for fiscal year 2011. The positive financial impact of these changes is apparent in the most recent actuarial valuation report dated December 31, 2009. The ARC has decreased from the previous report by \$6 million while the unfunded actuarial accrued liability has decreased by \$73.2 million, to \$16.7 million and \$216.1 million, respectively.

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The unreserved, undesignated fund balance of the General Fund at fiscal year end stood at 9.35% 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, 2010 were \$3.4 million on an average invested balance of \$405.5 million.

Risk management

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

Pension and other post employment benefits

Guilford County provides pension and death 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 of 4.87% of salary for general employees and 4.86% for Law Enforcement employees was increased to 6.42% and 6.41%, respectively beginning July 1, 2010.

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 1.5% 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.

LETTER OF TRANSMITTAL

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 Board of County Commissioners has voted to discontinue all retiree health insurance eligibility for employees hired on or after July 1, 2009.) 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 20 years creditable service must pay the entire employer's share of the premium in addition to the employee's share. The County pays 50% of the employer's premium for retirees with 20 to 25 years of service, 75% for retirees with 25 to 30 years, and 100% of the employer's premium for retirees with 30 or more years of service and former Commissioners. All but five years of creditable service must be with Guilford County. As of the end of the current fiscal year, these benefits were mostly financed on a pay-as-you-go basis except that \$2 million was contributed to the North Carolina State Treasurer's Local Government Other Post-Employment Benefits Trust Fund (OPEB Trust), an irrevocable trust administered within the meaning of North Carolina General Statute Section 147-69.4. Another \$2 million is budgeted in fiscal year 2011 to further fund the OPEB Trust in excess of pay-as-you-go.

Additional information on Guilford County's pension arrangements, postemployment and other employment benefits can be found in Notes IV A.-D. of 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, 2009. This was the twenty-ninth 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.

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,



N. Reid Baker III, 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, 2009

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



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

President

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

Executive Director

PRINCIPAL OFFICIALS

Board of County Commissioners

Melvin L. "Skip" Alston
Chairman

Stephen G. Arnold
Vice Chairman

Kay Cashion

Carolyn Q. Coleman

Bruce Davis

Paul Gibson

John Parks

Kirk Perkins

Linda O. Shaw

Mike Winstead, Jr.

Billy Yow

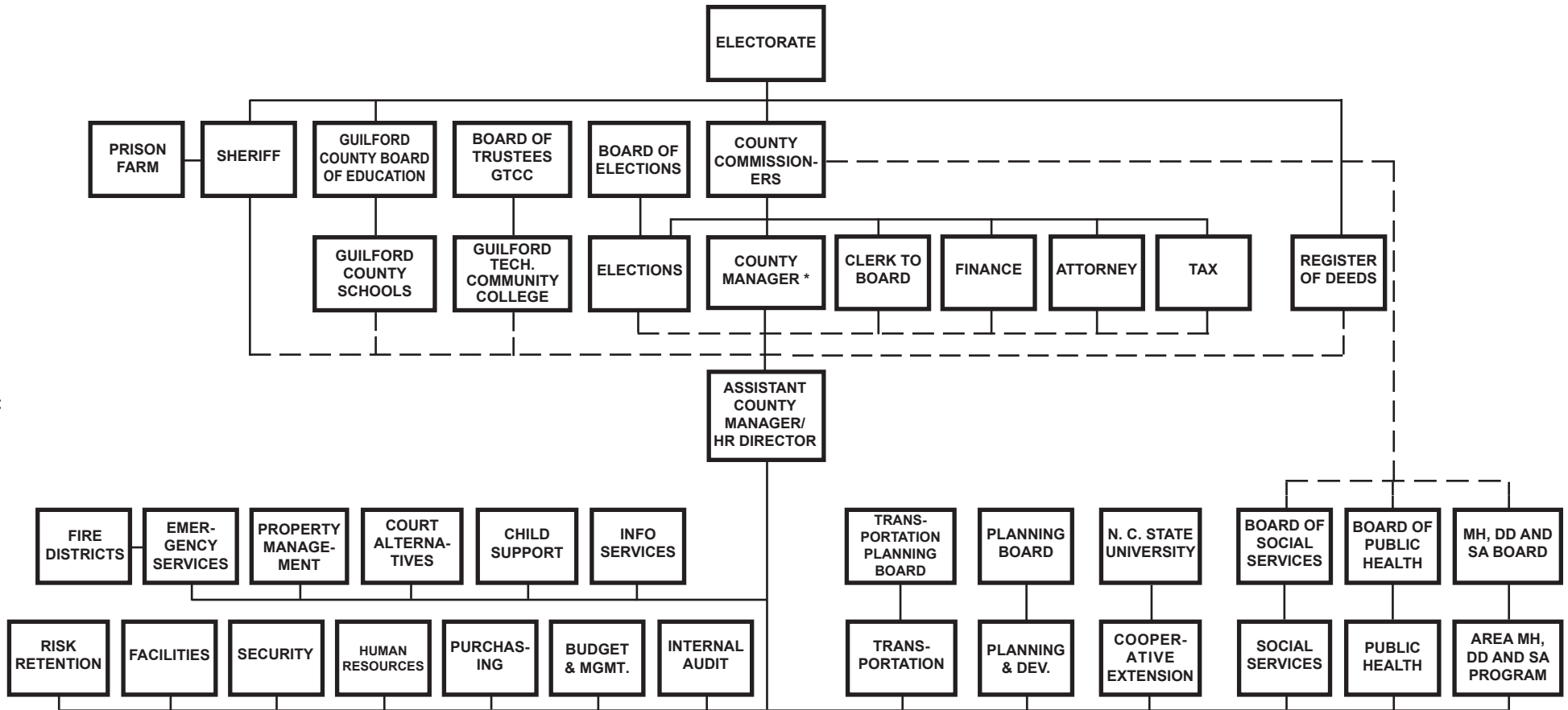
County Manager

Brenda Jones Fox, CPA

Finance Director

N. Reid Baker III, CPA

2009-10 ORGANIZATIONAL CHART GUILFORD COUNTY, NORTH CAROLINA



ix.

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

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

Financial Section



Independent Auditors' Report

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, 2010, which collectively comprise the County's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the 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 November 15, 2010 on our consideration of the County's internal control over financial reporting and on 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 or on 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.

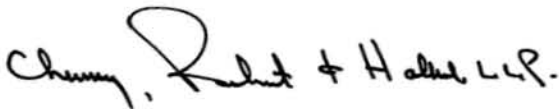
As discussed in the notes to the financial statements the County implemented *Governmental Accounting Standards Board Statement Number 53*. The implementation of this statement required that the County retroactively record the fair value of investment derivatives. Accordingly beginning net assets for June 30, 2010 has been restated to properly reflect the recording of the fair value of the County's investment derivatives.

Management's Discussion and Analysis and the Required Supplementary Information as 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 the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and schedules, and the additional financial data 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 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.

Handwritten signature in cursive script that reads "Cherry, Bekaert & Holland L.L.P."

Raleigh, North Carolina
November 15, 2010

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, 2010. 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 \$252.3 million (net assets).
- The County's total net assets decreased by \$39.5 million compared to the prior year after restatement. 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 significantly less than the \$63.7 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 \$24.2 million.
- The County's outstanding debt increased by \$135.7 million to \$846.4 million during the fiscal year, while its investment in capital assets increased by \$27 million to \$177.2 million.

The County's Funds

- At the fiscal year end, Guilford County's governmental funds reported a combined fund balance of \$453.5 million, an increase of \$84.1 million from the previous fiscal year end. The major increases occurred in the County Building Construction and School Capital Outlay Funds from the issuance of bonds during the current fiscal year.
- The fund balance of the County's General Fund decreased by \$5.7 million as expenditures exceeded revenues by \$3 million while net other financing sources and uses reduced the amount by another \$2.7 million.
- The unreserved fund balance for the General Fund (the County's major operating fund) decreased by \$7.3 million to \$88.2 million at fiscal year end equaling 16.3% of the total General Fund expenditures for the year.

Guilford County maintained its AAA rating from Standard & Poor's Corporation and as part of an industry-wide ratings recalibration to a global scale, both Moody's and Fitch IBCA have upgraded the County's ratings assigned to all issues to Aaa and AAA respectively.

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 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, economic development and assistance, education, and interest on long-term debt.

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 *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 seven 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 three 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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—two pension trust funds 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 17-52 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 obligations to provide certain pension benefits to its qualified sworn law enforcement officers and other postemployment health care benefits to its retirees and their dependents. This supplementary information is required by generally accepted accounting principles and can be found on pages 55 and 56 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 \$252.3 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).

Table A-1 GUILFORD COUNTY'S Net Assets (Primary Government)		
	Governmental Activities	
	2010	2009
Current and other assets	\$ 530,465,408	446,687,201
Capital assets	<u>177,243,898</u>	<u>150,268,234</u>
Total assets	707,709,306	596,955,435
Long-term liabilities outstanding	909,074,406	765,964,474
Other liabilities	<u>50,975,255</u>	<u>40,217,577</u>
Total liabilities	960,049,661	806,182,051
Net assets:		(Restated)
Invested in capital assets, net of related debt	122,628,297	120,573,365
Restricted	39,246,752	37,896,605
Unrestricted	<u>(414,215,404)</u>	<u>(371,277,681)</u>
Total net assets (liabilities)	\$ <u>(252,340,355)</u>	<u>(212,807,711)</u>

The largest portion of Guilford County's net assets reflects its investment in capital assets (e.g., land, buildings, improvements, machinery and equipment, vehicles, and intangibles), 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, issues debt to fund school facilities that become assets of the school district and community college facilities that become property of the community college. In addition, Guilford County issues debt to fund water and sewer lines that become assets of various municipalities. 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, 2010 include outstanding general obligation debt of \$702.1 million related to funding these non-county assets. This represents 86.3% of the County's outstanding general obligation debt. Because the County does not retain the related assets, this debt liability (less any unspent proceeds) reduces the County's total net assets and presents a less favorable picture as compared to governments that do not extensively fund the capital assets of other governmental entities. Comparative information for changes in net assets for the primary government is shown below (see Table A-2).

Table A-2 Changes in GUILFORD COUNTY'S Net Assets (Primary Government)		
	Governmental Activities	
	2010	2009
Revenues		
Program revenues		
Charges for services	\$ 44,818,837	47,207,854
Operating grants and contributions	99,281,078	108,140,766
Capital grants and contributions	2,858,701	6,914,055
General revenues		
Taxes:		
Property taxes for general purposes	329,355,109	326,572,120
Property taxes for fire districts	9,661,209	9,583,551
Sales taxes for general purpose	48,136,070	57,721,386
Sales taxes for fire districts	1,781,560	2,457,616
Sales taxes for school capital/debt	12,832,284	12,724,561
Occupancy taxes for tourism development	3,853,035	4,036,491
Other taxes	2,288,011	2,465,624
Grants and contributions not restricted	2,841,217	1,421,855
Unrestricted investment earnings	1,289,848	7,875,270
Other	257,879	225,855
Total revenues	559,254,838	587,347,004
Expenses		
General government	40,228,036	43,920,236
Human services	167,271,667	183,143,016
Public safety	102,286,880	104,015,673
Environmental protection	1,293,411	1,319,735
Culture and recreation	6,662,104	6,822,953
Economic development/urban redevelopment	6,810,880	7,365,173
Education	251,720,561	263,067,760
Interest on long-term debt	22,513,943	21,720,267
Total expenses	598,787,482	631,374,813
Changes in net assets	(39,532,644)	(44,027,809)
Net assets (liabilities) at beginning of year	(212,807,711)	(165,198,807)
Restatement	-	(3,581,095)
Net assets (liabilities) at end of year	\$ (252,340,355)	(212,807,711)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The County implemented Governmental Accounting Standards Board Statement 53, Accounting and Financial Reporting for Derivative Instruments, beginning July 1, 2010. Two of the County's debt-related swaps were ineffective hedges in fiscal 2010 under Statement 53 guidelines, requiring restatement of beginning net assets in the amount of \$3.6 million, the negative fair value of the derivatives at June 30, 2009.

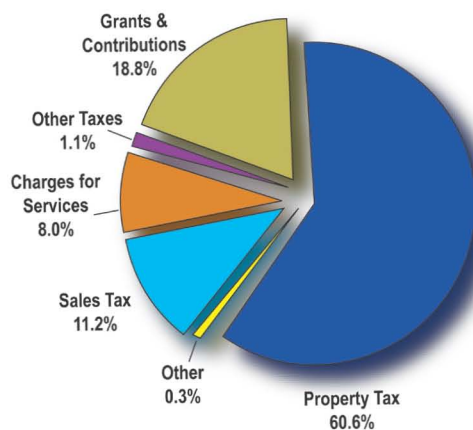
As noted in the highlights Guilford County's net assets decreased \$39.5 million during the current fiscal year primarily as a result of providing funding for school and community college facilities from bond proceeds and other sources. The expenses under the education activity include \$64.8 million in capital spending with \$57.2 million for school facilities and \$7.6 million 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 24.5% of program expenses, decreasing from 25.7% last year.
- Program revenues totaled \$147 million decreasing by \$15.3 million from the previous year. Operating grants from the State and Federal government and charges for services decreased relative to the prior year \$8.9 million to \$99.3 million and \$2.4 million to \$44.8 million, respectively. Capital grants and contributions decreased \$4.1 million to \$2.9 million due mainly to fewer donations of park properties in the current year. General revenues totaled \$412.3 million decreasing by \$12.8 million from the previous year. Property tax revenue provided an increase to \$339 million, up \$2.9 million or 0.9%, due to a modest increase in assessed values. Unrestricted grants increased \$1.4 million from a State hold harmless distribution to replace lost revenues from discontinued State reimbursements that were not recouped by the replacement one-quarter of a cent sales tax allowed at the local level. Sales tax revenue decreased to \$62.7 million, down \$10.2 million or 13.9% from the previous year due to decreased taxable retail sales in a slumping economy and the State of North Carolina Medicaid Relief Legislation which provided a phase out of one-quarter of a cent sales tax and a hold harmless provision for the municipal allocations. Investment income decreased \$6.6 million or 83.6% due to decreased yields on invested balances as well as the \$2.1 million decrease in fair value of interest rate swaps entered into in connection with variable-rate general obligation bonds. The remaining general revenues decreased only \$0.3 million, or 4.9% primarily from reduced occupancy, excise and other taxes impacted by a down economy.

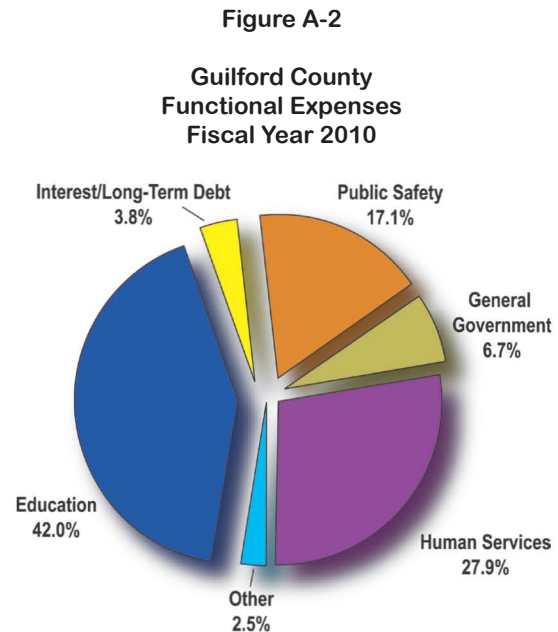
Figure A-1

Guilford County
Sources of Revenue
Fiscal Year 2010



MANAGEMENT'S DISCUSSION AND ANALYSIS

- Expenses decreased 5.2% or \$32.6 million to \$598.8 million. Education expenses were down \$11.3 million or 4.3% due to a decrease in capital funds expended by the schools and community college as operating funds remain unchanged. Human services expenses decreased \$15.9 million or 8.7% while general government and public safety expenses decreased \$3.7 million or 8.4% and \$1.7 million or 1.7%, respectively. These changes in expenses are due principally to the same changes in governmental fund expenditures that are more fully discussed under this section. In addition, \$1 million of the decrease in general government expenses were due to governmental fund personnel costs that were capitalized as software.
- Net assets decreased \$39.5 million, a \$4.5 million or 10.2% less decline than the previous year, due to the decrease in capital funding provided to outside entities. Decreases in program and general revenues less decreased expenses other than capital funding provided to outside entities continues to generate net assets.



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 \$453.5 million, an increase of \$84.1 million in comparison with the prior year. The increase is attributable to the issuance of general obligation bonds for school and other capital projects. The *unreserved fund balance*, which is not reserved for specific purposes, makes up 69.8% of the total or \$316.7 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 (\$88.6 million), (2) reserved under state statutory requirements (\$37 million), or (3) other restricted purposes (\$11.2 million). Approximately \$230.3 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 (\$34.2 million) (2) for capital project ordinances (\$195.2 million) or (3) for other specific purposes (\$.09 million). The *undesignated fund balance* (that not reserved or designated) totals \$86.5 million.

The General Fund is the chief operating fund of Guilford County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$88.2 million, while total fund balance declined to \$139.5 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 16.3% of total General Fund expenditures, while total fund balance represents 25.7% 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 \$53.3 million is equal to 9.35% of the fiscal year 2010-11 General Fund budget.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The fund balance of Guilford County's General Fund decreased \$5.7 million during the current fiscal year. Revenues of \$539.4 million were under expenditures by \$3 million and other financing sources and uses reduced the amount by another \$2.6 million. Revenue decreased by \$16.3 million, a 2.9% decrease from last fiscal year. General Fund revenue activities are as follows:

- Property tax revenue increased to \$329.2 million, going up \$3.9 million or 1.2% due to an increase in assessed values from \$44.6 billion to \$44.9 billion as the County-wide tax rate remained at \$.7374 per hundred of assessed value.
- Sales tax revenue in the General Fund decreased by \$9.5 million or 13.5% due to decreased taxable retail sales in a slumping economy and the State of North Carolina Medicaid Relief Legislation which provided a phase out of one-quarter of a cent sales tax and a hold harmless provision for the municipal allocations.
- Excise tax revenue remained down due to the slumping real estate market although stable compared to the prior fiscal year.
- Charges for services decreased \$1.7 million, down 4.5%. The most significant decrease was in Public Health for \$0.8 million.
- Intergovernmental revenue decreased \$4.1 million, down 3.9%. Most of the change related to Education with decreases in State Lottery funds used to support school debt service in the Debt Service Department by \$4.5 million. The remaining net increase was spread over several departments.
- Investment income for the General Fund decreased by \$3 million or 51.5% due to continued record low interest rates decreasing yields on invested balances.
- Other revenues decreased \$1.7 million, down 18.1%. The most significant decrease was in Emergency Services for \$0.5 million for planned reductions of joint funding refunds for County 911 staff by transferring these County employees and related costs to Guilford Metro 9-1-1 operated by the City of Greensboro.

General Fund expenditures were \$542.5 million, decreasing \$4 million or 0.7% from last year. Highlights of significant areas of change include:

- Debt service costs increased \$13.4 million or 27.2% due mainly to principal and interest costs associated with recent debt issues as well as increased legal and issuance costs. Debt service is the only functional level of expenditures with a significant increase over fiscal year 2009.
- Education expenditures decreased \$1.1 million or 0.6% due to a reduced Guilford County Schools annual capital allocation of \$1.6 million offset by an increased Guilford Technical Community College annual capital allocations of \$0.5 million.
- Public Safety expenditures decreased only \$0.4 million to \$82.9 million, a 0.5% decrease. Law Enforcement expenditures were up \$1.3 million or 2.5%. The increase was primarily due to \$0.9 million additional personnel costs. Emergency Services expenditures were down \$1 million or 4.6%. The decreases were spread among personnel costs, supplies and materials and vehicle purchases.
- Human Services expenditures decreased \$13.4 million, down 7.8%. Medical Assistance costs were down \$8.6 million or 77.2% due primarily to Medicaid Relief legislation which eliminates County responsibility for most of these costs going forward. Mental Health was down \$2.4 million or 6% due to reduced payments to outside service providers. Transportation was down \$1.1 million or 35.7% due to limitations placed on County funded services while other departments were down another \$1.3 million in total.
- General Government expenditures decreased \$2.2 million, down 5.3%. Human Resources expenditures were up \$2.7 million with \$2.3 million related to increased contributions for retiree health care. Elections expenditures were down \$1.6 million primarily related to the costs of new voting machines in fiscal year 2009. Tax expenditures were down \$1 million due to reduced personnel costs. Other smaller changes in General Government department expenditures netted to a \$2.1 million decrease as departments were generally asked to do more with less during the budget process.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The County Building Construction Fund fund balance increased \$47.9 million. Revenue and other sources included \$0.6 million from several revenues, \$65 million from the issuance of general obligation bonds, \$1.9 million from a part of the issuance premiums that must be used towards capital projects and \$9.7 million transfers in from the General Fund towards pay-as-you-go funding of capital projects. Expenditures of \$29.4 million included general government projects of \$1.5 million mainly for new financial and tax system implementations; public safety projects included \$19.8 million for the Guilford County Detention Center and \$1.7 million for the Rock Creek EMS Base Station projects; while park projects with total expenditures of \$5.6 million included \$4.9 million for the Open Space Acquisition project.

The Water and Sewer Construction Fund fund balance increased \$0.5 million as revenues of \$2.2 million from fees and \$0.2 million from interest designed to sustain future projects exceeded project expenditures of \$2 million.

The School Capital Outlay Fund fund balance increased \$41.8 million. Intergovernmental revenues of \$1.1 million were State Public School Building ADM and Lottery grants. Other sources were \$100 million from the issue of general obligation bonds. Expenditures of \$59.3 million consisted of \$53.2 million and \$6.1 million for Guilford County Schools and Guilford Technical Community College projects, respectively.

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 expenses of internal service operations exceeded operating revenues by \$2.6 million. Non-operating revenue (interest income) added \$0.3 million resulting in an overall loss of \$2.3 million. The County anticipated using up to \$1.9 million to reduce excess reserves based on the annual financial plan. The sole purpose of the fund is the operation of the County's risk management programs. The operating loss was spread across all programs.

General Fund Budgetary Highlights

The final General Fund budget for fiscal year 2009-10 was \$749.2 million, an increase of \$163.1 million from the original budget of \$586.1 million due mainly to refunding bonds and terminating interest rate swaps which were offset by related increases in sources of funds.

Table A-3
Summary of GUILFORD COUNTY'S Additional Appropriations
(General Fund)

	Sources		Uses
Refunding Bonds Issued	\$ 135,990,000	Payment to Bond Refunding	
Premiums on Refunding		Escrow Agent	\$ 146,348,500
Bonds Issued	17,807,700	Payment to Terminate	
Intergovernmental Revenue	7,944,589	Interest Rate Swaps	11,211,119
Fund Balance	6,528,824	Debt Service	(6,353,535)
Charges for Services	(703,370)	Social Services	4,333,493
Sales Taxes	(4,356,812)	Law Enforcement	2,096,589
Other Sources	(72,427)	Public Health	2,061,270
		Economic Development	
		& Assistance	1,624,818
		Information Services	925,856
		Other Uses	890,394
	\$ 163,138,504		\$ 163,138,504

MANAGEMENT'S DISCUSSION AND ANALYSIS

While it is typical for the budget to be amended significantly, the increase is larger than usual due to an increase of \$153.8 million related to refunding general obligation bonds at a premium. Guilford County typically increases its budget appropriation as a result of additional State and Federal funding received during the fiscal year. These grant funds generally provide funding for Economic Development, various human services programs of the Social Services, Mental Health, and Public Health departments and the public safety programs of the Law Enforcement, Emergency Services, and other public safety departments. The increase in this type of funding reported as intergovernmental revenues accounts for \$7.9 million of the increase in budget. The County also amends its budget each year to carry forward outstanding encumbrances from the prior year utilizing fund balance. The carry forward budget amendment for the fiscal year ending June 30, 2010 was \$7.1 million for all General Fund departments. Other changes during the year resulted in a net reduction in appropriated fund balance of \$0.6 million as well as reductions in sales taxes, charges for services and other revenues totaling \$5.1 million to address declining revenues from the stagnant economy by cutting departmental budgets.

The final General Fund budget for fiscal year 2009-10 was \$749.2 million, increasing by \$151.2 million over the previous year's final budget again due mainly to \$157.6 million for refunding bond payments and terminating interest rate swaps which were offset by related increases in sources of funds noted above and net reductions from the original budget to Debt Service of \$6.4 million. Most of the increase is to Transfers Out by \$7.3 million to catch up pay-as-you-go funding to the County Building Construction Fund, Human Resources by \$3.3 million to fund other post employment benefits and Debt Service by \$1.8 million. Significant decreases occurred in Tax and Elections by \$1 million and \$1.3 million, respectively; Mental Health by \$2.5 million; Public Assistance, mainly Medical Assistance, of \$11.9 million due to Medicaid Relief legislation provided by the State of North Carolina; and Education by \$1.1 million. General Fund expenditures and other uses for the 2010 fiscal year were 94.7% of the final budget.

The resulting \$39.6 million variance in the actual expenditures and other uses from the final budget versus \$49.2 million in the prior fiscal year is closer to but still greater than the typical range. Variances usually result 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; capital purchases which are not completed at year end; and budgeting conservatively for interest on variable-rate bonds. The variances above the typical range occurred in Debt Service due to a smaller than planned issue of fixed rate general obligation bonds at a later date, thus avoiding a spring coupon payment. The General Government variance is \$1.9 million greater than the prior year variance, spread across many of these administrative departments as all were charged with holding costs down during the year. The Human Services variance other than Medical Assistance is \$2.8 million greater than the prior year variance mainly in several Public Health, Social Services, and Transportation programs. The Economic Development and Assistance Department variance increased \$1.2 million as budgeted economic incentive obligations were not yet earned and payable.

Capital Asset and Debt Administration

Capital assets. Guilford County's investment in capital assets for its governmental activities as of June 30, 2010, amounts to \$177.2 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, vehicles, and intangibles. 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 net increase in its investment in capital assets was \$27 million during the current fiscal year.

Land increased \$6.8 million mainly from purchases as well as donations of park land by several corporations and individuals. Construction in progress increased \$22.3 million before transfers of closed projects to buildings of \$0.4 million, mainly in the Greensboro Health Department Renovations, Guilford County Detention Center and Rock Creek EMS Base Station projects by \$0.6 million, \$19.8 million and \$1.7 million, respectively. Buildings increased \$0.5 million before depreciation mainly from the closed Scrap Tire/White Goods Facility projects. Machinery and equipment decreased \$0.3 million before depreciation as disposals of \$1.1 million outpaced additions, vehicles increased \$2.4 million, \$1.2 million of which was for Law Enforcement and \$0.7 million for Emergency Services purposes, all before disposals of \$1.6 million as well as depreciation. Improvements other than buildings increased \$0.5 million, mainly in the park projects. Intangible assets increased \$2.3 million before depreciation from financial systems implementations including payroll and related time and attendance, and tax appraisal, billing and collection projects.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Additional information on Guilford County's capital assets can be found in Note III. C. on pages 30 and 31 of this report.

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

	Governmental Activities	
	2010	2009
Land	\$ 44,428,947	37,592,825
Buildings	71,748,878	74,249,321
Improvements other than buildings	9,692,782	10,010,366
Machinery and equipment	7,868,429	8,498,718
Vehicles	4,666,356	4,800,385
Construction in progress	34,093,627	12,268,986
Intangibles	4,744,879	2,847,633
Total	\$ 177,243,898	150,268,234

Debt Administration. At the end of the current fiscal year, Guilford County had total bonded debt outstanding of \$813.41 million all of which were general obligation bonds, backed by the full faith and credit of the County. In addition there were \$43.9 million in unamortized bond issuance premiums and \$4.1 million of obligations under capital leases and installment financings all net of unamortized bond refunding and interest rate swap termination charges of \$3.8 and \$11.22 million, respectively. Guilford County's total debt increased \$135.7 million during the fiscal year. In March 2010 the County issued a total of \$300.99 million in general obligation debt consisting of \$165 million in new fixed rate general obligation bonds at a \$12.5 million premium and \$135.99 million of fixed rate refunding bonds at a \$17.8 million premium. The new debt consisted of \$60 million for schools, \$40 million for community college facilities, \$57.5 million for law enforcement facilities and \$7.5 million for parks and recreation facilities. This was offset mainly with the retirement of \$146.2 million refunded bonds and \$36.3 million of scheduled principal payments on general obligation bonds and other debt.

The County's issue in two series of \$135.99 million refunding bonds retired a total of \$146.23 million in outstanding series 1998, 2002 and 2007 bonds. As part of the overall refunding strategy, \$17.8 million in premiums generated, along with a County contribution of \$4.5 million, were used towards retirement of the bonds, plus payment of issuance costs of \$0.8 million and fees of \$11.2 million to terminate interest rate swaps on the variable-rate components of the retired debt. The refundings will reduce total debt service over the next thirteen years by a total of \$10.9 million and generate a net economic gain of \$3.3 million.

Guilford County has now received a "triple A" rating from all three ratings agencies on all of its outstanding bonded debt. The County maintains a "AAA" rating from Standard & Poor's Corporation. As part of an industry-wide ratings recalibration to a global scale, both Moody's and Fitch IBCA have upgraded the County's ratings assigned to all issues to Aaa and AAA, respectively.

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 \$3.6 billion, which is significantly in excess of Guilford County's outstanding and unissued general obligation debt.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Additional information on Guilford County's long-term debt can be found in Note III. F. on pages 34-38 of this report.

Table A-5 GUILFORD COUNTY'S Outstanding Debt		
	Governmental Activities	
	2010	2009
General obligation bonds	\$ 813,410,000	694,355,000
Plus bond issuance/put bond premiums	43,892,770	15,403,171
Less bond refunding charges	(3,795,669)	(3,781,176)
Less swap termination fees	(11,211,119)	-
Capital leases and purchase money installment contracts	4,147,088	4,783,962
Total	\$ 846,443,070	710,760,957

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

- The County's fiscal 2011 General Fund budget has decreased by \$16.4 million from the fiscal year 2010 original budget to \$569.7 million, a 2.8% decrease.
- The General Fund appropriated fund balance of \$34 million for the fiscal year 2011 is \$9.1 million less than last year's original General Fund budget, and maintains a stable undesignated fund balance at June 30, 2010 of 9.35% of the 2011 budget. Decreases to appropriations from generally available fund balance were \$12.9 million. Most of the decrease relates to pay-as-you-go funding to the County Building Construction Fund, down \$7.6 million as the 2010 transfer caught up pay-as-you-go funding per the Capital Investment Plan. Other decreases were spread among the departments. Increases to appropriations from restricted funding sources accounted for \$3.8 million, most of which was approximately one-third of the premium on the 2010 bond issue to support the Debt Service budget and \$0.6 million additional funds restricted to Public Health programs. The budget provided for the second year, other post employment benefit contributions to a pension trust fund in the amount of \$2 million.
- The General Fund tax rate levied for fiscal year 2011 remains at the 2010 and 2009 levels of \$.7374 per \$100 valuation. The level rate combined with a small 1.4% decline in the County's estimated tax base to \$44.82 billion will provide a slight decrease in tax revenue from the previous year.
- Estimated sales tax revenue of \$58.3 million for the fiscal year 2011 is \$6 million less than last year's original General Fund budget to reflect the continued impact of a down economy as well as the phase out of another one-quarter of a cent sales tax to complete the provisions of the State of North Carolina Medicaid Relief Legislation. Other significant changes in revenue include increases in intergovernmental revenue of \$4.2 million and decreases in other sources totaling \$4.5 million and including investment income, user charges, excise taxes and refunds of shared costs.
- None of the 2011 General Fund budget categories have significant increases over the 2010 amounts.
- The General Fund budgets with the most significant decreases are Transfers to the County Building Construction Fund down \$7.6 million as the 2010 transfer caught up pay-as-you-go funding per the Capital Investment Plan; Mental Health down \$2.6 million or 6.3% to \$38.5 million; Culture-Recreation down \$1.2 million or 20% to \$5 million; Economic Development and Assistance down \$1.2 million or 38% to \$1.9 million; and the remaining reduction of \$3.8 million spread among most of the other departments.

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 N. Reid Baker III, 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, 2010, 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, 2010

Exhibit 1

	Primary Government	Component Unit
	Governmental	Greensboro/Guilford
	Activities	County Tourism
		Development Authority
Assets		
Current assets:		
Cash and cash equivalents/investments	\$ 470,894,692	657,184
Receivables:		
Property taxes (net)	6,178,894	-
Accrued interest on property taxes (net)	410,000	-
Other taxes	419,699	-
Due from governmental units and agencies	32,674,669	56,698
Due from primary government	-	230,322
Service fees (net)	3,726,702	-
Special assessments	673,360	-
Accrued interest on investments	826,478	1,359
Other	4,353	8,846
Total receivables	44,914,155	297,225
Deposits and other assets	9,459,438	-
Total current assets	525,268,285	954,409
Noncurrent assets:		
Due from governmental units and agencies	557,777	-
Deferred charges	2,812,016	-
Deferred outflow of resources - interest rate swaps	1,827,330	-
Non-depreciable capital assets	78,522,574	-
Depreciable capital assets (net)	98,721,324	68,187
Total noncurrent assets	182,441,021	68,187
Total assets	707,709,306	1,022,596
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	39,932,583	21,950
Due to component unit	230,322	-
Unearned revenue	2,600,380	-
Deposits	743,468	-
Derivative liability	7,468,502	-
Current portion of long-term liabilities	42,206,283	-
Total current liabilities	93,181,538	21,950
Noncurrent liabilities:		
Noncurrent portion of long-term liabilities	866,868,123	-
Total liabilities	960,049,661	21,950
Net Assets		
Invested in capital assets, net of related debt	122,628,297	68,187
Restricted for:		
Capital projects	30,988,873	-
Other purposes	8,257,879	-
Unrestricted	(414,215,404)	932,459
Total net assets (liabilities)	\$ (252,340,355)	1,000,646

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, 2010

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	\$ 40,228,036	5,930,518	22,474	10,000	(34,265,044)	-
Human services	167,271,667	17,062,584	87,497,137	243,318	(62,468,628)	-
Public safety	102,286,880	19,375,549	1,637,406	223,545	(81,050,380)	-
Environmental protection	1,293,411	35,795	783,383	-	(474,233)	-
Culture - recreation	6,662,104	9,500	-	2,381,838	(4,270,766)	-
Urban redevelopment and housing	219,047	-	219,046	-	(1)	-
Economic development and assistance	6,591,833	2,364,652	-	-	(4,227,181)	-
Education	251,720,561	-	1,121,632	-	(250,598,929)	-
Interest on long-term debt	22,513,943	40,239	8,000,000	-	(14,473,704)	-
Total primary government	\$ <u>598,787,482</u>	<u>44,818,837</u>	<u>99,281,078</u>	<u>2,858,701</u>	<u>(451,828,866)</u>	<u>-</u>
Component Unit:						
Greensboro/Guilford Co Tourism Dev Authority:						
Tourism promotion and development	\$ <u>3,473,143</u>	<u>76,441</u>	<u>3,355,069</u>	<u>-</u>	<u>-</u>	<u>(41,633)</u>
General revenues:						
Taxes:						
Property taxes, levied for general purposes					329,355,109	-
Property taxes, levied for fire districts					9,661,209	-
Sales taxes, levied for general purposes					48,136,070	-
Sales taxes, levied for fire districts					1,781,560	-
Sales taxes, levied for school capital and/or debt					12,832,284	-
Occupancy taxes, levied for tourism development					3,853,035	-
Excise tax					1,560,241	-
Local gross receipts and franchise taxes					727,770	-
Grants and contributions not restricted to specific programs					2,841,217	-
Unrestricted investment earnings					1,289,848	4,437
Other					257,879	-
Total general revenues					<u>412,296,222</u>	<u>4,437</u>
Change in net assets					(39,532,644)	(37,196)
Net assets (liabilities) at beginning of year:						
As previously reported					(209,226,616)	1,037,842
Restatement					(3,581,095)	-
As restated					<u>(212,807,711)</u>	<u>1,037,842</u>
Net assets (liabilities) at end of year					\$ <u>(252,340,355)</u>	<u>1,000,646</u>

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

GUILFORD COUNTY, NORTH CAROLINA
Balance Sheet
Governmental Funds
June 30, 2010

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	\$ 125,408,818	88,914,020	38,238,401	192,563,933	860,675	445,985,847
Receivables:						
Property taxes (net)	6,026,276	-	-	-	152,618	6,178,894
Accrued interest on property taxes (net)	410,000	-	-	-	-	410,000
Due from other funds	165,564	-	-	-	-	165,564
Other taxes	90,667	-	-	-	329,032	419,699
Due from governmental units and agencies	30,657,036	553,041	618,549	712,585	649,866	33,191,077
Service fees (net)	3,188,819	-	-	-	-	3,188,819
Special assessments	-	-	673,360	-	-	673,360
Accrued interest on investments	744,559	38,239	-	-	1,073	783,871
Other	4,353	-	-	-	-	4,353
Total receivables	41,287,274	591,280	1,291,909	712,585	1,132,589	45,015,637
Deposits and other assets	54,351	-	-	-	-	54,351
Total assets	\$ <u>166,750,443</u>	<u>89,505,300</u>	<u>39,530,310</u>	<u>193,276,518</u>	<u>1,993,264</u>	<u>491,055,835</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	\$ 16,880,368	1,598,581	467,552	6,874,236	99,142	25,919,879
Due to other funds	-	-	-	-	165,564	165,564
Due to component unit	-	-	-	-	230,322	230,322
Deferred revenue	9,580,346	-	710,204	-	207,815	10,498,365
Deposits	743,468	-	-	-	-	743,468
Total liabilities	27,204,182	1,598,581	1,177,756	6,874,236	702,843	37,557,598
Fund balances:						
Reserved for:						
Encumbrances	8,266,470	75,392,100	4,945,389	-	250	88,604,209
State statute	34,072,646	591,280	618,549	712,585	979,971	36,975,031
Restricted funding sources	9,034,157	-	-	2,140,070	-	11,174,227
Unreserved:						
Designated for subsequent year's expenditures reported in:						
General fund	33,994,340	-	-	-	-	33,994,340
Special revenue funds	-	-	-	-	188,366	188,366
Designated for capital project ordinances reported in capital projects funds	-	-	12,637,967	182,548,306	-	195,186,273
Designated for specific purposes reported in general fund	887,389	-	-	-	-	887,389
Undesignated reported in:						
General fund	53,291,259	-	-	-	-	53,291,259
Special revenue funds	-	-	-	-	121,834	121,834
Capital projects funds	-	11,923,339	20,150,649	1,001,321	-	33,075,309
Total fund balances	139,546,261	87,906,719	38,352,554	186,402,282	1,290,421	453,498,237
Total liabilities and fund balances	\$ <u>166,750,443</u>	<u>89,505,300</u>	<u>39,530,310</u>	<u>193,276,518</u>	<u>1,993,264</u>	<u>491,055,835</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, 2010

Exhibit 4

Total fund balances - total governmental funds (Exhibit 3)	\$	453,498,237
<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.		177,243,898
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. (Note II.A.1.)		8,094,957
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.)		881,438
Deferred outflows (asset-like charges) for the accumulated decrease in fair value of hedging derivatives as used in governmental activities are not financial resources and therefore are not reported in the funds. (Note III.F. Derivative Instruments)		1,827,330
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)		28,341,619
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>(922,227,834)</u>
Total net assets (liabilities) of governmental activities (Exhibit 1)	\$	<u>(252,340,355)</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, 2010

Exhibit 5

	General	County Building Construction	Water and Sewer Construction	School Capital Outlay	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes:						
Property taxes	\$ 329,206,730	-	-	-	9,674,821	338,881,551
Sales tax	60,968,354	-	-	-	1,781,560	62,749,914
Occupancy taxes	-	-	-	-	3,853,035	3,853,035
Excise tax	1,560,241	-	-	-	-	1,560,241
Local gross receipts tax	578,291	-	-	-	-	578,291
Franchise taxes	149,479	-	-	-	-	149,479
Licenses and permits	1,440,463	-	-	-	-	1,440,463
Intergovernmental	100,363,169	450,396	-	1,121,632	219,047	102,154,244
Charges for services	36,674,438	-	2,244,879	-	-	38,919,317
Investment earnings	2,826,813	84,770	182,868	-	3,564	3,098,015
Other	5,670,159	104,435	12,660	-	-	5,787,254
Total revenues	<u>539,438,137</u>	<u>639,601</u>	<u>2,440,407</u>	<u>1,121,632</u>	<u>15,532,027</u>	<u>559,171,804</u>
Expenditures						
Current:						
General government	39,026,532	-	-	-	-	39,026,532
Human services	157,837,907	-	-	-	-	157,837,907
Public safety	82,859,977	-	-	-	11,838,675	94,698,652
Environmental protection	1,203,142	-	-	-	-	1,203,142
Culture - recreation	5,757,497	-	-	-	-	5,757,497
Urban redevelopment and housing	-	-	-	-	219,047	219,047
Economic development and assistance	727,599	-	-	-	3,853,035	4,580,634
Intergovernmental:						
Education	192,418,211	-	-	59,302,350	-	251,720,561
Capital outlay	-	29,351,332	2,011,199	-	-	31,362,531
Debt service:						
Principal retirement	36,215,200	-	-	-	-	36,215,200
Interest and fiscal charges	24,686,773	-	-	-	-	24,686,773
Bond issuance costs	1,748,409	-	-	-	-	1,748,409
Total expenditures	<u>542,481,247</u>	<u>29,351,332</u>	<u>2,011,199</u>	<u>59,302,350</u>	<u>15,910,757</u>	<u>649,056,885</u>
Excess (deficiency) of revenues over expenditures	<u>(3,043,110)</u>	<u>(28,711,731)</u>	<u>429,208</u>	<u>(58,180,718)</u>	<u>(378,730)</u>	<u>(89,885,081)</u>
Other Financing Sources (Uses)						
Refunding bonds issued	135,990,000	-	-	-	-	135,990,000
General obligation bonds issued	-	65,000,000	-	100,000,000	-	165,000,000
Payment to bond refunding escrow agent	(146,310,850)	-	-	-	-	(146,310,850)
Premiums on general obligation bonds issued	10,642,500	1,904,183	-	-	-	12,546,683
Premiums on refunding bonds issued	17,807,698	-	-	-	-	17,807,698
Payment to terminate interest rate swaps	(11,211,119)	-	-	-	-	(11,211,119)
Transfers in	-	9,692,373	89,408	-	-	9,781,781
Transfers out	(9,692,373)	(14,634)	-	-	(74,774)	(9,781,781)
Sale of capital assets	165,734	-	-	-	-	165,734
Total other financing sources (uses)	<u>(2,608,410)</u>	<u>76,581,922</u>	<u>89,408</u>	<u>100,000,000</u>	<u>(74,774)</u>	<u>173,988,146</u>
Net changes in fund balances	(5,651,520)	47,870,191	518,616	41,819,282	(453,504)	84,103,065
Fund balances at beginning of year	145,197,781	40,036,528	37,833,938	144,583,000	1,743,925	369,395,172
Fund balances at end of year	<u>\$ 139,546,261</u>	<u>87,906,719</u>	<u>38,352,554</u>	<u>186,402,282</u>	<u>1,290,421</u>	<u>453,498,237</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, 2010

Exhibit 6

Net changes in fund balances - total governmental funds (Exhibit 5)	\$	84,103,065
<p>Amounts reported for governmental activities in the statement of activities are different because (see also Note II.B.):</p>		
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.)		25,272,100
The net effect of various miscellaneous transactions involving capital assets (ie., sales, trade-ins and donations) is to increase net assets. (Note II.B.2.)		1,703,564
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.)		(109,926)
Increases (decreases) in the fair value of hedging derivatives reported as an addition to (a reduction of) investment earnings in the statement of activities do not provide (require the use of) current financial resources and, therefore, are not reported as revenues (expenditures) in the governmental funds. (Note III.F. Derivative Instruments)		(2,060,077)
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.)		(135,732,128)
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 purchases method and, therefore, are not reported as expenses in the statement of activities. (Note II.B.5.)		(10,419,500)
The Internal Service Fund is used by management to charge the costs of risk management and insurance to individual funds. The net loss of the Internal Service Fund is reported with governmental activities. (See Exhibit 9)		<u>(2,289,742)</u>
Change in net assets of governmental activities (Exhibit 2)	\$	<u>(39,532,644)</u>

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, 2010**

	<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	\$ 327,834,000	327,834,000	328,029,077	195,077
Interest on delinquent property taxes	775,000	1,075,000	1,177,653	102,653
Total property taxes	328,609,000	328,909,000	329,206,730	297,730
Sales tax	64,265,000	59,908,188	60,968,354	1,060,166
Excise tax	1,989,900	1,989,900	1,560,241	(429,659)
Local gross receipts tax	775,000	775,000	578,291	(196,709)
Franchise taxes	140,000	140,000	149,479	9,479
Licenses and permits	1,855,385	1,855,385	1,440,463	(414,922)
Intergovernmental	98,913,634	106,858,223	100,363,169	(6,495,054)
Charges for services	36,904,471	36,201,101	36,674,438	473,337
Investment earnings	3,220,000	3,220,000	2,826,813	(393,187)
Other	6,211,012	5,824,293	5,670,159	(154,134)
Total revenues	<u>542,883,402</u>	<u>545,681,090</u>	<u>539,438,137</u>	<u>(6,242,953)</u>
Expenditures				
Current:				
General government	43,913,376	45,461,609	39,026,532	6,435,077
Human services	164,910,641	171,405,735	157,837,907	13,567,828
Public safety	85,964,164	88,699,481	82,859,977	5,839,504
Environmental protection	1,371,133	1,505,019	1,203,142	301,877
Culture - recreation	6,236,181	6,331,244	5,757,497	573,747
Economic development and assistance	3,091,577	4,716,395	727,599	3,988,796
Intergovernmental:				
Education	192,418,211	192,418,211	192,418,211	-
Capital outlay	700,000	9	-	9
Debt service:				
Principal retirement	36,215,200	36,215,200	36,215,200	-
Interest and fiscal charges	39,953,076	33,399,541	24,686,773	8,712,768
Bond issuance costs	1,645,000	1,845,000	1,748,409	96,591
Total expenditures	<u>576,418,559</u>	<u>581,997,444</u>	<u>542,481,247</u>	<u>39,516,197</u>
Excess (deficiency) of revenues over expenditures	<u>(33,535,157)</u>	<u>(36,316,354)</u>	<u>(3,043,110)</u>	<u>33,273,244</u>
Other Financing Sources (Uses)				
Refunding bonds issued	-	135,990,000	135,990,000	-
Payment to bond refunding escrow agent	-	(146,348,500)	(146,310,850)	37,650
Premiums on general obligation bonds issued	-	-	10,642,500	10,642,500
Premiums on refunding bonds issued	-	17,807,700	17,807,698	(2)
Payment to terminate interest rate swaps	-	(11,211,119)	(11,211,119)	-
Transfers out	(9,692,373)	(9,692,373)	(9,692,373)	-
Sale of capital assets	93,500	107,792	165,734	57,942
Total other financing sources (uses)	<u>(9,598,873)</u>	<u>(13,346,500)</u>	<u>(2,608,410)</u>	<u>10,738,090</u>
Net change in fund balances	<u>(43,134,030)</u>	<u>(49,662,854)</u>	<u>(5,651,520)</u>	<u>44,011,334</u>
Fund balances at beginning of year	<u>145,197,781</u>	<u>145,197,781</u>	<u>145,197,781</u>	<u>-</u>
Fund balances at end of year	\$ <u>102,063,751</u>	<u>95,534,927</u>	<u>139,546,261</u>	<u>44,011,334</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, 2010

Exhibit 8

		<u>Governmental Activities</u>
Assets		
Current assets:		
Cash and cash equivalents/investments	\$	24,908,845
Receivables:		
Due from governmental units and agencies		41,369
Service fees (net)		537,883
Accrued interest on investments		<u>42,607</u>
Total receivables		621,859
Deposits and other assets		<u>9,069,197</u>
Total assets		<u>34,599,901</u>
 Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities		5,372,329
Unearned revenue		871,626
Compensated absences		<u>3,609</u>
Total current liabilities		6,247,564
Noncurrent liabilities:		
Compensated absences		<u>10,718</u>
Total liabilities		<u>6,258,282</u>
 Net Assets		
Unrestricted		<u>28,341,619</u>
Total net assets	\$	<u>28,341,619</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, 2010

Exhibit 9

	<u>Governmental Activities</u>
Operating revenues:	
Charges for services	\$ 30,653,116
Other	<u>718,445</u>
Total operating revenues	<u>31,371,561</u>
 Operating expenses:	
Personal services	350,697
Other direct service costs	19,696
Professional services	1,638,150
Claims, premiums and bonding	<u>31,919,593</u>
Total operating expenses	<u>33,928,136</u>
Operating loss	(2,556,575)
 Nonoperating revenues:	
Interest income	<u>266,833</u>
Change in net assets	(2,289,742)
Total net assets at beginning of year	<u>30,631,361</u>
 Total net assets at end of year	 \$ <u><u>28,341,619</u></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, 2010

Exhibit 10

	Governmental Activities
Increase (decrease) in cash and cash equivalents:	
Cash flows from operating activities:	
Cash received from user departments and participants	\$ 29,274,082
Other operating revenues	460,935
Cash paid to employees for services	(327,220)
Cash paid to suppliers, participants and others	(33,137,062)
Net cash used by operating activities	(3,729,265)
Cash flows from investing activities:	
Interest and dividends on investments	233,454
Net decrease in cash and cash equivalents	(3,495,811)
Cash and cash equivalents at beginning of year	28,404,656
Cash and cash equivalents at end of year	\$ 24,908,845
 Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (2,556,575)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Change in assets and liabilities:	
Increase in accounts receivable	(321,274)
Decrease in deposits and other assets	176,437
Increase in accounts payable	332,927
Increase in accrued salaries and benefits payable	40,984
Decrease in unearned revenue	(1,384,257)
Decrease in accrued vacation and compensatory benefits	(17,507)
Total adjustments	(1,172,690)
Net cash used by operating activities	\$ (3,729,265)

Non-cash investing, capital and financing activities:

During the year, deposits and other assets also increased by interest income of \$91,581 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, 2010

Exhibit 11

	Pension Trust Funds	Agency Funds
Assets		
Cash and cash equivalents/investments	\$ 3,179,163	\$ 1,871,724
Receivables:		
Accrued interest on investments	1,884	-
Total assets	3,181,047	\$ 1,871,724
Liabilities		
Accounts payable and accrued liabilities	21,790	\$ 454,812
Representative payee clients payable	-	372,611
Due to other taxing units	-	1,044,301
Total liabilities	21,790	\$ 1,871,724
Net Assets		
Held in trust for pension benefits	\$ 3,159,257	

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 Funds
For the fiscal year ended June 30, 2010

Exhibit 12

		<u>Pension Trust Funds</u>
Additions		
Employer contributions	\$	2,521,280
Net investment loss		<u>(45,046)</u>
Total additions		<u>2,476,234</u>
 Deductions		
Benefits		730,602
Administrative expenses		<u>628</u>
Total deductions		<u>731,230</u>
Change in net assets		1,745,004
Net assets at beginning of year		<u>1,414,253</u>
Net assets at end of year	\$	<u><u>3,159,257</u></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, 2010

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 \$3,853,035 County levied occupancy taxes earned and included as an economic development and assistance expense of the County, \$2,697,124 is reported as part of the Authority's operating grants and contributions program revenue along with \$657,945 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, 2200 Pinecroft Road, Suite 200, Greensboro, North Carolina 27407.

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 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. G.). 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 (Average Daily Membership and Lottery), 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, 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:

Pension Trust Funds are used to account for activities which accumulate resources for postemployment benefits to qualified individuals. The County maintains the following pension trust funds: the Law Enforcement Officers' Special Separation Allowance Fund accounts for the activities of a single employer, public retirement system, and accumulates resources for pension benefit payments to qualified law enforcement officers; and the Other Post-Employment Benefits Fund accounts for the activities of a single employer defined benefit Health Care Plan and provides postemployment healthcare benefits to eligible retirees of the County who participate in the North Carolina Local Government Employees' Retirement System.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

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 Board of Education; the Representative Payee Fund, which accounts for funds deposited with the Social Services Department 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

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

specific purpose or project before any amount will be reimbursed to the County; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met. Some types of charges for services are susceptible to accrual. Human Services Departments' client and contract fees and Emergency Services Department ambulance fees net of an adjustment for estimated uncollectible fees are recognized when earned because they are considered both measurable and available. All other charges for services as well as licenses and permits and other revenues are not susceptible to accrual because, generally, they are not measurable until received in cash.

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 while the appropriations in the Room Occupancy/Tourism Development Tax 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 and Internal Service Fund and in the aggregate for non-major, pension trust 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,

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

the County and Authority may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

Investments with remaining maturities at the time of purchase of one year or less are stated at amortized cost which approximates fair value. Investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The securities of the North Carolina Capital Management Trust (NCCMT) Cash Portfolio, an SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. 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.

General Statute 147-69.4 allows local governments to establish an OPEB Trust Fund under the management of the State Treasurer and General Statute 159-30(g) allows the County to make contributions to the Fund. The State Treasurer in her discretion may invest the proceeds in equities of certain publicly held companies and long- or short-term fixed income investments as detailed in General Statutes 147-69.2(b)(1-6) and (8). Funds submitted are managed in three different sub-funds, the State Treasurer's Short Term Investment Fund (STIF) consisting of short to intermediate treasuries, agencies and corporate issues authorized by G.S. 147-69.1; the long-term investment fund (LTIF) consisting of investment grade corporate securities, treasuries, and agencies; and various BlackRock Alpha Tilts Funds authorized under G.S. 147-69.2(b)(8). The STIF securities are reported at cost and maintain a constant \$1 per share value. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund. The LTIF and BlackRock Alpha Tilts Funds are valued at fair value. Neither the STIF nor the LTIF is registered with the SEC.

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 a staggered 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 2009 through February 2010 apply to the fiscal year ended June 30, 2010. The uncollected portion of these taxes is included in property taxes receivable on the financial statements. Those taxes for vehicles registered from March 2010 through June 2010 apply to fiscal year 2011 and are therefore not included in property taxes receivable at June 30, 2010.

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, 2010, 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.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

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. The County implemented Governmental Accounting Standards Board Statement 51, *Accounting and Financial Reporting for Intangible Assets*, beginning July 1, 2009. Intangible assets, which are generally classified as capital assets, have a threshold of \$100,000 and an estimated life in excess of two years. For the year ending June 30, 2010, the County's intangible assets consisted solely of internally generated software that was purchased and modified using more than incremental effort before being put into operation in accordance with Statement 51 guidelines. Capital 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.

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

Primary Government		Authority	
Buildings	45 years	Furniture and fixtures	7 years
Improvements other than buildings	20 years	Equipment	5 years
Machinery and equipment	10 years	Vehicles	5 years
Intangibles - software	10 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. However, the Board of County Commissioners approved a revision to the personnel regulations effective August 30, 2009, that provided payment of overtime for non-exempt employees in lieu of compensatory time accrual. Further, the revision requires nonexempt employees to use compensatory balances prior to using other types of leave. The personnel regulations revision also eliminated compensatory time for exempt employees. Instead, exempt employees may qualify for up to 80 hours of management leave that is awarded at the beginning of the following year. Unused management leave balances at the end of the calendar year are forfeited for future use and are not paid to the employee at the end of service. Accumulated compensatory benefits that have not been used for both exempt and nonexempt employees are payable upon separation from County services at the rate of pay that was in effect on August 30, 2009, the date of the effective revision.

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.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

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.

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, 2010, 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 2010–2011 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 Public Health and Law Enforcement departments and for rural fire district loans. 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.

8. Changes in Accounting Principals/Restatement

The County implemented Governmental Accounting Standards Board Statement 53, *Accounting and Financial Reporting for Derivative Instruments*, beginning July 1, 2009. Statement 53 requires that derivatives proven ineffective as hedges be treated as investment derivatives, with the change in fair market value reported as an increase or decrease in investment revenue. Prior to the current fiscal year and in keeping with existing financial/reporting standards, the County had not reflected the fair value of investment derivatives in its financial statements except for note disclosure. Two of the County's debt-related swaps were proven to be ineffective hedges in fiscal year 2010, requiring restatement of beginning net assets in the amount of \$3,581,095, the negative fair value of the investment derivatives at June 30, 2009.

The County implemented Governmental Accounting Standards Board Statement 51, *Accounting and Financial Reporting for Intangible Assets*, beginning July 1, 2009. Statement 51 establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies in reporting among state and local governments. Retroactive reporting by the County is not required since it has been determined that the County's intangible assets meeting the statement's guidelines consist solely of internally generated intangible assets.

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)	\$ 6,178,894
Accrued interest on property taxes receivable (net)	410,000
Due from governmental units (cities) for reimbursement by contract of County watershed bonded debt	832,703
Special assessments receivable	<u>673,360</u>
Net adjustment to increase total fund balances - total governmental funds to arrive at net assets of governmental activities	<u>\$ 8,094,957</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)	\$ 673,990
Less: Employee portion withheld in June, reclassified to current liabilities	(129,106)
Net pension asset for excess contributions to the Pension Trust Fund	<u>336,554</u>
Net adjustment to increase total fund balances - total governmental funds to arrive at net assets of governmental activities	<u>\$ 881,438</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	\$ 813,410,000
Less: Deferred charge on refunding (to be amortized as interest expense)	(3,795,669)
Less: Deferred charge for issuance costs (to be amortized over life of debt)	(2,812,016)
Less: Interest rate swap termination payment (to be amortized as interest expense)	(11,211,119)
Plus: Issuance premiums (to be amortized against interest expense)	43,892,770
Accrued interest payable	8,511,269
Derivative liability	7,468,502
Accrued arbitrage rebate payable	47,883
Capital leases and installment financings payable	4,147,088
Net other postemployment benefits obligation - Health Care Benefits Plan	51,163,563
Accrued compensated absences payable	<u>11,419,890</u>
Subtotal	922,242,161
Less: Accrued compensated absences payable of the Internal Service Fund	<u>(14,327)</u>
Net adjustment to decrease total fund balances - total governmental funds to arrive at net assets of governmental activities	<u>\$ 922,227,834</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-)	\$ 33,384,351
Less: depreciation expense (net of Internal Service Fund amount of \$-0-)	<u>(8,112,251)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at change in net assets of governmental activities	<u>\$ 25,272,100</u>

2. “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase 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.	\$ (123,443)
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>1,827,007</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at change in net assets of governmental activities	<u>\$ 1,703,564</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)	\$ 94,768
Accrued interest on property taxes receivable (net)	40,000
Due from governmental units (cities) for reimbursement by contract of County watershed bonded debt	(351,807)
Special assessments receivable	<u>107,113</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at change in net assets of governmental activities	<u>\$ (109,926)</u>

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

4. "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal consumes the current financial resources. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities."

Debt issued or incurred:

Issuance of refunding bonds	\$ (135,990,000)
Issuance of general obligation bonds	(165,000,000)
Less: premiums on refunding bonds issued	(17,807,698)
Less: premiums on general obligation bonds issued	(12,546,683)
Plus: bond issuance costs	1,748,410
Plus: refunding bond costs	80,850

Principal repayments:

General obligation bonds	35,705,000
Capital leases and installment financings	636,874
Payment to escrow agent for refunding bonds	146,230,000
Payment to terminate interest rate swaps	<u>11,211,119</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at change in net assets of governmental activities	<u>\$ (135,732,128)</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 purchases method and, therefore, are not reported as expenses in the statement of activities."

Accrued interest	\$ (2,987,130)
Accrued arbitrage rebate	2,431,121
Compensated absences	787,639
Amortization of issuance and costs	(130,929)
Amortization of deferred charge on refunding	(533,348)
Amortization of bond premiums	1,864,782
Net other postemployment benefits obligation - Health Care Benefits Plan	(10,664,086)
Employer portion of healthcare benefits prepaid for July	(1,190,718)
Net pension asset for excess contributions to the Pension Trust Fund	<u>3,169</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at change in net assets of governmental activities	<u>\$ (10,419,500)</u>

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

III. DETAILED NOTES ON ALL FUNDS

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, 2010, the cash and investments included the following:

Account Balances	Ownership of Funds
	Primary Government – Guilford County
Petty cash/cash on hand	Governmental Funds
\$ 52,289	\$ 445,985,847
Demand deposits	Internal Service Fund
31,482,841	24,908,845
Public Funds Money Market Accounts	Total Governmental Activities
207,964,396	470,894,692
Certificates of deposit	Pension Trust Funds
86,406,609	3,179,163
Investments	Agency Funds
148,648,977	1,871,724
OPEB Trust Funds	475,945,579
2,047,651	657,184
	Component Unit – Authority
<u>\$ 476,602,763</u>	<u>\$ 476,602,763</u>

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 \$325,809,516 and a bank balance of \$330,611,585. Of the bank balance, \$2,250,063 was covered by Federal depository insurance, and \$35,987,388 in non-interest-bearing deposits and \$292,374,134 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 \$44,330 and a bank balance of \$115,529 which was fully covered by Federal depository insurance.

Investments

North Carolina General Statute 159-30(c) authorizes the County and Authority to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain nonguaranteed Federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

At June 30, 2010, the County's pooled investment balances were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Months)</u>
U.S. Treasury Securities	\$ 7,975,000	4.53
U.S. Government Agencies	3,998,340	5.58
N.C. State Agencies	3,000,000	0.97
Commercial Paper and Bankers' Acceptances	<u>14,974,368</u>	4.32
	29,947,708	4.21
N.C. Capital Management Trust	<u>118,701,269</u>	Demand
Total Pooled Investments	<u>\$ 148,648,977</u>	

The North Carolina (N.C.) State Agency instrument in the County's portfolio is an auction rate security with a final stated maturity of July 2033; however, historically they could be redeemed at par and the interest rate reset every 35 days, making the effective maturity the next reset date, until February 2008 when the auctions began failing. At that time, the instruments became illiquid and there was no secondary market.

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.

The County is invested in two "pay-fixed, receive-variable" interest rate swaps with notional amounts of \$30,000,000 each. The County makes monthly fixed payments and receives variable payments based on 60.4% of the five-year LIBOR swap. The swaps were both executed in November 2006 and mature in February and October 2020. Additional details on the swaps is included in Note III. F. under the Derivative Instruments section. At June 30, 2010, the combined fair value of the swaps is \$(5,641,172) and is included in the derivatives liability total.

Credit Risk. The County's investment policy incorporates State laws concerning allowable investment and imposes additional restrictions on concentration in certain types of investments and on allowable maturities. North Carolina General Statutes limits investment in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2010, the County's investments in commercial paper were rated P1 by Standard & Poor's, and 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, 2010. 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. As of June 30, 2010, the following investment categories account for more than 5% of the County's investments: General Electric Capital Corp. Commercial Paper, 10.1% and U.S. Treasury, State and Local Government Series, 5.4%.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

OPEB Trust Funds

At June 30, 2010, the Guilford County Health Care Plan (the HC Plan) Fund had \$2,047,651 invested in the State Treasurer’s Local Government Other Post-Employment Benefits (OPEB) Fund pursuant to G.S. 147-69.4. The State Treasurer’s OPEB Fund may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the General Statutes. At year end, 26.61% of the HC Plan funds were invested in the State Treasurer’s Short-Term Investment Fund (STIF), 10.92% were invested in the Long-Term Investment Fund (LTIF) and 62.47% were invested in equity funds. The equity allocation is 25% international equities via the BlackRock Global Ex-US Alpha Tilts Fund and 75% domestic through the BlackRock Russell 3000 Alpha Tilts Fund.

Interest Rate Risk: The County does not have a formal investment interest rate policy regarding the HC Plan Fund that manages its exposure to fair value losses arising from increasing interest rates. The State Treasurer’s STIF is unrated and had a weighted average maturity of 1.6 years at June 30, 2010. The State Treasurer’s LTIF is unrated and had a weighted average maturity of 15.8 years at June 30, 2010.

Credit Risk: The County does not have a formal investment policy regarding credit risk for the HC Plan Fund. The STIF is unrated and authorized under NC General Statute 147-69.1. The State Treasurer’s STIF is invested in highly liquid fixed income securities consisting primarily of short to intermediate treasuries, agencies, and money market instruments. The LTIF is unrated and authorized under N.C. General Statutes 147-69.1 and 147-69.2 and invests in U.S. Treasuries, agencies, and corporate bonds with longer-term maturities.

B. Receivables

Receivables are recorded net of an allowance for estimated uncollectible accounts at June 30, 2010 in the County’s individual funds as follows:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds	Internal Service Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Allowance for uncollectible accounts on:				
Property taxes	\$ 7,666,313	139,805	7,806,118	-
Accrued interest on property taxes	2,556,262	-	2,556,262	-
Service fees	<u>11,673,664</u>	<u>-</u>	<u>11,673,664</u>	<u>22,118</u>
	<u>\$ 21,896,239</u>	<u>139,805</u>	<u>22,036,044</u>	<u>22,118</u>

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

C. Capital Assets

The County implemented Governmental Accounting Standards Board Statement 51, "Accounting and Financial Reporting for Intangible Assets," beginning July 1, 2009. The County's intangible assets consist solely of internally generated software for fiscal year ending June 30, 2010.

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

Primary Government – Governmental Activities

A summary of changes in capital assets, net of accumulated depreciation, for the fiscal year ended June 30, 2010 follows:

	Balance July 1, 2009	Increases	Decreases	Transfers	Balance June 30, 2010
Non-depreciable capital assets:					
Land	\$ 37,592,825	6,836,122	-	-	44,428,947
Land improvements	-	-	-	-	-
Construction in progress	<u>12,268,986</u>	<u>22,268,931</u>	-	(444,290)	<u>34,093,627</u>
Total non-depreciable capital assets	<u>49,861,811</u>	<u>29,105,053</u>	-	(444,290)	<u>78,522,574</u>
Depreciable capital assets:					
Buildings	126,460,253	50,698	-	444,290	126,955,241
Improvements other than buildings	17,404,889	507,089	-	-	17,911,978
Machinery and equipment	28,226,843	791,811	(1,060,622)	(6,846)	27,951,186
Vehicles	21,469,621	2,446,873	(1,585,851)	6,846	22,337,489
Intangibles	<u>3,666,968</u>	<u>2,309,834</u>	-	-	<u>5,976,802</u>
Total depreciable capital assets	197,228,574	6,106,305	(2,646,473)	444,290	201,132,696
Less accumulated depreciation for:					
Buildings	(52,210,932)	(2,995,431)	-	-	(55,206,363)
Improvements other than buildings	(7,394,523)	(824,673)	-	-	(8,219,196)
Machinery and equipment	(19,728,125)	(1,328,970)	974,338	-	(20,082,757)
Vehicles	(16,669,236)	(2,550,589)	1,548,692	-	(17,671,133)
Intangibles	<u>(819,335)</u>	<u>(412,588)</u>	-	-	<u>(1,231,923)</u>
Total accumulated depreciation	<u>(96,822,151)</u>	<u>(8,112,251)</u>	<u>2,523,030</u>	-	<u>(102,411,372)</u>
Total depreciable capital assets (net)	<u>100,406,423</u>	<u>(2,005,946)</u>	<u>(123,443)</u>	444,290	<u>98,721,324</u>
Governmental activities capital assets (net)	<u>\$ 150,268,234</u>	<u>27,099,107</u>	<u>(123,443)</u>	-	<u>177,243,898</u>

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

Function/Program	
General government	\$ 2,421,580
Human services	1,054,249
Public safety	3,693,953
Environmental protection	45,547
Culture - recreation	<u>896,922</u>
Total government activities depreciation expense	<u>\$ 8,112,251</u>

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

Guilford County's construction in progress at June 30, 2010 is composed of the following:

Project Name	Project Authorization ⁽¹⁾	Expended to June 30, 2010	Estimated Costs to Complete	Required Future Financing
Northeast Park	\$ 3,404,406	3,180,666	223,740	-
EMS Base Station - Rock Creek	2,245,800	1,907,280	338,520	-
GC Detention Center	115,735,000	23,214,400	92,520,600	50,115,000
GSO Courthouse Renovations	4,918,874	4,118,609	800,265	-
New DSS Facility - High Point	445,538	223,326	222,212	-
Prison Farm Improvements and Design	725,000	-	725,000	-
Northwest EMS Base Station	1,500,000	-	1,500,000	-
Greensboro Health Department Renovation	3,009,656	604,248	2,405,408	-
Southwest Park	1,000,000	845,098	154,902	-
High Point Courthouse Renovations	468,626	-	468,626	-
Greene Street Center	398,180	-	398,180	-
Bellemeade Center Renovations	833,114	-	833,114	-
	<u>\$ 134,684,194</u>	<u>34,093,627</u>	<u>100,590,567</u>	<u>50,115,000</u>

(1) Project Authorization and costs exclude amounts associated with land, land improvements, purchased buildings, 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, 2010 follows:

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Depreciable capital assets:				
Furniture, fixtures and equipment	\$ 315,791	-	-	315,791
Less accumulated depreciation	(225,620)	(21,984)	-	(247,604)
Tourism Authority capital assets, net	<u>\$ 90,171</u>	<u>(21,984)</u>	<u>-</u>	<u>68,187</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, 2010 includes the following balances:

	<u>Vendors</u>	<u>Salaries, Benefits Accrued & Withheld</u>	<u>Accrued Interest</u>	<u>Due to Gov. Units, Districts & Agencies</u>	<u>Other</u>	<u>Total</u>
Major Governmental Funds:						
General (1)	\$ 8,347,147	5,454,861	-	760,541	2,317,819	16,880,368
County Building Construction	1,598,581	-	-	-	-	1,598,581
Water and Sewer Construction	467,552	-	-	-	-	467,552
School Capital Outlay (2)	-	-	-	6,874,236	-	6,874,236
Nonmajor Governmental Funds	-	-	-	99,142	-	99,142
Internal Service Fund (3)	4,977	41,603	-	-	5,325,749	5,372,329
Reconciliation of balances in fund financial statements to government-wide financial statements	-	129,106	8,511,269	-	-	8,640,375
Total - Governmental Activities	<u>\$ 10,418,257</u>	<u>5,625,570</u>	<u>8,511,269</u>	<u>7,733,919</u>	<u>7,643,568</u>	<u>39,932,583</u>

(1) Other payable includes \$2,209,876 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 \$5,325,749. See Note IV. E. 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, 2010 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	\$ 1,487,134	-	55,197	1,542,331
Prepaid special assessments not yet billed or earned	-	36,844	-	36,844
Federal, State and private foundation grants received in advance	824,233	-	-	824,233
Total unearned	2,311,367	36,844	55,197	2,403,408
Unavailable:				
Property taxes receivable (net)	6,026,276	-	152,618	6,178,894
Accrued interest on property taxes receivable (net)	410,000	-	-	410,000
Due from governmental units (cities) for reimbursement by contract of County watershed bonded debt	832,703	-	-	832,703
Special assessments receivable	-	673,360	-	673,360
Total unavailable	7,268,979	673,360	152,618	8,094,957
Total deferred revenue - Governmental Funds	\$ 9,580,346	710,204	207,815	10,498,365
Internal Service Fund:				
Unearned:				
Advance payment collected on insurance settlement			\$ 75,221	75,221
Service fees collected in advance from external sources			121,751	121,751
Total unearned from external sources			196,972	196,972
Service fees collected in advance from internal sources ⁽¹⁾			674,654	674,654
Total unearned revenue - Internal Service Fund			\$ 871,626	871,626

⁽¹⁾ The Internal Service Fund service fees collected in advance from internal sources are eliminated or reclassified when combined with the Governmental Funds to report the Primary Government's Governmental Activities.

Governmental Activities:

Unearned:	
Governmental Funds per above	\$ 2,403,408
Internal Service Fund (from external sources) per above	196,972
Total unearned revenue - Governmental Activities	\$ 2,600,380

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, 2010 follows:

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Current Portion of Balance
Bonds payable:					
General obligation bonds	\$ 694,355,000	300,990,000	(181,935,000)	813,410,000	37,035,000
Plus bond issuance premiums	15,403,171	30,354,381	(1,864,782)	43,892,770	-
Less bond refunding charges	(3,781,176)	(547,841)	533,348	(3,795,669)	-
Less swap termination fees	-	(11,211,119)	-	(11,211,119)	-
Total bonds payable	<u>705,976,995</u>	<u>319,585,421</u>	<u>(183,266,434)</u>	<u>842,295,982</u>	<u>37,035,000</u>
Capital leases and installment financings	4,783,962	-	(636,874)	4,147,088	575,688
Accrued arbitrage rebate	2,479,004	-	(2,431,121)	47,883	-
Compensated absences	12,225,036	6,658,096	(7,463,242)	11,419,890	4,595,595
Net other postemployment benefits obligation	<u>40,499,477</u>	<u>17,174,028</u>	<u>(6,509,942)</u>	<u>51,163,563</u>	<u>-</u>
Total	<u>\$ 765,964,474</u>	<u>343,417,545</u>	<u>(200,307,613)</u>	<u>909,074,406</u>	<u>42,206,283</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 \$14,327 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.

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, 2010, such statutory limit for the County was \$3,591,340,869 providing a debt margin of approximately \$2.43 billion.

Bonds authorized and unissued at June 30, 2010 are as follows:

For Additions and/or Improvements To	Date Approved	Balance
Public Schools	05/06/2008	\$ 267,315,000
Community College	05/06/2008	29,900,000
Jail	05/06/2008	<u>50,115,000</u>
		<u>\$ 347,330,000</u>

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

Long-term liabilities outstanding as of June 30, 2010 include the following:

General Obligation Bonds:	
October 2000 \$5,870,000 Water and Sewer serial bonds due in annual installments of \$520,000 through October 2010; interest at 5.00%.	\$ 520,000
October 2000 \$84,750,000 Public Improvement serial bonds due in annual installments of \$7,480,000 through October 2010; interest at 5.00%.	7,480,000
October 2000 \$30,000,000 Public Improvement serial bonds due in annual installments of \$1,380,000 to \$8,000,000 from October 2016 through 2020; interest fixed at 4.00% effective January 2004 through October 2007; then reverting to variable rate debt synthetically fixed at 3.865%.	30,000,000
October 2002 \$5,855,000 Water and Sewer serial bonds due in annual installments of \$320,000 to \$520,000 through October 2016; interest at 3.50% to 4.00%.	4,305,000
October 2002 \$57,500,000 Public Improvement serial bonds due in annual installments of \$3,830,000 to \$3,835,000 through October 2017; interest at 3.25% to 4.00%.	30,655,000
February 2005 \$9,220,000 Public Improvement serial bonds due in annual installments of \$610,000 to \$615,000 through March 2020; variable rate interest synthetically fixed at 3.22% upon issuance due monthly.	6,145,000
February 2005 \$80,780,000 Public Improvement serial bonds due in annual installments of \$5,385,000 to \$5,390,000 through March 2020; variable rate interest synthetically fixed at 3.22% upon issuance due monthly.	53,855,000
February 2005 \$93,220,000 Public Improvement serial bonds due in annual installments of \$2,000,000 to \$18,645,000 from March 2019 through 2025; interest due monthly at variable rates.	93,220,000
February 2005 \$54,380,000 General Obligation Refunding bonds due in annual installments of \$1,165,000 to \$9,125,000 through October 2016; interest at 3.00% to 5.00%.	49,680,000
March 2007 \$45,000,000 Public Improvement serial bonds due in annual installments of \$11,250,000 from April 2023 through 2027; interest due monthly at variable rates.	45,000,000
March 2007 \$40,440,000 Public Improvement serial bonds due in annual installments of \$1,750,000 to \$8,000,000 through April 2018; interest at 4.00% to 5.00%.	35,190,000
February 2009 \$164,600,000 Public Improvement serial bonds due in annual installments of \$8,230,000 through February 2029; interest at 4.00% to 5.00%.	156,370,000
April 2010 \$82,500,000 Public Improvement serial bonds due in annual installments of \$8,250,000 from August 2011 through 2020; interest at 3.00% to 5.00%.	82,500,000
April 2010 \$82,500,000 taxable Build America Bonds (Public Improvement) due in annual installments of \$8,250,000 from August 2021 through 2031; interest at 4.541% to 5.461%.	82,500,000
April 2010 \$84,775,000 General Obligation Refunding Bonds due in annual installments of \$5,900,000 to \$7,735,000 from February 2011 through 2022, interest at 2.50% to 5.00%.	84,775,000
April 2010 \$51,215,000 General Obligation Refunding Bonds due in annual installments of \$10,155,000 to \$10,325,000 from August 2018 through 2022, interest at 4.00% to 5.00%.	51,215,000
Total general obligation bonds	<u>\$ 813,410,000</u>
Obligations under capital leases and installment financings:	
For \$1,683,660 building and land obligation due in semi-annual installments of \$84,183 plus interest at 4.50% through March 2018.	\$ 1,346,928
For \$3,418,340 building and land obligation due in semi-annual installments of \$170,917 plus interest at 5.23% through March 2018.	2,734,672
For \$485,187 computer equipment obligation due in monthly installments of \$11,057 through December 2010; interest at 4.47%.	65,488
Total obligations under capital leases and installment financings	<u>\$ 4,147,088</u>

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

The County has remarketing and standby purchase agreements with banks which provide for remarketing of certain variable-rate bonds when payment is demanded or the bank will purchase the bonds. The agreements have a maximum interest rate of 12%. The agreements covering the County's outstanding \$30 million 2000 variable rate bonds expire October 1, 2012 with provision for extension. The agreements covering \$153.22 million of the County's outstanding 2005 variable rate bonds expires on February 15, 2013 with provision for extension. The standby purchase agreement on the County's \$45 million outstanding 2007 variable-rate bonds expires July 2012 with provision for extensions. The remarketing agreements expire with final repayment of the bonds. The County paid \$1,760,736 in fiscal year 2010 pursuant to these agreements.

Refunding

In March 2010, the County refunded several series of bonds with two refunding bond issues, as follows:

Series	Total Outstanding March 1, 2010	Amount Refunded	Average Interest Rate
Water and Sewer Bonds, Series 1998	\$ 2,390,000	2,390,000	4.542%
Public Improvement Bonds, Series 1998	2,590,000	2,590,000	4.542
Public Improvement Bonds, Series 2007A&B	81,250,000	81,250,000	Variable
	<u>\$ 86,230,000</u>	<u>86,230,000</u>	
Public Improvement Bonds, Series 2002C	<u>\$ 60,000,000</u>	<u>60,000,000</u>	Variable

The County issued \$84,775,000 General Obligation Refunding Bonds at an average interest rate of 4.314% to retire the 1998 and 2007 series bonds and an additional \$51,215,000 at an average interest rate of 4.919% to retire the 2002 series bonds. The sale generated total premiums of \$17,807,698 which, along with a County contribution of \$4,536,138, were used to pay issuance costs of \$755,730 and termination fees of \$11,211,119 for swaps on the variable-rate components of the retired debt. The reacquisition price exceeded the carrying amount of the new debt by \$80,850 and this amount, along with the swap termination fee and unamortized issuance costs of the refunded bonds, is being netted against the new debt and amortized over the remaining life of the refunded debt. The refundings will reduce total debt service over the next thirteen years by a total of \$10,945,834 and generate a net economic gain of \$3,251,400.

Derivative Instruments

The County has implemented Governmental Accounting Standards Board Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. Under GASB 53, the (negative) fair value of an effective or hedging derivative is reported as a deferred (liability) asset and as a deferred (outflow) inflow on the Statement of Net Assets. For ineffective or investment derivatives, fair values as of July 1 are reported as prior period adjustments and current year changes in fair value flow through investment revenue. (Negative) positive fair values as of June 30 are reported as derivative (liabilities) assets.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

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. No amount was paid at the inception of any of these swaps. All of the County's swaps relate to government activities. The County's interest rate swaps are summarized in the table as follows. Bond amounts and swap notional amounts are as of June 30, 2010.

	Hedging Derivative Instruments		Investment Derivative Instruments	
	Date of contract	September 2004	November 2006	November 2006
Effective Date	February 3, 2005	October 1, 2007	October 1, 2007	February 1, 2008
Type of transaction	Pay-fixed interest rate swap	Pay-fixed interest rate swap	Pay-fixed interest rate swap	Pay-fixed interest rate swap
Objective	Hedge of changes in cash flows on related bonds	Hedge of changes in cash flows on related bonds	Hedge of changes in cash flows on related bonds	Hedge of changes in cash flows on related bonds
Bonds:				
Amount	\$30 million	\$30 million	\$30 million	\$30 million
Description	2005 Series A & B	2000 Series C	2000 Series C	2005 Series A & B
Maturity	February 1, 2020	October 1, 2020	October 1, 2020	March 1, 2020
Principal payments begin	March 1, 2006	October 1, 2016	October 1, 2016	March 1, 2016
Rate	variable	variable	variable	variable
Rate basis	SIFMA	SIFMA	SIFMA	SIFMA
Swap:				
Notional amount	\$30 million	\$30 million	\$30 million	\$30 million
Maturity	February 1, 2020	October 1, 2020	October 1, 2020	February 1, 2020
Notional value declines begin	March 1, 2006	October 1, 2016	October 1, 2016	February 1, 2016
Rate County pays	3.220%	3.865%	3.865%	3.220%
Rate County receives	variable	variable	variable	variable
Rate basis received	67% of 30-day LIBOR	60.4% of 5-year LIBOR swap	60.4% of 5-year LIBOR swap	60.4% of 5-year LIBOR swap
Spread	None	None	None	None
June 30, 2010 information:				
Fair value of swap	(\$1,827,330)	(\$3,617,940)	(\$3,617,940)	(\$2,023,232)
Fair value classification	Debt	Investment	Investment	Investment
Increase (decrease) in fair value of swap from 2009	(16,300)	(1,018,489)	(1,018,489)	(1,041,588)
Increase (decrease) in fair value reported in	Deferred outflows	Investment revenue	Investment revenue	Investment revenue

Fair value. 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, 2010, the County was not exposed to credit risk on any of its outstanding swaps because the swaps had negative fair values as indicated in the table. However, should interest rates change and the fair values of the swaps become positive, the County would be exposed to credit risk in the amount of the derivatives' fair value. The County has no policy requiring collateral or other security to support derivative agreements subject to credit risk, nor is there a policy requiring netting arrangements with counterparties. Bank of America is counterparty on all three of the County's swaps and at June 30, 2010 they were rated Aa3, A+, and A+ by Moody's, Standard & Poor's and Fitch Ratings, respectively.

Basis risk. The swaps expose the County to basis risk because the variable-rate payments received by the County are based on indices other than interest rates the County pays on its hedged variable-rate debt, which is remarketed every seven days. At June 30, 2010, the weighted average interest rate on the County's hedged variable-rate debt was .27% while 67% of 1 month LIBOR was .23%. Depending on the future relationship between LIBOR and SIFMA, 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).

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

As of June 30, 2010, aggregate debt service requirements on the County's fixed and variable rate debt and net payments on associated hedging derivative instruments are as follows including interest payments of \$259,639,463. These amounts assume that current interest rates on variable rate bonds and the current reference rates of hedging derivative instruments will remain the same until maturity. As these rates vary, interest payments on variable rate bonds and net receipts/payments on the hedging derivative instruments will vary.

Year Ending June 30	General Obligation Bonds			Capital Leases and Installment Financings		Total
	Principal	Interest	Net Payments Hedging Instruments	Principal	Interest	
2011	\$ 37,035,000	27,393,968	836,233	575,688	198,128	66,039,017
2012	44,710,000	28,125,889	657,040	510,200	171,817	74,174,946
2013	44,575,000	26,240,764	477,847	510,200	146,363	71,950,174
2014	45,505,000	24,326,260	298,655	510,200	120,908	70,761,023
2015	46,485,000	22,449,500	119,462	510,200	95,454	69,659,616
2016-2020	243,815,000	80,847,361	-	1,530,600	133,636	326,326,597
2021-2025	246,365,000	35,424,493	-	-	-	281,789,493
2026-2030	96,670,000	11,350,419	-	-	-	108,020,419
2031	8,250,000	225,266	-	-	-	8,475,266
	<u>\$ 813,410,000</u>	<u>256,383,920</u>	<u>2,389,237</u>	<u>4,147,088</u>	<u>866,306</u>	<u>1,077,196,551</u>

Federal legislation currently provides for a rebate of 35% of interest paid on the County's taxable 2010 Build America Bonds. This rebate will amount to \$1,215,397 in fiscal year 2011 and if unchanged, will provide a total rebate of \$22,813,859 over the life of the bonds. The rebate is not reflected in the above table.

G. Net Assets

The following is a summary of Guilford County's net assets restricted for other purposes as of June 30, 2010:

Net assets restricted for other purposes	Amount
Rural Fire Districts	\$ 1,398,341
Guilford County Schools capital outlay	2,140,070
Public Health programs	2,268,751
Law Enforcement	1,404,388
Register of Deeds automation enhancement	734,575
Other	311,754
Net assets restricted for other purposes	<u>\$ 8,257,879</u>

The following is a summary of unrestricted net assets for Guilford County as of June 30, 2010:

Unrestricted net assets (liabilities)	Amount
Water and sewer	\$ (5,607,440)
Guilford County Schools	(461,109,966)
Guilford Technical Community College	(51,388,483)
Other	103,890,485
Unrestricted net assets	<u>\$ (414,215,404)</u>

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

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, 2010:

Transfers In	Transfers Out			Total
	Major Governmental Funds			
	General	County Building Construction	Other Governmental Funds	
Major Governmental Funds:				
County Building Construction	\$ 9,692,373	-	-	9,692,373
Water & Sewer Construction	-	14,634	74,774	89,408
Total	<u>\$ 9,692,373</u>	<u>14,634</u>	<u>74,774</u>	<u>9,781,781</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.

The transfer from the County Building Construction Fund to the Water and Sewer Construction Fund is the unexpended fund balance portion from the Swap Tire/White Goods Facility project that was completed and closed.

The transfer from Other Governmental Funds to the Water and Sewer Construction Fund is from Board approval to rescind the Home Investment in Affordable Housing Program's commitment in water and sewer funds to revert back to the Greensboro Water and Sewer Trust Fund balance.

At June 30, 2010, the Community Development Fund had an interfund payable of \$165,564 to the General Fund due to temporary cash needs provided until collection of a Community Development Fund grant receivable from the N. C. Department of Commerce.

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 6% 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 4.72%, 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, 2010, 2009, and 2008 were \$5,625,956, \$5,866,559, and \$5,698,742, 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% 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, 2009, the Separation Allowance's membership consisted of:

Retirees receiving benefits	45
Active plan members	<u>226</u>
Total	<u><u>271</u></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 \$521,280 or 4.1% of annual covered payroll. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings.

The annual required contribution for the current year was determined as part of the December 31, 2008 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return and (b) projected salary increases ranging from 4.5% to 12.3% 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, 2008 was 22 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	\$	521,280
Interest on net pension obligation		(24,170)
Adjustment to annual required contribution		21,001
Annual pension cost		<u>518,111</u>
Contributions made		<u>521,280</u>
Increase in net pension asset		(3,169)
Net pension obligation (asset) beginning of year		<u>(333,385)</u>
Net pension obligation (asset) end of year	\$	<u><u>(336,554)</u></u>

Three Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
6/30/2008	\$ 412,176	100.9	\$ (330,313)
6/30/2009	471,768	100.7	(333,385)
6/30/2010	518,111	100.6	(336,554)

Funded Status and Funding Progress

As of December 31, 2009, the most recent actuarial valuation date, the plan was 15.73 % funded. The actuarial accrued liability for benefits was 7,677,564 and the actuarial value of assets was \$1,207,354, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,470,210. The covered payroll (annual payroll of active employees covered by the plan) was \$12,737,800, and the ratio of the UAAL to the covered payroll was 50.8 %.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value plan assets are increasing or decreasing over time relative to actuarial accrued liability for benefits.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

The following are financial statements for the Law Enforcement Officers' Special Separation Allowance Pension Trust Fund included as Fiduciary Funds in Exhibits 11 and 12 at June 30, 2010:

Statement of Plan Net Assets
June 30, 2010

	Law Enforcement Officers' Special Separation Allowance
Assets	
Current assets:	
Cash and cash equivalents/investments	\$ 1,131,512
Receivables:	
Accrued interest on investments	1,884
Total assets	1,133,396
Liabilities	
Accounts payable and accrued liabilities	21,790
Net Assets	
Held in trust for pension benefits	\$ 1,111,606

Statement of Changes in Plan Net Assets
For the fiscal year ended June 30, 2010

	Law Enforcement Officers' Special Separation Allowance
Additions	
Employer contributions	\$ 521,280
Net investment income	7,427
Total additions	528,707
Deductions	
Benefits	730,602
Administrative expenses	628
Total deductions	731,230
Change in net assets	(202,523)
Net assets at beginning of year	1,314,129
Held in trust for pension benefits	\$ 1,111,606

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. The Plan is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan. 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.

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, 2010, 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, 2010, to law enforcement officers' accounts and other employees' accounts were \$641,640 and \$5,116,622, respectively. Voluntary contributions to the Plan were \$2,904,796.

4. Registers of Deeds' Supplemental Pension Fund

Plan Description

Guilford County also contributes to the Registers of Deeds' Supplemental Pension Fund (Fund), a non-contributory, 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. The Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy

On a monthly basis, the County remits to the Department of State Treasurer an amount equal to 1.5% of the monthly receipts collected pursuant to Article 1 of General Statute 161. Immediately following January 1 of each year, the Department of State Treasurer divides 93% of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining 7% of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2010, the County's required and actual contributions were \$34,718.

B. Deferred Compensation Plans

1. Guilford County

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, 2010 was \$55,630.

2. 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%. 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, 2010 were \$45,225 and \$49,553, respectively.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

C. Other Postemployment Benefits (OPEB)

1. Health Care Benefits

Plan Description

Under the terms of a County resolution, Guilford County administers a single-employer defined benefit Health Care Plan (the HC Plan). This plan provides postemployment healthcare 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 30 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 25 years of creditable service and their dependents may participate with the County contributing 75 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. Effective July 22, 2010, the Board of County Commissioners voted to provide these benefits where non-Medicare eligible retirees with at least 20 years of creditable service and their dependents may participate with the County contributing 50 percent of the employees 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 30 years of creditable service, 75 percent of that rate for retirees with at least 25 years of creditable service and, effective July 22, 2010, 50 percent of that rate for retirees with at least 20 years of creditable service. Medicare eligible participants receive secondary coverage. Employees hired or rehired on or after July 1, 2009 are not eligible for these benefits. A separate report was not issued for the plan.

Membership of the HC Plan consisted of the following at December 31, 2009, the date of the latest actuarial valuation:

	<u>General</u> <u>Employees</u>	<u>Law Enforcement</u> <u>Employees</u>	<u>Total</u>
Retirees receiving benefits	N/A	N/A	651
Active plan members	2,320	226	<u>2,546</u>
Total			<u><u>3,197</u></u>

Funding Policy

As noted above, the County pays its share of the cost of coverage (premiums) for the healthcare benefits provided to qualified retirees under a County resolution that can be amended by the Board of County Commissioners. The County's members pay their share of the premiums as noted above. The County has chosen to fund the healthcare benefits on a pay-as-you-go basis with an additional amount to prefund benefits as determined annually by the Board of County Commissioners.

The current annual required contribution rate is 13.79% of annual covered payroll. For the current year, the County contributed \$6,509,942 (\$4,509,942 retiree claims paid less premiums received and an additional \$2,000,000 to prefund benefits deposited in The North Carolina State Treasurer's Local Government Other Post-Employment Benefits Trust Fund, an irrevocable trust) or 5.36% of annual covered payroll. The County provides healthcare coverage through self insurance. The County's required contributions, under a County resolution establishing premium amounts for different coverages, for employees and retirees were 17% and 3% of covered payroll, respectively. Contributions (premiums) made by employees and retirees were 4.3% and 0.92% of covered payroll, respectively. The County's obligation to contribute to the HC Plan is established and may be amended by the County's Board of County Commissioners.

Summary of Significant Accounting Policies

Postemployment expenditures for the County's portion of the premiums and the prefunded benefits are made from the General Fund, which is maintained on the modified accrual basis of accounting to the Internal Service Fund and the Other Post-Employment Benefits Trust Fund, respectively, which are maintained on the full accrual basis of accounting. Funds are appropriated annually for the County's

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

portion of the premiums and the prefunded benefits. The employee, retiree and County premiums are revenues that finance this self-funded HC Plan reported in the Internal Service Fund. Claims benefits and administrative costs are expensed as they are incurred.

Annual OPEB Cost and Net OPEB Obligation

The County's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 16,746,459
Interest on net OPEB obligation	2,024,974
Adjustment to annual required contribution	<u>(1,597,405)</u>
Annual OPEB cost	17,174,028
Contributions made	<u>6,509,942</u>
Increase in net OPEB obligation	10,664,086
Net OPEB obligation beginning of year	<u>40,499,477</u>
Net OPEB obligation end of year	<u><u>\$ 51,163,563</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008, 2009, and 2010 were as follows:

Fiscal Year Ended	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
6/30/2008	\$ 26,232,790	15.0	\$ 22,297,179
6/30/2009	22,899,136	20.5	40,499,477
6/30/2010	17,174,028	37.9	51,163,563

Funded Status and Funding Progress

As of December 31, 2009, the most recent actuarial valuation date, the plan was 0.5% funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$216,069,092. The covered payroll (annual payroll of active employees covered by the plan) was \$121,446,107, and the ratio of the UAAL to the covered payroll was 177.9%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

In the December 31, 2009 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 5% investment rate of return which included a 3.75% inflation assumption. They also included a Pre-Medicare annual cost trend rate of 10.5% - 5% and a Post Medicare annual trend rate of 9% - 5%. The actuarial value of assets was determined using the fair value of investments. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2009 was 30 years.

The following are financial statements for the Other Post Employment Benefits Pension Trust Fund included as Fiduciary Funds in Exhibits 11 and 12 at June 30, 2010:

Statement of Plan Net Assets
June 30, 2010

	Other Post Employment Benefits
Assets	
Current assets:	
Cash and cash equivalents/investments	\$ <u>2,047,651</u>
Net Assets	
Held in trust for pension benefits	\$ <u>2,047,651</u>

Statement of Changes in Plan Net Assets
For the fiscal year ended June 30, 2010

	Other Post Employment Benefits
Additions	
Employer contributions	\$ 2,000,000
Net investment loss	<u>(52,473)</u>
Change in net assets	1,947,527
Net assets at beginning of year	<u>100,124</u>
Net assets at end of year	\$ <u>2,047,651</u>

2. Medicare Supplement Plan

Eligible retirees after age 65 who do not opt to participate in the HC Plan may participate in a Medicare supplement plan. The service requirements are the same for the Medicare supplement plan as noted above for the healthcare benefit. The County contributes up to \$40 per month for each retiree with at least 30 years of creditable service and 75 percent of that amount for each retiree with at least 25 years of creditable service. The cost of retiree Medicare supplement benefits is recognized as an expenditure when the premiums are paid. Currently seven Medicare-eligible retirees who did not opt to participate in the HC Plan, participate in the Medicare supplement benefit. For the fiscal year ended June 30, 2010, the County paid \$2,952 for Medicare supplement coverage.

3. Guilford County Retiree Welfare Benefits Plan

Effective April 1, 2010, the County established the Retiree Welfare Benefits Plan (the Vantagecare Retirement Health Savings Plan) to replace coverage under the County's Health Care Plan (Note IV. C. 1.) for all employees hired on or after July 1, 2009. This plan allows participants to accumulate assets to pay for health insurance and out-of-pocket medical expenses in retirement for participants, their spouses and dependents. Retirees must be members of the North Carolina Local Governmental Employees' Retirement System. Participation in the Retiree Welfare Benefits Plan is mandatory and under the adoption agreement the County and the participant are required to contribute per biweekly pay period \$12.50 and \$7.70, respectively. The County's contribution becomes vested pursuant to a vesting schedule in which 50% is vested after 10 years of service, 75% after 15 years of service and 100% after 20 years of service. The participant's contribution is 100% vested at all times.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

A participant is eligible to receive benefits at separation from service. All assets and income of the plan are in a trust for the exclusive benefit of the participant and their beneficiaries and therefore are not a part of the County's financial statements. Employer and participant contributions for the fiscal year ended June 30, 2010 were \$9,475 and \$5,837, respectively.

D. Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for Members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer State-administered cost-sharing plan funded on a one-year term cost basis. 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, 2010, the County made contributions to the State for death benefits of \$91,346. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .07% and .14% of covered payroll, respectively. The contributions to the Death Benefit Plan are not separated between the postemployment benefit amount and the other benefit amount, as the amounts cannot be reasonably estimated.

E. 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 healthcare 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 interfund services provided and used.

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, 2010, the County's balances in Funds B and G were \$7,451,113 and \$264,842, 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, 2010 are \$704,120 and \$3,117,962, respectively.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

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, 2010, the County's balance in the Property Pool of \$152,439 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.

The County carries flood insurance through the National Flood Insurance Plan (NFIP) through our property insurance carrier because the County has two locations designated as an "A" or "B" area (an area close to a river, lake or stream) by the Federal Emergency Management Agency. The County has purchased coverage of \$500,000 per structure through the NFIP and commercial flood insurance to cover any loss in excess of \$500,000 per structure.

In accordance with North Carolina General Statute 159-29, the Director of Finance and tax collector are each individually bonded for \$100,000 each. The remaining employees that have access to funds are bonded under a blanket bond for \$50,000.

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, 2010, the County's balance in Fund E of \$673,438 was recorded in the Internal Service Fund as a deposit.

3. Employee Healthcare Insurance

The employee healthcare program is financed using an entirely self-funded plan. Two optional healthcare 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 \$250,000 per member for all occurrences and a lifetime maximum of \$750,000 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, retirees, 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 2009-2010					Fiscal Year
	Liability	Property	Workers' Compensation	Employee Healthcare	Total	2008-09 Total
Balance Beginning of Year	\$ 145,305	141,454	1,759,450	2,772,761	4,818,970	4,187,783
Incurred Claims (Including IBNRs) and Changes in Estimates	53,181	642,943	1,520,236	28,863,549	31,079,909	29,126,999
Less Claims Payments	49,713	561,905	1,155,010	28,806,502	30,573,130	28,495,812
Balance End of Year	\$ 148,773	222,492	2,124,676	2,829,808	5,325,749	4,818,970

F. 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	\$ 93,540	22,278
Aid to Families with Dependent Children	(11,522)	(3,157)
SC/SA Domiciliary Care	-	3,153,748
Refugee Assistance	240,951	-
Low Income Energy Assistance	2,240,553	-
Adoption Assistance - CWS	-	1,779,151
Adoption Assistance - IV-E	3,703,292	749,187
Medical Assistance	323,074,673	112,722,509
Woman, Infants and Children	9,661,431	-
Food Stamp Program	111,623,595	-
Temporary Assistance for Needy Families	3,579,512	(752)
Total benefit payments issued by the State	\$ 454,206,025	118,422,964

G. Commitments and Contingencies

The County leases certain equipment under long-term lease agreements. At June 30, 2010, 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
2011	\$ 773,816	251,433
2012	682,017	187,493
2013	656,563	98,588
2014	631,108	237
2015	605,654	-
2016-2018	1,664,236	-
Total minimum payments	5,013,394	537,751
Less amount representing interest	866,306	
Present value of net minimum payment	\$ 4,147,088	

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

There were no contingent rentals or sublease rentals associated with leases in effect at June 30, 2010. The total rental expense amounted to \$1,129,745 for the fiscal year ended June 30, 2010.

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 \$53.2 million at June 30, 2010, 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, 2010, 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.

H. 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, 2010, there were eight series of industrial revenue bonds outstanding with an aggregate principal amount payable of \$31,535,000.

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 \$4,630,000 at June 30, 2010 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 \$3,973,359 at June 30, 2010 are not reported as liabilities in the accompanying financial statements.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

In March 2007, Guilford County issued \$2,600,000 of Multifamily Housing Revenue Bonds on behalf of Community Housing Concepts, Inc. for the acquisition and rehabilitation of a low-to-moderate income multifamily 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 \$2,520,754 at June 30, 2010 are not reported as liabilities in the accompanying financial statements.

I. 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, \$112,761,649 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 \$11,752,690 and \$1,500,000 to the community college for operating and capital purposes, respectively, and issued \$40,000,000 of general obligation bonds for capital purposes during the fiscal year ended June 30, 2010. In addition, the County made debt service payments of \$8,719,741 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, 2010. 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.

J. 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 \$96,764 to the Council during the fiscal year ended June 30, 2010.

Piedmont Triad Airport Authority

The County, in conjunction with four other governmental entities, created the Piedmont Triad 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 nine 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 twenty-one voting members of the Authority.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

K. Subsequent Events

On July 1, 2010, Guilford County sold 26.48 acres of land and buildings for \$7,375,000. The cost basis was \$6,458,944 with accumulated depreciation of \$4,612,933 and a net book value of \$1,846,011 for a gain on the sale of \$5,528,989. The proceeds of the sale are slated for future capital projects as part of the County's capital improvement plan.

On July 27, 2010, Guilford County settled on an exchange agreement whereby the County traded land and buildings valued at \$1,243,673 plus a payment of \$6,867,973 for nearby land and buildings renovated in accordance with the agreements for relocation by High Point Social Services. The property traded had a net book value of \$735,505 (\$1,520,272 cost less \$784,767 accumulated depreciation).

L. Excess of Expenditures Over Appropriations

For the fiscal year ended June 30, 2010 the expenditures reported in the County's Internal Service Fund, Risk Retention Department (liability/property/workers' compensation), exceeded the authorized appropriations of the governing board by \$67,856. This over-expenditure occurred due to an increase in the incurred but not reported claims liability adjustment based on an actuarial report which is not completed until after June 30 of each year. The increase was significantly greater than recent history and thus would have been difficult to predict.



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

The Health Care Plan of Guilford County:

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)
12/31/04	\$ 1,810,744	5,100,430	3,289,686	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
12/31/06	1,671,258	5,147,929	3,476,671	32.5	12,479,184	27.9
12/31/07	1,582,839	5,839,543	4,256,704	27.1	12,481,603	34.1
12/31/08	1,409,260	6,242,737	4,833,477	22.6	12,640,852	38.2
12/31/09	1,207,354	7,677,564	6,470,210	15.7	12,737,800	50.8

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2005	\$ 349,121	100.0
2006	409,026	100.2
2007	391,297	100.0
2008	415,787	100.0
2009	474,840	100.0
2010	521,280	100.0

Notes to the Required Schedules

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

Valuation date	12/31/2009
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	21 years
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	From 4.5% to 12.3% per year
*Includes inflation at	3.75%
Cost of living adjustments	N/A

GUILFORD COUNTY, NORTH CAROLINA
The Health Care Plan of Guilford County
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)
12/31/05	\$ 0	280,036,182	280,036,182	0.0	110,448,627	253.5
12/31/07	0	289,259,990	289,259,990	0.0	119,246,270	242.6
12/31/09	1,137,926	217,207,018	216,069,092	0.5	121,446,107	177.9

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2008	\$ 26,232,790	15.0
2009	22,776,648	20.6
2010	16,746,459	38.9

Notes to the Required Schedules

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

Valuation date	12/31/2009
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return*	5.00%
Medical cost trend rate	
Pre-Medicare trend rate	10.50%-5.00%
Post-Medicare trend rate	9.00%-5.00%
Year of Ultimate trend rate	2017
*Includes inflation at	3.75%

The assumed investment rate of return reflects the fact that assets are set aside within Guilford County that are legally held exclusively for retiree health benefits.



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 (Average Daily Membership and Lottery) 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**

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**Schedule of Expenditures - Budget and Actual
For the fiscal year ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary and GAAP Basis	Final Budget Positive (Negative)
Current:				
General government:				
County commissioners	\$ 434,323	504,323	429,775	74,548
Clerk to the board	189,749	193,629	189,346	4,283
County administration	1,605,872	1,577,844	751,101	826,743
County attorney	1,609,402	1,619,978	1,346,864	273,114
Human resources	8,125,601	8,239,648	7,353,230	886,418
Budget and management	473,909	447,982	407,576	40,406
Internal audit	407,464	414,345	408,468	5,877
Finance	2,494,999	2,651,512	2,268,473	383,039
Purchasing	382,313	397,999	345,992	52,007
Information services	8,721,135	9,646,991	8,082,292	1,564,699
Tax	5,401,342	5,415,882	4,942,871	473,011
Register of deeds	2,491,673	2,498,136	2,060,119	438,017
Elections	2,285,714	2,293,879	1,788,563	505,316
Planning and development	926,051	936,871	808,856	128,015
Facilities	4,271,204	4,389,125	4,132,273	256,852
Security	1,760,412	1,760,640	1,684,689	75,951
Property management / courts	1,440,030	1,534,804	1,437,380	97,424
Parking and fleet operation	892,183	938,021	588,664	349,357
Total general government	<u>43,913,376</u>	<u>45,461,609</u>	<u>39,026,532</u>	<u>6,435,077</u>
Human services:				
Public health	37,462,401	39,523,671	36,416,239	3,107,432
Mental health	41,095,895	40,577,645	37,346,068	3,231,577
Social services	69,725,972	74,059,465	68,632,346	5,427,119
Public assistance - adults, families, medical	5,899,183	6,009,183	5,724,561	284,622
Child support enforcement	5,911,225	5,927,655	5,732,497	195,158
Cooperative extension service	647,409	656,283	457,710	198,573
Coordinated services	1,298,318	1,504,615	1,404,764	99,851
Veteran services	106,730	108,769	104,292	4,477
Transportation	2,763,508	3,038,449	2,019,430	1,019,019
Total human services	<u>164,910,641</u>	<u>171,405,735</u>	<u>157,837,907</u>	<u>13,567,828</u>
Public safety:				
Law enforcement	54,112,271	56,208,860	52,932,146	3,276,714
Emergency services	22,449,761	22,467,073	21,049,793	1,417,280
Inspections	2,244,892	2,269,549	2,117,798	151,751
Court alternatives	3,032,248	3,035,297	2,849,426	185,871
Animal services	2,818,026	2,885,264	2,842,898	42,366
Other protection	1,306,966	1,833,438	1,067,916	765,522
Total public safety	<u>85,964,164</u>	<u>88,699,481</u>	<u>82,859,977</u>	<u>5,839,504</u>
Environmental protection:				
Sanitation	1,102,590	1,217,516	939,379	278,137
Soil and water conservation	268,543	287,503	263,763	23,740
Total environmental protection	<u>1,371,133</u>	<u>1,505,019</u>	<u>1,203,142</u>	<u>301,877</u>
Culture - recreation	6,236,181	6,331,244	5,757,497	573,747
Economic development and assistance	3,091,577	4,716,395	727,599	3,988,796
Intergovernmental - Education:				
Guilford Technical Community College:				
Current Appropriation	11,752,690	11,752,690	11,752,690	-
Capital Appropriation	1,500,000	1,500,000	1,500,000	-
Guilford County Board of Education:				
Current Appropriation	175,165,521	175,165,521	175,165,521	-
Capital Appropriation	4,000,000	4,000,000	4,000,000	-
Total education	<u>192,418,211</u>	<u>192,418,211</u>	<u>192,418,211</u>	<u>-</u>
Capital	700,000	9	-	9
Debt service:				
Principal retirement	36,215,200	36,215,200	36,215,200	-
Interest and fiscal charges	39,953,076	33,399,541	24,686,773	8,712,768
Bond issuance costs	1,645,000	1,845,000	1,748,409	96,591
Total debt service	<u>77,813,276</u>	<u>71,459,741</u>	<u>62,650,382</u>	<u>8,809,359</u>
Total expenditures	\$ <u>576,418,559</u>	<u>581,997,444</u>	<u>542,481,247</u>	<u>39,516,197</u>

GUILFORD COUNTY, NORTH CAROLINA
County Building Construction Capital Projects Fund
Combining Schedule of Revenues and Expenditures
For the fiscal year ended June 30, 2010

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	Annually Budgeted Projects	Project- Length Budgets	Total
Revenues			
Intergovernmental	\$ -	450,396	450,396
Interest on investments	84,770	-	84,770
Other	-	104,435	104,435
Total revenues	84,770	554,831	639,601
Expenditures			
Capital outlay	-	29,351,332	29,351,332
Excess (deficiency) of revenues over expenditures	84,770	(28,796,501)	(28,711,731)
Other Financing Sources (Uses)			
General obligation bonds issued	-	65,000,000	65,000,000
Premiums on general obligation bonds issued	-	1,904,183	1,904,183
Transfers in	9,692,373	-	9,692,373
Transfers out	(14,634)	-	(14,634)
Total other financing sources	9,677,739	66,904,183	76,581,922
Excess of revenues and other sources over expenditures and other uses	\$ 9,762,509	38,107,682	47,870,191

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, 2010

A-2a

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary and</u> <u>GAAP Basis</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues				
Interest on investments	\$ -	-	84,770	84,770
Expenditures				
Capital outlay:				
County building construction for future projects	<u>9,692,373</u>	<u>9,692,373</u>	-	<u>9,692,373</u>
Excess (deficiency) of revenues over expenditures	<u>(9,692,373)</u>	<u>(9,692,373)</u>	<u>84,770</u>	<u>9,777,143</u>
Other Financing Sources (Uses)				
Transfers in	9,692,373	9,692,373	9,692,373	-
Transfers out	-	(14,635)	(14,634)	1
Appropriated fund balance	-	14,635	-	(14,635)
Total other financing sources (uses)	<u>9,692,373</u>	<u>9,692,373</u>	<u>9,677,739</u>	<u>(14,634)</u>
Excess of revenues and and other sources over expenditures and other uses	<u>\$ -</u>	<u>-</u>	<u>9,762,509</u>	<u>9,762,509</u>

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, 2010

A-2b

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Intergovernmental	\$ 3,022,543	2,096,410	450,396	2,546,806
Other	101,000	1,000	104,435	105,435
Total revenues	<u>3,123,543</u>	<u>2,097,410</u>	<u>554,831</u>	<u>2,652,241</u>
Expenditures				
Capital outlay:				
General Government Projects:				
Greensboro Courthouse Renovations	5,128,874	4,305,790	2,030	4,307,820
BB&T Building	5,102,000	4,270,385	120,402	4,390,787
Tax Technology System Replacement	2,300,000	807,932	806,604	1,614,536
New Financial Reporting System	5,331,636	4,092,125	407,488	4,499,613
Time and Attendance System	696,473	463,197	149,073	612,270
High Point Courthouse Renovations	468,626	-	-	-
Greene Street Center	398,180	-	-	-
Human Services Projects:				
Greensboro Health Department Renovations	3,041,656	34,353	589,969	624,322
Bellemeade Center Renovations	833,114	-	-	-
New DSS Facility - High Point	8,045,664	133,914	167,750	301,664
Public Safety Projects:				
GC Detention Center	115,735,000	3,383,523	19,830,877	23,214,400
Prison Farm Infrastructure Improve & Design	725,000	-	-	-
EMS Base Station - Rock Creek	2,670,000	535,901	1,671,428	2,207,329
Northwest EMS Base Station	1,500,000	-	-	-
Environmental Protection Projects:				
Greensboro Watershed	4,125,878	3,944,821	-	3,944,821
Culture-Recreation Projects:				
Gibsonville Elementary School Park	125,000	40,000	47,533	87,533
Bicentennial Greenway Trail Phase III	3,919,382	2,330,389	177,124	2,507,513
Triad Park	4,535,207	3,663,506	202,304	3,865,810
Bryan Park - Phase I	100,000	-	-	-
Bur Mil Park Improvements	2,765,226	2,755,505	1,310	2,756,815
Northeast Park	8,651,371	7,604,357	19,251	7,623,608
Open Space Acquisition	10,125,636	1,551,301	4,889,768	6,441,069
Southwest Park	3,000,000	2,482,627	91,625	2,574,252
Hagan-Stone Park	1,067,250	-	-	-
Trails Development	648,938	-	-	-
Atlantic & Yadkin Greenway-Stimulus	700,000	-	176,796	176,796
Total expenditures	<u>191,740,111</u>	<u>42,399,626</u>	<u>29,351,332</u>	<u>71,750,958</u>
Deficiency of revenues over expenditures	<u>(188,616,568)</u>	<u>(40,302,216)</u>	<u>(28,796,501)</u>	<u>(69,098,717)</u>
Other Financing Sources				
General obligation bonds issued	159,718,247	44,603,295	65,000,000	109,603,295
Capital-related debt issued	5,102,000	5,102,000	-	5,102,000
Premiums on general obligation bonds issued	-	-	1,904,183	1,904,183
Transfers in	1,494,638	1,494,638	-	1,494,638
Appropriated fund balance	22,301,683	-	-	-
Total other financing sources	<u>188,616,568</u>	<u>51,199,933</u>	<u>66,904,183</u>	<u>118,104,116</u>
Excess of revenues and other sources over expenditures	\$ <u>-</u>	<u>10,897,717</u>	<u>38,107,682</u>	<u>49,005,399</u>

GUILFORD COUNTY, NORTH CAROLINA
Water and Sewer Construction Capital Projects Fund
Combining Schedule of Revenues and Expenditures
For the fiscal year ended June 30, 2010

A-3

	Annually Budgeted Projects	Project- Length Budgets	Total
Revenues			
Charges for services	\$ 2,244,879	-	2,244,879
Interest on investments	182,868	-	182,868
Other	12,660	-	12,660
Total revenues	2,440,407	-	2,440,407
Expenditures			
Capital outlay	24,282	1,986,917	2,011,199
Excess (deficiency) of revenues over expenditures	2,416,125	(1,986,917)	429,208
Other Financing Sources			
Transfers in	89,408	-	89,408
Excess (deficiency) of revenues and other sources over expenditures	\$ 2,505,533	(1,986,917)	518,616

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, 2010

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	\$ -	-	280,209	280,209
Assessments	-	-	73,967	73,967
Joint operation fees	-	-	1,890,703	1,890,703
Total charges for services	-	-	2,244,879	2,244,879
Interest on investments	-	-	182,868	182,868
Other	-	-	12,660	12,660
Total revenues	-	-	2,440,407	2,440,407
Expenditures				
Capital outlay:				
Water	-	13,420	-	13,420
Greensboro water and sewer	-	70,664	24,282	46,382
High Point water and sewer	-	6,460	-	6,460
Reserve for future municipal projects	-	89,409	-	89,409
Total expenditures	-	179,953	24,282	155,671
Excess (deficiency) of revenues over expenditures	-	(179,953)	2,416,125	2,596,078
Other Financing Sources				
Transfers in	-	89,409	89,408	(1)
Appropriated fund balance	-	90,544	-	(90,544)
Total other financing sources	-	179,953	89,408	(90,545)
Excess of revenues and other sources over expenditures	\$ -	-	2,505,533	2,505,533

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, 2010

A-3b

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Expenditures				
Capital outlay:				
Sanitary sewer:				
Forest Oaks Estates	\$ 1,171,656	116,591	4,139	120,730
Prison Farm Infrastructure Improve & Design	350,000	-	-	-
GTCC Campus	1,384,233	5,221	180,177	185,398
Clover Road Sewer	228,211	-	-	-
Honda Jet Sewer	193,876	-	166,610	166,610
Lynwood Lakes Sewer	4,702,843	706,040	(216,868)	489,172
Water:				
Forest Oaks Estates	1,129,638	113,529	1,913	115,442
Southwest Water Project	296,700	87,096	-	87,096
Prison Farm Infrastructure Improve & Design	325,000	-	-	-
GTCC Campus	1,440,164	3,317	182,081	185,398
Honda Jet Water	176,124	-	153,794	153,794
Lynwood Lakes Water	3,687,349	248,005	84,547	332,552
Alamance Elementary School Water	1,288,846	-	112,254	112,254
Greensboro water and sewer:				
Koury Development Water & Sewer Project	1,417,500	1,417,500	-	1,417,500
Trosper Road	931,512	613,775	-	613,775
Hines Chapel Road	1,000,000	-	-	-
Southeast Middle & High School Complex Water	560,311	-	560,311	560,311
City / County Water & Sewer Master Plan	1,043,211	285,251	757,959	1,043,210
Piedmont Triad Airport Authority (GSO E & W) Water & Sewer	1,800,000	-	-	-
High Point water and sewer:				
Koury Development Water & Sewer Project	604,856	604,856	-	604,856
Total expenditures	<u>23,732,030</u>	<u>4,201,181</u>	<u>1,986,917</u>	<u>6,188,098</u>
Other Financing Sources				
General obligation bonds issued	675,000	675,000	-	675,000
Transfers in	1,000,000	1,000,000	-	1,000,000
Appropriated fund balance	22,057,030	-	-	-
Total other financing sources	<u>23,732,030</u>	<u>1,675,000</u>	<u>-</u>	<u>1,675,000</u>
Deficiency of other sources over expenditures	\$ <u>-</u>	<u>(2,526,181)</u>	<u>(1,986,917)</u>	<u>(4,513,098)</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, 2010

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	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues				
Intergovernmental:				
State Lottery Funds	\$ 2,238,299	1,419,206	60,891	1,480,097
Public School Building Capital Fund	22,819,979	19,718,934	1,060,741	20,779,675
Public School Building Bond Fund	14,251,102	14,251,102	-	14,251,102
Guilford County Schools	17,079,051	17,138,103	-	17,138,103
Total revenues	<u>56,388,431</u>	<u>52,527,345</u>	<u>1,121,632</u>	<u>53,648,977</u>
Expenditures				
Intergovernmental:				
Education:				
Guilford Technical				
Community College	126,000,000	27,607,306	6,109,854	33,717,160
Guilford County Board of Education	933,501,810	487,177,694	53,192,496	540,370,190
Total expenditures	<u>1,059,501,810</u>	<u>514,785,000</u>	<u>59,302,350</u>	<u>574,087,350</u>
Deficiency of revenues over expenditures	<u>(1,003,113,379)</u>	<u>(462,257,655)</u>	<u>(58,180,718)</u>	<u>(520,438,373)</u>
Other Financing Sources				
General obligation bonds issued	951,019,951	553,804,958	100,000,000	653,804,958
Premium on put bonds	6,165,842	6,165,842	-	6,165,842
Transfers in	40,482,136	40,974,075	-	40,974,075
Appropriated fund balance	5,445,450	-	-	-
Total other financing sources	<u>1,003,113,379</u>	<u>600,944,875</u>	<u>100,000,000</u>	<u>700,944,875</u>
Excess of revenues and other sources over expenditures	\$ <u>-</u>	<u>138,687,220</u>	<u>41,819,282</u>	<u>180,506,502</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, 2010

A-4a

<u>Project Name</u>	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Health Technologies	\$ 8,000,000	5,938,494	509,769	6,448,263
Greensboro Campus				
Classroom Building	7,716,730	7,672,612	22,018	7,694,630
High Point Campus Expansion	8,283,270	5,376,854	2,362,293	7,739,147
GTCC - Northwest Campus	73,000,000	8,019,357	2,898,501	10,917,858
Jamestown Campus				
Parking Deck	12,000,000	599,989	251,070	851,059
Aviation Classroom Building	8,000,000	-	-	-
Medlin Learning Center - HVAC and Renovations	<u>9,000,000</u>	<u>-</u>	<u>66,203</u>	<u>66,203</u>
 Total expenditures	 \$ <u>126,000,000</u>	 <u>27,607,306</u>	 <u>6,109,854</u>	 <u>33,717,160</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, 2010

A-4b

Project Name	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
System Wide Air Conditioning Renovation	\$ 21,139,311	21,058,674	-	21,058,674
Stokesdale Elementary School	9,241,252	8,885,389	-	8,885,389
Andrews High School	9,367,504	9,346,246	20,889	9,367,135
Dudley High School	32,334,301	32,212,640	18,960	32,231,600
Northwest High School	18,667,108	18,649,639	17,288	18,666,927
Smith High School Academy	5,797,246	5,719,410	7,350	5,726,760
Griffin Middle School	6,901,717	6,801,579	88,170	6,889,749
Brightwood Elementary School	9,786,191	9,728,349	-	9,728,349
Florence Elementary School	9,725,313	8,814,810	245,337	9,060,147
Lincoln Performing Arts (K-8)	1,752,329	1,459,048	127,481	1,586,529
Sedalia Elementary School	6,497,629	6,417,629	-	6,417,629
Oak Ridge Elementary School	13,546,040	12,946,688	551,191	13,497,879
Southern Middle School	26,390,791	25,311,724	318,746	25,630,470
Ferndale Middle School	4,578,062	4,403,467	160,652	4,564,119
Gateway Education Center West	17,829,590	512,644	10,790,823	11,303,467
Gibsonville Elementary School	13,047,915	12,956,973	16,525	12,973,498
Guilford Elementary School	17,517,708	17,385,191	37,730	17,422,921
Guilford Middle School	105,320	6,565	98,755	105,320
Irving Park Elementary School	3,151,875	2,482,827	138,063	2,620,890
Jamestown Middle School	36,812,525	10,319,604	22,352,016	32,671,620
Madison Elementary School	2,088,213	1,957,185	8,775	1,965,960
Morehead Elementary School	1,857,530	1,770,253	81,450	1,851,703
Northeast High School	11,706,031	11,273,401	77,393	11,350,794
Northeast Middle School	5,403,087	5,153,966	155,414	5,309,380
Northern Elementary School	14,047,129	13,988,235	21,797	14,010,032
Northern High School	54,046,420	52,601,472	636,233	53,237,705
Northern Middle School	27,451,507	27,299,205	13,807	27,313,012
Northwest Area Elementary School	16,206,158	16,155,382	1,191	16,156,573
Oak View Elementary School	5,037,764	4,862,762	36,592	4,899,354
Parkview Elementary School	8,066,356	7,577,320	106,770	7,684,090
Peck Elementary School	3,427,139	3,136,174	159,802	3,295,976
Peeler Elementary School	1,951,536	1,673,672	-	1,673,672
Pleasant Garden Elementary School	6,196,348	5,906,832	259,150	6,165,982
Ragsdale High School	33,900,116	386,446	1,363,332	1,749,778
Reedy Fork Area Elementary School	16,333,592	16,258,627	20,061	16,278,688
Southern High School	9,506,197	8,593,506	-	8,593,506
Southwest High School	8,197,763	8,080,405	-	8,080,405
Union Hill Elementary School	18,719,695	15,846,062	1,927,013	17,773,075
Brown Summit College Prep Middle School	2,345,883	2,248,056	96,199	2,344,255
Subtotal expenditures	\$ 510,678,191	420,188,057	39,954,955	460,143,012

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, 2010

A-4b

Project Name	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Subtotal expenditures forward	\$ 510,678,191	420,188,057	39,954,955	460,143,012
Southeast High School (Note 1)	2,669,325	2,544,253	(451,693)	2,092,560
McLeansville Elementary School	5,090,756	4,999,439	61,893	5,061,332
Eastern Guilford High School Replacement	62,019,750	49,046,345	777,990	49,824,335
High Point SCALE Site	3,200,000	2,880,091	-	2,880,091
System-Wide Renovations at				
Various School Sites	6,163,128	4,138,427	80,265	4,218,692
Southeast High School	33,311,222	632,092	2,280,422	2,912,514
Alamance Elementary School	20,300,161	301,212	1,645,316	1,946,528
Summerfield Elementary School	17,949,766	266,697	868,438	1,135,135
Southwest High School	31,089,918	418,394	1,125,533	1,543,927
Southeast Area Elementary School	33,331,875	50,199	167,371	217,570
Allen Middle School	9,099,383	63,199	241,950	305,149
Southeast Middle School	13,088,725	267,505	690,336	957,841
North Greensboro Area Elementary School	25,362,974	24,875	130,320	155,195
Grimsley High School	11,747,890	81,183	322,630	403,813
Airport Area High School	80,494,912	55,716	166,831	222,547
Airport Middle School - Land	2,087,969	3,668	15,269	18,937
Northwest Middle School	7,741,712	22,730	696,071	718,801
Allen Jay Middle School	12,171,572	8,489	191,529	200,018
Dudley High School	3,150,748	2,311	60,588	62,899
Dudley High School - Athletics	3,579,375	12,311	72,962	85,273
Mobile Classrooms	2,386,250	283,946	494,417	778,363
High Point Central High School	5,332,621	2,311	226,291	228,602
McLeansville Elementary School	6,309,892	12,997	161,534	174,531
Northwest High School - Site & Athletics	3,112,500	506	149,605	150,111
Simeon Stadium	2,075,000	462	16,830	17,292
Tracks	2,075,000	100,312	129,073	229,385
Tennis Courts	1,037,500	462	1,154	1,616
HVAC	8,069,487	769,043	1,483,850	2,252,893
Page High School - Athletics	2,074,801	462	15,180	15,642
System-Wide Renovations at				
Various School Sites FY09	3,754,737	-	1,405,986	1,405,986
HVAC - FY10 Medicaid Swap	2,149,670	-	9,600	9,600
Archer Elementary	555,000	-	-	-
Gateway Education Center East	185,000	-	-	-
Mcliver Education Center	55,000	-	-	-
Total expenditures	\$ <u>933,501,810</u>	<u>487,177,694</u>	<u>53,192,496</u>	<u>540,370,190</u>

Note 1: The negative current year expenditure is due to a current refund of a prior year expenditure.

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 22 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 70 percent of the net proceeds to the Greensboro/Guilford County Tourism Development Authority (a component unit) and the remaining 30 percent to the City of High Point.
- *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, 2010

B-1

	<u>Rural Fire Districts</u>	<u>Room Occupancy/ Tourism Development Tax</u>	<u>Community Development</u>	<u>Total Nonmajor Governmental Funds</u>
Assets				
Cash and cash equivalents/ investments	\$ 860,675	-	-	860,675
Receivables:				
Property taxes (net of allowance for estimated uncollectible delinquent taxes of \$139,805)	152,618	-	-	152,618
Other taxes	-	329,032	-	329,032
Due from governmental units and agencies	439,604	-	210,262	649,866
Accrued interest on investments	1,073	-	-	1,073
Total receivables	<u>593,295</u>	<u>329,032</u>	<u>210,262</u>	<u>1,132,589</u>
Total assets	\$ <u>1,453,970</u>	<u>329,032</u>	<u>210,262</u>	<u>1,993,264</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ 432	98,710	-	99,142
Due to other funds	-	-	165,564	165,564
Due to component unit	-	230,322	-	230,322
Deferred revenue	207,815	-	-	207,815
Total liabilities	<u>208,247</u>	<u>329,032</u>	<u>165,564</u>	<u>702,843</u>
Fund balances:				
Reserved for:				
Encumbrances	-	-	250	250
State statute	440,677	329,032	210,262	979,971
Unreserved:				
Designated for subsequent year's expenditures	188,366	-	-	188,366
Undesignated	616,680	(329,032)	(165,814)	121,834
Total fund balances	<u>1,245,723</u>	<u>-</u>	<u>44,698</u>	<u>1,290,421</u>
Total liabilities and fund balances	\$ <u>1,453,970</u>	<u>329,032</u>	<u>210,262</u>	<u>1,993,264</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, 2010

B-2

	<u>Rural Fire Districts</u>	<u>Room Occupancy/ Tourism Development Tax</u>	<u>Community Development</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues				
Taxes:				
Property taxes	\$ 9,674,821	-	-	9,674,821
Sales tax	1,781,560	-	-	1,781,560
Occupancy taxes	-	3,853,035	-	3,853,035
Intergovernmental	-	-	219,047	219,047
Interest on investments	3,564	-	-	3,564
Total revenues	<u>11,459,945</u>	<u>3,853,035</u>	<u>219,047</u>	<u>15,532,027</u>
Expenditures				
Current:				
Public safety	11,838,675	-	-	11,838,675
Urban redevelopment and housing	-	-	219,047	219,047
Economic development and assistance	-	3,853,035	-	3,853,035
Total expenditures	<u>11,838,675</u>	<u>3,853,035</u>	<u>219,047</u>	<u>15,910,757</u>
Deficiency of revenues over expenditures	<u>(378,730)</u>	<u>-</u>	<u>-</u>	<u>(378,730)</u>
Other Financing Uses				
Transfers out	<u>-</u>	<u>-</u>	<u>(74,774)</u>	<u>(74,774)</u>
Net changes in fund balances	(378,730)	-	(74,774)	(453,504)
Fund balances at beginning of year	<u>1,624,453</u>	<u>-</u>	<u>119,472</u>	<u>1,743,925</u>
Fund balances at end of year	\$ <u>1,245,723</u>	<u>-</u>	<u>44,698</u>	<u>1,290,421</u>

GUILFORD COUNTY, NORTH CAROLINA
Rural Fire Districts Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
For the fiscal year ended June 30, 2010

B-3

	<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:				
Property taxes	\$ 9,362,876	9,362,876	9,638,393	275,517
Interest on delinquent taxes	-	-	36,428	36,428
Total property taxes	9,362,876	9,362,876	9,674,821	311,945
Sales tax	2,086,003	2,086,003	1,781,560	(304,443)
Interest on investments	-	-	3,564	3,564
Total revenues	<u>11,448,879</u>	<u>11,448,879</u>	<u>11,459,945</u>	<u>11,066</u>
Expenditures				
Current:				
Public safety:				
Alamance Community	1,089,189	1,089,189	1,089,189	-
Climax	103,354	103,354	102,925	429
Colfax	527,503	527,503	527,503	-
Deep River	185,822	185,822	183,460	2,362
Friedens Community	139,004	139,004	139,004	-
Gibsonville	13,202	13,202	13,202	-
Guilford College Community	376,796	376,796	376,796	-
Guil-Rand	149,841	149,841	149,841	-
Julian	71,996	71,996	71,996	-
Kimesville	97,237	97,237	97,237	-
McLeansville	571,400	571,400	565,765	5,635
Mount Hope Community	407,842	407,842	407,842	-
Northeast	793,988	793,988	793,988	-
Oak Ridge	1,120,029	1,120,029	1,120,029	-
Pinecroft-Sedgefield	1,638,487	1,638,487	1,638,487	-
Pleasant Garden	668,625	668,625	668,625	-
Rankin	914,364	914,364	914,364	-
Southeast	159,192	159,192	159,192	-
Stokesdale	516,234	516,234	516,234	-
Summerfield	1,690,158	1,690,158	1,690,158	-
Whitsett	354,810	354,810	354,810	-
No. 14	258,028	258,028	258,028	-
Total expenditures	<u>11,847,101</u>	<u>11,847,101</u>	<u>11,838,675</u>	<u>8,426</u>
Net change in fund balance	(398,222)	(398,222)	(378,730)	19,492
Fund balance at beginning of year	<u>1,624,453</u>	<u>1,624,453</u>	<u>1,624,453</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,226,231</u>	<u>1,226,231</u>	<u>1,245,723</u>	<u>19,492</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, 2010

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	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary and GAAP Basis</u>	
Revenues				
Taxes:				
Occupancy	\$ 3,694,916	3,853,035	3,853,035	-
Expenditures				
Current:				
Economic development and assistance	<u>3,694,916</u>	<u>3,853,035</u>	<u>3,853,035</u>	<u>-</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
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, 2010

B-5

	<u>Project</u>	<u>Actual</u>		
	<u>Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues				
Intergovernmental:				
HUD - Home Investment Program	\$ 840,734	336,033	219,047	555,080
Expenditures				
Current:				
Urban redevelopment and housing:				
2001-2002 Affordable Housing Funds	33,827	24,912	-	24,912
2002-2003 Affordable Housing Funds	190,289	145,241	-	145,241
2003-2004 Affordable Housing Funds	123,020	6,058	(1,171)	4,887
2005-2006 Affordable Housing Funds	188,094	5,399	9,956	15,355
2007 Scattered Site Program	400,000	186,247	210,262	396,509
Total expenditures	<u>935,230</u>	<u>367,857</u>	<u>219,047</u>	<u>586,904</u>
Deficiency of revenues over expenditures	<u>(94,496)</u>	<u>(31,824)</u>	<u>-</u>	<u>(31,824)</u>
Other Financing Sources (Uses)				
Transfers in	94,496	151,296	-	151,296
Transfers out	(74,774)	-	(74,774)	(74,774)
Appropriated fund balance	74,774	-	-	-
Total other sources (uses)	<u>94,496</u>	<u>151,296</u>	<u>(74,774)</u>	<u>76,522</u>
Net change in fund balance	\$ -	119,472	(74,774)	44,698
Fund balance at beginning of year			119,472	
Fund balance at end of year			\$ 44,698	

Proprietary Fund

Internal Service Funds are used to accumulate and allocate costs internally among Guilford County's various functions. The County has one Internal Service Fund to account for risk retention services provided to the departments of the County on a cost reimbursement basis.

GUILFORD COUNTY, NORTH CAROLINA

Internal Service Fund

C-1

Schedule of Revenues and Expenditures - Financial Plan and Actual (Non - GAAP)

For the fiscal year ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary and</u>	<u>Final Budget</u>
			<u>GAAP Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
Revenues				
Operating revenues:				
Charges for services	\$ 31,350,705	31,350,706	30,653,116	(697,590)
Other	-	436,155	718,445	282,290
Total operating revenues	<u>31,350,705</u>	<u>31,786,861</u>	<u>31,371,561</u>	<u>(415,300)</u>
Nonoperating revenues:				
Interest income	<u>768,000</u>	<u>840,945</u>	<u>266,833</u>	<u>(574,112)</u>
Total revenues	<u>32,118,705</u>	<u>32,627,806</u>	<u>31,638,394</u>	<u>(989,412)</u>
Expenditures				
Risk Retention-Liability/Property/WC:				
Personnel services			333,190	
Other direct service costs			19,696	
Professional services			79,962	
Claims, premiums and bonding	-	-	2,512,462	-
Total Risk Retention	<u>2,421,121</u>	<u>2,877,454</u>	<u>2,945,310</u>	<u>(67,856)</u>
Health Care & Wellness:				
Professional services			1,558,188	
Claims, premiums and bonding	-	-	29,407,131	-
Total Health Care & Wellness	<u>31,350,705</u>	<u>31,609,807</u>	<u>30,965,319</u>	<u>644,488</u>
Total expenditures	<u>33,771,826</u>	<u>34,487,261</u>	<u>33,910,629</u>	<u>576,632</u>
Deficiency of revenues over expenditures	(1,653,121)	(1,859,455)	(2,272,235)	(412,780)
Other financing sources:				
Appropriated fund balance	<u>1,653,121</u>	<u>1,859,455</u>	-	<u>(1,859,455)</u>
Deficiency of revenues and other sources over expenditures	\$ <u>-</u>	<u>-</u>	(2,272,235)	<u>(2,272,235)</u>
Reconciliation from financial plan basis (modified accrual) to full accrual:				
Decrease in accrued vacation pay			<u>(17,507)</u>	
Change in net assets			\$ <u>(2,289,742)</u>	

Fiduciary Funds

Pension Trust Funds are used to account for activities which accumulate resources for post employment benefits to qualified individuals.

Individual Fund Descriptions:

Pension Trust Funds

- *Law Enforcement Officers' Special Separation Allowance Fund* - Accounts for the activities of a single employer, public retirement system, which accumulates resources for pension benefit payments to qualified law enforcement officers.
- *Other Post Employment Benefits Fund* - Accounts for health care benefits of a single employer defined benefit Health Care Plan which provides postemployment health care benefits to eligible retirees of the County who participate in the North Carolina Local Government Employees' Retirement System.

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, Pleasant Garden, 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
Pension Trust Funds
Combining Statement of Net Assets
June 30, 2010

D-1

	<u>Pension Trust Funds</u>		
	<u>Law Enforcement Officers' Special Separation Allowance</u>	<u>Other Post Employment Benefits</u>	<u>Total</u>
Assets			
Current assets:			
Cash and cash equivalents/investments	\$ 1,131,512	2,047,651	3,179,163
Receivables:			
Accrued interest on investments	<u>1,884</u>	<u>-</u>	<u>1,884</u>
Total assets	<u>1,133,396</u>	<u>2,047,651</u>	<u>3,181,047</u>
Liabilities			
Accounts payable and accrued liabilities	<u>21,790</u>	<u>-</u>	<u>21,790</u>
Net Assets			
Held in trust for pension benefits	\$ <u>1,111,606</u>	<u>2,047,651</u>	<u>3,159,257</u>

GUILFORD COUNTY, NORTH CAROLINA
Pension Trust Funds
Combining Statement of Changes in Plan Net Assets
For the fiscal year ended June 30, 2010

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	Pension Trust Funds		
	Law Enforcement Officers' Special Separation Allowance	Other Post Employment Benefits	Total
Additions			
Employer contributions	\$ 521,280	2,000,000	2,521,280
Net investment income (loss)	7,427	(52,473)	(45,046)
Total additions	<u>528,707</u>	<u>1,947,527</u>	<u>2,476,234</u>
Deductions			
Benefits	730,602	-	730,602
Administrative expenses	628	-	628
Total deductions	<u>731,230</u>	<u>-</u>	<u>731,230</u>
Change in net assets	(202,523)	1,947,527	1,745,004
Net assets at beginning of year	<u>1,314,129</u>	<u>100,124</u>	<u>1,414,253</u>
Net assets at end of year	<u>\$ 1,111,606</u>	<u>2,047,651</u>	<u>3,159,257</u>

GUILFORD COUNTY, NORTH CAROLINA
Agency Funds
Combining Statement of Assets and Liabilities
June 30, 2010

D-3

	Agency Funds				Total
	Tax Collection	Fines and Forfeitures	Representative Payee	NC Treasurer's Vehicle Interest	
Assets					
Cash and cash equivalents/investments	\$ 1,011,060	454,812	372,611	33,241	1,871,724
Total assets	\$ <u>1,011,060</u>	<u>454,812</u>	<u>372,611</u>	<u>33,241</u>	<u>1,871,724</u>
Liabilities					
Accounts payable and accrued liabilities	\$ -	454,812	-	-	454,812
Representative payee clients payable	-	-	372,611	-	372,611
Due to other taxing units	<u>1,011,060</u>	<u>-</u>	<u>-</u>	<u>33,241</u>	<u>1,044,301</u>
Total liabilities	\$ <u><u>1,011,060</u></u>	<u><u>454,812</u></u>	<u><u>372,611</u></u>	<u><u>33,241</u></u>	<u><u>1,871,724</u></u>

GUILFORD COUNTY, NORTH CAROLINA
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the fiscal year ended June 30, 2010

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	<u>Balance</u> <u>7/1/09</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/10</u>
<u>Tax Collection Fund</u>				
Assets				
Cash and cash equivalents/investments	\$ <u>877,926</u>	<u>221,179,942</u>	<u>221,046,808</u>	<u>1,011,060</u>
Liabilities				
Due to other taxing units	\$ <u>877,926</u>	<u>221,179,942</u>	<u>221,046,808</u>	<u>1,011,060</u>
<u>Fines and Forfeitures Fund</u>				
Assets				
Cash and cash equivalents/investments	\$ <u>456,322</u>	<u>2,907,349</u>	<u>2,908,859</u>	<u>454,812</u>
Liabilities				
Accounts payable and accrued liabilities	\$ <u>456,322</u>	<u>2,907,349</u>	<u>2,908,859</u>	<u>454,812</u>
<u>Representative Payee Fund</u>				
Assets				
Cash and cash equivalents/investments	\$ <u>364,767</u>	<u>2,379,056</u>	<u>2,371,212</u>	<u>372,611</u>
Liabilities				
Representative payee clients payable	\$ <u>364,767</u>	<u>2,379,056</u>	<u>2,371,212</u>	<u>372,611</u>
<u>NC Treasurer's Vehicle Interest Fund</u>				
Assets				
Cash and cash equivalents/investments	\$ <u>32,607</u>	<u>320,013</u>	<u>319,379</u>	<u>33,241</u>
Liabilities				
Due to other taxing units	\$ <u>32,607</u>	<u>320,013</u>	<u>319,379</u>	<u>33,241</u>
<u>Total Agency Funds</u>				
Assets				
Cash and cash equivalents/investments	\$ <u>1,731,622</u>	<u>226,786,360</u>	<u>226,646,258</u>	<u>1,871,724</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 456,322	2,907,349	2,908,859	454,812
Representative payee clients payable	364,767	2,379,056	2,371,212	372,611
Due to other taxing units	<u>910,533</u>	<u>221,499,955</u>	<u>221,366,187</u>	<u>1,044,301</u>
Total liabilities	\$ <u>1,731,622</u>	<u>226,786,360</u>	<u>226,646,258</u>	<u>1,871,724</u>



Additional Financial Data

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

Analysis of Current Tax Levy

Schedule of Property Taxes Receivable

Analysis of Current Tax Levy -
County-Wide Levy

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

General Obligation Debt Service Requirements
and Maturity Schedule

GUILFORD COUNTY, NORTH CAROLINA
Analysis of Current Tax Levy
For the fiscal year ended June 30, 2010

	<u>Assessed Value</u>	<u>Rate (1)</u>	<u>Amount of Levy (2)</u>
County-wide	\$ 44,891,760,860	0.7374	\$ <u>331,030,507</u>
Rural fire districts:			
Alamance Community	897,534,483	0.1000	897,531
Gibsonville	10,837,842	0.1000	10,838
Climax	85,485,155	0.1000	85,479
Colfax	420,587,062	0.1000	420,587
Deep River	198,077,238	0.0770	152,520
Friedens Community	126,340,054	0.0950	120,026
Guilford College Community	435,387,399	0.0800	348,310
Guil-Rand	121,837,289	0.1000	121,833
Julian	82,878,610	0.0910	75,420
Kimesville	77,271,395	0.1000	77,271
McLeansville	663,555,756	0.0700	464,493
Mount Hope Community	411,502,951	0.0800	329,203
Northeast	680,989,402	0.0900	612,890
Oak Ridge	1,043,444,835	0.0825	860,850
Pinecroft-Sedgefield	1,580,564,916	0.0860	1,359,291
Pleasant Garden	549,872,531	0.1000	549,873
Rankin	772,570,587	0.1000	772,571
Southeast	129,703,650	0.1000	129,704
Stokesdale	544,935,616	0.0773	421,234
Summerfield	1,581,925,184	0.0875	1,384,198
Whitsett	451,936,725	0.0632	285,624
No. 14 (Franklin Blvd.)	206,818,516	0.1000	<u>206,819</u>
Total rural fire districts			<u>9,686,565</u>
Total entity-wide			\$ <u>340,717,072</u>

Percent of current year adjusted tax levy collected:

County-wide	<u>98.16</u> %
Rural fire districts	<u>98.35</u>
Entity-wide	<u>98.16</u>

Notes:

- (1) Per \$100 of assessed value.
- (2) Assessed value times rate may 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, 2010</u>
<u>2,681,904</u>	<u>282,263</u>	<u>(1,846,291)</u>	<u>(1,988,754)</u>	<u>330,159,629</u>	<u>(324,077,260)</u>	<u>6,082,369</u>
3,798	258	(5,417)	(2,856)	893,314	(877,837)	15,477
-	-	(60)	(18)	10,760	(10,620)	140
696	69	(447)	(226)	85,571	(83,584)	1,987
2,567	96	(2,418)	(1,662)	419,170	(414,257)	4,913
385	4	(700)	(1,359)	150,850	(147,886)	2,964
2,068	31	(598)	(1,860)	119,667	(117,276)	2,391
17,133	636	(1,109)	(2,354)	362,616	(356,922)	5,694
663	10	(574)	(966)	120,966	(118,180)	2,786
1,582	68	(215)	(20,486)	56,369	(55,690)	679
615	14	(340)	(482)	77,078	(75,162)	1,916
4,022	143	(2,478)	(2,375)	463,805	(453,630)	10,175
2,542	78	(1,946)	(2,202)	327,675	(320,967)	6,708
3,735	234	(3,461)	(3,247)	610,151	(599,835)	10,316
6,738	1,595	(5,117)	(3,954)	860,112	(850,001)	10,111
21,126	4,159	(7,030)	(6,801)	1,370,745	(1,352,765)	17,980
4,989	293	(2,955)	(3,602)	548,598	(538,272)	10,326
17,098	729	(4,485)	(4,173)	781,740	(763,033)	18,707
647	5	(650)	(239)	129,467	(127,402)	2,065
3,231	110	(2,340)	(2,350)	419,885	(412,994)	6,891
3,889	330	(8,315)	(4,275)	1,375,827	(1,362,070)	13,757
4,291	446	(1,313)	(1,571)	287,477	(283,325)	4,152
1,646	212	(1,056)	(645)	206,976	(197,515)	9,461
<u>103,461</u>	<u>9,520</u>	<u>(53,024)</u>	<u>(67,703)</u>	<u>9,678,819</u>	<u>(9,519,223)</u>	<u>159,596</u>
<u>2,785,365</u>	<u>291,783</u>	<u>(1,899,315)</u>	<u>(2,056,457)</u>	<u>339,838,448</u>	<u>(333,596,483)</u>	<u>6,241,965</u>

GUILFORD COUNTY, NORTH CAROLINA
Schedule of Property Taxes Receivable
June 30, 2010

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<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2009</u>	<u>Total Adjusted Tax Levy</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2010</u>
2009-2010	\$ -	339,838,448	333,596,483	6,241,965
2008-2009	6,170,972	-	3,831,823	2,339,149
2007-2008	1,831,441	-	454,743	1,376,698
2006-2007	1,031,402	-	159,074	872,328
2005-2006	739,765	-	62,545	677,220
2004-2005	670,183	-	31,696	638,487
2003-2004	566,270	-	25,706	540,564
2002-2003	458,908	-	6,070	452,838
2001-2002	474,453	-	4,643	469,810
2000-2001	378,792	-	2,839	375,953
1999-2000	368,095	-	368,095	-
	<u>\$ 12,690,281</u>	<u>339,838,448</u>	<u>338,543,717</u>	13,985,012
Less allowance for estimated uncollectible delinquent taxes:				
General Fund			\$ (7,666,313)	
Rural Fire Districts Fund			<u>(139,805)</u>	<u>(7,806,118)</u>
Property taxes receivable (net)				\$ <u>6,178,894</u>
Reconciliation with revenues:				
General Fund:				
Ad valorem taxes			\$ 328,029,077	
Interest on delinquent taxes			<u>1,177,653</u>	\$ 329,206,730
Rural Fire Districts Fund:				
Ad valorem taxes			9,638,393	
Interest on delinquent taxes			<u>36,428</u>	9,674,821
Plus collections and credits not included in revenues:				
Releases net of refunds on prior fiscal years			284,134	
Penalties on delinquent taxes			235,692	
Amounts written off for tax year 1998-1999 per statute of limitations			<u>368,095</u>	<u>887,921</u>
Subtotal				339,769,472
Less revenues not included in collections and credits:				
Collections on years prior to 2000 - 2001			(3,121)	
Payments in lieu of taxes			(8,553)	
Interest collected			<u>(1,214,081)</u>	<u>(1,225,755)</u>
Total collections and credits				\$ <u>338,543,717</u>

GUILFORD COUNTY, NORTH CAROLINA
Analysis of Current Tax Levy
County-Wide Levy
For the fiscal year ended June 30, 2010

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	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)	\$ 43,614,804,584	0.7374	321,615,569	306,347,274	15,268,295
Registered motor vehicles taxed at prior year's rate	<u>1,276,956,276</u>	0.7374	<u>9,414,938</u>	-	<u>9,414,938</u>
Total	<u>44,891,760,860</u>		<u>331,030,507</u>	<u>306,347,274</u>	<u>24,683,233</u>
Discoveries:					
Current year taxes	213,170,328	0.7374	1,571,918	1,571,918	-
Prior year taxes	-		<u>1,109,986</u>	<u>1,109,986</u>	-
Total	<u>213,170,328</u>		<u>2,681,904</u>	<u>2,681,904</u>	-
Penalties	-		<u>282,263</u>	<u>282,263</u>	-
Discounts allowed	-		<u>(1,846,291)</u>	<u>(1,846,291)</u>	-
Releases:					
Current year taxes	(228,061,975)	0.7374	(1,681,729)	(1,506,287)	(175,442)
Prior year taxes	-		<u>(307,025)</u>	<u>(149,957)</u>	<u>(157,068)</u>
Total	<u>(228,061,975)</u>		<u>(1,988,754)</u>	<u>(1,656,244)</u>	<u>(332,510)</u>
Total assessed value	\$ <u>44,876,869,213</u>				
Total adjusted tax levy			330,159,629	305,808,906	24,350,723
Uncollected taxes at June 30, 2010			<u>(6,082,369)</u>	<u>(3,558,505)</u>	<u>(2,523,864)</u>
Current year's taxes collected			\$ <u>324,077,260</u>	<u>302,250,401</u>	<u>21,826,859</u>
Current adjusted tax levy collection percentage			<u>98.16%</u>	<u>98.84%</u>	<u>89.64%</u>

Notes:

- (1) Per \$100 of assessed value.
- (2) Assessed value times rate may 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, 2010

Secondary Market Disclosures:

Assessed Valuation:	
Assessment Ratio (1)	100%
Real Property (2)	\$ 36,596,181,356
Personal Property	7,223,197,327
Public Service Companies (3)	<u>1,072,382,177</u>
Total Assessed Valuation	\$ <u>44,891,760,860</u>
Tax Rate per \$100 (4)	<u>0.7374</u>
Levy (5)	\$ <u>343,794,220</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	\$ 333,994,674
Special Fire Districts	<u>9,799,546</u>
Total Levy	\$ <u>343,794,220</u>

The levy is adjusted to exclude rebates and discounts allowed of \$3,955,772.

GUILFORD COUNTY, NORTH CAROLINA
General Obligation Debt Service Requirements
and Maturity Schedule
As of June 30, 2010

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Fiscal Year	UTILITY		OTHER		TOTAL	
	Existing Debt		Existing Debt		Existing Debt	
	Principal	Principal & Interest	Principal	Principal & Interest	Principal	Principal & Interest
2010-11	\$ 1,414,705	2,183,937	35,620,295	62,245,031	37,035,000	64,428,968
2011-12	2,577,936	3,287,092	42,132,064	69,548,797	44,710,000	72,835,889
2012-13	2,633,279	3,222,390	41,941,721	67,593,374	44,575,000	70,815,764
2013-14	2,397,558	2,875,597	43,107,442	66,955,663	45,505,000	69,831,260
2014-15	2,389,389	2,762,470	44,095,611	66,172,030	46,485,000	68,934,500
2015-16	2,383,646	2,646,851	45,041,354	65,187,211	47,425,000	67,834,062
2016-17	2,104,552	2,264,988	46,265,448	64,425,947	48,370,000	66,690,935
2017-18	808,868	910,191	48,521,132	64,748,697	49,330,000	65,658,888
2018-19	675,537	744,466	48,344,463	62,230,372	49,020,000	62,974,838
2019-20	266,648	314,100	49,403,352	61,189,538	49,670,000	61,503,638
2020-21	262,203	301,656	50,632,797	60,646,760	50,895,000	60,948,416
2021-22	263,092	289,435	51,076,908	59,493,836	51,340,000	59,783,271
2022-23	263,759	276,947	51,121,241	57,902,954	51,385,000	58,179,901
2023-24	-	-	46,375,000	51,843,112	46,375,000	51,843,112
2024-25	-	-	46,370,000	51,034,793	46,370,000	51,034,793
2025-26	-	-	27,730,000	31,583,235	27,730,000	31,583,235
2026-27	-	-	27,730,000	30,798,915	27,730,000	30,798,915
2027-28	-	-	16,480,000	18,750,201	16,480,000	18,750,201
2028-29	-	-	16,480,000	17,962,269	16,480,000	17,962,269
2029-30	-	-	8,250,000	8,925,799	8,250,000	8,925,799
2030-31	-	-	8,250,000	8,475,266	8,250,000	8,475,266
	\$ <u>18,441,172</u>	<u>22,080,120</u>	<u>794,968,828</u>	<u>1,047,713,800</u>	<u>813,410,000</u>	<u>1,069,793,920</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
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Financial Trends	1 - 2
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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
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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
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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
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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
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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 Nine Fiscal Years (1)
(full accrual basis of accounting)

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Expenses									
Governmental activities:									
General government (2)	\$ 31,516,270	34,646,687	35,776,935	38,935,052	43,691,593	41,915,381	42,686,479	43,920,236	40,228,036
Human services	154,085,861	159,178,485	162,046,232	168,210,350	170,986,656	167,658,603	187,408,591	183,143,016	167,271,667
Public safety (2)	63,192,587	65,312,136	70,809,410	77,965,005	83,334,706	90,576,330	101,980,944	104,015,673	102,286,880
Environmental protection	1,988,716	1,007,132	1,174,894	1,682,060	1,127,138	1,194,998	1,395,364	1,319,735	1,293,411
Culture - recreation	2,022,230	1,816,420	2,754,118	3,824,634	4,790,197	6,244,857	5,981,193	6,822,953	6,662,104
Urban redevelopment and housing	4,056	311,888	259,242	152,052	158,816	165,681	-	185,987	219,047
Economic development and assistance	4,995,855	5,682,689	4,835,656	6,272,110	9,679,480	6,961,147	6,711,552	7,179,186	6,591,833
Education	222,698,036	198,557,002	189,254,201	210,740,935	258,171,386	311,169,199	274,425,035	263,067,760	251,720,561
Interest on long-term debt	7,873,266	9,782,009	10,599,222	11,468,056	15,477,774	18,787,205	22,265,124	21,720,267	22,513,943
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>	<u>644,673,401</u>	<u>642,854,282</u>	<u>631,374,813</u>	<u>598,787,482</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	7,908,972	7,329,664	6,493,504	5,930,518
Human services	23,448,275	23,792,095	21,869,902	21,075,399	20,768,155	16,414,577	17,390,778	18,196,954	17,062,584
Public safety	11,700,199	13,471,224	14,259,539	16,056,217	17,697,563	17,901,405	19,486,002	20,476,409	19,375,549
Economic development and assistance	1,742,561	2,079,544	5,437,989	2,653,574	2,699,976	2,796,826	3,089,466	1,933,971	2,364,652
Other activities	327,482	353,284	226,224	278,833	198,133	139,105	139,174	107,016	85,534
Operating grants and contributions:									
Human services	71,548,917	74,484,319	74,736,210	80,870,482	80,654,657	81,501,929	85,671,190	88,445,374	87,497,137
Public safety	2,249,286	1,181,844	1,494,192	2,388,765	2,916,616	2,086,924	1,818,775	1,199,627	1,637,406
Education	9,064,542	2,650,322	299,783	4,968,633	4,165,991	16,594,201	13,482,032	4,206,914	1,121,632
Interest on long-term debt	-	-	-	-	-	-	6,000,000	12,500,000	8,000,000
Other activities	777,814	1,232,646	976,685	2,912,425	3,683,034	1,020,755	826,942	1,788,851	1,024,903
Capital grants and contributions:									
General government	9,500	-	505,100	-	6,000	-	-	-	10,000
Human services	12,675	117,517	91,287	84,778	5,518	1,107,265	61,185	258,777	243,318
Public safety	45,260	34,147	214,986	66,236	490,261	22,810	110,975	349,110	223,545
Culture - recreation	11,748	17,916	1,238,163	237,573	50,300	-	1,000	6,306,168	2,381,838
Other activities	39,507	2,472	-	9,759	17,883	-	-	-	-
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>	<u>147,494,769</u>	<u>155,407,183</u>	<u>162,262,675</u>	<u>146,958,616</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>	<u>(497,178,632)</u>	<u>(487,447,099)</u>	<u>(469,112,138)</u>	<u>(451,828,866)</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	286,570,949	307,477,528	336,155,671	339,016,318	
Sales taxes	53,789,277	58,779,530	74,631,354	79,845,527	82,561,886	88,839,038	88,097,598	72,903,563	62,749,914	
Occupancy taxes	3,825,082	4,006,760	3,976,303	4,232,851	4,485,837	4,419,986	4,618,458	4,036,491	3,853,035	
Excise taxes	2,057,359	1,949,926	2,680,418	2,935,945	3,399,037	3,268,199	3,155,087	1,686,397	1,560,241	
911 charges	1,034,031	1,022,015	871,980	769,657	824,713	788,590	381,944	-	-	
Local gross receipts taxes	799,508	775,777	721,737	789,591	746,443	736,098	751,131	631,080	578,291	
Franchise taxes	590,491	413,145	506,089	520,014	618,753	462,080	143,515	148,147	149,479	
Unrestricted grants and contributions	11,485,517	589,147	4,794,484	3,735,353	1,347,053	1,060,902	1,472,030	1,421,855	2,841,217	
Unrestricted investment earnings	9,699,517	5,993,035	3,582,623	7,707,805	15,391,864	17,075,971	17,427,005	7,875,270	1,289,848	
Other	264,431	114,304	162,985	222,293	313,562	2,019,617	371,374	225,855	257,879	
Special items	-	-	3,159,900	-	-	-	-	-	-	
Total primary government general revenues and other changes in net assets	<u>303,334,782</u>	<u>296,338,288</u>	<u>331,177,015</u>	<u>355,546,352</u>	<u>376,885,117</u>	<u>405,241,430</u>	<u>423,895,670</u>	<u>425,084,329</u>	<u>412,296,222</u>	

Changes in Net Assets

Governmental activities / primary government	<u>\$ (57,137,498)</u>	<u>(52,426,979)</u>	<u>(16,763,848)</u>	<u>(24,468,313)</u>	<u>(69,085,598)</u>	<u>(91,937,202)</u>	<u>(63,551,429)</u>	<u>(44,027,809)</u>	<u>(39,532,644)</u>
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Net Assets by Component

Governmental activities:

	(Restated)	(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	116,246,292	115,992,624	120,573,365	122,628,297
Restricted	16,547,207	19,657,963	23,362,147	25,288,493	27,765,244	30,720,400	36,221,646	37,896,605	39,246,752
Unrestricted	<u>37,001,829</u>	<u>(19,144,526)</u>	<u>(50,527,351)</u>	<u>(77,996,935)</u>	<u>(153,017,492)</u>	<u>(248,614,070)</u>	<u>(317,413,077)</u>	<u>(371,277,681)</u>	<u>(414,215,404)</u>
Governmental activities / primary government	<u>\$ 153,034,562</u>	<u>100,607,583</u>	<u>83,843,735</u>	<u>59,375,422</u>	<u>(9,710,176)</u>	<u>(101,647,378)</u>	<u>(165,198,807)</u>	<u>(212,807,711)</u>	<u>(252,340,355)</u>

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.
- (2) The 2006 amounts have been reclassified for comparative purposes.
- (3) The 2009 unrestricted net assets have been reduced by \$3,581,095 to reflect the restatement of beginning net assets required by the 2010 implementation of Governmental Accounting Standards Board Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*.

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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues			(Restated)							
Taxes:										
Property taxes	\$ 199,478,557	219,066,626	222,529,052	235,782,968	254,318,144	267,441,956	285,914,118	306,464,934	334,877,456	338,881,551
Sales taxes	56,326,992	53,789,277	62,861,654	74,631,354	79,845,527	82,561,886	88,839,038	88,097,598	72,903,563	62,749,914
Occupancy taxes	4,097,548	3,825,082	4,006,760	3,976,303	4,232,851	4,485,837	4,419,986	4,618,458	4,036,491	3,853,035
Excise taxes	1,933,722	2,057,359	1,949,926	2,680,418	2,935,945	3,399,037	3,268,199	3,155,087	1,686,397	1,560,241
911 charges	-	1,034,031	1,022,015	871,980	769,657	824,713	788,590	381,944	-	-
Local gross receipts taxes	825,466	799,508	775,777	721,737	789,591	746,443	736,098	751,131	631,080	578,291
Franchise taxes	-	590,491	413,145	506,089	520,014	618,753	462,080	143,515	148,147	149,479
Total taxes	262,662,285	281,162,374	293,558,329	319,170,849	343,411,729	360,078,625	384,428,109	403,612,667	414,283,134	407,772,511
Licenses and permits	1,908,456	2,093,241	2,646,591	2,991,576	3,387,258	3,470,989	2,420,370	2,263,699	1,585,588	1,440,463
Intergovernmental	107,086,375	94,911,830	79,806,114	83,470,521	94,419,673	92,559,452	101,329,674	108,160,439	108,853,768	102,154,244
Charges for services	30,212,354	37,835,744	40,826,767	42,020,340	40,891,308	42,299,395	37,116,489	39,836,114	40,359,429	38,919,317
Investment earnings	16,552,945	8,847,992	5,515,396	3,365,125	7,207,426	14,408,915	15,605,317	15,895,947	7,130,248	3,098,015
Other	4,923,322	5,381,366	5,566,681	5,124,932	5,344,140	5,309,364	7,631,167	7,235,788	7,234,433	5,787,254
Total revenues	423,345,737	430,232,547	427,919,878	456,143,343	494,661,534	518,126,740	548,531,126	577,004,654	579,446,600	559,171,804
Expenditures										
General government	32,348,856	30,313,342	33,445,902	34,160,259	37,795,664	43,048,897	40,509,958	39,464,132	41,209,590	39,026,532
Human services	148,581,337	152,663,170	157,893,840	161,072,839	168,618,392	170,804,456	167,594,028	173,386,520	171,232,873	157,837,907
Public safety	58,591,519	61,100,678	63,221,245	69,943,520	77,030,474	83,730,591	88,984,727	92,098,335	95,895,858	94,698,652
Environmental protection	679,512	974,932	1,027,260	1,138,238	1,125,296	1,086,756	1,237,988	1,171,174	1,141,212	1,203,142
Culture - recreation	1,417,582	1,641,649	1,459,007	2,336,710	3,247,907	4,230,945	4,979,283	5,154,091	5,774,257	5,757,497
Urban redevelopment & housing	23,145	4,056	311,888	259,242	152,052	158,816	165,681	-	185,987	219,047
Economic development & assistance (1)	4,267,548	4,549,424	4,746,102	4,477,063	5,375,881	7,046,010	5,421,073	5,653,323	5,156,366	4,580,634
Education (2)	114,237,651	122,720,100	124,913,318	133,434,005	138,892,306	150,696,921	166,425,861	175,956,849	186,918,211	186,918,211
Capital outlay - Education (2)	75,417,529	99,977,936	73,643,684	55,820,196	71,848,629	107,474,465	144,743,338	98,468,186	76,149,549	64,802,350
Capital outlay - Other	3,838,607	3,843,303	4,103,909	4,309,253	6,499,337	11,182,101	12,158,726	11,038,077	9,880,574	31,362,531
Debt service:										
Principal	7,925,000	9,865,000	9,865,000	13,830,000	13,810,000	19,410,000	19,790,000	27,715,000	28,160,200	36,215,200
Interest	6,121,878	7,903,473	9,354,570	10,801,897	12,916,990	17,228,026	18,171,528	22,211,212	19,935,396	20,852,231
Other fiscal charges	25,056	77,746	104,410	265,087	67,360	504,413	470,194	985,535	854,108	3,834,542
Bond issuance / put bond costs	297,304	-	542,893	343,858	825,559	-	542,749	-	300,443	1,748,409
Total expenditures	453,772,524	495,634,809	484,633,028	492,192,167	538,205,847	616,602,397	671,195,134	653,302,434	642,794,624	649,056,885
Excess (deficiency) of revenues over expenditures	(30,426,787)	(65,402,262)	(56,713,150)	(36,048,824)	(43,544,313)	(98,475,657)	(122,664,008)	(76,297,780)	(63,348,024)	(89,885,081)

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

Refunding bonds issued	-	-	16,015,000	-	54,380,000	-	-	-	-	135,990,000
General obligation bonds issued	120,620,000	-	123,355,000	-	183,220,000	-	185,440,000	-	164,600,000	165,000,000
Capital-related debt issued	1,901,560	-	320,000	417,391	158,845	253,812	485,187	5,102,000	-	-
Payment to bond refunding escrow agent	-	-	(16,153,861)	-	(60,717,190)	-	-	-	-	(146,310,850)
Premiums on bonds/put bonds/refunding bonds issued	-	-	334,267	6,509,700	5,657,142	-	1,879,435	-	10,526,417	30,354,381
Payment to terminate interest rate swaps	-	-	-	-	-	-	-	-	-	(11,211,119)
Transfers in	28,258,854	17,749,793	32,186,463	16,745,665	12,118,221	9,131,329	1,494,729	5,317,116	2,930,621	9,781,781
Transfers out (1)	(25,962,526)	(17,749,793)	(31,484,608)	(16,745,665)	(12,118,221)	(9,131,329)	(1,494,729)	(5,317,116)	(2,930,621)	(9,781,781)
Sale of capital assets	-	350,865	299,807	155,595	191,586	250,004	2,317,974	248,922	119,073	165,734
Special Items	-	-	-	(4,500,000)	-	-	-	-	-	-
Total other financing sources (uses) and other changes in fund balances	<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>	<u>190,122,596</u>	<u>5,350,922</u>	<u>175,245,490</u>	<u>173,988,146</u>
Changes in Fund Balances										
Governmental funds	<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>	<u>67,458,588</u>	<u>(70,946,858)</u>	<u>111,897,466</u>	<u>84,103,065</u>
Debt service as a percentage of noncapital expenditures (3)	3.13%	3.62%	4.02%	5.12%	5.04%	6.08%	5.77%	7.80%	7.61%	9.27%

Fund Balances

General fund:			(Restated)							
Reserved	\$ 28,347,418	29,393,205	35,833,092	37,807,777	44,883,408	43,905,906	48,386,558	49,298,419	49,720,293	51,373,273
Unreserved	61,206,684	57,994,642	61,188,365	66,940,342	69,579,976	73,346,411	75,041,272	77,941,742	95,477,488	88,172,988
Total general fund	<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>	<u>123,427,830</u>	<u>127,240,161</u>	<u>145,197,781</u>	<u>139,546,261</u>
All other governmental funds:			(Restated)							
Reserved	\$ 9,996,196	9,774,903	11,224,504	10,159,955	6,462,668	9,403,431	10,531,341	14,888,243	14,873,636	85,380,194
Unreserved, reported in:										
Special revenue funds	174,981	(69,911)	(184,893)	276,287	648,399	1,005,990	1,215,613	1,277,213	657,736	310,200
Capital projects funds	150,245,085	87,826,128	145,016,817	104,427,386	237,383,366	133,324,238	193,269,780	114,092,089	208,666,019	228,261,582
Total all other governmental funds	<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>	<u>205,016,734</u>	<u>130,257,545</u>	<u>224,197,391</u>	<u>313,951,976</u>

Notes:

- (1) For year 2001, operating transfers out - component unit have been reclassified to economic development and assistance for comparative purposes under current GAAP.
- (2) For years 2005 - 2010, 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.
- (3) Debt service as a percentage of noncapital expenditures reflects principal and interest only divided by the sum of total expenditures less capital expenditures in all functional categories but only to the extent capitalized as an asset by the County. Water and sewer and school capital expenditures in the Capital Projects Funds which are assets of the municipalities, Guilford County Schools and Guilford Technical Community College are included in noncapital expenditures for the purposes of this calculation.

Table 3

**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		
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
2007	21,108,316,400	6,696,626,439	5,843,302,561	33,648,245,400	35,006,497,503	7,548,094,997	1,079,835,566	42,276,175,963	43,634,428,066	96.9	0.6829
2008	22,054,734,225	6,780,025,064	5,984,912,346	34,819,671,635	37,553,571,651	7,476,297,491	1,101,662,076	43,397,631,202	46,131,531,218	94.1	0.7130
2009	22,879,599,424	6,935,720,302	6,178,932,522	35,994,252,248	39,295,035,205	7,459,633,640	1,134,193,063	44,588,078,951	47,888,861,908	93.1	0.7575
2010	23,309,297,741	7,034,244,317	6,252,639,298	36,596,181,356	40,193,499,567	7,223,197,327	1,072,382,177	44,891,760,860	48,489,079,071	92.6	0.7591

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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 revaluation is reflected in the increased real property values in fiscal year 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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
County Direct Rates:										
General Levy (1):										
Property taxed at current year's rate	\$ 0.6079	0.6420	0.6448	0.6813	0.5961	0.6191	0.6367	0.6693	0.7148	0.7165
Registered motor vehicles at prior rate	<u>0.0293</u>	<u>0.0304</u>	<u>0.0294</u>	<u>0.0304</u>	<u>0.0257</u>	<u>0.0228</u>	<u>0.0241</u>	<u>0.0211</u>	<u>0.0212</u>	<u>0.0210</u>
Total general direct rate	0.6372	0.6724	0.6742	0.7117	0.6218	0.6419	0.6608	0.6904	0.7360	0.7375
Fire Protection Districts (2)	<u>0.0231</u>	<u>0.0235</u>	<u>0.0241</u>	<u>0.0193</u>	<u>0.0211</u>	<u>0.0217</u>	<u>0.0221</u>	<u>0.0226</u>	<u>0.0215</u>	<u>0.0216</u>
Total direct rate	\$ <u>0.6603</u>	<u>0.6959</u>	<u>0.6983</u>	<u>0.7310</u>	<u>0.6429</u>	<u>0.6636</u>	<u>0.6829</u>	<u>0.7130</u>	<u>0.7575</u>	<u>0.7591</u>
City Rates:										
Burlington (3)	\$ 0.5000	0.4218	0.4971	0.5000	0.5545	0.5550	0.6247	0.6250	0.6250	0.5904
Greensboro	0.5828	0.5828	0.6163	0.6177	0.5717	0.5700	0.6158	0.6369	0.6374	0.6375
High Point	0.6209	0.6220	0.6220	0.6220	0.5424	0.5914	0.6075	0.6323	0.6330	0.6330
Kernersville (3)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.5500	0.4975
Town Rates:										
Archdale (3),(4)	\$ 0.2400	0.2300	0.2300	0.2300	0.2600	0.2600	0.2600	0.2900	0.2900	0.2900
Gibsonville (4)	0.5300	0.5150	0.5150	0.5150	0.4950	0.5150	0.5150	0.5150	0.5150	0.5100
Jamestown	0.3100	0.3100	0.3386	0.3495	0.3500	0.3500	0.3500	0.3500	0.3693	0.3700
Oak Ridge	None	None	None	None	0.0863	0.0863	0.0863	0.0863	0.0863	0.0863
Pleasant Garden	None	None	None	None	None	0.0500	0.0500	0.0500	0.0260	0.0250
Sedalia	None	None	None	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000
Summerfield	None	None	None	None	0.1050	0.0523	0.0395	0.0390	0.0351	0.0018
Whitsett	None	None	None	None	None	None	None	None	0.0500	0.0500
Sedgefield Sanitary District	\$ 0.0400	0.0400	0.0400	0.0400	0.0352	0.0398	0.0257	0.0298	0.0300	0.0300

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-two 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 and Kernersville's total direct rates are computed only with regard to assessed taxable value in Guilford County. Beginning in 2009, Archdale's total direct rate is similarly computed.
- (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**

<u>Taxpayer</u>	<u>Fiscal Year 2010</u>		<u>Fiscal Year 2001</u>	
	<u>Assessed Value</u>	<u>Percentage of Total Assessed Value</u>	<u>Assessed Value</u>	<u>Percentage of Total Assessed Value</u>
Duke Energy Corporation	\$ 355,254,996	0.79	\$ 265,919,796	0.88
Koury Corporation	276,974,844	0.62	317,133,847	1.05
Lorillard Tobacco Company	266,004,864	0.59	190,593,595	0.63
CBL & Associates Properties, Inc.	203,334,331	0.45	-	-
TYCO Electronics (AMP)	197,557,213	0.44	174,421,222	0.58
RF Micro Devices, Inc.	191,628,364	0.43	-	-
International Home Furnishings Center (formerly Southern Furniture Exposition Building, Inc.)	184,907,653	0.41	129,267,331	0.43
Procter & Gamble Manufacturing Company	178,521,431	0.40	179,510,369	0.60
BellSouth	161,182,152	0.36	193,590,034	0.64
Liberty Property LP	143,772,188	0.32	-	-
VF Corporation	-	-	125,275,216	0.42
Highwoods/Forsyth Limited	-	-	145,734,200	0.48
Starmount Company	-	-	115,983,471	0.38
	<u>\$ 2,159,138,036</u>	<u>4.81</u>	<u>\$ 1,837,429,081</u>	<u>6.09</u>

Source: Guilford County Tax Department.

**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
2001	\$ 199,064,756	(174,673)	198,890,083	197,132,452	99.03	1,389,007	198,521,459	99.81
2002	219,054,553	(224,708)	218,829,845	216,755,652	98.95	1,605,284	218,360,936	99.79
2003	222,664,562	(242,801)	222,421,761	220,251,203	98.92	1,711,199	221,962,402	99.79
2004	236,247,761	(205,132)	236,042,629	233,477,931	98.83	2,033,651	235,511,582	99.78
2005 ⁽²⁾	254,868,218	(1,615,664)	253,252,554	251,554,341	98.70	1,059,156	252,613,497	99.75
2006	268,492,562	(420,452)	268,072,110	265,412,691	98.85	1,976,840	267,389,531	99.75
2007	287,334,796	(309,734)	287,025,062	283,471,941	98.66	2,679,868	286,151,809	99.70
2008	308,030,341	(294,952)	307,735,389	303,163,588	98.42	3,814,323	306,977,911	99.75
2009	336,841,767	(192,458)	336,649,309	330,670,794	98.17	3,639,364	334,310,158	99.31
2010	339,838,448	-	339,838,448	333,596,483	98.16	-	333,596,483	98.16

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 revaluation is reflected in the increased real property values in fiscal year 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**

<u>Fiscal Year</u>	<u>General Bonded Debt Outstanding</u> General Obligation Bonds (1)	<u>Percentage of Estimated Actual Taxable Value of Property (2)</u>	<u>Per Capita</u>	<u>Other Governmental Activities Debt</u> Capital Leases and Installment Financings (1)	<u>Total Primary Government (1)</u>	<u>Percentage of Personal Income (3)</u>	<u>Per Capita (3)</u>
2001	\$ 179,715,000	0.54	421.96	1,777,078	181,492,078	1.34	426.13
2002	169,850,000	0.48	396.41	1,255,693	171,105,693	1.24	399.34
2003	283,740,000	0.77	657.85	1,016,256	284,756,256	2.04	660.21
2004	269,910,000	0.71	621.21	862,328	270,772,328	1.90	623.19
2005	438,880,000	1.09	993.48	513,298	439,393,298	2.87	994.64
2006	419,470,000	1.02	940.21	423,913	419,893,913	2.63	941.16
2007	585,120,000	1.34	1,271.73	571,479	585,691,479	3.38	1,272.97
2008	557,405,000	1.21	1,187.63	5,422,364	562,827,364	3.13	1,199.18
2009	694,355,000	1.45	1,458.61	4,783,962	699,138,962	3.81	1,468.66
2010	813,410,000	1.68	1,682.38	4,147,088	817,557,088	4.22	1,690.96

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, 2010**

<u>Jurisdiction</u>	<u>Debt Outstanding (1)</u>	<u>Estimated Percentage Applicable (1),(2)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Guilford County	\$ 817,557,088	100.00	\$ <u>817,557,088</u>
City of Greensboro	214,880,734	100.00	214,880,734
City of High Point	104,611,319	95.05	99,433,059
Town of Oak Ridge	2,903,333	100.00	2,903,333
Town of Jamestown	217,084	100.00	217,084
City of Burlington	18,868,416	1.46	275,479
Town of Gibsonville	603,056	48.26	291,035
Town of Kernersville	8,024,633	0.69	55,370
City of Archdale	1,308,863	2.73	<u>35,732</u>
Total overlapping debt			<u>318,091,826</u>
Total direct and overlapping debt			\$ <u><u>1,135,648,914</u></u>

Notes:

- (1) Debt and assessed valuation information were obtained from each municipality.
- (2) 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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt limit	\$ 2,414,593	2,526,935	2,553,174	2,586,922	3,218,928	3,259,465	3,382,094	3,471,810	3,567,046	3,591,341
Total net debt applicable to limit	<u>296,112</u>	<u>289,866</u>	<u>280,849</u>	<u>567,245</u>	<u>629,005</u>	<u>610,091</u>	<u>603,424</u>	<u>1,232,525</u>	<u>1,204,916</u>	<u>1,158,903</u>
Legal debt margin	\$ <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>	<u>2,778,670</u>	<u>2,239,285</u>	<u>2,362,130</u>	<u>2,432,438</u>
Total net debt applicable to limit as a percentage of debt limit	12.26%	11.47%	11.00%	21.93%	19.54%	18.72%	17.84%	35.50%	33.78%	32.27%

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed value of taxable property	\$ <u>44,891,760,860</u>
Debt limit (8% of total assessed value)	\$ <u>3,591,340,869</u>
Debt applicable to limit:	
Bonded debt	813,410,000
Bonds authorized, unissued	347,330,000
Obligations under capital leases and purchase money installment contracts	<u>4,147,088</u>
Gross debt	1,164,887,088
Less statutory deductions:	
Bonds issued and outstanding for water purposes	<u>5,984,515</u>
Net amount of debt applicable to debt limit	<u>1,158,902,573</u>
Legal debt margin	\$ <u>2,432,438,296</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) (in thousands)</u>	<u>Per Capita Income (3)</u>	<u>Median Age (1)</u>	<u>Public School Enrollment (4)</u>	<u>Unemployment Rate (5)</u>
2001	425,908	\$ 13,515,339	\$ 31,733	35.21	61,894	5.1 %
2002	428,469	13,795,416	32,197	35.51	62,767	6.3
2003	431,311	13,948,166	32,339	35.80	63,873	6.2
2004	434,491	14,280,416	32,867	36.06	65,118	5.4
2005	441,761	15,292,882	34,618	36.22	66,367	5.1
2006	446,143	15,981,288	35,821	36.51	68,118	4.6
2007	460,099	17,308,464	37,619	36.53	69,677	4.7
2008	469,343	17,985,224	38,320	36.66	70,707	6.1
2009	476,038	18,343,648	38,534	36.83	70,968	11.0
2010	483,487	19,379,126	40,082	36.93	70,710	11.1

Sources:

- (1) 2001 through 2010 North Carolina Office of State Planning estimates.
- (2) Computed as a factor of population times per capita income.
- (3) Calendar years 2000 through 2008 Bureau of Economic Analysis, U.S. Department of Commerce.
 Calendar year 2009 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 2010 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>2010</u>		<u>2001</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	10,394	4.81	8,000	3.59
Moses H. Cone Health Systems	7,776	3.60	6,200	2.78
City of Greensboro	3,024	1.40	2,874	1.29
United States Postal Service	2,800	1.30	2,180	0.98
University of North Carolina at Greensboro	2,800	1.30	2,025	0.91
Guilford County Government	2,648	1.23	2,455	1.10
High Point Regional Health System	2,400	1.11	1,975	0.89
Bank of America (formerly Nationsbank,N.A.)	2,000	0.93	1,800	0.81
American Express Credit Card Services	2,000	0.93	2,800	1.26
United Parcel Service (UPS)	2,000	0.93	1,900	0.85
Lorillard, Inc.	1,800	0.83	1,500	0.67
Tyco Electronics	-	-	4,115	1.85
Sears Roebuck & Co.	-	-	3,000	1.35
Gilbarco	-	-	1,500	0.67
Total County Employment	215,925		222,969	

Sources:

Principal employer data is from the Greensboro Economic Development Alliance, the High Point Economic Development Corporation and the individual local governments. Total County employment is for calendar years 2000 and 2009 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

Total Number of Employees Paid as of June 30										
Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government (1)	457	472	395	401	394	462	380	419	338	464
Human services	1,572	1,528	1,445	1,451	1,462	1,460	1,376	1,369	1,366	1,264
Public safety	813	840	798	830	855	891	897	892	953	913
Environmental protection	1	1	-	1	3	6	6	5	5	5
Culture-recreation	-	-	-	-	-	-	-	2	2	2
Total	<u>2,843</u>	<u>2,841</u>	<u>2,638</u>	<u>2,683</u>	<u>2,714</u>	<u>2,819</u>	<u>2,659</u>	<u>2,687</u>	<u>2,664</u>	<u>2,648</u>

Note:

(1) General government employee numbers fluctuate due to election workers being included.

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

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government: (2)										
Real estate documents processed	415,020	338,034	556,164	656,458	691,835	541,936	598,176	590,300	510,744	329,094
Vital records recorded and issued	65,628	68,018	74,332	59,058	61,126	63,240	64,870	73,560	79,814	68,196
Building permits issued	2,977	2,785	2,750	2,765	2,765	2,659	2,660	2,800	2,800	2,200
Bldg,plumb,mech & elec insp completed	79,230	51,678	51,000	51,500	51,500	56,881	51,152	45,700	45,700	29,200
Human Services:										
Laboratory tests performed (2)	212,842	157,204	148,421	136,802	142,046	165,916	180,160	194,148	187,314	203,250
Number of prescriptions filled (2)	83,000	85,000	48,215	85,284	66,413	89,393	80,791	82,825	82,000	77,906
Adoption assistance cases (2),(4)	254	600	715	715	875	1,100	1,117	1,118	1,090	1,059
Children in Social Services custody (2)	753	645	573	573	500	559	496	475	475	386
Schedule GTA SCAT trips (2)	107,500	114,400	119,600	149,500	157,500	160,000	N/A	N/A	N/A	N/A
Bus Service-Senior (2)	7,200	9,000	7,600	4,515	4,620	4,650	N/A	N/A	N/A	N/A
Bus Service-Medicaid (2)	5,800	9,780	13,100	21,900	22,550	22,550	N/A	N/A	N/A	N/A
Social Services paratransit (2)	99,800	98,220	112,600	110,659	113,979	114,000	N/A	N/A	N/A	N/A
Public Safety:										
911 calls received (1),(3)	155,000	106,000	112,000	116,000	118,000	121,709	117,180	125,201	123,504	128,892
Emergency HazMat responses (2)	50	52	150	100	100	95	90	90	70	70
Average daily population juvenile detention (2)	46	48	48	48	48	48	48	48	48	48
Average daily population adult jail (6)	678	735	781	825	855	875	885	914	907	955
Number of animals received (2)	10,173	12,112	14,341	16,000	15,325	14,935	15,100	15,827	15,993	16,890
Number of spay/neuter surgeries performed (2)	3,560	3,749	4,000	4,500	5,000	6,149	4,500	6,500	5,495	5,098
Environmental protection: (2)										
Number of scrap tires processed	565,000	594,000	625,000	650,000	650,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Number of white goods disposed of(tons)	1,600	2,654	2,700	2,800	2,800	2,800	2,000	2,400	2,600	2,500
Culture - recreation: (2)										
Number of park and rec participants	645,000	675,100	1,130,000	1,373,100	1,590,600	1,815,100	1,825,100	1,925,100	2,385,100	2,770,350
Education:										
Average daily membership (5)	61,894	62,767	63,873	65,118	66,367	68,118	69,677	70,707	70,968	70,710
County appropriation per pupil (7)	\$1,739.23	\$1,842.36	\$1,841.77	\$1,929.81	\$1,968.83	\$2,079.71	\$2,248.45	\$2,335.91	\$2,468.23	\$2,477.24

Note:

(1) Effective 2007, Guilford County and the City of Greensboro formed the combined Guilford-Metro 911 Emergency Communications Center.

Sources:

- (2) Guilford County Annual Budget
- (3) Guilford -Metro 911 Emergency Communications Center
- (4) Guilford County Department of Social Services for 2006 - 2010
- (5) North Carolina Department of Public Instruction
- (6) Guilford County Annual Budget except for 2008 per Law Enforcement Department
- (7) Guilford County Current Appropriations per average daily membership

Table 14

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

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Human Services: (2),(5)										
Public health occupied square footage	121,723	121,723	121,723	95,806	95,806	95,806	101,098	101,098	101,098	101,098
Mental health occupied square footage	193,037	193,037	193,037	203,515	203,515	203,515	176,673	208,742	208,742	208,742
Social services occupied square footage	156,328	156,328	156,328	148,262	148,262	148,262	148,262	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	-	-	-	-	-	9,040	9,040	9,040	9,040	9,040
Public Safety:										
Number of law enforcement vehicles (4),(5)	260	270	305	304	304	319	344	363	376	426
Number of law enforcement centers (5)	2	2	2	2	2	2	2	2	2	2
Number of emergency medical vehicles (4),(5)	47	48	69	67	73	73	75	77	84	92
Number of emergency medical stations (5)	11	11	11	11	11	11	12	14	14	14
Number of fire marshall vehicles (4),(5)	10	10	17	16	15	16	23	19	19	15
Number of volunteer fire stations (3),(6)	40	38	38	38	38	37	37	37	37	37
Number of volunteer firefighters (6)	1,100	1,100	1,100	1,100	800	800	691	629	629	629
Number of animal control vehicles (4),(5)	8	8	14	15	14	13	13	16	17	14
Culture-recreation:										
Parks (9)	205	205	256	257	257	257	266	268	275	275
Libraries (7)	12	10	10	10	10	10	10	10	10	10
Education: (1)										
Number of schools (8)	98	101	102	107	108	108	116	120	120	121

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.
- (3) Includes any volunteer fire station which serves Guilford County regardless of location. In 2002 two stations began operation under the City of Greensboro and in 2006 one station began operation under Gibsonville.

Sources:

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

