

County of Guilford, North Carolina
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2017



COVER

Guilford County Seal

The official seal, executed by the York Herald of the Royal College of Arms in London, England (the registrar of official coats of arms), was created under the direction of James G. W. MacLamroc, a County Historian.

The seal is unique to Guilford County as it combines elements from the coats-of-arms of Dr. David Caldwell, colonial patriot, educator, minister, physician and statesman; Revolutionary War General Nathanael Greene, who led the American colonial troops at the Battle of Guilford Courthouse and for whom the county seat of Greensboro was named; and the first and second Earls of Guilford, after whom the county was named. The motto “Courage and Faith” was considered characteristic of the early settlers of the County.

Old Guilford County Courthouse

(Photo by Sheryl McKenney)

Designed by Architect Harry Barton, construction of this building began in 1918 with completion in 1920. In the April 1, 1920 *Greensboro Daily News* article announcing the formal opening exercises of the “new temple of justice”, this structure was ascribed as “the marvel and the pride of the county’s 75,000 or more inhabitants.” The building not only housed the courtrooms, but also all of the County offices, education offices, the jail and jailer’s quarters.

Currently, the Old Courthouse is the public meeting house for the Board of County Commissioners and continues to provide office space for some of the County’s departments including County Administration.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2017



**N. Reid Baker III, CPA
Finance Director**

**Marty K. Lawing
County Manager**

**Prepared by
Guilford County Finance Department**

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Introductory Section

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Guilford County

October 31, 2017

The Board of County Commissioners
and Mr. Marty K. Lawing, County Manager
Guilford County, North Carolina

The Comprehensive Annual Financial Report (CAFR) of Guilford County, North Carolina, for the fiscal year ended June 30, 2017, 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 report of independent auditor, 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 159, 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.

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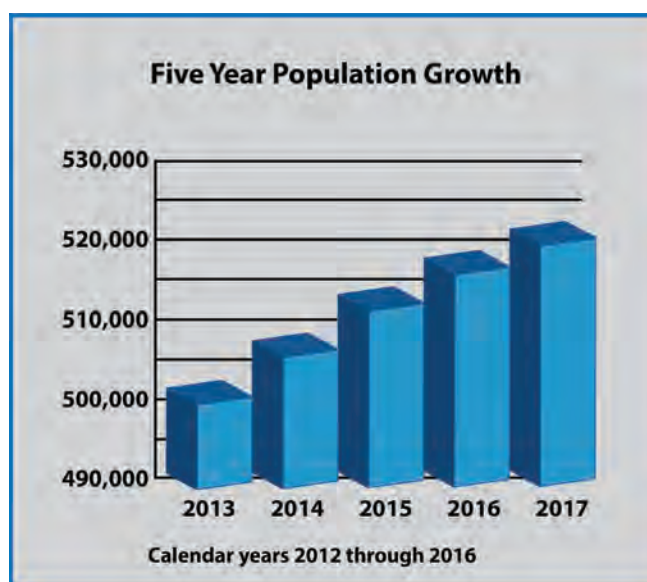
Cherry Bekaert LLP, a firm of licensed certified public accountants, has audited Guilford County's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of Guilford County for the fiscal year ended June 30, 2017, are free of material 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 unmodified opinion that Guilford County's financial statements for the fiscal year ended June 30, 2017, are fairly presented in conformity with GAAP. The report of independent auditor 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 the MD&A and should be read in conjunction with it. Guilford County's 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 521,330, is the most populous county of the Piedmont Triad region. The Piedmont Triad is a twelve county area with a population in excess of 1.7 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 lifestyle 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 nine members, eight of whom are elected from districts and one

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is elected at-large. Board members serve four-year staggered terms. The Board chooses a Chairman and Vice Chairman from among its membership during its first meeting in December.

Major duties of the Board of County Commissioners include:

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

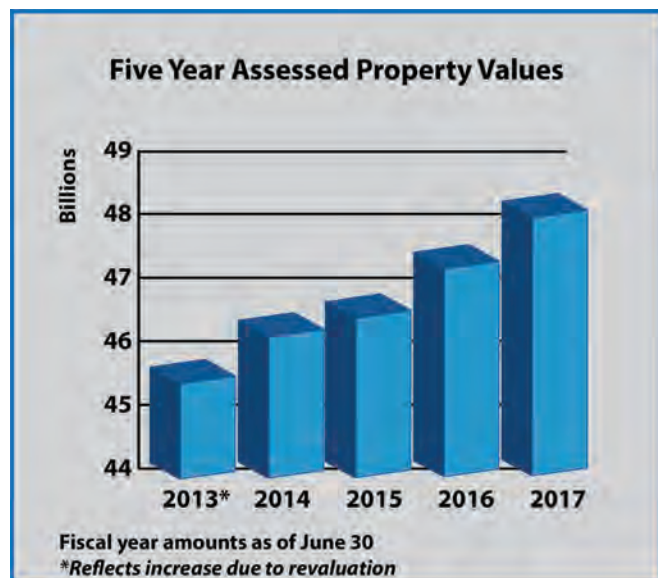
The Board of County Commissioners does not have complete authority over all the services provided within the County. Many County activities are administered by boards with varying degrees of autonomy and by elected officials who receive their instructions from laws passed by the General Assembly. Some examples are the boards of education, 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 health and human services, emergency services, juvenile detention, planning and zoning, building inspections, animal services, 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 Ratings on all of its outstanding general obligation bonded debt. The County issued its first series of limited obligation bonds in fiscal 2012; the \$16,845,000 issue was rated AA+ by Standard and Poors, Aa1 by Moody's and AA+ by Fitch Ratings.

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



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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.

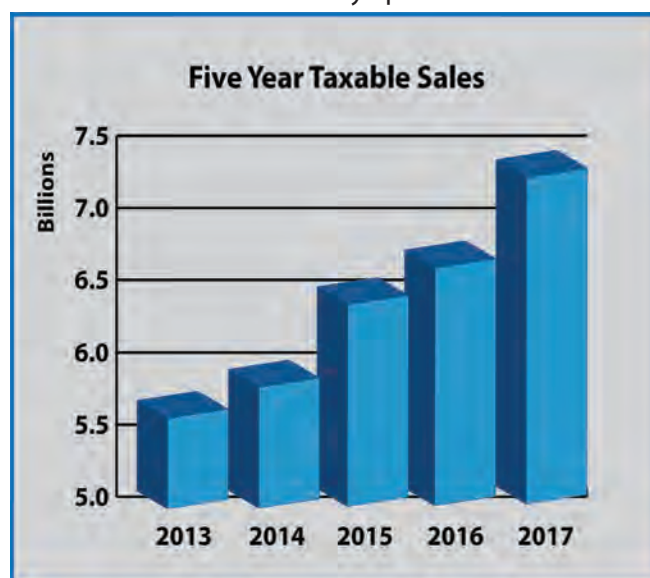
Appropriations in the various funds are formally budgeted on a departmental basis except for the Rural Fire District Fund appropriations, which are by rural fire tax or protection service district; and the Room Occupancy/Tourism Tax Fund, which is on a fund basis. The County Manager is authorized by 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 to raise salaries and that funds appropriated for merit raises can be used solely for that purpose. In addition, the County Manager has the authority to transfer funds budgeted in General Fund insurance, salaries and benefits, energy, technology and facility expense accounts to the same accounts in other departments within the General Fund to adjust for projected expenditure patterns. 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 each fiscal year end and open encumbrances are 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 10 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 75. 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 89 presents budget-to-actual comparisons of the approved financial plan for the Internal Service Fund.

Factors Affecting Financial Condition

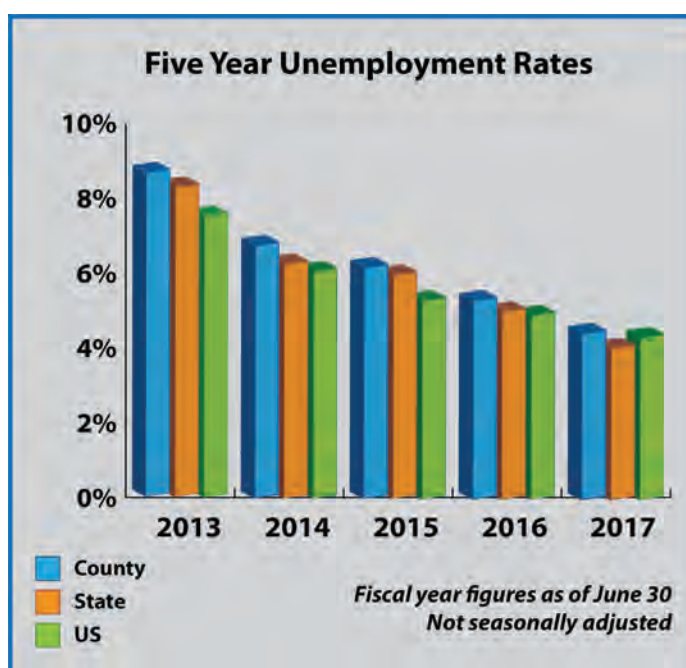
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Guilford County operates.

Local economy. Guilford County generally enjoys a favorable economic environment, which until the recent economic downturn sustained consistent stable growth. That pattern of growth has returned. While gross retail sales information is unavailable due to the national streamlined sales tax initiative, comparable State taxable sales figures are available to approximate retail sales growth. State taxable sales for Guilford County increased 9.64% in fiscal year 2017 after increases of 3.98%, 9.85%, and 4.0% in fiscal years 2016, 2015, and 2014, respectively. Taxable sales are \$7.35 billion for fiscal year 2017 as compared to \$6.71 billion for fiscal year 2016. Guilford County has a labor force of approximately 280,000. Guilford County's



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unemployment rate has historically been below both state and national averages; however, during 2009 this changed as the unemployment rate began to exceed those averages. The accompanying graph shows Guilford County's unemployment rate is trending downward but still lags slightly behind the State and National levels. The County, State, and U.S. unemployment rates as of June 30, 2017 are 4.6%, 4.2%, and 4.5%, respectively. Guilford County's economy has continued to change and diversify. In December 2016, manufacturing accounted for 12.1% of the County's jobs compared to 28.6% in 1980. Manufacturing jobs have declined significantly in furniture and textiles but have shown growth in computer and electronic products and electrical equipment. Major employers with headquarters or divisions within Guilford County include semiconductor, communications, chemical, bus, truck, insurance, aircraft manufacturing and maintenance, healthcare, real estate development, and distribution services. The County is home to two state universities, four private colleges, a private school of law, and a community college with a cumulative enrollment approaching 50,000 students.



In December 2016, the Greensboro News and Record reported that Greensboro was ranked by The Boyd Co., a national site selection consulting firm, as the nation's low-cost leader for companies looking to open advanced manufacturing operations.

According to *Business North Carolina's* July 2017 edition, Guilford County had the largest economic development project in North Carolina during the past year. The County also had the state's eighth and fourteenth largest projects for the same period. The rankings are based on projected job creation from June 1, 2016 through May 31, 2017. Ranked number 1, 8, and 14 were Alorica, Haeco Americas, and Pratt Industries, respectively.

California-based call center Alorica announced plans in November 2016 and February 2017 that it would add 800 and 600 full-time jobs, respectively, to its customer engagement service office in Piedmont Centre in High Point. The company had added the 1400 jobs by the end of June 2017.

Greensboro-based HAECO Americas, an aircraft maintenance and overhaul company, began construction of its fifth hangar at the PTIA in the first quarter of 2017. The nearly 250,000 square-foot structure will cost \$60 million and add up to 500 jobs at full capacity. The project is slated for completion in the fourth quarter of 2017 and will be ready for its first customer aircraft in January 2018. The company had 1,400 full-time equivalent employees at PTIA as of August 2016.

Georgia-based Pratt Industries announced its plan in March 2017 to hire about 400 employees over the next year and a half at the company's 360,000 square-foot distribution facility at Whitsett's Rock Creek Center.

Honda Aircraft Co. delivered its first \$4.85 million HondaJet in December 2015; at the end of 2016 the company had delivered 24 HondaJets. Since 2007 the company has grown its workforce to more than 1,700 and invested about \$160 million into its world headquarters campus near PTIA. The company occupies more than 680,000 square feet at its headquarters and manufacturing campus

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on a 130-acre site, which includes a customer service center, a research and development center, and a productions facility.

A \$176.5 million I-73 connector project, which includes construction of a taxiway bridge designed to open up more than 800 acres for economic development at the PTIA, was completed in June 2017. The work includes a 9.4 mile, four-lane section of Interstate 73 that extends from Bryan Boulevard to U.S. 220.

Qorvo, formed in early 2015 from the merger of RF Micro Devices and TriQuint Semiconductor, announced plans in December 2015 to make a \$25 million investment in a 150,000 square-foot facility; the new facility was completed in summer 2017.

Cone Health had a groundbreaking ceremony in August 2017 for its \$100 million new Women's and Children's Services facility at Moses H. Cone Memorial. The 196,000 square-foot structure will consist of six floors and 129 beds and will be a replacement for the 40 year-old Women's Hospital in Greensboro. Construction is expected to be completed in 2019.

Self-Help Ventures Fund, owner of Revolution Mill and the surrounding 45 acres north of downtown Greensboro, is currently undergoing a \$100 million, multi-phase renovation. The first phase of redevelopment was completed in early 2017 and includes 142 residential units, 250,000 square feet of office space and creative studios, multiple dining options, and public event spaces.

In June 2017, Gateway University Research Park announced its plan to build a third building on its south campus on East Gate City Boulevard. The \$11.7 million, 70,000 square foot, two-story building will go up next to the Joint School of Nanoscience and Nanoengineering. High Point-based Core Technology Molding Corporation plans to become the anchor tenant.

CH Living, an upholstery brand of California-based Castle Home Furnishings, opened a 180,000 square-foot East Coast manufacturing facility in Greensboro in the first half of 2016, with plans to employ 200 workers by the end of 2017.

Union Square Campus opened its \$34 million nursing education facility in downtown Greensboro in August 2016. The three-story, 84,000 square-foot building houses a nursing collaboration between Cone Health, UNC-Greensboro, NC A&T University, and GTCC.

In May 2017 developers announced plans for a nine-story office building on the northwest corner of Eugene and Bellemeade at the main entrance to the Greensboro Grasshoppers' Stadium. Construction on the \$23.95 million project is planned to begin this year after the final regular-season home game with completion scheduled for fall 2018.

Construction is underway on a \$60 million hotel/apartment complex, Carroll at Bellemeade, at the corner of Eugene and Bellemeade streets across the street from the ball park. The complex is expected to open in the first quarter of 2018.

A public-private partnership between the City of Greensboro and the Community Foundation of Greater Greensboro is constructing a \$78.1 million Steven Tanger Center for the Performing Arts in downtown Greensboro. Completion of phase one of the construction is scheduled for the end of October; the center is expected to open in June 2019.

Across the street from the planned performing arts center, Greensboro's newest park, Carolyn and Maurice LeBauer Park, officially opened in August 2016. The 3.5-acre park was built with a \$10 million gift to the Community Foundation of Greater Greensboro.

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Daimler's Thomas Built Buses, the leading school bus manufacturer in North America, reported in July 2016 the addition of 200 jobs at its Fairfield Road operation, which sits on the border of Guilford and Randolph Counties. The additional positions came on top of an \$11.8 million expansion completed in 2015 that created 236 full-time jobs. In February 2017 the company announced plans to hire up to 100 additional workers this year.

Heritage Home Group moved its corporate headquarters from out-of-state to its newly up-fitted building in High Point in March 2016. The furniture company had added approximately 300 jobs to the local workforce by the end of 2016 as part of this expansion.

In January 2017, High Point University (HPU) announced it would go ahead with plans to build a \$100 million on-campus facility that will hold a basketball arena, conference center, and boutique hotel. The University plans to begin construction in 2018 and open in 2020. This fall, HPU plans to open a 310-bed residence hall and a 224,000 square-foot, \$120 million Health Science and Pharmacy complex.

High Point Regional Health completed the first phase of its \$78 million comprehensive expansion and renovation project in the spring of 2016. The project is expected to be completed in March 2019.

HAECO Cabin Solutions, a unit of HAECO Americas, expanded its design engineering and interiors product manufacturing capacity in its new \$11.3 million, 259,000 square-foot facility in High Point, which opened in mid-2016. The company plans to create 147 jobs over five years.

Creative Snacks Co., a Greensboro based snack manufacturer, opened its \$10 million, 92,130 square-foot production facility in High Point in January 2017 while adding 90 employees.

Long-term financial planning. In May of 2008, the voters authorized issuance of \$651.4 million in general obligation bonds for law enforcement, school, and community college facilities. The jail facility was fully funded and completed so the time frame to issue additional amounts of up to \$36.37 million was allowed to lapse. On April 17, 2014, the Board of Commissioners (Board) adopted an order extending the maximum time period permitted for issuing the remaining school and community college bonds from May 6 of 2015 to 2018. On May 22, 2014, the Board approved a resolution to provide for their issuance as bond anticipation notes (BANS) with no more than \$50 million principal outstanding at any time. The BANS provided funds on a more efficient basis as needed to pay these capital project costs at lower short term rates. During fiscal year 2017, the County issued the remaining authorization of \$160.07 million to pay off the outstanding notes (\$24.35 million), and provide additional funding for school and community college facilities (\$108.17 and \$27.55 million, respectively). In addition, the County issued \$27.195 million of general obligation bonds [authorized by Board resolution under NCGS 159-49(2)] intended to fund four high priority County projects – Old Greensboro Courthouse Renovations, County Animal Shelter Replacement, EMS Maintenance/Logistics Facility and Law Enforcement Administrative Facility Replacement.

The Guilford County Board of Commissioners continued implementation of the County's FY2017-2026 Capital Investment Plan (CIP). The County began renovations on two major parking structures in Greensboro and High Point and work continued on a number of projects for the county park system, Guilford Technical Community College, and the Guilford County Schools. As noted above, during FY2016-17, the County issued general obligation bonds to fund four high priority County projects. Preliminary site evaluations and design activities for these projects are underway.

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 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 providing better control of costs was implemented to replace this benefit for new employees. In addition, the County funded the annual required contribution (ARC) for the healthcare

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plan beyond the historical pay-as-you-go amounts by establishing and contributing \$2 million to an irrevocable trust during each of the fiscal years 2010 through 2013. The positive financial impact of these changes was apparent in the actuarial valuation report dated December 31, 2009. At a September 23, 2013 work session the Board of County Commissioners made additional changes aimed at further managing the cost of this benefit by providing Medicare-eligible retirees a fully insured Medicare advantage plan effective with the 2014 calendar year. This action removed the future claims liability from the self-funded plan. This strategy provided further positive financial benefits through reduced annual claims costs and lower ARC and unfunded actuarial accrued liability amounts as reported in the December 31, 2013 actuarial valuation.

The unassigned fund balance of the General Fund at fiscal year end stood at 14.4% of the subsequent year's budget which exceeds the minimum of 8% recommended by the Local Government Commission and 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 Agencies, prime quality commercial paper, 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, 2017 were \$2.23 million on an average invested balance of \$270.5 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, employee/retiree premiums, insurance and participation in the Local Government Excess Liability Fund, Inc. and the Local Government Property Insurance Deductible Fund, Inc. Effective July 1, 2017 the County will no longer participate in these Local Government Funds and will collect the deposits in the Funds as investments by these Funds become liquid. 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 July 1, 2016 contribution rate of 7.25% of salary for general employees and 7.86% for Law Enforcement employees was increased to 7.5% and 8.11%, respectively beginning July 1, 2017. 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). These benefits are financed with actuarially determined annual required contributions to the Guilford County Local Government Law Enforcement Officers' Special Separation Allowance (LEOSSA) Trust, an irrevocable trust, established by the County to meet the requirements of the governmental accounting standards and IRS regulations. As of June 30, 2017, the balance of the trust was \$1.8 million.

LETTER OF TRANSMITTAL

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 elected to match the employee contribution up to 5% for all other eligible employees. All employees can make contributions to the plan in accordance with Internal Revenue Service Code Section 401(k).

Guilford County also contributes to the Registers of Deeds' Supplemental Pension Fund (Fund), a non-contributory, cost-sharing multiple-employer defined contribution benefit 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.

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.) In September 2013, the Board voted to provide Medicare-eligible retirees a fully insured Medicare advantage plan effective with the 2014 calendar year. For non Medicare-eligible retirees, 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 financed on a pay-as-you-go basis. In prior years, \$8.1 million has been contributed to the Guilford County Local Government Other-Post Employment Benefit (OPEB) Trust, an irrevocable trust, established by the County to meet the requirements of the governmental accounting standards and IRS regulations. As of June 30, 2017, the balance of the trust was \$13.4 million including investment earnings on the excess contributions.

Additional information on Guilford County's pension arrangements, post employment and other employment benefits can be found in Notes IV. A.-D. of the notes to the financial statements and required supplementary information presented immediately following the notes.

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, 2016. This was the thirty-sixth 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.

LETTER OF TRANSMITTAL

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,

A handwritten signature in black ink that reads "N. Reid Baker III". The signature is written in a cursive style with a distinct "III" at the end.

N. Reid Baker III, CPA
Finance Director



Government Finance Officers Association

**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, 2016



Executive Director/CEO

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PRINCIPAL OFFICIALS

Board of County Commissioners

Jeff Phillips
Chairman

Alan Branson
Vice Chairman

Melvin “Skip” Alston

Kay S. Cashion

Carolyn Q. Coleman

Justin Conrad

J. Carlvena Foster

Hank Henning

Alan Perdue

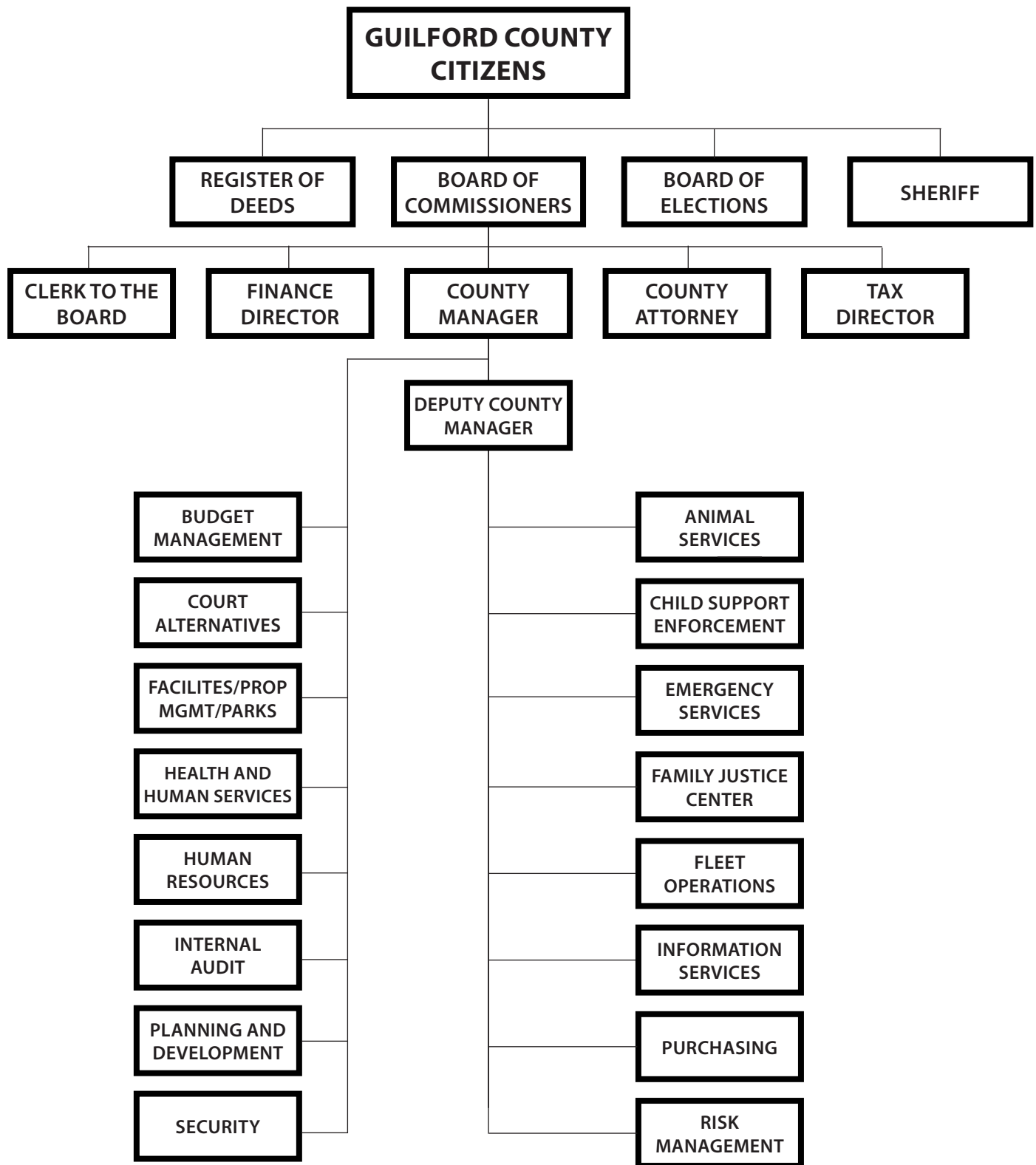
County Manager

Marty K. Lawing

Finance Director

N. Reid Baker III, CPA

2016-17 ORGANIZATIONAL CHART GUILFORD COUNTY, NORTH CAROLINA



Financial Section

Report of Independent Auditor

The Board of County Commissioners
Guilford County, North Carolina

Report on the Financial Statements

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, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement. The Financial Statements of the Greensboro Guilford County Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2017, and the respective changes in financial position and cash flows, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I E 10 to the basic financial statements, the County implemented Governmental Accounting Standards Board Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*, beginning July 1, 2016. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the County. The introductory section, combining and individual fund statements and schedules, additional financial data, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules, and additional financial data are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and additional financial data are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2017 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Raleigh, North Carolina
October 31, 2017

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, 2017. 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 - x.

Financial Highlights

Government-Wide

- The liabilities and deferred inflows of Guilford County exceeded its assets and deferred outflows at the close of the most recent fiscal year by \$437.1 million (net position).
- The County's total net position decreased by \$19 million compared to the prior year. This decrease is attributable to spending on education capital projects. The County issues general obligation debt to fund school and community college construction and for which it remains responsible until the bonds are paid. The County School system and community college (separate entities) are the owners of the facilities (assets) that are renovated or constructed from the proceeds. Because the County has no corresponding asset to offset the liability it has incurred, the County's net position is reduced.
- The County's decrease in net position was significantly less than the \$78.7 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 position of approximately \$59.7 million.
- The County's outstanding debt increased by \$123.5 million to \$879.3 million during the fiscal year, while its investment in capital assets decreased only \$3.1 million to \$241.6 million.

The County's Funds

- At the fiscal year end, Guilford County's governmental funds reported a combined fund balance of \$307.6 million, an increase of \$116.9 million from the previous fiscal year end. Approximately 57.5% of this combined fund balance, or \$176.9 million, is non spendable or restricted. The fund balance increases occurred in all the governmental funds - General, County Building Construction Capital Outlay, School Capital Outlay and Rural Fire Districts Funds due mostly to the issuance of \$187.3 million of general obligation bonds.
- The fund balance of the County's General Fund increased \$26.05 million as revenues exceeded expenditures by \$11.1 million while net other financing sources and uses added another \$14.95 million.
- The unassigned fund balance for the General Fund (the County's major operating fund) increased by \$2.1 million to \$87.4 million at fiscal year end equaling 15.1% of the total General Fund expenditures for the year.

Guilford County maintained its AAA, Aaa and AAA ratings assigned to all outstanding general obligation bonded debt issues from Standard & Poor's Corporation, Moody's and Fitch Ratings, respectively. The County's lone series of limited obligation bonds are rated AA+ by Standard and Poor's, Aa1 by Moody's and AA+ by Fitch Ratings.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 position* presents information on all of Guilford County's assets and deferred outflows as well as liabilities and deferred inflows, with the difference between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Guilford County is improving or deteriorating.
2. The *statement of activities* presents information showing how the government's net position 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 position 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 4 and 5 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

MANAGEMENT'S DISCUSSION AND ANALYSIS

of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Guilford County maintains five 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 two capital projects fund types—the County Building Construction Fund and School Capital Outlay Fund—both of which are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation under nonmajor 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 10 as part of the basic financial statements.

The basic governmental fund financial statements can be found on pages 6-10 of this report.

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

The Internal Service Fund is presented in the proprietary fund financial statements, which can be found on pages 11-13 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 14 and 15 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 16-65 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 employees, Register of Deeds and sworn law enforcement officers as well as 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 67-74 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Guilford County, net position is 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 and deferred inflows exceeded assets and deferred outflows by \$437.1 million at the close of the most recent fiscal year (net position). Comparative information for net position for the primary government is shown below in summarized form (see Table A-1).

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table A-1
GUILFORD COUNTY'S Net Position
(Primary Government)

	Governmental Activities	
	2017	2016
Current and other assets	\$ 376,734,015	259,738,418
Capital assets	<u>241,597,430</u>	<u>244,686,838</u>
Total assets	618,331,445	504,425,256
Deferred Outflows	39,448,979	13,858,906
Long-term liabilities outstanding	1,048,287,254	889,392,362
Other liabilities	<u>41,285,405</u>	<u>40,441,601</u>
Total liabilities	1,089,572,659	929,833,963
Deferred Inflows	5,319,303	6,549,002
Net position:		(Restated)
Net investment in capital assets	153,117,332	146,623,320
Restricted	83,218,317	72,078,926
Unrestricted	<u>(673,447,187)</u>	<u>(636,801,049)</u>
Total net position	\$ <u>(437,111,538)</u>	<u>(418,098,803)</u>

The largest portion of Guilford County's net position 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.

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 has issued 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, 2017 include outstanding general obligation debt of \$690.6 million and limited obligation bonds of \$16.8 million related to funding these non-county assets. This represents 87.2% of the County's outstanding bonded debt. Because the County does not retain the related assets, this debt liability (less any unspent proceeds) reduces the County's total net position 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 position for the primary government is shown below (see Table A-2).

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table A-2
Changes in GUILFORD COUNTY'S Net Position
 (Primary Government)

	Governmental Activities	
	2017	2016
Revenues		
Program revenues		
Charges for services	\$ 48,335,657	42,517,745
Operating grants and contributions	94,026,323	83,284,751
Capital grants and contributions	294,432	256,111
General revenues		
Taxes:		
Property taxes for general purposes	365,216,327	361,985,037
Property taxes for fire districts	14,327,320	13,990,826
Sales taxes for general purpose	64,754,909	62,632,967
Sales taxes for fire districts	3,258,046	2,955,064
Sales taxes for school capital/debt	19,164,469	17,692,878
Occupancy taxes for tourism development	5,724,845	5,462,046
Other taxes	3,700,014	3,421,553
Grants and contributions not restricted	1,572,186	1,516,823
Unrestricted investment earnings	2,773,338	1,372,279
Other	295,608	1,541,560
Total revenues	623,443,474	598,629,640
Expenses		
General government	45,807,940	43,825,380
Human services	142,424,262	132,372,286
Public safety	130,189,605	124,934,944
Environmental protection	1,730,646	1,528,622
Culture and recreation	6,946,253	6,920,020
Economic development/urban redevelopment	7,198,235	7,619,844
Education	287,534,526	223,217,110
Interest on long-term debt	20,624,742	20,181,287
Total expenses	642,456,209	560,599,493
Changes in net position	(19,012,735)	38,030,147
Net position at beginning of year	(418,098,803)	(445,223,463)
Restatement	-	(10,905,487)
Net position at end of year	\$ (437,111,538)	(418,098,803)

During fiscal year 2017, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, beginning July 1, 2016. The County's healthcare plan and Other Post Employment Benefits Trust Fund fall under the scope of Statement 74. The implementation required enhanced financial statement disclosures and supplementary information.

During fiscal year 2016, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, beginning July 1, 2015. One of the County's pensions, the Law Enforcement Officers' Special Separation Allowance

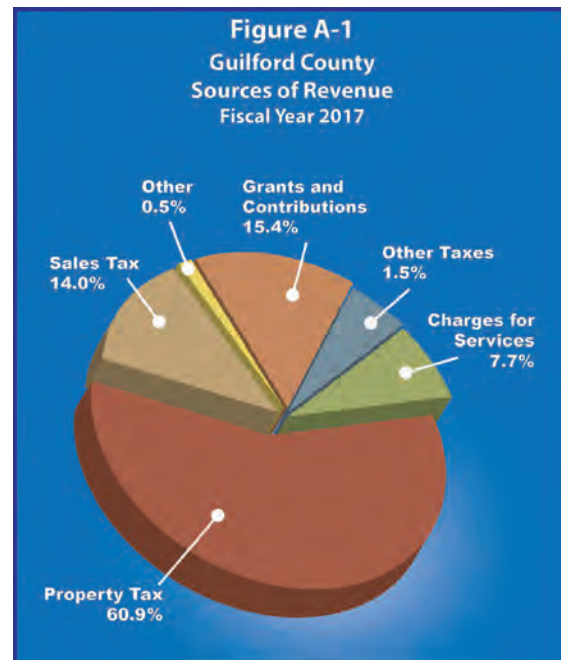
MANAGEMENT'S DISCUSSION AND ANALYSIS

Pension Trust Fund, falls under the scope of Statement 73. The implementation required a restatement to reduce beginning net position by \$10.9 million to reverse a net pension asset under prior standards and record a net pension liability and deferred outflow of resources for County contributions made during the measurement period (six months ending June 30, 2015).

As noted in the highlights Guilford County's net position decreased \$19 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 \$84.5 million in capital spending with \$69.7 million for school facilities and \$14.8 million for community college facilities. The decreased net position is primarily a result of the increased education capital spending up \$59 million from the prior fiscal year's \$25.5 million.

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

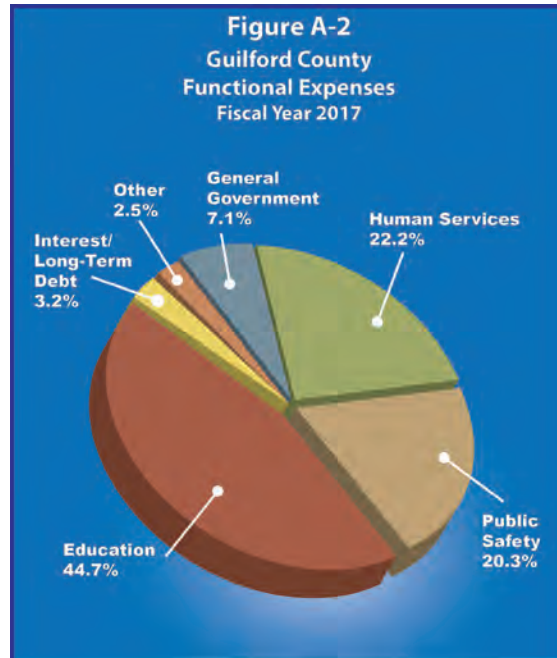
- Guilford County's activities would increase net position if the expenses related to capital funding provided to outside entities and debt and restricted revenue supporting these expenses were eliminated.
- Program revenues covered 22.2% of program expenses, decreasing from 22.5% last year.
- Program revenues totaled \$142.7 million increasing by \$16.6 million from the previous year. Charges for services increased relative to the prior year \$5.8 million to \$48.3 million, operating grants from the State and Federal government increased \$10.7 million to \$94 million while capital grants and contributions held steady at \$0.3 million. Human Services, Public Safety and Economic Development and Assistance charges for services were up \$3.3 million, \$1.1 million and \$1.3 million, respectively. The most significant increase in Human Services was \$3.4 million in Public Health while Public Safety increases were mainly in Emergency Services (\$1.1 million) and Inspections (\$0.5 million) offset by some smaller decreases. The Economic Development and Assistance increase was due to the final special assessments related to the since terminated water and sewer program with several municipalities. The net increases in departmental charges for services and operating and capital grants are due principally to the same changes in governmental fund charges for services and intergovernmental revenues that are more fully discussed under this section.



- General revenues totaled \$480.8 million increasing by \$8.2 million over the previous year. Property tax revenue increased \$3.6 million to \$379.5 million as the assessed value increased \$821 million, fire district taxes increased slightly and registered motor vehicles are collected at 100%, all while the County-wide tax rate declined slightly from \$.76 to \$.755 per hundred of assessed value. Sales tax revenue increased \$3.9 million to \$87.2 million. The remaining general revenues increased \$0.8 million overall.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Expenses increased 14.6% or \$81.9 million to \$642.5 million. Education expenses were up \$64.3 million or 28.8% due mainly to an increase in capital funds expended by the schools and community college of \$59 million while operating funds increased \$5.3 million. Human services expenses increased \$10.1 million or 7.6% due mainly to continued Medicaid administration related costs and client assistance programs in Social Services as well as Public Health salaries and benefits. Public safety expenses increased \$5.3 million or 4.2% due to increased Law Enforcement salaries and benefits (mainly pension expense) and technology costs; Emergency Services salaries and benefits and communications costs including Guilford-Metro 911; and increased funding to the rural Fire Districts. General



government expenses increased \$2 million or 4.5% due to increases spread among most departments but more significant in Facilities for salaries and benefits plus increased maintenance/repair costs. The remaining functional levels of environmental protection, culture/recreation, economic development and interest on long-term debt had only minor changes from FY2016. 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, pension expense is up \$5.6 million spread among operations as \$1.4 million of increased expenditures at the fund level are further increased \$0.9 million currently versus a reduction of \$3.3 million in the prior year to convert to full accrual accounting at the entity level. Retiree healthcare expense is up \$1.7 million and spread among operations as well.

- Net position decreased \$19 million versus a \$38 million increase in the previous year. Increases in program and general revenues net of increased expenses other than capital funding provided to outside entities continues to generate net position.

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, fund balance available for appropriation 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 \$307.6 million, an increase of \$116.9 million in comparison with the prior year. Most of the increase is attributable to the issuance of general obligation bonds during the fiscal year as well as General and Rural Fire Districts Funds operations and funding. Net capital funding of \$26.3 million and \$64.5 million is provided by County capital activity and school and community college capital activity, respectively. The fund balance available for appropriation, which is not reserved under North

MANAGEMENT'S DISCUSSION AND ANALYSIS

Carolina general statutes, makes up 82.1% of the total or \$252.5 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) non spendable prepaid expenses and inventories (\$1.2 million), (2) to liquidate contracts and purchase orders of the prior period (\$12.4 million), or (3) reserved under other state statutory requirements (\$41.4 million).

Approximately \$121.8 million of the available fund balance is restricted for a specific purpose, mainly capital, while another \$13.7 million has been committed for a specific purpose, again mainly capital. Assigned fund balance of \$31.8 million has for the most part been appropriated in the FY2018 budget or assigned towards capital projects. The unassigned fund balance totals \$85.2 million.

The General Fund is the chief operating fund of Guilford County. At the end of the current fiscal year, fund balance available in the General Fund was \$144.3 million, up \$26.3 million, while total fund balance rose \$26.1 million to \$191.4 million. Fund balance may be available for restricted, committed, assigned or general purposes. As a measure of the General Fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 24.9% of total General Fund expenditures, while total fund balance represents 33% 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 (as defined prior to GASB Statement No. 54) be maintained at a minimum level of eight percent of the subsequent year's budget. This undesignated fund balance, or Guilford County's current unassigned fund balance of \$87.4 million is equal to 14.4% of the fiscal year 2017-18 General Fund budget.

The fund balance of Guilford County's General Fund increased \$26.05 million during the current fiscal year. Revenues of \$591.4 million were more than expenditures by \$11.1 million and other financing sources and uses added another \$14.95 million. Revenue was up 3% over all, increasing by \$17.4 million over last fiscal year. General Fund revenue activities are as follows:

- Property tax revenue increased to \$364.9 million, up \$3 million or 0.8% due to an increase in collections of current year taxes partially offset by a continued decline in collections of prior year vehicle taxes billed before the statewide change that requires a tax payment with a vehicle license tag renewal. Overall, assessed values increased from \$47.4 billion to \$48.2 billion while the County-wide tax rate decreased to \$.755 from \$.76 per hundred of assessed value.
- Sales tax revenue in the General Fund increased by \$3.6 million or 4.5% to \$83.9 million as taxable retail sales increased \$646.2 million or 9.64% to \$7.4 billion.
- Excise tax revenue remained down from its highs prior to the real estate market downturn. However, continued modest increases over recent fiscal years is encouraging.
- Intergovernmental revenue increased \$5.1 million or 6.1% to \$89.3 million with most of the change in Social Services and Public Assistance all up \$5.2 million related to Medicaid eligibility and services as well as Child Day Care and Foster Care Programs.
- Charges for services increased \$4.2 million to \$41.2 million, up 11.4%. The most significant increases were in Public Health for \$3.5 million and Emergency Services for \$1 million with net decreases totaling \$0.3 million spread throughout other departments. The Public Health increase was due to increased Medicaid services and to the State settling and paying additional Medicaid Cost Report funds due the County. Ambulance fees and the Medicaid settlement were up in Emergency Services.
- Investment income for the General Fund increased by \$0.7 million to \$1.7 million, up 70% as interest rates rose and the average invested balance increased.
- Other revenues increased \$0.4 million, up 5.9%.

MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund expenditures were \$580.3 million, increasing \$16.1 million or 2.9% from last year. Highlights of significant areas of change include:

- General Government expenditures increased \$1 million, due mainly to increases in Facilities and Fleet Operations of \$0.4 million and \$0.5 million, respectively. Facilities increases were mainly in salaries and benefits and special maintenance/repair projects. Fleet Operations increases were for vehicles. Smaller increases and decreases netting to \$0.1 million were generally spread among the other departments.
- Human Services expenditures increased \$7.3 million, up 5.7% due mainly to net increased expenditures of \$6.4 million in Social Services and Public Assistance Programs and increases of \$0.8 million in Public Health expenditures. Social Services increases were for full year funding of positions added in fiscal year 2016 to meet the County's Medicaid eligibility and adult services responsibilities and service costs to continue transition to new Medicaid eligibility processes using the NC FAST system, and for client assistance in the Child Day Care and Foster Care Programs. Public Health increases were mainly in salaries and benefits. Less significant increases and decreases were spread among the other departments.
- Public Safety expenditures increased \$3.3 million to \$104.1 million, a 3.3% increase mainly in the Emergency Services Department which also increased \$3.3 million, up 12.7% to \$28.9 million. Emergency Services salaries and benefits and equipment and vehicle costs (all mainly Emergency Medical) and Communications costs including Guilford-Metro 911 operations were up compared to fiscal year 2016. Other Public Safety increases and decreases were generally spread among the remaining departments.
- Debt service costs decreased \$0.8 million to \$84.3 million due mainly to decreased interest costs which were partially mitigated by increased principal and bond issue costs as legal, liquidity and remarketing costs remained stable.
- Economic Development and Assistance expenditures decreased \$0.3 million to \$1.5 million from decreased economic incentive payments and agency funding.
- Education expenditures increased \$5.3 million as the Guilford Technical Community College funding increased \$0.3 million to \$14.7 million while the Guilford County Schools amount increased \$5 million to \$188.4 million.

The other major governmental funds are the following two capital outlay funds: County Building Construction, which primarily handles capital projects in which the assets are retained entirely or in part by the County 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 \$26.3 million to \$51.4 million. Revenue and other sources included \$27.195 million general obligation bonds issued plus \$1.45 million of related premiums, \$0.7 million from several revenue sources, \$0.7 million transfer of County funds from the General Fund for pay-as-you-go financing of capital projects. The bonds were issued for public building purposes intended to fund four specific County projects. Expenditures of \$3.8 million included general government projects of \$2.8 million mainly for the renovation of the High Point parking deck and several buildings; public safety projects of \$0.8 million included \$0.7 million for the 800 MHz Infrastructure project; while park projects with total expenditures of \$0.1 million were mainly for the Bur Mill Park Improvements project.

The School Capital Outlay Fund fund balance increased \$64.5 million from a \$3 million deficit to \$61.5 million due mainly from the issuance of \$135.72 million of general obligation bonds for both Guilford County Schools and Guilford Technical Community College purposes. Other financing sources were \$7.5 million transfers in from the General Fund and intergovernmental revenues from the Guilford

MANAGEMENT'S DISCUSSION AND ANALYSIS

County Schools and State totaling \$5.8 million. Expenditures of \$84.5 million consisted of \$69.7 million and \$14.8 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 is found only in the fund financial statements.

Operating expenses of internal service operations exceeded operating revenues by \$1.1 million. Non operating revenue (net investment gain) added \$0.2 million resulting in an overall loss of \$0.9 million. The County anticipated using up to \$0.8 million to reduce excess reserves based on the original annual financial plan. The sole purpose of the fund is the operation of the County's risk management programs. The overall loss was generated from the Health Care and Wellness programs as claims, insurance and professional services exceeded premium and other revenues by \$0.9 million, while Risk Retention programs (Liability, Property and Workers' Compensation) broke even overall.

General Fund Budgetary Highlights

The final General Fund budget for fiscal year 2016-17 was \$645.1 million, an increase of \$44.5 million from the original budget of \$600.6 million which is a 7.4% increase. However, discounting the budgetary impact of a bond issue used in part to pay off \$24.4 million bond anticipation notes outstanding, operations increased \$20.1 million or 3.4%.

	<u>Sources</u>		<u>Uses</u>
Fund Balance	\$ 9,944,905	Public Health	\$ 886,079
		Social Services	8,707,780
Intergovernmental Revenue	9,322,620	Cooperative Extension Service	1,047,173
		Law Enforcement	4,376,072
Other Sources	865,829	Emergency Services	973,881
		Economic Development & Assistance	2,761,309
		Other Uses	1,381,060
General Obligation Bonds Issued	24,350,000	Payment to Bond Refunding Agent	24,350,000
	<u>\$ 44,483,354</u>		<u>\$ 44,483,354</u>

The County 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, 2017 was \$8.2 million for all General Fund departments. This accounts for most of the \$9.9 million additional fund balance appropriation, representing 22.4% of the budget increase. 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 Health and Human Services Department's Social Services and Public Health divisions; 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 was \$9.3 million or 21% of the budget increase. Other changes during the year resulted in small increases in several other revenues totaling \$0.9 million. The most significant funding increases were \$24.4 million general obligation bonds issued to offset increased appropriations needed to pay off bond anticipation notes outstanding.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The final General Fund budget for fiscal year 2016-17 was \$645.1 million, decreasing \$111.2 million related to a prior year refunding opportunity, increasing \$24.35 million from a current bond issue used to pay off outstanding bond anticipation notes as noted above and increasing \$19.4 million from regular operations over the previous year's final budget. Significant increases occurred in General Government, Human Services, Public Safety and Education. General Government departments increased \$1.9 million mainly in Facilities by \$1 million and mostly for additional maintenance and repair needs of County buildings. The remaining \$0.9 million was spread among most of the remaining General Government departments. Human Services increased \$10.5 million in Public Health (\$1.2 million), Social Services and Public Assistance combined (\$8.3 million) and Cooperative Extension Service (\$1.1 million). Social Services was for additional staffing to meet the County's Medicaid eligibility and adult services responsibilities and service costs to continue transition to new Medicaid eligibility processes using the NC FAST system, and for client assistance in the Child Day Care and Foster Care Programs. Public Safety departments increased \$1 million mainly in Emergency Services by \$2.1 million partially offset by net decreases in the other departments. Emergency Services funded salaries and benefits (mainly Emergency Medical), communications costs including Guilford-Metro 911 operations and vehicles and equipment. Education increased \$5.3 million for Guilford County Schools (GCS) and Guilford Technical Community College (GTCC) operations by \$5 million and \$0.3 million, respectively. General Fund expenditures and other uses for the 2017 fiscal year were 95% of the final budget, similar to the 95.9% from fiscal year 2016.

The resulting \$32.2 million variance in the actual expenditures and other uses from the final budget versus \$28.9 million in the prior fiscal year continues to exceed the typical range. Variances usually result from conservative budget practices such as, budgeting fully for positions in many 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 Social Services and Debt Service. The Social Services variance increased \$2.1 million as Child Day Care and Foster Care cost increases were not as high as anticipated. Additional variance was realized in Debt Service bond interest as a planned issue was delayed until the second half of the fiscal year. Variances generally increased at all functional levels of the General Fund except for a \$2.3 million decrease in Public Safety split fairly equally between Law Enforcement and Emergency Services with both due mostly to equipment, vehicle and other capital purchases that were not completed in fiscal year 2016. General Government variances increased \$0.8 million mainly in Facilities. Human Services variances increased \$3.2 million most significantly in Public Health and Social Services as noted above.

Capital Asset and Debt Administration

Capital assets. Guilford County's investment in capital assets for its governmental activities as of June 30, 2017, amounts to \$241.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, vehicles, intangibles, and construction in progress. 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 decrease in its investment in capital assets was \$3.1 million during the current fiscal year.

Construction in progress increased \$2.6 million before transfers, mainly for the major renovations and repairs to the High Point Parking Deck and Justice Complex as well as the Old Courthouse in Greensboro. Buildings increased \$0.3 million mainly from closing some smaller projects out of construction in progress. Improvements other than buildings increased only \$0.7 million before depreciation, mainly for repairs to the Independence Center Parking Deck. Machinery and equipment increased \$1.9 million before depreciation as additions of \$2.1 million mainly for public safety communication and other equipment outpaced disposals. Vehicles increased \$3.5 million, before depreciation as additions of \$4.2 million mainly for Fleet, Law Enforcement and Emergency Services outpaced disposals as well.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Additional information on Guilford County's capital assets can be found in Note III. C. on pages 32 and 33 of this report.

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

	Governmental Activities	
	2017	2016
Land	\$ 49,435,792	49,436,144
Buildings	155,961,910	160,997,685
Improvements other than buildings	10,325,978	10,633,503
Machinery and equipment	15,197,275	15,684,520
Vehicles	5,392,567	3,873,725
Construction in progress	2,594,234	634,007
Intangibles	2,689,674	3,427,254
Total	\$ 241,597,430	244,686,838

Debt Administration. At the end of the current fiscal year, Guilford County had total bonded debt outstanding of \$810.8 million, \$794 million of which were general obligation bonds backed by the full faith and credit of the County and \$16.8 million of which were limited obligation bonds backed by collateral. In addition, there were \$71.2 million in unamortized bond issuance premiums and \$1.3 million of obligations under capital leases and installment financings all net of interest rate swap termination charges of \$4.1 million. Guilford County's total debt increased \$123.5 million during the fiscal year. In fiscal year 2017 the County issued a total of \$211.83 million in debt consisting of \$187.265 million of fixed rate general obligation bonds at a \$24.565 million premium. The new debt consisted of \$108.17 million for schools, \$27.55 million for the community college, \$27.195 million for County public buildings and \$24.35 million for retiring outstanding school and community college bond anticipation notes. This was offset mainly with the retirement of \$63.94 million of scheduled principal payments on general obligation bonds and other debt as well as the \$24.35 million outstanding bond anticipation notes.

As part of a structured financing intended to level the future budgetary impact from the newly issued bonds, most of the \$24.565 million premium will be budgeted from restricted fund balance over the next three fiscal years such that the increased debt service requirements have minimal impact on the General Fund's unassigned fund balance. As such, \$23.115 million net of issue costs are available in the General Fund for interest on the debt and \$1.45 million are available in the County Building Construction Fund for County public building projects.

Guilford County maintains its "triple A" rating with all three ratings agencies on all outstanding general obligation bonded debt. The County's limited obligation bonds are rated AA+ by Standard and Poors, Aa1 by Moody's and AA+ by Fitch Ratings.

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 \$3.9 billion, which is significantly in excess of Guilford County's outstanding and unissued general obligation debt.

Additional information on Guilford County's long-term debt can be found in Note III. E. on pages 34-39 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table A-5
GUILFORD COUNTY'S Outstanding Debt

	Governmental Activities	
	2017	2016
General obligation bonds	\$ 793,990,000	663,585,000
Plus bond issuance premiums	71,218,569	53,262,787
Less swap termination fees	(4,075,031)	(4,875,940)
Limited obligation bonds	16,845,000	16,845,000
Bond anticipation notes	-	24,350,000
Capital leases and purchase money installment contracts	1,275,585	2,551,169
Total	\$ 879,254,123	755,718,016

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

- The County's fiscal 2018 General Fund budget has increased by \$7.8 million from the fiscal year 2017 original budget to \$608.4 million, a 1.3% increase.
- The General Fund appropriated fund balance of \$33.7 million for the fiscal year 2018 is \$6.2 million more than last year's original General Fund budget, and maintains a stable unassigned fund balance at June 30, 2017 of 14.4% of the 2018 budget, up slightly from the 14.2% at June 30, 2016. Decreases to appropriations from generally available fund balance were \$2.1 million while increases to appropriations from restricted, committed and assigned funding sources accounted for \$8.3 million. The most significant increase is the planned use of bond premiums from the 2017 issue restricted as to use for bond interest, all structured to level the impact of increases in the debt service budget.
- The General Fund ad valorem tax rate levied for fiscal year 2018 is \$.7305 per \$100 valuation, a decrease of \$.0245 from the 2017 level of \$.755, but equal to the rate that would be considered revenue-neutral due to the revaluation of real property values effective in 2018. The rate decrease combined with a 5.1% increase in the County's estimated tax base to \$50.5 billion will add \$5.5 million in current tax revenue, a 1.6% increase over the previous year. This increase is slightly buffered by a decrease in prior year's tax revenue of \$0.6 million. Estimated sales tax revenue of \$85.5 million for the fiscal year 2018 is \$5.3 million greater than last year's original General Fund budget, up 6.6%. Intergovernmental revenue decreased by \$13.5 million offset by corresponding reductions in assistance payments to be taken over by the State during fiscal year 2018. Other significant changes in revenue include increases in user charges of \$2.7 million and net increases in other sources (mainly investment income) totaling \$2.2 million.
- The General Fund budgets with the most significant decreases are Social Services, Economic Development and Assistance and Transfers Out for funding School capital projects. The Social Services budget is down \$13.7 million or 17.4% to \$64.9 million due mainly to reductions in child day care and Medicaid-related transportation assistance payments to be taken over by the State in the first quarter of fiscal year 2018. Previously, these funds "passed through" the County's budget. The decrease related to these pass throughs is partially offset by an increase in the foster care budget. The Economic Development and Assistance budget is down \$0.5 million or 24.9% to \$1.4 million due to

MANAGEMENT'S DISCUSSION AND ANALYSIS

a reduction in the amount of incentive grant payments expected to be made in fiscal year 2018. Pay-as-you-go financing of School capital needs was reduced \$1 million to \$5 million while such funding for the community college remained steady at \$1.5 million.

- The 2018 General Fund budgets with the most significant increases over the 2017 amounts remain Education related as operating support increased \$8 million or 3.9% to \$211 million with appropriations to Guilford County Schools up \$7.5 million to \$195.9 million and to Guilford Technical Community College up \$0.5 million to \$15.2 million. Debt Service is up \$6.5 million or 7% to \$99.7 million due to the fiscal year 2017 bond issues. This increase was mitigated by the appropriation of \$8.5 million of restricted bond premium fund balance available from the bond issues. Other significant increases are to Transfers Out for pay-as-you-go financing of County capital needs up \$1.3 million to \$2 million; Information Services up \$0.9 million or 9.4% to \$10.4 million; Facilities up \$0.7 million or 6.7% to \$10.9 million; Public Health up \$1.4 million or 4.2% to \$34 million; Law Enforcement up \$1.5 million or 2.3% to \$66.6 million; and Emergency Services up \$1.3 million or 4.6% to \$29.8 million. Facilities includes additional funds for preventive building maintenance, construction management services for upcoming major construction projects and the County's share of a joint School-County capital needs study to be commissioned during fiscal year 2018. Information Services budget reflects the costs of continuing improvements to county software and hardware, including additional funding for an upgrade to the county's permitting and inspections software and enhanced data disaster recovery abilities. Public Health budget provides for four new School Nurses and a Supervisor, enhanced medical director services and a national pilot program for resistance testing and rapid response to antibiotic-resistant gonorrhea. Law Enforcement budget includes additional funds for medical care of inmates, replacement vehicles, jail and communications equipment, DNA lab supplies and the County's contribution to the Law Enforcement Officers' Special Separation Allowance Pension Trust Fund. Emergency Services budget includes full year impact of two positions added during the prior year, ten new positions for the 2018 year to address service demands and maintain response times, cost increases for medical supplies and services and an increase in the County share with the City of Greensboro of Guilford-Metro 911 expenses.

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, 2017, 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 Position

June 30, 2017

Exhibit 1

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Governmental</u>	<u>Greensboro/Guilford</u>
	<u>Activities</u>	<u>County Tourism</u>
		<u>Development Authority</u>
Assets		
Cash and cash equivalents/investments	\$ 317,142,085	4,658,483
Receivables:		
Property taxes (net)	5,409,726	-
Accrued interest on property taxes (net)	984,519	-
Other taxes	589,276	-
Due from governmental units and agencies	38,227,754	90,144
Due from primary government	-	359,672
Service fees (net)	2,888,797	-
Special assessments	1,259,279	-
Accrued interest on investments	154,301	2,097
Other	-	6,194
Total receivables	<u>49,513,652</u>	<u>458,107</u>
Deposits and other assets	9,256,153	-
Net pension asset - restricted	822,125	-
Total non-capital assets	<u>376,734,015</u>	<u>5,116,590</u>
Non-depreciable capital assets	52,254,026	-
Depreciable capital assets (net)	189,343,404	89,442
Total capital assets	<u>241,597,430</u>	<u>89,442</u>
Total assets	<u>618,331,445</u>	<u>5,206,032</u>
Deferred Outflows of Resources		
Unamortized bond refunding charges	4,258,486	-
Related to pension plans	35,190,493	-
Total deferred outflows of resources	<u>39,448,979</u>	<u>-</u>
Liabilities		
Accounts payable and accrued liabilities	39,753,239	102,569
Due to component unit	359,672	-
Deposits	600,492	-
Derivative instrument - rate swaps	572,002	-
Current portion of long-term liabilities	66,799,907	-
Noncurrent portion of long-term liabilities	981,487,347	-
Total liabilities	<u>1,089,572,659</u>	<u>102,569</u>
Deferred Inflows of Resources		
Unearned revenue	1,329,573	-
Related to pension plans	3,989,730	-
Total deferred inflows of resources	<u>5,319,303</u>	<u>-</u>
Net Position		
Net investment in capital assets	153,117,332	89,442
Restricted for:		
Stabilization by State statute	55,087,637	575,190
Self-funded insurance deposits	9,091,688	-
Public Health programs	8,022,391	-
Guilford County Schools capital outlay	5,646,060	-
Other purposes	5,370,541	-
Unrestricted (deficit)	<u>(673,447,187)</u>	<u>4,438,831</u>
Total net position	\$ <u>(437,111,538)</u>	<u>5,103,463</u>

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

Statement of Activities
For the fiscal year ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		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	\$ 45,807,940	6,238,894	30,888	-	(39,538,158)	-
Human services	142,424,262	13,503,023	78,051,911	269,932	(50,599,396)	-
Public safety	130,189,605	26,212,518	1,383,597	24,500	(102,568,990)	-
Environmental protection	1,730,646	25,931	1,056,867	-	(647,848)	-
Culture - recreation	6,946,253	1,079,308	7,019	-	(5,859,926)	-
Economic development and assistance	7,198,235	1,275,983	180,532	-	(5,741,720)	-
Education	287,534,526	-	5,813,014	-	(281,721,512)	-
Interest on long-term debt	20,624,742	-	7,502,495	-	(13,122,247)	-
Total primary government	\$ 642,456,209	48,335,657	94,026,323	294,432	(499,799,797)	-
Component Unit:						
Greensboro/Guilford Co Tourism Dev Authority:						
Tourism promotion and development	\$ 4,400,951	65,962	5,016,005	-	-	681,016
General revenues:						
Taxes:						
Property taxes, levied for general purposes					365,216,327	-
Property taxes, levied for fire districts					14,327,320	-
Sales taxes, levied for general purposes					64,754,909	-
Sales taxes, levied for fire districts					3,258,046	-
Sales taxes, levied for school capital and/or debt					19,164,469	-
Occupancy taxes, levied for tourism development					5,724,845	-
Excise tax					2,868,222	-
Local gross receipts taxes					831,792	-
Grants and contributions not restricted to specific programs					1,572,186	-
Unrestricted investment earnings net of fair value increase of investment derivatives					2,773,338	30,670
Other					295,608	-
Total general revenues					480,787,062	30,670
Change in net position					(19,012,735)	711,686
Net position at beginning of year					(418,098,803)	4,391,777
Net position at end of year					\$ (437,111,538)	5,103,463

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

GUILFORD COUNTY, NORTH CAROLINA
Balance Sheet
Governmental Funds
June 30, 2017

Exhibit 3

	General	County Building Construction	School Capital Outlay	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents/investments	\$ 165,948,088	51,997,305	68,890,118	2,314,170	289,149,681
Receivables:					
Property taxes (net)	5,273,828	-	-	135,898	5,409,726
Accrued interest on property taxes (net)	984,519	-	-	-	984,519
Other taxes	75,459	-	-	513,817	589,276
Due from governmental units and agencies	35,489,122	54,789	1,674,205	967,226	38,185,342
Service fees (net)	2,523,260	-	-	-	2,523,260
Special assessments (net)	-	1,259,279	-	-	1,259,279
Accrued interest on investments	117,396	22,736	-	877	141,009
Total receivables	44,463,584	1,336,804	1,674,205	1,617,818	49,092,411
Deposits and other assets	1,209,173	16,980	-	-	1,226,153
Total assets	\$ <u>211,620,845</u>	<u>53,351,089</u>	<u>70,564,323</u>	<u>3,931,988</u>	<u>339,468,245</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	\$ 12,379,720	729,857	9,021,102	154,145	22,284,824
Due to component unit	-	-	-	359,672	359,672
Deposits	600,492	-	-	-	600,492
Total liabilities	12,980,212	729,857	9,021,102	513,817	23,244,988
Deferred Inflows of Resources	7,196,161	1,259,279	1,526	145,280	8,602,246
Fund balances:					
Non spendable	1,209,173	16,980	-	-	1,226,153
Restricted	78,012,866	35,662,239	58,185,394	3,786,708	175,647,207
Committed	16,630	8,673,849	5,030,498	-	13,720,977
Assigned	24,827,400	7,008,885	-	-	31,836,285
Unassigned	87,378,403	-	(1,674,197)	(513,817)	85,190,389
Total fund balances (deficits)	191,444,472	51,361,953	61,541,695	3,272,891	307,621,011
Total liabilities, deferred inflows of resources and fund balances	\$ <u>211,620,845</u>	<u>53,351,089</u>	<u>70,564,323</u>	<u>3,931,988</u>	<u>339,468,245</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 Position
June 30, 2017

Exhibit 4

Total fund balances - total governmental funds (Exhibit 3)	\$	307,621,011
<p>Amounts reported for governmental activities in the statement of net position 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.		241,597,430
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows of resources in the funds. (Note II.A.1.)		7,653,524
Net pension asset - NC Register of Deeds' Supplemental Pension		822,125
Deferred outflows (asset-like charges) as used in governmental activities are not financial resources and therefore are not reported in the funds. (Note II.A.2.)		39,414,658
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 position. (See Exhibit 8)		28,378,556
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.)		(1,058,611,600)
Deferred inflows (liability-like credits) as used in governmental activities are not financial uses and therefore are not reported in the funds. (Note II.A.4.)		<u>(3,987,242)</u>
Total net position of governmental activities (Exhibit 1)	\$	<u>(437,111,538)</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, 2017

Exhibit 5

	General	County Building Construction	School Capital Outlay	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes:					
Property taxes	\$ 364,859,600	-	-	14,309,873	379,169,473
Sales tax	83,919,378	-	-	3,258,046	87,177,424
Occupancy taxes	-	-	-	5,724,845	5,724,845
Excise tax	2,868,222	-	-	-	2,868,222
Local gross receipts tax	831,792	-	-	-	831,792
Licenses and permits	2,214,696	-	-	-	2,214,696
Intergovernmental	89,257,971	7,018	5,813,014	-	95,078,003
Charges for services	41,222,891	333,626	-	-	41,556,517
Investment earnings	1,695,906	207,154	-	5,610	1,908,670
Other	4,550,097	114,397	-	-	4,664,494
Total revenues	<u>591,420,553</u>	<u>662,195</u>	<u>5,813,014</u>	<u>23,298,374</u>	<u>621,194,136</u>
Expenditures					
Current:					
General government	45,241,253	-	-	-	45,241,253
Human services	134,950,019	-	-	-	134,950,019
Public safety	104,113,853	-	-	17,487,946	121,601,799
Environmental protection	1,718,259	-	-	-	1,718,259
Culture - recreation	5,563,011	-	-	-	5,563,011
Economic development and assistance	1,473,038	-	-	5,724,845	7,197,883
Intergovernmental:					
Education	203,010,398	-	84,524,128	-	287,534,526
Capital outlay	-	3,764,585	-	-	3,764,585
Debt service:					
Principal retirement	58,135,585	-	-	-	58,135,585
Interest and fiscal charges	24,751,021	-	-	-	24,751,021
Bond issuance costs	1,364,306	-	-	-	1,364,306
Total expenditures	<u>580,320,743</u>	<u>3,764,585</u>	<u>84,524,128</u>	<u>23,212,791</u>	<u>691,822,247</u>
Excess (deficiency) of revenues over expenditures	<u>11,099,810</u>	<u>(3,102,390)</u>	<u>(78,711,114)</u>	<u>85,583</u>	<u>(70,628,111)</u>
Other Financing Sources (Uses)					
General obligation bonds issued	24,350,000	27,195,000	135,720,000	-	187,265,000
Payment to bond refunding agent	(24,350,000)	-	-	-	(24,350,000)
Premiums on general obligation bonds issued	23,114,593	1,450,108	-	-	24,564,701
Transfers in	-	750,000	7,500,000	-	8,250,000
Transfers out	(8,250,000)	-	-	-	(8,250,000)
Sale of capital assets	85,893	-	-	-	85,893
Total other financing sources (uses)	<u>14,950,486</u>	<u>29,395,108</u>	<u>143,220,000</u>	<u>-</u>	<u>187,565,594</u>
Net changes in fund balances	26,050,296	26,292,718	64,508,886	85,583	116,937,483
Fund balances at beginning of year	<u>165,394,176</u>	<u>25,069,235</u>	<u>(2,967,191)</u>	<u>3,187,308</u>	<u>190,683,528</u>
Fund balances (deficits) at end of year	<u>\$ 191,444,472</u>	<u>51,361,953</u>	<u>61,541,695</u>	<u>3,272,891</u>	<u>307,621,011</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, 2017

Exhibit 6

Net changes in fund balances - total governmental funds (Exhibit 5)	\$ 116,937,483
<p>Amounts reported for governmental activities in the statement of activities are different because (see also Note II.B.):</p>	
<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 depreciation exceeded capital outlays in the current period. (Note II.B.1.)</p>	(2,976,353)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to decrease net position. (Note II.B.2.)</p>	(113,055)
<p>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.)</p>	1,308,338
<p>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.E. Derivative Instruments)</p>	702,240
<p>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 position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (Note II.B.4.)</p>	(129,344,117)
<p>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.)</p>	(4,579,159)
<p>The Internal Service Fund is used by management to charge the costs of risk management and insurance to individual funds. The net gain (loss) of the Internal Service Fund is reported with governmental activities. (See Exhibit 9)</p>	<u>(948,112)</u>
Change in net position of governmental activities (Exhibit 2)	\$ <u>(19,012,735)</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary and GAAP Basis	Final Budget Positive (Negative)
Revenues				
Taxes:				
Property taxes	\$ 361,380,000	361,530,000	363,459,828	1,929,828
Interest on delinquent property taxes	1,750,000	1,750,000	1,399,772	(350,228)
Total property taxes	363,130,000	363,280,000	364,859,600	1,579,600
Sales tax	80,280,000	80,280,000	83,919,378	3,639,378
Excise tax	2,500,000	2,500,000	2,868,222	368,222
Local gross receipts tax	800,000	800,000	831,792	31,792
Licenses and permits	1,621,750	1,621,750	2,214,696	592,946
Intergovernmental	84,070,653	93,393,273	89,257,971	(4,135,302)
Charges for services	35,368,154	35,789,238	41,222,891	5,433,653
Investment earnings	1,581,251	1,581,251	1,695,906	114,655
Other	3,645,273	3,940,018	4,550,097	610,079
Total revenues	<u>572,997,081</u>	<u>583,185,530</u>	<u>591,420,553</u>	<u>8,235,023</u>
Expenditures				
Current:				
General government	50,248,650	50,527,963	45,241,253	5,286,710
Human services	132,954,895	144,113,921	134,950,019	9,163,902
Public safety	103,552,643	109,014,837	104,113,853	4,900,984
Environmental protection	1,787,029	1,837,052	1,718,259	118,793
Culture - recreation	5,751,692	6,134,291	5,563,011	571,280
Economic development and assistance	1,838,188	4,599,497	1,473,038	3,126,459
Intergovernmental:				
Education	203,010,398	203,010,398	203,010,398	-
Debt service:				
Principal retirement	58,235,585	58,235,585	58,135,585	100,000
Interest and fiscal charges	33,708,127	33,739,571	24,751,021	8,988,550
Bond issuance costs	1,262,500	1,269,946	1,364,306	(94,360)
Total expenditures	<u>592,349,707</u>	<u>612,483,061</u>	<u>580,320,743</u>	<u>32,162,318</u>
Excess (deficiency) of revenues over expenditures	<u>(19,352,626)</u>	<u>(29,297,531)</u>	<u>11,099,810</u>	<u>40,397,341</u>
Other Financing Sources (Uses)				
General obligation bonds issued	-	24,350,000	24,350,000	-
Payment to bond refunding agent	-	(24,350,000)	(24,350,000)	-
Premiums on general obligation bonds issued	-	-	23,114,593	23,114,593
Transfers out	(8,250,000)	(8,250,000)	(8,250,000)	-
Sale of capital assets	117,189	117,189	85,893	(31,296)
Total other financing sources (uses)	<u>(8,132,811)</u>	<u>(8,132,811)</u>	<u>14,950,486</u>	<u>23,083,297</u>
Net change in fund balances	(27,485,437)	(37,430,342)	26,050,296	63,480,638
Fund balances at beginning of year	165,394,176	165,394,176	165,394,176	-
Fund balances at end of year	\$ <u>137,908,739</u>	<u>127,963,834</u>	<u>191,444,472</u>	<u>63,480,638</u>

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

GUILFORD COUNTY, NORTH CAROLINA
Statement of Net Position
Proprietary Funds - Internal Service Fund
June 30, 2017

Exhibit 8

	Governmental Activities
Assets	
Current assets:	
Cash and cash equivalents/investments	\$ 27,992,404
Receivables:	
Due from governmental units and agencies	42,412
Service fees (net)	365,537
Accrued interest on investments	13,292
Total receivables	421,241
Deposits and other assets	9,092,731
Total assets	37,506,376
 Deferred Outflows of Resources	
Related to pension plans	34,321
 Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	7,669,083
Compensated absences	1,429
Total current liabilities	7,670,512
Noncurrent liabilities:	
Compensated absences	6,020
Net pension liability	39,539
Total noncurrent liabilities	45,559
Total liabilities	7,716,071
 Deferred Inflows of Resources	
Unearned revenues	1,443,582
Related to pension plans	2,488
Total deferred inflows of resources	1,446,070
 Net Position	
Restricted for self-funded insurance deposits	9,091,688
Unrestricted	19,286,868
Total net position	\$ 28,378,556

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 Position
Proprietary Funds - Internal Service Fund
For the fiscal year ended June 30, 2017

Exhibit 9

	Governmental Activities
Operating revenues:	
Charges for services	\$ <u>41,114,477</u>
Total operating revenues	<u>41,114,477</u>
Operating expenses:	
Personal services	167,496
Other direct service costs	13,426
Professional services	1,585,233
Claims, premiums and bonding	<u>40,449,301</u>
Total operating expenses	<u>42,215,456</u>
Operating loss	(1,100,979)
Nonoperating revenues:	
Net investment gain	<u>152,867</u>
Change in net position	(948,112)
Net position at beginning of year	<u>29,326,668</u>
Net position at end of year	\$ <u>28,378,556</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, 2017

Exhibit 10

	Governmental Activities
Increase (decrease) in cash and cash equivalents:	
Cash flows from operating activities:	
Cash received from user departments and participants	\$ 41,255,687
Cash paid to employees for services	(168,313)
Cash paid to suppliers, participants and others	<u>(42,548,220)</u>
Net cash used by operating activities	<u>(1,460,846)</u>
Cash flows from investing activities:	
Interest and dividends on investments	<u>218,283</u>
Net decrease in cash and cash equivalents	<u>(1,242,563)</u>
Cash and cash equivalents at beginning of year	<u>29,234,967</u>
Cash and cash equivalents at end of year	<u>\$ 27,992,404</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ <u>(1,100,979)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:	
Change in assets, deferred outflows, liabilities and deferred inflows:	
Decrease in accounts receivable	9,386
Decrease in deposits and other assets	53,349
Increase in deferred outflows of resources - related to pension plans	(27,688)
Decrease in accounts payable	(564,336)
Decrease in accrued salaries and benefits payable	(2,535)
Decrease in accrued vacation and compensatory benefits	(1,267)
Increase in net pension liability	32,484
Increase in deferred inflows of resources - unearned revenues	142,551
Decrease in deferred inflows of resources - related to pension plans	<u>(1,811)</u>
Total adjustments	<u>(359,867)</u>
Net cash used by operating activities	<u>\$ (1,460,846)</u>

Non-cash investing, capital and financing activities:

During the year, deposits and other assets also decreased by \$50,825 from a fund in the banking 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 Position
Fiduciary Funds
June 30, 2017

Exhibit 11

	Pension / OPEB Trust Funds	Agency Funds
Assets		
Pooled cash and cash equivalents/investments	\$ -	\$ 1,088,655
Guilford County Law Enforcement Officers' Special Separation Allowance (LEOSSA) Accounts:		
Demand deposits	20,641	-
N.C. Capital Management Trust Cash Portfolio	123,165	-
State Treasurer's Local Government Law Enforcement Officers' Special Separation Allowance (LEOSSA) Fund:		
Short-Term LEOSSA Fund	1,702,049	-
State Treasurer's Local Government Other Post Employment Benefits (OPEB) Fund:		
Short-Term OPEB Fund	2,506,134	-
Long-Term OPEB Fund	1,844,350	-
OPEB Equity Fund	9,067,940	-
Cash and cash equivalents/investments	15,264,279	1,088,655
Receivables:		
Accrued interest on investments	66	-
Total assets	15,264,345	\$ 1,088,655
Liabilities		
Accounts payable and accrued liabilities	19,716	\$ 441,919
Representative payee clients payable	-	390,714
Due to other taxing units	-	127,439
Inmate trust funds payable	-	128,583
Total liabilities	19,716	\$ 1,088,655
Net Position		
Held in trust for pension / OPEB benefits	\$ 15,244,629	

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

GUILFORD COUNTY, NORTH CAROLINA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Pension / OPEB Trust Funds
For the fiscal year ended June 30, 2017

Exhibit 12

		Pension / OPEB Trust Funds
Additions		
Employer contributions	\$	8,521,036
Retiree contributions		1,929,232
Investment income		1,522,159
Investment expenses		(17,091)
Total additions		11,955,336
 Deductions		
Benefits		9,905,635
Administrative expenses		1,382
Total deductions		9,907,017
Change in net position		2,048,319
Net position at beginning of year		13,196,310
Net position at end of year	\$	15,244,629

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, 2017

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 nine 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 \$5,724,845 County levied occupancy taxes earned and included as an economic development and assistance expense of the County, \$4,007,391 is reported as part of the Authority's operating grants and contributions program revenue along with \$1,008,614 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, 2411 West Gate City Boulevard, Greensboro, North Carolina 27403.

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 position 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

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of the 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 *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 and Room Occupancy/Tourism Developmental Tax 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/OPEB Trust Funds are used to account for activities which accumulate resources for post-employment benefits to qualified individuals. The County's pension/OPEB trust funds are the Law Enforcement Officers' Special Separation Allowance (LEOSSA) Fund and the Other Post-Employment Benefits Fund. The LEOSSA Fund accounts for the activities of a single employer, public retirement system, and accumulates resources for pension benefit payments to qualified law enforcement officers. 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 Inmate Trust Fund, which accounts for funds deposited with the Law Enforcement Department by or for the benefit of inmates incarcerated in the County Detention Centers.

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.

Governmental Fund Financial Statements. Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues, except for property taxes, to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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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 certain projects within the County Building 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 or protection service district while the appropriations in the Room Occupancy/Tourism Development Tax Fund are on a fund basis. 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 intra-fund 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. In addition, the County Manager has the authority to transfer funds budgeted in General Fund insurance, salaries and benefits, energy, technology, and facility expense accounts to the same accounts in other departments within the General Fund to adjust for projected expenditure patterns. 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 each fiscal year end and open encumbrances are 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/OPEB 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

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

General Statute 159-30.2 allows local governments to establish a Law Enforcement Officers Special Separation Allowance (LEOSSA) Trust Fund managed by the staff of the Department of the State Treasurer and operated in accordance with State laws and regulations. General Statute 159-30(h) allows the County to make contributions to the Fund. The Fund is not registered with the SEC. The State Treasurer in his discretion may invest the proceeds in equities of certain publicly held companies and long- or short-term fixed income investments as detailed in General Statutes 147-69.2(b)(1-6) and (8). Funds submitted are held in the State Treasurer's STIF account. In addition to the STIF account, a portion of the Trust assets are invested in the North Carolina Capital Management Trust (NCCMT) Government Portfolio.

General Statute 159-30.1 allows local governments to establish an Other Post Employment Benefits (OPEB) Trust Fund managed by the staff of the Department of the State Treasurer and operated in accordance with State laws and regulations. General Statute 159-30(g) allows the County to make contributions to the Fund. The Fund is not registered with the SEC. The State Treasurer in his discretion may invest the proceeds in equities of certain publicly held companies and long- or short-term fixed income investments as detailed in 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 General Statute 147-69.1; the Bond Index Fund (BIF) consisting of high quality debt securities, eligible under GS 147-69.2(b)(1)-(6); and BlackRock's MSCI All Country World Index (ACWI) Equity Index Non-Lendable Class B Fund under General Statute 147-69.2(b)(8). Under the authority of General Statute 147-69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund.

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) Government Portfolio, an SEC-registered (2a-7) money market mutual fund, are valued at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. In accordance with State law, the County has invested in securities which are callable and may provide for periodic interest rate increases in specific increments until maturity; these and all other investments are stated at fair value. As to the LEOSSA Funds, see the above comments regarding the NCCMT Government Portfolio. The STIF securities are reported at fair value. As to the OPEB Trust funds, the STIF and the BIF securities are reported at fair value. The BlackRock MSCI ACWI Equity Index Fund is valued at net asset value.

2. Property Taxes Receivable

The County's property tax is levied each July 1 on the assessed value as of the prior January 1, for all taxable real and personal property (except registered motor vehicles) located in the County. Property taxes attach as an enforceable lien on real property as of the listing date. Assessed personal property values are established annually at estimated market value. A revaluation of all real property is required to be performed no less than every eight years, with the one affecting the fiscal year 2013 levy completed as of January 1, 2012. On February 6, 2014, the Board of Commissioners approved the policy of conducting future revaluations every five years. 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 ½% discount during July and August, in full from September 1 through January 5 and with additional penalties and interest accrued beginning January 6.

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Prior to September 1, 2013, Guilford County was responsible for billing and collecting motor vehicle property taxes on behalf of all municipalities and special tax districts in the County. Vehicles were registered with the State's Division of Motor Vehicles under a staggered system and property taxes were due the first day of the fourth month after registration. In 2005, the N.C. General Assembly adopted House Bill 1779 effective September 1, 2013, which states that the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Any motor vehicle property taxes collected by the State prior to June 30 which are not remitted to the County until after the fiscal year end are reported as collected property taxes at year end by the County. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by the deferred inflows of resources.

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, 2017, 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 inflows of resources.

3. Allowances for Doubtful Accounts

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

4. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated life in excess of two years. Intangible assets, which are generally classified as capital assets, have a threshold of \$100,000 and an estimated life in excess of two years. Capital assets are recorded at historical cost or at estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition 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 are depreciated or amortized using the straight-line method over the following estimated useful lives:

<u>Primary Government</u>		<u>Authority</u>	
Buildings	45 years	Furniture and fixtures	7 years
Improvements other than buildings	20 years	Equipment	5 years
Machinery and equipment	10 years	Vehicles	5 years
Intangibles - software	10 years		
Vehicles	3 years		

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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. 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.

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for *Deferred Outflows of Resources*, which represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has several items that meet this criterion—unamortized bond refunding charges, pension related deferrals, and contributions made to the pension plans in the current fiscal year.

In addition to liabilities, the statement of net position will sometimes report a separate section, *Deferred Inflows of Resources*, which represents an acquisition of net position that applies to a future period and so will not be recognized as revenue or expense until then. The County has several items reported in the government-wide statement that meet this criterion – unearned revenues from prepaid property taxes and grants received in advance of being earned; and pension related deferrals of pension expense. In addition to the above unearned revenues, the governmental funds also report unavailable revenues receivable from the following sources: property taxes and accrued interest, thereon and special assessments. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The proprietary fund type reports unearned revenues from prepaid healthcare premiums.

7. 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 position. Bond premiums are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Termination fees for swaps on effective hedges are deferred and amortized over the life of the associated refunding bonds using the

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

effective interest method. Bonds payable are reported net of the applicable bond premiums and swap termination fees. Bond issuance costs are expensed in the reporting period in which they are incurred.

8. Net Position/Fund Balances

Net Position

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

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

- Nonspendable Fund Balance – Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted Fund Balance - Amounts are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed Fund Balance - Amounts are committed when Guilford County’s Board of County Commissioners (the highest level of decision-making authority) formally places a constraint on the use of the County’s own resources for a particular purpose. A majority vote is required to set aside fund balance for the specific purpose by adoption of an ordinance, and once adopted, the limitation can only be changed or amended with a similar action by the County’s Board of Commissioners.
- Assigned Fund Balance - Amounts are assigned when they are constrained by the County’s *intent* to use for specific purposes, but are neither restricted nor committed. Intent relative to assigned fund balances has been established by actions of the Board of County Commissioners. It includes all remaining positive balances not classified as assigned, restricted or committed and reported in governmental funds other than the General Fund.
- Unassigned Fund Balance - Amounts are unassigned to represent the residual classification for the General Fund as the balance has not been restricted, committed, or assigned to specific purposes. It includes all remaining negative balances not classified as restricted or committed and reported in governmental funds other than the General Fund.

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 Finance Director may deviate from this policy where it is in the best interest of the County but generally, restricted revenues that must be expended to be received/earned typical of Federal and State grants are expended first followed by bond proceeds, other restricted revenues, local non-County funds and County funds. For purposes of net position/fund balance classification, expenditures are from restricted net position/fund balance first, followed in order by committed, assigned and unassigned fund balance.

The County has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that unassigned fund balance be set and maintained at a minimum of no less than 8% of budgeted expenditures.

GUILFORD COUNTY, NORTH CAROLINA
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9. Defined Benefit Pension Plans

The County participates in two cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LGERS) and the Registers of Deeds' Supplemental Pension Fund (RODSPF) (collectively, the "state-administered defined benefit pension plans"). For purposes of measuring the net pension asset/liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

10. Change in Accounting Principles

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, beginning July 1, 2016. The County's healthcare plan and Other Post Employment Benefits Trust Fund fall under the scope of Statement 74. The implementation required enhanced financial statement disclosures and supplementary information.

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 position

The governmental fund balance sheet includes a reconciliation between total *fund balances—total governmental funds* and *net position of governmental activities* as reported in the government-wide statement of net position. 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 inflows of resources in the funds."	
Property taxes receivable (net)	\$ 5,409,726
Accrued interest on property taxes receivable (net)	984,519
Special assessments receivable (net)	<u>1,259,279</u>
Net adjustment to increase total fund balances - total governmental funds to arrive at net position of governmental activities	<u>\$ 7,653,524</u>
2. "Deferred outflows (asset-like charges) as used in governmental activities are not financial resources and therefore are not reported in the funds."	
Contributions to LEOSSA pension plan in current fiscal year	\$ 692,898
Contributions to NCLGERS pension plan in current fiscal year	8,527,761
Contributions to NCROD pension plan in current fiscal year	38,150
LEOSSA other pension plan related resources	151,297
NCLGERS other pension plan related resources	25,559,070
NCROD other pension plan related resources	221,317
Unamortized bond refunding charges	<u>4,258,486</u>
Subtotal	39,448,979
Less: NCLGERS plan contributions and other resources of the Internal Service Fund	<u>(34,321)</u>
Net adjustment to increase total fund balances - total governmental funds to arrive at net position of governmental activities	<u>\$ 39,414,658</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	\$ 793,990,000
Less: Interest rate swap termination payment (to be amortized as interest expense)	(4,075,031)
Plus: Issuance premiums (to be amortized against interest expense)	71,218,569
Accrued interest payable	9,799,332
Derivative liability	572,002
Limited obligation bonds payable	16,845,000
Capital leases and installment financings payable	1,275,585
Accrued compensated absences payable	9,406,272
Net pension liability - Law Enforcement Officers' Special Separation Allowance	8,892,924
Net pension liability - NC Local Government Employees' Retirement System	39,269,140
Net other postemployment benefits obligation - Health Care Benefits Plan	<u>111,464,795</u>
Subtotal	1,058,658,588
Less: accrued compensated absences payable of the Internal Service Fund	(7,449)
Less: NCLGERS net pension liability of the Internal Service Fund	<u>(39,539)</u>
Net adjustment to decrease total fund balances - total governmental funds to arrive at net position of governmental activities	<u>\$ 1,058,611,600</u>
4. "Deferred inflows (liability-like credits) as used in governmental activities are not financial uses and therefore are not reported in the funds."	
LEOSSA pension related resource deferrals	\$ 1,497,564
NCLGERS pension related resource deferrals	2,470,837
NCROD pension related resource deferrals	<u>21,329</u>
Subtotal	3,989,730
Less: NCLGERS pension resource deferrals of the Internal Service Fund	<u>(2,488)</u>
Net adjustment to decrease total fund balances - total governmental funds to arrive at net position of governmental activities	<u>\$ 3,987,242</u>

GUILFORD COUNTY, NORTH CAROLINA
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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 position 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 depreciation exceeded capital outlays in the current period.”	
Capital outlay (net of Internal Service Fund amount of \$-0-)	\$ 9,419,960
Less: depreciation expense (net of Internal Service Fund amount of \$-0-)	<u>(12,396,313)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities	\$ <u><u>(2,976,353)</u></u>
2. “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to decrease net position.”	
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 position differs from the change in fund balance by the cost net of accumulated depreciation of the capital assets disposed.	\$ <u>(113,055)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities	\$ <u><u>(113,055)</u></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)	\$ 340,556
Accrued interest on property taxes receivable (net)	33,618
Special assessments receivable	<u>934,164</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities	\$ <u><u>1,308,338</u></u>

GUILFORD COUNTY, NORTH CAROLINA
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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 position. Also, governmental funds report the effect of 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 general obligation bonds	\$ (187,265,000)
Less: premiums on general obligation bonds issued	(24,564,701)

Principal repayments:

General obligation bonds	56,860,000
Capital leases and installment financings	1,275,584
Payment to refunding agent for bond anticipation notes	<u>24,350,000</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities	\$ <u><u>(129,344,117)</u></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	\$ (1,791,317)
Compensated absences	(85,901)
Amortization of deferred charge on refunding	5,766,828
Amortization of interest rate swap termination payment	(800,909)
Amortization of bond premiums	174,764
Net other postemployment benefits obligation - Health Care Benefits Plan	(6,911,805)
Law Enforcement Officers' Special Separation Allowance pension expense	889,150
NC Local Government Employees' Retirement System pension expense	(1,804,583)
NC Register of Deeds' Supplemental pension expense	<u>(15,386)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities	\$ <u><u>(4,579,159)</u></u>

GUILFORD COUNTY, NORTH CAROLINA
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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, 2017, the cash and investments included the following:

Account Balances	Ownership of Funds
	Primary Government - Guilford County
Petty cash/cash on hand	Governmental Funds
\$ 89,140	\$ 289,149,681
Demand deposits	Internal Service Fund
5,135,101	<u>27,992,404</u>
Public Funds Money Market Accounts	
8,600,388	
Pooled investments	Total Governmental Activities
<u>309,085,235</u>	317,142,085
Pooled Funds	
322,909,864	
Pension/OPEB Trust Fund investments:	Pension/OPEB Trust Funds
	15,264,279
LEOSSA Trust:	Agency Funds
	<u>1,088,655</u>
N.C. Capital Management Trust	
Government Portfolio	123,165
State Treasurer's Local Government	
LEOSSA Trust Fund	1,702,049
OPEB Trust - State Treasurer's	Primary Government - Guilford County
Local Government OPEB Trust Fund	333,495,019
<u>13,418,424</u>	Component Unit – Authority
<u>\$ 338,153,502</u>	<u>4,658,483</u>
	<u>\$ 338,153,502</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 Department of State Treasurer of North Carolina has indicated they enforce strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. In addition, the County monitors the financial soundness of any financial institution holding County deposits. 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 \$13,701,803 and a bank balance of \$15,500,351. Of the bank balance, \$756,247 was covered by Federal depository insurance, and \$6,643,716 in non-interest-bearing deposits and \$8,100,388 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 \$33,685 and a bank balance of \$227,107 which was fully covered by Federal depository insurance.

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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).

At June 30, 2017, the County's pooled investments were summarized by type as follows:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Months)</u>
U.S. Treasury Securities	Amortized Cost	\$ 5,998,724	4.20
U.S. Government Agencies	Amortized Cost	53,371,323	2.29
U.S. Government Agencies	Fair Value - Level 2	40,920,980	26.53
N.C. Municipal Bonds	Amortized Cost	1,501,110	4.08
Commercial Paper and Bankers' Acceptances	Amortized Cost	<u>78,370,007</u>	3.40
		180,162,144	9.18
N.C. Capital Management Trust			
Government Portfolio	Amortized Cost	6,638,366	Demand
Term Portfolio*	Fair Value - Level 1	<u>122,284,725</u>	1.08
Total Pooled Investments		\$ <u>309,085,235</u>	

* Investments in the NCCMT Term Portfolio are available next day but the fund has a duration of .09 years.

Valuation. Investments with less than one year to maturity at time of purchase and with no call features are priced at amortized cost. The level of fair value hierarchy is as follows: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2: Valued using metrics that may include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads, and market-corroborated inputs.

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 a "pay-fixed, receive-variable" interest rate swap with notional amount of \$18,000,000. The County makes monthly fixed payments and receives variable payments based on 60.4% of the five-year LIBOR swap. The swap was executed in November 2006 and matures in February 2020. Additional details on the swap are included in Note III. E. under the Derivative Instruments section. At June 30, 2017, the fair value of the swap is (\$572,002) and is reported as a derivative liability.

Credit Risk. The County's investment policy incorporates State laws concerning allowable investments 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, 2017, the County's investments in commercial paper were rated A1 or better by Moody's Investors Service and P1 by Standard and Poors and F1 or better by Fitch Ratings. The County's investments in the NCCMT Government Portfolio were valued at \$1 per share and carried a credit rating of AAAM by Standard & Poor's as of June 30, 2017. The County's investment in the

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NC Capital Management Trust Term Portfolio had a value of \$9.68 per share and was unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended. The County's investments in U.S. Agencies (Federal Home Loan Bank, Federal Farm Credit Bank, Federal National Mortgage Association, and Federal Home Loan Mortgage Corporation) are rated AA+ by Standard & Poor's and Aaa by Moody's.

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, 2017, the following investment categories account for more than 5% of the County's investments as reported herein: Bank of Tokyo Mitsubishi Commercial Paper, 5.0%; Federal Farm Credit Banks, 6.8%; Federal Home Loan Bank, 11.4%; Federal Home Loan Mortgage Corporation, 10.4%; and NCCMT Term Portfolio, 39.6%.

LEOSSA Trust Funds

At June 30, 2017, the Guilford County Law Enforcement Officers' Separation Allowance (LEOSSA) Fund had \$20,641 in pooled demand deposits (checking), \$123,165 invested in the N.C. Capital Management Trust (NCCMT) Government Portfolio and \$1,702,049 invested in the State Treasurer's Local Government Law Enforcement Officers' Special Separation Allowance (LEOSSA) Fund pursuant to General Statute 147-69.2(b5). The State Treasurer's LEOSSA 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, 100% of the LEOSSA funds in the State Treasurer's (LEOSSA) Fund were invested in the State Treasurer's Short-Term Investment Fund (STIF).

Valuation. The NCCMT Government Portfolio is valued at amortized cost. Ownership of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. STIF investments are valued by the custodian using Level 2 inputs which in this case involves using prices that are either directly or indirectly observable. The STIF is valued at \$1 per share. The STIF is unrated and had a weighted average maturity at June 30 of 1.6 years.

Interest Rate Risk. The County does not have a formal investment interest rate policy regarding the LEOSSA Fund that manages its exposure to fair value losses arising from increasing interest rates. The NCCMT Cash Portfolio funds are available on demand.

Credit Risk. The County does not have a formal investment policy regarding credit risk for the LEOSSA Fund. The County's investments in the NCCMT Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2017. The STIF is unrated and authorized under NC General Statute 147-69.1. The STIF is invested in highly liquid fixed income securities consisting primarily of short to intermediate treasuries, agencies, and money market instruments.

OPEB Trust Funds

At June 30, 2017, the Guilford County Health Care Plan (the HC Plan) Fund had \$13,418,424 invested in the State Treasurer's Local Government Other Post-Employment Benefits (OPEB) Fund pursuant to General Statute 147-69.2(b4). 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, 18.68% of the HC Plan funds

GUILFORD COUNTY, NORTH CAROLINA
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were invested in the State Treasurer’s STIF, 13.74% were invested in the State Treasurer’s Bond Index Fund (BIF) and 67.58% were invested in the BlackRock MSCI All Country World Index (ACWI) Equity Index Non-Lendable Class B Fund.

Valuation. Ownership of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. STIF investments are valued by the custodian using Level 2 inputs which in this case involves using prices that are either directly or indirectly observable. The STIF is valued at \$1 per share. The STIF is unrated and had a weighted average maturity at June 30 of 1.6 years.

Ownership of the BIF is determined monthly at fair value using the same Level 2 hierarchy as the STIF and is based upon units of participation. Units of participation are calculated monthly based upon inflows and outflows as well as allocations of net earnings. At year end the BIF, which does not have a credit rating, was valued at \$1 per unit and had an average maturity of 7.99 years.

The BlackRock MSCI ACWI Fund, authorized under G.S. 147-69.2(b)(8), is a common trust fund considered to be commingled in nature. The Fund’s fair value is the number of shares times the net asset value as determined by a third party. At June 30 the fair value of the funds was \$19.1579 per share.

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 STIF is unrated and had a weighted average maturity of 1.6 years at June 30, 2017. The BIF is unrated and had a weighted average maturity of 7.99 years at June 30, 2017.

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 STIF is invested in highly liquid fixed income securities consisting primarily of short to intermediate treasuries, agencies, and money market instruments. The BIF is unrated and authorized under N.C. General Statutes 147-69.1-2 and invests in U.S. Treasuries, agencies, and corporate bonds with longer-term maturities eligible under G.S. 147-69.2(b)(1)-(6).

B. Receivables

Receivables are recorded net of an allowance for estimated uncollectible accounts at June 30, 2017 in the County’s individual funds as follows:

	General Fund	County Building Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds	Internal Service Fund
Allowance for uncollectible accounts on:					
Property taxes	\$ 6,789,866	-	112,527	6,902,393	-
Accrued interest on property taxes	3,473,780	-	-	3,473,780	-
Service fees	22,983,848	-	-	22,983,848	32,138
Special assessments	-	415,879	-	415,879	-
	<u>\$ 33,247,494</u>	<u>415,879</u>	<u>112,527</u>	<u>33,775,900</u>	<u>32,138</u>

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C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2017 follows:

Primary Government – Governmental Activities

A summary of changes in capital assets, net of accumulated depreciation, for the fiscal year ended June 30, 2017 follows:

	Balance July 1, 2016	Increases	Decreases	Transfers	Balance June 30, 2017
Non-depreciable capital assets:					
Land	\$ 49,436,144	-	(352)	-	49,435,792
Construction in progress	634,007	2,642,840	-	(682,613)	2,594,234
Intangibles - non-depreciable	224,000	-	-	-	224,000
Total non-depreciable capital assets	<u>50,294,151</u>	<u>2,642,840</u>	<u>(352)</u>	<u>(682,613)</u>	<u>52,254,026</u>
Depreciable capital assets:					
Buildings	237,872,117	-	(133,600)	483,357	238,221,874
Improvements other than buildings	24,358,439	485,539	-	199,256	25,043,234
Machinery and equipment	42,013,957	2,103,593	(179,511)	-	43,938,039
Vehicles	28,249,588	4,187,988	(725,392)	-	31,712,184
Intangibles - depreciable	9,375,267	-	-	-	9,375,267
Total depreciable capital assets	<u>341,869,368</u>	<u>6,777,120</u>	<u>(1,038,503)</u>	<u>682,613</u>	<u>348,290,598</u>
Less accumulated depreciation for:					
Buildings	(76,874,432)	(5,406,562)	21,030	-	(82,259,964)
Improvements other than buildings	(13,724,936)	(992,320)	-	-	(14,717,256)
Machinery and equipment	(26,329,437)	(2,590,706)	179,379	-	(28,740,764)
Vehicles	(24,375,863)	(2,669,145)	725,391	-	(26,319,617)
Intangibles	(6,172,013)	(737,580)	-	-	(6,909,593)
Total accumulated depreciation	<u>(147,476,681)</u>	<u>(12,396,313)</u>	<u>925,800</u>	<u>-</u>	<u>(158,947,194)</u>
Total depreciable capital assets (net)	<u>194,392,687</u>	<u>(5,619,193)</u>	<u>(112,703)</u>	<u>682,613</u>	<u>189,343,404</u>
Governmental activities capital assets (net)	<u>\$ 244,686,838</u>	<u>(2,976,353)</u>	<u>(113,055)</u>	<u>-</u>	<u>241,597,430</u>

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

Function/Program	
General government	\$ 2,753,065
Human services	1,076,717
Public safety	7,301,247
Environmental protection	40,533
Culture - recreation	<u>1,224,751</u>
Total governmental activities depreciation expense	<u>\$ 12,396,313</u>

GUILFORD COUNTY, NORTH CAROLINA
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Guilford County's construction in progress at June 30, 2017 is composed of the following:

Project Name	Project Authoriza- tion ⁽¹⁾	Expended to June 30, 2017	Placed in Service in FY 2017	Remaining CIP Balance June 30, 2017	Estimated Costs to Complete	Required Future Financing
Northeast Park	\$ 3,589,009	3,500,727	3,500,727	-	88,282	-
High Point Courthouse Renovations	468,626	371,056	368,556	2,500	97,570	-
Greene Street Center	638,180	535,991	516,145	19,846	102,189	-
Bellemeade Center Renovations	811,025	93,044	93,044	-	717,981	-
BB&T Building	5,194,402	5,157,175	5,157,175	-	37,227	-
Hagan-Stone Park	64,000	35,094	35,094	-	28,906	-
EMS Maintenance/Logistics Facility	2,053,000	22,217	-	22,217	2,030,783	-
Law Enforcement Special Op Building	3,950,000	3,886,704	3,836,704	50,000	63,296	-
Hagan-Stone Park Swimming Pool	2,000,000	1,972,973	1,972,973	-	27,027	-
Bryan Park Expansion	100,000	-	-	-	100,000	-
Bur Mil Park Clubhouse Renovation	1,283,000	487,288	487,288	-	795,712	-
County Animal Shelter Replacement	78,109	-	-	-	78,109	-
Governmental Plaza Renovations	68,214	68,214	68,214	-	-	-
High Point Parking Deck Repairs	2,542,000	1,490,114	-	1,490,114	1,051,886	-
HP Justice Complex HVAC System	1,350,000	483,063	-	483,063	866,937	-
Old Courthouse Renovations	7,970,000	312,807	-	312,807	7,657,193	-
Bur Mil Park Improvements	130,000	122,664	-	122,664	7,336	-
Greensboro Courthouse HVAC	1,150,000	-	-	-	1,150,000	-
Independence Center Parking Deck	600,000	-	-	-	600,000	-
Motorcycle Storage Building ⁽²⁾	138,883 ⁽²⁾	91,023	-	91,023	47,860	-
	<u>\$ 34,178,448</u>	<u>18,630,154</u>	<u>16,035,920</u>	<u>2,594,234</u>	<u>15,548,294</u>	<u>-</u>

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

(2) The Project is funded through annual appropriation and is not part of a Capital Project Ordinance.

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, 2017 follows:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
Depreciable capital assets:				
Furniture, fixtures and equipment	\$ 341,055	-	-	341,055
Less accumulated depreciation	(215,813)	(35,800)	-	(251,613)
Tourism Authority capital assets, net	<u>\$ 125,242</u>	<u>(35,800)</u>	<u>-</u>	<u>89,442</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, 2017 includes the following balances:

	Vendors	Salaries, Benefits Accrued & Withheld	Accrued Interest	Due to Gov. Units, Districts & Agencies	Other	Total
Major Governmental Funds:						
General	\$ 6,773,265	4,665,510	-	797,140	143,805	12,379,720
County Building Construction	729,857	-	-	-	-	729,857
School Capital Outlay (1)	-	-	-	9,021,102	-	9,021,102
Nonmajor Governmental Funds	-	-	-	154,145	-	154,145
Internal Service Fund (2)	10,268	4,884	-	-	7,653,931	7,669,083
Reconciliation of balances in fund financial statements to government-wide financial statements						
	-	-	9,799,332	-	-	9,799,332
Total - Governmental Activities	<u>\$ 7,513,390</u>	<u>4,670,394</u>	<u>9,799,332</u>	<u>9,972,387</u>	<u>7,797,736</u>	<u>39,753,239</u>

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

(2) Other payable is County's insurance claims liability, all due within one year, of \$7,653,931. See Note IV. E. 4.

E. Long-term Liabilities

Primary Government – Governmental Activities

A summary of changes in long-term liabilities for the fiscal year ended June 30, 2017 follows:

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Current Portion of Balance
Bonds payable:					
General obligation bonds	\$ 663,585,000	187,265,000	(56,860,000)	793,990,000	61,100,000
Plus bond issuance premiums	53,262,787	24,564,701	(6,608,919)	71,218,569	-
Less swap termination fees	(4,875,940)	-	800,909	(4,075,031)	-
Total bonds payable	711,971,847	211,829,701	(62,668,010)	861,133,538	61,100,000
Limited obligation bonds	16,845,000	-	-	16,845,000	-
Capital leases and installment financings	2,551,169	-	(1,275,584)	1,275,585	1,275,585
Bond anticipation notes	24,350,000	-	(24,350,000)	-	-
Compensated absences	9,321,638	6,727,149	(6,642,515)	9,406,272	4,424,322
Net pension liability - LGERS	8,735,596	38,076,350	(7,542,806)	39,269,140	-
Net pension liability - LEOSSA	11,064,122	844,653	(3,015,851)	8,892,924	-
Net other postemployment benefits obligation	104,552,990	14,047,050	(7,135,245)	111,464,795	-
Total	<u>\$ 889,392,362</u>	<u>271,524,903</u>	<u>(112,630,011)</u>	<u>1,048,287,254</u>	<u>66,799,907</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. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the County and principal and interest requirements

GUILFORD COUNTY, NORTH CAROLINA
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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 installment financing agreement is collateralized by a deed of trust on the land and building involved in the financing. The limited obligation bonds are collateralized by school facilities which are not owned by the County. 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 \$7,449 of the compensated absences balance and \$39,539 of the Local Government Employees' Retirement System net pension liability. 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.

Of total governmental activities debt of \$879,254,123, only \$122,062,983 relates to assets to which the County holds title. Unexpended debt proceeds related to this debt amount to \$33,269,820.

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, 2017, such statutory limit for the County was \$3,856,522,452 providing a debt margin of approximately \$3.05 billion.

Guilford County has no bonds that have been authorized and remain unissued at June 30, 2017.

Subsequent Development

On October 19, 2017, the Board of Commissioners adopted a resolution authorizing the issuance of series 2017C general obligation (GO) refunding bonds in the aggregate principal amount not to exceed \$215 million for the purpose of refunding all or a portion of the outstanding series 2005A, 2005B and 2007B variable rate public improvement GO bonds and the series 2012A GO public improvement bonds. The County is refunding these bonds to reduce its total debt service payments over the next fourteen years and obtain a net economic gain (difference between the net present values of the debt service payments on the old and new debt). The bonds are scheduled for pricing on November 1, 2017 and closing on November 16, 2017. As part of the overall refunding, the Board also adopted a resolution authorizing the termination of the County's remaining variable-to-fixed interest rate swap agreements relating to \$1.84 million and \$16.16 million principal amounts of variable rate GO bonds, series 2005A and 2005B, respectively.

GUILFORD COUNTY, NORTH CAROLINA
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Long-term liabilities outstanding as of June 30, 2017 include the following:

General Obligation Bonds:

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.	\$ 1,840,000
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.	16,160,000
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
March 2007 \$45,000,000 Public Improvement serial bonds due in annual installments of \$11,250,000 from April 2024 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 \$8,000,000 through April 2018; interest at 5.00%.	8,000,000
February 2009 \$164,600,000 Public Improvement serial bonds due in annual installments of \$8,230,000 through February 2019; interest at 5.00%.	16,460,000
April 2010 \$82,500,000 Public Improvement serial bonds due in annual installments of \$8,250,000 through August 2020; interest at 5.00%.	33,000,000
April 2010 \$82,500,000 taxable Build America Bonds (Public Improvement) due in annual installments of \$8,250,000 from August 2021 through 2030; interest at 4.541% to 5.461%.	82,500,000
April 2010 \$84,775,000 General Obligation Refunding Bonds due in annual installments of \$5,975,000 to \$6,500,000 through February 2020, interest at 2.50% to 5.00%.	18,475,000
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
September 2011 \$20,635,000 General Obligation Refunding Bonds due in annual installments of \$155,000 to \$4,110,000 through October 2018, interest at 2.00% to 4.00%.	4,265,000
April 2012 \$133,745,000 Public Improvement serial bonds due in annual installments of \$280,000 to \$9,705,000 through March 2031; interest at 2.00% to 5.00%.	101,820,000
April 2012 \$17,145,000 Taxable General Obligation Qualified School Construction bonds due March 2032; interest at 3.934%. Sinking fund installments of \$1,408,258 to \$3,900,000 begin March 2028.	17,145,000
April 2012 \$25,500,000 General Obligation Refunding Bonds due in annual installments of \$3,610,000 to \$7,125,000 through October 2020, interest at 2.00% to 5.00%.	24,915,000
April 2016 \$92,930,000 General Obligation Refunding Bonds due in annual installments of \$7,490,000 to \$13,345,000 from October 2019 through 2028, interest at 1.50% to 5.00%.	92,710,000
April 2017 \$27,195,000 Public Building serial bonds due in annual installments of \$500,000 to \$1,455,000 from May 2018 through 2037, interest at 3.00% to 5.00%.	27,195,000
April 2017 \$160,070,000 Public Improvement serial bonds due in annual installments of \$3,000,000 to \$11,650,000 from May 2018 through 2037, interest at 3.00% to 5.00%.	160,070,000
Total general obligation bonds	<u>\$ 793,990,000</u>
Limited Obligation Bonds:	
April 2012 \$16,845,000 Taxable Limited Obligation Qualified School Construction bonds due April 2032; interest at 4.564%. Sinking fund installments of \$100,000 to \$3,875,000 began April 2014.	<u>\$ 16,845,000</u>
Obligations under capital leases and installment financings:	
For \$8,291,300 building and land obligation due in semi-annual installments of \$637,792 plus interest at 3.406% through March 2018.	<u>\$ 1,275,585</u>

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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 standby purchasing agreements covering \$111.22 million of the County's outstanding 2005 variable rate bonds and \$45 million outstanding 2007 variable rate bonds have been extended to December 31, 2017 with provision for extension. The remarketing agreements expire with final repayment of the bonds. The County paid \$737,672 in fiscal year 2017 pursuant to these agreements.

The County has \$4,258,486 unamortized bond refunding charges from prior refunding issues. These unamortized charges are reported as a deferred outflow of resources on the Statement of Net Position.

Derivative Instruments

The County has an interest-rate swap in effect to hedge its borrowing costs. The swap was determined to be an ineffective or investment derivative. As such, the (negative) positive fair value is reported as a derivative (liability) asset on the Statement of Net Position and current year changes in fair value flow through investment revenue.

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 were related to government activities. The County's remaining interest rate swap is summarized in the table as follows. Bond amount and swap notional amount are as of June 30, 2017.

	<u>Investment Derivative Instruments</u>
Date of contract	November 2006
Effective Date	February 1, 2008
Type of transaction	Pay-fixed interest rate swap
Objective	Hedge of changes in cash flows on related bonds
Bonds:	
Amount	\$18 million
Description	2005 Series A & B
Maturity	March 1, 2020
Principal payments begin	March 1, 2016
Rate	variable
Rate basis	SIFMA
Swap:	
Notional amount	\$18 million
Maturity	February 1, 2020
Notional value declines begin	February 1, 2016
Rate County pays	3.220%
Rate County receives	variable
Rate basis received	60.4% of 5-year LIBOR swap
Spread	None
June 30, 2017 information:	
Fair value of swap	(\$572,002)
Fair value classification	Investment
Increase (decrease) in fair value of swap from 2016	\$702,240
Increase (decrease) in fair value reported in	Investment revenue

GUILFORD COUNTY, NORTH CAROLINA
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Fair value. The fair value in the table was estimated by the swap counterparty using the forward price method. The forward price method uses current market prices that are known for relevant components of the swap and applies an appropriate rate curve to determine the estimated value of the variable rate component.

Credit risk. As of June 30, 2017, the County was not exposed to credit risk on its outstanding swap because the swap had a negative fair value as indicated in the table. However, should interest rates change and the fair value of the swap becomes positive, the County would be exposed to credit risk in the amount of the derivative's fair value. 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 the County's swap and at June 30, 2017 their senior unsecured debt was rated A1 by Moody's, and A+ by Standard & Poor's and Fitch Ratings.

Basis risk. The swap exposes 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, 2017, the weighted average interest rate on the County's hedged variable-rate debt was .89% while 60.4% of the LIBOR swap was 1.18%. 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 if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bonds would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the County would be liable to the counterparty for a payment equal to the fair value of the swap.

Debt Service Requirements

As of June 30, 2017, 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 \$224,725,921. 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		Limited Obligation Bonds, Capital Leases, and Installment Financings		Total
	Principal	Interest	Principal	Interest	
2018	\$ 61,100,000	30,616,624	1,275,585	801,395	93,793,604
2019	64,525,000	27,313,916	-	768,806	92,607,722
2020	64,625,000	24,361,539	-	768,806	89,755,345
2021	64,000,000	21,793,891	-	768,806	86,562,697
2022	67,060,000	19,351,223	-	768,806	87,180,029
2023-2027	304,765,000	63,110,627	-	3,844,029	371,719,656
2028-2032	121,165,000	22,123,256	-	3,844,029	147,132,285
2033-2037	46,750,000	4,490,168	16,845,000	-	68,085,168
	<u>\$ 793,990,000</u>	<u>213,161,244</u>	<u>18,120,585</u>	<u>11,564,677</u>	<u>1,036,836,506</u>

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Federal legislation currently provides for a rebate of 35% of interest paid on the County's taxable 2010 Build America Bonds and 100% of the interest paid on the 2012 Qualified School Construction Bond (QSCB) issues. If unchanged, this rebate would be \$2,901,766 in fiscal year 2018 and would provide a total rebate of \$35,036,957 over the remaining life of the bonds. Historically, some amounts received through fiscal 2017 have been reduced from 6.8% to 8.7% due to the budget sequestration; future amounts will also be reduced until the federal budget impasse is resolved. The IRS has announced that rebates will be reduced by 6.6% in the Federal budget year beginning October 1, 2017. The rebate is not reflected in the above table.

F. Deferred Inflows of Resources - Revenues

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 defer revenue recognition in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

Deferred inflows of resources at June 30, 2017 is composed of the following unearned and unavailable revenues:

	Major Governmental				Total
	General Fund	County Building Construction Fund	School Capital Outlay Fund	Nonmajor Governmental and Other Funds	
Governmental Funds:					
Unearned revenues:					
Property tax collections not yet earned	\$ 727,859	-	-	9,382	737,241
Federal, State and private foundation grants received in advance	<u>209,955</u>	-	<u>1,526</u>	-	<u>211,481</u>
Total unearned revenues	<u>937,814</u>	<u>-</u>	<u>1,526</u>	<u>9,382</u>	<u>948,722</u>
Unavailable revenues:					
Property taxes receivable (net)	5,273,828	-	-	135,898	5,409,726
Accrued interest on property taxes receivable (net)	984,519	-	-	-	984,519
Special assessments receivable (net)	-	<u>1,259,279</u>	-	-	<u>1,259,279</u>
Total unavailable revenues	<u>6,258,347</u>	<u>1,259,279</u>	<u>-</u>	<u>135,898</u>	<u>7,653,524</u>
Total deferred inflows of resources: Governmental Funds	<u>\$ 7,196,161</u>	<u>1,259,279</u>	<u>1,526</u>	<u>145,280</u>	<u>8,602,246</u>

Internal Service Fund:

Unearned revenues:

Service fees collected in advance from external sources	\$ 380,851	380,851
Service fees collected in advance from internal sources ⁽¹⁾	<u>1,062,731</u>	<u>1,062,731</u>
Total unearned revenues - Internal Service Fund	<u>\$ 1,443,582</u>	<u>1,443,582</u>

⁽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 revenues:

Governmental Funds per above	\$ 948,722
Internal Service Fund (from external sources) per above	<u>380,851</u>
Total unearned revenues - Governmental Activities	<u>\$ 1,329,573</u>

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

G. Net Position/Fund Balances

The following are summaries of Guilford County's net position restricted for stabilization by State statute, restricted for other purposes, and unrestricted, as of June 30, 2017:

<u>Net position restricted for stabilization by State statute</u>	<u>Amount</u>
Reserved for encumbrances	\$ 12,422,597
Reserved by State statute	<u>42,665,040</u>
Net position restricted for stabilization by State statute	<u>\$ 55,087,637</u>
<u>Net position restricted for other purposes</u>	<u>Amount</u>
Rural Fire Districts	\$ 2,440,686
Net pension asset - Register of Deeds Supplemental Pension Fund	822,125
Law Enforcement	754,457
Register of Deeds automation enhancement	509,398
Other	<u>843,875</u>
Net position restricted for other purposes	<u>\$ 5,370,541</u>
<u>Unrestricted net position (liabilities)</u>	<u>Amount</u>
Water and sewer	\$ (1,748,494)
Guilford County Schools	(598,992,200)
Guilford Technical Community College	(77,312,351)
Other	<u>4,605,858</u>
Unrestricted net position	<u>\$ (673,447,187)</u>

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

- The County had 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 bonds payable are reported as part of unrestricted net position 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 position above.

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

The following are details of Guilford County's fund balances as of June 30, 2017:

	General	County Building Construction	School Capital Outlay	Nonmajor Govern- mental Funds	Total Govern- mental Funds
Non spendable:					
Prepays reserve ⁽¹⁾	\$ 1,069,162	16,980	-	-	1,086,142
Inventories reserve ⁽¹⁾	140,011	-	-	-	140,011
Total non spendable ⁽¹⁾	<u>1,209,173</u>	<u>16,980</u>	<u>-</u>	<u>-</u>	<u>1,226,153</u>
Restricted:					
State statute reserve ⁽¹⁾	38,205,237	77,525	1,674,205	1,481,920	41,438,887
Encumbrance reserve ⁽¹⁾	7,714,773	4,707,824	-	-	12,422,597
Total stabilization by State statute ⁽¹⁾	45,920,010	4,785,349	1,674,205	1,481,920	53,861,484
Public Health programs	8,022,390	-	-	-	8,022,390
Social Services - Adoption Incentive	403,286	-	-	-	403,286
Law Enforcement	754,457	-	-	-	754,457
Animal Shelter - Susie's Fund	234,087	31,109	-	-	265,196
Register of Deeds automation enhancement	509,398	-	-	-	509,398
Debt service	21,993,845	-	-	-	21,993,845
Public building projects	-	28,798,386	-	-	28,798,386
Law Enforcement projects	-	890,337	-	-	890,337
Park projects	-	1,157,058	-	-	1,157,058
Guilford County Schools projects	-	-	44,638,560	-	44,638,560
Guilford Technical Community College projects	-	-	11,872,629	-	11,872,629
Rural fire districts	-	-	-	2,304,788	2,304,788
Other	175,393	-	-	-	175,393
Total restricted	<u>78,012,866</u>	<u>35,662,239</u>	<u>58,185,394</u>	<u>3,786,708</u>	<u>175,647,207</u>
Committed:					
Public Health programs	16,630	-	-	-	16,630
County building projects	-	8,673,849	-	-	8,673,849
Guilford County Schools projects	-	-	2,504,879	-	2,504,879
Guilford Technical Community College projects	-	-	2,525,619	-	2,525,619
Total committed	<u>16,630</u>	<u>8,673,849</u>	<u>5,030,498</u>	<u>-</u>	<u>13,720,977</u>
Assigned:					
Law Enforcement	817,617	-	-	-	817,617
Family Justice Center	62,048	-	-	-	62,048
Cooperative Extension	47,735	-	-	-	47,735
Appropriated in subsequent year's budget ⁽²⁾	23,900,000	-	-	-	23,900,000
Remaining positive balance	-	7,008,885	-	-	7,008,885
Total assigned	<u>24,827,400</u>	<u>7,008,885</u>	<u>-</u>	<u>-</u>	<u>31,836,285</u>
Unassigned	87,378,403	-	(1,674,197)	(513,817)	85,190,389
Total fund balance	<u>\$ 191,444,472</u>	<u>51,361,953</u>	<u>61,541,695</u>	<u>3,272,891</u>	<u>307,621,011</u>

⁽¹⁾ Reserved fund balances not available for appropriation under North Carolina General Statute 159.8(a).

⁽²⁾ Excludes appropriated in subsequent year's budget from specific restricted, committed and assigned fund balances.

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

Computation of fund balance that is available for appropriation as of June 30, 2017 under North Carolina General Statute 159.8(a):

	<u>General</u>
Total fund balance	\$ 191,444,472
Less reserves by State statute:	
Non spendable	(1,209,173)
Restricted	<u>(45,920,010)</u>
Fund balance available for appropriation	<u>144,315,289</u>
Available for restricted purposes:	
Total restricted sources	32,092,856
Appropriated in subsequent year's budget	<u>(9,625,877)</u>
Available for restricted purposes	<u>22,466,979</u>
Available for committed purposes:	
Total committed sources	16,630
Appropriated in subsequent year's budget	<u>(16,630)</u>
Available for committed purposes	<u>-</u>
Available for assigned purposes:	
Total assigned	24,827,400
Appropriated in subsequent year's budget:	
From assigned sources	(166,400)
From unassigned sources	<u>(23,900,000)</u>
Available for assigned purposes	<u>761,000</u>
Available for unassigned purposes:	
Total unassigned	87,378,403
Board minimum - 8% of subsequent year's budget	<u>(48,673,120)</u>
Available for unassigned purposes	<u>38,705,283</u>
Fund balance available for appropriation	144,315,289
Appropriated in subsequent year's budget	(33,708,907)
Board minimum - 8% of subsequent year's budget	<u>(48,673,120)</u>
Total available for restricted, committed, assigned and unassigned purposes	<u>\$ 61,933,262</u>

H. Interfund Transfers

The following is a summary of interfund transfers for Guilford County for the fiscal year ended June 30, 2017:

Transfers In	Transfers Out Major Governmental Funds
	General
Major Governmental Funds:	
County Building Construction	\$ 750,000
School Capital Outlay	<u>7,500,000</u>
Total	<u>\$ 8,250,000</u>

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Transfers of \$750,000 from the General Fund to the County Building Construction Fund are for funding general government construction projects per the Guilford County Capital Improvement Plan.

Transfers from the General Fund to the School Capital Outlay Fund are for funding the Guilford County Schools Capital Maintenance FY2017 project totaling \$6 million and the Guilford Technical Community College Capital Maintenance FY2017 project in the amount of \$1.5 million.

There were no interfund receivables or payables at June 30, 2017.

IV. OTHER INFORMATION

A. Employees Retirement Systems and Plans

Primary Government

1. North Carolina Local Governmental Employees' Retirement System

Plan Description

Guilford County is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of General Statute Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the 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, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided

The LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation.

Plan members who are general employees are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. General employee plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who

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also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions

Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Plan members are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2017, was 7.86% of compensation for law enforcement officers and 7.25% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. The County's contributions to the LGERS for the years ended June 30, 2017, 2016, and 2015 were \$8,527,761, \$7,554,059, and \$7,772,719, respectively. The contributions made by the County equaled the required contributions for each year.

Refunds of Contributions

County employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

LGERS-Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the County reported a liability of \$39,269,140 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2016, the County's proportion was 1.850%, which was a decrease of .096% from its proportion measured as of June 30, 2015.

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For the year ended June 30, 2017, the County recognized pension expense of \$10,335,329. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 737,799	1,376,035
Changes of assumptions	2,689,586	-
Net difference between projected and actual earnings on pension plan investments	21,710,890	-
Changes in proportion and differences between County contributions and proportionate share of contributions	420,795	1,094,802
County contributions subsequent to the measurement date	<u>8,527,761</u>	<u>-</u>
Total	<u>\$ 34,086,831</u>	<u>2,470,837</u>

The \$8,527,761 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ 3,346,139
2019	3,351,746
2020	10,280,531
2021	<u>6,109,817</u>
Total	<u>\$ 23,088,233</u>

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 percent, including 3.5 percent inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant white-papers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields

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projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100.0%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2016 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
County's proportionate share of the net pension liability (asset)	\$ 93,203,988	\$ 39,269,140	\$ (5,781,255)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

2. Law Enforcement Officers' Special Separation Allowance

Plan Description

Guilford County administers a public employee retirement system, the Law Enforcement Officers' Special Separation Allowance (LEOSSA), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The LEOSSA is a monthly benefit paid to officers retired under the North Carolina Local Government Employees'

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Retirement System until age 62. The benefit 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 LEOSSA. At December 31, 2015, the LEOSSA's membership consisted of:

Inactive members/beneficiaries receiving benefits	40
Active plan members	<u>269</u>
Total	<u>309</u>

Summary of Significant Accounting Policies:

Basis of Accounting – Financial statements for the LEOSSA 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.

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 \$1,385,791 or 9.17% of annual covered payroll. There were no contributions made by employees. County contributions for the years ended June 30, 2016 and 2015 were \$984,456 and \$924,237, respectively. Contributions equaled the required contributions for each year. 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 LEOSSA are financed through investment earnings.

The annual required contribution for the current year was determined as part of the December 31, 2015 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 3.57% investment rate of return and (b) projected salary increases ranging from 3.50% to 7.35% per year. Both (a) and (b) included an inflation component of 3%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability was being amortized as a level dollar on a closed basis. The remaining amortization period at December 31, 2015 was 15 years.

LEOSSA - Pension Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions

At June 30, 2017, the County reported a net pension liability of \$8,892,924. The net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016.

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For the year ended June 30, 2017, the County recognized pension expense of \$889,150. At June 30, 2017, the County reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 95,829	1,497,564
Net difference between projected and actual earnings on pension plan investments	55,468	-
County contributions subsequent to the measurement date	<u>692,898</u>	<u>-</u>
Total	<u>\$ 844,195</u>	<u>1,497,564</u>

The \$692,898 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ (298,958)
2019	(298,958)
2020	(298,958)
2021	(306,206)
2022	(180,866)
Thereafter	<u>37,679</u>
	<u>\$ (1,346,267)</u>

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent	
Salary increases	3.50 to 7.35 percent, average, including inflation	
Investment rate of return	5.75 percent, net of pension plan investment expense, including inflation	

The rates of mortality for the period after service retirement are according to the RP-2014 Healthy Annuitant base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 104% for males and 100% for females.

The long-term expected rate of return on pension plan investments is assumed to be 5.75% annually. The target asset allocation and best estimates of arithmetic real rates of return for each major asset provided by the County is summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Short Term Investment	20%	2.21%
Equity Index	65%	7.96%
Bond Index	<u>15%</u>	1.88%
Total	<u>100%</u>	

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Discount rate. The discount rate used to measure the total pension liability was 5.75%. The discount rate determination as of the measurement date does not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that the County would contribute the actuarially determined contribution in the future. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members through 2053. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's net pension liability to changes in the discount rate. The following presents the County's net pension liability calculated using the discount rate of 5.75 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

	1% Decrease (4.75%)	Discount Rate (5.75%)	1% Increase (6.75%)
County's net pension liability	\$ 9,687,445	\$ 8,892,924	\$ 8,165,529

Changes in the net pension liability. The following presents a schedule of the changes in the County's net pension liability:

	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance as of December 31, 2015	\$ 12,245,917	1,181,795	11,064,122
Changes for the year:			
Service Cost	420,359	-	420,359
Interest	422,913	-	422,913
Changes of assumptions or other inputs	(1,823,831)	-	(1,823,831)
Contributions employer	-	1,185,121	(1,185,121)
Net investment income	-	6,899	(6,899)
Benefits paid	(799,210)	(799,210)	-
Plan administrative expenses	-	(1,381)	1,381
Net changes	(1,779,769)	391,429	(2,171,198)
Balance as of December 31, 2016	\$ 10,466,148	1,573,224	8,892,924

As of December 31, 2016, the most recent actuarial valuation date, the plan was 15.03% funded. The actuarial accrued liability for benefits was \$10,466,148 and the actuarial value of assets was \$1,573,224, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,892,924. The covered payroll (annual payroll of active employees covered by the plan) was \$15,110,053, and the ratio of the UAAL to the covered payroll was 58.85%.

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
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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, 2017:

Statement of Plan Net Position
June 30, 2017

	<u>Law Enforcement Officers' Special Separation Allowance</u>
Assets	
Current assets:	
Demand deposits	\$ 20,641
N.C. Capital Management Trust Cash Portfolio	123,165
State Treasurer's Local Government Law Enforcement Officers' Special Separation Allowance (LEOSSA) Fund:	
Short-Term LEOSSA Fund	1,702,049
Long-Term LEOSSA Fund	-
LEOSSA Equity Fund	-
Cash and cash equivalents/investments	<u>1,845,855</u>
Receivables:	
Accrued interest on investments	<u>66</u>
Total assets	<u>1,845,921</u>
Liabilities	
Accounts payable and accrued liabilities	<u>19,716</u>
Net Position	
Held in trust for pension benefits	<u>\$ 1,826,205</u>

Statement of Changes in Plan Net Position
For the fiscal year ended June 30, 2017

	<u>Law Enforcement Officers' Special Separation Allowance</u>
Additions	
Employer contributions	\$ 1,385,791
Net investment income	<u>7,121</u>
Total additions	<u>1,392,912</u>
Deductions	
Benefits	841,158
Administrative expenses	<u>1,382</u>
Total deductions	<u>842,540</u>
Change in net position	550,372
Net position at beginning of year	<u>1,275,833</u>
Net position at end of year	<u>\$ 1,826,205</u>

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

GUILFORD COUNTY, NORTH CAROLINA
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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.

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, 2017, the County also elected to contribute up to a 5% match 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, 2017, to law enforcement officers' accounts and other employees' accounts were \$762,941 and \$2,931,163, respectively. Voluntary contributions to the Plan were \$4,448,440.

4. Registers of Deeds' Supplemental Pension Fund

Plan Description

Guilford County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, cost-sharing multiple-employer defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government 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. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the RODSPF. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided

An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on at least 10 years of service as a register of deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

Contributions

Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County pursuant to Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution for this fiscal year and the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. For the fiscal year ended June 30, 2017, the County's required and actual contributions to the RODSPF were \$38,150.

ROD-Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the County reported an asset of \$822,125 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016. The total pension liability used to

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calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2016, the County's proportion was 4.397%, which was an increase of .031% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of \$53,536. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 879	10,642
Changes of assumptions	219,031	-
Net difference between projected and actual earnings on pension plan investments	1,407	-
Changes in proportion and differences between County contributions and proportionate share of contributions	-	10,687
County contributions subsequent to the measurement date	38,150	-
Total	<u>\$ 259,467</u>	<u>21,329</u>

The \$38,150 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2018	\$ 81,335
2019	90,267
2020	37,578
2021	<u>(9,192)</u>
Total	<u>\$ 199,988</u>

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 percent, including 3.5 percent inflation and productivity factor
Investment rate of return	3.75 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2016 is 1.4%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.75 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	\$ (662,897)	\$ (822,125)	\$ (955,892)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

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, 2017 was \$118,457.

GUILFORD COUNTY, NORTH CAROLINA
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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, 2017 were \$44,372 and \$58,465, respectively.

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). Employees hired or rehired on or after July 1, 2009 are not eligible for these benefits with limited exceptions. 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. 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. Prior to January 1, 2014, 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 50 percent of that rate for retirees with at least 20 years of creditable service. Effective January 1, 2014, all Medicare-eligible participants are covered by a fully insured Medicare Advantage Plan with the County contributing the same percentages of the premium as noted above for retirees with at least 30 years, 25 years, and 20 years of creditable service. Employer and participants' costs for the fiscal year ending June 30, 2017 were \$1,674,402 and \$574,693. Medicare-eligible participants receive secondary coverage. A separate report was not issued for the plan.

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Membership of the HC Plan consisted of the following at December 31, 2016, the date of the latest actuarial valuation:

	Total
Inactive Employees or Beneficiaries Currently Receiving Benefits	1,015
Active Employees*	2,323
Total Membership	3,338

* Includes 1,044 active members who will not receive benefits due to the July 1, 2009 closure of the plan.

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 23.18% of annual covered payroll. For the current year, the County contributed \$7,135,245 (retiree claims paid, insurance and other costs less premiums received) or 10.81% of annual covered payroll. The contribution for fiscal year 2017 did not include an additional amount to prefund benefits deposited in the Guilford County Local Government Other Post-Employment Benefit (OPEB) Trust, an irrevocable trust, to meet the requirements of the governmental accounting standards and IRS regulations. 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 55.6% and 8.2% of covered payroll, respectively. Contributions (premiums) made by employees and retirees were 8.6% and 2.9% 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 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.

Investments

Solely for purposes of investing County contributions in the Guilford County OPEB Trust, the County's investment policy shall allow placement of assets in the OPEB investment fund managed by the State Treasurer's office, as initially authorized by the Board of County Commissioners on November 6, 2008 in addition to investments authorized by NC General Statute 159-30. Placement of County contributions in the State Treasurer's OPEB investment fund shall be at the discretion of the Board of Trustees, as shall be the allocation of assets within that fund. The Board may at its discretion hold contributions in cash or cash equivalents accounts for a time prior to

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investing the funds as authorized above. The target allocations are based on the initial allocation approved and made during our recent re-enrollment in the fund.

Asset Class	Target Allocation	10 Year Expected Arithmetic Real Rate of Return
Short Term Investment	20%	2.12%
Equity Index	65%	7.96%
Bond Index	15%	1.88%
Total	100%	

Rate of Return. For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 12.57 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability

The components of the net OPEB liability at June 30, 2017, the measurement date is presented in the table below:

Total OPEB liability	\$ 269,877,837
Plan fiduciary net position	13,418,424
Net OPEB liability	\$ 256,459,413
Ratio of fiduciary net position to total OPEB liability	4.97%

Actuarial Methods and Assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions and other inputs:

Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	
General Employees	3.50% - 7.75%
Firefighters	3.50% - 7.75%
Law Enforcement Officers	3.50% - 7.35%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including price inflation	5.75%
Municipal Bond Index Rate	
Prior Measurement Date	3.01%
Measurement Date	3.56%
Year FNP is projected to be depleted	
Prior Measurement Date 2018	2018
Measurement Date 2018	2018
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Prior Measurement Date	3.01%
Measurement Date	3.56%
Health Care Cost Trends	
Pre-Medicare	7.75% for 2016 decreasing to an ultimate rate of 5.00% by 2022
Medicare	5.75% for 2016 decreasing to an ultimate rate of 5.00% by 2019

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The total OPEB liability was rolled forward to June 30, 2017, utilizing update procedures incorporating the actuarial assumptions. The discount rate used to measure the total OPEB liability was based upon the Single Equivalent Interest Rate.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 - December 31, 2014, adopted by the LGERS.

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

- *Discount Rate (Single Equivalent Interest Rate).* The discount rate used to measure the total OPEB liability as of the Measurement Date was 3.56%. The projection of cash flows used to determine the discount rate was based on an actuarial valuation performed as of June 30, 2016. The actuarial methods and assumptions used in the projection of cash flows were (1) those of the June 30, 2016 actuarial valuation, (2) active employees do not explicitly contribute to the Plan, (3) benefit payments are assumed to be paid out of the trust until the trust is depleted and (4) cash flows occur mid-year.

Based on these assumptions, the Plan's fiduciary net position was projected to be depleted in 2018 and, as a result, the Municipal Bond Index Rate was used in the determination of the Single Equivalent Interest Rate. Here, the long-term expected rate of return of 5.75% on Plan investments was applied to periods through 2018 and the Municipal Bond Index Rate at the Measurement Date (3.56%) was applied to periods on and after 2018, resulting in an Single Equivalent Interest Rate at the Measurement Date (3.56%). As a result of the change to the Municipal Bond Index Rate, there was a change in the discount rate from 3.01% at the Prior Measurement Date to 3.56% at the Measurement Date.

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

	1% Decrease	Current	1% Increase
Net OPEB Liability	\$ 213,068,956	256,459,413	312,543,822

Sensitivity of the net OPEB liability to changes in the discount rate. The following exhibit presents the net OPEB liability of the Plan, calculated using the discount rate of 3.56%, as well as what the Plan's net OPEB liability would be if it were calculated using a Discount Rate that is 1- percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
Net OPEB Liability	\$ 305,645,287	256,459,413	217,849,578

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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	\$ 15,296,839
Interest on net OPEB obligation	5,227,650
Adjustment to annual required contribution	<u>(6,477,439)</u>
Annual OPEB cost	14,047,050
Contributions made	<u>7,135,245</u>
Increase in net OPEB obligation	6,911,805
Net OPEB obligation beginning of year	<u>104,552,990</u>
Net OPEB obligation end of year	<u>\$ 111,464,795</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015, 2016 and 2017 were as follows:

Three Year Trend Information			
Fiscal Year Ended	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
6/30/2015	\$ 11,915,507	57.5	\$ 99,216,200
6/30/2016	11,854,993	55.0	104,552,990
6/30/2017	14,047,050	50.8	111,464,795

Funded Status and Funding Progress

As of June 30, 2016, the most recent actuarial valuation date, the plan was 6.3% funded. The actuarial value of assets was \$11,920,477. The actuarial accrued liability for benefits was \$188,900,754 and, thus, the unfunded actuarial accrued liability (UAAL) was \$176,980,277. The covered payroll (annual payroll of active employees covered by the plan) was \$65,979,137, and the ratio of the UAAL to the covered payroll was 268.24%. 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

GUILFORD COUNTY, NORTH CAROLINA
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short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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, 2017:

Statement of Plan Net Position
June 30, 2017

	<u>Other Post Employment Benefits</u>
Assets	
Current assets:	
State Treasurer's Local Government Other Post Employment Benefits (OPEB) Fund:	
Short-Term OPEB Fund	\$ 2,506,134
Long-Term OPEB Fund	1,844,350
OPEB Equity Fund	<u>9,067,940</u>
Cash and cash equivalents/investments	<u>\$ 13,418,424</u>
Net Position	
Held in trust for pension benefits	<u>\$ 13,418,424</u>

Statement of Changes in Plan Net Position
For the fiscal year ended June 30, 2017

	<u>Other Post Employment Benefits</u>
Additions	
Employer contributions	\$ 7,135,245
Retiree contributions	1,929,232
Net investment income	1,515,038
Investment expenses	<u>(17,091)</u>
Total additions	<u>10,562,424</u>
Deductions	
Benefits	<u>9,064,477</u>
Total deductions	<u>9,064,477</u>
Change in net position	1,497,947
Net position at beginning of year	<u>11,920,477</u>
Net position at end of year	<u>\$ 13,418,424</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. As of June 30, 2017, four 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, 2017, the County paid \$1,584 for Medicare supplement coverage.

3. Guilford County Retiree Welfare Benefits Plan

The County administers 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

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

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.

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, 2017 were \$355,685 and \$219,102, 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, 2017, the County made contributions to the State for death benefits of \$92,119. 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 LGERS Death Benefit Plan are not separated between the postemployment benefit amount and the other benefit amount, as the amount 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 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.

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

1. Liability and Property Insurance

The liability program is self-funded, including participation in the Local Government Excess Liability Fund, Inc. (ELF), a public entity banking pool of funds designed to cover certain types of liability claims and whose structure provides for no transfer of risk to the member units. Fund balances within each ELF Fund are segregated by member and in the event of loss, are made available for claims payment by the respective member, on a loan or withdrawal basis. The structure is considered to be similar to a claims-servicing arrangement. The ELF Revolving Fund - Primary Liability Coverage (Primary Liability Fund) covers claims in excess of \$100,000 up to \$5,000,000 per occurrence. The ELF Self-Retention Fund – Guilford County (Self-Retention Fund) was established as a transitional fund to pay claims not covered by the Primary Liability Fund and other related expenses. As of June 30, 2017, the County’s balances in the Primary Liability and Self-Retention Funds were \$7,284,117 and \$530,210, respectively, which were recorded in the Internal Service Fund as a deposit. Effective July 1, 2017 the County terminated its membership in the ELF and as investments and related earnings by the ELF mature or become liquid they will be distributed to the County based on the relative ownership percentage as of June 30, 2017. The County will begin covering all liability claims out of its available Internal Service Fund reserves.

The property insurance program is financed using a combination of self-funding, which includes participation in the Local Government Property Insurance Deductible Fund, Inc., a public entity banking pool (Property Fund) and purchased insurance. The Property Fund’s structure provides for no transfer of risk to the member units. Fund balances are segregated by member and in the event of loss, are made available for claims payment by the respective member, on a loan or withdrawal basis. The Property Fund pays property losses up to \$50,000 per occurrence after application of a \$10,000 deductible requirement. A purchased insurance policy provides excess coverage above \$50,000 up to 100% replacement cost, limited to \$391 million per occurrence. As of June 30, 2017, the County’s balance in the Property Fund of \$152,616 was recorded in the Internal Service Fund as a deposit. Effective July 1, 2017, the County terminated its membership in the Property Fund and as investments and related earnings by the ELF mature or become liquid they will be distributed to the County based on the relative ownership percentage as of June 30, 2017. The County will begin covering all claims up to \$50,000 per occurrence out of its available Internal Service Fund reserves.

The County has one location designated as an “A” or “B” area (an area close to a river, lake, or stream) by the Federal Emergency Management Agency. This location is covered by the County’s property insurance program.

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

2. Workers’ Compensation Insurance

The workers’ compensation program is financed using a combination of self-funding, which includes participation in the Local Government Excess Liability Fund, Inc. (ELF), and purchased insurance. The County is self-insured for the first \$100,000 per occurrence from the County’s available Internal Service Fund reserves. Claims from \$100,000 to \$600,000 are covered by either the ELF Revolving Fund-Employers’ Liability/Workers’ Compensation (WC Fund) or Internal Service Fund reserves. Claims above \$600,000 are covered by a purchased insurance policy with an unlimited indemnity for workers’ compensation losses and employers’ liability. Amounts paid by the WC Fund 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 WC Fund, a banking pool. Annual deposits by members are actuarially determined. As of June 30, 2017, the County’s balance in the WC

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

Fund of \$671,844 was recorded in the Internal Service Fund as a deposit. Effective July 1, 2017, the County terminated its membership in the ELF and as investments and related earnings by the ELF mature or become liquid they will be distributed to the County based on the relative ownership percentage as of June 30, 2017. The County will begin covering all claims up to \$600,000 per occurrence out of its available Internal Service Fund reserves.

3. Employee Healthcare Insurance

The employee healthcare program is financed using a combination of self-funding supplemented by employee contributions and purchased insurance. Effective January 1, 2014 Guilford County made significant changes to their healthcare program. Medicare-eligible retirees were transitioned from the self-funded health insurance plan to a fully insured Medicare Advantage plan, resulting in a significant reduction in per-retiree costs. Also one of two previously available healthcare plan options was eliminated. The remaining plan is available to employees, non-Medicare eligible retirees generally hired before July 1, 2009, covered dependents and eligible former employees. The County administers the plan through a self-funded program, supplemented by employee contributions, to pay claims administration and medical claims of the employees, eligible retirees, and their covered dependents. Specific stop-loss insurance with a deductible level of \$375,000 per member for all occurrences is purchased to limit the County's losses for the overall program. The County provides a basic 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.

In addition to reserves that are maintained and accounted for in all of the above programs in the Internal Service Fund, the County has established and contributed funds to the Other Post Employment Benefits (OPEB) Pension Trust Fund that are available to provide postemployment health care benefits to eligible retirees. These additional contributions and earnings thereon continue to accumulate for financing future needs as all current healthcare claims are paid directly from the self-supporting Internal Service Fund.

4. Reconciliation of Claims Liability

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

	Fiscal Year 2016-2017					Fiscal Year
	Liability	Property	Workers' Compensation	Employee Healthcare	Total	2015-16 Total
Balance Beginning of Year	\$ 1,610,930	21,799	3,448,388	3,144,904	8,226,021	7,643,708
Incurred Claims (Including IBNRs) and Changes in Estimates	6,513	215,926	1,414,733	35,340,059	36,977,231	36,154,077
Less Claims Payments	428,029	199,328	1,816,973	35,104,991	37,549,321	35,571,764
Balance End of Year	<u>\$ 1,189,414</u>	<u>38,397</u>	<u>3,046,148</u>	<u>3,379,972</u>	<u>7,653,931</u>	<u>8,226,021</u>

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

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	\$ 93,268	17,645
Aid to Families with Dependent Children	(2,732)	(749)
SC/SA Domiciliary Care	-	2,379,263
SC/SAD HB 1030	-	122,230
Refugee Assistance	243,308	-
Adoption Assistance - CWS	-	1,822,128
Adoption Assistance - IV-E	2,916,162	727,065
Temporary Assistance for Needy Families	1,930,091	8
Medical Assistance	380,646,688	203,561,570
Health Choice	7,380,114	44,617
Woman, Infants and Children	10,049,529	-
Supplemental Nutrition Assistance Program	<u>129,009,088</u>	-
Total benefit payments issued by the State	<u>\$ 532,265,516</u>	<u>208,673,777</u>

G. Commitments and Contingencies

The County leases certain equipment under long-term lease agreements. At June 30, 2017, 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
2018	\$ 1,308,174	78,722
2019	-	11,527
2020	-	11,527
2021	-	707
2022	-	60
Total minimum payments	<u>1,308,174</u>	<u>102,543</u>
Less amount representing interest	<u>32,589</u>	
Present value of net minimum payment	<u>\$ 1,275,585</u>	

There were no contingent rentals or sublease rentals associated with leases in effect at June 30, 2017. The total rental expense amounted to \$628,799 for the fiscal year ended June 30, 2017.

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 \$38 million at June 30, 2017, 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, 2017, these programs were subject to audit in accordance with generally accepted auditing standards, Government Auditing Standards, the provisions of the OMB Uniform Guidance, 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.

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

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, 2017, there were five series of industrial revenue bonds outstanding with an aggregate principal amount payable of \$34,106,239.

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 and bond anticipation note issues for this purpose, \$ 87,715,160 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 \$14,650,000 for operating purposes during the fiscal year ended June 30, 2017. In addition, the County made debt service payments of \$8,868,869 net of applicable rebates, 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, 2017. 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 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.

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

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 voting members of the Authority.

Sandhills Center for Mental Health, Developmental Disabilities and Substance Abuse Services

The County participates with eight other counties in the Sandhills Center for Mental Health, Developmental Disabilities and Substance Abuse Services (Center). The Center is governed by a twenty-three member Area Board. A County Commissioner from each participating government sits on the Board. The remaining fourteen members are allocated based on population in each county. The County Commissioners in each county then appoint these remaining members that are allotted to their county. None of the participating governments have an equity interest in the Center, so no equity interest has been reflected in the County's financial statements at June 30, 2017. During the fiscal year ended June 30, 2017, the County paid \$9,674,000 to the Center to supplement its activities. Complete financial statements for the Center may be obtained from the Center's offices at 1120 Seven Lakes Drive, PO Box 9, West End, NC 27376.

Piedmont Triad Regional Council

The County participates with eleven other counties and sixty-one municipalities in the Piedmont Triad Regional Council (PTRC). The PTRC 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 \$107,577 to the PTRC during the fiscal year ended June 30, 2017.

K. Subsequent Event

The County has evaluated subsequent events through October 31, 2017 in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.



Required Supplementary Information

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

Local Government Employees' Retirement System (LGERS):

Schedule of Proportionate Share of Net Pension Liability (Asset)

Schedule of County Contributions

Register of Deeds' Supplemental Pension Fund (RODSPF):

Schedule of Proportionate Share of Net Pension Liability (Asset)

Schedule of County Contributions

Law Enforcement Officers' Special Separation Allowance:

Schedule of Changes in Net Pension Liability and Related Ratios

Schedule of Funding Progress

Schedule of County Contributions

Notes to the Required Schedules

The Health Care Plan of Guilford County:

Schedule of Changes in Net OPEB Liability, Related Ratios, and Investment Returns

Schedules of County Contributions

Schedule of Funding Progress

Notes to the Required Schedules

GUILFORD COUNTY, NORTH CAROLINA
Local Government Employees' Retirement System (LGERs)
Required Supplementary Information

Schedule of Proportionate Share of Net Pension Liability (Asset) ⁽¹⁾

Fiscal Year	Proportion of the Net Pension Liability (Asset)	Proportion of the Net Pension Liability (Asset) NPL(A) (a)	Covered Employee Payroll (b)	Proportionate Share of NPL(A) as a % of Covered Employee Payroll (a / b)	Plan Fiduciary Net Position as a % of the Total Pension Liability (Asset) ⁽²⁾
2014	1.96690%	\$ 23,708,704	\$ 109,811,167	21.59%	94.35%
2015	1.84431	(10,876,744)	104,985,908	(10.36)	102.64
2016	1.94646	8,735,596	109,247,583	8.00	98.09
2017	1.85028	39,269,140	112,487,082	34.91	91.47

⁽¹⁾ The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

Ten-year trend information is being developed in this table.

Data is presented since implementation of Governmental Accounting Standards Board Statement No. 68.

⁽²⁾ This will be the same percentage for all participant employers in the LGERs plan.

Schedule of County Contributions ⁽¹⁾

Fiscal Year	Contractually Required Contribution (a)	Contributions in Relation to the Contractually Required Contribution (b)	Contribution Deficiency (Excess) (b - a)	Covered Employee Payroll (c)	Contributions as a % of Covered Employee Payroll (b / c)
2014	\$ 7,451,417	7,451,417	-	104,985,908	7.10%
2015	7,772,719	7,772,719	-	109,247,583	7.11
2016	7,554,059	7,554,059	-	112,487,082	6.72
2017	8,527,761	8,527,761	-	116,340,359	7.33

⁽¹⁾ Ten-year trend information is being developed in this table.

Data is presented since implementation of Governmental Accounting Standards Board Statement No. 68.

GUILFORD COUNTY, NORTH CAROLINA
Register of Deeds' Supplemental Pension Fund (RODSPF)
Required Supplementary Information

Schedule of Proportionate Share of Net Pension Liability (Asset) ⁽¹⁾

Fiscal Year	Proportion of the Net Pension Liability (Asset)	Proportion of the Net Pension Liability (Asset) NPL(A) (a)	Covered Employee Payroll (b)	Proportionate Share of NPL(A) as a % of Covered Employee Payroll (a / b)	Plan Fiduciary Net Position as a % of the Total Pension Liability (Asset) ⁽²⁾
2014	4.29451%	\$ (917,307)	\$ 109,792	(835.50)%	190.50%
2015	4.30446	(975,649)	111,018	(878.82)	193.88
2016	4.36596	(1,011,768)	112,895	(896.20)	197.29
2017	4.39733	(822,125)	115,792	(710.00)	160.17

⁽¹⁾ The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

Ten-year trend information is being developed in this table.

Data is presented since implementation of Governmental Accounting Standards Board Statement No. 68.

⁽²⁾ This will be the same percentage for all participant employers in the RODSPF plan.

Schedule of County Contributions ⁽¹⁾

Fiscal Year	Contractually Required Contribution (a)	Contributions in Relation to the Contractually Required Contribution (b)	Contribution Deficiency (Excess) (b - a)	Covered Employee Payroll (c)	Contributions as a % of Covered Employee Payroll (b / c)
2014	\$ 35,145	35,145	-	111,018	31.66%
2015	34,936	34,936	-	112,895	30.95
2016	35,923	35,923	-	115,792	31.02
2017	38,150	38,150	-	118,321	32.24

⁽¹⁾ Ten-year trend information is being developed in this table.

Data is presented since implementation of Governmental Accounting Standards Board Statement No. 68.

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

Schedule of Changes in Net Pension Liability and Related Ratios ⁽¹⁾

	Calendar Year Ending December 31		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:			
Service cost	\$ 420,359	410,014	
Interest	422,913	431,513	
Changes of assumptions & other inputs	(1,823,831)	119,089	
Benefit payments	<u>(799,210)</u>	<u>(754,406)</u>	
Net change in total pension liability	(1,779,769)	206,210	
Total pension liability - beginning	<u>12,245,917</u>	<u>12,039,707</u>	
Total pension liability - ending	\$ <u>10,466,148</u>	<u>12,245,917</u>	<u>12,039,707</u>
Plan net position:			
Contributions - County	\$ 1,185,121	954,345	
Net investment income	6,899	3,665	
Benefit payments	(799,210)	(754,406)	
Administrative expense	<u>(1,381)</u>	<u>(696)</u>	
Net change in plan net position	391,429	202,908	
Plan net position - beginning	<u>1,181,795</u>	<u>978,887</u>	
Plan net position - ending	\$ <u>1,573,224</u>	<u>1,181,795</u>	<u>978,887</u>
Net pension liability - ending	\$ <u>8,892,924</u>	<u>11,064,122</u>	<u>11,060,820</u>
Ratio of plan net position to total pension liability	15.03%	9.65%	8.13%
Covered employee payroll	\$ 15,110,053	15,110,053	14,480,738
Net pension liability as a percentage of covered employee payroll	58.85%	73.22%	76.38%

⁽¹⁾ Ten-year trend information is being developed in this table.

Data is presented since implementation of Governmental Accounting Standards Board Statement No. 68.

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) - (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/07	\$ 1,582,839	5,839,543	4,256,704	27.11%	\$ 12,481,603	34.10%
12/31/08	1,409,260	6,242,737	4,833,477	22.57	12,640,852	38.24
12/31/09	1,207,354	7,677,564	6,470,210	15.73	12,737,800	50.80
12/31/10	1,030,668	7,320,905	6,290,237	14.08	13,996,047	44.94
12/31/11	963,291	7,744,871	6,781,580	12.44	14,564,460	46.56
12/31/12	892,971	7,685,267	6,792,296	11.62	14,249,536	47.67
12/31/13	928,399	8,128,731	7,200,332	11.42	13,812,657	52.13
12/31/14	978,886	8,502,626	7,523,740	11.51	14,480,738	51.96
12/31/15 ⁽¹⁾	1,181,795	12,245,917	11,064,122	9.65	15,110,053	73.22
12/31/16 ⁽²⁾	1,573,224	10,466,148	8,892,924	15.03	15,110,053	58.85

⁽¹⁾ Beginning with the 12/31/2015 valuation the Entry Age Normal Cost method is used versus the Projected Unit Credit method in prior valuations.

⁽²⁾ Measurement date - valuation date of 12/31/2015.

Schedule of County Contributions

Year Ended June 30	Actuarially Determined Employer Contribution (a)	Contributions in Relation to the Actuarially Determined Contribution (b)	Contribution Deficiency (Excess) (b - a)	Covered Employee Payroll (c)	Contributions as a % of Covered Employee Payroll (b / c)
2008	\$ 415,787	415,787	-	12,479,184	3.33%
2009	474,840	474,840	-	12,481,603	3.80
2010	521,280	521,280	-	12,640,852	4.12
2011	657,157	657,157	-	12,737,800	5.16
2012	675,368	675,368	-	13,996,047	4.83
2013	741,844	741,844	-	14,564,460	5.09
2014	757,628	757,628	-	14,249,536	5.32
2015	924,237	924,237	-	13,812,657	6.69
2016	984,456	984,456	-	14,480,738	6.80
2017	1,385,791	1,385,791	-	15,110,053	9.17

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	12/31/2015
Actuarial cost method	Entry age normal
Amortization method	Level dollar closed
Remaining amortization period	15 years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return*	3.57%
Projected salary increases*	From 3.50% to 7.35% per year
*Includes inflation at	3.00%
Cost of living adjustments	N/A

GUILFORD COUNTY, NORTH CAROLINA
The Health Care Plan of Guilford County
Required Supplementary Information

Schedule of Changes in Net OPEB Liability, Related Ratios and Investment Returns ⁽¹⁾

	Fiscal Year Ending June 30	
	2017	2016
Total OPEB liability:		
Service cost	\$ 6,570,738	-
Interest	8,544,228	-
Changes of benefit terms	-	-
Difference between expected & actual experience	-	-
Changes of assumptions	(25,530,915)	-
Benefit payments	<u>(7,135,245)</u>	<u>-</u>
Net change in total OPEB liability	(17,551,194)	-
Total OPEB liability - beginning	<u>287,429,031</u>	<u>-</u>
Total OPEB liability - ending	\$ <u>269,877,837</u>	<u>287,429,031</u>
 Plan fiduciary net position:		
Contributions - County	\$ 7,135,245	-
Net investment income	1,497,947	-
Benefit payments	(7,135,245)	-
Administrative expense	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	1,497,947	-
Plan fiduciary net position - beginning	<u>11,920,477</u>	<u>-</u>
Plan fiduciary net position - ending	\$ <u>13,418,424</u>	<u>11,920,477</u>
 Net OPEB liability - ending	 \$ <u>256,459,413</u>	 <u>275,508,554</u>
 Ratio of plan fiduciary net position to total OPEB liability	 4.97%	 4.15%
 Covered employee payroll	 \$ 65,979,137	 65,979,137
 Net OPEB liability as a percentage of covered employee payroll	 388.70%	 417.57%
 Annual money-weighted rate of return, net of investment expenses	 12.57%	 -1.28%

Notes to the Required Schedule

Changes of assumptions. June 30, 2017 (valuation date June 30, 2016)

The single equivalent interest rate was increased from 3.01% to 3.56% to reflect the changes to the Municipal Bond Index Rate from 3.01% on the Prior Measurement Date to 3.56% on the Measurement Date.

The discount rate for determining the Actuarially Determined Contribution was increased from 5.0% for the 6/30/2017 contribution calculation to 5.75% for the 6/30/2018 contribution calculation.

⁽¹⁾ *Ten-year trend information is being developed in this table.*

Data is presented since implementation of Governmental Accounting Standards Board Statement No. 74.

GUILFORD COUNTY, NORTH CAROLINA
The Health Care Plan of Guilford County
Required Supplementary Information

Schedule of County Contributions ⁽¹⁾

	Fiscal Year Ending June 30	
	2017	2016
Actuarially determined contribution	\$ 15,296,839	13,040,988
Contributions in relation to the actuarially determined contribution	7,135,245	6,518,203
Contribution deficiency (excess)	\$ 8,161,594	6,522,785
Covered employee payroll ⁽²⁾	\$ 65,979,137	65,979,137
Actual contributions as a percentage of covered employee payroll	10.81%	9.88%

⁽¹⁾ Ten-year trend information is being developed in this table.

Data is presented since implementation of Governmental Accounting Standards Board Statement No. 74.

⁽²⁾ For years following the valuation date (when no new valuation is performed), covered payroll has been set equal to the covered payroll from the most recent valuation. Covered payroll does not include pay for active members who are ineligible for benefits.

Notes to the Required Schedule

Actuarially Determined Contribution rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated with each biennial actuarial valuation. The following actuarial methods and assumptions (from the December 31, 2015 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2017:

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Amortization period	30 years, open
Amortization factor	16.1411
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	
General employees & firefighters	3.50% - 7.75%
Law enforcement officers	3.50% - 7.35%
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	5.00%
Health care cost trends:	
Pre-Medicare	7.75% for 2016 decreasing to an ultimate rate of 5.00% by 2022
Medicare	5.75% for 2016 decreasing to an ultimate rate of 5.00% by 2019

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) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/13 ^{(1) (2)}	\$ 10,956,349	152,928,720	141,972,371	7.2%	\$ 78,276,642	181.4%
12/31/15 ^{(1) (2) (3)}	11,754,936	202,158,338	190,403,402	5.8	71,476,257	266.4
06/30/16	11,920,477	188,900,754	176,980,277	6.3	65,979,137	268.2

⁽¹⁾ The plan is closed to new entrants as of July 1, 2009. The covered payroll does not include employees who have been excluded due to the closure of the Plan.

⁽²⁾ Effective January 1, 2013 the County merged Mental Health operations with a multi-County authority; therefore, covered payroll no longer includes these employees of the authority. Effective January 1, 2014 the County provided Medicare-eligible retirees a fully insured Medicare advantage plan.

⁽³⁾ Beginning with the 12/31/2015 valuation the Entry Age Normal, Level Percentage of Pay Cost method is used versus the Projected Unit Credit method in prior valuations.

Schedule of County Contributions

Year Ended June 30	Actuarially Determined Contribution	Percentage Contributed
2015	\$ 13,040,988	52.6
2016	13,040,988	50.0
2017	15,296,839	46.6

Notes to the Required Schedules

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

Valuation date	6/30/2016
Actuarial cost method	Entry age normal, level percentage of pay
Amortization method	Level dollar amount, closed
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation:	
General employees & firefighters	3.50%-7.75%
Law enforcement officers	3.50%-7.35%
Long-term investment rate of return, net of OPEB plan investment expense*	5.75%
Health care cost trends:	
Pre-Medicare trend rate	7.75% for 2016 to 5.00% by 2022
Post-Medicare trend rate	5.75% for 2016 to 5.00% by 2019
*Includes inflation at	3.00%

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.
- *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

A-1

Schedule of Expenditures - Budget and Actual For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Budgetary and GAAP Basis	Positive (Negative)
Current:				
General government:				
County commissioners	\$ 585,264	586,067	448,965	137,102
Clerk to the board	207,020	207,021	160,210	46,811
County administration	1,303,647	1,239,795	780,451	459,344
County attorney	2,240,427	2,242,758	2,063,167	179,591
Human resources	7,795,993	7,814,047	7,107,271	706,776
Budget and management	479,718	486,170	478,899	7,271
Internal audit	538,836	538,838	457,321	81,517
Finance	2,557,485	2,630,663	2,197,627	433,036
Purchasing	400,959	402,421	335,255	67,166
Information services	9,460,469	9,743,468	8,882,430	861,038
Tax	6,002,520	6,004,255	5,825,696	178,559
Register of deeds	2,205,366	2,205,372	2,090,970	114,402
Elections	2,536,328	2,537,166	2,400,570	136,596
Planning and development	837,509	862,512	796,403	66,109
Facilities	10,189,286	9,800,759	8,160,729	1,640,030
Security	1,839,403	1,870,364	1,776,654	93,710
Fleet operation	1,068,420	1,356,287	1,278,635	77,652
Total general government	<u>50,248,650</u>	<u>50,527,963</u>	<u>45,241,253</u>	<u>5,286,710</u>
Human services:				
Health and Human Services:				
Public health	32,587,816	33,473,895	30,893,221	2,580,674
Social services	78,580,101	87,287,973	82,461,210	4,826,763
Mental health	9,674,000	9,674,000	9,674,000	-
Public assistance - adults, families, medical	2,663,173	2,663,173	2,502,314	160,859
Child support enforcement	6,275,096	6,278,229	5,971,013	307,216
Cooperative extension service	597,604	1,644,777	601,023	1,043,754
Coordinated services	1,269,639	1,382,271	1,346,833	35,438
Transportation	1,307,466	1,709,603	1,500,405	209,198
Total human services	<u>132,954,895</u>	<u>144,113,921</u>	<u>134,950,019</u>	<u>9,163,902</u>
Public safety:				
Law enforcement	65,125,442	69,501,514	66,484,829	3,016,685
Emergency services	28,529,509	29,503,390	28,938,712	564,678
Inspections	2,213,658	2,214,827	2,131,846	82,981
Court alternatives	2,649,448	2,521,592	2,277,024	244,568
Family Justice Center	277,312	294,358	287,753	6,605
Animal services	3,715,947	3,987,823	3,160,587	827,236
Other protection	1,041,327	991,333	833,102	158,231
Total public safety	<u>103,552,643</u>	<u>109,014,837</u>	<u>104,113,853</u>	<u>4,900,984</u>
Environmental protection:				
Sanitation	1,501,568	1,551,589	1,456,790	94,799
Soil and water conservation	285,461	285,463	261,469	23,994
Total environmental protection	<u>1,787,029</u>	<u>1,837,052</u>	<u>1,718,259</u>	<u>118,793</u>
Culture - recreation:				
Culture & libraries	1,844,077	1,844,077	1,832,442	11,635
Recreation - parks	3,907,615	4,290,214	3,730,569	559,645
Total culture - recreation	<u>5,751,692</u>	<u>6,134,291</u>	<u>5,563,011</u>	<u>571,280</u>
Economic development and assistance	1,838,188	4,599,497	1,473,038	3,126,459
Intergovernmental:				
Education - current appropriation:				
Guilford Technical Community College	14,650,000	14,650,000	14,650,000	-
Guilford County Board of Education	188,360,398	188,360,398	188,360,398	-
Total education	<u>203,010,398</u>	<u>203,010,398</u>	<u>203,010,398</u>	<u>-</u>
Debt service:				
Principal retirement	58,235,585	58,235,585	58,135,585	100,000
Interest and fiscal charges	33,708,127	33,739,571	24,751,021	8,988,550
Bond issuance costs	1,262,500	1,269,946	1,364,306	(94,360)
Total debt service	<u>93,206,212</u>	<u>93,245,102</u>	<u>84,250,912</u>	<u>8,994,190</u>
Total expenditures	<u>\$ 592,349,707</u>	<u>612,483,061</u>	<u>580,320,743</u>	<u>32,162,318</u>

GUILFORD COUNTY, NORTH CAROLINA
 County Building Construction Capital Projects Fund
 Combining Schedule of Revenues and Expenditures
 For the fiscal year ended June 30, 2017

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	Annually Budgeted Projects	Project- Length Budgets	Total
Revenues			
Intergovernmental	\$ -	7,018	7,018
Charges for services	333,626	-	333,626
Interest on investments	207,154	-	207,154
Other	8,193	106,204	114,397
Total revenues	548,973	113,222	662,195
Expenditures			
Capital outlay	-	3,764,585	3,764,585
Excess (deficiency) of revenues over expenditures	548,973	(3,651,363)	(3,102,390)
Other Financing Sources			
General obligation bonds issued	-	27,195,000	27,195,000
Premiums on general obligation bonds issued	-	1,450,108	1,450,108
Transfers in	750,000	-	750,000
Total other financing sources	750,000	28,645,108	29,395,108
Excess of revenues and other sources over expenditures	\$ 1,298,973	24,993,745	26,292,718

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, 2017

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				
Charges for services	\$ -	-	333,626	333,626
Interest on investments	-	-	207,154	207,154
Other	-	-	8,193	8,193
Total revenues	<u>-</u>	<u>-</u>	<u>548,973</u>	<u>548,973</u>
Expenditures				
Capital outlay:				
County building construction				
for future projects	<u>750,000</u>	<u>750,000</u>	<u>-</u>	<u>750,000</u>
Total expenditures	<u>750,000</u>	<u>750,000</u>	<u>-</u>	<u>750,000</u>
Excess (deficiency) of revenues over expenditures	(750,000)	(750,000)	548,973	1,298,973
Other Financing Sources				
Transfers in	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>-</u>
Excess of revenues and other sources over expenditures	<u>\$ -</u>	<u>-</u>	<u>1,298,973</u>	<u>1,298,973</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, 2017

A-2b

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Intergovernmental	\$ 3,510,911	3,485,175	7,018	3,492,193
Other	3,424,143	2,177,167	106,204	2,283,371
Total revenues	<u>6,935,054</u>	<u>5,662,342</u>	<u>113,222</u>	<u>5,775,564</u>
Expenditures				
Capital outlay:				
General Government Projects:				
BB&T Building	10,077,000	9,864,850	-	9,864,850
High Point Courthouse Renovations	1,728,626	951,223	5,555	956,778
Greene Street Center	648,180	525,403	19,845	545,248
Governmental Plaza Renovations	376,000	241,914	88,861	330,775
Old Courthouse Renovation	3,500,000	85,010	312,807	397,817
HP Justice Complex HVAC System	1,350,000	72,650	502,839	575,489
High Point Parking Deck Repairs	2,667,000	100,019	1,390,095	1,490,114
Independence Center Parking Deck Repairs	600,000	-	460,106	460,106
Greensboro Courthouse HVAC	1,150,000	-	-	-
Human Services Projects:				
Bellemeade Center Renovations	833,114	110,895	-	110,895
Public Safety Projects:				
Law Enforcement Special Ops Building	3,950,000	3,888,665	(1,961)	3,886,704
800 MHz Radio Replacement	8,274,300	7,234,855	-	7,234,855
800 MHz Infrastructure Upgrade	12,044,000	6,057,334	737,359	6,794,693
Fire/EMS Paging Systems Narrowbanding	502,000	405,067	81,044	486,111
EMS Maintenance/Logistics Facility	3,053,000	-	22,217	22,217
County Animal Shelter Replacement	131,109	55,500	7,100	62,600
Culture-Recreation Projects:				
Bicentennial Greenway Trail Phase III	3,753,474	3,640,019	-	3,640,019
Bryan Park - Phase I	100,000	31,420	-	31,420
Bryan Park Expansion	100,000	-	-	-
Bur Mil Park Improvements	3,065,352	2,837,992	122,665	2,960,657
Bur Mil Park Clubhouse Renovation	1,283,000	482,121	5,167	487,288
Northeast Park	9,242,725	9,039,208	-	9,039,208
Open Space Acquisition	10,148,246	9,613,953	2,490	9,616,443
Hagan-Stone Park Swimming Pool	2,000,000	1,968,219	4,754	1,972,973
Hagan-Stone Park	1,384,499	1,381,080	-	1,381,080
Trails Development	363,938	85,270	3,642	88,912
Atlantic & Yadkin Greenway-Stimulus	664,549	279,964	-	279,964
Total expenditures	<u>82,990,112</u>	<u>58,952,631</u>	<u>3,764,585</u>	<u>62,717,216</u>
Deficiency of revenues over expenditures	<u>(76,055,058)</u>	<u>(53,290,289)</u>	<u>(3,651,363)</u>	<u>(56,941,652)</u>
Other Financing Sources				
General obligation bonds issued	26,486,687	22,986,736	27,195,000	50,181,736
Capital-related debt issued	10,077,000	10,077,000	-	10,077,000
Premiums on general obligation bonds issued	4,554,347	4,554,347	1,450,108	6,004,455
Transfers in	2,029,638	2,029,638	-	2,029,638
Appropriated fund balance	32,907,386	-	-	-
Total other financing sources	<u>76,055,058</u>	<u>39,647,721</u>	<u>28,645,108</u>	<u>68,292,829</u>
Excess (deficiency) of revenues and other sources over expenditures	\$ <u>-</u>	<u>(13,642,568)</u>	<u>24,993,745</u>	<u>11,351,177</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, 2017

A-3

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Intergovernmental:				
State Lottery Funds	\$ 1,647,220	1,587,156	60,063	1,647,219
Public School Building Capital Fund	10,756,337	10,294,305	255,558	10,549,863
Guilford County Schools	<u>12,511,105</u>	<u>7,072,765</u>	<u>5,497,393</u>	<u>12,570,158</u>
Total revenues	<u>24,914,662</u>	<u>18,954,226</u>	<u>5,813,014</u>	<u>24,767,240</u>
Expenditures				
Intergovernmental:				
Education:				
Guilford Technical				
Community College	90,595,012	61,365,104	14,831,662	76,196,766
Guilford County Board of Education	<u>455,312,794</u>	<u>338,331,491</u>	<u>69,692,466</u>	<u>408,023,957</u>
Total expenditures	<u>545,907,806</u>	<u>399,696,595</u>	<u>84,524,128</u>	<u>484,220,723</u>
Deficiency of revenues over expenditures	<u>(520,993,144)</u>	<u>(380,742,369)</u>	<u>(78,711,114)</u>	<u>(459,453,483)</u>
Other Financing Sources				
General obligation bonds issued	499,192,127	339,124,156	135,720,000	474,844,156
Bond anticipation notes issued	-	24,350,000	-	24,350,000
Capital-related debt issued	2,000	2,000	-	2,000
Transfers in	19,649,347	12,149,353	7,500,000	19,649,353
Appropriated fund balance	<u>2,149,670</u>	<u>2,149,672</u>	<u>-</u>	<u>2,149,672</u>
Total other financing sources	<u>520,993,144</u>	<u>377,775,181</u>	<u>143,220,000</u>	<u>520,995,181</u>
Excess (deficiency) of revenues and other sources over expenditures	\$ <u>-</u>	<u>(2,967,188)</u>	<u>64,508,886</u>	<u>61,541,698</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, 2017

A-3a

<u>Project Name</u>	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
GTCC - Northwest Campus	\$ 44,834,508	44,660,828	173,680	44,834,508
HVAC and Renovations	7,826,356	5,925,561	-	5,925,561
GTCC - Transportation and Welding Facilities	33,434,148	9,850,424	13,611,892	23,462,316
Capital Maintenance FY2015	1,500,000	928,291	571,709	1,500,000
Capital Maintenance FY2016	1,500,000	-	474,381	474,381
Capital Maintenance FY2017	<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	\$ <u>90,595,012</u>	<u>61,365,104</u>	<u>14,831,662</u>	<u>76,196,766</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, 2017

A-3b

Project Name	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Smith High School Academy	\$ 5,797,246	5,774,304	-	5,774,304
Northeast High School	12,454,899	12,269,252	71,009	12,340,261
Northern High School	53,988,222	53,988,199	-	53,988,199
Ragsdale High School	46,479,973	46,226,392	28,608	46,255,000
Reedy Fork Area Elementary School	16,347,859	16,256,604	15,500	16,272,104
High Point SCALE Site	2,945,506	2,944,846	-	2,944,846
System-Wide Renovations/Various Sch Sites	5,188,619	4,928,906	13,860	4,942,766
Southeast High School	32,606,071	31,128,772	783,557	31,912,329
Summerfield Elementary School	16,519,420	16,500,978	-	16,500,978
Southwest High School	19,869,678	19,868,571	-	19,868,571
Southeast Area Elementary School	19,372,235	19,371,554	-	19,371,554
Allen Middle School	5,642,208	5,425,089	1,280	5,426,369
Southeast Middle School	10,778,036	10,777,602	-	10,777,602
North Greensboro Area Elementary School	19,125,492	19,115,182	-	19,115,182
Allen Jay Middle School	13,108,318	13,011,142	64,306	13,075,448
Dudley High School - Athletics	6,112,863	6,094,325	-	6,094,325
Mobile Classrooms	1,767,447	1,367,447	-	1,367,447
Northwest High School - Site & Athletics	4,054,278	4,053,369	-	4,053,369
Tracks	1,696,137	1,692,595	3,542	1,696,137
HVAC	19,878,222	9,824,067	8,443,180	18,267,247
Page High School - Athletics	1,640,192	1,635,458	-	1,635,458
HVAC - FY10 Medicaid Swap	2,149,670	2,124,077	-	2,124,077
Archer Elementary	655,892	627,506	14,360	641,866
Falkner/Hairston Autism Wing	8,324,690	8,323,105	-	8,323,105
Roof Repair/Replace-Andrews High Sch	767,481	762,504	-	762,504
Roof Repair/Replace-Erwin Montessori	68,466	68,465	-	68,465
Roof Repair/Replace-Pleasant Garden ES	258,630	227,868	-	227,868
System-Wide Renovation FY2012	4,559,057	4,178,610	-	4,178,610
Roofing System-wide	4,439,748	3,295,389	762,677	4,058,066
Page High School-Roofing	164,135	154,773	-	154,773
Bluford Elementary School - Renovation	8,294,462	3,104,328	4,459,968	7,564,296
Dudley High School - New Traffic Pattern	750,000	276,235	422,082	698,317
Guilford Middle School - Replacement	37,279,688	2,117,717	18,159,078	20,276,795
High Point Central - Add/Renovation	21,986,011	1,884,485	7,263,920	9,148,405
Hunter Elementary School - Replacement	19,273,675	4,629,150	12,465,026	17,094,176
Northwest High School - New Traffic Pattern	1,156,200	558,704	10,187	568,891
Northwood Elementary Sch - Kitchen Reno	689,225	612,722	13,211	625,933
Smith High School - Athletic Renovation	7,450,189	333,679	4,410,163	4,743,842
Western High School - Addition/Renovation	8,547,130	522,754	4,834,239	5,356,993
Southern HS Stadium Improvements	634,480	10,030	359,364	369,394
System-Wide Safety & Security	1,491,703	57,984	503,873	561,857
Capital Maintenance FY2016	4,999,341	2,206,752	2,792,589	4,999,341
Capital Maintenance FY2017	6,000,000	-	3,796,887	3,796,887
Total expenditures	\$ 455,312,794	338,331,491	69,692,466	408,023,957

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 fire tax or 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.

GUILFORD COUNTY, NORTH CAROLINA
Combining Balance Sheet
Nonmajor Governmental Funds -
Special Revenue Funds
June 30, 2017

B-1

	<u>Rural Fire Districts</u>	<u>Room Occupancy/ Tourism Development Tax</u>	<u>Total Nonmajor Governmental Funds</u>
Assets			
Cash and cash equivalents/ investments	\$ 2,314,170	-	2,314,170
Receivables:			
Property taxes (net of allowance for estimated uncollectible delinquent taxes of \$112,527)	135,898	-	135,898
Other taxes	-	513,817	513,817
Due from governmental units and agencies	967,226	-	967,226
Accrued interest on investments	877	-	877
Total receivables	<u>1,104,001</u>	<u>513,817</u>	<u>1,617,818</u>
Total assets	\$ <u>3,418,171</u>	<u>513,817</u>	<u>3,931,988</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	154,145	154,145
Due to component unit	-	<u>359,672</u>	<u>359,672</u>
Total liabilities	<u>-</u>	<u>513,817</u>	<u>513,817</u>
Deferred inflows of resources	<u>145,280</u>	-	<u>145,280</u>
Fund balances:			
Restricted	3,272,891	513,817	3,786,708
Unassigned	-	<u>(513,817)</u>	<u>(513,817)</u>
Total fund balances	<u>3,272,891</u>	<u>-</u>	<u>3,272,891</u>
Total liabilities, deferred inflows of resources and fund balances	\$ <u>3,418,171</u>	<u>513,817</u>	<u>3,931,988</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, 2017

B-2

	Rural Fire Districts	Room Occupancy/ Tourism Development Tax	Total Nonmajor Governmental Funds
Revenues			
Taxes:			
Property taxes	\$ 14,309,873	-	14,309,873
Sales tax	3,258,046	-	3,258,046
Occupancy taxes	-	5,724,845	5,724,845
Investment earnings	5,610	-	5,610
Total revenues	17,573,529	5,724,845	23,298,374
Expenditures			
Current:			
Public safety	17,487,946	-	17,487,946
Economic development and assistance	-	5,724,845	5,724,845
Total expenditures	17,487,946	5,724,845	23,212,791
Net changes in fund balances	85,583	-	85,583
Fund balances at beginning of year	3,187,308	-	3,187,308
Fund balances at end of year	\$ 3,272,891	-	3,272,891

GUILFORD COUNTY, NORTH CAROLINA

Rural Fire Districts Special Revenue Fund

B-3

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary and GAAP Basis	Final Budget Positive (Negative)
Revenues				
Taxes:				
Property taxes	\$ 13,961,664	13,961,664	14,263,344	301,680
Interest on delinquent taxes	-	-	46,529	46,529
Total property taxes	13,961,664	13,961,664	14,309,873	348,209
Sales tax	2,899,986	2,899,986	3,258,046	358,060
Investment earnings	-	-	5,610	5,610
Total revenues	16,861,650	16,861,650	17,573,529	711,879
Expenditures				
Current - Public safety:				
Alamance Community Fire District	1,258,063	1,258,063	1,258,063	-
Climax Fire District (FD)	112,872	112,872	112,872	-
Climax Fire Protection Service District	21,346	21,346	21,346	-
Colfax FD	595,582	595,582	595,582	-
Colfax Fire Protection Service District	198,930	198,930	198,930	-
Deep River FD	224,258	224,258	224,258	-
Friedens Community FD	176,040	176,040	176,040	-
Friedens Community FPSD	65,373	65,373	65,373	-
Gibsonville FD	14,933	14,933	14,933	-
Guilford College Community FD	564,058	564,058	564,058	-
Guilford College Community FPSD	39,390	39,390	39,390	-
Guil-Rand FD	149,258	149,258	149,258	-
Guil-Rand FPSD	27,873	27,873	27,873	-
Fire Protection Service District No. 1	31,767	31,767	31,767	-
Julian FD	91,322	91,322	91,322	-
Kimesville FD	123,479	123,479	123,479	-
McLeansville FD	875,135	875,135	875,135	-
McLeansville FPSD	325,549	325,549	325,549	-
Mount Hope Community FD	734,044	734,044	734,044	-
Northeast FD	1,000,696	1,000,696	1,000,696	-
Northeast FPSD	279,755	279,755	279,755	-
Oak Ridge FD	1,369,812	1,369,812	1,369,812	-
Pinecroft-Sedgefield FD	1,882,665	1,882,665	1,882,665	-
Pinecroft-Sedgefield FPSD	146,980	146,980	146,980	-
Pleasant Garden FD	720,313	720,313	720,313	-
Pleasant Garden FPSD	73,524	73,524	73,524	-
PTIA Fire Protection Service District	241,016	241,016	241,016	-
Rankin FD (No. 13)	1,072,248	1,072,248	1,072,248	-
Rankin FPSD (No. 13)	305,716	305,716	305,716	-
Southeast FD	216,331	216,331	216,331	-
Stokesdale FD	764,642	764,642	764,642	-
Summerfield FD	2,270,000	2,270,000	2,270,000	-
Summerfield FPSD	677,442	677,442	677,442	-
Whitsett FD	605,511	605,511	605,511	-
No. 14 FD	181,980	181,980	181,980	-
Fire Protection Service District No. 14	50,043	50,043	50,043	-
Total expenditures	17,487,946	17,487,946	17,487,946	-
Net change in fund balance	(626,296)	(626,296)	85,583	711,879
Fund balance at beginning of year	3,187,308	3,187,308	3,187,308	-
Fund balance at end of year	\$ 2,561,012	2,561,012	3,272,891	711,879

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, 2017

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	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary and</u> <u>GAAP Basis</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues				
Taxes:				
Occupancy	\$ 6,000,000	6,000,000	5,724,845	(275,155)
Expenditures				
Current:				
Economic development and assistance	<u>6,000,000</u>	<u>6,000,000</u>	<u>5,724,845</u>	<u>275,155</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>



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, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary and GAAP Basis	Final Budget Positive (Negative)
Revenues				
Operating revenues:				
Charges for services	\$ 42,349,804	42,349,804	41,114,477	(1,235,327)
Other	40,000	40,000	-	(40,000)
Total operating revenues	42,389,804	42,389,804	41,114,477	(1,275,327)
Nonoperating revenues:				
Net investment gain	52,000	52,000	152,867	100,867
Total revenues	42,441,804	42,441,804	41,267,344	(1,174,460)
Expenditures				
Risk Retention-Liability/Property/WC:				
Personnel services			169,214	
Other direct service costs			13,426	
Professional services			74,260	
Claims, premiums and bonding	-	-	2,126,547	-
Total Risk Retention	3,248,574	3,264,579	2,383,447	881,132
Health Care & Wellness:				
Professional services			1,510,973	
Claims, premiums and bonding	-	-	38,322,754	-
Total Health Care & Wellness	40,008,808	40,638,010	39,833,727	804,283
Total expenditures	43,257,382	43,902,589	42,217,174	1,685,415
Excess (deficiency) of revenues over expenditures	(815,578)	(1,460,785)	(949,830)	510,955
Other financing sources:				
Appropriated fund balance	815,578	1,460,785	-	(1,460,785)
Deficiency of revenues and other sources over expenditures	\$ -	-	(949,830)	(949,830)
Reconciliation from financial plan basis (modified accrual) to full accrual:				
Increase in deferred outflows of resources - related to pension plans			(27,688)	
Decrease in accrued vacation pay			(1,267)	
Increase in net pension liability			32,484	
Decrease in deferred inflows of resources - related to pension plans			(1,811)	
Total			1,718	
Change in net position			\$ (948,112)	

Fiduciary Funds

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

Individual Fund Descriptions:

Pension/OPEB 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, Kernersville, Oak Ridge, Pleasant Garden, Sedalia, Summerfield, and Whitsett 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 Social Services Department for the benefit of specified clients being served by the County.
- *Inmate Trust Fund* - Accounts for funds deposited with the Law Enforcement Department by or for the benefit of inmates incarcerated in the County Detention Centers.

GUILFORD COUNTY, NORTH CAROLINA
Pension / OPEB Trust Funds
Combining Statement of Net Position
June 30, 2017

D-1

	Pension / OPEB Trust Funds		
	Law Enforcement Officers' Special Separation Allowance	Other Post Employment Benefits	Total
Assets			
Current assets:			
Guilford County Law Enforcement Officers' Special Separation Allowance (LEOSSA) Accounts:			
Demand deposits	\$ 20,641	-	20,641
N.C. Capital Management Trust Cash Portfolio	123,165	-	123,165
State Treasurer's Local Government Law Enforcement Officers' Special Separation Allowance (LEOSSA) Fund:			
Short-Term LEOSSA Fund	1,702,049	-	1,702,049
State Treasurer's Local Government Other Post Employment Benefits (OPEB) Fund:			
Short-Term OPEB Fund	-	2,506,134	2,506,134
Long-Term OPEB Fund	-	1,844,350	1,844,350
OPEB Equity Fund	-	9,067,940	9,067,940
Cash and cash equivalents/investments	1,845,855	13,418,424	15,264,279
Receivables:			
Accrued interest on investments	66	-	66
Total assets	1,845,921	13,418,424	15,264,345
Liabilities			
Accounts payable and accrued liabilities	19,716	-	19,716
Net Position			
Held in trust for pension / OPEB benefits	\$ 1,826,205	13,418,424	15,244,629

GUILFORD COUNTY, NORTH CAROLINA
Pension / OPEB Trust Funds
Combining Statement of Changes in Plan Net Position
For the fiscal year ended June 30, 2017

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	Pension / OPEB Trust Funds		
	Law Enforcement Officers' Special Separation Allowance	Other Post Employment Benefits	Total
Additions			
Employer contributions	\$ 1,385,791	7,135,245	8,521,036
Retiree contributions	-	1,929,232	1,929,232
Investment income (loss)	7,121	1,515,038	1,522,159
Investment expenses	-	(17,091)	(17,091)
Total additions	<u>1,392,912</u>	<u>10,562,424</u>	<u>11,955,336</u>
Deductions			
Benefits	841,158	9,064,477	9,905,635
Administrative expenses	1,382	-	1,382
Total deductions	<u>842,540</u>	<u>9,064,477</u>	<u>9,907,017</u>
Change in net position	550,372	1,497,947	2,048,319
Net position at beginning of year	<u>1,275,833</u>	<u>11,920,477</u>	<u>13,196,310</u>
Net position at end of year	<u>\$ 1,826,205</u>	<u>13,418,424</u>	<u>15,244,629</u>

GUILFORD COUNTY, NORTH CAROLINA
 Agency Funds
 Combining Statement of Assets and Liabilities
 June 30, 2017

D-3

	Agency Funds				
	Tax Collection	Fines and Forfeitures	Representative Payee	Inmate Trust	Total
Assets					
Cash and cash equivalents/investments	\$ 127,439	441,919	390,714	128,583	1,088,655
Total assets	\$ <u>127,439</u>	<u>441,919</u>	<u>390,714</u>	<u>128,583</u>	<u>1,088,655</u>
Liabilities					
Accounts payable and accrued liabilities	-	441,919	-	-	441,919
Representative payee clients payable	-	-	390,714	-	390,714
Due to other taxing units	127,439	-	-	-	127,439
Inmate trust funds payable	-	-	-	128,583	128,583
Total liabilities	\$ <u>127,439</u>	<u>441,919</u>	<u>390,714</u>	<u>128,583</u>	<u>1,088,655</u>

GUILFORD COUNTY, NORTH CAROLINA
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the fiscal year ended June 30, 2017

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	<u>Balance 7/1/16</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/17</u>
<u>Tax Collection Fund</u>				
Assets				
Cash and cash equivalents/investments	\$ <u>132,018</u>	<u>241,644,703</u>	<u>241,649,282</u>	<u>127,439</u>
Liabilities				
Due to other taxing units	\$ <u>132,018</u>	<u>241,644,703</u>	<u>241,649,282</u>	<u>127,439</u>
<u>Fines and Forfeitures Fund</u>				
Assets				
Cash and cash equivalents/investments	\$ <u>397,712</u>	<u>2,239,639</u>	<u>2,195,432</u>	<u>441,919</u>
Liabilities				
Accounts payable and accrued liabilities	\$ <u>397,712</u>	<u>2,239,639</u>	<u>2,195,432</u>	<u>441,919</u>
<u>Representative Payee Fund</u>				
Assets				
Cash and cash equivalents/investments	\$ <u>268,877</u>	<u>2,491,444</u>	<u>2,369,607</u>	<u>390,714</u>
Liabilities				
Representative payee clients payable	\$ <u>268,877</u>	<u>2,491,444</u>	<u>2,369,607</u>	<u>390,714</u>
<u>Inmate Trust Fund</u>				
Assets				
Cash and cash equivalents/investments	\$ <u>93,264</u>	<u>680,507</u>	<u>645,188</u>	<u>128,583</u>
Liabilities				
Inmate trust funds payable	\$ <u>93,264</u>	<u>680,507</u>	<u>645,188</u>	<u>128,583</u>
<u>Total Agency Funds</u>				
Assets				
Cash and cash equivalents/investments	\$ <u>891,871</u>	<u>247,056,293</u>	<u>246,859,509</u>	<u>1,088,655</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 397,712	2,239,639	2,195,432	441,919
Representative payee clients payable	268,877	2,491,444	2,369,607	390,714
Due to other taxing units	132,018	241,644,703	241,649,282	127,439
Inmate trust funds payable	<u>93,264</u>	<u>680,507</u>	<u>645,188</u>	<u>128,583</u>
Total liabilities	\$ <u>891,871</u>	<u>247,056,293</u>	<u>246,859,509</u>	<u>1,088,655</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

Bonded Debt Service Requirements
and Maturity Schedule

GUILFORD COUNTY, NORTH CAROLINA

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Analysis of Current Tax Levy
For the fiscal year ended June 30, 2017

	Assessed Value	Rate (1)	Total Adjusted Tax Levy (2)	Current Tax Collections	Uncollected at June 30, 2017
County-wide	\$ 48,206,530,653	0.7550	\$ 363,573,403	360,671,000	2,902,403
Rural fire / service districts:					
Alamance Community FD	975,865,114	0.0998	971,455	961,973	9,482
Climax FD	91,326,310	0.1000	91,177	89,754	1,423
Climax FPSD	91,326,310	0.0200	18,233	17,948	285
Colfax FD	475,561,631	0.1000	475,146	472,906	2,240
Colfax FPSD	475,561,631	0.0359	170,534	169,741	793
Deep River FD	198,135,850	0.0941	186,062	184,784	1,278
Friedens Community FD	143,536,813	0.1000	143,541	142,205	1,336
Friedens Community FPSD	143,536,813	0.0390	55,905	55,384	521
Gibsonville FD	11,982,196	0.0972	11,622	11,621	1
Guilford College Community FD	479,604,497	0.1000	478,808	478,229	579
Guilford College FPSD	64,758,652	0.0500	32,324	32,095	229
Guil-Rand FD	117,477,754	0.1000	118,589	116,364	2,225
Guil-Rand FPSD	117,477,754	0.0200	23,718	23,273	445
Julian FD	59,882,126	0.1300	78,309	77,412	897
Kimesville FD	87,641,712	0.1097	96,001	93,667	2,334
McLeansville FD	736,647,970	0.1000	738,172	728,754	9,418
McLeansville FPSD	736,647,970	0.0372	273,954	270,452	3,502
Mount Hope Community FD	728,237,017	0.0800	581,630	577,386	4,244
Northeast FD	796,302,197	0.1000	795,912	786,915	8,997
Northeast FPSD	796,302,197	0.0299	237,790	235,118	2,672
Oak Ridge FD	1,334,407,729	0.0848	1,128,679	1,123,767	4,912
Pincroft-Sedgefield FD	1,554,341,728	0.1000	1,550,651	1,535,658	14,993
Pincroft-Sedgefield FPSD	1,554,341,728	0.0080	124,031	122,833	1,198
Pleasant Garden FD	577,436,675	0.1000	577,448	568,528	8,920
Pleasant Garden FPSD	577,436,675	0.0107	61,726	60,774	952
Rankin FD	864,143,031	0.1000	866,727	855,966	10,761
Rankin FPSD	864,143,031	0.0300	259,850	256,623	3,227
Southeast FD	143,641,879	0.1250	179,074	176,817	2,257
Stokesdale FD	630,468,078	0.1000	629,455	623,971	5,484
Summerfield FD	1,849,756,028	0.1000	1,851,090	1,843,534	7,556
Summerfield FPSD	1,849,756,028	0.0310	573,200	570,867	2,333
Whitsett FD	492,186,562	0.1000	491,380	476,279	15,101
No. 14 FD (Franklin Blvd.)	154,541,917	0.1000	155,175	152,663	2,512
No. 14 FPSD	154,541,917	0.0275	42,671	41,980	691
FPSD No. 1 (Hornetown)	23,362,208	0.1100	25,646	25,531	115
PTIA FPSD	415,058,926	0.0495	205,114	205,054	60
Total rural fire districts			14,300,799	14,166,826	133,973
Total entity-wide			\$ 377,874,202	374,837,826	3,036,376

Percent of current year adjusted tax levy collected:

County-wide	<u>99.20</u> %
Rural fire districts	<u>99.06</u>
Entity-wide	<u>99.20</u>

Notes:

- (1) Per \$100 of assessed value.
- (2) Assessed value times rate will not equal total adjusted tax levy due to rounding differences, preferential rate treatments to certain properties, discoveries and releases at prior years' rates, current year discounts which are not rate related and motor vehicle taxes that have been prorated less than twelve months.

GUILFORD COUNTY, NORTH CAROLINA
Schedule of Property Taxes Receivable
June 30, 2017

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Fiscal Year	Uncollected Balance June 30, 2016	Total Adjusted Tax Levy	Collections and Credits	Uncollected Balance June 30, 2017
2016-2017	\$ -	377,874,202	374,837,826	3,036,376
2015-2016	3,149,567	-	1,650,999	1,498,568
2014-2015	1,565,718	-	560,229	1,005,489
2013-2014	1,609,982	-	379,959	1,230,023
2012-2013	1,646,272	-	210,594	1,435,678
2011-2012	1,252,540	-	143,837	1,108,703
2010-2011	865,106	-	82,617	782,489
2009-2010	821,976	-	58,080	763,896
2008-2009	854,916	-	53,362	801,554
2007-2008	688,660	-	39,317	649,343
2006-2007	506,565	-	506,565	-
	<u>\$ 12,961,302</u>	<u>377,874,202</u>	<u>378,523,385</u>	<u>12,312,119</u>
Less allowance for estimated uncollectible delinquent taxes:				
General Fund			\$ (6,789,866)	
Rural Fire Districts Fund			(112,527)	(6,902,393)
Property taxes receivable (net)				<u>\$ 5,409,726</u>
Reconciliation with revenues:				
General Fund:				
Ad valorem taxes			\$ 363,459,828	
Interest on delinquent taxes			1,399,772	\$ 364,859,600
Rural Fire Districts Fund:				
Ad valorem taxes			14,263,344	
Interest on delinquent taxes			46,529	14,309,873
Plus collections and credits not included in revenues:				
Releases net of refunds on prior fiscal years			224,046	
Penalties on delinquent taxes			233,002	
Amounts written off for year 2006 - 2007 per statute of limitations			506,565	963,613
Subtotal				<u>380,133,086</u>
Less revenues not included in collections and credits:				
Collections on years prior to 2007 - 2008			(25,885)	
Payments in lieu of taxes			(137,515)	
Interest collected			(1,446,301)	(1,609,701)
Total collections and credits				<u>\$ 378,523,385</u>

GUILFORD COUNTY, NORTH CAROLINA
 Analysis of Current Tax Levy
 County-Wide Levy
 For the fiscal year ended June 30, 2017

	County-Wide			Total Levy	
	Assessed Value	Rate (1)	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Adjusted levy before penalties:					
Property taxed at current year's rate (2)	\$ 48,206,530,653	0.7550	363,326,180	331,807,790	31,518,390
Penalties			<u>247,223</u>	<u>247,223</u>	<u>-</u>
Total adjusted tax levy			363,573,403	332,055,013	31,518,390
Uncollected taxes at June 30, 2017			<u>(2,902,403)</u>	<u>(2,902,403)</u>	<u>-</u>
Current year's taxes collected			\$ <u>360,671,000</u>	<u>329,152,610</u>	<u>31,518,390</u>
Current adjusted tax levy collection percentage			<u>99.20%</u>	<u>99.13%</u>	<u>100.00%</u>

Notes:

- (1) Per \$100 of assessed value.
- (2) Assessed value times rate will not equal amount of levy because the levy includes discoveries and releases at prior years' rates and current year discounts which are not rate related.

GUILFORD COUNTY, NORTH CAROLINA
Analysis of Current Tax Levy
County-Wide Levy - General Information
For the fiscal year ended June 30, 2017

Secondary Market Disclosures:

Assessed Valuation:	
Assessment Ratio (1)	100%
Real Property (2)	\$ 38,131,768,965
Personal Property	8,823,734,260
Public Service Companies (3)	<u>1,251,027,428</u>
Total Assessed Valuation	\$ <u>48,206,530,653</u>
Tax Rate per \$100 (4)	<u>0.7550</u>
Adjusted Levy (5)	\$ <u>377,874,202</u>

Notes:

- (1) Percentage of appraised value has been established by State Statute.
- (2) Real property assessment is based on 2013 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. On February 6, 2014 the Board of County Commissioners approved a policy of conducting future revaluations every five 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 adjusted tax levy including County-wide and special districts:

County-wide	\$ 363,573,403
Special Fire Districts	<u>14,300,799</u>
Total Levy	\$ <u>377,874,202</u>

The total adjusted tax levy includes the original levy, discoveries and penalties, net of discounts and releases.

GUILFORD COUNTY, NORTH CAROLINA
Bonded Debt Service Requirements
and Maturity Schedule
As of June 30, 2017

E-5

	<u>UTILITY</u>		<u>OTHER</u>		<u>TOTAL</u>	
	<u>Existing Debt</u>		<u>Existing Debt</u>		<u>Existing Debt</u>	
General Obligation						
Fiscal Year	Principal	Principal & Interest	Principal	Principal & Interest	Principal	Principal & Interest
2017-18	\$ 668,698	744,571	60,431,302	90,972,053	61,100,000	91,716,624
2018-19	279,861	334,159	64,245,139	91,504,757	64,525,000	91,838,916
2019-20	326,189	367,065	64,298,811	88,619,474	64,625,000	88,986,539
2020-21	105,044	135,541	63,894,956	85,658,350	64,000,000	85,793,891
2021-22	105,241	130,781	66,954,759	86,280,442	67,060,000	86,411,223
2022-23	104,650	125,291	70,255,350	87,080,198	70,360,000	87,205,489
2023-24	59,068	75,055	67,755,932	82,224,920	67,815,000	82,299,975
2024-25	59,383	72,468	67,800,617	80,361,923	67,860,000	80,434,391
2025-26	59,738	69,854	49,260,262	59,789,523	49,320,000	59,859,377
2026-27	60,053	67,183	49,349,947	58,009,212	49,410,000	58,076,395
2027-28	59,107	64,435	32,130,893	39,081,983	32,190,000	39,146,418
2028-29	59,304	61,677	26,375,696	31,708,184	26,435,000	31,769,861
2029-30	-	-	18,165,000	22,259,203	18,165,000	22,259,203
2030-31	-	-	17,880,000	21,052,720	17,880,000	21,052,720
2031-32	-	-	26,495,000	29,060,054	26,495,000	29,060,054
2032-33	-	-	9,350,000	10,880,170	9,350,000	10,880,170
2033-34	-	-	9,350,000	10,519,770	9,350,000	10,519,770
2034-35	-	-	9,350,000	10,239,270	9,350,000	10,239,270
2035-36	-	-	9,350,000	9,947,083	9,350,000	9,947,083
2036-37	-	-	9,350,000	9,653,875	9,350,000	9,653,875
	<u>\$ 1,946,336</u>	<u>2,248,080</u>	<u>792,043,664</u>	<u>1,004,903,164</u>	<u>793,990,000</u>	<u>1,007,151,244</u>

Limited Obligation

2017-18	\$	-	768,806	-	768,806
2018-19		-	768,806	-	768,806
2019-20		-	768,806	-	768,806
2020-21		-	768,806	-	768,806
2021-22		-	768,806	-	768,806
2022-23		-	768,806	-	768,806
2023-24		-	768,806	-	768,806
2024-25		-	768,806	-	768,806
2025-26		-	768,806	-	768,806
2026-27		-	768,806	-	768,806
2027-28		-	768,806	-	768,806
2028-29		-	768,806	-	768,806
2029-30		-	768,806	-	768,806
2030-31		-	768,806	-	768,806
2031-32		-	768,806	-	768,806
			<u>16,845,000</u>	<u>17,613,806</u>	<u>16,845,000</u>
	\$		<u>16,845,000</u>	<u>28,377,090</u>	<u>16,845,000</u>

Statistical Section

Statistical Section

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

Contents	Tables
Financial Trends These schedules contain trend information to help the reader understand how the County’s financial performance and well-being have changed over time.	1 - 2
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the County’s ability to generate its property taxes.	3 - 6
Debt Capacity 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.	7 - 9
Demographic and Economic Information 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.	10 - 11
Operating Information 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.	12 - 14

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Reports for the relevant year.

Table 1

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government	\$ 42,686,479	43,920,236	40,228,036	43,193,135	46,807,995	42,965,674	40,117,035	40,163,299	43,825,380	45,807,940
Human services	187,408,591	183,143,016	167,271,667	165,311,991	158,946,804	144,195,031	124,275,553	126,324,488	132,372,286	142,424,262
Public safety	101,980,944	104,015,673	102,286,880	101,857,575	111,502,379	119,896,894	115,011,980	119,621,993	124,934,944	130,189,605
Environmental protection	1,395,364	1,319,735	1,293,411	1,317,107	1,368,749	1,357,646	1,372,025	1,422,030	1,528,622	1,730,646
Culture - recreation	5,981,193	6,822,953	6,662,104	5,847,964	5,817,799	7,220,201	6,191,194	6,209,636	6,920,020	6,946,253
Urban redevelopment and housing	-	185,987	219,047	-	-	-	-	-	-	-
Economic development and assistance	6,711,552	7,179,186	6,591,833	21,510,154	7,239,287	21,261,349	9,802,441	9,526,319	7,619,844	7,198,235
Education	274,425,035	263,067,760	251,720,561	274,154,519	282,303,468	253,356,987	275,978,578	227,558,717	223,217,110	287,534,526
Interest on long-term debt	22,265,124	21,720,267	22,513,943	26,371,175	26,392,310	28,750,330	26,275,019	23,819,755	20,181,287	20,624,742
Total primary government expenses	642,854,282	631,374,813	598,787,482	639,563,620	640,378,791	619,004,112	599,023,825	554,646,237	560,599,493	642,456,209
Program Revenues										
Governmental activities:										
Charges for services:										
General government	7,329,664	6,493,504	5,930,518	5,565,128	8,209,756	6,383,668	6,225,569	6,219,877	6,243,911	6,238,894
Human services	17,390,778	18,196,954	17,062,584	15,107,982	17,713,928	11,659,633	9,034,653	7,967,733	10,155,401	13,503,023
Public safety	19,486,002	20,476,409	19,375,549	20,229,569	20,018,789	22,715,104	23,355,125	23,211,790	25,065,405	26,212,518
Economic development and assistance	3,089,466	1,933,971	2,364,652	1,785,255	72,337	89,664	15,137	526,389	-	1,275,983
Other activities	139,174	107,016	85,534	63,185	301,158	534,000	1,013,099	943,127	1,053,028	1,105,239
Operating grants and contributions:										
Human services	85,671,190	88,445,374	87,497,137	90,171,609	84,760,563	75,384,567	65,324,711	71,149,616	73,068,045	78,051,911
Public safety	1,818,775	1,199,627	1,637,406	1,374,698	1,382,428	1,875,697	1,012,073	1,940,793	1,425,469	1,383,597
Education	13,482,032	4,206,914	1,121,632	2,976,116	61,328	1,491,820	27,643	(52,592)	3,194	5,813,014
Interest on long-term debt	6,000,000	12,500,000	8,000,000	9,496,397	6,257,976	7,883,817	7,470,576	7,490,888	7,496,692	7,502,495
Other activities	826,942	1,788,851	1,024,903	921,022	1,365,697	1,348,201	1,379,655	1,496,283	1,291,351	1,275,306
Capital grants and contributions:										
General government	-	-	10,000	-	-	-	-	-	34,074	-
Human services	61,185	258,777	243,318	326,015	115,355	311,817	97,554	27,628	137,801	269,932
Public safety	110,975	349,110	223,545	431,312	299,356	374,780	201,543	111,945	84,236	24,500
Culture - recreation	1,000	6,306,168	2,381,838	520,844	-	124,074	160,955	-	-	-
Total primary government program revenues	155,407,183	162,262,675	146,958,616	148,969,132	140,558,671	130,176,842	115,318,293	121,033,477	126,058,607	142,656,412
Total primary government net expenses	(487,447,099)	(469,112,138)	(451,828,866)	(490,594,488)	(499,820,120)	(488,827,270)	(483,705,532)	(433,612,760)	(434,540,886)	(499,799,797)

General Revenues and Other
Changes in Net Position

Governmental activities:

Taxes:

Property taxes	307,477,528	336,155,671	339,016,318	339,701,250	363,239,575	365,639,259	372,179,237	372,062,971	375,975,863	379,543,647
Sales taxes	88,097,598	72,903,563	62,749,914	62,543,117	66,753,745	69,157,461	72,383,124	78,921,056	83,280,909	87,177,424
Occupancy taxes	4,618,458	4,036,491	3,853,035	4,084,391	4,441,971	4,627,346	4,909,445	5,371,235	5,462,046	5,724,845
Excise taxes	3,155,087	1,686,397	1,560,241	1,544,182	1,628,390	1,900,114	2,019,417	2,434,052	2,606,515	2,868,222
911 charges	381,944	-	-	-	-	-	-	-	-	-
Local gross receipts taxes	751,131	631,080	578,291	628,422	685,671	687,863	721,066	790,938	815,038	831,792
Franchise taxes	143,515	148,147	149,479	82,213	-	-	-	-	-	-
Unrestricted grants and contributions	1,472,030	1,421,855	2,841,217	3,474,304	1,945,810	1,466,619	1,985,093	1,540,704	1,516,823	1,572,186
Unrestricted investment earnings	17,427,005	7,875,270	1,289,848	3,151,886	(2,517,050)	2,279,877	983,218	983,438	1,372,279	2,773,338
Other	371,374	225,855	257,879	6,045,727	452,404	352,415	203,773	499,868	1,541,560	295,608
Total primary government general revenues and other changes in net position	<u>423,895,670</u>	<u>425,084,329</u>	<u>412,296,222</u>	<u>421,255,492</u>	<u>436,630,516</u>	<u>446,110,954</u>	<u>455,384,373</u>	<u>462,604,262</u>	<u>472,571,033</u>	<u>480,787,062</u>

Changes in Net Position

Governmental activities / primary government	<u>\$ (63,551,429)</u>	<u>(44,027,809)</u>	<u>(39,532,644)</u>	<u>(69,338,996)</u>	<u>(63,189,604)</u>	<u>(42,716,316)</u>	<u>(28,321,159)</u>	<u>28,991,502</u>	<u>38,030,147</u>	<u>(19,012,735)</u>
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Net Position by Component

Governmental activities:

		(Restated) (1)	(Reclassified) (2)	(2),(3)				(Restated) (4)	(Restated) (5)	
Invested in capital assets, net of related debt	\$ 115,992,624	120,573,365	122,628,297	129,476,162	133,301,449	138,096,814	140,904,947	142,750,411	146,623,320	153,117,332
Restricted	36,221,646	37,896,605	143,817,796	93,262,484	81,943,441	84,400,139	68,114,126	74,322,854	72,078,926	83,218,317
Unrestricted	<u>(317,413,077)</u>	<u>(371,277,681)</u>	<u>(518,786,448)</u>	<u>(547,421,671)</u>	<u>(603,117,519)</u>	<u>(653,085,898)</u>	<u>(667,929,177)</u>	<u>(662,296,728)</u>	<u>(636,801,049)</u>	<u>(673,447,187)</u>
Governmental activities / primary government	<u>\$ (165,198,807)</u>	<u>(212,807,711)</u>	<u>(252,340,355)</u>	<u>(324,683,025)</u>	<u>(387,872,629)</u>	<u>(430,588,945)</u>	<u>(458,910,104)</u>	<u>(445,223,463)</u>	<u>(418,098,803)</u>	<u>(437,111,538)</u>

Notes:

- The 2009 unrestricted net position has been reduced by \$3,581,095 to reflect the restatement of beginning net position required by the 2010 implementation of Governmental Accounting Standards Board Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*.
- The 2010 restricted and unrestricted net position has been reclassified to reflect the impact of the 2011 implementation of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The years prior to 2010 have not been reclassified.
- The 2011 restricted and unrestricted net position has been reduced by \$3,003,674 to reflect the write-off of \$2,581,105 in bond issuance costs and \$422,569 in deferred refunding costs comprised of unamortized issuance costs on previously refunded debt as a result of the 2012 implementation of Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*.
- Beginning July 1, 2014 unrestricted net position has been reduced by \$15,304,861 to reflect the restatement of beginning net position required by the 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.
- Beginning July 1, 2015 unrestricted net position has been reduced by \$10,905,487 to reflect the restatement of beginning net position required by the 2016 implementation of Governmental Accounting Standards Board Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*.

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes:										
Property taxes	\$ 306,464,934	334,877,456	338,881,551	338,901,967	361,701,450	363,917,353	374,929,286	374,106,409	375,810,512	379,169,473
Sales taxes	88,097,598	72,903,563	62,749,914	62,543,117	66,753,745	69,157,461	72,383,124	78,921,056	83,280,909	87,177,424
Occupancy taxes	4,618,458	4,036,491	3,853,035	4,084,391	4,441,971	4,530,714	4,929,357	5,447,955	5,462,046	5,724,845
Excise taxes	3,155,087	1,686,397	1,560,241	1,544,182	1,628,390	1,900,114	2,019,417	2,434,052	2,606,515	2,868,222
911 charges	381,944	-	-	-	-	-	-	-	-	-
Local gross receipts taxes	751,131	631,080	578,291	628,422	685,671	687,863	721,066	790,938	815,038	831,792
Franchise taxes	143,515	148,147	149,479	82,213	-	-	-	-	-	-
Total taxes	403,612,667	414,283,134	407,772,511	407,784,292	435,211,227	440,193,505	454,982,250	461,700,410	467,975,020	475,771,756
Licenses and permits	2,263,699	1,585,588	1,440,463	1,565,894	1,515,015	1,615,435	1,599,130	1,872,630	1,720,368	2,214,696
Intergovernmental	108,160,439	108,853,768	102,154,244	108,877,034	95,334,713	88,797,966	76,942,485	82,353,630	84,119,841	95,078,003
Charges for services	39,836,114	40,359,429	38,919,317	37,771,760	39,396,379	35,376,318	34,300,511	32,556,009	37,093,169	41,556,517
Investment earnings	15,895,947	7,130,248	3,098,015	1,761,870	1,084,348	913,633	628,946	547,533	1,093,684	1,908,670
Other	7,235,788	7,234,433	5,787,254	4,859,173	6,647,123	6,165,660	4,544,614	5,469,194	4,792,823	4,664,494
Total revenues	577,004,654	579,446,600	559,171,804	562,620,023	579,188,805	573,062,517	572,997,936	584,499,406	596,794,905	621,194,136
Expenditures										
General government	39,464,132	41,209,590	39,026,532	41,211,152	41,411,153	44,636,072	41,705,096	41,862,561	44,202,895	45,241,253
Human services	173,386,520	171,232,873	157,837,907	156,312,988	149,105,449	135,334,550	120,065,222	123,157,149	127,650,833	134,950,019
Public safety	92,098,335	95,895,858	94,698,652	94,936,538	101,788,522	109,199,054	108,271,215	112,511,576	117,120,545	121,601,799
Environmental protection	1,171,174	1,141,212	1,203,142	1,236,978	1,259,345	1,260,849	1,306,171	1,368,887	1,489,132	1,718,259
Culture - recreation	5,154,091	5,774,257	5,757,497	4,882,347	4,794,610	5,435,795	4,959,362	5,031,761	5,587,918	5,563,011
Urban redevelopment & housing	-	185,987	219,047	-	-	-	-	-	-	-
Economic development & assistance	5,653,323	5,156,366	4,580,634	5,764,008	6,763,125	5,665,860	6,724,093	6,885,909	7,239,747	7,197,883
Education (1)	175,956,849	186,918,211	186,918,211	186,918,211	186,918,211	187,383,088	189,528,088	192,658,088	197,710,398	203,010,398
Capital outlay - Education (1)	98,468,186	76,149,549	64,802,350	87,236,308	95,385,257	65,973,899	86,450,490	34,900,629	25,506,712	84,524,128
Capital outlay - Other	11,038,077	9,880,574	31,362,531	76,124,528	32,100,377	25,984,432	7,732,346	7,071,597	6,499,460	3,764,585
Debt service:										
Principal	27,715,000	28,160,200	36,215,200	37,545,200	45,602,892	49,495,585	51,210,585	53,270,585	56,945,585	58,135,585
Interest	22,211,212	19,935,396	20,852,231	27,018,923	27,136,589	33,104,335	30,972,615	28,839,478	26,657,964	23,974,107
Other fiscal charges	985,535	854,108	3,834,542	1,776,942	1,859,397	1,025,997	1,052,028	878,905	760,512	776,914
Bond issuance / put bond costs	-	300,443	1,748,409	-	1,499,741	-	-	-	621,582	1,364,306
Total expenditures	653,302,434	642,794,624	649,056,885	720,964,123	695,624,668	664,499,516	649,977,311	608,437,125	617,993,283	691,822,247
Excess (deficiency) of revenues over expenditures	(76,297,780)	(63,348,024)	(89,885,081)	(158,344,100)	(116,435,863)	(91,436,999)	(76,979,375)	(23,937,719)	(21,198,378)	(70,628,111)

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

Refunding bonds issued	-	-	135,990,000	-	46,135,000	-	-	-	92,930,000	-
General obligation bonds issued	-	164,600,000	165,000,000	-	150,890,000	-	-	-	-	187,265,000
Bond anticipation notes issued	-	-	-	-	-	-	50,000	2,300,000	22,000,000	-
Refunding capital-related debt issued	-	-	-	-	3,316,300	-	-	-	-	-
Capital-related debt issued	5,102,000	-	-	-	21,820,000	-	-	-	-	-
Payment to bond refunding escrow agent	-	-	(146,310,850)	-	(53,364,279)	-	-	-	(111,191,212)	(24,350,000)
Premiums on bonds/put bonds/refunding bonds issued	-	10,526,417	30,354,381	-	29,039,009	-	-	-	18,891,592	24,564,701
Payment to terminate interest rate swaps	-	-	(11,211,119)	-	(4,660,034)	-	-	-	-	-
Payment to refinance capital-related debt	-	-	-	-	(3,316,300)	-	-	-	-	-
Transfers in	5,317,116	2,930,621	9,781,781	6,794,162	1,500,000	5,141,210	5,500,000	6,752,898	8,355,029	8,250,000
Transfers out	(5,317,116)	(2,930,621)	(9,781,781)	(6,794,162)	(1,500,000)	(5,141,210)	(5,500,000)	(6,752,898)	(8,355,029)	(8,250,000)
Sale of capital assets	<u>248,922</u>	<u>119,073</u>	<u>165,734</u>	<u>7,822,165</u>	<u>104,378</u>	<u>288,165</u>	<u>127,435</u>	<u>437,320</u>	<u>1,898,186</u>	<u>85,893</u>
Total other financing sources (uses) and other changes in fund balances	<u>5,350,922</u>	<u>175,245,490</u>	<u>173,988,146</u>	<u>7,822,165</u>	<u>189,964,074</u>	<u>288,165</u>	<u>177,435</u>	<u>2,737,320</u>	<u>24,528,566</u>	<u>187,565,594</u>
Changes in Fund Balances										
Governmental funds	<u>\$ (70,946,858)</u>	<u>111,897,466</u>	<u>84,103,065</u>	<u>(150,521,935)</u>	<u>73,528,211</u>	<u>(91,148,834)</u>	<u>(76,801,940)</u>	<u>(21,200,399)</u>	<u>3,330,188</u>	<u>116,937,483</u>
Debt service as a percentage of noncapital expenditures (2)	7.80%	7.64%	8.94%	9.39%	10.98%	12.70%	12.81%	13.65%	13.74%	12.03%
Fund Balances										
General fund:			(Reclassified) (3)	(3)						
Reserved	\$ 49,298,419	49,720,293	-	-						
Unreserved	<u>77,941,742</u>	<u>95,477,488</u>	-	-						
Non spendable	-	-	54,351	499,646	1,358,046	1,441,612	1,293,053	1,268,584	1,172,718	1,209,173
Restricted	-	-	60,625,494	51,084,382	57,971,070	53,372,359	46,166,524	49,782,226	51,937,573	78,012,866
Committed	-	-	33,342	27,692	24,472	20,575	16,630	16,630	16,630	16,630
Assigned	-	-	25,541,815	25,447,565	27,107,976	24,751,319	24,180,984	27,036,247	26,979,256	24,827,400
Unassigned	-	-	53,291,259	55,209,633	53,990,425	58,714,232	79,472,632	84,929,054	85,287,999	87,378,403
Total general fund	<u>127,240,161</u>	<u>145,197,781</u>	<u>139,546,261</u>	<u>132,268,918</u>	<u>140,451,989</u>	<u>138,300,097</u>	<u>151,129,823</u>	<u>163,032,741</u>	<u>165,394,176</u>	<u>191,444,472</u>
All other governmental funds:				(3)						
Reserved	14,888,243	14,873,636	85,380,194	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	1,277,213	657,736	310,200	-	-	-	-	-	-	-
Capital projects funds	<u>114,092,089</u>	<u>208,666,019</u>	<u>228,261,582</u>	-	-	-	-	-	-	-
Non spendable	-	-	-	-	-	-	-	-	-	16,980
Restricted	-	-	-	148,181,022	195,194,337	127,209,068	36,393,081	18,048,999	12,662,980	97,634,341
Committed	-	-	-	18,629,202	29,582,739	11,369,186	20,985,641	17,145,558	18,241,070	13,704,347
Assigned	-	-	-	5,587,932	15,656,754	14,066,459	4,651,608	5,540,252	7,613,894	7,008,885
Unassigned	-	-	-	(1,690,772)	(4,381,306)	(5,589,131)	(4,606,414)	(16,414,210)	(13,228,592)	(2,188,014)
Total all other governmental funds	<u>130,257,545</u>	<u>224,197,391</u>	<u>313,951,976</u>	<u>170,707,384</u>	<u>236,052,524</u>	<u>147,055,582</u>	<u>57,423,916</u>	<u>24,320,599</u>	<u>25,289,352</u>	<u>116,176,539</u>
Total fund balances	<u>\$ 257,497,706</u>	<u>369,395,172</u>	<u>453,498,237</u>	<u>302,976,302</u>	<u>376,504,513</u>	<u>285,355,679</u>	<u>208,553,739</u>	<u>187,353,340</u>	<u>190,683,528</u>	<u>307,621,011</u>

Notes:

- (1) For years 2008 - 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 future years when these appropriations were reported in the School Capital Outlay Fund.
- (2) 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.
- (3) The 2010 fund balances have been reclassified to reflect the impact of the 2011 implementation of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The years prior to 2010 have not been reclassified.

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

Fiscal Year	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	Estimated Actual Taxable Value	Assessed Taxable Value	Assessed Taxable Value	Assessed Taxable Value	Estimated Actual Taxable Value		
2008	\$ 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	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	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	0.7590
2011	36,814,403,214	38,743,846,784	7,017,828,595	1,034,274,005	44,866,505,814	46,795,949,384	95.9	0.7592
2012	37,039,761,422	35,711,301,024	7,304,372,150	1,013,624,243	45,357,757,815	44,029,297,417	103.0	0.8040
2013 ⁽³⁾	36,867,575,947	37,030,510,192	7,610,406,089	1,067,428,654	45,545,410,690	45,708,344,935	99.6	0.8042
2014	36,986,215,133	37,224,451,623	8,246,115,049	1,065,598,325	46,297,928,507	46,536,164,997	99.5	0.7938
2015	37,288,572,740	38,185,942,386	8,207,816,947	1,103,440,544	46,599,830,231	47,497,199,877	98.1	0.7981
2016	37,661,151,234	39,365,685,412	8,497,141,229	1,226,988,869	47,385,281,332	49,089,815,510	96.5	0.7896
2017	38,131,768,965	39,001,502,470	8,823,734,260	1,251,027,428	48,206,530,653	49,076,264,158	98.2	0.7847

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 decreased real property values in fiscal year 2013 from a down market.
- (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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
County Direct Rates:										
General Levy (1):										
Property taxed at current year's rate	\$ 0.6693	0.7148	0.7164	0.7182	0.7609	0.7580	0.7471	0.7700	0.7600	0.7550
Registered motor vehicles at prior rate	<u>0.0211</u>	<u>0.0212</u>	<u>0.0210</u>	<u>0.0192</u>	<u>0.0203</u>	<u>0.0225</u>	<u>0.0229</u>	<u>0.0000</u>	<u>0.0000</u>	<u>0.0000</u>
Total general direct rate	0.6904	0.7360	0.7374	0.7374	0.7812	0.7805	0.7700	0.7700	0.7600	0.7550
Fire Protection Districts (2)	<u>0.0226</u>	<u>0.0215</u>	<u>0.0216</u>	<u>0.0218</u>	<u>0.0228</u>	<u>0.0237</u>	<u>0.0238</u>	<u>0.0281</u>	<u>0.0296</u>	<u>0.0297</u>
Total direct rate	\$ <u>0.7130</u>	<u>0.7575</u>	<u>0.7590</u>	<u>0.7592</u>	<u>0.8040</u>	<u>0.8042</u>	<u>0.7938</u>	<u>0.7981</u>	<u>0.7896</u>	<u>0.7847</u>
City Rates:										
Burlington (3)	\$ 0.6250	0.6250	0.5904	0.5900	0.5801	0.5800	0.5800	0.5800	0.5800	0.5800
Greensboro	0.6369	0.6374	0.6375	0.6352	0.6349	0.6351	0.6350	0.6350	0.6350	0.6352
High Point	0.6323	0.6330	0.6330	0.6330	0.6613	0.6746	0.6750	0.6646	0.6500	0.6475
Kernersville (3)	N/A	0.5500	0.4975	0.4975	0.4975	0.4975	0.5273	0.5424	0.5425	0.5700
Town Rates:										
Archdale (4)	\$ 0.2900	0.2900	0.2900	0.2900	0.2900	0.2900	0.2900	0.2900	0.2900	0.2900
Gibsonville (4)	0.5150	0.5150	0.5100	0.5100	0.5100	0.5100	0.5100	0.5100	0.5100	0.5100
Jamestown	0.3500	0.3693	0.3700	0.3895	0.3900	0.3948	0.4434	0.4544	0.4550	0.4550
Oak Ridge	0.0863	0.0863	0.0863	0.0863	0.0863	0.0863	0.0863	0.0863	0.0863	0.0863
Pleasant Garden	0.0500	0.0260	0.0250	0.0250	0.0250	0.0250	0.0250	0.0250	0.0250	0.0250
Sedalia	0.2000	0.2000	0.2000	0.2729	0.2750	0.2750	0.2750	0.2750	0.2750	0.2750
Summerfield (5)	0.0390	0.0351	0.0018	0.0350	0.0350	0.0350	0.0350	0.0279	0.0275	0.0275
Whitsett	None	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.1438	0.1500	0.1500
Sedgefield Sanitary District	\$ 0.0298	0.0300	0.0300	0.0300	0.0300	0.0358	0.0360	0.0360	0.0360	0.0360

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 thirty-six 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.
- (4) The difference between the Archdale and Gibsonville total direct rates and the reported city-wide rates is considered insignificant.
- (5) For FY 2011, city-wide rates are reported, as data to compute total direct rates is not available.

Table 5

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

Taxpayer	Fiscal Year 2017			Fiscal Year 2008		
	Assessed Value	Rank	Percentage of Total Assessed Value	Assessed Value	Rank	Percentage of Total Assessed Value
Duke Energy Corporation	\$ 438,842,021	1	0.91	\$ 337,301,240	1	0.78
Procter & Gamble Manufacturing Company	319,673,887	2	0.66	149,730,056	9	0.34
Koury Corporation	246,848,537	3	0.51	255,996,676	2	0.59
American Express Travel Related Services Co.	225,455,866	4	0.47	-	-	-
ITG Brands LLC (formerly Lorillard Tobacco Company)	208,547,523	5	0.43	245,374,060	3	0.57
CBL LLC (formerly Starmount Company)	171,544,000	6	0.36	159,929,186	8	0.37
Lincoln National Life Insurance (formerly Jefferson-Pilot)	164,770,115	7	0.34	-	-	-
VF Corp/Wrangler	145,835,162	8	0.30	-	-	-
International Home Furnishings Center	144,321,300	9	0.30	182,191,169	5	0.42
Piedmont Natural Gas	139,895,329	10	0.29	-	-	-
RF Micro Devices, Inc.	-	-	-	203,316,555	4	0.47
TYCO Electronics	-	-	-	174,501,217	6	0.40
BellSouth	-	-	-	169,312,558	7	0.39
Highwoods Forsyth LTD	-	-	-	135,305,055	10	0.31
Total Top Ten Principal Taxpayers	\$ <u>2,205,733,740</u>		<u>4.57</u>	\$ <u>2,012,957,772</u>		<u>4.64</u>

Source: Guilford County Tax Department.

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

<u>Fiscal Year</u>	<u>(1) Taxes Levied for the Fiscal Year</u>	<u>Subsequent Years' Adjustments</u>	<u>Total Adjusted Tax Levy</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
				<u>Amount</u>	<u>Percent of Original Levy</u>		<u>Amount</u>	<u>Percent of Adjusted Tax Levy</u>
2008	\$ 308,030,341	(383,453)	307,646,888	303,163,588	98.42	3,833,957	306,997,545	99.79
2009	336,841,767	(299,635)	336,542,132	330,670,794	98.17	5,069,784	335,740,578	99.76
2010	339,838,448	(304,736)	339,533,712	333,596,483	98.16	5,173,333	338,769,816	99.78
2011	339,943,072	(288,110)	339,654,962	333,063,607	97.98	5,808,866	338,872,473	99.77
2012	363,248,000	(410,512)	362,837,488	355,095,355	97.76	6,633,431	361,728,786	99.69
2013 ⁽²⁾	365,428,942	(1,341,139)	364,087,803	356,582,243	97.58	6,069,882	362,652,125	99.61
2014	372,017,706	(877,535)	371,140,171	366,529,630	98.52	3,380,518	369,910,148	99.67
2015	371,794,827	(698,888)	371,095,939	368,321,489	99.07	1,768,960	370,090,449	99.73
2016	373,904,683	(77,570)	373,827,113	370,755,116	99.16	1,573,428	372,328,544	99.60
2017	377,874,202	-	377,874,202	374,837,826	99.20	-	374,837,826	99.20

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 2013 which generally result in appeals of these revalued amounts and thus, larger adjustments due to releases based on these appeals.

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

Fiscal Year	General Bonded Debt Outstanding		Percentage of Estimated Actual Taxable Value of Property (2)	Per Capita	Other Governmental Activities Debt		Total Primary Government (1)	Percentage of Personal Income (3)	Per Capita (3)
	General Obligation Bonds (1)				Limited Obligation Bonds, Capital Leases and Installment Financings (1)				
2008	\$ 563,189,520		1.22	1,202.20	5,422,364		568,611,884	3.25	1,213.77
2009	709,758,171		1.48	1,485.44	4,783,962		714,542,133	3.92	1,495.46
2010	846,091,651		1.74	1,747.47	4,147,088		850,238,739	4.89	1,756.04
2011	806,334,450		1.72	1,647.30	3,571,400		809,905,850	4.57	1,654.59
2012	932,027,810		2.12	1,882.41	24,498,508		956,526,318	5.17	1,931.88
2013	879,076,323		1.92	1,754.54	23,222,923		902,299,246	4.60	1,800.89
2014	824,376,111		1.77	1,625.67	21,947,338		846,323,449	4.31	1,668.95
2015	769,783,196		1.62	1,500.67	20,671,754		790,454,950	3.82	1,540.97
2016	736,321,847		1.50	1,422.57	19,396,169		755,718,016	3.50	1,460.04
2017	861,133,538		1.75	1,651.80	18,120,585		879,254,123	3.97	1,686.56

Notes:

- (1) Details regarding the County's outstanding debt can be found in the notes to the financial statements and includes unamortized bond issuance premiums less unamortized swap termination fees.
Amounts for fiscal year 2011 and prior do not include bond refunding charges as a result of GASB 63.
- (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, 2017

<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	\$ 883,329,154	100.00	\$ <u>883,329,154</u>
City of Greensboro	263,354,293	100.00	263,354,293
City of High Point	64,793,285	94.17	61,015,836
Town of Kernersville	16,627,975	5.08	844,701
Town of Jamestown	795,951	100.00	795,951
Town of Gibsonville	1,033,090	50.06	517,165
City of Burlington	7,467,923	1.73	129,195
City of Archdale	1,517,544	2.79	<u>42,339</u>
Total overlapping debt			<u>326,699,480</u>
Total direct and overlapping debt			\$ <u>1,210,028,634</u>

Notes:

- (1) Debt and assessed valuation information were obtained from each municipality. Debt includes all bonded debt and installment purchase obligations for governmental activities.
- (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)**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt limit	\$ 3,471,810	3,567,046	3,591,341	3,589,320	3,628,621	3,643,633	3,703,834	3,727,986	3,790,823	3,856,522
Total net debt applicable to limit	<u>1,232,525</u>	<u>1,204,916</u>	<u>1,158,903</u>	<u>1,185,811</u>	<u>1,167,675</u>	<u>1,118,988</u>	<u>1,068,470</u>	<u>979,518</u>	<u>916,159</u>	<u>811,332</u>
Legal debt margin	\$ <u>2,239,285</u>	<u>2,362,130</u>	<u>2,432,438</u>	<u>2,403,509</u>	<u>2,460,946</u>	<u>2,524,645</u>	<u>2,635,364</u>	<u>2,748,468</u>	<u>2,874,664</u>	<u>3,045,190</u>
Total net debt applicable to limit as a percentage of debt limit	35.50%	33.78%	32.27%	33.04%	32.18%	30.71%	28.85%	26.27%	24.17%	21.04%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed value of taxable property	\$ <u>48,206,530,653</u>
Debt limit (8% of total assessed value)	\$ <u>3,856,522,452</u>
Debt applicable to limit:	
General obligation bonded debt	793,990,000
Bonds authorized, unissued	-
Limited obligation bonds and obligations under purchase money installment contracts	<u>18,120,584</u>
Gross debt	812,110,584
Less statutory deductions:	
Bonds issued and outstanding for water purposes	<u>778,975</u>
Net amount of debt applicable to debt limit	<u>811,331,609</u>
Legal debt margin	\$ <u>3,045,190,843</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 (4)</u>	<u>Public School Enrollment (5)</u>	<u>Unemployment Rate (6)</u>
2008	468,466	\$ 17,517,349	\$ 37,393	36.29	70,707	6.1 %
2009	477,809	18,214,557	38,121	36.33	70,968	10.6
2010	484,180	17,394,167	35,925	36.39	70,710	10.9
2011	489,489	17,740,550	36,243	36.52	71,227	10.3
2012	495,126	18,505,334	37,375	36.54	71,587	9.3
2013	501,029	19,609,774	39,139	36.62	71,885	8.0
2014	507,100	19,630,348	38,711	36.73	71,787	6.3
2015	512,959	20,683,020	40,321	36.88	71,502	5.8
2016	517,600	21,579,262	41,691	36.99	71,429	5.1
2017	521,330	22,145,577	42,479	37.17	71,396	4.9

Sources:

- (1) Calendar years 2007 through 2015
Calendar year 2016
Bureau of Economic Analysis, U.S. Department of Commerce.
United States Census Bureau estimates.
- (2) Computed as a factor of population times per capita income.
- (3) Calendar years 2007 through 2015
Calendar year 2016
Bureau of Economic Analysis, U.S. Department of Commerce.
Piedmont Triad Council of Governments estimate.
- (4) Fiscal years 2008 through 2017
North Carolina Office of State Planning estimates.
- (5) Average daily membership of Guilford County Schools as compiled by North Carolina Department of Public Instruction.
- (6) North Carolina Employment Security Commission - Calendar year annual average except for 2017 which is the average adjusted monthly rate for January through June.

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

Employer	2017			2008		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Guilford County School System	10,027	1	4.09	10,381	1	4.49
Cone Health	9,212	2	3.76	7,440	2	3.21
City of Greensboro	3,390	3	1.38	2,904	3	1.25
Ralph Lauren Corporation	2,639	4	1.08			
Guilford County Government	2,608	5	1.06	2,687	6	1.16
High Point Regional Health System	2,600	6	1.06	2,390	7	1.03
University of North Carolina at Greensboro	2,379	7	0.97	2,800	4	1.21
United States Postal Service	2,300	8	0.94	2,800	5	1.21
The Volvo Group	2,200	9	0.90			
Thomas Built Buses	1,900	10	0.77			
Bank of America				2,200	8	0.95
American Express Credit Card Services				2,100	9	0.91
United Parcel Service (UPS)				2,000	10	0.86
Total County Employment	245,306			231,457		

Sources:

Principal employer data is from the Triad Business Journal and the individual employers. Total County employment is for calendar years 2007 and 2016 from the North Carolina Department of Commerce.

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

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General government (1)	419	338	464	323	320	315	312	306	325	314
Human services	1,369	1,366	1,264	1,176	1,051	987	973	995	1,077	1,087
Public safety	892	953	913	932	1,021	1,034	1,031	1,031	1,086	1,089
Environmental protection	5	5	5	4	7	7	7	8	8	7
Culture-recreation (2)	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>101</u>	<u>95</u>	<u>103</u>	<u>107</u>	<u>111</u>
Total	<u>2,687</u>	<u>2,664</u>	<u>2,648</u>	<u>2,437</u>	<u>2,401</u>	<u>2,444</u>	<u>2,418</u>	<u>2,443</u>	<u>2,603</u>	<u>2,608</u>

Note:

- (1) General government employee numbers fluctuate due to election workers being included.
- (2) Culture-recreation employee numbers increased in 2013 due to County managing park operations effective January 1, 2013.

Table 13

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

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government:										
Real estate documents processed (8)	590,300	510,744	329,094	357,284	351,377	423,053	337,840	329,352	349,976	374,744
Vital records recorded and issued (8)	73,560	79,814	68,196	69,484	72,477	70,806	73,434	77,532	76,100	75,083
Building permits issued (2)	2,800	2,800	2,200	2,200	2,870	2,870	3,804	4,091	4,040	4,248
Bldg,plumb,mech & elec insp completed (2)	45,700	45,700	29,200	29,700	22,014	22,014	27,000	32,351	34,548	34,179
Human Services:										
Laboratory tests performed (2),(10)	194,148	187,314	203,250	209,096	200,364	194,378	187,677	188,086	200,096	196,604
Number of prescriptions filled (2),(10)	82,825	82,000	77,906	98,741	59,703	42,284	44,346	43,637	48,444	59,113
Adoption assistance cases (4)	1,118	1,090	1,059	1,027	1,011	993	950	902	928	959
Children in Social Services custody (4)	475	475	386	374	341	345	386	552	449	539
Public Safety:										
911 calls received (1),(3)	125,201	123,504	128,892	130,947	131,072	143,930	150,968	153,459	157,564	164,177
Emergency HazMat responses (2),(11)	90	70	70	42	22	111	105	12	17	23
Average daily population juvenile detention (2),(13)	48	48	48	35	30	18	24	28	38	35
Average daily population adult jail (6)	914	907	955	920	875	883	932	932	811	881
Number of animals received (2),(12)	15,827	15,993	16,890	17,000	16,000	16,000	13,933	11,487	12,176	10,129
Number of spay/neuter surgeries performed (2),(12)	6,500	5,495	5,098	7,200	4,000	4,000	5,525	1,460	2,040	3,621
Environmental protection: (9)										
Number of scrap tires processed	555,000	490,000	565,000	610,000	550,000	520,000	540,000	465,000	517,000	577,500
Number of white goods disposed of (tons)	468	332	236	169	97	85	85	125	150	205
Culture - recreation: (2)										
Number of park and rec participants (14)	1,925,100	2,385,100	2,770,350	2,788,440	2,788,440	3,025,000	3,136,000	3,160,600	3,160,600	-
Education:										
Average daily membership (5)	70,707	70,968	70,710	71,227	71,587	71,885	71,787	71,502	71,429	71,396
County appropriation per pupil (7)	\$ 2,335.91	\$ 2,468.23	\$ 2,477.24	\$ 2,459.26	\$ 2,446.89	\$ 2,443.21	\$ 2,467.44	\$ 2,508.47	\$ 2,567.03	\$ 2,638.25

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
- (5) North Carolina Department of Public Instruction
- (6) Guilford County Annual Budget except for 2008, 2011-2017 per Law Enforcement Department
- (7) Guilford County Current Appropriations per average daily membership
- (8) Guilford County Register of Deeds
- (9) Guilford County Planning and Development
- (10) Guilford County Public Health 2011-2017
- (11) Guilford County Emergency Services 2011-2017
- (12) Guilford County Animal Shelter 2014-2017
- (13) Guilford County Juvenile Detention 2011 - 2017
- (14) Data is not available 2017

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

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Human Services: (2),(5)										
Public health occupied square footage	101,098	101,098	101,098	101,098	101,098	101,098	101,098	101,098	101,098	101,098
Mental health occupied square footage (10)	208,742	208,742	208,742	119,750	119,750	-	-	-	-	-
Social services occupied square footage	148,262	148,262	148,262	155,738	155,860	155,860	155,860	155,860	164,320	164,320
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	15,101	15,101	15,101	15,101	15,101	15,101	15,101
Public Safety:										
Number of law enforcement vehicles (4),(5)	363	376	426	419	406	425	438	405	398	442
Number of law enforcement centers (5)	2	2	2	2	2	2	2	2	2	2
Number of emergency medical vehicles (4),(6)	77	84	92	83	84	82	82	89	87	97
Number of emergency medical stations (6)	14	14	14	15	15	15	15	16	16	16
Number of fire marshall vehicles (4),(6)	19	19	15	21	24	25	24	22	22	26
Number of volunteer fire stations (3),(6)	37	37	37	36	36	38	38	39	39	39
Number of volunteer firefighters (6)	629	629	629	682	682	620	621	621	603	571
Number of animal control vehicles (4),(5)	16	17	14	14	13	16	19	20	21	22
Culture-recreation:										
Parks (9)	268	275	275	275	275	275	275	275	275	294
Libraries (7)	10	10	10	10	10	10	11	11	11	11
Education: (1)										
Number of schools (8)	120	120	121	122	124	129	130	130	130	130

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.

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
(10) Guilford County Mental Health services merged with Sandhills Center for Mental Health, Developmental Disabilities and Substance Abuse Services on January 1, 2013



