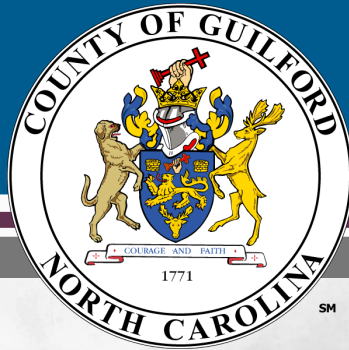


County of Guilford, North Carolina
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2018



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, 2018



**Harley L. Will, 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, 2018

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, 2018, 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 four 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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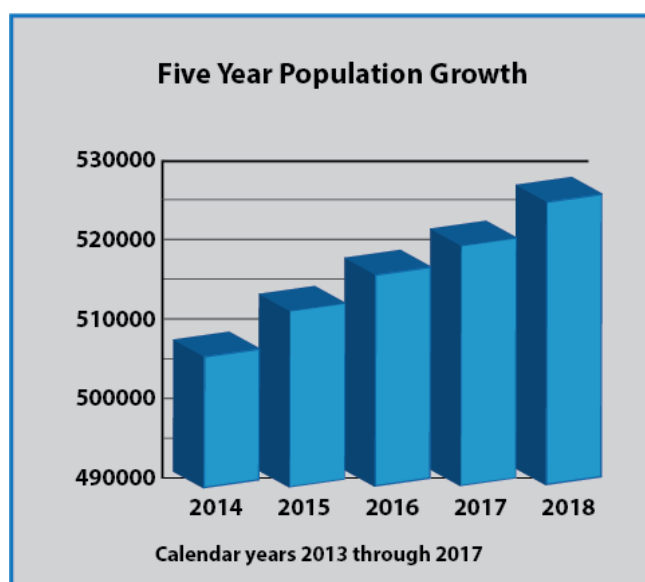
Cherry Bekaert LLP, a firm of licensed certified public accountants, has audited Guilford County's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of Guilford County for the fiscal year ended June 30, 2018, are free of material 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, 2018, 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 526,953, 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, 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.

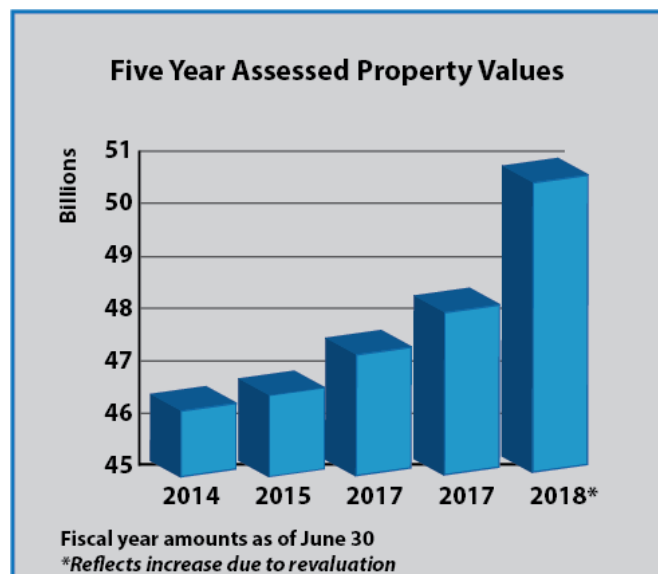
The Board of County Commissioners does not have complete authority over all the services provided within the County. Many County activities are administered by boards with varying degrees of autonomy and by elected officials who receive their instructions from laws passed by the General Assembly. Some 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 Pools, 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 Budget, Management, and Evaluation Department. The offices of Budget, Management, and Evaluation Department and County Manager use these requests as the starting point for developing a proposed budget. The County Manager presents the proposed budget to the Board of County



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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.

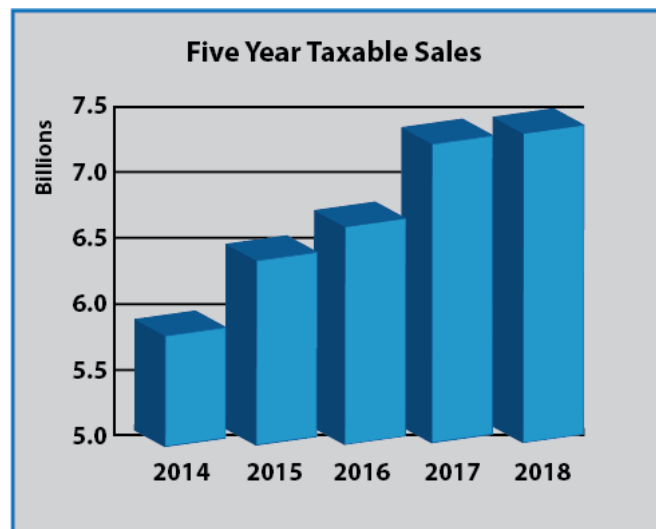
Appropriations in the various funds are formally budgeted on a departmental basis except for the Rural Fire District Fund appropriations, which are by rural fire tax or protection service district; and the Room Occupancy/Tourism Tax Fund, which is on a fund basis. The County Manager is authorized by 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

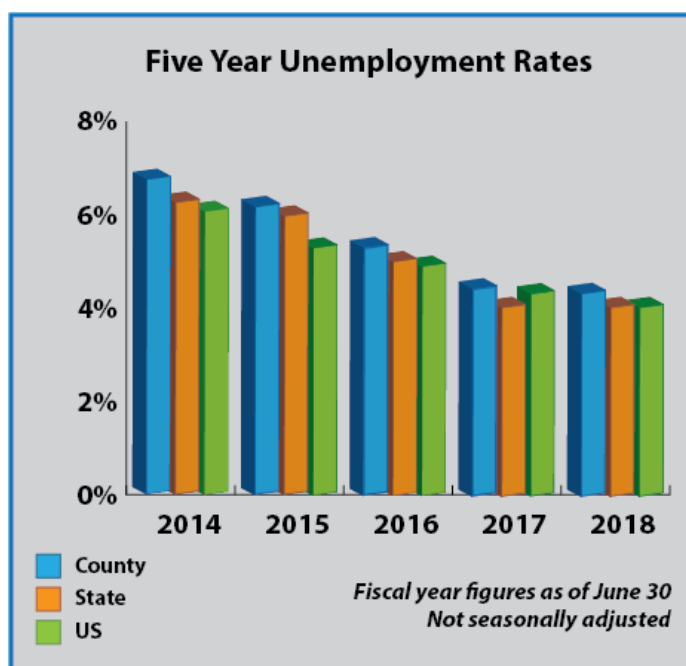
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Guilford County operates.

Local economy. Guilford County generally enjoys a favorable economic environment. 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 1.1% in fiscal year 2018 after increases of 9.64%, 3.98%, and 9.85% in fiscal years 2017, 2016, and 2015, respectively. Taxable sales are \$7.43 billion for fiscal year 2018 as compared to \$7.35 billion for fiscal year 2017. Guilford County has a labor force of approximately 252,000. Guilford County's unemployment rate has historically been



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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, 2018 are 4.5%, 4.2%, and 4.2%, respectively. Guilford County's economy has continued to change and diversify. In December 2017, manufacturing accounted for 12.2% 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 March of 2018, the *Triad Business Journal* reported that the Greensboro-High Point Metropolitan Statistical Area was ranked No. 2 nationally by the Atlanta-based *Site Selection Magazine* for 2017 with 41 new and expanded corporate facilities. The Greensboro-High Point Metropolitan Statistical Area has made the top 10 list every year since 2006.

Eight areas located in Guilford County were included in *Niche.com's* "2018 Best Places to Live in North Carolina" report. Rankings were based on overall livability, which factors in the quality of local schools, crime rates, housing trends, employment statistics, and access to amenities.

Guilford County's robust transportation and logistics structure, with access to major interstates, airports, railroads, and sea ports, has attracted a continuing inflow of additional capital and job creation in a wide array of existing and new industries.

The Greensboro/High Point/Guilford County Workforce Development Board reported a workforce totaling 251,904 in Guilford County as of June 2018, with 4,391 more people working compared to the same period one year ago. Annual taxable retail sales as of June 2018 were \$7,433,151,223, a 1.10% increase from the prior year.

In August 2018, it was announced that employee owned Publix Super Markets will build a \$400 million distribution center in eastern Greensboro, which will employ 1,000 people with an average salary of \$45,000. Construction of the 1.8 million square-foot center, one of the largest distribution centers in the Piedmont Triad region, will be located on 350 acres in eastern Greensboro and will be completed in two phases. Slated to begin in the first half of 2020, the \$300 million Phase One is expected to create 600 jobs. Guilford County and the City of Greensboro are granting approximately \$35 million in tax incentives over the next 10 years, while the State is providing a \$16 million grant contingent on fulfillment of the initial job commitment. A City of Greensboro report indicates the project will create an approximate \$20 million increase in tax revenue over the next 10 years.

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While no announcement had been made as of the end of August 2018, Amazon was issued a building permit for a fulfillment facility in Triad Business Park, with an upwards of 1,000 new jobs to be created according to some estimates. Triad Business Park is located in Guilford County and the neighboring Forsyth County.

In August 2018, it was reported that the FedEx Mid-Atlantic Hub, located at the Piedmont Triad International (PTI) Airport, expects to make significant infrastructure investments and double its existing workforce of 400 employees to 800 by the end of December 2018, which is in line with the substantial market growth in pickup and delivery operations. Eight additional flights are anticipated to coincide with the additional hires.

The PTI Airport, which has immediate interstate access and other existing infrastructure, including aerospace manufacturing and the Mid-Atlantic FedEx Hub, recently completed a \$20 million taxiway-bridge that will connect a planned \$16 million taxiway at the airport to 1,000 acres of developable land across Bryan Boulevard. The developable land is considered central to attracting another MRO (maintenance, repair, overhaul) or OEM (original, equipment manufacturer) such as current PTI tenants HAECO Americas and Honda Aircraft. Completion of the taxiway will result in full access to the land from the airport.

The taxiway and taxiway bridge are part of a broader \$176 million I-73 project from the airport to Summerfield. The PTI was one of ten NC airports to receive state and federal funds approved by the NC Department of Transportation. In March 2018, a grant totaling a \$12.2 million investment, was received to cover the design costs of the taxiway.

Greensboro based HAECO Americas, an aircraft maintenance and overhaul company, completed construction of a \$60 million, 250,000 square-foot hangar in December 2017, opening it at the PTI Airport in the second quarter of 2018. Increased demand and the availability of the new hangar brought in 150 new hires by February 2018. The company anticipates 400 to 500 total new hires once the hangar is at full capacity. HAECO employs about 1,800 and is the seventh-largest manufacturer and the 34th-largest employer in the Triad area, according to *Triad Business Journal's* most recent research.

Greensboro based Honda Aircraft, which employs 1,800 people at the PTI Airport, recently expanded sales to India and has partnered with Japan's largest airlines to use the HondaJet for feeder and charter flights, according to the *Triad Business Journal*. During the first half of 2018 Honda Aircraft delivered 17 HondaJets to its customers, making it the most delivered aircraft in its class, and in February 2018 it signed a deal for \$77 million worth of planes with a French air taxi company. In August 2018, it announced deliveries of its new HondaJet Elite, with more than 10 orders having been placed in Japan.

The recent sale of Greensboro based Secure Designs, Inc., a network security provider, to Florida based ADT, is expected to result in an increase from its current workforce of 35 people to around 500 in the next five years.

The Greensboro office of Florida based Superior recently relocated from its High Point location to Greensboro and anticipates 80 new jobs by the first quarter of 2019, of which 61 have already been added. Superior was formerly known as SunGard Public Sector, a designer and provider of public sector software.

Wilmington, NC based Well Care Health, an in-home care company, opened offices in Greensboro and Advance, with plans to hire more than 100 nurses, therapists, social workers, and home health aides by the end of 2018.

As of April 2018, the Greensboro based Automotive Americas division for TE Connectivity had added 300 jobs over the past 18 months and anticipates 80 additional hires. This division is continuing with their plans to complete a forty-plus million dollar expansion before 2020.

In May 2018, it was announced that Amada, a Japanese company with U.S. headquarters in Buena Park, California, selected High Point for an \$87 million expansion expected to generate 201 new jobs over the next five years. Amada's future High Point operations will manufacture and assemble a new line of high-precision press brace bending equipment for the U.S. market.

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In July 2018, Norwegian Cruise Line announced it will hire 200 people for entry level positions in the Piedmont Triad region, which includes Guilford County, to match guests' vacation plans with Norwegian destinations.

In downtown Greensboro, construction is underway on a \$70 million hotel/apartment complex at Eugene and Bellemeade Streets, across from the Greensboro Grasshoppers' baseball stadium. Completion of the project is expected in late 2018.

In addition, construction started in the spring of 2017 on the \$78 million Steven Tanger Center for the Performing Arts with an anticipated completion in 2020.

In August 2018, the High Point Enterprise reported that a new entrepreneurship center, HP365, will be 40 to 50 percent operational in time for the City of High Point's fall furniture market in October 2018 and fully operational by the April 2019 market. HP365 complements a potential \$140 million downtown revitalization of High Point and will be located in a former hosiery mill adjacent to a new stadium being built. The stadium will house an Atlantic League professional baseball team, a hotel, restaurant, brew pub, offices, retail, condos, and apartments.

Long-term financial planning. On May 4, 2017 the Guilford County Board of Commissioners approved guidelines to form a Joint Capital/Facilities Planning Committee with the Guilford County Schools Board of Education for planning and contracting for the construction of school facilities. As school capital and debt service for schools is a significant portion of the County budget, it is important that the Board of Education understands the County's fiscal position and capacity to fund future capital. It is also important that the Board of Commissioners understand the school facility needs and priorities. The Joint Capital/Facilities Planning Committee will discuss, plan, review, develop, and make recommendations for funding school capital improvements. Additionally, the committee will jointly evaluate new and innovative approaches to develop and construct schools that meet the educational needs of our students in an efficient and responsible manner.

The Guilford County Board of Commissioners continued implementation of the County's FY2018-2027 Capital Investment Plan (CIP). The County finished renovations on two major parking structures in Greensboro and High Point and work continued on a number of projects for Emergency Services, Guilford Technical Community College, and the Guilford County Schools.

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 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.

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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, 2018 were \$4.74 million on an average invested balance of \$340 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, and insurance. Effective July 1, 2017, the County will no longer participate in the Local Government Excess Liability, Inc. and the Local Government Property Insurance Deductible Fund, Inc., but will collect the deposits in the Funds as investments of 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, 2017 contribution rate of 7.5% of salary for general employees and 8.11% for Law Enforcement employees was increased to 7.75% and 8.36%, respectively beginning July 1, 2018. 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, 2018, the balance of the trust was \$2.3 million.

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 noncontributory, 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

LETTER OF TRANSMITTAL

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 two deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans permit 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, 2018, the balance of the trust was \$14.4 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, 2017. This was the thirty-seventh consecutive year that Guilford County has received this prestigious award. In order to be awarded a Certificate of Achievement a governmental unit must publish an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

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

Respectfully submitted,



Harley L. Will, 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, 2017

Christopher P. Morill

Executive Director/CEO

PRINCIPAL OFFICIALS

Board of County Commissioners

**Alan Branson
Chairman**

**Justin Conrad
Vice Chairman**

Melvin “Skip” Alston

Kay S. Cashion

Carolyn Q. Coleman

J. Carlvena Foster

Hank Henning

Alan Perdue

Jeff Phillips

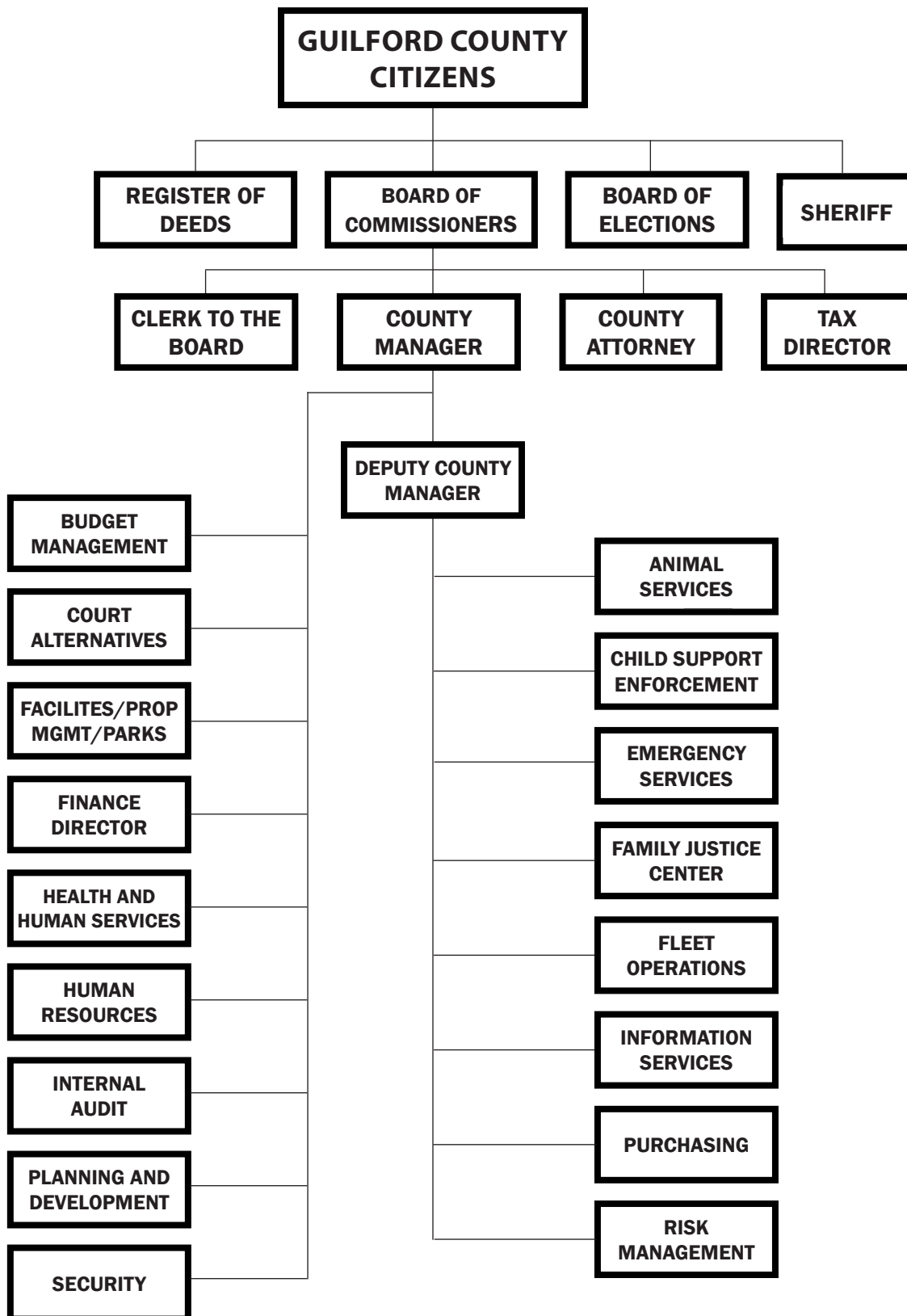
County Manager

Marty K. Lawing

Finance Director

Harley L. Will, CPA

2017-18 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, 2018, 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, 2018, 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 1.E.10 to the financial statements, the County adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*. As a result, net position as of June 30, 2017 has been restated. Our opinion is 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, 2018 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.

 LLP

Raleigh, North Carolina
October 31, 2018

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, 2018. 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 - ix.

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 \$565.1 million (net position).
- During fiscal year 2018, the County implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation required a restatement to reduce beginning net position \$145 million by reversing the net other postemployment benefits (OPEB) obligation required under prior standards and recording a net OPEB liability under Statement No. 75.
- The County's total net position (as restated) increased by \$17 million compared to the prior year. This increase is dampened by 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 increase in net position was significantly less than the \$40.4 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 \$57.4 million.
- The County's outstanding debt decreased by \$71.1 million to \$808.2 million during the fiscal year, while its investment in capital assets increased \$1.6 million to \$243.2 million.

The County's Funds

- At the fiscal year end, Guilford County's governmental funds reported a combined fund balance of \$256.8 million, a decrease of \$50.8 million from the previous fiscal year end. Approximately 51.4% of this combined fund balance, or \$132.1 million, is non spendable or restricted. The fund balance decreases occurred in the General, County Building Construction Capital Outlay, and School Capital Outlay Funds due mostly to the expenditure of general obligation bonds and related premiums issued in prior years.
- The fund balance of the County's General Fund decreased \$11.9 million as expenditures exceeded revenues by \$4.9 million while net other financing sources and uses consumed another \$7.1 million.
- The unassigned fund balance for the General Fund (the County's major operating fund) decreased by \$4.5 million to \$82.9 million at fiscal year end equaling 14.3% 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Report

This section, management's discussion and analysis along with the transmittal letter, is intended to serve as an introduction to Guilford County's basic financial statements. Guilford County's basic financial statements contain three parts—two kinds of statements that provide two different views of the County, 1) government-wide financial statements and 2) fund financial statements, along with 3) the notes to the financial statements. The report also contains other supplementary information.

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

1. The *statement of net 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Guilford County maintains six 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 three 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

MANAGEMENT’S DISCUSSION AND ANALYSIS

majority of the cost of constructing these assets. Liabilities and deferred inflows exceeded assets and deferred outflows by \$565.1 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).

Table A-1 GUILFORD COUNTY’S Net Position (Primary Government)		
	Governmental Activities	
	2018	2017
Current and other assets	\$ 325,279,601	376,734,015
Capital assets	243,165,378	241,597,430
Total assets	568,444,979	618,331,445
Deferred Outflows	27,230,484	39,448,979
Long-term liabilities outstanding	1,103,672,020	1,048,287,254
Other liabilities	36,142,473	41,285,405
Total liabilities	1,139,814,493	1,089,572,659
Deferred Inflows	20,925,590	5,319,303
Net position:		
Net investment in capital assets	161,980,529	153,117,332
Restricted	76,345,568	83,218,317
Unrestricted	(803,390,717)	(673,447,187)
Total net position	\$ (565,064,620)	(437,111,538)

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, 2018 include outstanding general obligation debt of \$612.9 million and limited obligation bonds of \$16.8 million related to funding these non-county assets. This represents 86.8% 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	
	2018	2017
Revenues		
Program revenues		
Charges for services	\$ 45,355,646	48,335,657
Operating grants and contributions	61,690,059	94,026,323
Capital grants and contributions	863,600	294,432
General revenues		
Taxes:		
Property taxes for general purposes	371,854,995	365,216,327
Property taxes for fire districts	15,643,378	14,327,320
Sales taxes for general purpose	66,184,418	64,754,909
Sales taxes for fire districts	3,405,002	3,258,046
Sales taxes for school capital/debt	19,741,363	19,164,469
Occupancy taxes for tourism development	5,983,575	5,724,845
Other taxes	3,713,419	3,700,014
Grants and contributions not restricted	1,538,348	1,572,186
Unrestricted investment earnings	5,190,563	2,773,338
Other	338,138	295,608
Total revenues	601,502,504	623,443,474
Expenses		
General government	45,157,062	45,807,940
Human services	113,292,511	142,424,262
Public safety	134,222,836	130,189,605
Environmental protection	1,920,573	1,730,646
Culture and recreation	7,349,892	6,946,253
Economic development/urban redevelopment	7,228,783	7,198,235
Education	251,422,951	287,534,526
Interest on long-term debt	23,866,360	20,624,742
Total expenses	584,460,968	642,456,209
Changes in net position	17,041,536	(19,012,735)
Net position at beginning of year	(437,111,538)	(418,098,803)
Cumulative effect of change in accounting principle	(144,994,618)	-
Net position at end of year	\$ (565,064,620)	(437,111,538)

For fiscal year 2018, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which required a change in the reporting of the County's other postemployment benefits (OPEB) program. The historical reporting of the net OPEB obligation has been replaced by the actuarial present value of projected benefit payments to period of employee service reported as net OPEB liability. The implementation required a restatement to reduce beginning net position by \$145 million to reverse the net OPEB obligation under prior standards and record a net OPEB liability.

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

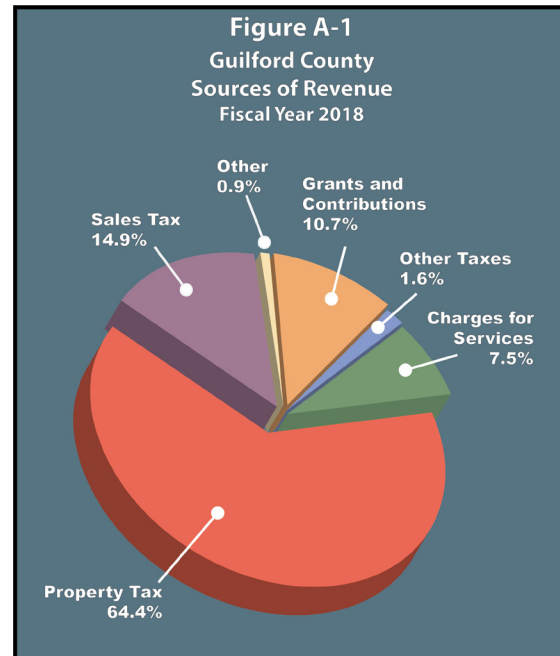
MANAGEMENT'S DISCUSSION AND ANALYSIS

fall under the scope of Statement 74. The implementation required enhanced financial statement disclosures and supplementary information.

As noted in the highlights, Guilford County's net position (as restated) increased \$17 million during the current fiscal year primarily as a result of decreased expenses for school and community college facilities from bond proceeds and other sources. The expenses under the education activity include \$40.4 million in capital spending with \$28.8 million for school facilities and \$11.6 million for community college facilities. The increased net position is primarily a result of the decreased education capital spending, down \$44.1 million from the prior fiscal year's \$84.5 million.

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

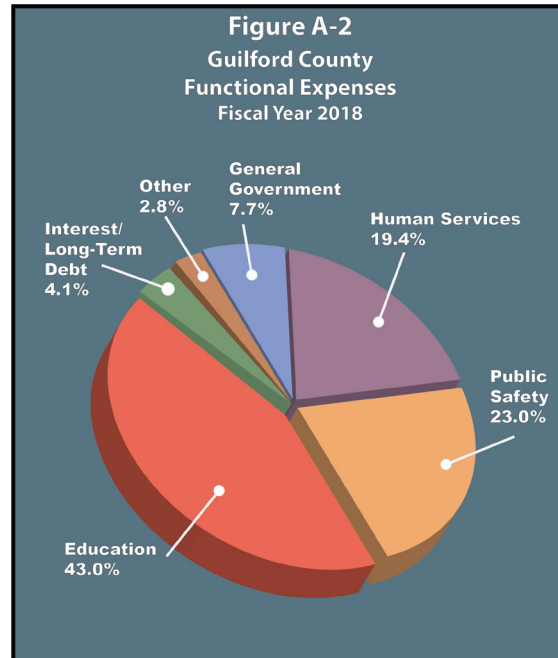
- Guilford County's activities would increase net position even more if the expenses related to capital funding provided to outside entities and debt and restricted revenue supporting these expenses were eliminated.
- Program revenues covered 18.5% of program expenses, decreasing 22.2% from last year, due partially to lost operating grant revenues that funded all related expenses.
- Program revenues totaled \$107.9 million decreasing by \$34.7 million from the previous year. Charges for services decreased relative to the prior year \$3 million to \$45.4 million, operating grants from the State and Federal government decreased \$32.3 million to \$61.7 million while capital grants and contributions increased \$0.6 million to \$0.9 million. Human Services, Public Safety and Economic Development and Assistance reported the most change in charges for services. Human Services and Economic Development and Assistance were down \$2.6 million and \$1.2 million, respectively, while Public Safety was up \$0.6 million. The most significant decrease in Human Services was \$2.5 million in Public Health while Public Safety increases were mainly in Law Enforcement (\$0.9 million) and Emergency Services (\$0.3 million) offset by decreases mainly in Inspections (\$0.3 million) and Court Alternatives (\$0.3). The Economic Development and Assistance decrease was due to the final special assessments billing in the prior year related to the since terminated water and sewer program with several municipalities. The net decreases 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 \$493.6 million increasing by \$12.8 million over the previous year. Property tax revenue increased \$8 million to \$387.5 million as the assessed value increased \$2.5 billion due to a revaluation. Fire district tax rates generally increased slightly while the County-wide tax rate declined from \$.755 to \$.7305 per hundred of assessed value. Sales tax revenue increased \$2.2 million to \$89.3 million. Investment earnings increased \$2.4 million to \$5.2 million. The remaining general revenues increased \$0.3 million overall.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Expenses decreased 9% or \$58 million to \$584.5 million. Education expenses were down \$36.1 million or 12.6% due to a decrease in capital funds expended by the schools and community college of \$44.1 million while operating funds increased \$8 million. Human services expenses decreased \$29.1 million or 20.5% due mainly to the state taking over daycare payments to providers formerly paid by the County. Public safety expenses increased \$4.0 million or 3.1% due mainly to increased Law Enforcement and Animal Services salaries and benefits and increased funding to the rural Fire Districts of \$1.3 million. Interest on long-term debt increased \$3.2 million or 15.7% due mainly to the prior year issuance of new debt. The remaining functional levels of general government, environmental protection, culture/recreation and economic development and assistance had only minor changes from FY2017. 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 down \$1 million, spread among operations as \$0.6 million of increased expenditures at the fund level are reduced \$0.7 million currently versus an increase of \$0.9 million in the prior year to convert to full accrual accounting at the entity level. Retiree healthcare expense is down \$2.5 million and spread among operations as well.



- Net position (as restated) increased \$17 million versus a \$19 million decrease in the previous year. Increased in general revenues net of decreased program revenues and decreased 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 \$256.8 million, a decrease of \$50.8 million in comparison with the prior year. Most of the decrease is attributable to the expenditure of general obligation bonds issued during the prior fiscal year as well as an \$11.9 million reduction from General Fund operations. Net capital decreases of \$5.4 million and \$33.7 million are used by County capital activity and school and community college capital activity, respectively. The fund balance available for appropriation, which is not reserved under North Carolina general statutes, makes up 78.4% of the total or \$201.3 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

MANAGEMENT'S DISCUSSION AND ANALYSIS

been contractually committed: (1) non spendable prepaid expenses and inventories (\$1.1 million), (2) to liquidate contracts and purchase orders of the prior period (\$13.6 million), or (3) reserved under other state statutory requirements (\$40.8 million).

Approximately \$76.5 million of the available fund balance is restricted for a specific purpose, mainly capital, while another \$13.2 million has been committed for a specific purpose, again mainly capital. Assigned fund balance of \$30.3 million has for the most part been appropriated in the FY2019 budget or assigned towards capital projects. The unassigned fund balance totals \$81.2 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 \$131.2 million, down \$13.1 million, while total fund balance dropped \$11.9 million to \$179.5 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 22.7% of total General Fund expenditures, while total fund balance represents 31% 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 \$82.9 million is equal to 13.5% of the fiscal year 2018-19 General Fund budget.

The fund balance of Guilford County's General Fund decreased \$11.9 million during the current fiscal year. Revenues of \$574.2 million were less than expenditures by \$4.9 million and other financing sources and uses used another \$7.1 million. Revenue was down 2.9% over all, decreasing by \$17.2 million compared to last fiscal year. General Fund revenue activities are as follows:

- Property tax revenue increased to \$371.8 million, up \$6.9 million or 1.9% 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 \$48.2 billion to \$50.7 billion while the County-wide tax rate decreased to \$.7305 from \$.755 per hundred of assessed value.
- Sales tax revenue in the General Fund increased by \$2 million or 1.9% to \$85.9 million as taxable retail sales remained stable at \$7.4 billion, increasing just \$80.7 million or 1.1%.
- Excise tax revenue remained stable although still down from its highs prior to the real estate market downturn.
- Intergovernmental revenue decreased \$26.9 million or 30.2% to \$62.3 million with most of the change in Social Services down \$27.4 million related to Child Day Care payments taken over by the State as well as Medicaid eligibility and services.
- Charges for services decreased \$1.6 million to \$39.6 million, down 4%. The most significant decrease was in Public Health for \$2.6 million and increase was in Law Enforcement for \$0.8 million with net increases totaling \$0.2 million spread throughout other departments. The Public Health decrease was due to decreased Medicaid services and to the State settling and paying less Medicaid Cost Report funds due to the County. Jail fees for holding State inmates and charges to the Schools for Resource Officers were up in Law Enforcement.
- Investment income for the General Fund increased by \$2.2 million to \$3.9 million, up 129.8% as interest rates rose and the average invested balance increased.
- Other revenues increased \$0.4 million, up 8.3%.

MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund expenditures were \$579 million, decreasing \$1.3 million or 0.2% from last year. Highlights of significant areas of change include:

- General Government expenditures increased \$1 million, due mainly to increases and decreases netting to \$0.8 million generally spread among most of the departments. More significant increases in Information Services and Tax of \$0.5 million and \$0.2 million, respectively, were somewhat offset by a \$0.5 million decrease in Elections due to the election cycle. Information Services increases were mainly in software and/or equipment maintenance/repair costs. Tax increases were for salaries and benefits and foreclosure-related costs.
- Human Services expenditures decreased \$25.6 million, down 19% mainly due to decreased expenditures of \$27.4 million in Social Services, net of increases in Public Health and Cooperative Extension Service of \$0.8 million each. Social Services decreases were mainly in the Child Day Care program where \$25.1 million of provider payments were taken over by the State as well as smaller decreases in Medicaid Administrative and Federal Crisis Intervention Programs. Most Public Health increases continue to be in salaries and benefits. Cooperative Extension Service increases were related to construction in progress at the facility. Less significant increases and decreases were spread among the other departments.
- Public Safety expenditures increased \$3 million to \$107.2 million, a 2.9% increase mainly in the Law Enforcement Department which increased \$2 million, up 3.1% to \$68.5 million and Animal Services up \$0.6 million or 20.5% to \$3.8 million. Law Enforcement salaries and benefits were up compared to fiscal year 2017. Most of the increase occurred in the Detention Centers to provide more officers. Animal Services salaries and benefits again accounted for most of the increase to re-class positions and better accommodate demand for services. Other Public Safety increases and decreases were generally spread among the remaining departments.
- Debt service costs increased \$11.7 million to \$96 million due mainly to increased principal and interest costs which were partially mitigated by decreased legal, liquidity, remarketing and bond issue costs due in part to a 2018 refunding of variable rate general obligation bonds. As part of a structured financing intended to level the future budgetary impact from bonds issued during fiscal year 2017, \$23.115 million of premium was to be budgeted from restricted fund balance over the next three fiscal years such that the increased debt service requirements would have minimal impact on the General Fund's unassigned fund balance. As such, \$8.6 million was budgeted in fiscal year 2018 from this restricted fund balance to partially cover the increase in debt service costs.
- Economic Development and Assistance expenditures decreased \$0.4 million to \$1.1 million from decreased economic incentive payments and agency funding.
- Education expenditures increased \$8 million as the Guilford Technical Community College funding increased \$0.5 million to \$15.2 million while the Guilford County Schools amount increased \$7.5 million to \$195.9 million.

The other major governmental funds are County Building Construction Fund and School Capital Outlay Fund. The County Building Construction Fund primarily handles capital projects in which the assets are retained entirely or in part by the County. The School Capital Outlay Fund, funds the construction of school buildings and facilities for the Guilford County Board of Education and Guilford Technical Community College.

The County Building Construction Fund fund balance decreased \$5.4 million to \$45.9 million. Revenue and other sources included \$1 million from several revenue sources and \$2 million transfer of County funds from the General Fund for pay-as-you-go financing of capital projects. Expenditures of \$8.2 million

MANAGEMENT'S DISCUSSION AND ANALYSIS

included general government projects of \$3 million mainly for HVAC systems and the renovation of several buildings; public safety projects of \$4.3 million included \$1.9 million for the 800 MHz Infrastructure project and \$1.4 million for the EMS Maintenance/Logistics Facility project; while park projects with total expenditures of \$0.8 million were mainly for the Bur Mill Park Clubhouse Renovation project.

The School Capital Outlay Fund fund balance decreased \$33.7 million from \$61.5 million to \$27.8 million due mainly to the current expenditure of previously issued general obligation bonds for both Guilford County Schools and Guilford Technical Community College purposes. Other financing sources were \$6.5 million transfers in from the General Fund and intergovernmental revenues from the State totaling \$0.2 million. Expenditures of \$40.4 million consisted of \$28.8 million and \$11.6 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 revenues of internal service operations exceeded operating expenses by \$0.1 million. Nonoperating revenue (net investment gain) added \$0.4 million resulting in an overall gain of \$0.5 million. The County anticipated using up to \$2.3 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 gain was generated from the Risk Retention programs (Liability, Property and Workers' Compensation) as premium and other revenues exceeded claims, insurance and professional services by \$0.7 million, while Health Care and Wellness programs generated a \$0.2 million loss.

General Fund Budgetary Highlights

The final General Fund budget for fiscal year 2017-18 was \$824.5 million, an increase of \$216.1 million from the original budget of \$608.4 million which is a 35.5% increase. However, discounting the budgetary impact of a refunding bond issue, operations increased \$6.7 million or 1.1%.

Table A-3 Summary of GUILFORD COUNTY'S Additional Appropriations (General Fund)			
	Sources		Uses
Fund Balance	\$ 8,892,901	Social Services	\$ (4,115,577)
		Cooperative Extension Service	972,287
Intergovernmental Revenue	(3,232,958)	Law Enforcement	4,458,732
		Recreation - Parks	1,403,212
Other Sources	1,052,669	Economic Development & Assistance	2,463,657
		Other Uses	1,525,747
Refunding Bonds Issued	179,785,000	Debt Service	593,992
		Payment to Bond Refunding Agent	208,411,515
Premium on Refunding Bonds	29,635,953	Payment to Terminate Interest Rate Swaps	420,000
	\$ 216,133,565		\$ 216,133,565

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, 2018 was \$7.7 million for all General Fund departments. This accounts for most of the \$8.9 million additional fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

balance appropriation, representing 4.1% 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. However, due mainly to the State takeover of Child Day Care payments, the intergovernmental revenues (and expenditures) budget of the Health and Human Services Department's Social Services division declined \$4.7 million. The decline was partially offset by increases of \$1.5 million over several other departments, providing an overall decrease in intergovernmental revenues of \$3.2 million or -1.5% of the budget increase. Other changes during the year resulted in small increases in several other revenues totaling \$1.1 million. The most significant funding increase was a \$179.8 million general obligation refunding bond issue (including \$29.6 million in premiums) to convert existing variable rate bonds to fixed rate in anticipation of a rising interest rate environment. This refunding accounted for 96.9% of the budget increase.

The final General Fund budget for fiscal year 2017-18 was \$824.5 million, increasing \$208.8 million related to a current year refunding opportunity, decreasing \$24.35 million from a prior bond issue and decreasing \$5 million from regular operations versus the previous year's final budget. Human Services decreased \$26 million due to a \$26.5 million decrease in the Health and Human Services Social Services' Division, mostly in the Child Day Care program where provider payments were taken over by the State as well as Medicaid eligibility and services. Significant increases occurred in General Government, Public Safety, Culture – Recreation, Education and Debt Service. General Government departments increased \$1.7 million mainly in Information Services and Tax but generally spread among most of the departments. Public Safety departments increased \$3.1 million mainly in Law Enforcement by \$1.6 million with additional increases spread among most of the other departments. The Law Enforcement increase funded mainly salaries and benefits for additional staffing in the Greensboro Detention Center. Culture - Recreation increased \$1.4 million to fund special maintenance projects and capital additions at the Hagan-Stone and Northeast Parks. Education increased \$8 million for Guilford County Schools (GCS) and Guilford Technical Community College (GTCC) operations by \$7.5 million and \$0.5 million, respectively. Debt Service increased \$7.1 million due mainly to additional principal and interest requirements from the prior fiscal year issuance of \$187.3 million in general obligation bonds for school, community college and County public building purposes. General Fund expenditures and other uses for the 2018 fiscal year were 96.5% of the final budget, up from the 95% from fiscal year 2017.

The resulting \$28.6 million variance in the actual expenditures and other uses from the final budget versus \$32.2 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 although most of the reduction in the overall variance occurred in Debt Service. Variances generally remained steady at all functional levels of the General Fund except for a \$4.6 million decrease in Debt Service due to rising interest rates on variable rate debt.

Capital Asset and Debt Administration

Capital assets. Guilford County's investment in capital assets for its governmental activities as of June 30, 2018, amounts to \$243.2 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 increase in its investment in capital assets was \$1.6 million during the current fiscal year.

Construction in progress increased \$5.3 million before transfers, mainly for the major renovations and repairs to several Greensboro and High Point general government and courthouse buildings, several public safety related buildings/facilities, Cooperative Extension's Administrative building, and the Bur Mil

MANAGEMENT’S DISCUSSION AND ANALYSIS

Park Clubhouse. Buildings increased \$0.3 million from closing some smaller projects out of construction in progress. Improvements other than buildings increased only \$0.8 million before depreciation, mainly for several Human Service and Park related projects. Machinery and equipment increased \$2.4 million before depreciation as additions of \$2.9 million mainly for public safety communication and other equipment outpaced disposals. Vehicles increased \$1.6 million, before depreciation as additions of \$3.5 million mainly for Fleet, Transportation, Law Enforcement and Emergency Services outpaced disposals as well.

Additional information on Guilford County’s capital assets can be found in Note III. C. on pages 33 and 34 of this report.

Table A-4 GUILFORD COUNTY’S Capital Assets (Net of Accumulated Depreciation)		
	Governmental Activities	
	2018	2017
Land	\$ 51,154,319	49,435,792
Buildings	150,914,266	155,961,910
Improvements other than buildings	10,123,347	10,325,978
Machinery and equipment	15,478,927	15,197,275
Vehicles	5,829,118	5,392,567
Construction in progress	7,549,563	2,594,234
Intangibles	2,115,838	2,689,674
Total	\$ 243,165,378	241,597,430

Debt Administration. At the end of the current fiscal year, Guilford County had total bonded debt outstanding of \$725.6 million, \$708.7 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 \$86.3 million in unamortized bond issuance premiums all net of interest rate swap termination charges of \$3.7 million. Guilford County’s total debt decreased \$71.1 million during the fiscal year. In fiscal year 2018, the County issued a total of \$209.4 million in debt consisting of \$179.8 million of fixed rate general obligation refunding bonds at a \$29.6 million premium. The new debt retired \$203.9 million of refunded variable rate general obligation bonds and terminated an interest-rate swap with a notional amount of \$18 million at a cost of \$420,000. The refundings were estimated to reduce total debt service over the next fourteen years by \$7.7 million and generate a net economic gain of \$6.3 million. Additionally, the County retired \$62.4 million with scheduled principal payments on general obligation bonds and other debt.

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 \$4.1 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 35-39 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table A-5
GUILFORD COUNTY'S Outstanding Debt

	Governmental Activities	
	2018	2017
General obligation bonds	\$ 708,735,000	793,990,000
Plus bond issuance premiums	86,286,946	71,218,569
Less swap termination fees	(3,687,370)	(4,075,031)
Limited obligation bonds	16,845,000	16,845,000
Capital leases and purchase money installment contracts	-	1,275,585
Total	\$ 808,179,576	879,254,123

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

- The County's fiscal 2019 General Fund budget has increased by \$7.9 million from the fiscal year 2018 original budget to \$616.3 million, a 1.3% increase.
- The General Fund appropriated fund balance of \$31 million for the fiscal year 2019 is \$2.7 million less than last year's original General Fund budget, and maintains a stable unassigned fund balance at June 30, 2018 of 13.4% of the 2019 budget, down from the 14.4% at June 30, 2017. Decreases to appropriations from generally available fund balance were \$3.6 million while increases to appropriations from restricted, committed and assigned funding sources accounted for \$0.9 million. The most significant increase is the planned use of an additional \$2 million Public Health Medicaid Maximization funds for some expansion of services as well as one-time major maintenance on facilities used by the restricted programs. This increase was offset mainly by a \$1.6 million reduction in the budget 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 2019 remained unchanged from the prior year at \$.7305 per \$100 valuation. The steady rate combined with a 1.8% increase in the County's estimated tax base to \$51.5 billion will add \$6.5 million in current tax revenue, a 1.8% increase over the previous year. Anticipated collections of prior years' tax revenue remained steady. Estimated sales tax revenue of \$91 million for the fiscal year 2019 is \$5.4 million greater than last year's original General Fund budget, up 6.3%. Intergovernmental revenue decreased by \$4 million as a result of a change in the way the state pays for child day care services for qualified clients by paying providers directly versus reimbursing the County for these costs. Other significant changes in revenue include increases in investment income of \$2.1 million.
- The General Fund budgets with the most significant decreases are Social Services and Debt Service. The Social Services expenditure budget is down \$4.9 million of which \$5.1 million or 7.8% is due primarily to the removal of remaining daycare funding as the State completes its transition to direct payment of daycare vendors rather than passing funds through the counties. Previously, these funds "passed through" the County's budget and accordingly were offset by intergovernmental revenues. Debt service expenditures are budgeted to decrease due to fixing out the County's variable rate bonds at lower levels than were budgeted in the past as well as removal of funds for any issuance costs for

MANAGEMENT'S DISCUSSION AND ANALYSIS

additional debt such as “two-thirds” bonds for capital projects. In November 2017, the County refunded a portion of its 2012 fixed rate bond issue and all of its variable rate debt, and terminated its sole remaining swap on those variable rate bonds. The bond portfolio is now 100% fixed rate which simplifies and clarifies budgeting for future years’ debt service.

- The 2019 General Fund budgets with the most significant increases over the 2018 amounts remain Education related as operating support increased \$7.8 million or 3.7% to \$218.8 million with appropriations to Guilford County Schools up \$6.8 million to \$202.6 million and to Guilford Technical Community College up \$1 million to \$16.2 million. Capital support for Guilford County Schools increased \$1 million to \$6 million while Community College support remained \$1.5 million. Public Health increased \$2.3 million or 6.7% to \$36.2 million mostly from restricted fund balance that will be used for some expansion of services as well as one-time major maintenance on facilities used by the restricted programs. Human Resources is up \$1.2 million or 14.7% due to the adjustments made to retiree health care costs. Other significant increases are Law Enforcement up \$1.7 million or 2.5% to \$68.3 million; and Emergency Services up \$1.0 million or 3.4% to \$30.9 million. The increase in the Law Enforcement budget can be tied to \$1.2M in Personnel Services due to merit increases. Additionally, the budget includes approximately \$0.5 million in scheduled cost increases for contracted health services at the County’s two detention centers as well as other software and insurance expenses. The Emergency Services’ budget increase is due to \$0.5 million combination of fees for medical examiner services, increases in City Radio Shop service and an increase in the share for Guilford-Metro 911 costs. The department’s budget also saw increases with Personnel merit and overtime costs as well as increase in capital cost for major equipment funds for the the replacement of rescue tools, training mannequins, and other items. Other notable but less significant budget increases include Tax Department’s primarily driven by funding for aerial photography software to aid the department with accurate documentation of real property within the County. The Transportation budget increased due to the inclusion of replacement vehicles per the state funding plan. This increase offsets the shift of Medicaid transport expenses and payments to Social Services as the result of the State starting direct payment for those services. Animal Services budget increases to reflect medical supply and drug costs at the shelter as well as in operating costs for the SPOT program. Other Services & Charges in the Animal Services budget also increased to reflect additional funding for Project Bark and SPOT, and funds for unexpected repairs at the Animal Shelter complex to keep it in good repair and compliance with State regulations until the new facility is completed. Increased budgets for the Family Justice Center reflects the increased personnel, supplies and materials and professional services expenses as the program expands into its High Point location in September 2018. Child Support Enforcement saw a budget increase due to county-wide merit increases and two new Child Support Establishment agents. These positions will be responsible for investigating and locating the parents of minor dependent children to determine if the parent is capable of contributing to the support of the child.

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 Harley L. Will, 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, 2018, 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, 2018

Exhibit 1

	Primary Government	Component Unit
	Governmental Activities	Greensboro/Guilford County Tourism Development Authority
Assets		
Cash and cash equivalents/investments	\$ 274,949,556	5,422,873
Receivables:		
Property taxes (net)	5,384,106	-
Accrued interest on property taxes (net)	1,049,479	-
Due from other funds	-	-
Other taxes	596,843	-
Due from governmental units and agencies	37,735,892	91,562
Due from primary government	-	366,693
Service fees (net)	3,036,249	-
Special assessments	956,764	-
Accrued interest on investments	246,003	4,352
Other	-	8,727
Total receivables	49,005,336	471,334
Deposits and other assets	575,245	-
Net pension asset - restricted	749,464	-
Total non-capital assets	325,279,601	5,894,207
Non-depreciable capital assets	58,927,882	-
Depreciable capital assets (net)	184,237,496	53,642
Total capital assets	243,165,378	53,642
Total assets	568,444,979	5,947,849
Deferred Outflows of Resources		
Unamortized bond refunding charges	3,958,133	-
Related to pension plans and other benefits	23,272,351	-
Total deferred outflows of resources	27,230,484	-
Liabilities		
Accounts payable and accrued liabilities	35,030,114	150,093
Due to component unit	366,693	-
Deposits	745,666	-
Current portion of long-term liabilities	66,985,120	-
Noncurrent portion of long-term liabilities	1,036,686,900	-
Total liabilities	1,139,814,493	150,093
Deferred Inflows of Resources		
Unearned revenue	5,979,399	-
Related to pension plans and other benefits	14,946,191	-
Total deferred inflows of resources	20,925,590	-
Net Position		
Net investment in capital assets	161,980,529	53,642
Restricted for:		
Stabilization by State statute	55,533,418	582,284
Public Health programs	10,319,495	-
Guilford County Schools capital outlay	4,518,705	-
Other purposes	5,973,950	-
Unrestricted (deficit)	(803,390,717)	5,161,830
Total net position	\$ (565,064,620)	5,797,756

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

GUILFORD COUNTY, NORTH CAROLINA
Statement of Activities
For the fiscal year ended June 30, 2018

Exhibit 2

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	\$ 45,157,062	6,450,137	48,011	250,000	(38,408,914)	-
Human services	113,292,511	10,938,503	51,360,824	573,590	(50,419,594)	-
Public safety	134,222,836	26,799,597	1,346,383	40,010	(106,036,846)	-
Environmental protection	1,920,573	43,116	1,082,253	-	(795,204)	-
Culture - recreation	7,349,892	1,077,794	15,800	-	(6,256,298)	-
Economic development and assistance	7,228,783	46,499	207,465	-	(6,974,819)	-
Education	251,422,951	-	173,426	-	(251,249,525)	-
Interest on long-term debt	23,866,360	-	7,455,897	-	(16,410,463)	-
Total primary government	\$ 584,460,968	45,355,646	61,690,059	863,600	(476,551,663)	-
Component Unit:						
Greensboro/Guilford Co Tourism Dev Authority:						
Tourism promotion and development	\$ 4,652,093	41,956	5,237,996	-	-	627,859
General revenues:						
Taxes:						
Property taxes, levied for general purposes					371,854,995	-
Property taxes, levied for fire districts					15,643,378	-
Sales taxes, levied for general purposes					66,184,418	-
Sales taxes, levied for fire districts					3,405,002	-
Sales taxes, levied for school capital and/or debt					19,741,363	-
Occupancy taxes, levied for tourism development					5,983,575	-
Excise tax					2,872,476	-
Local gross receipts taxes					840,943	-
Grants and contributions not restricted to specific programs					1,538,348	-
Unrestricted investment earnings net of fair value increase of investment derivatives					5,190,563	66,434
Other					338,138	-
Total general revenues					493,593,199	66,434
Change in net position					17,041,536	694,293
Net position at beginning of year:						
As previously reported					(437,111,538)	5,103,463
Restatement					(144,994,618)	-
As restated					(582,106,156)	5,103,463
Net position at end of year					\$ (565,064,620)	5,797,756

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

GUILFORD COUNTY, NORTH CAROLINA
Balance Sheet
Governmental Funds
June 30, 2018

Exhibit 3

	<u>General</u>	<u>County Building Construction</u>	<u>School Capital Outlay</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and cash equivalents/investments	\$ 156,500,326	46,315,428	32,632,205	3,218,162	238,666,121
Receivables:					
Property taxes (net)	5,257,671	-	-	126,435	5,384,106
Accrued interest on property taxes (net)	1,049,479	-	-	-	1,049,479
Other taxes	72,996	-	-	523,847	596,843
Due from governmental units and agencies	35,188,720	289,692	1,133,526	1,077,736	37,689,674
Service fees (net)	2,323,691	-	-	-	2,323,691
Special assessments (net)	-	956,764	-	-	956,764
Accrued interest on investments	185,435	20,697	-	1,669	207,801
Total receivables	<u>44,077,992</u>	<u>1,267,153</u>	<u>1,133,526</u>	<u>1,729,687</u>	<u>48,208,358</u>
Deposits and other assets	1,097,850	-	-	-	1,097,850
Total assets	<u>\$ 201,676,168</u>	<u>47,582,581</u>	<u>33,765,731</u>	<u>4,947,849</u>	<u>287,972,329</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	\$ 10,277,347	696,883	5,963,163	168,749	17,106,142
Due to component unit	-	-	-	366,693	366,693
Deposits	745,666	-	-	-	745,666
Total liabilities	<u>11,023,013</u>	<u>696,883</u>	<u>5,963,163</u>	<u>535,442</u>	<u>18,218,501</u>
Deferred Inflows of Resources	<u>11,126,603</u>	<u>956,764</u>	<u>-</u>	<u>886,244</u>	<u>12,969,611</u>
Fund balances:					
Non spendable	1,097,850	-	-	-	1,097,850
Restricted	74,331,512	30,531,618	22,046,805	4,058,765	130,968,700
Committed	2,539	6,297,598	6,889,282	-	13,189,419
Assigned	21,202,603	9,099,718	-	-	30,302,321
Unassigned	82,892,048	-	(1,133,519)	(532,602)	81,225,927
Total fund balances (deficits)	<u>179,526,552</u>	<u>45,928,934</u>	<u>27,802,568</u>	<u>3,526,163</u>	<u>256,784,217</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 201,676,168</u>	<u>47,582,581</u>	<u>33,765,731</u>	<u>4,947,849</u>	<u>287,972,329</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, 2018

Exhibit 4

Total fund balances - total governmental funds (Exhibit 3)	\$	256,784,217
Amounts reported for governmental activities in the statement of net position are different because (see also Note II.A.):		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		243,165,378
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.)		7,390,349
Net pension asset - NC Register of Deeds' Supplemental Pension		749,464
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.)		27,206,996
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)		28,907,177
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.)		(1,114,323,644)
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>(14,944,557)</u>
Total net position of governmental activities (Exhibit 1)	\$	<u><u>(565,064,620)</u></u>

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

GUILFORD COUNTY, NORTH CAROLINA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the fiscal year ended June 30, 2018

Exhibit 5

	<u>General</u>	<u>County Building Construction</u>	<u>School Capital Outlay</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes:					
Property taxes	\$ 371,806,192	-	-	15,652,841	387,459,033
Sales tax	85,925,781	-	-	3,405,002	89,330,783
Occupancy taxes	-	-	-	5,983,575	5,983,575
Excise tax	2,872,476	-	-	-	2,872,476
Local gross receipts tax	840,943	-	-	-	840,943
Licenses and permits	1,994,084	-	-	-	1,994,084
Intergovernmental	62,329,663	-	173,426	166,245	62,669,334
Charges for services	39,584,446	323,073	-	-	39,907,519
Investment earnings	3,896,627	298,948	-	12,865	4,208,440
Other	4,926,939	364,000	-	-	5,290,939
Total revenues	<u>574,177,151</u>	<u>986,021</u>	<u>173,426</u>	<u>25,220,528</u>	<u>600,557,126</u>
Expenditures					
Current:					
General government	46,281,130	-	-	-	46,281,130
Human services	109,377,917	-	-	-	109,377,917
Public safety	107,160,264	-	-	18,817,436	125,977,700
Environmental protection	1,805,243	-	-	-	1,805,243
Culture - recreation	6,355,035	-	-	-	6,355,035
Economic development and assistance	1,078,963	-	-	6,149,820	7,228,783
Intergovernmental:					
Education	211,010,398	-	40,412,553	-	251,422,951
Capital outlay	-	8,206,891	-	-	8,206,891
Debt service:					
Principal retirement	62,445,585	-	-	-	62,445,585
Interest and fiscal charges	32,545,680	-	-	-	32,545,680
Bond issuance costs	969,842	-	-	-	969,842
Total expenditures	<u>579,030,057</u>	<u>8,206,891</u>	<u>40,412,553</u>	<u>24,967,256</u>	<u>652,616,757</u>
Excess (deficiency) of revenues over expenditures	<u>(4,852,906)</u>	<u>(7,220,870)</u>	<u>(40,239,127)</u>	<u>253,272</u>	<u>(52,059,631)</u>
Other Financing Sources (Uses)					
Refunding bonds issued	179,785,000	-	-	-	179,785,000
Payment to bond refunding agent	(208,024,114)	-	-	-	(208,024,114)
Premiums on refunding bonds issued	29,635,953	-	-	-	29,635,953
Payment to terminate interest rate swaps	(420,000)	-	-	-	(420,000)
Transfers in	212,149	2,000,000	6,500,000	-	8,712,149
Transfers out	(8,500,000)	(212,149)	-	-	(8,712,149)
Sale of capital assets	245,998	-	-	-	245,998
Total other financing sources (uses)	<u>(7,065,014)</u>	<u>1,787,851</u>	<u>6,500,000</u>	<u>-</u>	<u>1,222,837</u>
Net changes in fund balances	(11,917,920)	(5,433,019)	(33,739,127)	253,272	(50,836,794)
Fund balances at beginning 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>
Fund balances (deficits) at end of year	<u>\$ 179,526,552</u>	<u>45,928,934</u>	<u>27,802,568</u>	<u>3,526,163</u>	<u>256,784,217</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, 2018

Exhibit 6

Net changes in fund balances - total governmental funds (Exhibit 5)	\$	(50,836,794)
<p>Amounts reported for governmental activities in the statement of activities are different because (see also Note II.B.):</p>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. (Note II.B.1.)		1,590,273
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.)		(22,325)
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.)		(263,175)
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. The County's remaining swap was terminated during this fiscal year.		152,002
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.)		61,468,746
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.)		4,424,188
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)		528,621
Change in net position of governmental activities (Exhibit 2)	\$	17,041,536

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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary and GAAP Basis</u>	<u>Final Budget Positive (Negative)</u>
Revenues				
Taxes:				
Property taxes	\$ 366,450,750	366,450,750	370,472,313	4,021,563
Interest on delinquent property taxes	1,450,000	1,450,000	1,333,879	(116,121)
Total property taxes	367,900,750	367,900,750	371,806,192	3,905,442
Sales tax	85,546,675	85,546,675	85,925,781	379,106
Excise tax	2,600,000	2,600,000	2,872,476	272,476
Local gross receipts tax	850,000	850,000	840,943	(9,057)
Licenses and permits	2,082,031	2,082,031	1,994,084	(87,947)
Intergovernmental	70,548,032	67,315,074	62,329,663	(4,985,411)
Charges for services	37,626,522	37,967,755	39,584,446	1,616,691
Investment earnings	3,251,353	3,251,353	3,896,627	645,274
Other	4,180,671	4,679,957	4,926,939	246,982
Total revenues	574,586,034	572,193,595	574,177,151	1,983,556
Expenditures				
Current:				
General government	52,628,965	52,186,054	46,281,130	5,904,924
Human services	120,459,313	118,136,540	109,377,917	8,758,623
Public safety	106,775,526	112,161,288	107,160,264	5,001,024
Environmental protection	1,812,095	2,007,391	1,805,243	202,148
Culture - recreation	6,121,642	7,550,669	6,355,035	1,195,634
Economic development and assistance	1,380,780	3,844,437	1,078,963	2,765,474
Intergovernmental:				
Education	211,010,398	211,010,398	211,010,398	-
Debt service:				
Principal retirement	62,475,585	62,545,586	62,445,585	100,001
Interest and fiscal charges	37,249,696	36,796,848	32,545,680	4,251,168
Bond issuance costs	-	976,839	969,842	6,997
Total expenditures	599,914,000	607,216,050	579,030,057	28,185,993
Excess (deficiency) of revenues over expenditures	(25,327,966)	(35,022,455)	(4,852,906)	30,169,549
Other Financing Sources (Uses)				
Refunding bonds issued	-	179,785,000	179,785,000	-
Payment to bond refunding agent	-	(208,411,515)	(208,024,114)	387,401
Premiums on refunding bonds issued	-	29,635,953	29,635,953	-
Payment to terminate interest rate swaps	-	(420,000)	(420,000)	-
Transfers in	-	212,150	212,149	(1)
Transfers out	(8,500,000)	(8,500,000)	(8,500,000)	-
Sale of capital assets	119,059	119,059	245,998	126,939
Total other financing sources (uses)	(8,380,941)	(7,579,353)	(7,065,014)	514,339
Net change in fund balances	(33,708,907)	(42,601,808)	(11,917,920)	30,683,888
Fund balances at beginning of year	191,444,472	191,444,472	191,444,472	-
Fund balances at end of year	\$ 157,735,565	148,842,664	179,526,552	30,683,888

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, 2018

Exhibit 8

	Governmental Activities
Assets	
Current assets:	
Cash and cash equivalents/investments	\$ 36,283,435
Receivables:	
Due from governmental units and agencies	46,218
Service fees (net)	712,558
Accrued interest on investments	38,202
Total receivables	796,978
Deposits and other assets	497,832
Total assets	37,578,245
 Deferred Outflows of Resources	
Related to pension plans	23,488
 Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	7,232,754
Compensated absences	5,097
Total current liabilities	7,237,851
Noncurrent liabilities:	
Compensated absences	4,299
Net pension liability	30,198
Total noncurrent liabilities	34,497
Total liabilities	7,272,348
 Deferred Inflows of Resources	
Unearned revenues	1,420,574
Related to pension plans	1,634
Total deferred inflows of resources	1,422,208
 Net Position	
Restricted for self-funded insurance deposits	496,711
Unrestricted	28,410,466
Total net position	\$ 28,907,177

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, 2018

Exhibit 9

	Governmental Activities
Operating revenues:	
Charges for services	\$ 42,378,456
Other	49,783
Total operating revenues	42,428,239
Operating expenses:	
Personal services	182,845
Other direct service costs	24,291
Professional services	1,536,382
Claims, premiums and bonding	40,556,675
Total operating expenses	42,300,193
Operating gain	128,046
Nonoperating revenues:	
Net investment gain	400,575
Change in net position	528,621
Net position at beginning of year	28,378,556
Net position at end of year	\$ 28,907,177

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, 2018

Exhibit 10

	Governmental Activities
Increase (decrease) in cash and cash equivalents:	
Cash flows from operating activities:	
Cash received from user departments and participants	\$ 42,352,243
Other operating revenues	49,783
Cash paid to employees for services	(179,237)
Cash paid to suppliers, participants and others	<u>(34,307,423)</u>
Net cash provided by operating activities	<u>7,915,366</u>
Cash flows from investing activities:	
Interest and dividends on investments	<u>375,665</u>
Net increase in cash and cash equivalents	8,291,031
Cash and cash equivalents at beginning of year	<u>27,992,404</u>
Cash and cash equivalents at end of year	<u>\$ 36,283,435</u>
 Reconciliation of operating gain to net cash provided by operating activities:	
Operating gain	\$ <u>128,046</u>
Adjustments to reconcile operating gain to net cash provided by operating activities:	
Change in assets, deferred outflows, liabilities and deferred inflows:	
Increase in accounts receivable	(350,827)
Decrease in deposits and other assets	8,594,899
Decrease in deferred outflows of resources - related to pension plans	10,833
Decrease in accounts payable	(437,352)
Increase in accrued salaries and benefits payable	1,023
Increase in accrued vacation and compensatory benefits	1,947
Decrease in net pension liability	(9,341)
Decrease in deferred inflows of resources - unearned revenues	(23,008)
Decrease in deferred inflows of resources - related to pension plans	<u>(854)</u>
Total adjustments	<u>7,787,320</u>
Net cash provided by operating activities	<u>\$ 7,915,366</u>

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, 2018

Exhibit 11

	Pension / OPEB Trust Funds	Agency Funds
Assets		
Cash and cash equivalents/investments	\$ -	\$ 1,109,648
Guilford County Law Enforcement Officers' Special Separation Allowance (LEOSSA) Accounts:		
Demand deposits	6,220	-
N.C. Capital Management Trust Cash Portfolio	634,702	-
State Treasurer's Local Government Law Enforcement Officers' Special Separation Allowance (LEOSSA) Fund:		
Short-Term LEOSSA Fund	1,523,469	-
LEOSSA Equity Fund	199,410	-
State Treasurer's Local Government Other Post Employment Benefits (OPEB) Fund:		
Short-Term OPEB Fund	2,539,781	-
Long-Term OPEB Fund	1,835,278	-
OPEB Equity Fund	10,067,692	-
Cash and cash equivalents/investments	16,806,552	1,109,648
Receivables:		
Accrued interest on investments	252	-
Total assets	16,806,804	\$ 1,109,648
Liabilities		
Accounts payable and accrued liabilities	23,909	\$ 439,984
Representative payee clients payable	-	425,766
Due to other taxing units	-	119,760
Inmate trust funds payable	-	124,138
Total liabilities	23,909	\$ 1,109,648
Net Position		
Held in trust for pension / OPEB benefits	\$ 16,782,895	

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, 2018

Exhibit 12

		<u>Pension / OPEB Trust Funds</u>
Additions		
Employer contributions	\$	8,494,599
Retiree contributions		2,201,174
Investment income		1,053,023
Investment expenses		<u>(2,676)</u>
Total additions		<u>11,746,120</u>
 Deductions		
Benefits		9,900,636
Administrative expenses		<u>307,218</u>
Total deductions		<u>10,207,854</u>
Change in net position		1,538,266
Net position at beginning of year		<u>15,244,629</u>
Net position at end of year	\$	<u>16,782,895</u>

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

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2018

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 \$5,983,575 County levied occupancy taxes earned and included as an economic development and assistance expense of the County, \$4,188,503 is reported as part of the Authority's operating grants and contributions program revenue along with \$1,049,493 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

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

require reversal for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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), and proceeds of general obligation bonds when issued by Guilford County.

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

Additionally, the County reports the following fund types:

Proprietary fund:

The *Internal Service Fund* accounts for risk retention services, health care and wellness programs 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

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

Plan and provides postemployment healthcare 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 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

GUILFORD COUNTY, NORTH CAROLINA
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if the susceptible to accrual criteria are met. Some types of charges for services are susceptible to accrual. Human Services Departments' client and contract fees and Emergency Services Department ambulance fees net of an adjustment for estimated uncollectible fees are recognized when earned because they are considered both measurable and available. All other charges for services as well as licenses and permits and other revenues are not susceptible to accrual because generally, they are not measurable until received in cash.

D. Budgetary Control

In compliance with the North Carolina Local Government Budget and Fiscal Control Act, the County adopts an annual budget ordinance for all funds except certain projects within the County Building Construction and School Capital Outlay Capital Projects Funds authorized by project ordinance; the projects within the Community Development Special Revenue Fund authorized by grant ordinances, 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. Appropriations in the Community Development Fund are controlled by project. The annual budget is prepared on the modified accrual basis of accounting as required by North Carolina law and consistent with generally accepted accounting principles. It is amended for supplemental appropriations during the fiscal year by the Board of County Commissioners. The County Manager is authorized by the budget ordinance to make intrafund transfers of appropriations up to \$30,000 for each transaction, except that funds transferred cannot be used to create unauthorized positions or to raise salaries and that funds appropriated for merit raises can be used solely for that purpose. 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

GUILFORD COUNTY, NORTH CAROLINA
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investments of the proprietary fund are considered to be cash equivalents, since they are available on demand from the cash and investments pool.

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

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 consisting of short to intermediate treasuries, agencies and corporate issues authorized by General Statute 147-69.1 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. 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 General Statute 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. Funds in the NCCMT Government Portfolio are available for same-day redemption with notice by noon on the day of withdrawal. 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.

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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. On February 6, 2014, the Board of Commissioners approved the policy of conducting future revaluations every five years. The revaluation affecting the fiscal year 2018 levy was completed as of January 1, 2017. 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.

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 when significant 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, 2018, 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.

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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:

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

5. Vacation, Compensatory and Sick Leave Benefits

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

According to the provisions of The Fair Labor Standards Act, nonexempt employees may earn compensatory time at the rate of one and one-half hours for each hour worked in excess of specified limits. However, the Board of County Commissioners approved a revision to the personnel regulations effective August 30, 2009, that provided payment of overtime for non-exempt employees in lieu of compensatory time accrual. Further, the revision requires nonexempt employees to use compensatory balances prior to using other types of leave. The personnel regulations revision also eliminated compensatory time for exempt employees. 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 and

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post employment benefits related deferrals of pension and OPEB 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 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.

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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.

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) No. Statement 75, *Accounting and Financial Reporting for Financial Reporting for Postemployment Benefits Other than Pensions* in the fiscal year ending June 30, 2018. The implementation of the statement required the County to record beginning net OPEB liability and the effects on net position of contributions paid by the County to the OPEB Trust during the measurement period, as well as the removal of the net OPEB obligation. As a result, net position for the governmental activities decreased by \$144,994,618.

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

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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)	\$ 5,384,106
Accrued interest on property taxes receivable (net)	1,049,479
Special assessments receivable (net)	<u>956,764</u>
Net adjustment to increase total fund balances - total governmental funds to arrive at net position of governmental activities	<u>\$ 7,390,349</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	\$ 683,864
Contributions to NCLGERS pension plan in current fiscal year	9,092,962
Contributions to NCROD pension plan in current fiscal year	36,353
LEOSSA other pension plan related resources	577,410
NCLGERS other pension plan related resources	12,677,708
NCROD other pension plan related resources	204,054
Unamortized bond refunding charges	<u>3,958,133</u>
Subtotal	27,230,484
Less: NCLGERS plan contributions and other resources of the Internal Service Fund	<u>(23,488)</u>
Net adjustment to increase total fund balances - total governmental funds to arrive at net position of governmental activities	<u>\$ 27,206,996</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	\$ 708,735,000
Less: Interest rate swap termination payment (to be amortized as interest expense)	(3,687,370)
Plus: Issuance premiums (to be amortized against interest expense)	86,286,946
Accrued interest payable	10,691,218
Limited obligation bonds payable	16,845,000
Accrued compensated absences payable	10,539,407
Net pension liability - Law Enforcement Officers' Special Separation Allowance	8,798,451
Net pension liability - NC Local Government Employees' Retirement System	27,990,635
Net other postemployment benefits liability - Health Care Benefits Plan	<u>248,163,951</u>
Subtotal	1,114,363,238
Less: accrued compensated absences payable of the Internal Service Fund	(9,396)
Less: NCLGERS net pension liability of the Internal Service Fund	<u>(30,198)</u>
Net adjustment to decrease total fund balances - total governmental funds to arrive at net position of governmental activities	<u>\$ 1,114,323,644</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	\$ 1,171,297
NCLGERS pension related resource deferrals	1,514,295
NCROD pension related resource deferrals	6,357
OPEB related resource deferrals	<u>12,254,242</u>
Subtotal	14,946,191
Less: NCLGERS pension resource deferrals of the Internal Service Fund	<u>(1,634)</u>
Net adjustment to decrease total fund balances - total governmental funds to arrive at net position of governmental activities	<u>\$ 14,944,557</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 capital outlays exceeded depreciation in the current period.”	
	Capital outlay (net of Internal Service Fund amount of \$-0-)	\$ 14,193,520
	Less: depreciation expense (net of Internal Service Fund amount of \$-0-)	<u>(12,603,247)</u>
	Net adjustment to increase net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ 1,590,273</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>\$ (22,325)</u>
	Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ (22,325)</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)	\$ (25,620)
	Accrued interest on property taxes receivable (net)	64,960
	Special assessments receivable (net)	<u>(302,515)</u>
	Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ (263,175)</u>

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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 refunding bonds	\$ (179,785,000)
Less: premiums on refunding bonds issued	(29,635,953)
Plus: refunding bond costs	4,154,114

Principal repayments:

General obligation bonds	61,170,000
Capital leases and installment financings	1,275,585
Payment to escrow agent for refunding bonds	203,870,000
Payment to terminate interest rate swaps	420,000
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities	\$ 61,468,746

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	\$ (891,886)
Compensated absences	(1,131,188)
Amortization of deferred charge on refunding	(4,454,467)
Amortization of interest rate swap termination payment	(387,661)
Amortization of bond premiums	14,567,576
Net other postemployment benefits obligation - Health Care Benefits Plan	(3,958,780)
Law Enforcement Officers' Special Separation Allowance pension expense	837,819
NC Local Government Employees' Retirement System pension expense	(80,476)
NC Register of Deeds' Supplemental pension expense	(76,749)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities	\$ 4,424,188

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NOTES TO THE FINANCIAL STATEMENTS

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Cash Equivalents/Investments

As previously discussed, cash for all County funds is pooled for investment purposes. With the exception of a separate checking account, the Greensboro/Guilford County Tourism Development Authority (Authority) uses the County's pool for its investment purposes. At June 30, 2018, the cash and investments included the following:

Account Balances	Ownership of Funds
	Primary Government - Guilford County
Petty cash/cash on hand	Governmental Funds
\$ 90,090	\$ 238,666,121
Demand deposits	Internal Service Fund
1,257,415	36,283,435
Pooled investments	Total Governmental Activities
<u>273,932,177</u>	<u>274,949,556</u>
Pooled Funds	
275,279,682	
Investments in custody of Local Government Excess Liability Fund	
6,208,615	
Pension Trust Fund investments:	Pension Trust Funds
	16,806,552
LEOSSA Trust:	Agency Funds
	<u>1,109,648</u>
N.C. Capital Management Trust Government Portfolio	
634,702	
State Treasurer's Local Government LEOSSA Trust Fund	Primary Government - Guilford County
1,722,879	292,865,756
OPEB Trust - State Treasurer's Local Government OPEB Trust Fund	Component Unit – Authority
<u>14,442,751</u>	<u>5,422,873</u>
<u>\$ 298,288,629</u>	<u>\$ 298,288,629</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 \$1,210,546 and a bank balance of \$3,199,124. Of the bank balance, \$265,079 was covered by Federal depository insurance, and \$2,934,045 in non-interest-bearing deposits were covered by collateral held under the Pooling Method.

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Deposits of the Authority not included with the pool had a carrying amount of \$46,869 and a bank balance of \$164,713 which was fully covered by Federal depository insurance.

Investments

Pooled 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, 2018, 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	\$ 17,950,318	3.56
U.S. Government Agencies	Amortized Cost	35,669,447	4.11
U.S. Government Agencies	Fair Value - Level 2	42,969,371	30.51
Commercial Paper and Bankers' Acceptances	Amortized Cost	<u>66,664,031</u>	2.06
		163,253,167	6.07
N.C. Capital Management Trust			
Government Portfolio	Amortized Cost	3,018,301	Demand
Term Portfolio*	Fair Value - Level 1	<u>107,660,709</u>	1.08
Total Pooled Investments		\$ <u>273,932,177</u>	
Investments in custody of Local Government Excess Liability fund:			
U.S. Government Agencies	Fair Value - Level 2	<u>6,208,615</u>	33.49

* 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.

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, 2018, 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, 2018. The County's investment in the NC Capital Management Trust Term Portfolio had a value of \$9.68 per share and was unrated.

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

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, 2018, the following investment categories account for more than 5% of the County's investments as reported herein: Natixis New York Commercial Paper, 5.4%; Federal Home Loan Mortgage Corporation, 8.3% and Federal Home Loan Bank, 14.5%.

Investments in Custody of Local Government Excess Liability Fund

In July 2017, the County ceased its participation in the Local Government Excess Liability Fund (ELF). Subsequently, the County received its pro-rata share of the liquid investments. Rather than realizing a loss on the remaining longer-dated investments, the County and ELF mutually agreed to leave them with the ELF until such time as they matured.

Valuation. At June 30, all investments in the custody of the ELF had been purchased with more than a year to maturity. These investments were valued using Level 2 methodology,

Interest Rate Risk. Investments in the ELF are purchased to provide a laddered portfolio to meet funding needs covering the historical claims trend. As such, investments may be placed beyond the five-year maximum maturity allowable in the County's investment policy.

Credit Risk. The ELF follows the guidelines of North Carolina General Statutes 159-30 as amended. The County's funds in the custody of the ELF are invested in U.S. Agencies (Federal Home Loan Bank, Federal Farm Credit Bank, and Federal National Mortgage Association) and 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, all of the ELF's negotiable instruments are held in safekeeping in the trust department of a bank. The ELF's investments are held in the ELF's name by a safekeeping agent that is independent of all counterparties.

Concentration of Credit Risk. As of June 30, 2018, the following investment categories account for more than 5% of the County's investments in custody of the ELF; Federal National Loan Mortgage Association, 69.5% and Federal Home Loan Bank, 19.0% and Federal Farm Credit Bank, 11.5%.

LEOSSA Trust Funds

At June 30, 2018, the Guilford County Law Enforcement Officers' Separation Allowance (LEOSSA) Fund had \$6,220 in pooled demand deposits (checking), \$634,702 invested in the N.C. Capital Management Trust (NCCMT) Government Portfolio and \$1,722,879 invested in the State Treasurer's Local Government Law Enforcement Officers' Special Separation Allowance (LEOSSA) Fund pursuant to General Statute 159-30.2. 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, 88.43% of the LEOSSA funds in the

GUILFORD COUNTY, NORTH CAROLINA
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State Treasurer's (LEOSSA) Fund were invested in the State Treasurer's Short-Term Investment Fund (STIF) and 11.57% were invested in the BlackRock MSCI All Country World Index (ACWI) Equity Index Non-Lendable Class B Fund (the equities were split with 53.7% in domestic securities and 46.3% in international securities).

Level of the fair value hierarchy: 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 inputs – other than quoted prices – included in Level 1 that are either directly or indirectly observable for the asset or liability. The STIF is valued at \$1 per share. The STIF is unrated and had a weighted average maturity at June 30 of 1.4 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 \$21.27 per share. Fair value for this Blackrock fund is determined using Level 1 inputs which are directly observable, quoted prices (unadjusted) in active markets for identical assets or liabilities.

Valuation Technique: North Carolina Department of State Treasurer LEOSSA investments are measured using the market approach: using prices or other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

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, 2018. 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, 2018, the Guilford County Health Care Plan (the HC Plan) Fund had \$14,442,751 invested in the State Treasurer's Local Government Other Post-Employment Benefits (OPEB) Fund pursuant to General Statute 159-30.1. 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, 17.58% of the HC Plan funds were invested in the State Treasurer's STIF, 12.71% were invested in the State Treasurer's Bond Index Fund (BIF) and 69.71% were invested in the BlackRock MSCI All Country World Index (ACWI) Equity Index Non-Lendable Class B Fund (the equities were split with 53.7% in domestic securities and 46.3% in international securities).

Level of the fair value hierarchy: 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 inputs – other than quoted prices – included in Level 1 that are either directly or indirectly observable for the asset or liability. The STIF is valued at \$1 per share. The STIF is unrated and had a weighted average maturity at June 30 of 1.4 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 8.24 years.

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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 \$21.27 per share. Fair value for this Blackrock fund is determined using Level 1 inputs which are directly observable, quoted prices (unadjusted) in active markets for identical assets or liabilities.

Valuation Technique: North Carolina Department of State Treasurer OPEB investments are measured using the market approach: using prices or other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

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 1.4 years at June 30, 2018. The BIF is unrated and had a weighted average maturity of 8.24 years at June 30, 2018.

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, 2018 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	\$ 5,851,297	-	103,245	5,954,542	-
Accrued interest on property taxes	3,234,928	-	-	3,234,928	-
Service fees	24,351,419	-	-	24,351,419	32,138
Special assessments	-	382,107	-	382,107	-
	<u>\$ 33,437,644</u>	<u>382,107</u>	<u>103,245</u>	<u>33,922,996</u>	<u>32,138</u>

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2018 follows:

Primary Government – Governmental Activities

A summary of changes in capital assets, net of accumulated depreciation, for the fiscal year ended June 30, 2018 follows:

	Balance July 1, 2017	Increases	Decreases	Transfers	Balance June 30, 2018
Non-depreciable capital assets:					
Land	\$ 49,435,792	1,718,527	-	-	51,154,319
Construction in progress	2,594,234	5,292,713	-	(337,384)	7,549,563
Intangibles - non-depreciable	224,000	-	-	-	224,000
Total non-depreciable capital assets	<u>52,254,026</u>	<u>7,011,240</u>	<u>-</u>	<u>(337,384)</u>	<u>58,927,882</u>
Depreciable capital assets:					
Buildings	238,221,874	-	-	296,495	238,518,369
Improvements other than buildings	25,043,234	716,613	-	40,889	25,800,736
Machinery and equipment	43,938,039	2,859,069	(432,178)	-	46,364,930
Vehicles	31,712,184	3,512,207	(1,958,915)	-	33,265,476
Intangibles - depreciable	9,375,267	94,391	-	-	9,469,658
Total depreciable capital assets	<u>348,290,598</u>	<u>7,182,280</u>	<u>(2,391,093)</u>	<u>337,384</u>	<u>353,419,169</u>
Less accumulated depreciation for:					
Buildings	(82,259,964)	(5,344,139)	-	-	(87,604,103)
Improvements other than buildings	(14,717,256)	(960,133)	-	-	(15,677,389)
Machinery and equipment	(28,740,764)	(2,560,802)	415,563	-	(30,886,003)
Vehicles	(26,319,617)	(3,069,946)	1,953,205	-	(27,436,358)
Intangibles	(6,909,593)	(668,227)	-	-	(7,577,820)
Total accumulated depreciation	<u>(158,947,194)</u>	<u>(12,603,247)</u>	<u>2,368,768</u>	<u>-</u>	<u>(169,181,673)</u>
Total depreciable capital assets (net)	<u>189,343,404</u>	<u>(5,420,967)</u>	<u>(22,325)</u>	<u>337,384</u>	<u>184,237,496</u>
Governmental activities capital assets (net)	<u>\$ 241,597,430</u>	<u>1,590,273</u>	<u>(22,325)</u>	<u>-</u>	<u>243,165,378</u>

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

Function/Program	
General government	\$ 2,676,965
Human services	1,156,374
Public safety	7,523,226
Environmental protection	68,260
Culture - recreation	<u>1,178,422</u>
Total governmental activities depreciation expense	<u>\$ 12,603,247</u>

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

Guilford County's construction in progress at June 30, 2018 is composed of the following:

Project Name	Project Authorization ⁽¹⁾	Expended to June 30, 2018	Placed in Service in FY 2018	Remaining CIP Balance June 30, 2018	Estimated Costs to Complete	Required Future Financing
Northeast Park	\$ 3,589,009	3,500,727	3,500,727	-	88,282	-
High Point Courthouse Renovations	968,626	652,511	368,556	283,954	316,115	-
Greene Street Center	638,180	538,491	538,490	-	99,689	-
Bellemeade Center Renovations	811,025	93,044	93,044	-	717,981	-
Hagan-Stone Park	64,000	35,094	35,094	-	28,906	-
EMS Maintenance/Logistics Facility	2,053,000	229,470	-	229,470	1,823,530	-
Law Enforcement Special Op Building	3,950,000	3,930,813	3,918,573	12,240	19,187	-
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	1,207,446	487,288	720,158	75,554	-
County Animal Shelter Replacement	9,773,217	52,194	-	52,194	9,721,023	-
Governmental Plaza Renovations	68,214	68,214	68,214	-	-	-
High Point Parking Deck Repairs	2,542,000	1,701,899	-	1,701,899	840,101	-
HP Justice Complex HVAC System	1,350,000	1,081,492	-	1,081,492	268,508	-
Old Courthouse Renovations	3,500,000	1,202,595	-	1,202,595	2,297,405	-
Bur Mil Park Improvements	130,000	122,664	122,664	-	7,336	-
Greensboro Courthouse HVAC	1,150,000	1,046,363	-	1,046,363	103,637	-
Law Enforcement Admin Bld Renov	550,000	380,971	-	380,971	169,029	-
Agriculture Center HVAC ⁽²⁾	890,000 ⁽²⁾	821,747	-	821,747	68,253	-
Greene Street Center HVAC Addition ⁽²⁾	307,897 ⁽²⁾	-	-	-	307,897	-
HP Public Health HVAC Renovation ⁽²⁾	59,400 ⁽²⁾	16,480	-	16,480	42,920	-
	<u>\$ 35,777,568</u>	<u>18,655,188</u>	<u>11,105,623</u>	<u>7,549,563</u>	<u>17,122,380</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, 2018 follows:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Depreciable capital assets:				
Furniture, fixtures and equipment	\$ 341,055	-	(21,682)	319,373
Less accumulated depreciation	(251,613)	(35,800)	21,682	(265,731)
Tourism Authority capital assets, net	<u>\$ 89,442</u>	<u>(35,800)</u>	<u>-</u>	<u>53,642</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, 2018 includes the following balances:

	Vendors	Salaries, Benefits Accrued & Withheld	Accrued Interest	Due to Gov. Units, Districts & Agencies	Other	Total
Major Governmental Funds:						
General	\$ 4,022,315	5,246,026	-	869,331	139,675	10,277,347
County Building Construction	696,883	-	-	-	-	696,883
School Capital Outlay (1)	-	-	-	5,963,163	-	5,963,163
Nonmajor Governmental Funds	11,595	-	-	157,154	-	168,749
Internal Service Fund (2)	151,560	5,892	-	-	7,075,302	7,232,754
Reconciliation of balances in fund financial statements to government-wide financial statements	-	-	10,691,218	-	-	10,691,218
Total - Governmental Activities	\$ 4,882,353	5,251,918	10,691,218	6,989,648	7,214,977	35,030,114

(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 \$7,075,302. 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, 2018 follows:

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Current Portion of Balance
Bonds payable:					
General obligation bonds	\$ 793,990,000	179,785,000	(265,040,000)	708,735,000	62,395,000
Plus bond issuance premiums	71,218,569	29,635,953	(14,567,576)	86,286,946	-
Less swap termination fees	(4,075,031)	(420,000)	807,661	(3,687,370)	-
Total bonds payable	861,133,538	209,000,953	(278,799,915)	791,334,576	62,395,000
Limited obligation bonds	16,845,000	-	-	16,845,000	-
Capital leases and installment financings	1,275,585	-	(1,275,585)	-	-
Compensated absences	9,406,272	7,953,681	(6,820,546)	10,539,407	4,590,120
Net pension liability - LGERS	39,269,140	-	(11,278,505)	27,990,635	-
Net pension liability - LEOSA	8,892,924	1,331,974	(1,426,447)	8,798,451	-
Net other postemployment benefits liability (1)	256,459,413	15,279,074	(23,574,536)	248,163,951	-
Total	\$ 1,193,281,872	233,565,682	(323,175,534)	1,103,672,020	66,985,120

(1) The June 30, 2017 net OPEB obligation balance under prior standards has been restated to include net OPEB liability from the implementation of GASB Statement No. 75.

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

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 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 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 \$9,396 of the compensated absences balance and \$30,198 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 \$808,179,576, only \$110,194,790 relates to assets to which the County holds title. Unexpended debt proceeds related to this debt amount to \$28,715,973.

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, 2018, such statutory limit for the County was \$4,058,460,859 providing a debt margin of approximately \$3.33 billion.

Bonds authorized and unissued at June 30, 2018 are as follows:

For Additions and/or Improvements to	Date Approved	Amount
Refunding	10/5/2017	\$ 35,215,000

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

Long-term liabilities outstanding as of June 30, 2018 include the following:

General Obligation Bonds:

February 2009 \$164,600,000 Public Improvement serial bonds due in annual installments of \$8,230,000 through February 2019; interest at 5.00%.	\$ 8,230,000
April 2010 \$82,500,000 Public Improvement serial bonds due in annual installments of \$8,250,000 through August 2020; interest at 5.00%.	24,750,000
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 3.00% to 5.00%.	11,975,000
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 through October 2018; interest at 2.00%.	155,000
April 2012 \$133,745,000 Public Improvement serial bonds due in annual installments of \$2,000,000 to \$9,705,000 through March 2024; interest at 2.00% to 5.00%.	44,785,000
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 \$7,115,000 through October 2020; interest at 2.00% to 5.00%.	17,790,000
April 2016 \$92,930,000 General Obligation Refunding Bonds due in annual installments of zero 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 \$1,360,000 to \$1,455,000 from May 2019 through 2037; interest at 3.00% to 5.00%.	26,695,000
April 2017 \$160,070,000 Public Improvement serial bonds due in annual installments of \$3,765,000 to \$11,650,000 from May 2019 through 2037; interest at 3.00% to 5.00%.	157,070,000
November 2017 \$179,785,000 General Obligation Refunding Serial Bonds due in annual installments of \$270,000 to \$35,640,000 from May 2019 through 2030; interest at 1.50% to 5.00%	173,715,000
Total general obligation bonds	<u>\$ 708,735,000</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>

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

Refunding

In November 2017, the County refunded four series of bonds with a refunding bond issue, as follows:

	Total Outstanding July 1, 2017	Amount Refunded	Average Interest Rate
Public Building Bonds, Series 2005A	\$ 1,840,000	1,840,000	3.220%
School Bonds, Series 2005B	\$ 94,293,103	94,293,103	1.906%
Community College Bonds, Series 2005B	7,229,138	7,229,138	1.906%
Park & Recreation Bonds, Series 2005B	7,857,759	7,857,759	1.906%
	<u>\$ 109,380,000</u>	<u>109,380,000</u>	
School Bonds, Series 2007B	\$ 37,333,030	37,333,030	1.966%
Community College Bonds, Series 2007B	6,815,084	6,815,084	1.966%
Park & Recreation Bonds, Series 2007B	851,886	851,886	1.966%
	<u>\$ 45,000,000</u>	<u>45,000,000</u>	
School Bonds, Series 2012A	\$ 42,753,000	42,753,000	3.881%
Law Enforcement Series 2012A	4,897,000	4,897,000	3.881%
	<u>\$ 47,650,000</u>	<u>47,650,000</u>	

The County issued \$1,825,000 General Obligation Refunding Bonds at an average interest rate of 4.160% to retire the 2005A series bonds, \$95,995,000 at an average rate of 4.743% to retire the 2005B series bonds, \$36,865,000 at an average rate of 4.974% to retire the 2007B series bonds, and \$45,100,000 at an average rate of 4.024% to retire the 2012A series bonds, for a total of \$179,785,000 refunding bonds issued. The sales generated premiums of \$29,635,953 which were used to pay issuance costs of \$969,842, termination fees of \$420,000 for swaps on the variable-rate components of the retired debt, and to fund the escrow for the defeased bonds. The reacquisition price exceeded the carrying amount of the new debt by \$175,279 and this amount, along with the swap termination fee, is being added to the new debt and amortized over the life of the new refunded debt. The refundings are estimated to reduce total debt service over the next fourteen years by \$7,720,822 and generate a net economic gain of \$6,260,909.

In addition to the remaining bond refunding charges of \$173,948 on current year refundings, the County has \$3,784,185 from prior refunding issues. These unamortized charges are reported as a deferred outflow of resources on the Statement of Net Position.

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

Debt Service Requirements

As of June 30, 2018, aggregate debt service requirements on the County's debt are as follows, including interest payments of \$220,109,109.

Year Ending June 30	General Obligation Bonds		Limited Obligation Bonds, Capital Leases, and Installment Financings		Total
	Principal	Interest	Principal	Interest	
2019	\$ 62,395,000	31,888,704	-	768,806	95,052,510
2020	61,885,000	28,912,329	-	768,806	91,566,135
2021	61,500,000	26,235,179	-	768,806	88,503,985
2022	64,860,000	23,466,788	-	768,806	89,095,594
2023	68,390,000	20,308,881	-	768,806	89,467,687
2024-2028	254,855,000	58,908,590	-	3,844,029	317,607,619
2029-2033	97,450,000	16,665,359	-	3,075,222	117,190,581
2034-2038	<u>37,400,000</u>	<u>2,959,998</u>	<u>16,845,000</u>	<u>-</u>	<u>57,204,998</u>
	<u>\$ 708,735,000</u>	<u>209,345,828</u>	<u>16,845,000</u>	<u>10,763,281</u>	<u>945,689,109</u>

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 2019 and would provide a total rebate of \$32,135,190 over the remaining life of the bonds. Historically, some amounts received through fiscal 2018 have been reduced from 6.6% 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 6.2% in the Federal budget year beginning October 1, 2018. The rebate is not reflected in the above table.

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

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, 2018 is composed of the following unearned and unavailable revenues:

	Major Governmental			Total
	General Fund	County Building Construction Fund	Nonmajor Governmental and Other Funds	
Governmental Funds:				
Unearned revenues:				
Property tax collections not yet earned	\$ 4,454,082	-	16,743	4,470,825
Federal, State and private foundation grants received in advance	365,371	-	743,066	1,108,437
Total unearned revenues	4,819,453	-	759,809	5,579,262
Unavailable revenues:				
Property taxes receivable (net)	5,257,671	-	126,435	5,384,106
Accrued interest on property taxes receivable (net)	1,049,479	-	-	1,049,479
Special assessments receivable (net)	-	956,764	-	956,764
Total unavailable revenues	6,307,150	956,764	126,435	7,390,349
Total deferred inflows of resources - Governmental Funds	\$ 11,126,603	956,764	886,244	12,969,611

Internal Service Fund:

Unearned revenues:			
Service fees collected in advance from external sources		\$ 400,137	400,137
Service fees collected in advance from internal sources ⁽¹⁾		1,020,437	1,020,437
Total unearned revenues - Internal Service Fund		\$ 1,420,574	1,420,574

⁽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	\$ 5,579,262
Internal Service Fund (from external sources) per above	400,137
Total unearned revenues - Governmental Activities	\$ 5,979,399

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, 2018:

<u>Net position restricted for stabilization by State statute</u>	<u>Amount</u>
Reserved for encumbrances	\$ 13,617,559
Reserved by State statute	<u>41,915,859</u>
Net position restricted for stabilization by State statute	<u>\$ 55,533,418</u>
<u>Net position restricted for other purposes</u>	<u>Amount</u>
Rural Fire Districts	\$ 2,573,193
Net pension asset - Register of Deeds Supplemental Pension Fund	749,464
Law Enforcement	792,021
Register of Deeds automation enhancement	506,652
Self-funded insurance deposits	496,711
Other	<u>855,909</u>
Net position restricted for other purposes	<u>\$ 5,973,950</u>
<u>Unrestricted net position (liabilities)</u>	<u>Amount</u>
Water and sewer	\$ (1,097,965)
Guilford County Schools	(568,732,579)
Guilford Technical Community College	(88,025,232)
Other	<u>(145,534,941)</u>
Unrestricted net position	<u>\$ (803,390,717)</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, 2018:

	General	County Building Construction	School Capital Outlay	Nonmajor Governmental Funds	Total Governmental Funds
Non spendable:					
Prepays reserve ⁽¹⁾	\$ 1,026,791	-	-	-	1,026,791
Inventories reserve ⁽¹⁾	71,059	-	-	-	71,059
Total non spendable ⁽¹⁾	<u>1,097,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,097,850</u>
Restricted:					
State statute reserve ⁽¹⁾	37,770,842	310,389	1,133,526	1,603,252	40,818,009
Encumbrance reserve ⁽¹⁾	9,437,440	4,171,364	-	8,755	13,617,559
Total stabilization by State statute ⁽¹⁾	47,208,282	4,481,753	1,133,526	1,612,007	54,435,568
Public Health programs	10,319,495	-	-	-	10,319,495
Social Services - Adoption Incentive	394,651	-	-	-	394,651
Law Enforcement	792,021	-	-	-	792,021
Animal Shelter - Susie's Fund	158,917	-	-	-	158,917
Register of Deeds automation enhancement	506,652	-	-	-	506,652
Debt service	14,670,873	-	-	-	14,670,873
Public building projects	-	24,420,134	-	-	24,420,134
Law Enforcement projects	-	574,339	-	-	574,339
Park projects	-	1,055,392	-	-	1,055,392
Guilford County Schools projects	-	-	18,983,729	-	18,983,729
Guilford Technical Community College projects	-	-	1,929,550	-	1,929,550
Rural fire districts	-	-	-	2,446,758	2,446,758
Other	280,621	-	-	-	280,621
Total restricted	<u>74,331,512</u>	<u>30,531,618</u>	<u>22,046,805</u>	<u>4,058,765</u>	<u>130,968,700</u>
Committed:					
Public Health programs	2,539	-	-	-	2,539
County building projects	-	6,297,598	-	-	6,297,598
Guilford County Schools projects	-	-	4,574,725	-	4,574,725
Guilford Technical Community College projects	-	-	2,314,557	-	2,314,557
Total committed	<u>2,539</u>	<u>6,297,598</u>	<u>6,889,282</u>	<u>-</u>	<u>13,189,419</u>
Assigned:					
Law Enforcement	677,401	-	-	-	677,401
Family Justice Center	77,272	-	-	-	77,272
Cooperative Extension	60,837	-	-	-	60,837
Other	34,562	-	-	-	34,562
Appropriated in subsequent year's budget ⁽²⁾	20,352,531	-	-	-	20,352,531
Remaining positive balance	-	9,099,718	-	-	9,099,718
Total assigned	<u>21,202,603</u>	<u>9,099,718</u>	<u>-</u>	<u>-</u>	<u>30,302,321</u>
Unassigned	<u>82,892,048</u>	<u>-</u>	<u>(1,133,519)</u>	<u>(532,602)</u>	<u>81,225,927</u>
Total fund balance	<u>\$ 179,526,552</u>	<u>45,928,934</u>	<u>27,802,568</u>	<u>3,526,163</u>	<u>256,784,217</u>

(1) Reserved fund balances not available for appropriation under North Carolina General Statute 159.8(a). Reserved fund balance equals total fund balance minus (cash and investments minus the sum of liabilities, encumbrances and deferred revenues arising from cash receipts). The statute requires this computation at the end of each fiscal year and thus the amount can increase or decrease each year based on the computation. Stabilization amounts cannot be expended because they are not available for appropriation under the statute.

(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, 2018 under North Carolina General Statute 159.8(a):

	<u>General</u>
Total fund balance	\$ 179,526,552
Less reserves by State statute:	
Non spendable	(1,097,850)
Restricted	<u>(47,208,282)</u>
Fund balance available for appropriation	<u>131,220,420</u>
Available for restricted purposes:	
Total restricted sources	27,123,230
Appropriated in subsequent year's budget	<u>(10,574,513)</u>
Available for restricted purposes	<u>16,548,717</u>
Available for committed purposes:	
Total committed sources	2,539
Appropriated in subsequent year's budget	<u>(2,538)</u>
Available for committed purposes	<u>1</u>
Available for assigned purposes:	
Total assigned	21,202,603
Appropriated in subsequent year's budget:	
From assigned sources	(80,705)
From unassigned sources	<u>(20,352,531)</u>
Available for assigned purposes	<u>769,367</u>
Available for unassigned purposes:	
Total unassigned	82,892,048
Board minimum - 8% of subsequent year's budget	<u>(49,305,040)</u>
Available for unassigned purposes	<u>33,587,008</u>
Fund balance available for appropriation	131,220,420
Appropriated in subsequent year's budget	(31,010,287)
Board minimum - 8% of subsequent year's budget	<u>(49,305,040)</u>
Total available for restricted, committed, assigned and unassigned purposes	<u>\$ 50,905,093</u>

H. Interfund Transfers

The following is a summary of interfund transfers for Guilford County for the fiscal year ended June 30, 2018:

Transfers In	Transfers Out		
	Major Governmental Funds		
	General	County Building Construction	Total
Major Governmental Funds:			
General	\$ -	212,149	212,149
County Building Construction	2,000,000	-	2,000,000
School Capital Outlay	<u>6,500,000</u>	-	<u>6,500,000</u>
Total	<u>\$ 8,500,000</u>	<u>212,149</u>	<u>8,712,149</u>

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

Transfers of \$212,149 from the County Building Construction Fund to the General Fund are to move unexpended and unobligated funds from a bank installment financing to help pay off this outstanding debt.

Transfers of \$2 million 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 FY2018 project totaling \$5 million and the Guilford Technical Community College Capital Maintenance FY2018 project in the amount of \$1.5 million.

There were no interfund receivables or payables at June 30, 2018.

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.

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

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 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, 2018 was 8.11% of compensation for law enforcement officers and 7.50% 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, 2018, 2017, and 2016 were \$9,092,962, \$8,527,761, and \$7,554,059, 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, 2018, the County reported a liability of \$27,990,635 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017, the County's proportion was 1.832%, which was a decrease of 0.018% from its proportion measured as of June 30, 2016.

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2018, the County recognized pension expense of \$9,174,076. At June 30, 2018, 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	\$ 1,612,520	792,326
Changes of assumptions	3,997,450	-
Net difference between projected and actual earnings on pension plan investments	6,796,161	-
Changes in proportion and differences between County contributions and proportionate share of contributions	271,577	721,969
County contributions subsequent to the measurement date	9,092,962	-
Total	\$ 21,770,670	1,514,295

The \$9,092,962 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, 2019. 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:	
2019	\$ 1,221,045
2020	8,084,226
2021	3,953,473
2022	(2,095,331)
Total	\$ 11,163,413

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 7.75 percent, including 3.5 percent inflation and productivity factor
Investment rate of return	7.20 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, 2016 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 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

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

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, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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 7.20%. 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 7.20 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 (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
County's proportionate share of the net pension liability (asset)	\$ 84,028,520	\$ 27,990,635	\$(18,783,308)

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

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

is a monthly benefit paid to officers retired under the North Carolina Local Government Employees' 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, 2016, the LEOSSA's membership consisted of:

Inactive members/beneficiaries receiving benefits	43
Active plan members	<u>270</u>
Total	<u><u>313</u></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 \$1,400,798 or 8.94% of annual covered payroll. There were no contributions made by employees. County contributions for the years ended June 30, 2017 and 2016 were \$1,385,791 and \$984,456, 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, 2016 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 5.75% 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, 2016 was 14 years.

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

At June 30, 2018, the County reported a net pension liability of \$8,798,451. The net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017.

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2018, the County recognized pension expense of \$562,979. At June 30, 2018, 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>
Differences between expected and actual experience	\$ 381,593	-
Changes of assumptions	84,199	1,171,297
Net difference between projected and actual earnings on pension plan investments	111,618	-
County contributions subsequent to the measurement date	<u>683,864</u>	<u>-</u>
Total	<u>\$ 1,261,274</u>	<u>1,171,297</u>

The \$683,864 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, 2019. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ (188,605)
2020	(188,605)
2021	(195,853)
2022	(70,512)
2023	23,639
Thereafter	<u>26,049</u>
	<u>\$ (593,887)</u>

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 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%	2.12%
Equity Index	65%	7.96%
Bond Index	<u>15%</u>	1.88%
Total	<u>100%</u>	

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

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 2055. 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	\$ 9,610,353	\$ 8,798,451	\$ 8,054,694

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 June 30, 2016	\$ 10,466,148	1,573,224	8,892,924
Changes for the year:			
Service Cost	278,631	-	278,631
Interest	577,272	-	577,272
Difference between expected and actual experience	473,989		473,989
Contributions employer	-	1,409,832	(1,409,832)
Net investment income	-	16,615	(16,615)
Benefit payments	(853,275)	(853,275)	-
Plan administrative expenses	-	(2,082)	2,082
Net changes	476,617	571,090	(94,473)
Balance as of June 30, 2017	\$ 10,942,765	2,144,314	8,798,451

As of December 31, 2017, the most recent actuarial valuation date, the plan was 19.60% funded. The actuarial accrued liability for benefits was \$10,942,765 and the actuarial value of assets was \$2,144,314, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,798,451. The covered payroll (annual payroll of active employees covered by the plan) was \$15,663,490, and the ratio of the UAAL to the covered payroll was 56.17%.

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

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

The following are financial statements for the Law Enforcement Officers' Special Separation Allowance Pension Trust Fund included as Fiduciary Funds in Exhibits 11 and 12 at June 30, 2018:

Statement of Plan Net Position
June 30, 2018

	<u>Law Enforcement Officers' Special Separation Allowance</u>
Assets	
Current assets:	
Demand deposits	\$ 6,220
N.C. Capital Management Trust Cash Portfolio	634,702
State Treasurer's Local Government Law Enforcement Officers' Special Separation Allowance (LEOSSA) Fund:	
Short-Term LEOSSA Fund	1,523,469
LEOSSA Equity Fund	<u>199,410</u>
Cash and cash equivalents/investments	2,363,801
Receivables:	
Accrued interest on investments	<u>252</u>
Total assets	<u>2,364,053</u>
Liabilities	
Accounts payable and accrued liabilities	<u>23,909</u>
Net Position	
Held in trust for pension benefits	<u>\$ 2,340,144</u>

Statement of Changes in Plan Net Position
For the fiscal year ended June 30, 2018

	<u>Law Enforcement Officers' Special Separation Allowance</u>
Additions	
Employer contributions	\$ 1,400,798
Net investment income	26,030
Investment expenses	<u>(10)</u>
Total additions	<u>1,426,818</u>
Deductions	
Benefits	910,797
Administrative expenses	<u>2,082</u>
Total deductions	<u>912,879</u>
Change in net position	513,939
Net position at beginning of year	<u>1,826,205</u>
Net position at end of year	<u>\$ 2,340,144</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 Carolina General Assembly. The Plan is included in the Comprehensive Annual Financial Report

GUILFORD COUNTY, NORTH CAROLINA
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(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, 2018, 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, 2018, to law enforcement officers' accounts and other employees' accounts were \$770,701 and \$3,147,921, respectively. Voluntary contributions to the Plan were \$4,895,604.

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, 2018, the County's required and actual contributions to the RODSPF were \$36,353.

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

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

At June 30, 2018, the County reported an asset of \$749,464 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2017. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017, the County's proportion was 4.391%, which was a decrease of 0.007% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$113,102. At June 30, 2018, 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	\$ 12,865	2,415
Changes of assumptions	126,455	-
Net difference between projected and actual earnings on pension plan investments	63,710	-
Changes in proportion and differences between County contributions and proportionate share of contributions	1,024	3,942
County contributions subsequent to the measurement date	36,353	-
Total	<u>\$ 240,407</u>	<u>6,357</u>

The \$36,353 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, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 113,491
2020	60,672
2021	7,289
2022	16,245
Total	<u>\$ 197,697</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 7.75 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.

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

The actuarial assumptions used in the December 31, 2016 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 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, 2017 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)	\$ (589,068)	\$ (749,464)	\$ (884,349)

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, 2018 was \$64,469.

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

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, 2018 were \$47,504 and \$64,884, 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, 2018 were \$1,771,105 and \$786,458. Medicare-eligible participants receive secondary coverage. A separate report was not issued for the plan.

GUILFORD COUNTY, NORTH CAROLINA
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Membership of the HC Plan consisted of the following at June 30, 2016, the date of the latest actuarial valuation:

	Total
Inactive Employees or Beneficiaries Currently Receiving Benefits	1,015
Active Employees*	1,279
Total Membership	2,294

* Excludes 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 21.32% of annual covered payroll. For the current year, the County contributed \$7,093,801 (retiree claims paid, insurance and other costs less premiums received) or 10.75% of annual covered payroll. The contribution for fiscal year 2018 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 56.3% and 8.3% of covered payroll, respectively. Contributions (premiums) made by employees and retirees were 8.7% and 3.3% 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 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.

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

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, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 7.63 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, 2018, the measurement date is presented in the table below:

Total OPEB liability	\$ 262,606,702
Plan fiduciary net position	14,442,751
Net OPEB liability	\$ 248,163,951
Ratio of fiduciary net position to total OPEB liability	5.50%

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	2.50%
Real wage growth	1.00%
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	3.56%
Measurement Date	3.89%
Year FNP is projected to be depleted	
Prior Measurement Date 2018	2019
Measurement Date 2018	2019
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Prior Measurement Date	3.56%
Measurement Date	3.91%
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

The total OPEB liability was rolled forward to June 30, 2018, 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.

GUILFORD COUNTY, NORTH CAROLINA
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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 3.91%. The projection of cash flows used to determine the discount rate was based on an actuarial valuation performed as of June 30, 2016. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. 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 2019 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 2019 and the Municipal Bond Index Rate at the Measurement Date (3.89%) was applied to periods on and after 2019, resulting in a Single Equivalent Interest Rate at the Measurement Date (3.91%). As a result of the change to the Municipal Bond Index Rate, there was a change in the discount rate from 3.56% at the Prior Measurement Date to 3.91% 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 healthcare cost trend rates, as well as what the Plan's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	<u>1%</u> <u>Decrease</u>	<u>Current</u>	<u>1%</u> <u>Increase</u>
Net OPEB Liability	\$ 205,580,942	248,163,951	302,995,196

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 3.91%, 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:

	<u>1%</u> <u>Decrease</u> <u>(2.91%)</u>	<u>Current</u> <u>Discount</u> <u>Rate</u> <u>(3.91%)</u>	<u>1%</u> <u>Increase</u> <u>(4.91%)</u>
Net OPEB Liability	\$ 293,812,208	248,163,951	212,080,099

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

Changes in Net OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the County reported a net OPEB liability of \$248,163,951. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. Actuarial gains and losses arising from the change in the SEIR from 3.56% on the Prior Measurement Date to 3.91% on the Measurement Date are accounted for as changes of assumptions or other inputs.

At June 30, 2018, the components of the net OPEB liability of the County, measured as of June 30, 2018, were as follows:

	Total OPEB Liability		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
	<u> </u>	<u> </u>	<u> </u>
Balance as of June 30, 2017	\$ 269,877,837	13,418,424	256,459,413
Changes for the year:			
Service Cost at the end of the year*	5,778,816	-	5,778,816
Interest on TOL and Cash Flows	9,482,747	-	9,482,747
Difference between expected and actual experience	(713,685)	-	(713,685)
Changes of assumptions or other inputs	(14,740,056)	-	(14,740,056)
Contributions - employer		7,093,802	(7,093,802)
Net investment income	-	1,026,993	(1,026,993)
Benefit payments	(7,078,957)	(7,078,957)	-
Plan administrative expenses	-	(17,511)	17,511
Net changes	<u>(7,271,135)</u>	<u>1,024,327</u>	<u>(8,295,462)</u>
Balance as of June 30, 2018	<u>\$ 262,606,702</u>	<u>14,442,751</u>	<u>248,163,951</u>

*Service cost includes interest for the year.

For the year ended June 30, 2018, the County recognized OPEB expense of \$11,052,582. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ -	556,486
Changes of assumptions or other inputs	-	11,493,348
Net difference between projected and actual earnings on plan investments	-	204,408
Total	<u>\$ -</u>	<u>12,254,242</u>

Other amounts reported as Deferred Outflows of resources and Deferred Inflows of Resources related to OPEB benefits will be recognized in OPEB Expense as follows:

Year ended June 30:	
2019	\$ (3,455,009)
2020	(3,455,009)
2021	(3,455,009)
2022	<u>(1,889,215)</u>
	<u>(12,254,242)</u>

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

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, 2018:

Statement of Plan Net Position
June 30, 2018

	<u>Other Post Employment Benefits</u>
Assets	
Current assets:	
State Treasurer's Local Government Other Post Employment Benefits (OPEB) Fund:	
Short-Term OPEB Fund	\$ 2,539,781
Long-Term OPEB Fund	1,835,278
OPEB Equity Fund	<u>10,067,692</u>
Cash and cash equivalents/investments	<u>\$ 14,442,751</u>
Net Position	
Held in trust for OPEB benefits	<u>\$ 14,442,751</u>

Statement of Changes in Plan Net Position
For the fiscal year ended June 30, 2018

	<u>Other Post Employment Benefits</u>
Additions	
Employer contributions	\$ 7,093,801
Retiree contributions	2,201,174
Net investment income	1,026,993
Investment expenses	<u>(2,666)</u>
Total additions	<u>10,319,302</u>
Deductions	
Benefits	8,989,839
Administrative expenses	<u>305,136</u>
Total deductions	<u>9,294,975</u>
Change in net position	1,024,327
Net position at beginning of year	<u>13,418,424</u>
Net position at end of year	<u>\$ 14,442,751</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, 2018, 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, 2018, 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 spouses and dependents. Retirees must be members of the North Carolina Local Governmental Employees'

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

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, 2018 were \$406,990, and \$250,706, 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, 2018, the County made contributions to the State for death benefits of \$73,868. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .05% 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.

1. Liability and Property Insurance

The liability program uses a combination of self-funding and purchased insurance. Employee practice liability is self-funded for the initial \$150,000 with purchased insurance policy covering in excess of this amount up to 1 million per occurrence.

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

The property insurance program is financed using a combination of self-funding and purchased insurance. A purchased insurance policy provides excess coverage above \$50,000 up to 100% replacement cost, limited to \$405 million per occurrence. The County covers 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 and purchased insurance. The County is self-insured for the first \$600,000 per occurrence from the County’s available Internal Service Fund reserves. Claims above \$600,000 are covered by a purchased insurance policy with a \$2,000,000 indemnity for workers’ compensation losses and employers’ liability.

3. Employee Healthcare Insurance

The employee healthcare program is financed using a combination of self-funding supplemented by employee/retiree 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/retiree 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/retiree 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.

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

4. Reconciliation of Claims Liability

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

	Fiscal Year 2017-2018					Fiscal Year
	Liability	Property	Workers' Compensation	Employee Healthcare	Total	2016-17 Total
Balance Beginning of Year	\$ 1,189,414	38,397	3,046,148	3,379,972	7,653,931	8,226,021
Incurred Claims (Including IBNRs) and Changes in Estimates	189,810	166,963	1,209,057	35,325,471	36,891,301	36,977,231
Less Claims Payments	479,658	185,511	1,464,969	35,339,792	37,469,930	37,549,321
Balance End of Year	\$ 899,566	19,849	2,790,236	3,365,651	7,075,302	7,653,931

F. Commitments and Contingencies

The County leases certain equipment under long-term lease agreements. At June 30, 2018, such arrangements with initial or remaining noncancellable terms in excess of one year are as follows (includes estimated amounts based on annual usage for applicable contracts):

Year Ending June 30	Operating Leases
2019	\$ 486,692
2020	409,397
2021	342,384
2022	331,258
Total minimum payments	\$ 1,569,731

There were no contingent rentals or sublease rentals associated with leases in effect at June 30, 2018. The total rental expense amounted to \$591,966 for the fiscal year ended June 30, 2018.

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 \$10 million at June 30, 2018, 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, 2018, 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.

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.

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

G. Conduit Debt Obligations

The Guilford County Industrial Facilities and Pollution Control Financing Authority (the Authority) has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2018, there were five series of industrial revenue bonds outstanding with an aggregate principal amount payable of \$31,325,616.

H. Joint Venture

Guilford Technical Community College

The County, in conjunction with the State of North Carolina and Guilford County Board of Education, participates in a joint venture to operate the Guilford Technical Community College. Each of the three participants appoints four members of the thirteen-member board of trustees of the community college. The president of the community college's student government serves as an ex officio nonvoting member. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. Of the general obligation bond issues for this purpose, \$86,149,432 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 \$15,150,000 for operating purposes during the fiscal year ended June 30, 2018. In addition, the County made debt service payments of \$8,327,605 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, 2018. Complete financial statements for the community college may be obtained from the community college's administrative offices at 601 High Point Road, Jamestown, North Carolina 27282.

I. Jointly Governed Organizations

Piedmont Triad Airport Authority

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

High Point Convention and Visitors Bureau

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

Piedmont Authority for Regional Transportation

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

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

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, 2018. During the fiscal year ended June 30, 2018, 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 twelve other counties and sixty-two 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 \$108,596 to the PTRC during the fiscal year ended June 30, 2018.

J. Subsequent Event

The County has evaluated subsequent events through October 31, 2018 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 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

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
2018	1.83218	27,990,635	116,340,359	24.06	94.18

⁽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
2018	9,092,962	9,092,962	-	119,990,864	7.58

⁽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
2018	4.39079	(749,464)	118,321	(633.42)	153.77

⁽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
2018	36,353	36,353	-	121,469	29.93

⁽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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:				
Service cost	\$ 278,631	420,359	410,014	
Interest	577,272	422,913	431,513	
Difference between expected and actual experience	473,989	-	-	
Changes of assumptions & other inputs	-	(1,823,831)	119,089	
Benefit payments	<u>(853,275)</u>	<u>(799,210)</u>	<u>(754,406)</u>	
Net change in total pension liability	476,617	(1,779,769)	206,210	
Total pension liability - beginning	<u>10,466,148</u>	<u>12,245,917</u>	<u>12,039,707</u>	
Total pension liability - ending	\$ <u>10,942,765</u>	<u>10,466,148</u>	<u>12,245,917</u>	<u>12,039,707</u>
Plan net position:				
Contributions - County	\$ 1,409,832	1,185,121	954,345	
Net investment income	16,615	6,899	3,665	
Benefit payments	(853,275)	(799,210)	(754,406)	
Administrative expense	<u>(2,082)</u>	<u>(1,381)</u>	<u>(696)</u>	
Net change in plan net position	571,090	391,429	202,908	
Plan net position - beginning	<u>1,573,224</u>	<u>1,181,795</u>	<u>978,887</u>	
Plan net position - ending	\$ <u>2,144,314</u>	<u>1,573,224</u>	<u>1,181,795</u>	<u>978,887</u>
Net pension liability - ending	\$ <u>8,798,451</u>	<u>8,892,924</u>	<u>11,064,122</u>	<u>11,060,820</u>
Ratio of plan net position to total pension liability	19.60%	15.03%	9.65%	8.13%
Covered employee payroll	\$ 15,663,490	15,110,053	15,110,053	14,480,738
Net pension liability as a percentage of covered employee payroll	56.17%	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 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)
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
2018	1,400,798	1,400,798	-	15,663,490	8.94

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	12/31/2016
Actuarial cost method	Entry age normal
Amortization method	Level dollar closed
Remaining amortization period	14 years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return*	5.75%
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		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total OPEB liability:			
Service cost	\$ 5,778,816	6,570,738	-
Interest	9,482,747	8,544,228	-
Changes of benefit terms		-	-
Difference between expected & actual experience	(713,685)	-	-
Changes of assumptions	(14,740,056)	(25,530,915)	-
Benefit payments	<u>(7,078,957)</u>	<u>(7,135,245)</u>	-
Net change in total OPEB liability	(7,271,135)	(17,551,194)	-
Total OPEB liability - beginning	<u>269,877,837</u>	<u>287,429,031</u>	-
Total OPEB liability - ending	\$ <u>262,606,702</u>	<u>269,877,837</u>	<u>287,429,031</u>
Plan fiduciary net position:			
Contributions - County	\$ 7,093,802	7,135,245	-
Net investment income	1,026,993	1,497,947	-
Benefit payments	(7,078,957)	(7,135,245)	-
Administrative expense	<u>(17,511)</u>	-	-
Net change in plan fiduciary net position	1,024,327	1,497,947	-
Plan fiduciary net position - beginning	<u>13,418,424</u>	<u>11,920,477</u>	-
Plan fiduciary net position - ending	\$ <u>14,442,751</u>	<u>13,418,424</u>	<u>11,920,477</u>
Net OPEB liability - ending	\$ <u>248,163,951</u>	<u>256,459,413</u>	<u>275,508,554</u>
Ratio of plan fiduciary net position to total OPEB liability	5.50%	4.97%	4.15%
Covered employee payroll	\$ 65,979,137	65,979,137	65,979,137
Net OPEB liability as a percentage of covered employee payroll	376.12%	388.70%	417.57%
Annual money-weighted rate of return, net of investment expenses	7.63%	12.57%	-1.28%

Notes to the Required Schedule

Changes of assumptions. June 30, 2018 (valuation date June 30, 2016)

The single equivalent interest rate was increased from 3.56% to 3.91% to reflect the changes to the Municipal Bond Index Rate from 3.56% on the Prior Measurement Date to 3.89% 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		
	2018	2017	2016
Actuarially determined contribution	\$ 14,686,986	15,296,839	13,040,988
Contributions in relation to the actuarially determined contribution	7,093,802	7,135,245	6,518,203
Contribution deficiency (excess)	\$ 7,593,184	8,161,594	6,522,785
Covered employee payroll ⁽²⁾	\$ 65,979,137	65,979,137	65,979,137
Actual contributions as a percentage of covered employee payroll	10.75%	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 June 30, 2016 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2018:

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Amortization period	30 years, closed
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50%
Real wage growth	1.00%
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	5.75%
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



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 (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, 2018**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary and GAAP Basis	Final Budget Positive (Negative)
Current:				
General government:				
County commissioners	\$ 489,593	596,664	560,093	36,571
Clerk to the board	305,477	308,497	268,728	39,769
County administration	1,334,783	1,194,248	803,996	390,252
County attorney	2,366,911	2,365,610	2,247,053	118,557
Human resources	7,898,553	7,889,388	7,275,371	614,017
Budget and management	566,118	606,119	600,615	5,504
Internal audit	529,683	494,774	470,800	23,974
Finance	2,589,854	2,549,844	2,351,295	198,549
Purchasing	394,462	396,118	378,642	17,476
Information services	10,353,759	10,400,568	9,391,818	1,008,750
Tax	6,207,465	6,582,646	6,063,239	519,407
Register of deeds	2,197,513	2,157,518	2,111,841	45,677
Elections	2,508,744	2,478,934	1,907,474	571,460
Planning and development	890,730	920,276	813,329	106,947
Facilities	10,872,202	10,070,594	8,005,603	2,064,991
Security	1,975,656	1,971,088	1,886,789	84,299
Fleet operation	1,147,462	1,203,168	1,144,444	58,724
Total general government	<u>52,628,965</u>	<u>52,186,054</u>	<u>46,281,130</u>	<u>5,904,924</u>
Human services:				
Health and Human Services:				
Public health	33,952,269	34,265,243	31,664,164	2,601,079
Social services	64,922,140	60,806,563	55,067,673	5,738,890
Mental health	9,674,000	9,674,000	9,674,000	-
Public assistance - adults, families, medical	2,408,156	2,408,156	2,388,952	19,204
Child support enforcement	6,309,612	6,331,696	6,187,486	144,210
Cooperative extension service	643,464	1,615,751	1,442,051	173,700
Coordinated services	1,279,331	1,279,333	1,272,779	6,554
Transportation	1,270,341	1,755,798	1,680,812	74,986
Total human services	<u>120,459,313</u>	<u>118,136,540</u>	<u>109,377,917</u>	<u>8,758,623</u>
Public safety:				
Law enforcement	66,601,596	71,060,328	68,533,700	2,526,628
Emergency services	29,847,342	30,035,401	28,775,737	1,259,664
Inspections	2,352,929	2,336,728	2,300,227	36,501
Court alternatives	2,735,273	2,734,050	2,410,534	323,516
Family Justice Center	380,126	541,402	447,661	93,741
Animal services	3,840,313	4,485,412	3,807,610	677,802
Other protection	1,017,947	967,967	884,795	83,172
Total public safety	<u>106,775,526</u>	<u>112,161,288</u>	<u>107,160,264</u>	<u>5,001,024</u>
Environmental protection:				
Sanitation	1,482,587	1,673,936	1,507,260	166,676
Soil and water conservation	329,508	333,455	297,983	35,472
Total environmental protection	<u>1,812,095</u>	<u>2,007,391</u>	<u>1,805,243</u>	<u>202,148</u>
Culture - recreation:				
Culture & libraries	1,844,077	1,869,892	1,838,732	31,160
Recreation - parks	4,277,565	5,680,777	4,516,303	1,164,474
Total culture - recreation	<u>6,121,642</u>	<u>7,550,669</u>	<u>6,355,035</u>	<u>1,195,634</u>
Economic development and assistance	1,380,780	3,844,437	1,078,963	2,765,474
Intergovernmental:				
Education - current appropriation:				
Guilford Technical Community College	15,150,000	15,150,000	15,150,000	-
Guilford County Board of Education	195,860,398	195,860,398	195,860,398	-
Total education	<u>211,010,398</u>	<u>211,010,398</u>	<u>211,010,398</u>	<u>-</u>
Debt service:				
Principal retirement	62,475,585	62,545,586	62,445,585	100,001
Interest and fiscal charges	37,249,696	36,796,848	32,545,680	4,251,168
Bond issuance costs	-	976,839	969,842	6,997
Total debt service	<u>99,725,281</u>	<u>100,319,273</u>	<u>95,961,107</u>	<u>4,358,166</u>
Total expenditures	\$ <u>599,914,000</u>	<u>607,216,050</u>	<u>579,030,057</u>	<u>28,185,993</u>

GUILFORD COUNTY, NORTH CAROLINA
County Building Construction Capital Projects Fund
Combining Schedule of Revenues and Expenditures
For the fiscal year ended June 30, 2018

A-2

	<u>Annually Budgeted Projects</u>	<u>Project- Length Budgets</u>	<u>Total</u>
Revenues			
Charges for services	\$ 323,073	-	323,073
Interest on investments	298,948	-	298,948
Other	<u>25,943</u>	<u>338,057</u>	<u>364,000</u>
Total revenues	647,964	338,057	986,021
Expenditures			
Capital outlay	<u>80,000</u>	<u>8,126,891</u>	<u>8,206,891</u>
Excess (deficiency) of revenues over expenditures	<u>567,964</u>	<u>(7,788,834)</u>	<u>(7,220,870)</u>
Other Financing Sources (Uses)			
Transfers in	2,000,000	-	2,000,000
Transfers out	<u>(212,149)</u>	<u>-</u>	<u>(212,149)</u>
Total other financing sources (uses)	<u>1,787,851</u>	<u>-</u>	<u>1,787,851</u>
Excess of revenues and other sources over expenditures and other uses	\$ <u><u>2,355,815</u></u>	<u><u>(7,788,834)</u></u>	<u><u>(5,433,019)</u></u>

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, 2018

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	\$ -	-	323,073	323,073
Interest on investments	-	-	298,948	298,948
Other	-	-	25,943	25,943
Total revenues	<u>-</u>	<u>-</u>	<u>647,964</u>	<u>647,964</u>
Expenditures				
Capital outlay:				
Settlement-prior revenue overpayment	-	80,000	80,000	-
County building construction for future projects	<u>2,000,000</u>	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>
Total expenditures	<u>2,000,000</u>	<u>2,080,000</u>	<u>80,000</u>	<u>2,000,000</u>
Excess (deficiency) of revenues over expenditures	(2,000,000)	(2,080,000)	567,964	2,647,964
Other Financing Sources (Uses)				
Transfers in	2,000,000	2,000,000	2,000,000	-
Transfers out	-	(212,150)	(212,149)	1
Appropriated fund balance	<u>-</u>	<u>292,150</u>	<u>-</u>	<u>(292,150)</u>
Total other financing sources (uses)	<u>2,000,000</u>	<u>2,080,000</u>	<u>1,787,851</u>	<u>(292,149)</u>
Excess of revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>-</u>	<u>2,355,815</u>	<u>2,355,815</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, 2018

A-2b

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Intergovernmental	\$ 3,610,911	3,492,193	-	3,492,193
Other	3,924,143	2,283,371	338,057	2,621,428
Total revenues	<u>7,535,054</u>	<u>5,775,564</u>	<u>338,057</u>	<u>6,113,621</u>
Expenditures				
Capital outlay:				
General Government Projects:				
High Point Courthouse Renovations	2,228,626	956,778	281,454	1,238,232
Greene Street Center	648,180	545,248	2,500	547,748
Governmental Plaza Renovations	376,000	330,775	-	330,775
Old Courthouse Renovation	3,500,000	397,817	889,788	1,287,605
HP Justice Complex HVAC System	1,350,000	575,489	608,313	1,183,802
High Point Parking Deck Repairs	2,667,000	1,490,114	211,785	1,701,899
Independence Center Parking Deck Repairs	600,000	460,106	5,464	465,570
Greensboro Courthouse HVAC	1,150,000	-	1,046,363	1,046,363
Human Services Projects:				
Bellemeade Center Renovations	833,114	110,895	-	110,895
Public Safety Projects:				
Law Enforcement Special Ops Building	3,950,000	3,886,704	44,109	3,930,813
Law Enforcement Admin Building Renovation	550,000	-	380,971	380,971
800 MHz Radio Replacement	8,274,300	7,234,855	30,241	7,265,096
800 MHz Infrastructure Upgrade	12,044,000	6,794,693	1,863,103	8,657,796
Fire/EMS Paging Systems Narrowbanding	502,000	486,111	-	486,111
Fire Station 63 EMS Colocation	511,248	-	-	-
EMS Maintenance/Logistics Facility	3,053,000	22,217	1,376,285	1,398,502
County Animal Shelter Replacement	10,451,217	62,600	601,689	664,289
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	-	16,440	16,440
Bur Mil Park Improvements	3,065,352	2,960,657	-	2,960,657
Bur Mil Park Clubhouse Renovation	1,283,000	487,288	720,158	1,207,446
Northeast Park	9,242,725	9,039,208	-	9,039,208
Open Space Acquisition	10,248,246	9,616,443	46,000	9,662,443
Hagan-Stone Park Swimming Pool	2,000,000	1,972,973	-	1,972,973
Hagan-Stone Park	1,384,499	1,381,080	-	1,381,080
Trails Development	363,938	88,912	2,228	91,140
Atlantic & Yadkin Greenway-Stimulus	664,549	279,964	-	279,964
Total expenditures	<u>84,894,468</u>	<u>52,852,366</u>	<u>8,126,891</u>	<u>60,979,257</u>
Deficiency of revenues over expenditures	<u>(77,359,414)</u>	<u>(47,076,802)</u>	<u>(7,788,834)</u>	<u>(54,865,636)</u>
Other Financing Sources				
General obligation bonds issued	35,906,687	50,181,736	-	50,181,736
Premiums on general obligation bonds issued	6,004,455	6,004,455	-	6,004,455
Transfers in	2,029,638	2,029,638	-	2,029,638
Appropriated fund balance	33,418,634	-	-	-
Total other financing sources	<u>77,359,414</u>	<u>58,215,829</u>	<u>-</u>	<u>58,215,829</u>
Excess (deficiency) of revenues and other sources over expenditures	\$ <u>-</u>	<u>11,139,027</u>	<u>(7,788,834)</u>	<u>3,350,193</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, 2018

A-3

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Intergovernmental:				
State Lottery Funds	\$ 1,647,220	1,647,219	-	1,647,219
Public School Building Capital Fund	10,756,337	10,549,863	173,426	10,723,289
Guilford County Schools	12,511,105	12,570,158	-	12,570,158
Total revenues	<u>24,914,662</u>	<u>24,767,240</u>	<u>173,426</u>	<u>24,940,666</u>
Expenditures				
Intergovernmental:				
Education:				
Guilford Technical				
Community College	90,595,012	74,696,766	11,654,140	86,350,906
Guilford County Board of Education	419,854,419	367,565,585	28,758,413	396,323,998
Total expenditures	<u>510,449,431</u>	<u>442,262,351</u>	<u>40,412,553</u>	<u>482,674,904</u>
Deficiency of revenues over expenditures	<u>(485,534,769)</u>	<u>(417,495,111)</u>	<u>(40,239,127)</u>	<u>(457,734,238)</u>
Other Financing Sources				
General obligation bonds issued	463,735,093	439,857,125	-	439,857,125
Bond anticipation notes issued	-	23,880,000	-	23,880,000
Transfers in	19,650,006	13,150,012	6,500,000	19,650,012
Appropriated fund balance	2,149,670	2,149,672	-	2,149,672
Total other financing sources	<u>485,534,769</u>	<u>479,036,809</u>	<u>6,500,000</u>	<u>485,536,809</u>
Excess (deficiency) of revenues and other sources over expenditures	\$ <u>-</u>	<u>61,541,698</u>	<u>(33,739,127)</u>	<u>27,802,571</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, 2018

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	44,834,508	-	44,834,508
HVAC and Renovations	7,826,356	5,925,561	73,938	5,999,499
Center for Advanced Manufacturing*	33,434,148	23,462,316	9,869,141	33,331,457
Capital Maintenance FY2016	1,500,000	474,381	1,025,619	1,500,000
Capital Maintenance FY2017	1,500,000	-	685,442	685,442
Capital Maintenance FY2018	<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	\$ <u>90,595,012</u>	<u>74,696,766</u>	<u>11,654,140</u>	<u>86,350,906</u>

*Project was formerly known as GTCC - Transportation and Welding Facilities

**GUILFORD COUNTY, NORTH CAROLINA
School Capital Outlay Capital Projects Fund**

A-3b

**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, 2018**

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	12,340,261	-	12,340,261
Northern High School	53,988,222	53,988,199	-	53,988,199
Ragsdale High School	46,479,973	46,255,000	3,051	46,258,051
Reedy Fork Area Elementary School	16,347,859	16,272,104	-	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	4,942,766	10,634	4,953,400
Southeast High School	32,606,071	31,912,329	(70,159)	31,842,170
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 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	13,075,448	-	13,075,448
Dudley High School - Athletics	6,112,863	6,094,325	-	6,094,325
Mobile Classrooms	1,767,447	1,367,447	271,113	1,638,560
Northwest High School - Site & Athletics	4,054,278	4,053,369	-	4,053,369
HVAC	19,878,222	18,267,247	1,159,141	19,426,388
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
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	1,186	4,179,796
Roofing System-wide	4,439,748	4,058,066	244,782	4,302,848
Page High School-Roofing	164,135	154,773	-	154,773
Bluford Elementary School - Renovation	8,294,462	7,564,296	566,095	8,130,391
Dudley High School - New Traffic Pattern	750,000	698,317	1,128	699,445
Guilford Middle School - Replacement	37,279,688	20,276,795	12,157,028	32,433,823
High Point Central - Add/Renovation	21,986,011	9,148,405	4,745,163	13,893,568
Hunter Elementary School - Replacement	19,273,675	17,094,176	1,555,933	18,650,109
Northwest High School - New Traffic Pattern	1,156,200	568,891	-	568,891
Northwood Elementary Sch - Kitchen Reno	630,852	625,933	2,034	627,967
Smith High School - Athletic Renovation	7,740,690	4,743,842	2,638,841	7,382,683
Western High School - Addition/Renovation	8,547,130	5,356,993	1,815,330	7,172,323
Southern HS Stadium Improvements	634,480	369,394	197,385	566,779
System-Wide Safety & Security	1,491,703	561,857	554,524	1,116,381
Capital Maintenance FY2017	6,000,000	3,796,887	2,203,113	6,000,000
Capital Maintenance FY2018	5,000,000	-	702,091	702,091
Total expenditures	\$ 419,854,419	367,565,585	28,758,413	396,323,998

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.

- *Community Development Fund* - Accounts for projects financed primarily with grant funds for development purposes. Guilford County received an appropriation from the North Carolina General Assembly to fund a water and sewer study for the northwest section of the County.

GUILFORD COUNTY, NORTH CAROLINA
Combining Balance Sheet
Nonmajor Governmental Funds -
Special Revenue Funds
June 30, 2018

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	<u>Rural Fire Districts</u>	<u>Room Occupancy/ Tourism Development Tax</u>	<u>Community Development</u>	<u>Total Nonmajor Governmental Funds</u>
Assets				
Cash and cash equivalents/ investments	\$ 2,463,501	-	754,661	3,218,162
Receivables:				
Property taxes (net of allowance for estimated uncollectible delinquent taxes of \$103,245)	126,435	-	-	126,435
Other taxes	-	523,847	-	523,847
Due from governmental units and agencies	1,077,736	-	-	1,077,736
Accrued interest on investments	1,669	-	-	1,669
Total receivables	<u>1,205,840</u>	<u>523,847</u>	<u>-</u>	<u>1,729,687</u>
Total assets	<u>\$ 3,669,341</u>	<u>523,847</u>	<u>754,661</u>	<u>4,947,849</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	157,154	11,595	168,749
Due to component unit	<u>-</u>	<u>366,693</u>	<u>-</u>	<u>366,693</u>
Total liabilities	<u>-</u>	<u>523,847</u>	<u>11,595</u>	<u>535,442</u>
Deferred inflows of resources	<u>143,178</u>	<u>-</u>	<u>743,066</u>	<u>886,244</u>
Fund balances:				
Restricted	3,526,163	523,847	8,755	4,058,765
Unassigned	<u>-</u>	<u>(523,847)</u>	<u>(8,755)</u>	<u>(532,602)</u>
Total fund balances	<u>3,526,163</u>	<u>-</u>	<u>-</u>	<u>3,526,163</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,669,341</u>	<u>523,847</u>	<u>754,661</u>	<u>4,947,849</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, 2018

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	<u>Rural Fire Districts</u>	<u>Room Occupancy/ Tourism Development Tax</u>	<u>Community Development</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues				
Taxes:				
Property taxes	\$ 15,652,841	-	-	15,652,841
Sales tax	3,405,002	-	-	3,405,002
Occupancy taxes	-	5,983,575	-	5,983,575
Intergovernmental	-	-	166,245	166,245
Investment earnings	12,865	-	-	12,865
Total revenues	<u>19,070,708</u>	<u>5,983,575</u>	<u>166,245</u>	<u>25,220,528</u>
Expenditures				
Current:				
Public safety	18,817,436	-	-	18,817,436
Economic development and assistance	-	5,983,575	166,245	6,149,820
Total expenditures	<u>18,817,436</u>	<u>5,983,575</u>	<u>166,245</u>	<u>24,967,256</u>
Net changes in fund balances	253,272	-	-	253,272
Fund balances at beginning of year	<u>3,272,891</u>	-	-	<u>3,272,891</u>
Fund balances at end of year	<u>\$ 3,526,163</u>	-	-	<u>3,526,163</u>

GUILFORD COUNTY, NORTH CAROLINA

Rural Fire Districts Special Revenue Fund

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**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the fiscal year ended June 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary and GAAP Basis</u>	<u>Final Budget Positive (Negative)</u>
Revenues				
Taxes:				
Property taxes	\$ 15,061,465	15,061,465	15,606,170	544,705
Interest on delinquent taxes	-	-	46,671	46,671
Total property taxes	15,061,465	15,061,465	15,652,841	591,376
Sales tax	3,146,465	3,146,465	3,405,002	258,537
Investment earnings	-	-	12,865	12,865
Total revenues	<u>18,207,930</u>	<u>18,207,930</u>	<u>19,070,708</u>	<u>862,778</u>
Expenditures				
Current - Public safety:				
Alamance Community Fire District	1,206,790	1,206,790	1,206,790	-
Climax Fire District (FD)	114,902	114,902	114,902	-
Climax Fire Protection Service District	51,042	51,042	51,042	-
Colfax FD	611,668	611,668	611,668	-
Colfax Fire Protection Service District	219,589	219,589	219,589	-
Deep River FD	234,073	234,073	234,073	-
Friedens Community FD	175,492	175,492	175,492	-
Friedens Community FPSD	68,442	68,442	68,442	-
Gibsonville FD	14,375	14,375	14,375	-
Guilford College Community FD	592,070	592,070	592,070	-
Guilford College Community FPSD	38,874	38,874	38,874	-
Guil-Rand FD	150,066	150,066	150,066	-
Guil-Rand FPSD	29,937	29,937	29,937	-
Fire Protection Service District No. 1	37,551	37,551	37,551	-
Julian FD	100,624	100,624	100,624	-
Kimesville FD	120,883	120,883	120,883	-
McLeansville FD	953,079	953,079	953,079	-
McLeansville FPSD	336,280	336,280	336,280	-
Mount Hope Community FD	728,467	728,467	728,467	-
Northeast FD	999,333	999,333	999,333	-
Northeast FPSD	300,431	300,431	300,431	-
Oak Ridge FD	1,613,854	1,613,854	1,613,854	-
Pinecroft-Sedgefield FD	2,092,668	2,092,668	2,092,668	-
Pinecroft-Sedgefield FPSD	358,718	358,718	358,718	-
Pleasant Garden FD	721,905	721,905	721,905	-
Pleasant Garden FPSD	76,278	76,278	76,278	-
PTIA Fire Protection Service District	254,923	254,923	254,923	-
Rankin FD (No. 13)	1,106,857	1,106,857	1,106,857	-
Rankin FPSD (No. 13)	345,585	345,585	345,585	-
Southeast FD	219,170	219,170	219,170	-
Stokesdale FD	789,836	789,836	789,836	-
Summerfield FD	2,397,721	2,397,721	2,397,721	-
Summerfield FPSD	743,356	743,356	743,356	-
Whitsett FD	614,855	616,500	616,500	-
Whitsett FPSD	144,793	143,148	143,148	-
No. 14 FD	199,789	199,789	199,789	-
Fire Protection Service District No. 14	53,160	53,160	53,160	-
Total expenditures	<u>18,817,436</u>	<u>18,817,436</u>	<u>18,817,436</u>	-
Net change in fund balance	(609,506)	(609,506)	253,272	862,778
Fund balance at beginning of year	<u>3,272,891</u>	<u>3,272,891</u>	<u>3,272,891</u>	-
Fund balance at end of year	\$ <u>2,663,385</u>	<u>2,663,385</u>	<u>3,526,163</u>	<u>862,778</u>

GUILFORD COUNTY, NORTH CAROLINA
Room Occupancy/Tourism Development Tax Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
For the fiscal year ended June 30, 2018

B-4

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final	Budgetary and GAAP Basis	
Revenues				
Taxes:				
Occupancy	\$ 6,000,000	6,200,000	5,983,575	(216,425)
Expenditures				
Current:				
Economic development and assistance	<u>6,000,000</u>	<u>6,200,000</u>	<u>5,983,575</u>	<u>216,425</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

GUILFORD COUNTY, NORTH CAROLINA
Community Development Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
(Budgetary Basis - Project-Length Budgets)
From inception and through the year ended June 30, 2018

B-5

	<u>Project</u>	<u>Actual</u>		
	<u>Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues				
Intergovernmental:				
General Assembly Appropriation	\$ 3,637,246	-	166,245	166,245
Expenditures				
Current:				
Economic development and assistance:				
Regional Water System Project	<u>3,637,246</u>	<u>-</u>	<u>166,245</u>	<u>166,245</u>
Net change in fund balance	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at beginning of year			<u>-</u>	
Fund balance at end of year			\$ <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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>Budgetary and</u>	Final Budget
			<u>GAAP Basis</u>	Positive
				(Negative)
Revenues				
Operating revenues:				
Charges for services	\$ 43,278,438	43,304,842	42,378,456	(926,386)
Other	<u>40,000</u>	<u>40,000</u>	<u>49,783</u>	<u>9,783</u>
Total operating revenues	43,318,438	43,344,842	42,428,239	(916,603)
Nonoperating revenues:				
Net investment gain	<u>140,000</u>	<u>140,000</u>	<u>400,575</u>	<u>260,575</u>
Total revenues	<u>43,458,438</u>	<u>43,484,842</u>	<u>42,828,814</u>	<u>(656,028)</u>
Expenditures				
Risk Retention-Liability/Property/WC:				
Personnel services			185,430	
Other direct service costs			24,291	
Professional services			77,712	
Claims, premiums and bonding	-	-	<u>2,034,612</u>	-
Total Risk Retention	<u>3,268,997</u>	<u>3,269,225</u>	<u>2,322,045</u>	<u>947,180</u>
Health Care & Wellness:				
Professional services			1,458,670	
Claims, premiums and bonding	-	-	<u>38,522,063</u>	-
Total Health Care & Wellness	<u>42,493,002</u>	<u>42,558,164</u>	<u>39,980,733</u>	<u>2,577,431</u>
Total expenditures	<u>45,761,999</u>	<u>45,827,389</u>	<u>42,302,778</u>	<u>3,524,611</u>
Excess (deficiency) of revenues over expenditures	(2,303,561)	(2,342,547)	526,036	2,868,583
Other financing sources:				
Appropriated fund balance	<u>2,303,561</u>	<u>2,342,547</u>	-	<u>(2,342,547)</u>
Excess of revenues and other sources over expenditures	\$ <u>-</u>	<u>-</u>	526,036	<u>526,036</u>
Reconciliation from financial plan basis (modified accrual) to full accrual:				
Decrease in deferred outflows of resources - related to pension plans			10,833	
Increase in accrued vacation pay			1,947	
Decrease in net pension liability			(9,341)	
Decrease in deferred inflows of resources - related to pension plans			<u>(854)</u>	
Total			<u>2,585</u>	
Change in net position			\$ <u>528,621</u>	

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, 2018

D-1

	<u>Pension / OPEB Trust Funds</u>		
	<u>Law Enforcement Officers' Special Separation Allowance</u>	<u>Other Post Employment Benefits</u>	<u>Total</u>
Assets			
Current assets:			
Guilford County Law Enforcement Officers' Special Separation Allowance (LEOSSA) Accounts:			
Demand deposits	\$ 6,220	-	6,220
N.C. Capital Management Trust Cash Portfolio	634,702	-	634,702
State Treasurer's Local Government Law Enforcement Officers' Special Separation Allowance (LEOSSA) Fund:			
Short-Term LEOSSA Fund	1,523,469	-	1,523,469
LEOSSA Equity Fund	199,410	-	199,410
State Treasurer's Local Government Other Post Employment Benefits (OPEB) Fund:			
Short-Term OPEB Fund	-	2,539,781	2,539,781
Long-Term OPEB Fund	-	1,835,278	1,835,278
OPEB Equity Fund	-	10,067,692	10,067,692
Cash and cash equivalents/investments	2,363,801	14,442,751	16,806,552
Receivables:			
Accrued interest on investments	252	-	252
Total assets	<u>2,364,053</u>	<u>14,442,751</u>	<u>16,806,804</u>
Liabilities			
Accounts payable and accrued liabilities	<u>23,909</u>	<u>-</u>	<u>23,909</u>
Net Position			
Held in trust for pension / OPEB benefits	<u>\$ 2,340,144</u>	<u>14,442,751</u>	<u>16,782,895</u>

GUILFORD COUNTY, NORTH CAROLINA
Pension / OPEB Trust Funds
Combining Statement of Changes in Plan Net Position
For the fiscal year ended June 30, 2018

D-2

	Pension / OPEB Trust Funds		
	Law Enforcement Officers' Special Separation Allowance	Other Post Employment Benefits	Total
Additions			
Employer contributions	\$ 1,400,798	7,093,801	8,494,599
Retiree contributions	-	2,201,174	2,201,174
Investment income (loss)	26,030	1,026,993	1,053,023
Investment expenses	(10)	(2,666)	(2,676)
Total additions	<u>1,426,818</u>	<u>10,319,302</u>	<u>11,746,120</u>
Deductions			
Benefits	910,797	8,989,839	9,900,636
Administrative expenses	<u>2,082</u>	<u>305,136</u>	<u>307,218</u>
Total deductions	<u>912,879</u>	<u>9,294,975</u>	<u>10,207,854</u>
Change in net position	513,939	1,024,327	1,538,266
Net position at beginning of year	<u>1,826,205</u>	<u>13,418,424</u>	<u>15,244,629</u>
Net position at end of year	<u>\$ 2,340,144</u>	<u>14,442,751</u>	<u>16,782,895</u>

GUILFORD COUNTY, NORTH CAROLINA
Agency Funds
Combining Statement of Assets and Liabilities
June 30, 2018

D-3

	Agency Funds				Total
	Tax Collection	Fines and Forfeitures	Representative Payee	Inmate Trust	
Assets					
Cash and cash equivalents/investments	\$ 119,760	439,984	425,766	124,138	1,109,648
Total assets	\$ 119,760	439,984	425,766	124,138	1,109,648
Liabilities					
Accounts payable and accrued liabilities	\$ -	439,984	-	-	439,984
Representative payee clients payable	-	-	425,766	-	425,766
Due to other taxing units	119,760	-	-	-	119,760
Inmate trust funds payable	-	-	-	124,138	124,138
Total liabilities	\$ 119,760	439,984	425,766	124,138	1,109,648

GUILFORD COUNTY, NORTH CAROLINA
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the fiscal year ended June 30, 2018

D-4

	<u>Balance 7/1/17</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/18</u>
<u>Tax Collection Fund</u>				
Assets				
Cash and cash equivalents/investments	\$ 127,439	255,492,081	255,499,760	119,760
Liabilities				
Due to other taxing units	\$ 127,439	255,492,081	255,499,760	119,760
<u>Fines and Forfeitures Fund</u>				
Assets				
Cash and cash equivalents/investments	\$ 441,919	2,208,095	2,210,030	439,984
Liabilities				
Accounts payable and accrued liabilities	\$ 441,919	2,208,095	2,210,030	439,984
<u>Representative Payee Fund</u>				
Assets				
Cash and cash equivalents/investments	\$ 390,714	2,455,290	2,420,238	425,766
Liabilities				
Representative payee clients payable	\$ 390,714	2,455,290	2,420,238	425,766
<u>Inmate Trust Fund</u>				
Assets				
Cash and cash equivalents/investments	\$ 128,583	727,426	731,871	124,138
Liabilities				
Inmate trust funds payable	\$ 128,583	727,426	731,871	124,138
<u>Total Agency Funds</u>				
Assets				
Cash and cash equivalents/investments	\$ 1,088,655	260,882,892	260,861,899	1,109,648
Liabilities				
Accounts payable and accrued liabilities	\$ 441,919	2,208,095	2,210,030	439,984
Representative payee clients payable	390,714	2,455,290	2,420,238	425,766
Due to other taxing units	127,439	255,492,081	255,499,760	119,760
Inmate trust funds payable	128,583	727,426	731,871	124,138
Total liabilities	\$ 1,088,655	260,882,892	260,861,899	1,109,648



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

E-1

**Analysis of Current Tax Levy
For the fiscal year ended June 30, 2018**

	<u>Assessed Value</u>	<u>Rate (1)</u>	<u>Total Adjusted Tax Levy (2)</u>	<u>Current Tax Collections</u>	<u>Uncollected at June 30, 2018</u>
County-wide	\$ 50,730,760,734	0.7305	\$ 370,444,181	367,742,188	2,701,993
Rural fire / service districts:					
Alamance Community FD	1,009,307,914	0.0998	1,004,588	994,858	9,730
Climax FD	92,444,309	0.1000	92,473	91,170	1,303
Climax FPSD	92,444,309	0.0500	45,400	44,749	651
Colfax FD	524,844,293	0.1000	528,466	526,003	2,463
Colfax FPSD	524,844,293	0.0359	189,719	188,835	884
Deep River FD	205,726,948	0.0941	194,756	193,457	1,299
Friedens Community FD	149,437,107	0.1000	150,270	149,075	1,195
Friedens Community FPSD	149,437,107	0.0390	58,457	57,991	466
Gibsonville FD	12,510,255	0.0945	11,789	11,752	37
Guilford College Community FD	521,444,329	0.1000	521,021	520,756	265
Guilford College FPSD	65,220,314	0.0500	32,558	32,457	101
Guil-Rand FD	126,412,274	0.1000	126,445	123,527	2,918
Guil-Rand FPSD	126,412,274	0.0200	25,289	24,705	584
Julian FD	60,072,397	0.1354	81,331	80,349	982
Kimesville FD	90,993,612	0.1097	99,733	97,238	2,495
McLeansville FD	766,787,866	0.1000	766,272	755,184	11,088
McLeansville FPSD	766,787,866	0.0372	284,891	280,766	4,125
Mount Hope Community FD	729,784,495	0.0800	581,938	577,577	4,361
Northeast FD	851,139,775	0.1000	850,994	843,060	7,934
Northeast FPSD	851,139,775	0.0299	254,422	252,050	2,372
Oak Ridge FD	1,423,414,683	0.0977	1,383,880	1,378,795	5,085
Pinecroft-Sedgefield FD	1,670,176,725	0.1000	1,666,541	1,651,907	14,634
Pinecroft-Sedgefield FPSD	1,670,176,725	0.0200	328,552	325,625	2,927
Pleasant Garden FD	601,509,554	0.1000	601,133	592,960	8,173
Pleasant Garden FPSD	601,509,554	0.0107	64,297	63,423	874
Rankin FD	925,007,574	0.0963	890,219	880,356	9,863
Rankin FPSD	925,007,574	0.0289	267,145	264,185	2,960
Southeast FD	148,770,550	0.1250	185,712	182,754	2,958
Stokesdale FD	681,512,325	0.1000	680,298	675,229	5,069
Summerfield FD	1,945,422,161	0.1000	1,943,117	1,934,533	8,584
Summerfield FPSD	1,945,422,161	0.0310	602,366	599,705	2,661
Whitsett FD	506,102,407	0.1000	506,427	502,910	3,517
Whitsett FPSD	506,102,407	0.0296	146,481	145,440	1,041
No. 14 FD (Franklin Blvd.)	159,433,464	0.1000	159,667	157,618	2,049
No. 14 FPSD	159,433,464	0.0275	43,907	43,344	563
FPSD No. 1 (Horneytown)	24,754,515	0.1300	32,000	31,688	312
PTIA FPSD	456,533,879	0.0495	225,819	225,787	32
Total rural fire districts			<u>15,628,373</u>	<u>15,501,818</u>	<u>126,555</u>
Total entity-wide			\$ <u>386,072,554</u>	<u>383,244,006</u>	<u>2,828,548</u>

Percent of current year adjusted tax levy collected:

County-wide	<u>99.27</u> %
Rural fire districts	<u>99.19</u>
Entity-wide	<u>99.27</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, 2018

E-2

Fiscal Year	Uncollected Balance June 30, 2017	Total Adjusted Tax Levy	Collections and Credits	Uncollected Balance June 30, 2018
2017-2018	\$ -	386,072,554	383,244,006	2,828,548
2016-2017	3,036,376	-	1,736,048	1,300,328
2015-2016	1,498,568	-	536,781	961,787
2014-2015	1,005,489	-	271,642	733,847
2013-2014	1,230,023	-	199,735	1,030,288
2012-2013	1,435,678	-	154,607	1,281,071
2011-2012	1,108,703	-	119,452	989,251
2010-2011	782,489	-	56,952	725,537
2009-2010	763,896	-	38,225	725,671
2008-2009	801,554	-	39,234	762,320
2007-2008	649,343	-	649,343	-
	\$ 12,312,119	386,072,554	387,046,025	11,338,648
Less allowance for estimated uncollectible delinquent taxes:				
General Fund			\$ (5,851,297)	
Rural Fire Districts Fund			(103,245)	(5,954,542)
Property taxes receivable (net)				\$ 5,384,106
Reconciliation with revenues:				
General Fund:				
Ad valorem taxes			\$ 370,472,313	
Interest on delinquent taxes			1,333,879	\$ 371,806,192
Rural Fire Districts Fund:				
Ad valorem taxes			15,606,170	
Interest on delinquent taxes			46,671	15,652,841
Plus collections and credits not included in revenues:				
Releases net of refunds on prior fiscal years			292,658	
Penalties on delinquent taxes			312,471	
Amounts written off for year 2007 - 2008 per statute of limitations			649,343	1,254,472
Subtotal				388,713,505
Less revenues not included in collections and credits:				
Collections on years prior to 2008 - 2009			(37,042)	
Payments in lieu of taxes			(249,888)	
Interest collected			(1,380,550)	(1,667,480)
Total collections and credits				\$ 387,046,025

GUILFORD COUNTY, NORTH CAROLINA
Analysis of Current Tax Levy
County-Wide Levy
For the fiscal year ended June 30, 2018

	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)	\$ 50,730,760,734	0.7305	370,122,932	339,165,744	30,957,188
Penalties			<u>321,249</u>	<u>321,249</u>	<u>-</u>
Total adjusted tax levy			370,444,181	339,486,993	30,957,188
Uncollected taxes at June 30, 2018			<u>(2,701,993)</u>	<u>(2,701,993)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 367,742,188</u>	<u>336,785,000</u>	<u>30,957,188</u>
Current adjusted tax levy collection percentage			<u>99.27%</u>	<u>99.20%</u>	<u>100.00%</u>

Notes:

- (1) Per \$100 of assessed value.
- (2) Assessed value times rate will not equal amount of levy due to rounding differences, preferential rate treatments to certain properties, 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
Analysis of Current Tax Levy
County-Wide Levy - General Information
For the fiscal year ended June 30, 2018

Secondary Market Disclosures:

Assessed Valuation:	
Assessment Ratio (1)	100%
Real Property (2)	\$ 40,538,463,183
Personal Property	8,873,395,357
Public Service Companies (3)	<u>1,318,902,194</u>
Total Assessed Valuation	\$ <u>50,730,760,734</u>
Tax Rate per \$100 (4)	<u>0.7305</u>
Adjusted Levy (5)	\$ <u>386,072,554</u>

Notes:

- (1) Percentage of appraised value has been established by State Statute.
- (2) Real property assessment is based on 2018 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	\$ 370,444,181
Special Fire Districts	<u>15,628,373</u>
Total Levy	\$ <u>386,072,554</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, 2018

	<u>UTILITY</u>		<u>OTHER</u>		<u>TOTAL</u>	
	Existing Debt		Existing Debt		Existing Debt	
General Obligation						
Fiscal Year	Principal	Principal & Interest	Principal	Principal & Interest	Principal	Principal & Interest
2018-19	\$ 279,861	334,158	62,115,139	93,949,546	62,395,000	94,283,704
2019-20	326,189	367,066	61,558,811	90,430,263	61,885,000	90,797,329
2020-21	105,044	135,541	61,394,956	87,599,638	61,500,000	87,735,179
2021-22	105,241	130,781	64,754,759	88,196,007	64,860,000	88,326,788
2022-23	104,650	125,292	68,285,350	88,573,589	68,390,000	88,698,881
2023-24	59,068	75,055	63,905,932	81,226,581	63,965,000	81,301,636
2024-25	59,383	72,468	64,465,617	78,875,485	64,525,000	78,947,953
2025-26	59,738	69,854	46,995,262	58,299,716	47,055,000	58,369,570
2026-27	60,053	67,183	47,214,947	56,238,430	47,275,000	56,305,613
2027-28	59,107	64,435	31,975,893	38,774,383	32,035,000	38,838,818
2028-29	59,304	61,677	26,070,696	31,397,034	26,130,000	31,458,711
2029-30	-	-	17,875,000	21,952,103	17,875,000	21,952,103
2030-31	-	-	17,600,000	20,764,321	17,600,000	20,764,321
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>\$ 1,277,638</u>	<u>1,503,510</u>	<u>707,457,362</u>	<u>916,577,318</u>	<u>708,735,000</u>	<u>918,080,828</u>

Limited Obligation

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		-	768,805	-	768,805
2025-26		-	768,806	-	768,806
2026-27		-	768,806	-	768,806
2027-28		-	768,806	-	768,806
2028-29		-	768,805	-	768,805
2029-30		-	768,806	-	768,806
2030-31		-	768,805	-	768,805
2031-32		-	16,845,000	-	17,613,806
	\$	<u>16,845,000</u>	<u>27,608,281</u>	<u>16,845,000</u>	<u>27,608,281</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.

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	\$ 43,920,236.00	40,228,036	43,193,135	46,807,995	42,965,674	40,117,035	40,163,299	43,825,380	45,807,940	45,157,062
Human services	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	113,292,511
Public safety	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	134,222,836
Environmental protection	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	1,920,573
Culture - recreation	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	7,349,892
Urban redevelopment and housing	185,987	219,047	-	-	-	-	-	-	-	-
Economic development and assistance	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	7,228,783
Education	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	251,422,951
Interest on long-term debt	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	23,866,360
Total primary government expenses	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	584,460,968
Program Revenues										
Governmental activities:										
Charges for services:										
General government	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	6,450,137
Human services	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	10,938,503
Public safety	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	26,799,597
Economic development and assistance	1,933,971	2,364,652	1,785,255	72,337	89,664	15,137	526,389	-	1,275,983	46,499
Other activities	107,016	85,534	63,185	301,158	534,000	1,013,099	943,127	1,053,028	1,105,239	1,120,910
Operating grants and contributions:										
Human services	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	51,360,824
Public safety	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	1,346,383
Education	4,206,914	1,121,632	2,976,116	61,328	1,491,820	27,643	(52,592)	3,194	5,813,014	173,426
Interest on long-term debt	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	7,455,897
Other activities	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	1,353,529
Capital grants and contributions:										
General government	-	10,000	-	-	-	-	-	34,074	-	250,000
Human services	258,777	243,318	326,015	115,355	311,817	97,554	27,628	137,801	269,932	573,590
Public safety	349,110	223,545	431,312	299,356	374,780	201,543	111,945	84,236	24,500	40,010
Culture - recreation	6,306,168	2,381,838	520,844	-	124,074	160,955	-	-	-	-
Total primary government program revenues	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	107,909,305
Total primary government net expenses	(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)	(476,551,663)

General Revenues and Other

Changes in Net Position

Governmental activities:

Taxes:

Property taxes	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	387,498,373
Sales taxes	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	89,330,783
Occupancy taxes	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	5,983,575
Excise taxes	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	2,872,476
Local gross receipts taxes	631,080	578,291	628,422	685,671	687,863	721,066	790,938	815,038	831,792	840,943
Franchise taxes	148,147	149,479	82,213	-	-	-	-	-	-	-
Unrestricted grants and contributions	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	1,538,348
Unrestricted investment earnings	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	5,190,563
Other	225,855	257,879	6,045,727	452,404	352,415	203,773	499,868	1,541,560	295,608	338,138
Total primary government general revenues and other changes in net position	425,084,329	412,296,222	421,255,492	436,630,516	446,110,954	455,384,373	462,604,262	472,571,033	480,787,062	493,593,199

Changes in Net Position

Governmental activities / primary government	\$ (44,027,809)	(39,532,644)	(69,338,996)	(63,189,604)	(42,716,316)	(28,321,159)	28,991,502	38,030,147	(19,012,735)	17,041,536
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Net Position by Component

Governmental activities:	(Restated) (1)	(Reclassified) (2)	(2),(3)				(Restated) (4)	(Restated) (5)		(Restated) (6)
Invested in capital assets, net of related debt	\$ 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	161,980,529
Restricted	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	76,345,568
Unrestricted	(371,277,681)	(518,786,448)	(547,421,671)	(603,117,519)	(653,085,898)	(667,929,177)	(662,296,728)	(636,801,049)	(673,447,187)	(803,390,717)
Governmental activities / primary government	\$ (212,807,711)	(252,340,355)	(324,683,025)	(387,872,629)	(430,588,945)	(458,910,104)	(445,223,463)	(418,098,803)	(437,111,538)	(565,064,620)

Notes:

- (1) 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*.
- (2) 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.
- (3) 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*.
- (4) 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*.
- (5) 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*.
- (6) Beginning July 1, 2017 unrestricted net position has been reduced by \$144,994,618 to reflect the restatement of beginning net position required by the 2018 implementation of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes:										
Property taxes	\$ 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	387,459,033
Sales taxes	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	89,330,783
Occupancy taxes	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	5,983,575
Excise taxes	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	2,872,476
Local gross receipts taxes	631,080	578,291	628,422	685,671	687,863	721,066	790,938	815,038	831,792	840,943
Franchise taxes	148,147	149,479	82,213	-	-	-	-	-	-	-
Total taxes	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	486,486,810
Licenses and permits	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	1,994,084
Intergovernmental	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	62,669,334
Charges for services	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	39,907,519
Investment earnings	7,130,248	3,098,015	1,761,870	1,084,348	913,633	628,946	547,533	1,093,684	1,908,670	4,208,440
Other	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	5,290,939
Total revenues	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	600,557,126
Expenditures										
General government	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	46,281,130
Human services	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	109,377,917
Public safety	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	125,977,700
Environmental protection	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	1,805,243
Culture - recreation	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	6,355,035
Urban redevelopment & housing	185,987	219,047	-	-	-	-	-	-	-	-
Economic development & assistance	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	7,228,783
Education (1)	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	211,010,398
Capital outlay - Education (1)	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	40,412,553
Capital outlay - Other	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	8,206,891
Debt service:										
Principal	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	62,445,585
Interest	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	32,279,923
Other fiscal charges	854,108	3,834,542	1,776,942	1,859,397	1,025,997	1,052,028	878,905	760,512	776,914	265,757
Bond issuance / put bond costs	300,443	1,748,409	-	1,499,741	-	-	-	621,582	1,364,306	969,842
Total expenditures	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	652,616,757
Excess (deficiency) of revenues over expenditures	(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)	(52,059,631)

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

Refunding bonds issued	-	135,990,000	-	46,135,000	-	-	-	92,930,000	-	179,785,000
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	-	-	-	21,820,000	-	-	-	-	-	-
Payment to bond refunding escrow agent	-	(146,310,850)	-	(53,364,279)	-	-	-	(111,191,212)	(24,350,000)	(208,024,114)
Premiums on bonds/put bonds/refunding bonds issued	10,526,417	30,354,381	-	29,039,009	-	-	-	18,891,592	24,564,701	29,635,953
Payment to terminate interest rate swaps	-	(11,211,119)	-	(4,660,034)	-	-	-	-	-	(420,000)
Payment to refinance capital-related debt	-	-	-	(3,316,300)	-	-	-	-	-	-
Transfers in	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	8,712,149
Transfers out	(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)	(8,712,149)
Sale of capital assets	119,073	165,734	7,822,165	104,378	288,165	127,435	437,320	1,898,186	85,893	245,998
Total other financing sources (uses) and other changes in fund balances	175,245,490	173,988,146	7,822,165	189,964,074	288,165	177,435	2,737,320	24,528,566	187,565,594	1,222,837

Changes in Fund Balances

Governmental funds	\$ 111,897,466	84,103,065	(150,521,935)	73,528,211	(91,148,834)	(76,801,940)	(21,200,399)	3,330,188	116,937,483	(50,836,794)
Debt service as a percentage of noncapital expenditures (2)	7.64%	8.94%	9.39%	10.98%	12.70%	12.81%	13.65%	13.74%	12.03%	14.84%

Fund Balances

General fund:		(Reclassified) (3)	(3)							
Reserved	\$ 49,720,293	-	-	-	-	-	-	-	-	-
Unreserved	95,477,488	-	-	-	-	-	-	-	-	-
Non spendable	-	54,351	499,646	1,358,046	1,441,612	1,293,053	1,268,584	1,172,718	1,209,173	1,097,850
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	74,331,512
Committed	-	33,342	27,692	24,472	20,575	16,630	16,630	16,630	16,630	2,539
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	21,202,603
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	82,892,048
Total general fund	145,197,781	139,546,261	132,268,918	140,451,989	138,300,097	151,129,823	163,032,741	165,394,176	191,444,472	179,526,552
All other governmental funds:			(3)							
Reserved	14,873,636	85,380,194	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	657,736	310,200	-	-	-	-	-	-	-	-
Capital projects funds	208,666,019	228,261,582	-	-	-	-	-	-	-	-
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	56,637,188
Committed	-	-	18,629,202	29,582,739	11,369,186	20,985,641	17,145,558	18,241,070	13,704,347	13,186,880
Assigned	-	-	5,587,932	15,656,754	14,066,459	4,651,608	5,540,252	7,613,894	7,008,885	9,099,718
Unassigned	-	-	(1,690,772)	(4,381,306)	(5,589,131)	(4,606,414)	(16,414,210)	(13,228,592)	(2,188,014)	(1,666,121)
Total all other governmental funds	224,197,391	313,951,976	170,707,384	236,052,524	147,055,582	57,423,916	24,320,599	25,289,352	116,176,539	77,257,665
Total fund balances	\$ 369,395,172	453,498,237	302,976,302	376,504,513	285,355,679	208,553,739	187,353,340	190,683,528	307,621,011	256,784,217

Notes:

- (1) For years 2009 - 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		
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
2018 ⁽³⁾	40,538,463,183	40,640,063,341	8,873,395,357	1,318,902,194	50,730,760,734	50,832,360,892	99.8	0.7608

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 Guilford County Board of Commissioners has adopted a policy to reevaluate property every five years. The most recent reevaluation in 2018 is reflected in the increased real property values. The previous 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>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>	<u>2018</u>
County Direct Rates:										
General Levy (1):										
Property taxed at current year's rate	\$ 0.7148	0.7164	0.7182	0.7609	0.7580	0.7471	0.7700	0.7600	0.7550	0.7305
Registered motor vehicles at prior rate	<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>	<u>0.0000</u>
Total general direct rate	0.7360	0.7374	0.7374	0.7812	0.7805	0.7700	0.7700	0.7600	0.7550	0.7305
Fire Protection Districts (2)	<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>	<u>0.0303</u>
Total direct rate	\$ <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>	<u>0.7608</u>
City Rates:										
Burlington (3)	\$ 0.6250	0.5904	0.5900	0.5801	0.5800	0.5800	0.5800	0.5800	0.5800	0.5973
Greensboro	0.6374	0.6375	0.6352	0.6349	0.6351	0.6350	0.6350	0.6350	0.6352	0.0298
High Point	0.6330	0.6330	0.6330	0.6613	0.6746	0.6750	0.6646	0.6500	0.6475	0.6475
Kernersville (3)	0.5500	0.4975	0.4975	0.4975	0.4975	0.5273	0.5424	0.5425	0.5700	0.5545
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	0.5100	0.5100	0.5100	0.5100	0.5100	0.5100	0.5100	0.5100	0.5300
Jamestown	0.3693	0.3700	0.3895	0.3900	0.3948	0.4434	0.4544	0.4550	0.4550	0.4680
Oak Ridge	0.0863	0.0863	0.0863	0.0863	0.0863	0.0863	0.0863	0.0863	0.0863	0.0800
Pleasant Garden	0.0260	0.0250	0.0250	0.0250	0.0250	0.0250	0.0250	0.0250	0.0250	0.0500
Sedalia	0.2000	0.2000	0.2729	0.2750	0.2750	0.2750	0.2750	0.2750	0.2750	0.2750
Summerfield (5)	0.0351	0.0018	0.0350	0.0350	0.0350	0.0350	0.0279	0.0275	0.0275	0.0275
Whitsett	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.1438	0.1500	0.1500	0.1500
Sedgefield Sanitary District	\$ 0.0300	0.0300	0.0300	0.0300	0.0358	0.0360	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.

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

Taxpayer	Fiscal Year 2018			Fiscal Year 2009		
	Assessed Value	Rank	Percentage of Total Assessed Value	Assessed Value	Rank	Percentage of Total Assessed Value
Duke Energy Carolinas LLC	\$ 458,680,660	1	0.90	\$ 341,721,051	1	0.77
Procter & Gamble Manufacturing Company	311,310,940	2	0.61	163,788,275	9	0.37
ITG Brands LLC (formerly Lorillard Tobacco Company)	239,718,440	3	0.47	270,378,566	3	0.61
Koury Corporation	225,859,553	4	0.45	277,192,223	2	0.62
Lincoln National Life Insurance (formerly Jefferson-Pilot)	211,945,928	5	0.42	-	-	-
American Express Travel Related Services Inc.	211,397,426	6	0.42	-	-	-
CBL LLC	165,890,300	7	0.33	212,855,431	5	0.48
Honda Aircraft Co	148,220,214	8	0.29	-	-	-
Piedmont Natural Gas	145,655,194	9	0.29	-	-	-
International Home Furnishings Center	145,471,700	10	0.29	184,884,223	7	0.41
RF Micro Devices, Inc.	-	-	-	214,973,534	4	0.48
TYCO Electronics	-	-	-	186,261,055	6	0.42
BellSouth	-	-	-	166,939,858	8	0.37
Liberty Property LP	-	-	-	137,937,077	10	0.31
Total Top Ten Principal Taxpayers	\$ 2,264,150,355		4.47	\$ 2,156,931,293		4.84

Source: Guilford County Tax Department.

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

Fiscal Year	(1) Taxes Levied for the Fiscal Year	Subsequent Years' Adjustments	Total Adjusted Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percent of Original Levy		Amount	Percent of Adjusted Tax Levy
2009	\$ 336,841,767	(307,751)	336,534,016	330,670,794	98.17	5,100,902	335,771,696	99.77
2010	339,838,448	(310,666)	339,527,782	333,596,483	98.16	5,205,628	338,802,111	99.79
2011	339,943,072	(294,181)	339,648,891	333,063,607	97.98	5,859,746	338,923,353	99.79
2012	363,248,000	(421,068)	362,826,932	355,095,355	97.76	6,742,325	361,837,680	99.73
2013 ⁽²⁾	365,428,942	(1,362,159)	364,066,783	356,582,243	97.58	6,203,469	362,785,712	99.65
2014	372,017,706	(899,217)	371,118,489	366,529,630	98.52	3,558,571	370,088,201	99.72
2015	371,794,827	(728,434)	371,066,393	368,321,489	99.07	2,011,057	370,332,546	99.80
2016	373,904,683	(113,902)	373,790,781	370,755,116	99.16	2,073,879	372,828,995	99.74
2017	377,874,202	(153,403)	377,720,799	374,837,826	99.20	1,582,643	376,420,469	99.66
2018	386,072,554	-	386,072,554	383,244,006	99.27	-	383,244,006	99.27

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			Other Governmental Activities Debt			
	General Obligation Bonds (1)	Percentage of Estimated Actual Taxable Value of Property (2)	Per Capita	Limited Obligation Bonds, Capital Leases and Installment Financings (1)	Total Primary Government (1)	Percentage of Personal Income (3)	Per Capita (3)
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	1,647.07	3,571,400	809,905,850	4.57	1,654.36
2012	932,027,810	2.12	1,882.39	24,498,508	956,526,318	5.17	1,931.87
2013	879,076,323	1.92	1,755.20	23,222,923	902,299,246	4.60	1,801.57
2014	824,376,111	1.77	1,626.65	21,947,338	846,323,449	4.31	1,669.96
2015	769,783,196	1.62	1,501.83	20,671,754	790,454,950	3.80	1,542.16
2016	736,321,847	1.50	1,422.71	19,396,169	755,718,016	3.41	1,460.19
2017	861,133,538	1.75	1,651.80	18,120,585	879,254,123	3.87	1,686.56
2018	791,334,576	1.56	1,501.72	16,845,000	808,179,576	3.43	1,533.68

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, 2018**

<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	\$ 811,866,946	100.00	\$ 811,866,946
City of Greensboro	276,531,562	100.00	276,531,562
City of High Point	69,090,000	94.03	64,965,327
Town of Kernersville	26,538,623	5.02	1,332,239
Town of Gibsonville	2,677,278	48.78	1,305,976
Town of Jamestown	1,033,941	100.00	1,033,941
City of Burlington	5,923,461	1.82	107,807
City of Archdale	1,412,280	3.10	<u>43,781</u>
Total overlapping debt			<u>345,320,633</u>
Total direct and overlapping debt			<u>\$ 1,157,187,579</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>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>	<u>2018</u>
Debt limit	\$ 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	4,058,461
Total net debt applicable to limit	<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>	<u>725,055</u>
Legal debt margin	\$ <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>	<u>3,333,406</u>
Total net debt applicable to limit as a percentage of debt limit	33.78%	32.27%	33.04%	32.18%	30.71%	28.85%	26.27%	24.17%	21.04%	17.87%

Legal Debt Margin Calculation for Fiscal Year 2018

Assessed value of taxable property	\$ <u>50,730,760,734</u>
Debt limit (8% of total assessed value)	\$ <u>4,058,460,859</u>
Debt applicable to limit:	
General obligation bonded debt	708,735,000
Bonds authorized, unissued	-
Limited obligation bonds and obligations under purchase money installment contracts	<u>16,845,000</u>
Gross debt	725,580,000
Less statutory deductions:	
Bonds issued and outstanding for water purposes	<u>524,867</u>
Net amount of debt applicable to debt limit	<u>725,055,133</u>
Legal debt margin	\$ <u>3,333,405,726</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>
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	489,557	17,740,567	36,238	36.51	71,227	10.3
2012	495,129	18,505,446	37,375	36.54	71,587	9.3
2013	500,841	19,609,929	39,154	36.63	71,885	8.0
2014	506,794	19,630,159	38,734	36.75	71,787	6.6
2015	512,562	20,799,766	40,580	36.87	71,502	5.9
2016	517,548	22,146,914	42,792	37.03	71,429	5.2
2017	521,330	22,707,049	43,556	37.22	71,396	4.8
2018	526,953	23,535,302	44,663	37.40	71,304	4.4

Sources:

- (1) Calendar years 2008 through 2016
Calendar year 2017
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 2008 through 2016
Calendar year 2017
Bureau of Economic Analysis, U.S. Department of Commerce.
Piedmont Triad Council of Governments estimate.
- (4) Fiscal years 2009 through 2018
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 2018 which is the average adjusted monthly rate for January through June.

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

Employer	2018			2009		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Guilford County School System	10,027	1	4.05	9,386	1	4.02
Cone Health	8,875	2	3.58	7,440	2	3.19
City of Greensboro	2,913	3	1.18	2,958	3	1.27
Guilford County Government	2,652	4	1.07	2,648	6	1.14
High Point Regional Health System	2,600	5	1.05	1,863	10	0.80
University of North Carolina at Greensboro	2,379	6	0.96	2,800	4	1.20
United States Postal Service	2,300	7	0.93	2,800	5	1.20
Ralph Lauren Corporation	2,201	8	0.89	-	-	-
The Volvo Group	2,200	9	0.89	-	-	-
Unifi Inc.	2,153	10	0.87	-	-	-
Bank of America				2,200	7	0.94
American Express Credit Card Services				2,100	8	0.90
United Parcel Service (UPS)				2,000	9	0.86
Total County Employment	247,698			233,211		

Sources:

Principal employer data is from the Triad Business Journal and the individual employers. Total County employment is for calendar years 2008 and 2017 from the North Carolina Department of Commerce.

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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government (1)	338	464	323	320	315	312	306	325	314	323
Human services	1,366	1,264	1,176	1,051	987	973	995	1,077	1,087	1,078
Public safety	953	913	932	1,021	1,034	1,031	1,031	1,086	1,089	1,122
Environmental protection	5	5	4	7	7	7	8	8	7	9
Culture-recreation (2)	2	2	2	2	101	95	103	107	111	120
Total	<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>	<u>2,652</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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government:										
Real estate documents processed (8)	510,744	329,094	357,284	351,377	423,053	337,840	329,352	349,976	374,744	351,856
Vital records recorded and issued (8)	79,814	68,196	69,484	72,477	70,806	73,434	77,532	76,100	75,083	78,770
Building permits issued (2)	2,800	2,200	2,200	2,870	2,870	3,804	4,091	4,040	4,248	4,315
Bldg,plumb,mech & elec insp completed (2)	45,700	29,200	29,700	22,014	22,014	27,000	32,351	34,548	34,179	34,398
Human Services:										
Laboratory tests performed (2),(10)	187,314	203,250	209,096	200,364	194,378	187,677	188,086	200,096	196,604	212,292
Number of prescriptions filled (2),(10)	82,000	77,906	98,741	59,703	42,284	44,346	43,637	48,444	59,113	62,518
Adoption assistance cases (4)	1,090	1,059	1,027	1,011	993	950	902	928	959	945
Children in Social Services custody (4)	475	386	374	341	345	386	552	449	539	539
Public Safety:										
911 calls received (1),(3)	123,504	128,892	130,947	131,072	143,930	150,968	153,459	157,564	164,177	166,270
Emergency HazMat responses (2),(11)	70	70	42	22	111	105	12	17	23	22
Average daily population juvenile detention (2),(13)	48	48	35	30	18	24	28	38	35	31
Average daily population adult jail (6)	907	955	920	875	883	932	932	811	881	906
Number of animals received (2),(12)	15,993	16,890	17,000	16,000	16,000	13,933	11,487	12,176	10,129	9,458
Number of spay/neuter surgeries performed (2),(12)	5,495	5,098	7,200	4,000	4,000	5,525	1,460	2,040	3,621	2,790
Environmental protection: (9)										
Number of scrap tires processed	490,000	565,000	610,000	550,000	520,000	540,000	465,000	517,000	577,500	585,000
Number of white goods disposed of (tons)	332	236	169	97	85	85	125	150	205	197
Culture - recreation: (2)										
Number of park and rec participants (14)	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)	70,968	70,710	71,227	71,587	71,885	71,787	71,502	71,429	71,396	71,304
County appropriation per pupil (7)	\$ 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	\$ 2,746.84

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 2011-2018 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 2011-2018
- (11) Guilford County Emergency Services 2011-2018
- (12) Guilford County Animal Shelter 2014-2018
- (13) Guilford County Juvenile Detention 2011 - 2018
- (14) Data is not available 2017 - 2018

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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
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	119,750	119,750	-	-	-	-	-	-
Social services occupied square footage	148,262	148,262	155,738	155,860	155,860	155,860	155,860	164,320	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	15,101	15,101	15,101	15,101	15,101	15,101	15,101	15,101
Public Safety:										
Number of law enforcement vehicles (4),(5)	376	426	419	406	425	438	405	398	442	394
Number of law enforcement centers (5)	2	2	2	2	2	2	2	2	2	2
Number of emergency medical vehicles (4),(6)	84	92	83	84	82	82	89	87	97	106
Number of emergency medical stations (6)	14	14	15	15	15	15	16	16	16	16
Number of fire marshall vehicles (4),(6)	19	15	21	24	25	24	22	22	26	24
Number of volunteer fire stations (3),(6)	37	37	36	36	38	38	39	39	39	40
Number of volunteer firefighters (6)	629	629	682	682	620	621	621	603	571	542
Number of animal control vehicles (4),(5)	17	14	14	13	16	19	20	21	22	20
Culture-recreation:										
Parks (9)	275	275	275	275	275	275	275	275	294	294
Libraries (7)	10	10	10	10	10	11	11	11	11	11
Education: (1)										
Number of schools (8)	120	121	122	124	126	127	127	127	126	126

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 - Years 2013-2018 were changed to the number of actual physical schools versus the number of programs.
- (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

