

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2012



COUNTY OF GUILFORD, NORTH CAROLINA

COVER

Guilford County Seal

The official seal, devised by the York Herald of the Royal College of Arms, London, under the direction of James G. W. MacLamroc, a County Historian, is unique to Guilford County. It combines elements from the coats-of-arms of Dr. David Caldwell, colonial patriot, educator, minister, physician and statesman; Gen. Nathanael Greene, who led the 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, for whom the county was named. The motto “Courage and Faith” was considered characteristic of the early settlers of the County.

Photo

Old Guilford County Courthouse

The Old Guilford County Courthouse, built in 1918, now houses some of the County’s departments including County Administration and the County Commissioners’ offices. The Old Courthouse is also the public meeting place for the Board of County Commissioners.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2012



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

**Brenda Jones Fox, CPA
County Manager**

**Prepared by
Guilford County Finance Department**

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Introductory Section

LETTER OF TRANSMITTAL



Guilford County

November 27, 2012

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

The Comprehensive Annual Financial Report (CAFR) of Guilford County, North Carolina, for the fiscal year ended June 30, 2012, is hereby submitted. This report was prepared by the County's Finance Department and consists of management's representations concerning the finances of Guilford County. Responsibility for the reliability, completeness, and fairness of the presentation of all of the information presented in this report rests with the County. In order to provide a reasonable basis for making these representations, management of Guilford County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Guilford County's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal controls should not outweigh their benefits, Guilford County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. I believe this financial report is complete and reliable in all material respects.

This report is divided into three sections:

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

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

The **Statistical Section** provides selected financial trends; revenue and debt capacity; and demographic, economic and operating information for the past ten years.

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

Cherry, Bekaert & Holland, L.L.P., a firm of licensed certified public accountants, has audited Guilford County's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of Guilford County for the fiscal year ended June 30, 2012, are free of material

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misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Guilford County's financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report. The independent audit of the financial statements of Guilford County was part of a broader, Federal and State of North Carolina mandated "Single Audit" designed to meet the special needs of Federal and State grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal and State awards. These reports are available in Guilford County's separately issued Single Audit Report.

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

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Guilford County MD&A can be found immediately following the report of the independent auditors.

County Government Profile

In January of 1771, the North Carolina General Assembly passed an act creating Guilford County. The new county was named after Francis North, first Earl of Guilford, whose son Frederick was Prime Minister of Great Britain at the time of the county's creation. In 1779, the southern portion of Guilford was taken to form Randolph County, and six years later the northern part was cut off to create Rockingham County, leaving Guilford with its present dimensions. Guilford County, with a population of 495,279, is the most populous county of the Piedmont Triad region. The Piedmont Triad is a twelve county area with a population in excess of 1.6 million located in the north central portion of North Carolina between the Blue Ridge Mountains and the coastal plains. A moderate year-round climate enhances the life-style of the area. The County's 651 square miles contain ten municipalities including two of the state's nine largest cities.

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

Major duties of the Board of County Commissioners include:

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

The Board of County Commissioners does not have complete authority over all the services provided by the County. Many County activities are administered by boards with varying degrees of autonomy and by elected officials who receive their instructions from laws passed by the General Assembly. Some examples are the

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boards of education, social services, health, mental health, elections, register of deeds, and sheriff. State law requires the Commissioners to appropriate funds in the areas of health, mental health, social services, and public schools. They must also provide for the operation of the offices of the Register of Deeds, Elections and the Sheriff, and are required to allocate funds for the building and maintenance of courtrooms and facilities to house county departments. In addition Guilford County provides services in the areas of emergency services, juvenile detention, planning and zoning, building inspections, animal control, and parks and recreation.

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

Guilford County continues to have an excellent financial reputation receiving a AAA bond rating from Standard & Poor's Corporation, Aaa from Moody's, and AAA from Fitch Ratings on all of its outstanding general obligation bonded debt. The County issued its first series of limited obligation bonds in fiscal 2012; the \$16,845,000 issue was rated AA+ by Standard and Poors, Aa1 by Moody's and AA+ by Fitch Ratings.

County Budget

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

Appropriations in the various funds are formally budgeted on a departmental basis except for the Rural Fire District Fund appropriations, which are by rural fire tax district; and the Room Occupancy/Tourism Tax Fund, which is on a fund basis. The County Manager is authorized by the budget ordinance to make intrafund transfers of appropriations up to \$30,000 for each transaction, except that funds transferred cannot be used to create unauthorized positions or raise salaries. Each such transfer must be reported to the Board of Commissioners at its next regular meeting. Any revisions that alter total appropriations of any fund must be approved by the Board. All annual appropriations lapse at year-end and open encumbrances must be reappropriated in the following fiscal year's budget. Concurrent with the adoption of the annual budget ordinance the County approves a balanced financial plan for the Internal Service Fund. Any change in the financial plan during the year must be approved by the Board of County Commissioners. Guilford County appropriates funds for most capital projects and some grants through project and grant ordinances. This process is authorized under North Carolina law as an alternative to budgeting capital projects and grants in the annual budget ordinance. Under this process a project or grant ordinance is in effect as a legal appropriation until the project or grant is completed.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on page 11 as part of the basic financial statements for the governmental funds. For other governmental funds with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 58. Also included in the governmental fund subsection are project-length budget-to-actual comparisons for each governmental fund for which a project-length budget has been adopted and a more detailed comparison of General Fund expenditures by department, the legally adopted control level. The proprietary fund subsection beginning on page 76 presents budget-to-actual comparisons of the approved financial plan for the Internal Service Fund.

Factors Affecting Financial Condition

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

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Local economy. Guilford County generally enjoys a favorable economic environment, which until the recent recession has enjoyed consistent stable growth. While gross retail sales information is unavailable, comparable State taxable sales figures are available to approximate retail sales growth. Due to the national streamlined sales tax initiative, taxable sales are reported beginning in fiscal year 2006 rather than gross retail sales. State taxable sales for Guilford County increased 5.2% and 5.7% in fiscal years 2012 and 2011, respectively, after decreasing 9.3% and 8.0% respectively, in the two previous fiscal years. Taxable sales are \$5.64 billion for fiscal year 2012 as compared to \$5.36 billion for fiscal year 2011. Guilford County has a labor force of approximately 256,000. During the recent economic downturn, the Piedmont Triad region was affected more strongly than in the past due to the strong negative impact on traditional manufacturing industries. Guilford County's unemployment rate has historically been below both state and national averages, however, during 2009 this changed as the unemployment rate began to exceed the national average. The County's unemployment rate has exceeded the national average for fiscal 2011 and 2012. The unemployment rate for Guilford County was 11.3% for 2010 and 10.8% for 2011: the U.S. unemployment rate was 9.6% for 2010 and 9.0% for 2011. Guilford County's unemployment rate of 9.8% for the first six months of 2012 is above the U.S. and North Carolina rates of 8.2 and 9.7%, respectively. Announcements of layoffs by large service, transportation, and manufacturing concerns have contributed to the high unemployment rate.

Guilford County's economy has continued to change and diversify. In 2011, manufacturing accounted for 13.6% of the County's 230,094 private sector jobs compared to 28.6% of the County's 214,346 jobs in 1980. Manufacturing jobs have declined significantly in furniture and textiles but have shown growth in computer and electronic products and electrical equipment. Major employers with headquarters or divisions within Guilford County include semiconductor, communications, chemical, bus, truck, pharmaceutical, insurance, aircraft maintenance, healthcare, real estate development, and distribution services. The County is home to two state universities, five private colleges, a private school of law, and a community college with a total enrollment exceeding 50,000 students.

Honda Aircraft located its world headquarters and production facility at PTIA and currently utilizes more than 500,000 square feet including its headquarters building, a research and development facility and a production hangar. The company is developing a new \$4.5 million corporate jet, known as the HondaJet, and expects to begin delivery on the first jets in 2013. The company employs more than 600 workers with expected employment of nearly 1,000 when the plant reaches full production. The company announced in October 2012 that it had begun production of its business jet.

The City of Greensboro and the County approved incentives totaling approximately \$1.295 million in August 2011 toward the location of an \$80 million HondaJet service and support center that could employ 419 workers over the next five years. The company announced in October 2011 that it will invest \$20 million to build its new Maintenance Repair and Overhaul (MRO) facility on 20 acres at PTIA, bringing the company's total capital investment for construction to more than \$120 million. The company broke ground in September 2012 on its \$20 million, 90,000 square-foot MRO facility.

FedEx Ground opened in 2011 the company's \$100 million distribution hub on its 125-acre, \$13.3 million site in Triad Business Park. The 410,000 square-foot ground shipping hub opened with approximately 550 full and part-time employees and 200 independent contractors. The operation could employ 1,200-1,400 full and part-time workers by 2021, including independent contractor drivers.

American Express confirmed in May 2010 that it would invest up to \$600 million in construction of a data center on two sites near Interstate 40 at Rock Creek Dairy Road. According to public records, American Express spent nearly \$16 million to acquire more than 340 acres on both sides of Interstate 40/85 as early as June 2011. The main data center, a 510,000 square-foot building on the largest 194-acre site, was completed in December 2011 and workers were processing data by February 2012. The data center opened with about 100 people, including contract workers.

Cone Health is making progress on its \$200 million, six-story North Tower project at Moses H. Cone Memorial Hospital. Once complete, the North Tower project will include 263,713 square feet of new space and will house 96 acute care beds along with 16 operating rooms. Construction began in March 2011 and is expected to be finished by summer 2013. In May 2012 Cone Health marked the half-way point of the North Tower project with a ceremony commemorating the last beam being placed on the top of the building. The health system broke ground in November 2011 on an \$18 million emergency department at its Wesley Long Hospital in Greensboro, which opened in August 2012. In January 2012 the health system completed a \$15 million expansion and renovation of its Cone Health Cancer Center at Wesley Long Hospital.

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Greensboro's Gateway University Research Park, a joint venture involving NC A&T University and UNC-Greensboro, received more than \$60 million in State funding for its Joint School of Nanoscience and Nanoengineering (JSNN), a graduate school focusing on nanobioscience, nanotechnology and environmental nanoscience. The park is comprised of two 75-acre campuses. When fully developed, the park is expected to employ 2,000 people and contribute an expected \$50 million into the local economy each year. The \$65 million, 100,000 square-foot JSNN building opened in December 2011 on the South Campus.

Timco Aviation Services, Incorporated, a major aircraft maintenance company headquartered at PTIA, launched a new maintenance support contract with a major aviation contractor in early 2010 to provide depot support on the U.S. Air Force KC-10 refueling tanker fleet. The contract supports about 200 jobs for a term of 10 years. The company announced in September 2012 its plans to hire an additional 130 full-time employees by the end of 2012.

LF USA, a subsidiary of Hong Kong based Li & Fung, Ltd. moved into a 31,000 square-foot space in Grandover Corporate Park in late 2011. By February 2012 the company had 145 workers and expects to add another 55 by the end of 2012. LF USA specializes in supply chain management of high volume time sensitive goods for leading retailers.

PaperWorks Industries, Inc., which makes consumer product packaging, announced its plans in August 2011 to move into 100,000 square feet of space at Rock Creek Center just east of Greensboro. It plans to nearly double its staff to 100 and double its production capacity as the company plans to become the first tenant in a 272,000 square-foot speculative industrial building.

SPI Healthcare, a leading integrated revenue cycle and clinical documentation improvement firm, announced its plans in November 2011 to expand its operations in Greensboro. The company will offer revenue cycle management including full business outsourcing. In the process, it will create 75 jobs and invest \$350,000 during the next three years.

Ziehl-Abegg, Inc, a global leader in industrial fans, drives and control technology with North American headquarters in Greensboro announced plans to begin building industrial fans and motors in the Triad instead of importing them from Germany in November 2011. The company plans to hire approximately 52 workers and invest approximately \$2.5 million to move from a 50,000 square-foot building to a nearly 100,000 square-foot facility on Regional Road, where there will be about 35,000 square feet devoted to the production of fans.

Coilplus announced plans in November 2011 to expand its flat rolled steel processing facility in Greensboro. The company will invest approximately \$11.6 million to construct an additional 80,000 square-foot manufacturing facility at its current location on Chimney Rock Road and plans to add 22 new jobs over the next four years.

Lenovo, the second largest supplier of personal computers in the world, announced in January 2012 its plans for expanding its Whitsett distribution center by 37,500 square feet to 240,000 square feet. The facility, a \$10 million order fulfillment center, opened in 2008 with a staff of 120 workers and presently employs approximately 160 workers. The company announced plans in October 2012 to expand production and make personal computers in Guilford County.

Local developers broke ground in November 2011 for a \$10 million high-end apartment complex on a 4.2-acre site on the northern edge of downtown Greensboro near the Newbridge Bank Park baseball stadium. Tenants started occupying the first completed building in May 2012.

Deep Roots Market natural food store broke ground in August 2012 to begin construction of its 10,621 square-foot, \$3 million co-operative grocery store on North Eugene Street facing the Downtown Greenway. Grand opening events are planned for early 2013.

Elon University School of Law is expanding its downtown footprint with its recent \$500,000 purchase of four parcels and the planned renovation of nearly 6,000 square feet of leased space.

High Point University announced in 2010 a \$2.1 billion, 10-year expansion and upgrade plan. Construction on a \$10 million, 31,000 square-foot School of Education was completed in September 2012. The University has been steadily building new housing on campus, including the \$20 million Greek Village project that opened in August 2011. The University is building a new \$18 million, 300-bed town home student housing complex that will be completed by August 2012. The University added 144 jobs to its workforce in 2011 and plans to add 116 jobs in 2012. The University announced that, in 2011 alone, more than \$105 million would be spent on just-completed or currently-underway new/expanded facilities.

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High Point Regional Health System received final state approval in September 2012 to proceed with a \$56.3 million upgrade to hospital infrastructure and the expansion of surgical suites on its main campus. In January 2012, State regulators approved the health system's application for \$7.9 million in construction work, which includes the renovation of its emergency department and reconfiguration of its Women's Center. In September 2012, the health system agreed to merge with UNC Health Care effective early 2013.

Ralph Lauren Corporation established its third major distribution/logistics facility on Eagle Hill Drive in High Point in April 2011 that could add up to 400 jobs over a five year period. The company added 178 new jobs in 2011. The new 343,000 square-foot facility could add up to \$21 million to High Point's tax base during five years. In June 2012, the Corporation announced its plans to expand or upgrade its operations at Pendleton Street and Beechwood Drive. Those two operations house distribution centers, a call center, a technology division and office space. The company says the expansion will create 500 jobs over the next 5 years and bring more than \$142 million in investment to High Point.

Soltas Lab Partners announced in February 2012 that it has chosen High Point for a major expansion, where it currently has 721 full-time equivalent employees. The company expects to invest \$11.6 million over a five-year period, creating 500 new full-time jobs paying an average annual salary in excess of \$45,000. In January 2012, the High Point City Council and the Guilford County Commissioners each approved up to \$500,000 incentive packages and in February 2012, the State announced \$500,000 in incentives.

In April 2012, Stanley Furniture Inc. announced plans to relocate its Headquarters from Virginia to High Point, bringing its showroom and consolidated headquarters downtown. The company plans to create 42 jobs and invest \$4 million over the next three years. For the High Point move, the company will receive \$751,000 in government incentives over the next three years, including \$340,000 from the City of High Point, \$335,000 from the State and \$76,000 from Guilford County.

Cornerstone Health Care, the Triad's largest independent physicians group, announced in December 2011 that it will invest \$25 million and add 135 staff members during the next two years. The organization added 80 jobs during 2011 and is High Point's 7th largest employer with 1,026 full-time equivalent employees.

In 2011, Advanced Home Care added 136 positions to its High Point workforce. The company is now High Point's 13th largest employer, with 664 full-time equivalent employees.

Long-term financial planning. The County broke ground in November 2009 on a new 1,000-bed jail facility in Greensboro to address overcrowding. In May of 2008, the voters authorized \$114.6 million general obligation bonds for this purpose as well as \$457.3 million for school and \$79.5 million for community college facilities. In February 2012 the County issued \$13.745 million jail bonds and \$137.145 million school bonds from this authorization. Plans call for the issue of all or a portion of the remaining \$ 196.4 million of authorized 2008 bonds over the next two or three fiscal years, depending on school and jail needs. The remaining authorized/unissued bonds for schools, GTCC and jail are \$130.2 million, \$29.9 million and \$ 36.4 million, respectively.

The Guilford County Board of Commissioners approved on October 18, 2012 an update to the Guilford County Capital Investment Plan (CIP) for FY2013–2022 with projects totaling \$523 million. The CIP includes planned expenditures and revenue sources over these 10 years for active capital projects, as well as estimated expenditures and revenues for proposed projects through FY2022. The projects are summarized by functional areas of Education \$392 million, Public Safety \$107 million, Water and Sewer \$12 million, Parks and Open Space \$7 million, Human Services \$2 million and General County \$3 million. Education includes Guilford County Schools and Guilford Technical Community College projects totaling \$299 million and \$93 million, respectively.

The County has historically provided post-retirement healthcare benefits to retirees meeting certain eligibility requirements as more fully described under the Pension and other post employment benefits heading below. However, in an effort to address the long-term costs of this benefit, the Board of County Commissioners has voted to discontinue all retiree health insurance eligibility for employees hired on or after July 1, 2009. A retirement health savings plan administered by ICMA with defined contributions that provide better control of costs has replaced this benefit for new employees. In addition, the County has begun funding the annual required contribution (ARC) for the healthcare plan beyond the historical pay-as-you-go amounts by contributing \$2 million during fiscal years 2012, 2011 and 2010 to an irrevocable trust. Another \$2 million is budgeted for fiscal year 2013. The positive financial impact of these changes was apparent in the actuarial valuation report dated

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December 31, 2009. The ARC decreased from the December 31, 2007 report by \$6 million while the unfunded actuarial accrued liability decreased by \$73.2 million, to \$16.7 million and \$216.1 million, respectively.

The unassigned fund balance of the General Fund at fiscal year end stood at 9.19% of the subsequent year's budget which exceeds the minimum of 8% set as a policy guideline by the Board of County Commissioners.

Cash management policies and practices

Cash temporarily idle during the year was invested in fully insured or collateralized certificates of deposit, obligations of the U.S. Treasury and various Federal and N.C. State Agencies, prime quality commercial paper and bankers' acceptances, and demand deposits in a State authorized money-market mutual fund whose portfolio consists of the types of instruments noted above. Investment income includes changes in the fair value of investments year-over-year. Changes in fair value during the current year, however, do not necessarily represent trends; nor are such amounts usually realized, especially in the case of temporary changes in the fair value of investments that Guilford County intends to hold to maturity. Interest earnings on investments only for the fiscal year ended June 30, 2012 were \$1.16 million on an average invested balance of \$307.6 million.

Risk management

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

Pension and other post employment benefits

Guilford County provides pension and death benefits for its employees through the statewide North Carolina Local Governmental Employees' Retirement System (LGERS). LGERS is a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. Guilford County has no obligation in connection with employee benefits offered through this plan beyond making the required contributions as set by the North Carolina General Assembly. The July 1, 2011 contribution rate of 6.95% of salary for general employees and 7.04% for Law Enforcement employees (7.05% effective October 1, 2011) was decreased to 6.74% and 6.77%, respectively beginning July 1, 2012. Guilford County administers a public employee retirement plan, the Law Enforcement Officers' Special Separation Allowance, a single-employer defined benefit pension plan that provides benefits to the County's qualified sworn law enforcement officers. The County is required to provide these benefits by the North Carolina General Statutes (Statutes).

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

Guilford County also contributes to the Registers of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution pension plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental benefits to any county Register of Deeds who is retired under the Local Governmental Employees' Retirement System or an equivalent locally sponsored plan. The authority to establish and amend benefits rests with the North Carolina General Assembly. The County is required to remit 1.5% of certain statutory fees collected by the Register of Deeds monthly to the Fund.

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

LETTER OF TRANSMITTAL

Guilford County also provides post-retirement healthcare benefits through its healthcare plan to retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System and their dependents. (The Board of County Commissioners has voted to discontinue all retiree health insurance eligibility for employees hired on or after July 1, 2009 with the limited exception of employees who were later rehired after termination prior to July 1, 2009 due to a Reduction in Force.) The benefit premium charged is the same as for current employees. The County's contribution toward the employer's portion of the premium is determined by the number of years of creditable service. Retirees with less than 20 years creditable service must pay the entire employer's share of the premium in addition to the employee's share. The County pays 50% of the employer's premium for retirees with 20 to 25 years of service, 75% for retirees with 25 to 30 years, and 100% of the employer's premium for retirees with 30 or more years of service and former Commissioners. All but five years of creditable service must be with Guilford County. As of the end of the current fiscal year, these benefits were mostly financed on a pay-as-you-go basis except that \$2 million was contributed to the Guilford County Local Government Other-Post Employment Benefit (OPEB) Trust, an irrevocable trust, established by the County on June 16, 2011, to meet the requirements of the governmental accounting standards and IRS regulations as required when the North Carolina General Assembly changed the North Carolina State Treasurer's Local Government Other Post-Employment Trust Fund from an irrevocable trust fund to an investment fund. Another \$2 million is budgeted in fiscal year 2013 to further fund the OPEB Trust in excess of pay-as-you-go.

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

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Guilford County for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2011. This was the thirty first consecutive year that Guilford County has received this prestigious award. In order to be awarded a Certificate of Achievement a governmental unit must publish an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

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

Respectfully submitted,



N. Reid Baker III, CPA
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Guilford County
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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



Linda C. Danison

President

Jeffrey R. Emer

Executive Director

PRINCIPAL OFFICIALS

Board of County Commissioners

Melvin L. "Skip" Alston
Chairman

Kirk Perkins
Vice Chairman

Bill Bencini

Kay Cashion

Carolyn Q. Coleman

Bruce Davis

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John Parks

Linda O. Shaw

Mike Winstead, Jr.

Billy Yow

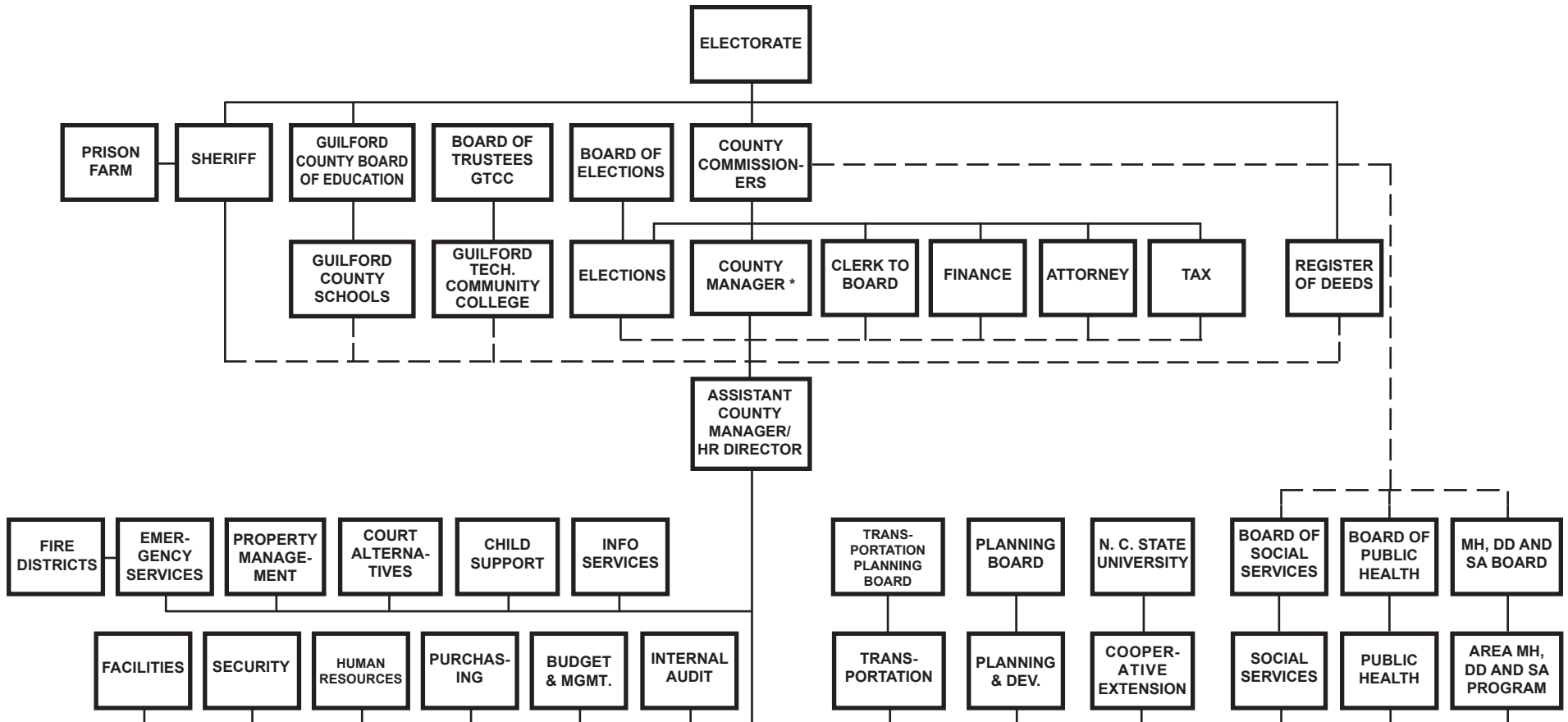
County Manager

Brenda Jones Fox, CPA

Finance Director

N. Reid Baker III, CPA

2011-12 ORGANIZATIONAL CHART GUILFORD COUNTY, NORTH CAROLINA



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

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

Financial Section



Independent Auditors' Report

The Board of County Commissioners
Guilford County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Guilford County, North Carolina (the "County"), as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Greensboro/Guilford County Tourism Development Authority were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

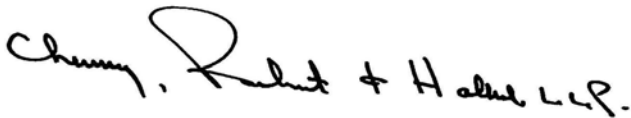
In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note I to the basic financial statements, the County elected to early adopt the provisions of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*, beginning July 1, 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2012 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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 information to 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 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and schedules, and the additional financial data as listed in the accompanying Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

A handwritten signature in black ink that reads "Cherry, Robert + Hallett, L.L.P." The signature is written in a cursive, flowing style.

Raleigh, North Carolina
November 27, 2012

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, 2012. 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 - viii.

Financial Highlights

Government-Wide

- The liabilities of Guilford County exceeded its assets and deferred outflows at the close of the most recent fiscal year by \$387.9 million (net position).
- The County's total net position decreased by \$63.2 million compared to the prior year. This decrease is attributable to spending on education capital projects. The County issues general obligation debt to fund school and community college construction and for which it remains responsible until the bonds are paid. The County School system and community college (separate entities) are the owners of the facilities (assets) that are renovated or constructed from the proceeds. Because the County has no corresponding asset to offset the liability it has incurred, the County's net position is reduced.
- The County's decrease in net position was significantly less than the \$95.3 million spent on Education capital assets net of dedicated revenues which indicates that the remainder of the County's activities generated offsetting increases in net position of approximately \$32.1 million.
- The County's outstanding debt increased by \$146.6 million to \$956.5 million during the fiscal year, while its investment in capital assets increased by \$24.5 million to \$254.8 million.

The County's Funds

- At the fiscal year end, Guilford County's governmental funds reported a combined fund balance of \$376.5 million, an increase of \$73.5 million from the previous fiscal year end. Approximately 67.6% of this combined fund balance, or \$254.5 million, is non spendable or restricted. The major increases occurred in the School Capital Outlay and County Building Construction Funds from the issuance of bonds during the fiscal year as well as the General Fund.
- The fund balance of the County's General Fund increased by \$8.2 million as revenues exceeded expenditures by \$8.7 million while net other financing sources and uses reduced the amount by \$0.5 million.
- The unassigned fund balance for the General Fund (the County's major operating fund) decreased by \$1.2 million to \$54 million at fiscal year end equaling 9.8% 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 issued its first series of limited obligation bonds in fiscal 2012 rated AA+ by Standard and Poor's, Aa1 by Moody's and AA+ by Fitch Ratings.

Overview of the Financial Report

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 5 and 6 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Guilford County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Guilford County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The fund financial statements provide more detailed information about the County's most significant funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Proprietary funds. There are two different types of proprietary funds. *Enterprise funds* are used to report those functions that are presented as business-type activities in the government-wide financial statements. Guilford County has no enterprise funds. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among Guilford County's various functions. Guilford County uses an internal service fund to account for its risk management services. Because this service only benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements. The internal service fund is presented in the proprietary fund financial statements, which can be found on pages 12-14 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support Guilford County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Guilford County has two types of fiduciary funds—two pension trust funds and four agency funds.

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17-53 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding Guilford County's progress in funding its obligations to provide certain pension benefits to its qualified sworn law enforcement officers and other postemployment health care benefits to its retirees and their dependents. This supplementary information is required by generally accepted accounting principles and can be found on pages 55 and 56 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Guilford County, net position is negatively impacted by the fact that the County issues debt to fund the construction of capital assets that become the assets of other governmental entities upon completion. The County issues general obligation debt to fund the majority of the cost of constructing these assets. Liabilities exceeded assets and deferred outflows by \$387.9 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	
	2012	2011
Current and other assets	\$ 463,294,121	397,100,288
Capital assets	254,751,782	230,262,743
Total assets	718,045,903	627,363,031
Deferred Outflows	3,988,933	4,126,034
Long-term liabilities outstanding	1,042,157,901	881,964,369
Other liabilities	67,749,564	74,207,721
Total liabilities	1,109,907,465	956,172,090
Net position:		(Restated)
Invested in capital assets, net of related debt	133,301,449	129,476,162
Restricted	81,943,441	93,262,484
Unrestricted	(603,117,519)	(547,421,671)
Total net position	\$ (387,872,629)	(324,683,025)

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 issues debt to fund water and sewer lines that become assets of various municipalities. General obligation bonds have been issued by the County to fund the majority of the cost of these assets. The County's liabilities at June 30, 2012 include outstanding general obligation debt of \$761.7 million and limited obligation bonds of \$16.8 million related to funding these non-county assets. This represents 87.1% 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).

Table A-2		
Changes in GUILFORD COUNTY'S Net Position		
(Primary Government)		
	Governmental Activities	
	2012	2011
Revenues		
Program revenues		
Charges for services	\$ 46,315,968	42,751,119
Operating grants and contributions	93,827,992	104,939,842
Capital grants and contributions	414,711	1,278,171
General revenues		
Taxes:		
Property taxes for general purposes	352,831,446	329,943,639
Property taxes for fire districts	10,408,129	9,757,611
Sales taxes for general purpose	50,785,202	47,569,194
Sales taxes for fire districts	1,911,514	1,774,385
Sales taxes for school capital/debt	14,057,029	13,199,538
Occupancy taxes for tourism development	4,441,971	4,084,391
Other taxes	2,314,061	2,254,817
Grants and contributions not restricted	1,945,810	3,474,304
Unrestricted investment earnings	(2,517,050)	3,151,886
Other	452,404	6,045,727
Total revenues	577,189,187	570,224,624
Expenses		
General government	46,807,995	43,193,135
Human services	158,946,804	165,311,991
Public safety	111,502,379	101,857,575
Environmental protection	1,368,749	1,317,107
Culture and recreation	5,817,799	5,847,964
Economic development/urban redevelopment	7,239,287	21,510,154
Education	282,303,468	274,154,519
Interest on long-term debt	26,392,310	26,371,175
Total expenses	640,378,791	639,563,620
Changes in net position	(63,189,604)	(69,338,996)
Net position at beginning of year:		
As previously reported	(324,683,025)	(252,340,355)
Restatement	-	(3,003,674)
As restated	<u>(324,683,025)</u>	<u>(255,344,029)</u>
Net position at end of year	\$ <u>(387,872,629)</u>	<u>(324,683,025)</u>

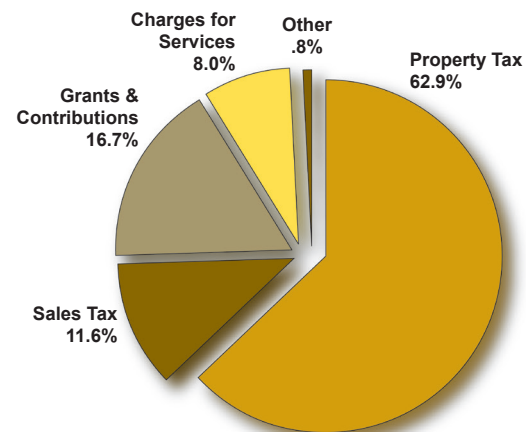
MANAGEMENT'S DISCUSSION AND ANALYSIS

As noted in the highlights Guilford County's net position decreased \$63.2 million during the current fiscal year primarily as a result of providing funding for school and community college facilities from bond proceeds and other sources. The expenses under the education activity include \$95.4 million in capital spending with \$92.6 million for school facilities and \$2.8 million for community college facilities.

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

- Guilford County's activities would increase net position if the expenses related to capital funding provided to outside entities and debt and restricted revenue supporting these expenses were eliminated.
- Program revenues covered 21.9% of program expenses, decreasing from 23.3% last year.
- Program revenues totaled \$140.6 million decreasing by \$8.4 million from the previous year. Charges for services increased relative to the prior year \$3.6 million to \$46.3 million. Operating grants from the State and Federal government and capital grants and contributions decreased \$11.1 million to \$93.8 million and \$0.9 million to \$0.4 million, respectively. General Government and Human Services charges for services were up \$2.6 million each while Economic Development and Assistance was down \$1.7 million. The General Government increase was due mainly from the sale of property purchased from the schools for resale and increased Tax Department collection fees of \$2 million and \$0.7 million, respectively. Human Services increased by \$3.1 million in Public Health offset by decreases most significantly in Mental Health. Economic Development and Assistance was down due to the termination of the water and sewer agreement by the City of Greensboro and the resulting loss of those revenues. The decreases in operating grants are due principally to the same changes in governmental fund intergovernmental revenues that are more fully discussed under this section.

Figure A-1
Guilford County
Sources of Revenue
Fiscal Year 2012

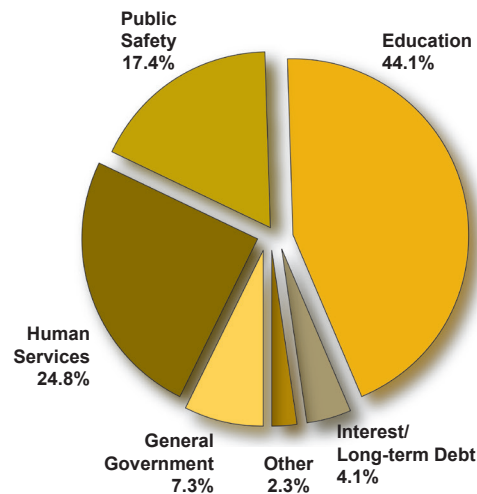


- General revenues totaled \$436.6 million increasing by \$15.4 million over the previous year. Property tax revenue increased \$23.5 million to \$363.2 million due mainly to an increased County-wide tax rate from \$.7374 to \$.7824 per hundred of assessed value. Sales tax revenue increased \$4.2 million to \$66.8 million. Investment income decreased \$5.7 million due mainly to a \$3.6 million decrease versus a \$1.3 million prior year increase in fair value of interest rate swaps entered into in connection with variable-rate general obligation bonds. Other revenues decreased \$5.6 million due to the prior year gain on sale of surplus County properties. The remaining general revenues decreased \$1.1 million, primarily from unrestricted grants.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Expenses increased 0.1% or only \$0.8 million to \$640.4 million. Education expenses were up \$8.1 million or 3% due to an increase in capital funds expended by the schools and community college as operating funds remain unchanged. Economic development expenses decreased \$14.3 million due mainly to a prior year payable due the City of Greensboro who terminated a joint water and sewer funding agreement effective December 31, 2010. The agreement requires one-half the remaining funds go to the County and the City upon termination. Interest on long-term debt remained steady at \$26.4 million. General government expenses increased \$3.6 million or 8.4% due mainly to a \$2 million parking lot purchase from school surplus property that was later sold and \$1.5 million bond issuance costs. Human services expenses decreased \$6.4 million or 3.9% while public safety expenses increased \$9.6 million or 9.5%. 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, \$2.2 million of the increased public safety expenses were due to other post-employment benefit costs.

Figure A-2
Guilford County
Functional Expenses
Fiscal Year 2012



- Net position decreased \$63.2 million, a \$6.1 million or a 8.9% less decline than the previous year, due to the decrease in capital funding provided to outside entities. Increases in general revenues net of decreased program revenues and less increased expenses other than capital funding provided to outside entities continues to generate net position.

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of Guilford County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Guilford County's financing requirements. In particular, fund balance available for appropriation may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Guilford County's governmental funds reported combined ending fund balances of \$376.5 million, an increase of \$73.5 million in comparison with the prior year. Most of the increase is attributable to the current issue of general and limited obligation bonds for school and the detention center capital projects. The fund balance available for appropriation, which is not reserved under North Carolina general statutes, makes up 84% of the total or \$316.3 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 been contractually committed: (1) non spendable prepaid expenses and inventories (\$1.4 million), (2) to liquidate contracts and purchase orders of the prior period (\$14.9 million), or (3) reserved under other state statutory requirements (\$43.9 million). Approximately \$194.4 million of the available fund balance is restricted for a specific purpose, mainly capital, while another \$29.6 million has been committed for a specific purpose, again mainly capital. Assigned fund balance of \$42.8 million has for the most part been appropriated in the FY2013 budget or assigned towards capital projects. The unassigned fund balance totals \$49.6 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 \$91.6 million, down \$0.7 million, while total fund balance improved to \$140.5 million, an \$8.2 million increase. Fund balance may be available for restricted, committed, assigned

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 16.6% of total General Fund expenditures, while total fund balance represents 25.4% 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 \$54 million is equal to 9.19% of the fiscal year 2012-13 General Fund budget.

The fund balance of Guilford County's General Fund increased \$8.2 million during the current fiscal year. Revenues of \$560.3 million were in excess of expenditures by \$8.7 million and other financing sources and uses reduced the amount by another \$0.5 million. Revenue increased by \$19 million, a 3.5% increase over last fiscal year. General Fund revenue activities are as follows:

- Property tax revenue increased to \$351.3 million, going up \$22.2 million or 6.7% due to an increase in the County-wide tax rate from \$.7374 to \$.7824 per hundred of assessed value while assessed values increased from \$44.9 billion to \$45.4 billion.
- Sales tax revenue in the General Fund increased by \$4.1 million or 6.7% to \$64.8 million as taxable retail sales increased \$279 million or 5.21% to \$5.6 billion.
- Excise tax revenue remained down due to the slumping real estate market although a modest increase compared to the prior two fiscal years is encouraging.
- Charges for services increased \$3.6 million, up 10%. The most significant increase was in Public Health for \$3.1 million from client fees due to changes in the system of billing from service to member based and in the formulation for Medicaid Maximization funding at the State level. Tax increased \$0.7 million from increased tax collection and garnishment fees while Emergency Medical Services was up \$0.5 million from increased ambulance fees. Decreased revenues were most significant in Animal Services, down \$1 million, as joint operation fees from the Cities of Greensboro and High Point were discontinued when the County fully funded this service.
- Intergovernmental revenue decreased \$10.1 million, down 9.6%. Most of the change related to Mental Health by \$3.3 million due to reductions in State Single Stream and Inpatient funding, Education with decreases in State Lottery funds used to support school debt service in the Debt Service Department by \$3.5 million partially offset by a Federal interest rebate increase of \$0.3 million. Other significant changes include a decrease in the hold harmless distribution by \$1.6 million related to Medicaid Relief legislation as well as reductions in Public Health and Transportation of \$1.5 and \$0.5 million, respectively. Several Public Health programs were either cut back or ended by the State in the current year while Transportation received vehicle and technology grants in the prior year. The remaining net decrease was spread over several departments.
- Investment income for the General Fund decreased by \$0.5 million or 33.2% due to continued record low interest rates decreasing yields as well as a lower average invested balance.
- Other revenues decreased only \$0.3 million, down 3.6%.

General Fund expenditures were \$551.6 million, increasing \$9.4 million or 1.7% from last year. Highlights of significant areas of change include:

- Debt service costs increased \$9.8 million or 14.7% due mainly to principal and issuance costs associated with recent debt issues as no bonds were issued in fiscal year 2011.
- Public Safety expenditures increased \$6.1 million to \$89.7 million, a 7.3% increase due mainly to increased Law Enforcement and Emergency Services expenditures. Law Enforcement expenditures increased \$4.3 million, up 8% due mainly to the staffing and start up costs associated with the opening of the new Greensboro Detention Center. Emergency Services expenditures increased \$1.7 million, or 8% due mainly to the replacement of aging cardiac monitors in the ambulances.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Economic Development and Assistance expenditures increased \$0.6 million to \$2.3 million, up 38.2% due to increased economic incentive payments.
- General Government expenditures increased only \$0.2 million, up 0.5% due mainly to increases in Human Resources of \$0.9 million mainly for retiree health care, Elections of \$0.5 million from increased primaries and elections, Tax of \$0.2 million from increased personnel and service costs related to the revaluation and Fleet Operation by \$0.2 million for vehicles and a fleet management system. These increases were offset by a decrease in Information Services of \$0.9 million, most of which was from new VoIP phones throughout the County in the prior year as well as smaller decreases generally spread among several other departments.
- Education expenditures remained equal to the FY2011 amounts of \$11.8 million and \$175.2 million to Guilford Technical Community College and Guilford County Schools, respectively.
- Human Services expenditures decreased \$7.2 million, down 4.6% due to decreased expenditures spread generally among most of the departments. Public Health expenditures decreased \$4.2 million, down 12% due to reduced personnel and professional service costs in conjunction with the termination of several grant and County funded programs. Social Services expenditures decreased \$1.6 million or 2.4% mainly in personnel costs from retirements and payouts in 2011 replaced at lower salaries as well as current reductions in staff. Transportation costs were down \$0.5 million or 26.3% due to vehicle and related technology purchases during 2011. Other decreases included Public Assistance and Coordinated Services of \$0.3 million each.

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

The County Building Construction Fund fund balance increased \$5.4 million. Revenue and other sources included \$2 million from the sale of property purchased from the Schools, \$35 million from the issuance of debt instruments of which \$30 million is for the Guilford County Detention Center and \$5 million for the BB&T Building. Expenditures of \$31.6 million included \$2 million to purchase surplus School property later sold as noted above, general government projects of \$5.5 million mainly for the renovation of the BB&T Building; human service projects totaled \$1.2 million mainly for the Greensboro Health Department Renovations project; public safety projects included \$15.2 million for the Guilford County Detention Center and \$6.5 million for the 800 MHz Radio Replacement projects; while park projects with total expenditures of \$1.2 million included expenditures for park improvements, greenways and open space acquisitions.

The Water and Sewer Construction Fund fund balance decreased \$0.4 million as revenues of \$0.1 million from fees and other revenue were less than expenditures of \$0.5 million. Project costs totaled \$1.8 million, refunds were \$0.4 million while June 30, 2011 estimates of \$12.2 million due to the City of Greensboro as settlement upon termination of the water and sewer agreement by the City effective December 31, 2010 were \$1.7 million less or \$10.5 million. The agreement calls for all remaining Greensboro funds to be divided equally between the City and County upon termination. Funds that are obligated to mutually agreed upon projects will continue to support those projects, before any left-over funds are divided.

The School Capital Outlay Fund fund balance increased \$60.2 million. Other financing sources to the schools included \$137.1 million of general obligation bonds and \$16.8 million limited obligation bonds, including the County's total qualified school construction bond (QSCB) allocation of \$34 million. The County receives a 100% interest rebate on the QSCBs. In addition, the community college received \$1.5 million transfers in from the General Fund. Expenditures of \$95.4 million consisted of \$92.6 million and \$2.8 million for Guilford County Schools and Guilford Technical Community College projects, respectively.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating expenses of internal service operations exceeded operating revenues by \$1.8 million. Non-operating revenue (interest income) added little resulting in an overall loss of \$1.8 million as well. The County anticipated using up to \$0.6 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 operating loss was spread across all programs.

General Fund Budgetary Highlights

The final General Fund budget for fiscal year 2011-12 was \$650.2 million, an increase of \$70.3 million from the original budget of \$579.9 million which is a 12.1% increase.

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

	Sources		Uses
Fund Balance	\$ 8,155,512	Public Health	\$ (2,530,004)
Sales Tax	1,638,385	Information Services	607,776
Intergovernmental Revenue	4,322,718	Emergency Services	822,429
Charges for Services	(1,053,870)	Law Enforcement	1,942,543
Other Sources	543,436	Mental Health	3,295,070
Refunding Bonds Issued	46,135,000	Economic Development & Assistance	3,669,460
Premiums on Refunding Bonds Issued	7,253,858	Social Services	4,683,702
Refunding Capital- Related Debt Issued	3,316,300	Other Uses	1,263,282
	<u>\$ 70,311,339</u>	Interest and Fiscal Charges	(4,783,532)
		Payment to bond refunding escrow agent	53,364,279
		Payment to terminate interest rate swaps	4,660,034
		Payment to refinance capital-related debt	<u>3,316,300</u>
			<u>\$ 70,311,339</u>

While it is typical for the budget to be amended significantly, the increase is larger than usual due to an increase of \$56.7 million or 80.6% of the increase related to refunding general obligation bonds at a premium as well as other capital-related debt. Guilford County typically increases its budget appropriation as a result of additional State and Federal funding received during the fiscal year. These grant funds generally provide funding for Economic Development, various human services programs of the Social Services, Mental Health, and Public Health departments and the public safety programs of the Law Enforcement, Emergency Services, and other public safety departments. The increase in this type of funding reported as intergovernmental revenues accounts for \$4.3 million or 6.1% of the increase in budget. The County also amends its budget each year to carry forward outstanding encumbrances from the prior year utilizing fund balance. The carry forward budget amendment for the fiscal year ending June 30, 2012 was \$8.1 million for all General Fund departments. Sales tax increased \$1.6 million somewhat offset by a \$1.1 million decrease in Public Health's charges for services budget. Other changes during the year resulted in small increases in several other revenues totaling \$0.5 million.

The final General Fund budget for fiscal year 2011-12 was \$650.2 million, increasing by \$66.6 million over the previous year's final budget again due mainly to \$61.3 million for refunding bond and other debt payments and terminating an interest rate swap during the current year which were offset by related increases in sources of funds noted above and net reductions from the original budget to Debt Service of \$4.6 million. Most of the remaining increase is to Debt Service and Public Safety departments partially offset by reductions in Human Service departments and Transfers Out. Debt Service increased by \$9.1 million or 12.2% from FY2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

bond issues. Law Enforcement increased \$5.8 million mainly to staff and operate the new jail and Emergency Services increased \$1.3 million for personnel costs, vehicles and equipment. Public Health and Mental Health decreased by \$2.8 million and \$3.5 million, respectively due to reductions in grant funding and appropriated fund balance. Transfers Out decreased \$5.2 million as Guilford Technical Community College (GTCC) capital funding of \$1.5 million and County Building Construction Fund pay as you go funding of \$2 million were temporarily suspended as well as \$1.7 million capital funding to Guilford County Schools (GCS). Unexpended funding from the prior year is available to both GTCC and GCS as well as limited obligation bond funds to GCS issued for similar purposes. Information Services decreased \$1.6 million due mainly to new VoIP phones budgeted in the prior year for the entire County. Economic Development & Assistance increased \$1.2 million from increased carryover of incentive obligations encumbered but not yet earned by the companies and State grant funds appropriated during FY2012. General Fund expenditures and other uses for the 2012 fiscal year were 94.6% of the final budget, similar to the 94.1% from fiscal year 2011.

The resulting \$35.7 million variance in the actual expenditures and other uses from the final budget versus \$34.6 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 Debt Service as a planned issue was delayed because Guilford County Schools and Guilford Technical Community College were not spending on capital projects as quickly as cash flow data projected. The Human Services variance remained steady with the prior year variance although a \$3.4 million decrease in Mental Health was somewhat offset by increased Public Health and Social Services variances of \$1.4 million and \$1.8 million, respectively. The Law Enforcement Department variance increased \$1.6 million as new detention personnel were hired at a slower pace than budgeted.

Capital Asset and Debt Administration

Capital assets. Guilford County's investment in capital assets for its governmental activities as of June 30, 2012, amounts to \$254.8 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 \$24.5 million during the current fiscal year.

Land increased \$0.8 million mainly from purchases of park land. Construction in progress increased \$19.7 million before transfers, mainly in the BB&T Building in Greensboro (for Information Services and Register of Deeds), Greensboro Health Department, and Guilford County Detention Center projects by \$4.5 million, \$1.1 million and \$14 million, respectively. Buildings and improvements other than buildings increased little before depreciation. Machinery and equipment increased \$8 million before depreciation as additions of \$8.9 million for public safety communication and other equipment outpaced disposals. Vehicles increased \$0.8 million, before depreciation as additions of \$1.6 million mainly for Law Enforcement and Emergency Services again outpaced disposals. Intangible assets increased \$1.4 million before depreciation from completion of financial systems implementations and upgrades as well as Fleet management and Social Services case document management systems.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	Governmental Activities	
	2012	2011
Land	\$ 47,773,975	46,949,680
Buildings	69,545,916	71,574,008
Improvements other than buildings	9,534,203	9,884,873
Machinery and equipment	14,875,342	7,616,463
Vehicles	3,712,797	4,612,316
Construction in progress	103,537,286	84,721,444
Intangibles	5,772,263	4,903,959
Total	\$ 254,751,782	230,262,743

Debt Administration. At the end of the current fiscal year, Guilford County had total bonded debt outstanding of \$893.375 million, \$876.53 million of which were general obligation bonds backed by the full faith and credit of the County and \$16.845 million of which were limited obligation bonds backed by collateral. In addition there were \$64.4 million in unamortized bond issuance premiums and \$7.65 million of obligations under capital leases and installment financings all net of interest rate swap termination charges of \$8.9 million. Guilford County's total debt increased \$146.6 million during the fiscal year. In fiscal year 2012 the County issued a total of \$222.161 million in debt consisting of \$150.89 million in new fixed rate general obligation bonds at a \$21.785 million premium and \$46.135 million of fixed rate refunding bonds at a \$7.254 million premium; issued \$16.845 million in fixed rate limited obligation bonds; and borrowed \$4.975 million new funds while restructuring a \$3.316 million existing installment purchase obligation. The new debt consisted of \$153.99 million for schools, \$13.745 million for law enforcement facilities and \$4.975 million for an administrative building. This was offset mainly with the retirement of \$52.16 million refunded bonds, \$3.316 million restructured installment purchased obligations and \$45.603 million of scheduled principal payments on general obligation bonds and other debt.

The County's issues in two series of \$46.135 million refunding bonds retired a total of \$52.16 million in outstanding series 2000 and 2002 bonds. As part of the overall refunding strategy, \$7.25 million in premiums generated, along with County contributions totaling \$5.1 million, were used towards retirement of the bonds, plus payment of issuance costs of \$366,517 and fees of \$4.66 million to terminate an interest rate swap on the variable-rate components of the retired debt. The refunding will reduce total debt service over the next years by a total of \$7.86 million and generate a net economic gain of \$3.11 million. Additional details of each refunding bond transaction can be found in Note III. F. on page 36 of this report.

The County's restructured installment purchase obligation combined the remaining balances of \$1,094,379 at 4.50% and \$2,221,921 at 5.23% on the existing debt with a new borrowing of \$4,975,000 for a total amount due of \$8,291,300 at a blended rate of 3.406%. The level semi-annual principal payment structure from the original loans was retained as was the final maturity of March 2018. The financing is collateralized by a County building which is being renovated to house the Register of Deeds and Information Services departments.

Guilford County has maintained its "triple A" rating with all three ratings agencies on all outstanding general obligation bonded debt. Standard & Poor's Corporation, Moody's and Fitch Ratings have recently confirmed the County's ratings assigned to all issues as AAA, Aaa and AAA, respectively. On July 28, 2011, Moody's Investor's Service placed the County's Aaa debt rating on review for possible downgrade, along with 176 other Aaa governmental credits, due to its review of the U.S. Government's Aaa rating. This negative outlook remained in place following ratings on the County's August 24 refunding bond issue pending a more detailed evaluation by Moody's. Moody's completed its reviews of Aaa issuers to which they had assigned a negative outlook due to indirect linkages to the US government rating, and the outlook on the County's Aaa rating was revised to stable on December 7, 2011. Although Standard and

MANAGEMENT'S DISCUSSION AND ANALYSIS

Poors downgraded the U.S. Government's debt to AA+ with a negative outlook on August 5, the County retained its AAA rating with a stable outlook from both Standard and Poors and Fitch Ratings. During fiscal year 2012 the County issued its first series of limited obligation bonds rated AA+ by Standard and Poors, Aa1 by Moody's and AA+ by Fitch Ratings.

State statutes limit the amount of general obligation debt a governmental entity may issue to eight percent of its total assessed valuation. The current debt limitation for Guilford County is \$3.6 billion, which is significantly in excess of Guilford County's outstanding and unissued general obligation debt.

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

Table A-5
GUILFORD COUNTY'S Outstanding Debt

	Governmental Activities	
	2012	2011*
General obligation bonds	\$ 876,530,000	776,375,000
Plus bond issuance/put bond premiums	64,399,241	40,078,001
Less swap termination fees	(8,901,431)	(10,118,551)
Limited obligation bonds	16,845,000	-
Capital leases and purchase money installment contracts	<u>7,653,508</u>	<u>3,571,400</u>
Total	<u>\$ 956,526,318</u>	<u>809,905,850</u>

* Beginning balance reduced by \$3,213,766 from amount originally reported 6/30/2011 due to a \$422,569 restatement of issuance costs on refunded bonds and a reclassification of the \$2,791,197 remaining balance to a deferred outflow of resources (asset-like) account resulting from the implementation of Governmental Accounting Standards Board Statement No. 65. Additional detail of the restatement can be found in Note I.E.8.

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

- The County's fiscal 2013 General Fund budget has increased by \$7.7 million from the fiscal year 2012 original budget to \$587.5 million, a 1.3% increase.
- The General Fund appropriated fund balance of \$30.8 million for the fiscal year 2013 is \$1.2 million more than last year's original General Fund budget, and maintains a stable unassigned fund balance at June 30, 2012 of 9.19% of the 2013 budget. Increases to appropriations from generally available fund balance were \$1.5 million. Decreases to appropriations from restricted, committed and assigned funding sources accounted for \$0.3 million. The budget provided for the fourth straight year, other post employment benefit contributions to a pension trust fund in the amount of \$2 million.
- The General Fund ad valorem tax rate levied for fiscal year 2013 is \$.7804 per \$100 valuation, a slight decrease of \$.0020 over the 2012 level of \$.7824. The rate decrease combined with a 1.4% increase in the County's estimated tax base to \$45.4 billion will provide an additional \$4.5 million in current tax revenue, a 1.3% increase over the previous year. The estimated tax base reflects a revaluation as of January 1, 2012 of all real property in the County. The revenue-neutral countywide rate is \$.7939 versus the \$.7804 actual rate levied.
- Estimated sales tax revenue of \$64.9 million for the fiscal year 2013 is \$4.9 million or 8.2% more than last year's original General Fund budget, due in part to the expectation that fiscal year 2012 actual revenues would exceed the budget. Other significant changes in revenue include decreases in intergovernmental revenue of \$1.8 million and net decreases in other sources totaling \$1.1 million, mainly from investment income and user charges.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- The General Fund budgets with the most significant decreases are Public Health and Economic Development and Assistance. The Public Health budget is down \$3.5 million or 9.5% to \$33.3 million due mainly to reduced personnel costs of \$1.5 million from a net reduction of 23 positions, reduced other operating costs of \$1.3 million from seven service areas that received reduced Federal and State funding, and reduced operating costs of \$1 million for the in home nursing care program that projects reduced charges for service revenues related to the program. The Economic Development and Assistance budget is down \$0.8 million or 36.4% to \$1.4 million due to reduced funding for economic incentive allocations.
- The 2013 General Fund budgets with the most significant increases over the 2012 amounts are Debt Service up \$3.5 million or 7.7% to \$92 million from increased principal payments due; Law Enforcement up \$2.2 million or 3.6% to \$62.9 million mainly to staff and operate the new Greensboro Detention Center for a full fiscal year; Emergency Services up \$2.1 million or 9.3% to \$25.1 million mainly for increased Emergency Medical Services and Fire Administration costs; Human Resources up \$1.6 million or 18.5% to \$10.1 million mainly for retiree healthcare; Information Services up \$1.3 million or 16.4% to \$9.5 million mainly for increased overall Countywide technology funding as well as maintenance and licensing costs; and Facilities up \$0.9 million or 13.2% to \$7.5 million mainly for the added function of managing janitorial, mechanical and general maintenance operations for the new Greensboro Detention Center.

Requests for Information

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



Basic Financial Statements

The Basic Financial Statements consist of the government-wide financial statements which display all the financial activities except fiduciary activities of the County and its discretely presented component units; the fund financial statements which provide information about the County's funds, including its fiduciary funds; and the notes to the financial statements. They present the financial position of Guilford County, North Carolina as of June 30, 2012, 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, 2012

Exhibit 1

	Primary Government	Component Unit
	Governmental Activities	Greensboro/Guilford County Tourism Development Authority
Assets		
Cash and cash equivalents/investments	\$ 399,397,719	1,455,210
Receivables:		
Property taxes (net)	8,287,221	-
Accrued interest on property taxes (net)	639,080	-
Other taxes	456,146	-
Due from governmental units and agencies	40,427,568	70,796
Due from primary government	-	278,179
Service fees (net)	3,460,075	-
Special assessments	417,486	-
Accrued interest on investments	156,678	574
Other	4,353	12,863
Total receivables	53,848,607	362,412
Deposits and other assets	10,047,795	-
Total non-capital assets	463,294,121	1,817,622
Non-depreciable capital assets	151,535,261	-
Depreciable capital assets (net)	103,216,521	30,187
Total capital assets	254,751,782	30,187
Total assets	718,045,903	1,847,809
Deferred Outflows of Resources		
Unamortized bond refunding charges	3,105,545	-
Accumulated decrease in fair value of hedging derivatives	883,388	-
Total deferred outflows of resources	3,988,933	-
Liabilities		
Accounts payable and accrued liabilities	60,585,870	78,833
Due to component unit	278,179	-
Unearned revenue	2,447,378	-
Deposits	240,061	-
Derivative instrument - rate swaps	4,198,076	-
Current portion of long-term liabilities	54,075,535	-
Noncurrent portion of long-term liabilities	988,082,366	-
Total liabilities	1,109,907,465	78,833
Net Position		
Invested in capital assets, net of related debt	133,301,449	30,187
Restricted for:		
Stabilization by State statute	60,168,977	413,214
Self-funded insurance deposits	9,653,128	-
Guilford County Schools capital outlay	8,517,113	-
Other purposes	3,604,223	-
Unrestricted (deficit)	(603,117,519)	1,325,575
Total net position	\$ (387,872,629)	1,768,976

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, 2012

Exhibit 2

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit Greensboro/Guilford County Tourism Development Authority
Primary Government:						
Governmental activities:						
General government	\$ 46,807,995	8,209,756	69,739	-	(38,528,500)	-
Human services	158,946,804	17,713,928	84,760,563	115,355	(56,356,958)	-
Public safety	111,502,379	20,018,789	1,382,428	299,356	(89,801,806)	-
Environmental protection	1,368,749	50,016	907,358	-	(411,375)	-
Culture - recreation	5,817,799	3,670	-	-	(5,814,129)	-
Economic development and assistance	7,239,287	72,337	388,600	-	(6,778,350)	-
Education	282,303,468	-	61,328	-	(282,242,140)	-
Interest on long-term debt	26,392,310	247,472	6,257,976	-	(19,886,862)	-
Total primary government	<u>\$ 640,378,791</u>	<u>46,315,968</u>	<u>93,827,992</u>	<u>414,711</u>	<u>(499,820,120)</u>	<u>-</u>
Component Unit:						
Greensboro/Guilford Co Tourism Dev Authority:						
Tourism promotion and development	<u>\$ 3,559,127</u>	<u>65,804</u>	<u>3,883,401</u>	<u>-</u>	<u>-</u>	<u>390,078</u>
General revenues:						
Taxes:						
Property taxes, levied for general purposes					352,831,446	-
Property taxes, levied for fire districts					10,408,129	-
Sales taxes, levied for general purposes					50,785,202	-
Sales taxes, levied for fire districts					1,911,514	-
Sales taxes, levied for school capital and/or debt					14,057,029	-
Occupancy taxes, levied for tourism development					4,441,971	-
Excise tax					1,628,390	-
Local gross receipts taxes					685,671	-
Grants and contributions not restricted to specific programs					1,945,810	-
Unrestricted investment earnings net of fair value decrease of investment derivatives					(2,517,050)	4,138
Other					452,404	-
Total general revenues					<u>436,630,516</u>	<u>4,138</u>
Change in net position					<u>(63,189,604)</u>	<u>394,216</u>
Net position at beginning of year:						
As previously reported					(321,679,351)	1,374,760
Restatement					<u>(3,003,674)</u>	<u>-</u>
Net position at beginning of year as restated					<u>(324,683,025)</u>	<u>1,374,760</u>
Net position at end of year					<u>(387,872,629)</u>	<u>1,768,976</u>
					\$	

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

GUILFORD COUNTY, NORTH CAROLINA
Balance Sheet
Governmental Funds
June 30, 2012

Exhibit 3

	General	County Building Construction	Water and Sewer Construction	School Capital Outlay	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents/investments	\$ 122,384,041	47,849,099	34,254,991	171,560,944	1,179,118	377,228,193
Receivables:						
Property taxes (net)	8,074,486	-	-	-	212,735	8,287,221
Accrued interest on property taxes (net)	639,080	-	-	-	-	639,080
Other taxes	58,747	-	-	-	397,399	456,146
Due from governmental units and agencies	34,184,764	585,664	1,191,390	3,983,909	479,931	40,425,658
Service fees (net)	3,198,060	-	-	-	-	3,198,060
Special assessments	-	-	417,486	-	-	417,486
Accrued interest on investments	139,797	8,428	-	-	341	148,566
Other	4,353	-	-	-	-	4,353
Total receivables	<u>46,299,287</u>	<u>594,092</u>	<u>1,608,876</u>	<u>3,983,909</u>	<u>1,090,406</u>	<u>53,576,570</u>
Deposits and other assets	1,358,046	-	-	-	-	1,358,046
Total assets	<u>\$ 170,041,374</u>	<u>48,443,191</u>	<u>35,863,867</u>	<u>175,544,853</u>	<u>2,269,524</u>	<u>432,162,809</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	\$ 18,242,979	5,347,614	11,046,280	8,536,693	119,220	43,292,786
Due to component unit	-	-	-	-	278,179	278,179
Deferred revenue	11,106,345	-	468,020	-	272,905	11,847,270
Deposits	240,061	-	-	-	-	240,061
Total liabilities	<u>29,589,385</u>	<u>5,347,614</u>	<u>11,514,300</u>	<u>8,536,693</u>	<u>670,304</u>	<u>55,658,296</u>
Fund balances:						
Non spendable	1,358,046	-	-	-	-	1,358,046
Restricted	57,971,070	21,205,082	9,255,791	162,736,845	1,996,619	253,165,407
Committed	24,472	6,816,119	14,511,398	8,255,222	-	29,607,211
Assigned	27,107,976	15,074,376	582,378	-	-	42,764,730
Unassigned	53,990,425	-	-	(3,983,907)	(397,399)	49,609,119
Total fund balances	<u>140,451,989</u>	<u>43,095,577</u>	<u>24,349,567</u>	<u>167,008,160</u>	<u>1,599,220</u>	<u>376,504,513</u>
Total liabilities and fund balances	<u>\$ 170,041,374</u>	<u>48,443,191</u>	<u>35,863,867</u>	<u>175,544,853</u>	<u>2,269,524</u>	<u>432,162,809</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, 2012

Exhibit 4

Total fund balances - total governmental funds (Exhibit 3)	\$	376,504,513
<p>Amounts reported for governmental activities in the statement of net position are different because (see also Note II.A.):</p>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		254,751,782
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. (Note II.A.1.)		9,631,591
Prepaid expenses (assets) consumed in governmental activities are not financial resources when reported as expenditures in the funds using the purchases method. (Note II.A.2.)		332,126
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.3.)		3,988,933
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)		25,130,553
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.4.)		<u>(1,058,212,127)</u>
Total net position of governmental activities (Exhibit 1)	\$	<u>(387,872,629)</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, 2012

Exhibit 5

	General	County Building Construction	Water and Sewer Construction	School Capital Outlay	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes:						
Property taxes	\$ 351,334,153	-	-	-	10,367,297	361,701,450
Sales tax	64,842,231	-	-	-	1,911,514	66,753,745
Occupancy taxes	-	-	-	-	4,441,971	4,441,971
Excise tax	1,628,390	-	-	-	-	1,628,390
Local gross receipts tax	685,671	-	-	-	-	685,671
Licenses and permits	1,515,015	-	-	-	-	1,515,015
Intergovernmental	95,273,386	-	-	61,327	-	95,334,713
Charges for services	39,364,758	-	31,621	-	-	39,396,379
Investment earnings	1,035,260	47,858	-	-	1,230	1,084,348
Other	4,608,843	2,000,000	38,280	-	-	6,647,123
Total revenues	<u>560,287,707</u>	<u>2,047,858</u>	<u>69,901</u>	<u>61,327</u>	<u>16,722,012</u>	<u>579,188,805</u>
Expenditures						
Current:						
General government	41,411,153	-	-	-	-	41,411,153
Human services	149,105,449	-	-	-	-	149,105,449
Public safety	89,695,169	-	-	-	12,093,353	101,788,522
Environmental protection	1,259,345	-	-	-	-	1,259,345
Culture - recreation	4,794,610	-	-	-	-	4,794,610
Economic development and assistance	2,321,154	-	-	-	4,441,971	6,763,125
Intergovernmental:						
Education	186,918,211	-	-	95,385,257	-	282,303,468
Capital outlay	-	31,624,215	476,162	-	-	32,100,377
Debt service:						
Principal retirement	45,602,892	-	-	-	-	45,602,892
Interest and fiscal charges	28,995,986	-	-	-	-	28,995,986
Bond issuance costs	1,499,741	-	-	-	-	1,499,741
Total expenditures	<u>551,603,710</u>	<u>31,624,215</u>	<u>476,162</u>	<u>95,385,257</u>	<u>16,535,324</u>	<u>695,624,668</u>
Excess (deficiency) of revenues over expenditures	<u>8,683,997</u>	<u>(29,576,357)</u>	<u>(406,261)</u>	<u>(95,323,930)</u>	<u>186,688</u>	<u>(116,435,863)</u>
Other Financing Sources (Uses)						
Refunding bonds issued	46,135,000	-	-	-	-	46,135,000
General obligation bonds issued	-	13,745,000	-	137,145,000	-	150,890,000
Refunding capital-related debt issued	3,316,300	-	-	-	-	3,316,300
Capital-related debt issued	-	4,975,000	-	16,845,000	-	21,820,000
Payment to bond refunding escrow agent	(53,364,279)	-	-	-	-	(53,364,279)
Premiums on general obligation bonds issued	5,530,151	16,255,000	-	-	-	21,785,151
Premiums on refunding bonds issued	7,253,858	-	-	-	-	7,253,858
Payment to terminate interest rate swaps	(4,660,034)	-	-	-	-	(4,660,034)
Payment to refinance capital-related debt	(3,316,300)	-	-	-	-	(3,316,300)
Transfers in	-	-	-	1,500,000	-	1,500,000
Transfers out	(1,500,000)	-	-	-	-	(1,500,000)
Sale of capital assets	104,378	-	-	-	-	104,378
Total other financing sources (uses)	<u>(500,926)</u>	<u>34,975,000</u>	<u>-</u>	<u>155,490,000</u>	<u>-</u>	<u>189,964,074</u>
Net changes in fund balances	8,183,071	5,398,643	(406,261)	60,166,070	186,688	73,528,211
Fund balances at beginning of year	132,268,918	37,696,934	24,755,828	106,842,090	1,412,532	302,976,302
Fund balances at end of year	<u>\$ 140,451,989</u>	<u>43,095,577</u>	<u>24,349,567</u>	<u>167,008,160</u>	<u>1,599,220</u>	<u>376,504,513</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, 2012

Exhibit 6

Net changes in fund balances - total governmental funds (Exhibit 5)	\$	73,528,211
<p>Amounts reported for governmental activities in the statement of activities are different because (see also Note II.B.):</p>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. (Note II.B.1.)		24,589,655
The net effect of various miscellaneous transactions involving capital assets (ie., sales, trade-ins and donations) is to increase net assets. (Note II.B.2.)		(100,616)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds until they are available. (Note II.B.3.)		1,270,587
Increases (decreases) in the fair value of hedging derivatives reported as an addition to (a reduction of) investment earnings in the statement of activities do not provide (require the use of) current financial resources and, therefore, are not reported as revenues (expenditures) in the governmental funds. (Note III.F. Derivative Instruments)		(3,634,084)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal consumes the current financial resources. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (Note II.B.4.)		(144,256,804)
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.)		(12,832,959)
The Internal Service Fund is used by management to charge the costs of risk management and insurance to individual funds. The net loss of the Internal Service Fund is reported with governmental activities. (See Exhibit 9)		<u>(1,753,594)</u>
Change in net position of governmental activities (Exhibit 2)	\$	<u>(63,189,604)</u>

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

GUILFORD COUNTY, NORTH CAROLINA

General Fund

Exhibit 7

**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the fiscal year ended June 30, 2012**

	<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	\$ 343,539,333	343,623,361	349,944,689	6,321,328
Interest on delinquent property taxes	1,200,000	1,200,000	1,389,464	189,464
Total property taxes	344,739,333	344,823,361	351,334,153	6,510,792
Sales tax	60,000,000	61,638,385	64,842,231	3,203,846
Excise tax	1,370,116	1,370,116	1,628,390	258,274
Local gross receipts tax	600,000	600,000	685,671	85,671
Franchise taxes	140,000	140,000	-	(140,000)
Licenses and permits	1,482,555	1,482,555	1,515,015	32,460
Intergovernmental	98,400,961	102,723,679	95,273,386	(7,450,293)
Charges for services	37,996,665	36,942,795	39,364,758	2,421,963
Investment earnings	1,832,500	1,832,500	1,035,260	(797,240)
Other	3,547,037	4,006,445	4,608,843	602,398
Total revenues	550,109,167	555,559,836	560,287,707	4,727,871
Expenditures				
Current:				
General government	44,431,614	45,247,067	41,411,153	3,835,914
Human services	156,980,309	162,699,038	149,105,449	13,593,589
Public safety	93,321,587	96,232,186	89,695,169	6,537,017
Environmental protection	1,185,898	1,311,428	1,259,345	52,083
Culture - recreation	4,758,915	5,125,647	4,794,610	331,037
Economic development and assistance	2,202,769	5,872,229	2,321,154	3,551,075
Intergovernmental:				
Education	186,918,211	186,918,211	186,918,211	-
Capital outlay	22,000	21,676	-	21,676
Debt service:				
Principal retirement	45,967,400	45,967,400	45,602,892	364,508
Interest and fiscal charges	40,647,630	35,864,098	28,995,986	6,868,112
Bond issuance costs	1,915,000	2,063,079	1,499,741	563,338
Total expenditures	578,351,333	587,322,059	551,603,710	35,718,349
Excess (deficiency) of revenues over expenditures	(28,242,166)	(31,762,223)	8,683,997	40,446,220
Other Financing Sources (Uses)				
Refunding bonds issued	-	46,135,000	46,135,000	-
Refunding capital-related debt issued	-	3,316,300	3,316,300	-
Payment to bond refunding escrow agent	-	(53,364,279)	(53,364,279)	-
Premiums on general obligation bonds issued	-	-	5,530,151	5,530,151
Premiums on refunding bonds issued	-	7,253,858	7,253,858	-
Payment to terminate interest rate swaps	-	(4,660,034)	(4,660,034)	-
Payment to refinance capital-related debt	-	(3,316,300)	(3,316,300)	-
Transfers out	(1,500,000)	(1,500,000)	(1,500,000)	-
Sale of capital assets	128,450	128,450	104,378	(24,072)
Total other financing sources (uses)	(1,371,550)	(6,007,005)	(500,926)	5,506,079
Net change in fund balances	(29,613,716)	(37,769,228)	8,183,071	45,952,299
Fund balances at beginning of year	132,268,918	132,268,918	132,268,918	-
Fund balances at end of year	\$ 102,655,202	94,499,690	140,451,989	45,952,299

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, 2012

Exhibit 8

		<u>Governmental Activities</u>
Assets		
Current assets:		
Cash and cash equivalents/investments	\$	22,169,526
Receivables:		
Due from governmental units and agencies		1,910
Service fees (net)		262,015
Accrued interest on investments		<u>8,112</u>
Total receivables		272,037
Deposits and other assets		<u>9,653,559</u>
Total assets		<u>32,095,122</u>
 Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities		5,423,682
Unearned revenue		1,527,635
Compensated absences		<u>9,890</u>
Total current liabilities		6,961,207
Noncurrent liabilities:		
Compensated absences		<u>3,362</u>
Total liabilities		<u>6,964,569</u>
 Net Position		
Restricted for self-funded insurance deposits		9,653,128
Unrestricted		<u>15,477,425</u>
Total net position	\$	<u>25,130,553</u>

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

GUILFORD COUNTY, NORTH CAROLINA
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds - Internal Service Fund
For the fiscal year ended June 30, 2012

Exhibit 9

	Governmental Activities
Operating revenues:	
Charges for services	\$ 35,048,477
Other	353,714
Total operating revenues	35,402,191
 Operating expenses:	
Personal services	123,658
Other direct service costs	65,792
Professional services	1,669,115
Claims, premiums and bonding	35,335,880
Total operating expenses	37,194,445
Operating loss	(1,792,254)
 Nonoperating revenues:	
Interest income	38,660
Change in net position	(1,753,594)
Total net position at beginning of year	26,884,147
 Total net position at end of year	\$ 25,130,553

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, 2012

Exhibit 10

	Governmental Activities
Increase (decrease) in cash and cash equivalents:	
Cash flows from operating activities:	
Cash received from user departments and participants	\$ 35,871,866
Other operating revenues	353,714
Cash paid to employees for services	(124,681)
Cash paid to suppliers, participants and others	(35,923,794)
Net cash provided by operating activities	177,105
Cash flows from investing activities:	
Interest and dividends on investments	82,208
Net increase in cash and cash equivalents	259,313
Cash and cash equivalents at beginning of year	21,910,213
Cash and cash equivalents at end of year	\$ 22,169,526
 Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (1,792,254)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Change in assets and liabilities:	
Decrease in accounts receivable	42,644
Increase in deposits and other assets	(43,205)
Increase in accounts payable	1,120,909
Decrease in accrued salaries and benefits payable	(87)
Increase in unearned revenue	850,034
Decrease in accrued vacation and compensatory benefits	(936)
Total adjustments	1,969,359
Net cash provided by operating activities	\$ 177,105

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, 2012

Exhibit 11

	Pension Trust Funds	Agency Funds
Assets		
Pooled cash and cash equivalents/investments	\$ 936,325	\$ 1,025,740
State Treasurer's Local Government Other Post Employment Benefits (OPEB) Fund:		
Short-Term OPEB Fund	1,677,830	-
Long-Term OPEB Fund	681,643	-
OPEB Equity Fund	4,512,087	-
Cash and cash equivalents/investments	7,807,885	1,025,740
Receivables:		
Accrued interest on investments	349	-
Total assets	7,808,234	\$ 1,025,740
Liabilities		
Accounts payable and accrued liabilities	30,179	\$ 334,620
Representative payee clients payable	-	427,988
Due to other taxing units	-	263,132
Total liabilities	30,179	\$ 1,025,740
Net Position		
Held in trust for pension benefits	\$ 7,778,055	

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 Trust Funds
For the fiscal year ended June 30, 2012

Exhibit 12

		<u>Pension Trust Funds</u>
Additions		
Employer contributions	\$	2,675,368
Net investment income		<u>239,065</u>
Total additions		<u>2,914,433</u>
 Deductions		
Benefits		796,568
Administrative expenses		<u>685</u>
Total deductions		<u>797,253</u>
Change in net assets		2,117,180
Net position at beginning of year		<u>5,660,875</u>
Net position at end of year	\$	<u><u>7,778,055</u></u>

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

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Discretely presented component units.

Greensboro/Guilford County Tourism Development Authority

The Greensboro/Guilford County Tourism Development Authority (the Authority) is a public authority under the North Carolina General Statutes, created to promote activities and programs which encourage travel and tourism to the area. The County is financially accountable for the Authority because it levies the occupancy tax which is the major source of the Authority's revenues and has final approval over the annual budget. The Authority, which has a June 30 year end, is presented as a governmental fund type. Of the \$4,441,971 County levied occupancy taxes earned and included as an economic development and assistance expense of the County, \$3,109,380 is reported as part of the Authority's operating grants and contributions program revenue along with \$774,021 from a separate City of Greensboro levy. The complete financial statements of the Authority may be obtained from its administrative office at Greensboro/Guilford County Tourism Development Authority, 2200 Pinecroft Road, Suite 200, Greensboro, North Carolina 27407.

Guilford County Industrial Facility and Pollution Control Financing Authority

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

B. Basis of Presentation

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

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities and for the Authority. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. No indirect expense allocations have been made in the funds which require reversal for the statement of activities. Program revenues include (a) fees and charges paid 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*

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

fiduciary – are presented. The emphasis of the County’s fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. The County has no enterprise funds on which to report.

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

The County reports the following major governmental funds:

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

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

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

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

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

Additionally, the County reports the following fund types:

Proprietary fund:

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

Fiduciary funds:

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

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

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

Fund, which accounts for fines and forfeitures collected by the County that are required to be remitted to the Guilford County Board of Education; the Representative Payee Fund, which accounts for funds deposited with the Social Services Department for the benefit of specified clients being served by the County; and the N.C. Treasurer's Vehicle Interest Fund which accounts for three percent additional interest collected on the first month's interest assessed on delinquent registered motor vehicle property taxes as per House Bill 1779. The additional interest is remitted to the N.C. Department of State Treasurer monthly and will be used by the Division of Motor Vehicles to create a combined motor vehicle registration renewal and property tax collection system.

C. Measurement Focus, Basis of Accounting

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

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

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

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

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

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

D. Budgetary Control

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

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

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

E. Assets, Liabilities and Equity

1. Cash and Cash Equivalents/Investments

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

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

General Statute 159-30.1 allows local governments to establish an 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 her discretion may invest the proceeds in equities of certain publicly held companies and long- or short-term fixed income investments as detailed in General Statutes 147-69.2(b)(1-6) and (8). Funds submitted are managed in three different sub-funds, the State Treasurer's Short Term Investment Fund (STIF) consisting of short to intermediate treasuries, agencies and corporate issues authorized by G.S. 147-69.1; the long-term investment fund (LTIF) consisting of investment grade corporate securities, treasuries, and agencies; and various BlackRock Alpha Tilts Funds authorized under G.S. 147-69.2(b)(8). Neither the STIF nor

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

the LTIF is registered with the SEC. Under the authority of G.S. 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) Cash Portfolio, an SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price of \$1 at June 30, 2012. The NCCMT Term Portfolio's securities are valued at fair value which resulted in a \$9.68 per-share value at June 30, 2012. 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 OPEB Trust funds, the STIF securities are reported at cost and maintain a constant \$1 per share value; the LTIF is reported at fair value and is also valued at \$1 per share. The BlackRock Alpha Tilts Funds are valued at fair value which is \$15.2845 per share for the Global Ex-US Alpha Tilts Fund B and \$31.5960 per share for the Russell 3000 Alpha Tilts Fund B at June 30, 2012.

2. Property Taxes Receivable

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

As of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles. As part of this change, Guilford County is responsible for billing and collecting these property taxes on behalf of all municipalities and special tax districts in the County. These vehicles are registered with the State's Division of Motor Vehicles under a staggered system. Property taxes are due the first day of the fourth month after registration. Since billed taxes are applicable to the year in which they become due, taxes for vehicles registered from March 2011 through February 2012 apply to the fiscal year ended June 30, 2012. The uncollected portion of these taxes is included in property taxes receivable on the financial statements. Those taxes for vehicles registered from March 2012 through June 2012 apply to fiscal year 2013 and are therefore not included in property taxes receivable at June 30, 2012.

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, 2012, property taxes receivable are materially past due and, consequently, cannot be considered an available resource with which to pay liabilities of the current period, although the amount due is measurable. Therefore, all property taxes receivable are recorded net of an allowance for estimated uncollectible delinquent taxes, with the net receivable recorded as deferred revenue.

3. Allowances for Doubtful Accounts

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

4. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated life in excess of two years. 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 estimated fair market value at the

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

date of the donation. Public domain (infrastructure) capital assets consisting of certain improvements, including roads, bridges, curbs and gutters, water and sewer systems, school improvements, streets and sidewalks, drainage systems, and lighting systems, either have not been capitalized because the County does not own them or are included under improvements due to relatively insignificant amounts.

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

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

5. *Vacation, Compensatory and Sick Leave Benefits*

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

According to the provisions of The Fair Labor Standards Act, nonexempt employees may earn compensatory time at the rate of one and one-half hours for each hour worked in excess of specified limits. However, the Board of County Commissioners approved a revision to the personnel regulations effective August 30, 2009, that provided payment of overtime for non-exempt employees in lieu of compensatory time accrual. Further, the revision requires nonexempt employees to use compensatory balances prior to using other types of leave. The personnel regulations revision also eliminated compensatory time for exempt employees. Instead, exempt employees may qualify for up to 80 hours of management leave that is awarded at the beginning of the following year. Unused management leave balances at the end of the calendar year are forfeited for future use and are not paid to the employee at the end of service. Accumulated compensatory benefits that have not been used for both exempt and nonexempt employees are payable upon separation from County services at the rate of pay that was in effect on August 30, 2009, the date of the effective revision.

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

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

6. *Long-term Obligations*

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

7. *Net Position/Fund Balances*

Net Position

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

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

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 they can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of County Commissioners (Board). Any changes or removal of specific purposes requires the same type of action by the Board.
- 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 should be expressed by (a) the Board or (b) a delegated body (committee) or official. It includes all remaining positive balances not classified as assigned, restricted or committed and reported in governmental funds other than the General Fund.
- Unassigned Fund Balance - Amounts are unassigned to represent the residual classification for the General Fund as the balance has not been restricted, committed, or assigned to specific purposes. It includes all remaining negative balances not classified as restricted or committed and reported in governmental funds other than the General Fund.

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

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

8. *Change in Accounting Principles/Restatement*

The County elected to early implement Governmental Accounting Standards Board Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, beginning July 1, 2011. The Statement of Net Position replaces the Statement of Net Assets in the County's financial statements. GASB Statement 63 requires that the Statement of Net Position report deferred outflows of resources in a separate section following assets, while the deferred inflows of resources are reported in a separate section following liabilities. Net position components remain classified as net investment in capital assets, restricted, and unrestricted.

In addition, the County elected to early implement Governmental Accounting Standards Board Statement 65, *Items Previously Reported as Assets and Liabilities*, beginning July 1, 2011. Among other provisions, Statement 65 requires that bond issuance costs, previously deferred and amortized, be accounted for as current expenditures retroactively. Statement 65 also requires that deferred charges (credits) resulting from refunding of debt, previously deferred and amortized, be accounted for as deferred outflows (inflows) of resources. Accordingly, beginning net position was reduced by \$3,003,674 reflecting 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.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

II. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between total *fund balances*—*total governmental funds* and *net position of governmental activities* as reported in the government-wide statement of net position. The details of selected elements of that reconciliation are further explained as follows:

1. “Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.”	
Property taxes receivable (net)	\$ 8,287,221
Accrued interest on property taxes receivable (net)	639,080
Due from governmental units (cities) for reimbursement by contract of County watershed bonded debt	287,804
Special assessments receivable	<u>417,486</u>
Net adjustment to increase total fund balances - total governmental funds to arrive at net position of governmental activities	\$ <u><u>9,631,591</u></u>
2. “Prepaid expenses (assets) consumed in governmental activities are not financial resources when reported as expenditures in the funds using the purchases method.”	
Prepaid expenses for:	
Net pension asset for excess contributions to the Pension Trust Fund	\$ <u>332,126</u>
Net adjustment to increase total fund balances - total governmental funds to arrive at net position of governmental activities	\$ <u><u>332,126</u></u>
3. “Deferred outflows (asset-like charges) as used in governmental activities are not financial resources and therefore are not reported in the funds.”	
Unamortized bond refunding charges	\$ 3,105,545
Accumulated decrease in fair value of hedging derivatives	<u>883,388</u>
Net adjustment to increase total fund balances - total governmental funds to arrive at net position of governmental activities	\$ <u><u>3,988,933</u></u>
4. “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	\$ 876,530,000
Less: Interest rate swap termination payment (to be amortized as interest expense)	(8,901,431)
Plus: Issuance premiums (to be amortized against interest expense)	64,399,241
Accrued interest payable	11,869,402
Derivative instrument - rate swaps	4,198,076
Limited obligation bonds payable	16,845,000
Capital leases and installment financings payable	7,653,508
Net other postemployment benefits obligation - Health Care Benefits Plan	75,186,033
Accrued compensated absences payable	<u>10,445,550</u>
Subtotal	1,058,225,379
Less: Accrued compensated absences payable of the Internal Service Fund	<u>(13,252)</u>
Net adjustment to decrease total fund balances - total governmental funds to arrive at net position of governmental activities	\$ <u><u>1,058,212,127</u></u>

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances—total governmental funds* and *change in net 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-)	\$ 33,213,574
Less: depreciation expense (net of Internal Service Fund amount of \$-0-)	<u>(8,623,919)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ 24,589,655</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.	\$ (105,031)
Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	<u>4,415</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ (100,616)</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)	\$ 1,400,023
Accrued interest on property taxes receivable (net)	138,101
Due from governmental units (cities) for reimbursement by contract of County watershed bonded debt	(269,973)
Special assessments receivable	<u>2,436</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ 1,270,587</u>

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

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

Debt issued or incurred:

Issuance of refunding bonds	\$ (46,135,000)
Issuance of general obligation bonds	(150,890,000)
Issuance of refunding installment financings	(3,316,300)
Capital leases and installment financings	(21,820,000)
Less: premiums on refunding bonds issued	(7,253,858)
Less: premiums on general obligation bonds issued	(21,785,151)
Plus: refunding bond costs	1,204,279

Principal repayments:

General obligation bonds	44,710,000
Capital leases and installment financings	892,892
Payment to escrow agent for refunding bonds	52,160,000
Payment to terminate interest rate swap	4,660,034
Payment to refund installment financings	<u>3,316,300</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ (144,256,804)</u>

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

Accrued interest	\$ (1,866,438)
Accrued arbitrage rebate	53,144
Compensated absences	374,603
Amortization of deferred charge on refunding	(846,156)
Amortization of interest rate swap termination payment	(1,217,120)
Amortization of bond premiums	4,673,994
Net other postemployment benefits obligation - Health Care Benefits Plan	(14,001,747)
Net pension asset for excess contributions to the Pension Trust Fund	<u>(3,239)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ (12,832,959)</u>

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Cash Equivalents/Investments

As previously discussed, cash for all County funds is pooled for investment purposes. With the exception of a separate checking account, the Greensboro/Guilford County Tourism Development Authority (Authority) uses the County's pool for its investment purposes. At June 30, 2012, the cash and investments included the following:

Account Balances		Ownership of Funds	
		Primary Government – Guilford County	
Petty cash/cash on hand	\$ 89,196	Governmental Funds	\$ 377,228,193
Demand deposits	35,145,835	Internal Service Fund	22,169,526
Public Funds Money Market Accounts	68,896,031	Total Governmental Activities	399,397,719
Certificates of deposit	86,837,291	Pension Trust Funds	7,807,885
Investments	211,846,641	Agency Funds	1,025,740
OPEB Trust Funds	6,871,560		408,231,344
	\$ 409,686,554	Component Unit – Authority	1,455,210
			\$ 409,686,554

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 \$190,828,476 and a bank balance of \$194,070,760. Of the bank balance, \$1,250,048 was covered by Federal depository insurance, and \$38,087,390 in non-interest-bearing deposits and \$154,733,322 in interest-bearing deposits were covered by collateral held under the Pooling Method.

Deposits of the Authority not included with the pool had a carrying amount of \$50,681 and a bank balance of \$124,430 which was fully covered by Federal depository insurance.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

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, 2012, the County's pooled investment balances were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Months)</u>
U.S. Treasury Securities	\$ 20,487,387	4.44
U.S. Government Agencies	22,000,482	5.45
Commercial Paper and Bankers' Acceptances	<u>121,359,953</u>	3.10
	163,847,822	3.58
N.C. Capital Management Trust		
Cash Portfolio	5,065,690	Demand
Term Portfolio*	<u>42,933,129</u>	2.04
Total Pooled Investments	\$ <u>211,846,641</u>	

* Investments in the NCCMT Term Portfolio are available next day but the fund has a duration of .17 years.

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

The County is invested in a "pay-fixed, receive-variable" interest rate swaps with notional amount of \$30,000,000. The County makes monthly fixed payments and receives variable payments based on 60.4% of the five-year LIBOR swap. The swap was executed in November 2006 and matures in February 2020. Additional details on the swap are included in Note III. F. under the Derivative Instruments section. At June 30, 2012, the fair value of the swap is \$(3,314,687) and is included in the derivatives liability total.

Credit Risk. The County's investment policy incorporates State laws concerning allowable investment and imposes additional restrictions on concentration in certain types of investments and on allowable maturities. North Carolina General Statutes limits investment in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2012, 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 Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2012. The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended. The County's investments in U.S. Agencies (Federal Home Loan Bank, Federal National Mortgage Association, and Federal Home Loan Mortgage Corporation) are rated AAA 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.

GUILFORD COUNTY, NORTH CAROLINA
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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, 2012, the following investment categories account for more than 5% of the County's investments: General Electric Capital Corp. Commercial Paper, 7.1%; Toyota Motor Credit Corp. Commercial Paper, 8.5%; FCAR I Owners Trust Commercial Paper, 6.4%; Bank of Nova Scotia Commercial Paper, 6.1%; Rabobank, USA Commercial Paper, 6.6%, Nordea North America Commercial Paper, 7.1%; Federal Home Loan Banks (FHLB), 9.4%; NCCMT Term Portfolio, 20.3%; and U.S. Treasury, 9.7% .

OPEB Trust Funds

At June 30, 2012, the Guilford County Health Care Plan (the HC Plan) Fund had \$6,871,560 invested in the State Treasurer's Local Government Other Post-Employment Benefits (OPEB) Fund pursuant to G.S. 147-69.4. The State Treasurer's OPEB Fund may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the General Statutes. At year end, 24.40% of the HC Plan funds were invested in the State Treasurer's Short-Term Investment Fund (STIF), 9.92% were invested in the Long-Term Investment Fund (LTIF) and 65.66% were invested in equity funds with the remainder in cash. The equity investment allocation is 25% international equities via the BlackRock Global Ex-US Alpha Tilts Fund and 75% domestic through the BlackRock Russell 3000 Alpha Tilts Fund, but due to changes in valuation, the Funds comprised 25.44% and 74.56%, respectively, of the equity balance in the OPEB Trust.

Interest Rate Risk. The County does not have a formal investment interest rate policy regarding the HC Plan Fund that manages its exposure to fair value losses arising from increasing interest rates. The State Treasurer's STIF is unrated and had a weighted average maturity of 1.5 years at June 30, 2012. The State Treasurer's LTIF is unrated and had a weighted average maturity of 16.3 years at June 30, 2012.

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

B. Receivables

Receivables are recorded net of an allowance for estimated uncollectible accounts at June 30, 2012 in the County's individual funds as follows:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds	Internal Service Fund
Allowance for uncollectible accounts on:				
Property taxes	\$ 9,266,286	158,257	9,424,543	-
Accrued interest on property taxes	3,353,868	-	3,353,868	-
Service fees	<u>16,320,533</u>	-	<u>16,320,533</u>	<u>28,264</u>
	<u>\$ 28,940,687</u>	<u>158,257</u>	<u>29,098,944</u>	<u>28,264</u>

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2012 follows:

Primary Government – Governmental Activities

A summary of changes in capital assets, net of accumulated depreciation, for the fiscal year ended June 30, 2012 follows:

	Balance July 1, 2011	Increases	Decreases	Transfers	Balance June 30, 2012
Non-depreciable capital assets:					
Land	\$ 46,949,680	824,295	-	-	47,773,975
Construction in progress	84,721,444	19,671,147	-	(855,305)	103,537,286
Intangibles - non-depreciable	-	224,000	-	-	224,000
Total non-depreciable capital assets	<u>131,671,124</u>	<u>20,719,442</u>	<u>-</u>	<u>(855,305)</u>	<u>151,535,261</u>
Depreciable capital assets:					
Buildings	124,358,366	213,957	-	711,934	125,284,257
Improvements other than buildings	18,845,403	387,413	-	143,371	19,376,187
Machinery and equipment	26,427,832	8,906,544	(852,260)	(46,063)	34,436,053
Vehicles	22,902,031	1,631,438	(827,948)	-	23,705,521
Intangibles - depreciable	6,760,030	1,359,195	-	46,063	8,165,288
Total depreciable capital assets	<u>199,293,662</u>	<u>12,498,547</u>	<u>(1,680,208)</u>	<u>855,305</u>	<u>210,967,306</u>
Less accumulated depreciation for:					
Buildings	(52,784,358)	(2,953,983)	-	-	(55,738,341)
Improvements other than buildings	(8,960,530)	(881,454)	-	-	(9,841,984)
Machinery and equipment	(18,811,369)	(1,548,144)	757,052	41,750	(19,560,711)
Vehicles	(18,289,715)	(2,521,134)	818,125	-	(19,992,724)
Intangibles	(1,856,071)	(719,204)	-	(41,750)	(2,617,025)
Total accumulated depreciation	<u>(100,702,043)</u>	<u>(8,623,919)</u>	<u>1,575,177</u>	<u>-</u>	<u>(107,750,785)</u>
Total depreciable capital assets (net)	<u>98,591,619</u>	<u>3,874,628</u>	<u>(105,031)</u>	<u>855,305</u>	<u>103,216,521</u>
Governmental activities capital assets (net)	<u>\$ 230,262,743</u>	<u>24,594,070</u>	<u>(105,031)</u>	<u>-</u>	<u>254,751,782</u>

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

<u>Function/Program</u>	
General government	\$ 2,515,925
Human services	1,340,902
Public safety	3,785,744
Environmental protection	38,184
Culture - recreation	<u>943,164</u>
Total government activities depreciation expense	<u>\$ 8,623,919</u>

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

Guilford County's construction in progress at June 30, 2012 is composed of the following:

Project Name	Project Authorization ⁽¹⁾	Expended to June 30, 2012	Estimated Costs to Complete	Required Future Financing ⁽²⁾
Northeast Park	\$ 3,554,406	3,216,000	338,406	-
EMS Base Station - Rock Creek	2,313,800	2,128,705	185,095	-
GC Detention Center	110,500,000	86,974,898	23,525,102	20,115,000
GSO Courthouse Renovations	4,367,874	4,158,635	209,239	-
New DSS Facility - High Point	445,538	418,350	27,188	-
Prison Farm Improvements and Design	725,000	-	725,000	-
Northwest EMS Base Station	1,500,000	-	1,500,000	-
Greensboro Health Department Renovation	3,009,656	1,771,199	1,238,457	-
High Point Courthouse Renovations	468,626	22,131	446,495	-
Greene Street Center	398,180	18,965	379,215	-
Bellemeade Center Renovations	823,114	93,044	730,070	-
BB&T Building	5,038,295	4,707,359	330,936	-
Edgeworth Building Renovation	551,000	28,000	523,000	-
	<u>\$ 133,695,489</u>	<u>103,537,286</u>	<u>30,158,203</u>	<u>20,115,000</u>

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

(2) Assumes project will be fully expended as budgeted.

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, 2012 follows:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Depreciable capital assets:				
Furniture, fixtures and equipment	\$ 250,916	-	(2,726)	248,190
Less accumulated depreciation	(203,423)	(17,306)	2,726	(218,003)
Tourism Authority capital assets, net	<u>\$ 47,493</u>	<u>(17,306)</u>	<u>-</u>	<u>30,187</u>

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

D. Accounts Payable and Accrued Liabilities

Primary Government – Governmental Activities

Accounts payable and accrued liabilities at June 30, 2012 includes the following balances:

	<u>Vendors</u>	<u>Salaries, Benefits Accrued & Withheld</u>	<u>Accrued Interest</u>	<u>Due to Gov. Units, Districts & Agencies</u>	<u>Other</u>	<u>Total</u>
Major Governmental Funds:						
General	\$ 10,879,752	5,876,644	-	1,345,345	141,238	18,242,979
County Building Construction	5,347,614	-	-	-	-	5,347,614
Water and Sewer Construction (1)	508,200	-	-	10,538,080	-	11,046,280
School Capital Outlay (2)	-	-	-	8,536,693	-	8,536,693
Nonmajor Governmental Funds	-	-	-	119,220	-	119,220
Internal Service Fund (3)	115,168	4,871	-	-	5,303,643	5,423,682
Reconciliation of balances in fund financial statements to government-wide financial statements	<u>-</u>	<u>-</u>	<u>11,869,402</u>	<u>-</u>	<u>-</u>	<u>11,869,402</u>
Total - Governmental Activities	\$ <u>16,850,734</u>	<u>5,881,515</u>	<u>11,869,402</u>	<u>20,539,338</u>	<u>5,444,881</u>	<u>60,585,870</u>

(1) Actual settlement amount of \$10,538,080 due the City of Greensboro based on contract termination provisions.

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

(3) Other payable is County's insurance claims liability, all due within one year, of \$5,303,643. See Note IV. E. 4.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

E. Deferred/Unearned Revenue

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

Deferred/unearned revenue at June 30, 2012 is composed of the following unearned and unavailable revenues:

	Major Governmental			
	General Fund	Water and Sewer Construction Fund	Nonmajor Governmental and Other Funds	Total
Governmental Funds:				
Unearned:				
Property tax collections not yet earned	\$ 1,950,017	-	60,170	2,010,187
Prepaid special assessments not yet billed or earned	-	50,534	-	50,534
Federal, State and private foundation grants received in advance	<u>154,958</u>	<u>-</u>	<u>-</u>	<u>154,958</u>
Total unearned	<u>2,104,975</u>	<u>50,534</u>	<u>60,170</u>	<u>2,215,679</u>
Unavailable:				
Property taxes receivable (net)	8,074,486	-	212,735	8,287,221
Accrued interest on property taxes receivable (net)	639,080	-	-	639,080
Due from governmental units (cities) for reimbursement by contract of County watershed bonded debt	287,804	-	-	287,804
Special assessments receivable	<u>-</u>	<u>417,486</u>	<u>-</u>	<u>417,486</u>
Total unavailable	<u>9,001,370</u>	<u>417,486</u>	<u>212,735</u>	<u>9,631,591</u>
Total deferred revenue - Governmental Funds	<u>\$ 11,106,345</u>	<u>468,020</u>	<u>272,905</u>	<u>11,847,270</u>
Internal Service Fund:				
Unearned:				
Service fees collected in advance from external sources			\$ 231,699	231,699
Service fees collected in advance from internal sources ⁽¹⁾			<u>1,295,936</u>	<u>1,295,936</u>
Total unearned revenue - Internal Service Fund			<u>\$ 1,527,635</u>	<u>1,527,635</u>
⁽¹⁾ The Internal Service Fund service fees collected in advance from internal sources are eliminated or reclassified when combined with the Governmental Funds to report the Primary Government's Governmental Activities.				
Governmental Activities:				
Unearned:				
Governmental Funds per above				\$ 2,215,679
Internal Service Fund (from external sources) per above				<u>231,699</u>
Total unearned revenue - Governmental Activities				<u>\$ 2,447,378</u>

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

F. Long-term Liabilities

Primary Government – Governmental Activities

A summary of changes in long-term liabilities for the fiscal year ended June 30, 2012 follows:

	Balance <u>July 1, 2011</u>	Additions	Reductions	Balance <u>June 30, 2012</u>	Current Portion of Balance
Bonds payable:					
General obligation bonds	\$ 776,375,000	197,025,000	(96,870,000)	876,530,000	48,220,000
Plus bond issuance premiums	40,078,001	29,039,009	(4,717,769)	64,399,241	-
Less swap termination fees	<u>(10,118,551)</u>	-	<u>1,217,120</u>	<u>(8,901,431)</u>	-
Total bonds payable	806,334,450	226,064,009	(100,370,649)	932,027,810	48,220,000
Limited obligation bonds	-	16,845,000	-	16,845,000	-
Capital leases and installment financings	3,571,400	8,291,300	(4,209,192)	7,653,508	1,275,585
Accrued arbitrage rebate	53,144	-	(53,144)	-	-
Compensated absences	10,821,089	5,377,543	(5,753,082)	10,445,550	4,579,950
Net other postemployment benefits obligation	<u>61,184,286</u>	<u>22,800,926</u>	<u>(8,799,179)</u>	<u>75,186,033</u>	-
Total	<u>\$ 881,964,369</u>	<u>279,378,778</u>	<u>(119,185,246)</u>	<u>1,042,157,901</u>	<u>54,075,535</u>

The County issues general obligation bonds to provide funds for the acquisition, development, and construction of major capital facilities and to provide funding for Guilford County Schools and Guilford Technical Community College facilities, for watershed protection and for new water and sewer lines that under contract are owned by participating municipalities upon completion. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the County and principal and interest requirements are appropriated in the General Fund when due. The remaining long-term liabilities of the governmental activities are generally liquidated by the General Fund also. The Internal Service Fund predominantly serves the governmental funds, therefore, any long-term liabilities are included as part of the above totals for governmental activities. At year end this amounted to \$13,252 of the compensated absences balance. Any capital leases that finance equipment used in Internal Service Fund operations are reported as long-term debt in the Fund when issued and are retired by its resources.

The County is subject to the Local Government Bond Act of North Carolina which limits the amount of net debt, exclusive of funding and refunding bonds, bonds issued for water, gas, or electric power purposes, and bonds issued for certain other specified purposes. The County may have outstanding and unissued an amount not to exceed 8% of the appraised value of property subject to taxation. At June 30, 2012, such statutory limit for the County was \$3,628,620,625 providing a debt margin of approximately \$2.46 billion.

Bonds authorized and unissued at June 30, 2012 are as follows:

For Additions and/or Improvements To	Date Approved	Balance
Public Schools	05/06/2008	\$ 130,170,000
Community College	05/06/2008	29,900,000
Jail	05/06/2008	36,370,000
Refunding	02/02/2012	<u>74,500,000</u>
		<u>\$ 270,940,000</u>

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

Long-term liabilities outstanding as of June 30, 2012 include the following:

General Obligation Bonds:

October 2002 \$5,855,000 Water and Sewer serial bonds due in annual installments of \$520,000 through October 2012; interest at 3.50%.	\$ 520,000
October 2002 \$57,500,000 Public Improvement serial bonds due in annual installments of \$3,835,000 through October 2012; interest at 3.25%.	3,835,000
February 2005 \$9,220,000 Public Improvement serial bonds due in annual installments of \$610,000 to \$615,000 through March 2020; variable rate interest synthetically fixed at 3.22% upon issuance due monthly.	4,915,000
February 2005 \$80,780,000 Public Improvement serial bonds due in annual installments of \$5,385,000 to \$5,390,000 through March 2020; variable rate interest synthetically fixed at 3.22% upon issuance due monthly.	43,085,000
February 2005 \$93,220,000 Public Improvement serial bonds due in annual installments of \$2,000,000 to \$18,645,000 from March 2019 through 2025; interest due monthly at variable rates.	93,220,000
February 2005 \$54,380,000 General Obligation Refunding bonds due in annual installments of \$6,500,000 to \$9,120,000 through October 2016; interest at 4.50% to 5.00%.	39,390,000
March 2007 \$45,000,000 Public Improvement serial bonds due in annual installments of \$11,250,000 from April 2023 through 2027; interest due monthly at variable rates.	45,000,000
March 2007 \$40,440,000 Public Improvement serial bonds due in annual installments of \$1,750,000 to \$8,000,000 through April 2018; interest at 4.00% to 5.00%.	31,690,000
February 2009 \$164,600,000 Public Improvement serial bonds due in annual installments of \$8,230,000 through February 2029; interest at 4.00% to 5.00%.	139,910,000
April 2010 \$82,500,000 Public Improvement serial bonds due in annual installments of \$8,250,000 from August 2012 through 2020; interest at 5.00%.	74,250,000
April 2010 \$82,500,000 taxable Build America Bonds (Public Improvement) due in annual installments of \$8,250,000 from August 2021 through 2031; interest at 4.541% to 5.461%.	82,500,000
April 2010 \$84,775,000 General Obligation Refunding Bonds due in annual installments of \$5,900,000 to \$6,870,000 from February 2012 through 2022, interest at 2.50% to 5.00%.	69,975,000
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 to \$4,120,000 from October 2013 through 2018, interest at 2.00% to 4.00%.	20,635,000
April 2012 \$133,745,000 Public Improvement serial bonds due in annual installments of \$280,000 to \$9,705,000 from March 2013 through 2031; interest at 2.00% to 5.00%.	133,745,000
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 \$585,000 to \$7,125,000 from October 2016 through 2020, interest at 2.00% to 5.00%.	25,500,000
Total general obligation bonds	\$ <u>876,530,000</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 begin March 2014.	\$ <u>16,845,000</u>
Obligations under capital leases and installment financings:	
For \$8,291,300 building and land obligation due in semi-annual installments of \$637,792 plus interest at 3.406% through March 2018.	\$ <u>7,653,508</u>

GUILFORD COUNTY, NORTH CAROLINA
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The County has remarketing and standby purchase agreements with banks which provide for remarketing of certain variable-rate bonds when payment is demanded or the bank will purchase the bonds. The agreements have a maximum interest rate of 12%. The standby purchasing agreements covering \$141.22 million of the County's outstanding 2005 variable rate bonds and \$45 million outstanding 2007 variable rate bonds expire December 31, 2014 with provision for extension. The remarketing agreements expire with final repayment of the bonds. The County paid \$1,738,604 in fiscal year 2012 pursuant to these agreements.

Refunding/Restructuring

In August 2011 and March 2012, the County refunded three series of bonds with two refunding bond issues as follows:

	Total Outstanding July 1, 2011	Amount Refunded	Average Interest Rate
Water and Sewer Bonds, Series 2002	\$ 3,985,000	3,010,000	3.756%
Public Improvement Bonds, Series 2002	26,820,000	19,150,000	3.756%
	<u>\$ 30,805,000</u>	<u>22,160,000</u>	
Public Improvement Bonds, Series 2000C	<u>\$ 30,000,000</u>	<u>30,000,000</u>	Variable

The County issued \$20,635,000 General Obligation Refunding Bonds at an average interest rate of 3.977% to retire the 2002 series bonds in August 2011 and an additional \$25,500,000 at an average rate of 4.044% to retire the 2000 series bonds in March 2012. The August 2011 sale generated a premium of \$2,551,088 which, along with a County contribution of \$358,500, was used to pay issuance costs of \$181,779 and fund the escrow account for the defeased bonds. The March 2012 sale generated a premium of \$4,702,770 which along with a County contribution of \$4,741,000 was used to pay issuance costs of \$184,738, a swap termination fee of \$4,660,034 and defease the refunded bonds. Since the swap involved was an ineffective hedge, the termination fee was not deferred and flowed through investment earnings. The reacquisition price matched the carrying amount of the new debt for the March 2012 refunding. The carrying amount of the new debt on the August 2011 refunding exceeded the reacquisition price by \$1,160,504 and this amount is being added to the new debt and will be amortized over the new life of the refunded debt. The August 2011 and March 2012 refundings will reduce debt service on the next nine years by \$1,591,418 and \$6,268,955, respectively, and will generate net economic gains of \$1,528,628 and \$1,585,954.

In addition to the unamortized bond refunding charges of \$1,048,499 on current year refundings, the County has \$2,057,045 unamortized bond refunding charges from prior refunding issues. These unamortized charges are reported as a deferred outflow of resources on the Statement of Net Position.

In September 2011, the County restructured its installment purchase obligation dated March 2008. The remaining balances of \$1,094,379 at 4.50% and \$2,221,921 at 5.23% on the existing debt were combined with a new borrowing of \$4,975,000 for a total amount due of \$8,291,300 at a blended rate of 3.406%. The level semi-annual principal payment structure from the original loans was retained as was the final maturity of March 2018. The financing is collateralized by a County building which is being renovated to house the Register of Deeds and Information Services departments.

Derivative Instruments

The County has several interest-rate swaps in effect to hedge its borrowing costs including both effective and ineffective derivatives. The (negative) fair value of an effective or hedging derivative is reported as a derivative (liability) asset and as a deferred (outflow) inflow of resources on the Statement of Net Position. For ineffective or investment derivatives, current year changes in fair value flow through investment revenue. (Negative) positive fair values as of June 30 are reported as derivative (liabilities) assets.

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

GUILFORD COUNTY, NORTH CAROLINA
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No amount was paid at the inception of any of these swaps. All of the County's swaps relate to government activities. The County's interest rate swaps are summarized in the table as follows. Bond amounts and swap notional amounts are as of June 30, 2012.

	<u>Hedging Derivative Instruments</u>	<u>Investment Derivative Instruments</u>
Date of contract	September 2004	November 2006
Effective Date	February 3, 2005	February 1, 2008
Type of transaction	Pay-fixed interest rate swap	Pay-fixed interest rate swap
Objective	Hedge of changes in cash flows on related bonds	Hedge of changes in cash flows on related bonds
Bonds:		
Amount	\$18 million	\$30 million
Description	2005 Series A & B	2005 Series A & B
Maturity	February 1, 2020	March 1, 2020
Principal payments begin	March 1, 2006	March 1, 2016
Rate	variable	variable
Rate basis	SIFMA	SIFMA
Swap:		
Notional amount	\$18 million	\$30 million
Maturity	February 1, 2015	February 1, 2020
Notional value declines begin	March 1, 2006	February 1, 2016
Rate County pays	3.220%	3.220%
Rate County receives	variable	variable
Rate basis received	67% of 30-day LIBOR	60.4% of 5-year LIBOR swap
Spread	None	None
June 30, 2012 information:		
Fair value of swap	\$(883,388)	\$(3,314,688)
Fair value classification	Debt	Investment
Increase (decrease) in fair value of swap from 2011	451,449	(1,829,013)
Increase (decrease) in fair value reported in	Deferred outflows	Investment revenue

In addition to the above swaps, the County had a second swap reported as an investment derivative that was terminated in March 2012 as part of the refunding of the 2000C bonds. The decrease during the fiscal year in the fair value of the two swaps classified as investment derivatives totals \$3,634,083 and is reported as a reduction of unrestricted investment earnings (loss) in the Statement of Activities in accordance with Generally Accepted Accounting Principles, even though the County intent is to hedge borrowing costs.

Fair value. The fair values in the table were estimated using the market value method. This method calculates the net present value of cash flows to maturity for payments at the prevailing market rate versus the executed swap rate.

Credit risk. As of June 30, 2012, the County was not exposed to credit risk on any of its outstanding swaps because the swaps had negative fair values as indicated in the table. However, should interest rates change and the fair values of the swaps become positive, the County would be exposed to credit risk in the amount of the derivatives' fair value. The County has no policy requiring collateral or other security to support derivative agreements subject to credit risk, nor is there a policy requiring netting arrangements with counterparties. Bank of America is counterparty on all three of the County's swaps and at June 30, 2012 they were rated A2, A, and A+ by Moody's, Standard & Poor's and Fitch Ratings, respectively.

Basis risk. The swaps expose the County to basis risk because the variable-rate payments received by the County are based on indices other than interest rates the County pays on its hedged variable-rate debt, which is remarketed every seven days. At June 30, 2012, the weighted average interest rate on the County's hedged variable-rate debt was .16% while 67% of 1 month LIBOR was .16%. Depending on the future relationship between LIBOR and SIFMA, the expected cost savings may not be realized.

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

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

As of June 30, 2012, aggregate debt service requirements on the County's fixed and variable rate debt and net payments on associated hedging derivative instruments are as follows including interest payments of \$280,434,181. These amounts assume that current interest rates on variable rate bonds and the current reference rates of hedging derivative instruments will remain the same until maturity. As these rates vary, interest payments on variable rate bonds and net receipts/payments on the hedging derivative instruments will vary.

Year Ending June 30	General Obligation Bonds			Limited Obligation Bonds, Capital Leases, and Installment Financings		Total
	Principal	Interest	Net Payments Hedging Instruments	Principal	Interest	
2013	\$ 48,220,000	32,221,301	488,856	1,275,585	1,025,065	83,230,807
2014	49,935,000	30,428,361	305,535	1,275,585	975,206	82,919,687
2015	51,995,000	28,371,986	122,214	1,275,585	931,753	82,696,538
2016	55,670,000	26,074,387	-	1,275,585	888,301	83,908,273
2017	56,640,000	23,573,886	-	1,275,584	844,848	82,334,318
2018-2022	293,150,000	80,296,595	-	1,275,584	3,876,619	378,598,798
2023-2027	268,645,000	33,778,153	-	-	4,612,835	307,035,988
2028-2032	52,275,000	8,543,057	-	16,845,000	3,075,223	80,738,280
	<u>\$ 876,530,000</u>	<u>263,287,726</u>	<u>916,605</u>	<u>24,498,508</u>	<u>16,229,850</u>	<u>1,181,462,689</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 will amount to \$2,883,817 in fiscal year 2013 and will provide a total rebate of \$49,527,839 over the remaining life of the bonds. The rebate is not reflected in the above table.

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, 2012:

<u>Net position restricted for stabilization by State statute</u>	<u>Amount</u>
Reserved for encumbrances	\$ 14,865,952
Reserved by State statute	<u>45,303,025</u>
Net position restricted for stabilization by State statute	<u>\$ 60,168,977</u>
<u>Net position restricted for other purposes</u>	<u>Amount</u>
Parks	\$ 68,212
Rural Fire Districts	1,331,683
Public Health programs	549,050
Law Enforcement	1,322,565
Register of Deeds automation enhancement	326,203
Other	<u>6,510</u>
Net position restricted for other purposes	<u>\$ 3,604,223</u>
<u>Unrestricted net position (liabilities)</u>	<u>Amount</u>
Water and sewer	\$ 13,806,406
Guilford County Schools	(583,804,502)
Guilford Technical Community College	(55,467,733)
Other	<u>22,348,310</u>
Unrestricted net position	<u>\$ (603,117,519)</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 has entered into contracts with certain municipalities for the joint financing of new water and sewer lines in areas adjacent to the municipalities. All water and sewer line expenses incurred by the County are owned by the participating municipalities upon completion. The related unspent revenues and debt proceeds net of bonds payable are reported separately above. Currently, unspent committed revenues exceed net bond debt; therefore, a net position is reported.
- 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, 2012:

	<u>General</u>	<u>County Building Construction</u>	<u>Water and Sewer Construction</u>	<u>School Capital Outlay</u>	<u>Other Govern- mental Funds</u>	<u>Total Govern- mental Funds</u>
Non spendable:						
Prepays reserve ⁽¹⁾	\$ 1,295,580	-	-	-	-	1,295,580
Inventories reserve ⁽¹⁾	62,466	-	-	-	-	62,466
Total non spendable ⁽¹⁾	<u>1,358,046</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,358,046</u>
Restricted:						
State statute reserve ⁽¹⁾	37,297,917	594,092	1,191,390	3,983,909	877,671	43,944,979
Encumbrance reserve ⁽¹⁾	10,225,699	4,640,253	-	-	-	14,865,952
Total stabilization by State statute ⁽¹⁾	47,523,616	5,234,345	1,191,390	3,983,909	877,671	58,810,931
Public Health programs	549,050	-	-	-	-	549,050
Law Enforcement	1,322,566	-	-	-	-	1,322,566
Register of Deeds automation enhancement	326,203	-	-	-	-	326,203
Debt service	8,243,125	-	-	-	-	8,243,125
Public building projects	-	3,833,368	-	-	-	3,833,368
Law Enforcement project	-	4,478,028	-	-	-	4,478,028
Park projects	-	5,232,424	-	-	-	5,232,424
Watershed projects	-	522,735	-	-	-	522,735
Other purpose capital projects	-	1,904,182	-	-	-	1,904,182
Water and sewer projects	-	-	8,064,401	-	-	8,064,401
Guilford County Schools projects	-	-	-	113,653,275	-	113,653,275
Guilford Technical Community College projects	-	-	-	45,099,661	-	45,099,661
Rural fire districts	-	-	-	-	1,118,948	1,118,948
Other	6,510	-	-	-	-	6,510
Total restricted	<u>57,971,070</u>	<u>21,205,082</u>	<u>9,255,791</u>	<u>162,736,845</u>	<u>1,996,619</u>	<u>253,165,407</u>
Committed:						
Public Health programs	24,472	-	-	-	-	24,472
County building projects	-	6,816,119	-	-	-	6,816,119
Water and sewer projects	-	-	14,511,398	-	-	14,511,398
Guilford County Schools projects	-	-	-	5,255,222	-	5,255,222
Guilford Technical Community College projects	-	-	-	3,000,000	-	3,000,000
Total committed	<u>24,472</u>	<u>6,816,119</u>	<u>14,511,398</u>	<u>8,255,222</u>	<u>-</u>	<u>29,607,211</u>
Assigned:						
Law Enforcement	1,186,064	-	-	-	-	1,186,064
Other	97,695	-	-	-	-	97,695
Appropriated in subsequent year's budget ⁽²⁾	25,824,217	-	-	-	-	25,824,217
Remaining positive fund balance	-	15,074,376	582,378	-	-	15,656,754
Total assigned	<u>27,107,976</u>	<u>15,074,376</u>	<u>582,378</u>	<u>-</u>	<u>-</u>	<u>42,764,730</u>
Unassigned	53,990,425	-	-	(3,983,907)	(397,399)	49,609,119
Total fund balance	<u>\$ 140,451,989</u>	<u>43,095,577</u>	<u>24,349,567</u>	<u>167,008,160</u>	<u>1,599,220</u>	<u>376,504,513</u>

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

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

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

Computation of fund balance that is available for appropriation as of June 30, 2012 under North Carolina General Statute 159.8(a):

	General
Total fund balance	\$ 140,451,989
Less reserves by State statute:	
Non spendable	(1,358,046)
Restricted	(47,523,616)
Fund balance available for appropriation	91,570,327
Available for restricted purposes:	
Total restricted sources	10,447,454
Appropriated in subsequent year's budget	(4,716,547)
Available for restricted purposes	5,730,907
Available for committed purposes:	
Total committed sources	24,472
Appropriated in subsequent year's budget	(7,000)
Available for committed purposes	17,472
Available for assigned purposes:	
Total assigned	27,107,976
Appropriated in subsequent year's budget:	
From assigned sources	(290,323)
From unassigned sources	(25,824,217)
Available for assigned purposes	993,436
Available for unassigned purposes:	
Total unassigned	53,990,425
Board minimum - 8% of subsequent year's budget	(47,000,979)
Available for unassigned purposes	6,989,446
Fund balance available for appropriation	91,570,327
Appropriated in subsequent year's budget:	(30,838,087)
Board minimum - 8% of subsequent year's budget	(47,000,979)
Total available for restricted, committed, assigned and unassigned purposes	\$ 13,731,261

H. Interfund Transfers

The following is a summary of interfund transfers for Guilford County for the fiscal year ended June 30, 2012:

	Transfers Out
Transfers In	Major Governmental Funds
Major Governmental Funds:	General
School Capital Outlay	\$ 1,500,000

Transfers from the General Fund to the School Capital Outlay Fund are for funding the Guilford Technical Community College Capital Maintenance fiscal year 2012 project in the amount of \$1.5 million.

There were no interfund receivables or payables at June 30, 2012.

IV. OTHER INFORMATION

A. Employees Retirement Systems and Plans

Primary Government

1. North Carolina Local Governmental Employees' Retirement System

Plan Description

Guilford County contributes to the statewide North Carolina Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. The LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of General Statute Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The LGERS is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy

Plan members are required to contribute 6% of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement is 6.88% of annual covered payroll. The rate for law enforcement officers for the period July 1, 2011 to September 30, 2011 was 6.90% and for the period October 1, 2011 to June 30, 2012 was 6.91% of annual covered payroll. The contribution requirements of members and of Guilford County are established and may be amended by the North Carolina General Assembly. The County's contributions to the LGERS for the years ended June 30, 2012, 2011, and 2010 were \$8,027,410, \$7,381,651, and \$5,625,956, respectively. The contributions made by the County equaled the required contributions for each year.

2. Law Enforcement Officers' Special Separation Allowance

Plan Description

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

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2011, the Separation Allowance's membership consisted of:

Retirees receiving benefits	46
Active plan members	<u>257</u>
Total	<u><u>303</u></u>

Summary of Significant Accounting Policies:

Basis of Accounting – Financial statements for the Separation Allowance are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the County has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments – Investments are reported at fair value.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

Contributions

The County is required by Article 12D of General Statute Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. For the current year, the County contributed \$675,368 or 4.6% of annual covered payroll. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings.

The annual required contribution for the current year was determined as part of the December 31, 2010 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return and (b) projected salary increases ranging from 4.25% to 7.85% 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 fair value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2010 was 20 years.

Annual Pension Cost and Net Pension Obligation (Asset)

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

Annual required contribution	\$	675,368
Interest on net pension obligation		(16,768)
Adjustment to annual required contribution		<u>20,006</u>
Annual pension cost		678,606
Contributions made		<u>675,368</u>
Decrease in net pension asset		3,238
Net pension obligation (asset) beginning of year		<u>(335,364)</u>
Net pension obligation (asset) end of year	\$	<u><u>(332,126)</u></u>

Three Year Trend Information			
Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
6/30/2010	\$ 518,111	100.6	\$ (336,554)
6/30/2011	658,347	99.8	(335,364)
6/30/2012	678,606	99.5	(332,126)

Funded Status and Funding Progress

As of December 31, 2011, the most recent actuarial valuation date, the plan was 12.44 % funded. The actuarial accrued liability for benefits was \$7,744,871 and the actuarial value of assets was \$963,291, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,781,580. The covered payroll (annual payroll of active employees covered by the plan) was \$14,564,460, and the ratio of the UAAL to the covered payroll was 46.6 %.

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, 2012:

Statement of Plan Net Position
June 30, 2012

	<u>Law Enforcement Officers' Special Separation Allowance</u>
Assets	
Current assets:	
Cash and cash equivalents/investments	\$ 936,325
Receivables:	
Accrued interest on investments	349
Total assets	<u>936,674</u>
Liabilities	
Accounts payable and accrued liabilities	<u>30,179</u>
Net Position	
Held in trust for pension benefits	<u>\$ 906,495</u>

Statement of Changes in Plan Net Position
For the fiscal year ended June 30, 2012

	<u>Law Enforcement Officers' Special Separation Allowance</u>
Additions	
Employer contributions	\$ 675,368
Net investment income	2,672
Total additions	<u>678,040</u>
Deductions	
Benefits	796,568
Administrative expenses	685
Total deductions	<u>797,253</u>
Change in net position	(119,213)
Net position at beginning of year	<u>1,025,708</u>
Net position at end of year	<u>\$ 906,495</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 (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

Funding Policy

Article 12E of General Statute Chapter 143 requires that the County contribute each month an amount equal to 5% of each law enforcement officer's qualified salary. During the year ended June 30, 2012, the County also elected to contribute 5% of qualified salaries for all other eligible employees. All covered employees may make voluntary contributions to the Plan. All contributions and investment earnings allocated to the employees' accounts are fully vested immediately. County contributions for the year ended June 30, 2012, to law enforcement officers' accounts and other employees' accounts were \$707,029 and \$4,811,356, respectively. Voluntary contributions to the Plan were \$2,839,075.

4. Registers of Deeds' Supplemental Pension Fund

Plan Description

Guilford County also contributes to the Registers of Deeds' Supplemental Pension Fund (Fund), a non-contributory, defined contribution pension plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any county register of deeds who is retired under the Local Governmental Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of General Statute Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy

On a monthly basis, the County remits to the Department of State Treasurer an amount equal to 1.5% of the monthly receipts collected pursuant to Article 1 of General Statute 161. Immediately following January 1 of each year, the Department of State Treasurer divides 93% of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining 7% of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2012, the County's required and actual contributions were \$35,564.

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, 2012 was \$64,218.

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, 2012 were \$34,215 and \$41,942, respectively.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

C. Other Postemployment Benefits (OPEB)

1. Health Care Benefits

Plan Description

Under the terms of a County resolution, Guilford County administers a single-employer defined benefit Health Care Plan (the HC Plan). This plan provides postemployment healthcare benefits to retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (System). The County's contribution is determined by the number of years of creditable service prior to retirement. Non-Medicare eligible retirees with at least 30 years of creditable service and their dependents may participate with the County contributing the normal employer share of the premium and the retiree paying the normal employee share of the premium. Non-Medicare eligible retirees with at least 25 years of creditable service and their dependents may participate with the County contributing 75 percent of the employer's share and the retiree paying the balance of the employer's share of the premium as well as the normal employee share of the premium. Effective July 22, 2010, the Board of County Commissioners voted to provide these benefits where non-Medicare eligible retirees with at least 20 years of creditable service and their dependents may participate with the County contributing 50 percent of the employees share and the retiree paying the balance of the employer's share of the premium as well as the normal employee share of the premium. Medicare-eligible retirees who are enrolled in both Medicare Parts A and B are eligible to participate with the County contributing a flat amount for retirees with 30 years of creditable service, 75 percent of that rate for retirees with at least 25 years of creditable service and, effective July 22, 2010, 50 percent of that rate for retirees with at least 20 years of creditable service. Medicare eligible participants receive secondary coverage. Employees hired or rehired on or after July 1, 2009 are not eligible for these benefits. Exceptions include employees who were rehired after July 1, 2009 and meet the following conditions: the hire date for the employee's most previous employment was prior to July 1, 2009 and the employee's most recent previous employment was terminated because his/her position was eliminated through a Guilford County reduction in force. A separate report was not issued for the plan.

Membership of the HC Plan consisted of the following at December 31, 2011, the date of the latest actuarial valuation:

	<u>General Employees</u>	<u>Law Enforcement Employees</u>	<u>Total</u>
Retirees receiving benefits	N/A	N/A	794
Active plan members	1,725	236	<u>1,961</u>
Total			<u><u>2,755</u></u>

Funding Policy

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

The current annual required contribution rate is 23.26% of annual covered payroll. For the current year, the County contributed \$8,799,179 (\$6,799,179 retiree claims paid less premiums received and an additional \$2,000,000 to prefund benefits deposited in The North Carolina State Treasurer's Local Government Other Post-Employment Investment Fund) or 8.7% of annual covered payroll. On June 16, 2011, the County established 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 as required when the North Carolina General Assembly changed the North Carolina State Treasurer's Local Government Other Post-Employment Benefits Trust Fund from an irrevocable trust fund to an investment fund. 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 21.2% and 4.8% of covered payroll, respectively. Contributions (premiums) made by employees and retirees were 5.6% and 1.6% of covered payroll, respectively.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

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.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 23,532,302
Interest on net OPEB obligation	3,059,214
Adjustment to annual required contribution	<u>(3,790,590)</u>
Annual OPEB cost	22,800,926
Contributions made	<u>8,799,179</u>
Increase in net OPEB obligation	14,001,747
Net OPEB obligation beginning of year	<u>61,184,286</u>
Net OPEB obligation end of year	<u>\$ 75,186,033</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010, 2011, and 2012 were as follows:

Three Year Trend Information			
Fiscal Year Ended	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
6/30/2010	\$ 17,174,028	37.9	\$ 51,163,563
6/30/2011	17,286,613	42.0	61,184,286
6/30/2012	22,800,926	38.6	75,186,033

Funded Status and Funding Progress

As of December 31, 2011, the most recent actuarial valuation date, the plan was 2.2% funded. The actuarial value of assets was \$5,468,262. The actuarial accrued liability for benefits was \$252,343,625 and, thus, the unfunded actuarial accrued liability (UAAL) was \$246,875,363. The covered payroll (annual payroll of active employees covered by the plan) was \$101,161,493, and the ratio of the UAAL to the covered payroll was 244.0%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

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

Actuarial Methods and Assumptions

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

In the December 31, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 5% investment rate of return which included a 3% inflation assumption. They also included a Pre-Medicare annual cost trend rate of 9.5% - 5% and a Post Medicare annual trend rate of 7% - 5%. The actuarial value of assets was determined using the fair value of investments. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2011 was 30 years.

The following are financial statements for the Other Post Employment Benefits Pension Trust Fund included as Fiduciary Funds in Exhibits 11 and 12 at June 30, 2012:

Statement of Plan Net Position
June 30, 2012

	<u>Other Post Employment Benefits</u>
Assets	
Current assets:	
State Treasurer's Local Government Other Post Employment Benefits (OPEB) Fund:	
Short-Term OPEB Fund	\$ 1,677,830
Long-Term OPEB Fund	681,643
OPEB Equity Fund	<u>4,512,087</u>
Cash and cash equivalents/investments	<u>\$ 6,871,560</u>
Net Position	
Held in trust for pension benefits	<u>\$ 6,871,560</u>

Statement of Changes in Plan Net Position
For the fiscal year ended June 30, 2012

	<u>Other Post Employment Benefits</u>
Additions	
Employer contributions	\$ 2,000,000
Net investment income	<u>236,393</u>
Total additions	2,236,393
Net position at beginning of year	<u>4,635,167</u>
Net position at end of year	<u>\$ 6,871,560</u>

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

2. Medicare Supplement Plan

Eligible retirees after age 65 who do not opt to participate in the HC Plan may participate in a Medicare supplement plan. The service requirements are the same for the Medicare supplement plan as noted above for the healthcare benefit. The County contributes up to \$40 per month for each retiree with at least 30 years of creditable service and 75 percent of that amount for each retiree with at least 25 years of creditable service. The cost of retiree Medicare supplement benefits is recognized as an expenditure when the premiums are paid. Currently five 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, 2012, the County paid \$2,078 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' 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, 2012 were \$116,388 and \$71,679, 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, 2012, the County made contributions to the State for death benefits of \$91,921. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .07% and .14% of covered payroll, respectively. The contributions to the Death Benefit Plan are not separated between the postemployment benefit amount and the other benefit amount, as the amounts cannot be reasonably estimated.

E. Risk Management

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

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

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

Claims liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but are not reported (IBNRs), based on actuarial computations. Settled claims have not exceeded self-retained or purchased insurance coverage in any of the past three fiscal years.

1. Liability and Property Insurance

The liability program is financed using a combination of self-funding and participation in the Local Government Excess Liability Fund, Inc., a public entity risk pool (Liability Pool). The program was restructured during fiscal year 2001 to shift the funding for claims liability from risk sharing pools to banking pools where funds are made available to members in the event of a loss, on a loan basis. Effective September 30, 2010, the County's contributions and accumulated interest in the Tier I and Tier II Excess Liability funds in the amount of \$705,690 were transferred from Member sharing pool Fund A to Liability Pool Fund G (banking pool). Primary Coverage Revolving Fund B, a banking pool, covers claims in excess of \$100,000 up to \$5,000,000. The County retains the first \$100,000 in liability claims and the claims in excess of the \$5,000,000 per occurrence. Liability Pool Fund G was established as a transitional fund to pay claims not covered by Fund B and other self-funded related expenses. As of June 30, 2012, the County's balances in Funds B and G were \$7,288,090 and \$1,116,080, respectively, which were recorded in the Internal Service Fund as a deposit.

The property insurance program is financed using a combination of self-funding, participation in the Local Government Property Insurance Deductible Fund, Inc., a public entity risk pool (Property Pool) and purchased insurance. The Property Pool was restructured during 2004 to shift the funding for property claims from risk sharing pools to banking pools where funds are made available to members in the event of loss, on a loan basis. The Property Pool pays property losses up to \$50,000 after application of a \$10,000 deductible requirement of the County for each occurrence. Guilford County purchases an insurance policy to provide coverage above the \$50,000 loss amount up to a 100% replacement cost but limited to \$324 million in any one occurrence. As of June 30, 2012, the County's balance in the Property Pool of \$152,561 was recorded in the Internal Service Fund as a deposit.

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

The County has two locations designated as an "A" or "B" area (an area close to a river, lake, or stream) by the Federal Emergency Management Agency. These two locations are 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 each individually bonded for \$100,000 each. The remaining employees that have access to funds are bonded under a blanket bond for \$50,000.

2. Workers' Compensation Insurance

The workers compensation program is financed using a combination of self-funding, participation in the Liability Pool and purchased insurance. The County is self-insured for the first \$100,000 coverage per accident. Claims from \$100,000 to \$500,000 are covered by the Revolving Fund-Employers' Liability/Workers Compensation (Fund E). Claims above \$500,000 are covered by a purchased insurance policy with an unlimited indemnity for workers compensation losses and employers' liability. Amounts paid by Fund E are repaid in subsequent years by the governmental unit incurring the loss, thus, no risk of loss has been transferred by the County to the Liability Pool Fund E which is a banking pool. Annual deposits by members are actuarially determined. As of June 30, 2012, the County's balance in Fund E of \$672,210 was recorded in the Internal Service Fund as a deposit.

3. Employee Healthcare Insurance

The employee healthcare program is financed using an entirely self-funded plan. Two optional healthcare plans are available to employees, retirees, covered dependents, and eligible former employees. The County administers both healthcare plans through a self-funded program, supplemented by employee contributions, to pay claims administration and medical claims of the employees and their covered dependents. Specific stop-loss insurance with a deductible level of \$375,000 per member for all occurrences

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

and a lifetime maximum of \$1,000,000 per member is purchased to limit the County's losses for the overall program. The County provides a basic dental plan and an enhanced dental plan for employees, retirees, and covered dependents, supplemented by employee contributions, which are also accounted for in the self-funded program.

4. Reconciliation of Claims Liability

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

	Fiscal Year 2011-2012					Fiscal Year
	Liability	Property	Workers' Compensation	Employee Healthcare	Total	2010-11 Total
Balance Beginning of Year	\$ 106,410	9,279	1,870,290	2,311,776	4,297,755	5,325,749
Incurred Claims (Including IBNRs) and Changes in Estimates	248,028	417,124	1,537,757	32,297,149	34,500,058	32,829,870
Less Claims Payments	89,197	323,016	1,079,301	32,002,656	33,494,170	33,857,864
Balance End of Year	<u>\$ 265,241</u>	<u>103,387</u>	<u>2,328,746</u>	<u>2,606,269</u>	<u>5,303,643</u>	<u>4,297,755</u>

F. Benefit Payments Issued by the State

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

Program Title	Federal	State
Aid to the Blind	\$ 103,810	43,183
Aid to Families with Dependent Children	(8,734)	(2,394)
SC/SA Domiciliary Care	-	2,904,732
Refugee Assistance	106,184	-
Low Income Energy Assistance	(40)	-
Adoption Assistance - CWS	-	1,705,944
Adoption Assistance - IV-E	3,338,649	893,355
Medical Assistance	305,199,981	175,077,183
Woman, Infants and Children	10,485,024	-
Supplemental Nutrition Assistance Program	140,996,325	-
Temporary Assistance for Needy Families	2,932,041	(873)
Total benefit payments issued by the State	<u>\$ 463,153,240</u>	<u>180,621,130</u>

G. Commitments and Contingencies

The County leases certain equipment under long-term lease agreements. At June 30, 2012, such arrangements with initial or remaining noncancellable terms in excess of one year are as follows:

Year Ending June 30	Capital Leases and Installment Financings	Operating Leases
2013	\$ 1,525,437	210,108
2014	1,481,985	65,024
2015	1,438,532	62,990
2016	1,395,080	4,500
2017	1,351,627	-
2018	<u>1,308,174</u>	<u>-</u>
Total minimum payments	8,500,835	<u>342,622</u>
Less amount representing interest	<u>847,327</u>	
Present value of net minimum payment	<u>\$ 7,653,508</u>	

There were no contingent rentals or sublease rentals associated with leases in effect at June 30, 2012. The total rental expense amounted to \$898,407 for the fiscal year ended June 30, 2012.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

The County has entered into contracts for the extension of public water and sewer lines from existing municipal systems into unincorporated areas. By contractual arrangements with the Cities of High Point and Archdale, the County provides the capital necessary to construct water and sewer lines to municipal specifications. The municipalities play a major engineering role in the design stage to insure compatibility upon construction. The County levies, bills and collects all assessments and fees. The lines become the property of the participating municipality upon installation, and the municipality imposes charges for services furnished to users thereof. The Cities of High Point and Archdale pay to the County 25% of the net income derived from services provided pursuant to said contracts. Until December 31, 2010, there was a similar contractual arrangement with the City of Greensboro. In accordance with the contract, the balance of funds remaining shall be divided equally between the County and City. The settlement amount of \$10.5 million is reported in the Water and Sewer Construction Fund as a payable to the City at June 30, 2012.

Subsequent to fiscal year end, the County and the City of Greensboro approved and executed a termination agreement that among other things, clarified funding amounts to complete water and sewer projects already in progress. The projects and amounts included in the termination agreement did not change from those reported in the Water and Sewer Construction Fund as of June 30, 2012. However, the termination agreement did provide that remaining project funds (other than bond funds) shall be immediately paid to Greensboro to administer the projects. These funds totaling \$5.9 million were paid against the project budgets upon execution. In addition, the County agreed (as did the City) to support with most of its settlement amount the Eastern Area Sewer Plan projects proposed by the City. Subsequent to year end, the County budgeted \$9.2 million that was paid upon execution along with the \$10.5 million payable to the City as noted above, net of a \$1.2 million receivable due from the City.

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 \$44.9 million at June 30, 2012, 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, 2012, these programs were subject to audit in accordance with generally accepted auditing standards, Government Auditing Standards, the provisions of OMB Circular A-133, and the State Single Audit Implementation Act. The amount, if any, of expenditures which may be disallowed by the granting agencies resulting from this and other audits cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

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

H. Conduit Debt Obligations

The Guilford County Industrial Facilities and Pollution Control Financing Authority (the Authority) has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2012, there were six series of industrial revenue bonds outstanding with an aggregate principal amount payable of \$31,325,419.

In November 2005, Guilford County issued \$4,110,000 of Multifamily Housing Revenue Bonds on behalf of Lake Road II, L.P., for the construction and equipping of a low-to-moderate income family housing project. These bonds are secured by rents from the property, and neither the County, the State, nor any political subdivision thereof is obligated in any manner for the repayment of these bonds. Accordingly, the outstanding bonds in the amount of \$3,910,000 at June 30, 2012 are not reported as liabilities in the accompanying financial statements.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

I. Joint Venture

Guilford Technical Community College

The County, in conjunction with the State of North Carolina and Guilford County Board of Education, participates in a joint venture to operate the Guilford Technical Community College. Each of the three participants appoints four members of the thirteen-member board of trustees of the community college. The president of the community college's student government serves as an ex officio nonvoting member. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. Of the general obligation bond issues for this purpose, \$100,194,489 in debt is still outstanding. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$11,752,690 for operating purposes during the fiscal year ended June 30, 2012. In addition, the County made debt service payments of \$10,827,324 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, 2012. Complete financial statements for the community college may be obtained from the community college's administrative offices at 601 High Point Road, Jamestown, North Carolina 27282.

J. Jointly Governed Organizations

Piedmont Triad Airport Authority

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

High Point Convention and Visitors Bureau

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

Piedmont Authority for Regional Transportation

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

K. Excess of Expenditures Over Appropriations

For the fiscal year ended June 30, 2012, the expenditures reported in the County's Internal Service Fund, Health Care and Wellness Department, exceeded the authorized appropriations of the governing board by \$322,408. This over-expenditure occurred due primarily to an increase in the incurred but not reported claims liability adjustment based on information which is not completed until after June 30. The increase was significantly greater than recent history and thus would have been difficult to predict.

Required Supplementary Information

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

Law Enforcement Officers' Special Separation Allowance:

Schedule of Funding Progress

Schedule of Employer Contributions

Notes to the Required Schedules

The Health Care Plan of Guilford County:

Schedule of Funding Progress

Schedule of Employer Contributions

Notes to the Required Schedules

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

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/06	\$ 1,671,258	5,147,929	3,476,671	32.5	\$ 12,479,184	27.9
12/31/07	1,582,839	5,839,543	4,256,704	27.1	12,481,603	34.1
12/31/08	1,409,260	6,242,737	4,833,477	22.6	12,640,852	38.2
12/31/09	1,207,354	7,677,564	6,470,210	15.7	12,737,800	50.8
12/31/10	1,030,668	7,320,905	6,290,237	14.1	13,996,047	44.9
12/31/11	963,291	7,744,871	6,781,580	12.4	14,564,460	46.6

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2007	\$ 391,297	100.0
2008	415,787	100.0
2009	474,840	100.0
2010	521,280	100.0
2011	657,157	100.0
2012	675,368	100.0

Notes to the Required Schedules

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

Valuation date	12/31/2011
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	19 years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	From 4.25% to 7.85% 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 Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a % of Covered Payroll ((b-a)/c)
12/31/05	\$ 0	280,036,182	280,036,182	0.0%	\$ 110,448,627	253.5%
12/31/07	0	289,259,990	289,259,990	0.0	119,246,270	242.6
12/31/09	1,137,926	217,207,018	216,069,092	0.5	121,446,107	177.9
12/31/11*	5,468,262	252,343,625	246,875,363	2.2	101,161,493	244.0

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

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2008	\$ 26,232,790	15.0
2009	22,776,648	20.6
2010	16,746,459	38.9
2011	16,746,459	43.4
2012	23,532,302	37.4

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	12/31/2011
Actuarial cost method	Projected unit credit
Amortization method	Level dollar amount, open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Medical cost trend rate	
Pre-Medicare trend rate	9.50%-5.00%
Post-Medicare trend rate	7.00%-5.00%
Year of Ultimate trend rate	2018
*Includes inflation at	3.00%

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



Major Governmental Funds

General Fund

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

Capital Projects Funds

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

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

- *Water and Sewer Construction Fund* - Accounts for the financing and construction of various water and sewer construction projects through joint agreements with various municipalities, including the cities of Greensboro, High Point, and Archdale. The primary revenue sources are acreage user fees, joint operation fees and assessments with additional financing provided principally by the proceeds of general obligation bonds when issued. The City of Greensboro terminated its agreement effective December 31, 2010.

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

**GUILFORD COUNTY, NORTH CAROLINA
General Fund**

A-1

**Schedule of Expenditures - Budget and Actual
For the fiscal year ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary and GAAP Basis	Final Budget Positive (Negative)
Current:				
General government:				
County commissioners	\$ 448,449	459,804	435,926	23,878
Clerk to the board	193,776	199,982	197,016	2,966
County administration	1,261,141	867,643	640,245	227,398
County attorney	1,819,255	1,819,971	1,741,030	78,941
Human resources	8,528,662	8,556,863	8,518,611	38,252
Budget and management	463,871	452,649	432,969	19,680
Internal audit	489,368	512,626	508,795	3,831
Finance	2,472,218	2,672,435	2,317,725	354,710
Purchasing	365,799	406,049	355,712	50,337
Information services	8,134,406	8,742,182	8,310,346	431,836
Tax	5,416,060	5,560,258	5,425,436	134,822
Register of deeds	2,366,704	2,387,972	2,109,636	278,336
Elections	2,440,209	2,440,929	2,163,024	277,905
Planning and development	834,343	815,128	764,878	50,250
Facilities	6,590,802	6,727,860	5,135,142	1,592,718
Security	1,628,254	1,628,959	1,510,939	118,020
Property management	212,546	220,079	171,868	48,211
Fleet operation	765,751	775,678	671,855	103,823
Total general government	<u>44,431,614</u>	<u>45,247,067</u>	<u>41,411,153</u>	<u>3,835,914</u>
Human services:				
Public health	36,859,640	34,329,636	30,741,310	3,588,326
Mental health	36,724,534	40,019,604	37,283,916	2,735,688
Social services	67,063,149	71,746,851	66,567,116	5,179,735
Public assistance - adults, families, medical	5,952,091	5,972,091	5,485,737	486,354
Child support enforcement	5,924,183	5,925,560	5,510,456	415,104
Cooperative extension service	781,315	823,742	525,455	298,287
Coordinated services	1,373,413	1,568,714	1,448,031	120,683
Veteran services	119,121	120,165	108,768	11,397
Transportation	2,182,863	2,192,675	1,434,660	758,015
Total human services	<u>156,980,309</u>	<u>162,699,038</u>	<u>149,105,449</u>	<u>13,593,589</u>
Public safety:				
Law enforcement	60,717,988	62,660,531	58,088,584	4,571,947
Emergency services	23,005,520	23,827,949	22,815,832	1,012,117
Inspections	2,094,565	2,095,689	2,033,626	62,063
Court alternatives	2,874,027	2,874,739	2,583,939	290,800
Animal services	3,275,030	3,305,361	2,958,446	346,915
Other protection	1,354,457	1,467,917	1,214,742	253,175
Total public safety	<u>93,321,587</u>	<u>96,232,186</u>	<u>89,695,169</u>	<u>6,537,017</u>
Environmental protection:				
Sanitation	947,697	1,056,969	1,041,799	15,170
Soil and water conservation	238,201	254,459	217,546	36,913
Total environmental protection	<u>1,185,898</u>	<u>1,311,428</u>	<u>1,259,345</u>	<u>52,083</u>
Culture - recreation	4,758,915	5,125,647	4,794,610	331,037
Economic development and assistance	2,202,769	5,872,229	2,321,154	3,551,075
Intergovernmental:				
Education - current appropriation:				
Guilford Technical Community College	11,752,690	11,752,690	11,752,690	-
Guilford County Board of Education	175,165,521	175,165,521	175,165,521	-
Total education	<u>186,918,211</u>	<u>186,918,211</u>	<u>186,918,211</u>	<u>-</u>
Capital	22,000	21,676	-	21,676
Debt service:				
Principal retirement	45,967,400	45,967,400	45,602,892	364,508
Interest and fiscal charges	40,647,630	35,864,098	28,995,986	6,868,112
Bond issuance costs	1,915,000	2,063,079	1,499,741	563,338
Total debt service	<u>88,530,030</u>	<u>83,894,577</u>	<u>76,098,619</u>	<u>7,795,958</u>
Total expenditures	\$ <u>578,351,333</u>	\$ <u>587,322,059</u>	\$ <u>551,603,710</u>	\$ <u>35,718,349</u>

GUILFORD COUNTY, NORTH CAROLINA
County Building Construction Capital Projects Fund
Combining Schedule of Revenues and Expenditures
For the fiscal year ended June 30, 2012

A-2

	<u>Annually Budgeted Projects</u>	<u>Project- Length Budgets</u>	<u>Total</u>
Revenues			
Interest on investments	\$ 47,858	-	47,858
Other	<u>2,000,000</u>	-	<u>2,000,000</u>
Total revenues	2,047,858	-	2,047,858
Expenditures			
Capital outlay	<u>2,000,000</u>	<u>29,624,215</u>	<u>31,624,215</u>
Excess (deficiency) of revenues over expenditures	<u>47,858</u>	<u>(29,624,215)</u>	<u>(29,576,357)</u>
Other Financing Sources			
General obligation bonds issued	-	13,745,000	13,745,000
Capital-related debt issued	-	4,975,000	4,975,000
Premiums on general obligation bonds issued	<u>-</u>	<u>16,255,000</u>	<u>16,255,000</u>
Total other financing sources	<u>-</u>	<u>34,975,000</u>	<u>34,975,000</u>
Excess of revenues and other sources over expenditures	<u>\$ 47,858</u>	<u>5,350,785</u>	<u>5,398,643</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, 2012

A-2a

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary and</u> <u>GAAP Basis</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues				
Interest on investments	\$ -	-	47,858	47,858
Other - sale of property	-	-	2,000,000	2,000,000
Total revenues	-	-	2,047,858	2,047,858
Expenditures				
Capital outlay:				
Purchase of property for resale	-	2,000,000	2,000,000	-
Excess (deficiency) of revenues over expenditures	-	(2,000,000)	47,858	2,047,858
Other Financing Sources				
Appropriated fund balance	-	2,000,000	-	(2,000,000)
Total other financing sources	-	2,000,000	-	(2,000,000)
Excess of revenues and other sources over expenditures	\$ -	-	47,858	47,858

GUILFORD COUNTY, NORTH CAROLINA

A-2b

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, 2012

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Intergovernmental	\$ 3,412,538	3,066,400	-	3,066,400
Other	3,104,950	106,185	-	106,185
Total revenues	6,517,488	3,172,585	-	3,172,585
Expenditures				
Capital outlay:				
General Government Projects:				
Greensboro Courthouse Renovations	4,577,874	4,334,983	12,864	4,347,847
BB&T Building	10,077,000	4,599,893	4,576,238	9,176,131
Tax Technology System Replacement	2,340,000	2,290,140	204	2,290,344
New Financial Reporting System	5,331,636	4,610,778	145,869	4,756,647
Upgrade to Financial Reporting System	481,150	-	280,026	280,026
Time and Attendance System	696,473	623,439	-	623,439
High Point Courthouse Renovations	1,728,626	92,592	448,471	541,063
Greene Street Center	398,180	14,883	4,082	18,965
Edgeworth Building Renovations	551,000	-	28,000	28,000
Human Services Projects:				
Greensboro Health Department Renovations	3,041,656	697,841	1,130,437	1,828,278
Bellemeade Center Renovations	833,114	109,817	1,078	110,895
New DSS Facility - High Point	8,045,664	7,859,896	25,087	7,884,983
Public Safety Projects:				
GC Detention Center	115,735,000	73,053,667	15,208,592	88,262,259
Prison Farm Infrastructure Improve & Design	725,000	-	-	-
800 MHz Radio Replacement	8,274,300	-	6,520,164	6,520,164
800 MHz Infrastructure Upgrade	3,344,000	-	-	-
EMS Base Station - Rock Creek	2,670,000	2,475,286	125	2,475,411
Northwest EMS Base Station	1,500,000	-	-	-
Environmental Protection Projects:				
Greensboro Watershed	4,125,878	3,944,821	-	3,944,821
Culture-Recreation Projects:				
Bicentennial Greenway Trail Phase III	4,044,828	3,044,078	93,587	3,137,665
Triad Park	4,942,622	3,868,251	5,401	3,873,652
Bryan Park - Phase I	100,000	-	3,864	3,864
Bur Mil Park Improvements	2,923,352	2,759,465	-	2,759,465
Northeast Park	8,801,371	7,662,968	46,163	7,709,131
Open Space Acquisition	10,125,886	6,847,952	808,954	7,656,906
Hagan-Stone Park	1,067,250	291,538	245,791	537,329
Trails Development	648,938	3,200	38,315	41,515
Atlantic & Yadkin Greenway-Stimulus	664,549	271,861	903	272,764
Total expenditures	207,795,347	129,457,349	29,624,215	159,081,564
Deficiency of revenues over expenditures	(201,277,859)	(126,284,764)	(29,624,215)	(155,908,979)
Other Financing Sources				
General obligation bonds issued	157,133,788	107,018,837	13,745,000	120,763,837
Capital-related debt issued	10,077,000	5,102,000	4,975,000	10,077,000
Premiums on general obligation bonds issued	-	1,904,183	16,255,000	18,159,183
Transfers in	1,494,638	1,494,638	-	1,494,638
Appropriated fund balance	32,572,433	-	-	-
Total other financing sources	201,277,859	115,519,658	34,975,000	150,494,658
Excess (deficiency) of revenues and other sources over expenditures	\$ -	(10,765,106)	5,350,785	(5,414,321)

GUILFORD COUNTY, NORTH CAROLINA
Water and Sewer Construction Capital Projects Fund
Combining Schedule of Revenues and Expenditures
For the fiscal year ended June 30, 2012

A-3

	Annually Budgeted Projects	Project- Length Budgets	Total
Revenues			
Charges for services	\$ 31,621	-	31,621
Other	<u>38,280</u>	-	<u>38,280</u>
Total revenues	69,901	-	69,901
Expenditures			
Capital outlay	<u>(1,336,118)</u>	<u>1,812,280</u>	<u>476,162</u>
Excess (deficiency) of revenues over expenditures	\$ <u><u>1,406,019</u></u>	<u><u>(1,812,280)</u></u>	<u><u>(406,261)</u></u>

GUILFORD COUNTY, NORTH CAROLINA
Water and Sewer Construction Capital Projects Fund
Schedule of Revenues and Expenditures -
Budget and Actual (Budgetary Basis - Annually Budgeted Projects)
For the fiscal year ended June 30, 2012

A-3a

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary and GAAP Basis</u>	<u>Final Budget Positive (Negative)</u>
Revenues				
Charges for services:				
Assessments	\$ -	-	16,772	16,772
Joint operation fees	-	-	14,849	14,849
Total charges for services	-	-	31,621	31,621
Other	-	-	38,280	38,280
Total revenues	-	-	69,901	69,901
Expenditures				
Capital outlay:				
Greensboro water and sewer:				
Water and sewer (refund)	-	377,853	377,853	-
Contract termination (1)	-	-	(1,713,971)	1,713,971
Reserve for future municipal projects	-	153,473	-	153,473
Total expenditures	-	531,326	(1,336,118)	1,867,444
Excess (deficiency) of revenues over expenditures	-	(531,326)	1,406,019	1,937,345
Other Financing Sources				
Appropriated fund balance	-	531,326	-	(531,326)
Total other financing sources	-	531,326	-	(531,326)
Excess of revenues and other sources over expenditures	\$ -	-	1,406,019	1,406,019

Note:

(1) As of June 30, 2011 an estimated settlement amount of \$12,252,051 due the City of Greensboro was recorded based on contract termination provisions and information available at that time regarding participation in completion of existing projects. The actual settlement after agreed upon participation in these projects is \$10,538,080 for a \$1,713,971 difference recorded as of June 30, 2012.

GUILFORD COUNTY, NORTH CAROLINA
Water and Sewer Construction Capital Projects Fund
Schedule of Revenues and Expenditures -
Budget and Actual (Budgetary Basis - Project-Length Budgets)
From inception and for the fiscal year ended June 30, 2012

A-3b

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Expenditures				
Capital outlay:				
Sanitary sewer:				
Forest Oaks Estates	\$ 2,314,502	125,813	(24)	125,789
Prison Farm Infrastructure Improve & Design	350,000	-	-	-
GTCC Campus	3,207,678	758,558	1,765,266	2,523,824
Lynwood Lakes Sewer	5,518,255	493,748	280	494,028
Water:				
Forest Oaks Estates	1,147,876	120,303	-	120,303
Prison Farm Infrastructure Improve & Design	325,000	-	-	-
GTCC Campus	310,181	289,510	-	289,510
Lynwood Lakes Water	2,921,769	334,835	280	335,115
Alamance Elementary School Water	1,288,846	1,106,227	46,478	1,152,705
Greensboro water and sewer:				
Koury Development Water & Sewer Project	1,417,500	1,417,500	-	1,417,500
High Point water and sewer:				
Koury Development Water & Sewer Project	604,856	604,856	-	604,856
Total expenditures	<u>19,406,463</u>	<u>5,251,350</u>	<u>1,812,280</u>	<u>7,063,630</u>
Other Financing Sources				
General obligation bonds issued	675,000	675,000	-	675,000
Transfers in	1,000,000	1,000,000	-	1,000,000
Appropriated fund balance	17,731,463	-	-	-
Total other financing sources	<u>19,406,463</u>	<u>1,675,000</u>	<u>-</u>	<u>1,675,000</u>
Deficiency of other sources over expenditures	\$ <u>-</u>	<u>(3,576,350)</u>	<u>(1,812,280)</u>	<u>(5,388,630)</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, 2012

A-4

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues				
Intergovernmental:				
State Lottery Funds	\$ 2,238,299	1,587,156	61,327	1,648,483
Public School Building Capital Fund	24,506,580	23,104,232	-	23,104,232
Public School Building Bond Fund	14,251,102	14,251,102	-	14,251,102
Guilford County Schools	<u>17,623,551</u>	<u>17,682,603</u>	<u>-</u>	<u>17,682,603</u>
Total revenues	<u>58,619,532</u>	<u>56,625,093</u>	<u>61,327</u>	<u>56,686,420</u>
Expenditures				
Intergovernmental:				
Education:				
Guilford Technical				
Community College	129,000,000	48,198,819	2,801,520	51,000,339
Guilford County Board of Education	<u>956,612,858</u>	<u>613,019,519</u>	<u>92,583,737</u>	<u>705,603,256</u>
Total expenditures	<u>1,085,612,858</u>	<u>661,218,338</u>	<u>95,385,257</u>	<u>756,603,595</u>
Deficiency of revenues over expenditures	<u>(1,026,993,326)</u>	<u>(604,593,245)</u>	<u>(95,323,930)</u>	<u>(699,917,175)</u>
Other Financing Sources				
General obligation bonds issued	950,914,631	653,699,638	137,145,000	790,844,638
Premium on put bonds	6,165,842	6,165,842	-	6,165,842
Capital-related debt issued	16,843,000	-	16,845,000	16,845,000
Transfers in	47,174,073	45,674,075	1,500,000	47,174,075
Appropriated fund balance	<u>5,895,780</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>1,026,993,326</u>	<u>705,539,555</u>	<u>155,490,000</u>	<u>861,029,555</u>
Excess of revenues and other sources over expenditures	\$ <u>-</u>	<u>100,946,310</u>	<u>60,166,070</u>	<u>161,112,380</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, 2012

A-4a

<u>Project Name</u>	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Health Technologies	\$ 8,000,000	7,009,249	101,143	7,110,392
Greensboro Campus				
Classroom Building	7,716,730	7,716,729	-	7,716,729
High Point Campus Expansion	8,283,270	8,001,572	121,263	8,122,835
GTCC - Northwest Campus	73,000,000	15,967,482	1,094,809	17,062,291
Jamestown Campus				
Parking Deck	12,000,000	8,616,469	(12,073)	8,604,396
Aviation Classroom Building	8,000,000	-	-	-
Medlin Learning Center -				
HVAC and Renovations	9,000,000	887,318	1,496,378	2,383,696
Capital Maintenance FY2011	1,500,000	-	-	-
Capital Maintenance FY2012	<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total expenditures	 \$ <u>129,000,000</u>	 <u>48,198,819</u>	 <u>2,801,520</u>	 <u>51,000,339</u>

GUILFORD COUNTY, NORTH CAROLINA
School Capital Outlay Capital Projects Fund
Schedule of Expenditures - Guilford County Board of Education
Budget and Actual (Budgetary Basis - Project-Length Budgets)
From inception and for the fiscal year ended June 30, 2012

A-4b

Project Name	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
System Wide Air Conditioning Renovation	\$ 21,139,311	21,058,674	-	21,058,674
Stokesdale Elementary School	8,869,649	8,870,425	(776)	8,869,649
Andrews High School	9,867,134	9,367,135	11,927	9,379,062
Dudley High School	32,334,301	32,239,341	10,042	32,249,383
Northwest High School	18,667,108	18,666,936	-	18,666,936
Smith High School Academy	5,797,246	5,724,556	(2,141)	5,722,415
Griffin Middle School	6,893,800	6,893,799	-	6,893,799
Brightwood Elementary School	9,786,191	9,786,191	-	9,786,191
Florence Elementary School	9,291,511	9,291,509	-	9,291,509
Lincoln Performing Arts (K-8)	1,605,478	1,605,477	-	1,605,477
Sedalia Elementary School	6,497,629	6,417,629	-	6,417,629
Oak Ridge Elementary School	13,505,200	13,505,369	(169)	13,505,200
Southern Middle School	25,889,162	25,857,347	31,462	25,888,809
Ferndale Middle School	4,561,029	4,561,068	(40)	4,561,028
Gateway Education Center West	17,829,590	12,819,833	3,147	12,822,980
Gibsonville Elementary School	13,260,337	12,971,529	(124)	12,971,405
Guilford Elementary School	17,395,126	17,397,734	(2,609)	17,395,125
Irving Park Elementary School	3,139,103	3,105,558	-	3,105,558
Jamestown Middle School	35,654,679	33,091,320	36,781	33,128,101
Madison Elementary School	2,381,340	1,967,291	9,761	1,977,052
Morehead Elementary School	1,853,488	1,853,487	-	1,853,487
Northeast High School	11,743,399	11,377,892	-	11,377,892
Northeast Middle School	5,403,087	5,318,132	(2)	5,318,130
Northern Elementary School	14,047,129	14,020,764	(6,924)	14,013,840
Northern High School	54,013,259	53,979,776	11,981	53,991,757
Northern Middle School	27,399,321	27,399,819	(498)	27,399,321
Northwest Area Elementary School	16,118,741	16,118,023	718	16,118,741
Oak View Elementary School	5,335,104	4,920,727	38,224	4,958,951
Parkview Elementary School	7,713,081	7,672,244	(5,925)	7,666,319
Peck Elementary School	3,295,219	3,295,218	-	3,295,218
Peeler Elementary School	1,688,719	1,688,719	-	1,688,719
Pleasant Garden Elementary School	6,194,227	6,194,190	36	6,194,226
Ragsdale High School	43,333,607	4,584,205	20,451,659	25,035,864
Reedy Fork Area Elementary School	16,347,859	16,262,571	(12,961)	16,249,610
Southern High School	9,149,764	8,589,764	82,940	8,672,704
Southwest High School	8,078,249	8,078,295	(47)	8,078,248
Union Hill Elementary School	17,861,344	17,821,375	7,031	17,828,406
Brown Summit College Prep Middle School	2,344,416	2,344,415	-	2,344,415
Southeast High School	2,669,325	2,087,207	582,118	2,669,325
McLeansville Elementary School	5,090,756	5,061,332	-	5,061,332
Eastern Guilford High School Replacement	51,968,588	51,561,627	(69,497)	51,492,130
High Point SCALE Site	3,200,000	2,880,091	(10)	2,880,081
System-Wide Renovations at Various School Sites	5,314,419	4,666,165	54,056	4,720,221
Subtotal expenditures	\$ 584,528,025	532,974,759	21,230,160	554,204,919

GUILFORD COUNTY, NORTH CAROLINA
School Capital Outlay Capital Projects Fund
Schedule of Expenditures - Guilford County Board of Education
Budget and Actual (Budgetary Basis - Project-Length Budgets)
From inception and for the fiscal year ended June 30, 2012

A-4b

Project Name	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Subtotal expenditures forward	\$ 584,528,025	532,974,759	21,230,160	554,204,919
Southeast High School	33,311,222	16,092,108	6,503,952	22,596,060
Alamance Elementary School	20,300,161	11,221,272	1,938,038	13,159,310
Summerfield Elementary School	17,949,766	10,243,266	5,210,046	15,453,312
Southwest High School	31,089,918	12,398,767	6,730,437	19,129,204
Southeast Area Elementary School	24,893,360	410,602	668,981	1,079,583
Allen Middle School	9,099,383	1,494,460	2,730,791	4,225,251
Southeast Middle School	13,088,725	7,510,520	2,834,578	10,345,098
North Greensboro Area Elementary School	25,362,974	2,882,306	12,243,810	15,126,116
Grimsley High School	11,747,890	574,278	2,148,018	2,722,296
Airport Area High School	71,996,741	414,500	70,648	485,148
Airport Middle School - Land	2,087,969	41,608	14,355	55,963
Northwest Middle School	7,741,712	1,799,158	4,974,138	6,773,296
Allen Jay Middle School	12,171,572	585,110	69,255	654,365
Dudley High School	3,154,797	798,610	1,416,470	2,215,080
Dudley High School - Athletics	6,080,867	270,062	4,332,630	4,602,692
Mobile Classrooms	2,386,250	918,958	387,956	1,306,914
High Point Central High School	5,396,621	559,967	886,988	1,446,955
McLeansville Elementary School	6,309,892	647,371	3,091,489	3,738,860
Northwest High School - Site & Athletics	4,270,346	187,732	2,652,839	2,840,571
Simeon Stadium	2,075,000	165,265	1,226,881	1,392,146
Tracks	2,075,000	767,949	742,949	1,510,898
Tennis Courts	1,037,500	2,131	283	2,414
HVAC	8,069,487	4,204,262	62,963	4,267,225
Page High School - Athletics	2,074,801	179,420	1,243,630	1,423,050
System-Wide Renovations at Various School Sites FY09	2,173,783	2,173,782	(1)	2,173,781
HVAC - FY10 Medicaid Swap	2,149,670	445,854	1,358,839	1,804,693
Archer Elementary	169,303	-	-	-
Gateway Education Center East	161,189	161,187	-	161,187
McIver Education Center	98,987	-	-	-
HVAC - QSCB	10,789,525	396,403	3,184,905	3,581,308
Roof Replacement/Repair - QSCB	3,039,375	158,379	2,134,911	2,293,290
Windows/Door Replacement - QSCB	3,014,100	161,473	1,580,927	1,742,400
Falkner/Hairston Autism Wing	11,503,195	-	396,441	396,441
Roof Repair/Replace-Andrews & Shadybrook	2,178,000	2,178,000	-	2,178,000
Roof Repair/Replace-Allen Jay Elem Sch	615,284	-	32,130	32,130
Roof Repair/Replace-Andrews High Sch	1,100,000	-	30,243	30,243
Roof Repair/Replace-Erwin Montessori	83,000	-	-	-
Roof Repair/Replace-Pleasant Garden ES	475,000	-	15,396	15,396
Roof Repair/Replace-Weaver Education Ctr	600,000	-	29,197	29,197
System-Wide Renovation FY2012	2,594,540	-	309,314	309,314
Capital Maintenance FY2011	3,301,417	-	99,150	99,150
Capital Maintenance FY2012	4,266,511	-	-	-
Total expenditures	\$ 956,612,858	613,019,519	92,583,737	705,603,256

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 23 fire protection districts.

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

GUILFORD COUNTY, NORTH CAROLINA
Combining Balance Sheet
Nonmajor Governmental Funds -
Special Revenue Funds
June 30, 2012

B-1

	<u>Rural Fire Districts</u>	<u>Room Occupancy/ Tourism Development Tax</u>	<u>Total Nonmajor Governmental Funds</u>
Assets			
Cash and cash equivalents/ investments	\$ 1,179,118	-	1,179,118
Receivables:			
Property taxes (net of allowance for estimated uncollectible delinquent taxes of \$158,257)	212,735	-	212,735
Other taxes	-	397,399	397,399
Due from governmental units and agencies	479,931	-	479,931
Accrued interest on investments	341	-	341
Total receivables	<u>693,007</u>	<u>397,399</u>	<u>1,090,406</u>
Total assets	\$ <u>1,872,125</u>	<u>397,399</u>	<u>2,269,524</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	119,220	119,220
Due to component unit	-	278,179	278,179
Deferred revenue	<u>272,905</u>	-	<u>272,905</u>
Total liabilities	<u>272,905</u>	<u>397,399</u>	<u>670,304</u>
Fund balances:			
Restricted	1,599,220	397,399	1,996,619
Unassigned	<u>-</u>	<u>(397,399)</u>	<u>(397,399)</u>
Total fund balances	<u>1,599,220</u>	<u>-</u>	<u>1,599,220</u>
Total liabilities and fund balances	\$ <u>1,872,125</u>	<u>397,399</u>	<u>2,269,524</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, 2012

B-2

	Rural Fire Districts	Room Occupancy/ Tourism Development Tax	Total Nonmajor Governmental Funds
Revenues			
Taxes:			
Property taxes	\$ 10,367,297	-	10,367,297
Sales tax	1,911,514	-	1,911,514
Occupancy taxes	-	4,441,971	4,441,971
Interest on investments	1,230	-	1,230
Total revenues	12,280,041	4,441,971	16,722,012
Expenditures			
Current:			
Public safety	12,093,353	-	12,093,353
Economic development and assistance	-	4,441,971	4,441,971
Total expenditures	12,093,353	4,441,971	16,535,324
Net changes in fund balances	186,688	-	186,688
Fund balances at beginning of year	1,412,532	-	1,412,532
Fund balances at end of year	\$ 1,599,220	-	1,599,220

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

B-3

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
For the fiscal year ended June 30, 2012**

	<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	\$ 10,015,261	10,015,261	10,331,917	316,656
Interest on delinquent taxes	-	-	35,380	35,380
Total property taxes	10,015,261	10,015,261	10,367,297	352,036
Sales tax	1,750,023	1,750,023	1,911,514	161,491
Interest on investments	-	-	1,230	1,230
Total revenues	<u>11,765,284</u>	<u>11,765,284</u>	<u>12,280,041</u>	<u>514,757</u>
Expenditures				
Current:				
Public safety:				
Alamance Community	1,040,458	1,040,458	1,040,458	-
Climax	97,040	97,040	97,040	-
Colfax	489,287	489,287	489,287	-
Deep River	200,507	200,507	200,507	-
Friedens Community	146,398	146,398	146,398	-
Gibsonville	12,306	12,306	12,306	-
Guilford College Community	651,150	651,150	651,150	-
Guil-Rand	138,673	138,673	138,673	-
Fire Protection District No. 1	19,341	19,341	19,341	-
Julian	66,633	66,633	66,633	-
Kimesville	90,788	90,788	90,788	-
McLeansville	656,084	656,084	656,084	-
Mount Hope Community	378,932	378,932	378,932	-
Northeast	779,485	779,485	779,485	-
Oak Ridge	1,100,395	1,100,395	1,100,395	-
Pinecroft-Sedgefield	1,685,205	1,685,205	1,685,205	-
Pleasant Garden	633,876	633,876	633,876	-
Rankin	914,342	914,342	914,342	-
Southeast	149,989	149,989	149,989	-
Stokesdale	480,480	480,480	480,480	-
Summerfield	1,750,576	1,750,576	1,750,576	-
Whitsett	372,688	372,688	372,688	-
No. 14	238,720	238,720	238,720	-
Total expenditures	<u>12,093,353</u>	<u>12,093,353</u>	<u>12,093,353</u>	<u>-</u>
Net change in fund balance	(328,069)	(328,069)	186,688	514,757
Fund balance at beginning of year	<u>1,412,532</u>	<u>1,412,532</u>	<u>1,412,532</u>	<u>-</u>
Fund balance at end of year	\$ <u>1,084,463</u>	<u>1,084,463</u>	<u>1,599,220</u>	<u>514,757</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, 2012

B-4

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary and</u> <u>GAAP Basis</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues				
Taxes:				
Occupancy	\$ 5,000,000	5,000,000	4,441,971	(558,029)
Expenditures				
Current:				
Economic development and assistance	<u>5,000,000</u>	<u>5,000,000</u>	<u>4,441,971</u>	<u>558,029</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>



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, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary and</u>	<u>Final Budget</u>
			<u>GAAP Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
Revenues				
Operating revenues:				
Charges for services	\$ 35,339,634	35,261,634	35,048,477	(213,157)
Other	40,000	304,000	353,714	49,714
Total operating revenues	<u>35,379,634</u>	<u>35,565,634</u>	<u>35,402,191</u>	<u>(163,443)</u>
Nonoperating revenues:				
Interest income	<u>103,000</u>	<u>103,000</u>	<u>38,660</u>	<u>(64,340)</u>
Total revenues	<u>35,482,634</u>	<u>35,668,634</u>	<u>35,440,851</u>	<u>(227,783)</u>
Expenditures				
Risk Retention-Liability/Property/WC:				
Personnel services			122,722	
Other direct service costs			8,274	
Professional services			75,429	
Claims, premiums and bonding	-	-	2,528,724	-
Total Risk Retention	<u>2,361,846</u>	<u>3,116,850</u>	<u>2,735,149</u>	<u>381,701</u>
Health Care & Wellness:				
Other direct service costs			57,518	
Professional services			1,593,686	
Claims, premiums and bonding	-	-	32,807,156	-
Total Health Care & Wellness	<u>33,749,952</u>	<u>34,135,952</u>	<u>34,458,360</u>	<u>(322,408)</u>
Total expenditures	<u>36,111,798</u>	<u>37,252,802</u>	<u>37,193,509</u>	<u>59,293</u>
Deficiency of revenues over expenditures	(629,164)	(1,584,168)	(1,752,658)	(168,490)
Other financing sources:				
Appropriated fund balance	<u>629,164</u>	<u>1,584,168</u>	-	<u>(1,584,168)</u>
Deficiency of revenues and other sources over expenditures	\$ <u>-</u>	<u>-</u>	(1,752,658)	<u>(1,752,658)</u>
Reconciliation from financial plan basis (modified accrual) to full accrual:				
Decrease in accrued vacation pay			<u>(936)</u>	
Change in net assets			\$ <u>(1,753,594)</u>	

Fiduciary Funds

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

Individual Fund Descriptions:

Pension Trust Funds

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

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

Individual Fund Descriptions:

Agency Funds

- *Tax Collection Fund* - Accounts for occupancy and/or ad valorem property taxes collected by the County tax collector in his capacity as agent for the Cities of Archdale, Burlington, Greensboro, and High Point, the Towns of Gibsonville, Jamestown, 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.
- *N.C. Treasurer's Vehicle Interest Fund* - Accounts for three percent additional interest collected on the first month's interest assessed on delinquent registered motor vehicle property taxes as per House Bill 1779. The additional interest is remitted to the N.C. Department of State Treasurer monthly and will be used by the Division of Motor Vehicles to create a combined motor vehicle registration renewal and property tax collection system.

GUILFORD COUNTY, NORTH CAROLINA
Pension Trust Funds
Combining Statement of Net Position
June 30, 2012

D-1

	<u>Pension Trust Funds</u>		
	<u>Law Enforcement Officers' Special Separation Allowance</u>	<u>Other Post Employment Benefits</u>	<u>Total</u>
Assets			
Current assets:			
Pooled cash and cash equivalents/investments	\$ 936,325	-	936,325
State Treasurer's Local Government Other Post Employment Benefits (OPEB) Fund:			
Short-Term OPEB Fund	-	1,677,830	1,677,830
Long-Term OPEB Fund	-	681,643	681,643
OPEB Equity Fund	-	<u>4,512,087</u>	<u>4,512,087</u>
Cash and cash equivalents/investments	936,325	6,871,560	7,807,885
Receivables:			
Accrued interest on investments	<u>349</u>	<u>-</u>	<u>349</u>
Total assets	<u>936,674</u>	<u>6,871,560</u>	<u>7,808,234</u>
Liabilities			
Accounts payable and accrued liabilities	<u>30,179</u>	<u>-</u>	<u>30,179</u>
Net Position			
Held in trust for pension benefits	\$ <u>906,495</u>	<u>6,871,560</u>	<u>7,778,055</u>

GUILFORD COUNTY, NORTH CAROLINA
Pension Trust Funds
Combining Statement of Changes in Plan Net Position
For the fiscal year ended June 30, 2012

D-2

	Pension Trust Funds		
	Law Enforcement Officers' Special Separation Allowance	Other Post Employment Benefits	Total
Additions			
Employer contributions	\$ 675,368	2,000,000	2,675,368
Net investment income	2,672	236,393	239,065
Total additions	<u>678,040</u>	<u>2,236,393</u>	<u>2,914,433</u>
Deductions			
Benefits	796,568	-	796,568
Administrative expenses	685	-	685
Total deductions	<u>797,253</u>	<u>-</u>	<u>797,253</u>
Change in net position	(119,213)	2,236,393	2,117,180
Net position at beginning of year	<u>1,025,708</u>	<u>4,635,167</u>	<u>5,660,875</u>
Net position at end of year	<u>\$ 906,495</u>	<u>6,871,560</u>	<u>7,778,055</u>

GUILFORD COUNTY, NORTH CAROLINA
Agency Funds
Combining Statement of Assets and Liabilities
June 30, 2012

D-3

	Agency Funds				
	<u>Tax Collection</u>	<u>Fines and Forfeitures</u>	<u>Representative Payee</u>	<u>NC Treasurer's Vehicle Interest</u>	<u>Total</u>
Assets					
Cash and cash equivalents/investments	\$ 237,841	334,620	427,988	25,291	1,025,740
Total assets	\$ <u>237,841</u>	<u>334,620</u>	<u>427,988</u>	<u>25,291</u>	<u>1,025,740</u>
Liabilities					
Accounts payable and accrued liabilities	\$ -	334,620	-	-	334,620
Representative payee clients payable	-	-	427,988	-	427,988
Due to other taxing units	<u>237,841</u>	<u>-</u>	<u>-</u>	<u>25,291</u>	<u>263,132</u>
Total liabilities	\$ <u><u>237,841</u></u>	<u><u>334,620</u></u>	<u><u>427,988</u></u>	<u><u>25,291</u></u>	<u><u>1,025,740</u></u>

GUILFORD COUNTY, NORTH CAROLINA
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the fiscal year ended June 30, 2012

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	<u>Balance 7/1/11</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/12</u>
<u>Tax Collection Fund</u>				
Assets				
Cash and cash equivalents/investments	\$ <u>252,920</u>	<u>225,233,483</u>	<u>225,248,562</u>	<u>237,841</u>
Liabilities				
Due to other taxing units	\$ <u>252,920</u>	<u>225,233,483</u>	<u>225,248,562</u>	<u>237,841</u>
<u>Fines and Forfeitures Fund</u>				
Assets				
Cash and cash equivalents/investments	\$ <u>450,086</u>	<u>2,206,784</u>	<u>2,322,250</u>	<u>334,620</u>
Liabilities				
Accounts payable and accrued liabilities	\$ <u>450,086</u>	<u>2,206,784</u>	<u>2,322,250</u>	<u>334,620</u>
<u>Representative Payee Fund</u>				
Assets				
Cash and cash equivalents/investments	\$ <u>347,936</u>	<u>2,349,036</u>	<u>2,268,984</u>	<u>427,988</u>
Liabilities				
Representative payee clients payable	\$ <u>347,936</u>	<u>2,349,036</u>	<u>2,268,984</u>	<u>427,988</u>
<u>NC Treasurer's Vehicle Interest Fund</u>				
Assets				
Cash and cash equivalents/investments	\$ <u>23,660</u>	<u>333,292</u>	<u>331,661</u>	<u>25,291</u>
Liabilities				
Due to other taxing units	\$ <u>23,660</u>	<u>333,292</u>	<u>331,661</u>	<u>25,291</u>
<u>Total Agency Funds</u>				
Assets				
Cash and cash equivalents/investments	\$ <u>1,074,602</u>	<u>230,122,595</u>	<u>230,171,457</u>	<u>1,025,740</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 450,086	2,206,784	2,322,250	334,620
Representative payee clients payable	347,936	2,349,036	2,268,984	427,988
Due to other taxing units	<u>276,580</u>	<u>225,566,775</u>	<u>225,580,223</u>	<u>263,132</u>
Total liabilities	\$ <u>1,074,602</u>	<u>230,122,595</u>	<u>230,171,457</u>	<u>1,025,740</u>



Additional Financial Data

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

Analysis of Current Tax Levy

Schedule of Property Taxes Receivable

Analysis of Current Tax Levy -
County-Wide Levy

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

General Obligation Debt Service Requirements
and Maturity Schedule

GUILFORD COUNTY, NORTH CAROLINA
Analysis of Current Tax Levy
For the fiscal year ended June 30, 2012

E-1

	<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, 2012</u>
County-wide	\$ 45,357,757,815	0.7824	\$ 352,819,875	(344,888,500)	7,931,375
Rural fire districts:					
Alamance Community	915,389,440	0.1000	910,355	(885,321)	25,034
Gibsonville	10,931,494	0.1000	10,869	(10,797)	72
Climax	85,436,961	0.1000	85,835	(82,877)	2,958
Colfax	423,322,756	0.1000	423,946	(416,109)	7,837
Deep River	200,546,946	0.0895	179,357	(173,795)	5,562
Friedens Community	128,123,395	0.1000	128,053	(124,149)	3,904
Guilford College Community	467,328,875	0.0800	372,181	(369,082)	3,099
Guil-Rand	123,658,628	0.1000	123,090	(119,848)	3,242
Julian	59,314,844	0.1000	58,939	(57,722)	1,217
Kimesville	82,943,085	0.1000	82,970	(79,763)	3,207
McLeansville	728,362,484	0.0804	580,970	(563,996)	16,974
Mount Hope Community	422,415,840	0.0800	336,215	(328,055)	8,160
Northeast	700,095,138	0.0994	691,558	(672,292)	19,266
Oak Ridge	1,079,695,863	0.0917	981,530	(969,844)	11,686
Pinecroft-Sedgefield	1,572,522,671	0.0949	1,482,938	(1,454,766)	28,172
Pleasant Garden	558,944,850	0.1000	558,222	(542,797)	15,425
Rankin	783,871,930	0.1000	780,096	(758,049)	22,047
Southeast	131,922,834	0.1000	131,365	(128,565)	2,800
Stokesdale	539,958,944	0.0773	416,156	(407,900)	8,256
Summerfield	1,621,189,865	0.0960	1,544,331	(1,526,733)	17,598
Whitsett	455,213,931	0.0713	322,816	(315,989)	6,827
No. 14 (Franklin Blvd.)	208,526,602	0.1000	207,556	(199,782)	7,774
Fire Protection District No. 1	18,861,049	0.1000	18,777	(18,624)	153
Total rural fire districts			<u>10,428,125</u>	<u>(10,206,855)</u>	<u>221,270</u>
Total entity-wide			<u>\$ 363,248,000</u>	<u>(355,095,355)</u>	<u>8,152,645</u>

Percent of current year adjusted tax levy collected:

County-wide	<u>97.75</u> %
Rural fire districts	<u>97.88</u>
Entity-wide	<u>97.76</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 four months of motor vehicles levied at prior year tax rates in accordance with North Carolina General Statutes.

GUILFORD COUNTY, NORTH CAROLINA
Schedule of Property Taxes Receivable
June 30, 2012

E-2

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2011</u>	<u>Total Adjusted Tax Levy</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2012</u>
2011-2012	\$ -	363,248,000	355,095,355	8,152,645
2010-2011	6,879,465	-	4,227,672	2,651,793
2009-2010	2,277,839	-	635,274	1,642,565
2008-2009	1,753,046	-	366,647	1,386,399
2007-2008	1,179,648	-	135,083	1,044,565
2006-2007	788,078	-	73,850	714,228
2005-2006	644,619	-	41,348	603,271
2004-2005	617,548	-	28,114	589,434
2003-2004	531,262	-	31,378	499,884
2002-2003	447,722	-	20,741	426,981
2001-2002	463,913	-	463,913	-
	<u>\$ 15,583,140</u>	<u>363,248,000</u>	<u>361,119,375</u>	<u>17,711,765</u>
Less allowance for estimated uncollectible delinquent taxes:				
General Fund			\$ (9,266,286)	
Rural Fire Districts Fund			<u>(158,257)</u>	<u>(9,424,544)</u>
Property taxes receivable (net)				<u>\$ 8,287,221</u>
Reconciliation with revenues:				
General Fund:				
Ad valorem taxes			\$ 349,944,689	
Interest on delinquent taxes			<u>1,389,464</u>	\$ 351,334,153
Rural Fire Districts Fund:				
Ad valorem taxes			10,331,917	
Interest on delinquent taxes			<u>35,380</u>	10,367,297
Plus collections and credits not included in revenues:				
Releases net of refunds on prior fiscal years			214,394	
Penalties on delinquent taxes			189,211	
Amounts written off for year 2001 - 2002 per statute of limitations			<u>463,913</u>	<u>867,518</u>
Subtotal				362,568,968
Less revenues not included in collections and credits:				
Collections on years prior to 2002 - 2003			(17,638)	
Payments in lieu of taxes			(7,111)	
Interest collected			<u>(1,424,844)</u>	<u>(1,449,593)</u>
Total collections and credits				<u>\$ 361,119,375</u>

GUILFORD COUNTY, NORTH CAROLINA
Analysis of Current Tax Levy
County-Wide Levy
For the fiscal year ended June 30, 2012

E-3

	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)	\$ 44,121,510,866	0.7824	343,497,258	326,065,038	17,432,220
Registered motor vehicles taxed at prior year's rate	<u>1,236,246,949</u>	0.7374	<u>9,116,085</u>	-	<u>9,116,085</u>
Total	<u>45,357,757,815</u>		<u>352,613,343</u>	<u>326,065,038</u>	<u>26,548,305</u>
Penalties			<u>206,532</u>	<u>206,532</u>	<u>-</u>
Total adjusted tax levy			352,819,875	326,271,570	26,548,305
Uncollected taxes at June 30, 2012			<u>(7,931,375)</u>	<u>(4,461,780)</u>	<u>(3,469,595)</u>
Current year's taxes collected			\$ <u>344,888,500</u>	<u>321,809,790</u>	<u>23,078,710</u>
Current adjusted tax levy collection percentage			<u>97.75%</u>	<u>98.63%</u>	<u>86.93%</u>

Notes:

(1) Per \$100 of assessed value.

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

GUILFORD COUNTY, NORTH CAROLINA
Analysis of Current Tax Levy
County-Wide Levy - General Information
For the fiscal year ended June 30, 2012

Secondary Market Disclosures:

Assessed Valuation:	
Assessment Ratio (1)	100%
Real Property (2)	\$ 37,039,761,422
Personal Property	7,304,372,150
Public Service Companies (3)	<u>1,013,624,243</u>
Total Assessed Valuation	\$ <u>45,357,757,815</u>
Tax Rate per \$100 (4)	<u>0.7824</u>
Adjusted Levy (5)	\$ <u>363,248,000</u>

Notes:

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

County-wide	\$ 352,819,875
Special Fire Districts	<u>10,428,125</u>
Total Levy	\$ <u>363,248,000</u>

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

GUILFORD COUNTY, NORTH CAROLINA
General Obligation Debt Service Requirements
and Maturity Schedule
As of June 30, 2012

E-5

Fiscal Year	UTILITY		OTHER		TOTAL	
	Existing Debt		Existing Debt		Existing Debt	
	Principal	Principal & Interest	Principal	Principal & Interest	Principal	Principal & Interest
2012-13	\$ 2,633,278	3,109,790	45,586,722	77,331,511	48,220,000	80,441,301
2013-14	2,254,615	2,698,295	47,680,385	77,665,066	49,935,000	80,363,361
2014-15	2,245,522	2,589,916	49,749,478	77,777,070	51,995,000	80,366,986
2015-16	2,242,552	2,479,574	53,427,448	79,264,813	55,670,000	81,744,387
2016-17	1,965,306	2,101,971	54,674,694	78,111,915	56,640,000	80,213,886
2017-18	668,698	751,146	56,931,302	78,052,090	57,600,000	78,803,236
2018-19	279,861	340,733	57,090,139	75,373,711	57,370,000	75,714,444
2019-20	266,648	314,100	58,063,352	73,779,587	58,330,000	74,093,687
2020-21	262,203	301,656	59,327,797	72,821,853	59,590,000	73,123,509
2021-22	263,092	289,435	59,996,908	71,422,284	60,260,000	71,711,719
2022-23	263,759	276,947	60,116,241	69,477,183	60,380,000	69,754,130
2023-24	-	-	55,450,000	63,126,621	55,450,000	63,126,621
2024-25	-	-	55,455,000	62,132,584	55,455,000	62,132,584
2025-26	-	-	36,870,000	42,442,519	36,870,000	42,442,519
2026-27	-	-	36,920,000	41,397,299	36,920,000	41,397,299
2027-28	-	-	23,570,000	26,933,686	23,570,000	26,933,686
2028-29	-	-	17,790,000	20,011,253	17,790,000	20,011,253
2029-30	-	-	8,810,000	10,185,483	8,810,000	10,185,483
2030-31	-	-	8,530,000	9,438,151	8,530,000	9,438,151
2031-32	-	-	17,145,000	17,819,484	17,145,000	17,819,484
	\$ <u>13,345,534</u>	<u>15,253,563</u>	<u>863,184,466</u>	<u>1,124,564,163</u>	<u>876,530,000</u>	<u>1,139,817,726</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.

<u>Contents</u>	<u>Tables</u>
Financial Trends	1 - 2
These schedules contain trend information to help the reader understand how the County’s financial performance and well-being have changed over time.	
Revenue Capacity	3 - 6
These schedules contain information to help the reader assess the factors affecting the County’s ability to generate its property taxes.	
Debt Capacity	7 - 9
These schedules present information to help the reader assess the affordability of the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future.	
Demographic and Economic Information	10 - 11
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County’s financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	12 - 14
These schedules contain information about the County’s operations and resources to help the reader understand how the County’s financial information relates to the services the County provides and the activities it performs.	

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

Table 1

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
General government (1)	\$ 34,646,687	35,776,935	38,935,052	43,691,593	41,915,381	42,686,479	43,920,236	40,228,036	43,193,135	46,807,995
Human services	159,178,485	162,046,232	168,210,350	170,986,656	167,658,603	187,408,591	183,143,016	167,271,667	165,311,991	158,946,804
Public safety (1)	65,312,136	70,809,410	77,965,005	83,334,706	90,576,330	101,980,944	104,015,673	102,286,880	101,857,575	111,502,379
Environmental protection	1,007,132	1,174,894	1,682,060	1,127,138	1,194,998	1,395,364	1,319,735	1,293,411	1,317,107	1,368,749
Culture - recreation	1,816,420	2,754,118	3,824,634	4,790,197	6,244,857	5,981,193	6,822,953	6,662,104	5,847,964	5,817,799
Urban redevelopment and housing	311,888	259,242	152,052	158,816	165,681	-	185,987	219,047	-	-
Economic development and assistance	5,682,689	4,835,656	6,272,110	9,679,480	6,961,147	6,711,552	7,179,186	6,591,833	21,510,154	7,239,287
Education	198,557,002	189,254,201	210,740,935	258,171,386	311,169,199	274,425,035	263,067,760	251,720,561	274,154,519	282,303,468
Interest on long-term debt	9,782,009	10,599,222	11,468,056	15,477,774	18,787,205	22,265,124	21,720,267	22,513,943	26,371,175	26,392,310
Total primary government expenses	<u>476,294,448</u>	<u>477,509,910</u>	<u>519,250,254</u>	<u>587,417,746</u>	<u>644,673,401</u>	<u>642,854,282</u>	<u>631,374,813</u>	<u>598,787,482</u>	<u>639,563,620</u>	<u>640,378,791</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	8,111,851	8,218,987	7,632,915	8,092,944	7,908,972	7,329,664	6,493,504	5,930,518	5,565,128	8,209,756
Human services	23,792,095	21,869,902	21,075,399	20,768,155	16,414,577	17,390,778	18,196,954	17,062,584	15,107,982	17,713,928
Public safety	13,471,224	14,259,539	16,056,217	17,697,563	17,901,405	19,486,002	20,476,409	19,375,549	20,229,569	20,018,789
Economic development and assistance	2,079,544	5,437,989	2,653,574	2,699,976	2,796,826	3,089,466	1,933,971	2,364,652	1,785,255	72,337
Other activities	353,284	226,224	278,833	198,133	139,105	139,174	107,016	85,534	63,185	301,158
Operating grants and contributions:										
Human services	74,484,319	74,736,210	80,870,482	80,654,657	81,501,929	85,671,190	88,445,374	87,497,137	90,171,609	84,760,563
Public safety	1,181,844	1,494,192	2,388,765	2,916,616	2,086,924	1,818,775	1,199,627	1,637,406	1,374,698	1,382,428
Education	2,650,322	299,783	4,968,633	4,165,991	16,594,201	13,482,032	4,206,914	1,121,632	2,976,116	61,328
Interest on long-term debt	-	-	-	-	-	6,000,000	12,500,000	8,000,000	9,496,397	6,257,976
Other activities	1,232,646	976,685	2,912,425	3,683,034	1,020,755	826,942	1,788,851	1,024,903	921,022	1,365,697
Capital grants and contributions:										
General government	-	505,100	-	6,000	-	-	-	10,000	-	-
Human services	117,517	91,287	84,778	5,518	1,107,265	61,185	258,777	243,318	326,015	115,355
Public safety	34,147	214,986	66,236	490,261	22,810	110,975	349,110	223,545	431,312	299,356
Culture - recreation	17,916	1,238,163	237,573	50,300	-	1,000	6,306,168	2,381,838	520,844	-
Other activities	2,472	-	9,759	17,883	-	-	-	-	-	-
Total primary government program revenues	<u>127,529,181</u>	<u>129,569,047</u>	<u>139,235,589</u>	<u>141,447,031</u>	<u>147,494,769</u>	<u>155,407,183</u>	<u>162,262,675</u>	<u>146,958,616</u>	<u>148,969,132</u>	<u>140,558,671</u>
Total primary government net expenses	<u>(348,765,267)</u>	<u>(347,940,863)</u>	<u>(380,014,665)</u>	<u>(445,970,715)</u>	<u>(497,178,632)</u>	<u>(487,447,099)</u>	<u>(469,112,138)</u>	<u>(451,828,866)</u>	<u>(490,594,488)</u>	<u>(499,820,120)</u>

General Revenues and Other

Changes in Net Position

Governmental activities:

Taxes:

Property taxes	222,694,649	236,089,142	254,787,316	267,195,969	286,570,949	307,477,528	336,155,671	339,016,318	339,701,250	363,239,575
Sales taxes	58,779,530	74,631,354	79,845,527	82,561,886	88,839,038	88,097,598	72,903,563	62,749,914	62,543,117	66,753,745
Occupancy taxes	4,006,760	3,976,303	4,232,851	4,485,837	4,419,986	4,618,458	4,036,491	3,853,035	4,084,391	4,441,971
Excise taxes	1,949,926	2,680,418	2,935,945	3,399,037	3,268,199	3,155,087	1,686,397	1,560,241	1,544,182	1,628,390
911 charges	1,022,015	871,980	769,657	824,713	788,590	381,944	-	-	-	-
Local gross receipts taxes	775,777	721,737	789,591	746,443	736,098	751,131	631,080	578,291	628,422	685,671
Franchise taxes	413,145	506,089	520,014	618,753	462,080	143,515	148,147	149,479	82,213	-
Unrestricted grants and contributions	589,147	4,794,484	3,735,353	1,347,053	1,060,902	1,472,030	1,421,855	2,841,217	3,474,304	1,945,810
Unrestricted investment earnings	5,993,035	3,582,623	7,707,805	15,391,864	17,075,971	17,427,005	7,875,270	1,289,848	3,151,886	(2,517,050)
Other	114,304	162,985	222,293	313,562	2,019,617	371,374	225,855	257,879	6,045,727	452,404
Special items	-	3,159,900	-	-	-	-	-	-	-	-

Total primary government general revenues and other changes in net position	<u>296,338,288</u>	<u>331,177,015</u>	<u>355,546,352</u>	<u>376,885,117</u>	<u>405,241,430</u>	<u>423,895,670</u>	<u>425,084,329</u>	<u>412,296,222</u>	<u>421,255,492</u>	<u>436,630,516</u>
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Changes in Net Position

Governmental activities / primary government	\$ <u>(52,426,979)</u>	<u>(16,763,848)</u>	<u>(24,468,313)</u>	<u>(69,085,598)</u>	<u>(91,937,202)</u>	<u>(63,551,429)</u>	<u>(44,027,809)</u>	<u>(39,532,644)</u>	<u>(69,338,996)</u>	<u>(63,189,604)</u>
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Net Position by Component

Governmental activities:	(Restated)						(Restated) (2)	(Reclassified) (3)	(3),(4)	
Invested in capital assets, net of related debt	\$ 100,094,146	111,008,939	112,083,864	115,542,072	116,246,292	115,992,624	120,573,365	122,628,297	129,476,162	133,301,449
Restricted	19,657,963	23,362,147	25,288,493	27,765,244	30,720,400	36,221,646	37,896,605	143,817,796	93,262,484	81,943,441
Unrestricted	<u>(19,144,526)</u>	<u>(50,527,351)</u>	<u>(77,996,935)</u>	<u>(153,017,492)</u>	<u>(248,614,070)</u>	<u>(317,413,077)</u>	<u>(371,277,681)</u>	<u>(518,786,448)</u>	<u>(547,421,671)</u>	<u>(603,117,519)</u>
Governmental activities / primary government	\$ <u>100,607,583</u>	<u>83,843,735</u>	<u>59,375,422</u>	<u>(9,710,176)</u>	<u>(101,647,378)</u>	<u>(165,198,807)</u>	<u>(212,807,711)</u>	<u>(252,340,355)</u>	<u>(324,683,025)</u>	<u>(387,872,629)</u>

Note:

- (1) The 2006 amounts have been reclassified for comparative purposes.
- (2) 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*.
- (3) 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.
- (4) 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*.

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues	(Restated)									
Taxes:										
Property taxes	\$ 222,529,052	235,782,968	254,318,144	267,441,956	285,914,118	306,464,934	334,877,456	338,881,551	338,901,967	361,701,450
Sales taxes	62,861,654	74,631,354	79,845,527	82,561,886	88,839,038	88,097,598	72,903,563	62,749,914	62,543,117	66,753,745
Occupancy taxes	4,006,760	3,976,303	4,232,851	4,485,837	4,419,986	4,618,458	4,036,491	3,853,035	4,084,391	4,441,971
Excise taxes	1,949,926	2,680,418	2,935,945	3,399,037	3,268,199	3,155,087	1,686,397	1,560,241	1,544,182	1,628,390
911 charges	1,022,015	871,980	769,657	824,713	788,590	381,944	-	-	-	-
Local gross receipts taxes	775,777	721,737	789,591	746,443	736,098	751,131	631,080	578,291	628,422	685,671
Franchise taxes	413,145	506,089	520,014	618,753	462,080	143,515	148,147	149,479	82,213	-
Total taxes	293,558,329	319,170,849	343,411,729	360,078,625	384,428,109	403,612,667	414,283,134	407,772,511	407,784,292	435,211,227
Licenses and permits	2,646,591	2,991,576	3,387,258	3,470,989	2,420,370	2,263,699	1,585,588	1,440,463	1,565,894	1,515,015
Intergovernmental	79,806,114	83,470,521	94,419,673	92,559,452	101,329,674	108,160,439	108,853,768	102,154,244	108,877,034	95,334,713
Charges for services	40,826,767	42,020,340	40,891,308	42,299,395	37,116,489	39,836,114	40,359,429	38,919,317	37,771,760	39,396,379
Investment earnings	5,515,396	3,365,125	7,207,426	14,408,915	15,605,317	15,895,947	7,130,248	3,098,015	1,761,870	1,084,348
Other	5,566,681	5,124,932	5,344,140	5,309,364	7,631,167	7,235,788	7,234,433	5,787,254	4,859,173	6,647,123
Total revenues	427,919,878	456,143,343	494,661,534	518,126,740	548,531,126	577,004,654	579,446,600	559,171,804	562,620,023	579,188,805
Expenditures										
General government	33,445,902	34,160,259	37,795,664	43,048,897	40,509,958	39,464,132	41,209,590	39,026,532	41,211,152	41,411,153
Human services	157,893,840	161,072,839	168,618,392	170,804,456	167,594,028	173,386,520	171,232,873	157,837,907	156,312,988	149,105,449
Public safety	63,221,245	69,943,520	77,030,474	83,730,591	88,984,727	92,098,335	95,895,858	94,698,652	94,936,538	101,788,522
Environmental protection	1,027,260	1,138,238	1,125,296	1,086,756	1,237,988	1,171,174	1,141,212	1,203,142	1,236,978	1,259,345
Culture - recreation	1,459,007	2,336,710	3,247,907	4,230,945	4,979,283	5,154,091	5,774,257	5,757,497	4,882,347	4,794,610
Urban redevelopment & housing	311,888	259,242	152,052	158,816	165,681	-	185,987	219,047	-	-
Economic development & assistance	4,746,102	4,477,063	5,375,881	7,046,010	5,421,073	5,653,323	5,156,366	4,580,634	5,764,008	6,763,125
Education (1)	124,913,318	133,434,005	138,892,306	150,696,921	166,425,861	175,956,849	186,918,211	186,918,211	186,918,211	186,918,211
Capital outlay - Education (1)	73,643,684	55,820,196	71,848,629	107,474,465	144,743,338	98,468,186	76,149,549	64,802,350	87,236,308	95,385,257
Capital outlay - Other	4,103,909	4,309,253	6,499,337	11,182,101	12,158,726	11,038,077	9,880,574	31,362,531	76,124,528	32,100,377
Debt service:										
Principal	9,865,000	13,830,000	13,810,000	19,410,000	19,790,000	27,715,000	28,160,200	36,215,200	37,545,200	45,602,892
Interest	9,354,570	10,801,897	12,916,990	17,228,026	18,171,528	22,211,212	19,935,396	20,852,231	27,018,923	27,136,589
Other fiscal charges	104,410	265,087	67,360	504,413	470,194	985,535	854,108	3,834,542	1,776,942	1,859,397
Bond issuance / put bond costs	542,893	343,858	825,559	-	542,749	-	300,443	1,748,409	-	1,499,741
Total expenditures	484,633,028	492,192,167	538,205,847	616,602,397	671,195,134	653,302,434	642,794,624	649,056,885	720,964,123	695,624,668
Excess (deficiency) of revenues over expenditures	(56,713,150)	(36,048,824)	(43,544,313)	(98,475,657)	(122,664,008)	(76,297,780)	(63,348,024)	(89,885,081)	(158,344,100)	(116,435,863)

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

Refunding bonds issued	16,015,000	-	54,380,000	-	-	-	-	135,990,000	-	46,135,000
General obligation bonds issued	123,355,000	-	183,220,000	-	185,440,000	-	164,600,000	165,000,000	-	150,890,000
Refunding capital-related debt issued	-	-	-	-	-	-	-	-	-	3,316,300
Capital-related debt issued	320,000	417,391	158,845	253,812	485,187	5,102,000	-	-	-	21,820,000
Payment to bond refunding escrow agent	(16,153,861)	-	(60,717,190)	-	-	-	-	(146,310,850)	-	(53,364,279)
Premiums on bonds/put bonds/refunding bonds issued	334,267	6,509,700	5,657,142	-	1,879,435	-	10,526,417	30,354,381	-	29,039,009
Payment to terminate interest rate swaps	-	-	-	-	-	-	-	(11,211,119)	-	(4,660,034)
Payment to refinance capital-related debt	-	-	-	-	-	-	-	-	-	(3,316,300)
Transfers in	32,186,463	16,745,665	12,118,221	9,131,329	1,494,729	5,317,116	2,930,621	9,781,781	6,794,162	1,500,000
Transfers out	(31,484,608)	(16,745,665)	(12,118,221)	(9,131,329)	(1,494,729)	(5,317,116)	(2,930,621)	(9,781,781)	(6,794,162)	(1,500,000)
Sale of capital assets	299,807	155,595	191,586	250,004	2,317,974	248,922	119,073	165,734	7,822,165	104,378
Special Items	-	(4,500,000)	-	-	-	-	-	-	-	-
Total other financing sources (uses) and other changes in fund balances	<u>124,872,068</u>	<u>2,582,686</u>	<u>182,890,383</u>	<u>503,816</u>	<u>190,122,596</u>	<u>5,350,922</u>	<u>175,245,490</u>	<u>173,988,146</u>	<u>7,822,165</u>	<u>189,964,074</u>

Changes in Fund Balances

Governmental funds	\$ 68,158,918	(33,466,138)	139,346,070	(97,971,841)	67,458,588	(70,946,858)	111,897,466	84,103,065	(150,521,935)	73,528,211
Debt service as a percentage of noncapital expenditures (2)	4.01%	5.07%	5.07%	6.02%	5.78%	7.80%	7.64%	8.94%	9.39%	10.98%

Fund Balances

General fund:	(Restated)							(Reclassified) (3)		(3)
Reserved	\$ 35,833,092	37,807,777	44,883,408	43,905,906	48,386,558	49,298,419	49,720,293	-	-	-
Unreserved	<u>61,188,365</u>	<u>66,940,342</u>	<u>69,579,976</u>	<u>73,346,411</u>	<u>75,041,272</u>	<u>77,941,742</u>	<u>95,477,488</u>	-	-	-
Non spendable	-	-	-	-	-	-	-	54,351	499,646	1,358,046
Restricted	-	-	-	-	-	-	-	60,625,494	51,084,382	57,971,070
Committed	-	-	-	-	-	-	-	33,342	27,692	24,472
Assigned	-	-	-	-	-	-	-	25,541,815	25,447,565	27,107,976
Unassigned	-	-	-	-	-	-	-	<u>53,291,259</u>	<u>55,209,633</u>	<u>53,990,425</u>
Total general fund	<u>97,021,457</u>	<u>104,748,119</u>	<u>114,463,384</u>	<u>117,252,317</u>	<u>123,427,830</u>	<u>127,240,161</u>	<u>145,197,781</u>	<u>139,546,261</u>	<u>132,268,918</u>	<u>140,451,989</u>
All other governmental funds:	(Restated)									(3)
Reserved	11,224,504	10,159,955	6,462,668	9,403,431	10,531,341	14,888,243	14,873,636	85,380,194	-	-
Unreserved, reported in:										
Special revenue funds	(184,893)	276,287	648,399	1,005,990	1,215,613	1,277,213	657,736	310,200	-	-
Capital projects funds	<u>145,016,817</u>	<u>104,427,386</u>	<u>237,383,366</u>	<u>133,324,238</u>	<u>193,269,780</u>	<u>114,092,089</u>	<u>208,666,019</u>	<u>228,261,582</u>	-	-
Non spendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	148,181,022	195,194,337
Committed	-	-	-	-	-	-	-	-	18,629,202	29,582,739
Assigned	-	-	-	-	-	-	-	-	5,587,932	15,656,754
Unassigned	-	-	-	-	-	-	-	-	<u>(1,690,772)</u>	<u>(4,381,306)</u>
Total all other governmental funds	<u>156,056,428</u>	<u>114,863,628</u>	<u>244,494,433</u>	<u>143,733,659</u>	<u>205,016,734</u>	<u>130,257,545</u>	<u>224,197,391</u>	<u>313,951,976</u>	<u>170,707,384</u>	<u>236,052,524</u>
Total fund balances	<u>\$ 253,077,885</u>	<u>219,611,747</u>	<u>358,957,817</u>	<u>260,985,976</u>	<u>328,444,564</u>	<u>257,497,706</u>	<u>369,395,172</u>	<u>453,498,237</u>	<u>302,976,302</u>	<u>376,504,513</u>

Notes:

- (1) For years 2005 - 2010, annual capital appropriations to Guilford Technical Community College and Guilford County Board of Education from the General Fund are included in Capital outlay - Education as in the prior years and 2011 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		
2003	\$ 23,791,217,316	28,598,650,458	7,112,928,391	1,010,523,814	31,914,669,521	36,722,102,663	86.9 %	\$ 0.6983
2004	24,527,780,895	30,431,489,944	6,883,615,331	925,129,727	32,336,525,953	38,240,235,002	84.6	0.7310
2005 ⁽³⁾	32,330,383,860	32,541,906,251	6,854,211,987	1,051,999,690	40,236,595,537	40,448,117,928	99.5	0.6429
2006	32,679,098,070	33,112,876,755	7,016,390,035	1,047,823,964	40,743,312,069	41,177,090,754	98.9	0.6636
2007	33,648,245,400	35,006,497,503	7,548,094,997	1,079,835,566	42,276,175,963	43,634,428,066	96.9	0.6829
2008	34,819,671,635	37,553,571,651	7,476,297,491	1,101,662,076	43,397,631,202	46,131,531,218	94.1	0.7130
2009	35,994,252,248	39,295,035,205	7,459,633,640	1,134,193,063	44,588,078,951	47,888,861,908	93.1	0.7575
2010	36,596,181,356	40,193,499,567	7,223,197,327	1,072,382,177	44,891,760,860	48,489,079,071	92.6	0.7590
2011	36,814,403,214	38,743,846,784	7,017,828,595	1,034,274,005	44,866,505,814	46,795,949,384	95.9	0.7592
2012	37,039,761,422	35,711,301,024	7,304,372,150	1,013,624,243	45,357,757,815	44,029,297,417	103.0	0.8040

Notes:

- (1) Estimated actual taxable value of real property is calculated by dividing taxable assessed value by a real estate assessment sales ratio study percentage by county obtained from the North Carolina Department of Revenue Tax Research Division.
- (2) Personal property is appraised each year and assessed at 100% of appraised value. Public service companies' property includes real and personal property of utilities, railroads and airlines, etc. These assessments are made by the North Carolina Department of Revenue with no distinction between real and personal property.
- (3) A revaluation of real property is required by the North Carolina General Statutes at least every eight years. The latest revaluation is reflected in the increased real property values in fiscal year 2005.
- (4) Per \$100 of assessed value. See Table 4 for details of the County's total direct rate, a weighted average rate.

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

	Fiscal Year Taxes Are Payable									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
County Direct Rates:										
General Levy (1):										
Property taxed at current year's rate	\$ 0.6448	0.6813	0.5961	0.6191	0.6367	0.6693	0.7148	0.7164	0.7182	0.7609
Registered motor vehicles at prior rate	<u>0.0294</u>	<u>0.0304</u>	<u>0.0257</u>	<u>0.0228</u>	<u>0.0241</u>	<u>0.0211</u>	<u>0.0212</u>	<u>0.0210</u>	<u>0.0192</u>	<u>0.0203</u>
Total general direct rate	0.6742	0.7117	0.6218	0.6419	0.6608	0.6904	0.7360	0.7374	0.7374	0.7812
Fire Protection Districts (2)	<u>0.0241</u>	<u>0.0193</u>	<u>0.0211</u>	<u>0.0217</u>	<u>0.0221</u>	<u>0.0226</u>	<u>0.0215</u>	<u>0.0216</u>	<u>0.0218</u>	<u>0.0228</u>
Total direct rate	\$ <u>0.6983</u>	<u>0.7310</u>	<u>0.6429</u>	<u>0.6636</u>	<u>0.6829</u>	<u>0.7130</u>	<u>0.7575</u>	<u>0.7590</u>	<u>0.7592</u>	<u>0.8040</u>
City Rates:										
Burlington (3)	\$ 0.4971	0.5000	0.5545	0.5550	0.6247	0.6250	0.6250	0.5904	0.5900	0.5801
Greensboro	0.6163	0.6177	0.5717	0.5700	0.6158	0.6369	0.6374	0.6375	0.6352	0.6349
High Point	0.6220	0.6220	0.5424	0.5914	0.6075	0.6323	0.6330	0.6330	0.6330	0.6613
Kernersville (3)	N/A	N/A	N/A	N/A	N/A	N/A	0.5500	0.4975	0.4975	0.4975
Town Rates:										
Archdale (4)	\$ 0.2300	0.2300	0.2600	0.2600	0.2600	0.2900	0.2900	0.2900	0.2900	0.2900
Gibsonville (4)	0.5150	0.5150	0.4950	0.5150	0.5150	0.5150	0.5150	0.5100	0.5100	0.5100
Jamestown	0.3386	0.3495	0.3500	0.3500	0.3500	0.3500	0.3693	0.3700	0.3895	0.3900
Oak Ridge	None	None	0.0863	0.0863	0.0863	0.0863	0.0863	0.0863	0.0863	0.0863
Pleasant Garden	None	None	None	0.0500	0.0500	0.0500	0.0260	0.0250	0.0250	0.0250
Sedalia	None	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2729	0.2750
Summerfield (5)	None	None	0.1050	0.0523	0.0395	0.0390	0.0351	0.0018	0.0350	0.0350
Whitsett	None	None	None	None	None	None	0.0500	0.0500	0.0500	0.0500
Sedgefield Sanitary District	\$ 0.0400	0.0400	0.0352	0.0398	0.0257	0.0298	0.0300	0.0300	0.0300	0.0300

Notes:

- (1) All taxable property is subject to a county-wide tax. The general County direct rate differs from the county-wide rate approved by the Board of Commissioners each fiscal year because direct rates are a weighted average rate. The most significant differences are from certain registered motor vehicles levied at prior year tax rates in accordance with North Carolina General Statutes.
- (2) Most property in unincorporated areas is subject to one of twenty-three 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 are 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**

<u>Taxpayer</u>	<u>Fiscal Year 2012</u>		<u>Fiscal Year 2003</u>	
	<u>Assessed Value</u>	<u>Percentage of Total Assessed Value</u>	<u>Assessed Value</u>	<u>Percentage of Total Assessed Value</u>
Duke Energy Corporation	\$ 339,045,497	0.75	\$ 279,204,759	0.87
Lorillard Tobacco Company	295,688,595	0.65	205,799,376	0.64
Koury Corporation	276,115,980	0.61	308,160,629	0.97
CBL LLC	214,400,937	0.47	-	-
Procter & Gamble Manufacturing Company	186,832,916	0.41	156,873,891	0.49
International Home Furnishings Center	184,827,835	0.41	142,544,307	0.45
TYCO Electronics (AMP)	181,577,789	0.40	181,525,799	0.57
Highwoods / Forsyth Limited	156,522,794	0.35	130,723,800	0.41
Liberty Property LP	145,151,972	0.32	-	-
Piedmont Natural Gas	136,118,762	0.30	-	-
A T & T(BellSouth)	-	-	191,036,926	0.60
RF Micro Devices	-	-	174,477,424	0.55
VF Corporation	-	-	134,100,835	0.42
Total Top Ten Principal Taxpayers	\$ <u>2,116,283,077</u>	<u>4.67</u>	\$ <u>1,904,447,746</u>	<u>5.97</u>

Source: Guilford County Tax Department.

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

Fiscal Year	(1) Taxes Levied for the Fiscal Year	Subsequent Years' Adjustments	Total Adjusted Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percent of Original Levy		Amount	Percent of Adjusted Tax Levy
2003	\$ 222,664,562	(243,069)	222,421,493	220,251,203	98.92	1,736,789	221,987,992	99.81
2004	236,247,761	(205,402)	236,042,359	233,477,931	98.83	2,074,060	235,551,991	99.79
2005 ⁽²⁾	254,868,218	(1,616,355)	253,251,863	251,554,341	98.70	1,107,519	252,661,860	99.77
2006	268,492,562	(424,243)	268,068,319	265,412,691	98.85	2,046,997	267,459,688	99.77
2007	287,334,796	(325,656)	287,009,140	283,471,941	98.66	2,822,045	286,293,986	99.75
2008	308,030,341	(335,114)	307,695,227	303,163,588	98.42	3,487,074	306,650,662	99.66
2009	336,841,767	(248,952)	336,592,815	330,670,794	98.17	4,535,622	335,206,416	99.59
2010	339,838,448	(200,650)	339,637,798	333,596,483	98.16	4,398,748	337,995,231	99.52
2011	339,943,072	(131,213)	339,811,859	333,063,607	97.98	4,096,456	337,160,063	99.22
2012	363,248,000	-	363,248,000	355,095,355	97.76	-	355,095,355	97.76

Note:

- (1) Original levy adjusted for discoveries, penalties, discounts allowed and releases as of fiscal year end of the levy.
- (2) A revaluation of real property is required by the North Carolina General Statutes at least every eight years. The latest revaluation is reflected in the increased real property values in fiscal year 2005 which generally result in appeals of these revalued amounts and thus, larger adjustments due to releases based on these appeals.

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

Fiscal Year	General Bonded Debt Outstanding		Percentage of Estimated Actual Taxable Value of Property (2)	Per Capita	Other Governmental Activities Debt		Total Primary Government (1)	Percentage of Personal Income (3)	Per Capita (3)
	General Obligation Bonds (1)				Limited Obligation Bonds, Capital Leases and Installment Financings (1)				
2003	\$ 283,740,000		0.77	657.99	1,016,256		284,756,256	2.05	660.34
2004	269,910,000		0.71	620.91	862,328		270,772,328	1.90	622.89
2005	438,880,000		1.09	1,001.13	513,298		439,393,298	2.91	1,002.30
2006	419,470,000		1.02	941.72	423,913		419,893,913	2.65	942.67
2007	585,120,000		1.34	1,284.76	571,479		585,691,479	3.44	1,286.01
2008	557,405,000		1.21	1,198.92	5,422,364		562,827,364	3.17	1,210.58
2009	694,355,000		1.45	1,464.55	4,783,962		699,138,962	3.89	1,474.64
2010	813,410,000		1.68	1,693.33	4,147,088		817,557,088	4.72	1,701.96
2011	776,375,000		1.66	1,589.61	3,571,400		779,946,400	4.35	1,596.92
2012	876,530,000		1.99	1,769.77	24,498,508		901,028,508	4.90	1,819.23

Notes:

- (1) Details regarding the County's outstanding debt can be found in the notes to the financial statements.
- (2) See Table 3 for estimated actual taxable value of property data.
- (3) See Table 10 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

**Guilford County, North Carolina
Direct and Overlapping Governmental Activities Debt
June 30, 2012**

<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	\$ 901,028,508	100.00	\$ <u>901,028,508</u>
City of Greensboro	210,594,935	100.00	210,594,935
City of High Point	88,378,238	95.09	84,038,867
Town of Oak Ridge	2,456,667	100.00	2,456,667
Town of Gibsonville	488,583	48.58	237,354
City of Burlington	15,594,430	1.73	269,784
City of Archdale	2,825,087	2.81	79,385
Town of Jamestown	52,220	100.00	52,220
Town of Kernersville	2,027,403	1.91	<u>38,723</u>
Total overlapping debt			<u>297,767,935</u>
Total direct and overlapping debt			\$ <u><u>1,198,796,443</u></u>

Notes:

- (1) Debt and assessed valuation information were obtained from each municipality.
- (2) The percentage of overlap is based on assessed property values.

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt limit	\$ 2,553,174	2,586,922	3,218,928	3,259,465	3,382,094	3,471,810	3,567,046	3,591,341	3,589,320	3,628,621
Total net debt applicable to limit	<u>280,849</u>	<u>567,245</u>	<u>629,005</u>	<u>610,091</u>	<u>603,424</u>	<u>1,232,525</u>	<u>1,204,916</u>	<u>1,158,903</u>	<u>1,185,811</u>	<u>1,167,675</u>
Legal debt margin	\$ <u>2,272,325</u>	<u>2,019,677</u>	<u>2,589,923</u>	<u>2,649,374</u>	<u>2,778,670</u>	<u>2,239,285</u>	<u>2,362,130</u>	<u>2,432,438</u>	<u>2,403,509</u>	<u>2,460,946</u>
Total net debt applicable to limit as a percentage of debt limit	11.00%	21.93%	19.54%	18.72%	17.84%	35.50%	33.78%	32.27%	33.04%	32.18%

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed value of taxable property	\$ <u>45,357,757,815</u>
Debt limit (8% of total assessed value)	\$ <u>3,628,620,625</u>
Debt applicable to limit:	
Bonded debt	876,530,000
Bonds authorized, unissued	270,940,000
Limited obligation bonds and obligations under purchase money installment contracts	<u>24,498,508</u>
Gross debt	1,171,968,508
Less statutory deductions:	
Bonds issued and outstanding for water purposes	<u>4,293,186</u>
Net amount of debt applicable to debt limit	<u>1,167,675,322</u>
Legal debt margin	\$ <u>2,460,945,303</u>

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

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (2) <i>(in thousands)</i></u>	<u>Per Capita Income (3)</u>	<u>Median Age (4)</u>	<u>Public School Enrollment (5)</u>	<u>Unemployment Rate (6)</u>
2003	431,224	13,918,186	32,276	35.80	63,873	6.2 %
2004	434,703	14,233,915	32,744	36.06	65,118	5.4
2005	438,384	15,099,698	34,444	36.22	66,367	5.1
2006	445,378	15,853,675	35,596	36.51	68,118	4.6
2007	455,432	17,007,197	37,343	36.53	69,677	4.7
2008	464,924	17,758,702	38,197	36.66	70,707	6.1
2009	474,108	17,953,996	37,869	36.83	70,968	10.8
2010	480,362	17,309,364	36,034	36.40	70,710	11.3
2011	488,406	17,947,944	36,748	36.53	71,227	10.8
2012	495,279	18,382,280	37,115	36.62	71,587	9.8

Sources:

- (1) Calendar years 2002 through 2011 United States Census Bureau estimates.
- (2) Computed as a factor of population times per capita income.
- (3) Calendar years 2002 through 2010 Bureau of Economic Analysis, U.S. Department of Commerce.
 Calendar year 2011 Piedmont Triad Council of Governments estimate.
- (4) Fiscal years 2003 through 2012 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 2012 which is the average adjusted monthly rate for January through June.

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

<u>Employer</u>	<u>2012</u>		<u>2003</u>	
	<u>Employees</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Percentage of Total County Employment</u>
Guilford County School System	10,391	4.58	8,000	3.58
Moses H. Cone Health Systems	8,600	3.79	6,520	2.92
City of Greensboro	2,985	1.32	2,848	1.28
United States Postal Service	2,716	1.20	2,180	0.98
University of North Carolina at Greensboro	2,535	1.12	1,900	0.85
Guilford County Government	2,401	1.06	2,689	1.20
High Point Regional Health System	2,400	1.06	1,975	0.88
Bank of America (formerly Nationsbank,N.A.)	2,000	0.88	1,800	0.81
United Parcel Service (UPS)	2,000	0.88	1,900	0.85
North Carolina A & T State University	1,975	0.87	1,500	0.67
Lorillard, Inc.	1,800	0.79	1,500	0.67
TE Connectivity (formerly Tyco Electronics)	1,800	0.79	4,115	1.84
AT&T	1,600	0.71	900	0.40
Citi Cards	1,500	0.66	-	-
The Volvo Group	1,414	0.62	600	0.27
Ralph Lauren Corporation	1,400	0.62	750	0.34
VF Corporation	1,400	0.62	1,685	0.75
RFMD	1,382	0.61	1,035	0.46
Lincoln Financial Group	1,350	0.60	1,100	0.49
Total County Employment	226,738		223,352	

Sources:

Principal employer data is from the Greensboro Economic Development Alliance, the High Point Economic Development Corporation and the individual employers. Total County employment is for calendar years 2002 and 2011 from the North Carolina Employment Security Commission civilian labor force estimates.

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

Total Number of Employees Paid as of June 30										
Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government (1)	395	401	394	462	380	419	338	464	323	320
Human services	1,445	1,451	1,462	1,460	1,376	1,369	1,366	1,264	1,176	1,051
Public safety	798	830	855	891	897	892	953	913	932	1,021
Environmental protection	-	1	3	6	6	5	5	5	4	7
Culture-recreation	-	-	-	-	-	2	2	2	2	2
Total	<u>2,638</u>	<u>2,683</u>	<u>2,714</u>	<u>2,819</u>	<u>2,659</u>	<u>2,687</u>	<u>2,664</u>	<u>2,648</u>	<u>2,437</u>	<u>2,401</u>

Note:

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

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

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government:										
Real estate documents processed (8)	556,164	656,458	691,835	541,936	598,176	590,300	510,744	329,094	357,284	351,377
Vital records recorded and issued (8)	74,332	59,058	61,126	63,240	64,870	73,560	79,814	68,196	69,484	72,477
Building permits issued (2)	2,750	2,765	2,765	2,659	2,660	2,800	2,800	2,200	2,200	2,870
Bldg,plumb,mech & elec insp completed (2)	51,000	51,500	51,500	56,881	51,152	45,700	45,700	29,200	29,700	22,014
Human Services:										
Laboratory tests performed (2),(10)	148,421	136,802	142,046	165,916	180,160	194,148	187,314	203,250	209,096	200,364
Number of prescriptions filled (2),(10)	48,215	85,284	66,413	89,393	80,791	82,825	82,000	77,906	98,741	59,703
Adoption assistance cases (2),(4)	715	715	875	1,100	1,117	1,118	1,090	1,059	1,027	1,011
Children in Social Services custody (2),(4)	573	573	500	559	496	475	475	386	374	341
Schedule GTA SCAT trips (2)	119,600	149,500	157,500	160,000	N/A	N/A	N/A	N/A	N/A	N/A
Bus Service-Senior (2)	7,600	4,515	4,620	4,650	N/A	N/A	N/A	N/A	N/A	N/A
Bus Service-Medicaid (2)	13,100	21,900	22,550	22,550	N/A	N/A	N/A	N/A	N/A	N/A
Social Services paratransit (2)	112,600	110,659	113,979	114,000	N/A	N/A	N/A	N/A	N/A	N/A
Public Safety:										
911 calls received (1),(3)	112,000	116,000	118,000	121,709	117,180	125,201	123,504	128,892	130,947	131,072
Emergency HazMat responses (2),(11)	150	100	100	95	90	90	70	70	42	22
Average daily population juvenile detention (2)	48	48	48	48	48	48	48	48	35	30
Average daily population adult jail (6)	781	825	855	875	885	914	907	955	920	875
Number of animals received (2)	14,341	16,000	15,325	14,935	15,100	15,827	15,993	16,890	17,000	16,000
Number of spay/neuter surgeries performed (2)	4,000	4,500	5,000	6,149	4,500	6,500	5,495	5,098	7,200	4,000
Environmental protection: (9)										
Number of scrap tires processed	686,000	720,000	650,000	590,000	620,000	555,000	490,000	565,000	610,000	550,000
Number of white goods disposed of (tons)	1,476	1,522	1,440	1,732	1,387	468	332	236	169	97
Culture - recreation: (2)										
Number of park and rec participants	1,130,000	1,373,100	1,590,600	1,815,100	1,825,100	1,925,100	2,385,100	2,770,350	2,788,440	2,788,440
Education:										
Average daily membership (5)	63,873	65,118	66,367	68,118	69,677	70,707	70,968	70,710	71,227	71,587
County appropriation per pupil (7)	\$1,841.77	\$1,929.81	\$1,968.83	\$2,079.71	\$2,248.45	\$2,335.91	\$2,468.23	\$2,477.24	\$2,459.26	\$2,446.89

Note:

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

Sources:

- (2) Guilford County Annual Budget
- (3) Guilford -Metro 911 Emergency Communications Center
- (4) Guilford County Department of Social Services for 2006 - 2012
- (5) North Carolina Department of Public Instruction
- (6) Guilford County Annual Budget except for 2008, 2011-2012 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 2011-2012
- (11) Guilford County Emergency Services 2011-2012

Table 14

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

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Human Services: (2),(5)										
Public health occupied square footage	121,723	95,806	95,806	95,806	101,098	101,098	101,098	101,098	101,098	101,098
Mental health occupied square footage	193,037	203,515	203,515	203,515	176,673	208,742	208,742	208,742	119,750	119,750
Social services occupied square footage	156,328	148,262	148,262	148,262	148,262	148,262	148,262	148,262	155,738	155,860
Cooperative extension occupied square footage	47,022	47,022	47,022	47,022	47,022	47,022	47,022	47,022	47,022	47,022
Child support occupied square footage	-	-	-	9,040	9,040	9,040	9,040	9,040	15,101	15,101
Public Safety:										
Number of law enforcement vehicles (4),(5)	305	304	304	319	344	363	376	426	419	406
Number of law enforcement centers (5)	2	2	2	2	2	2	2	2	2	2
Number of emergency medical vehicles (4),(6)	69	67	73	73	75	77	84	92	83	84
Number of emergency medical stations (6)	11	11	11	11	12	14	14	14	15	15
Number of fire marshall vehicles (4),(6)	17	16	15	16	23	19	19	15	21	24
Number of volunteer fire stations (3),(6)	38	38	38	37	37	37	37	37	36	36
Number of volunteer firefighters (6)	1,100	1,100	800	800	691	629	629	629	682	682
Number of animal control vehicles (4),(5)	14	15	14	13	13	16	17	14	14	13
Culture-recreation:										
Parks (9)	256	257	257	257	266	268	275	275	275	275
Libraries (7)	10	10	10	10	10	10	10	10	10	10
Education: (1)										
Number of schools (8)	102	107	108	108	116	120	120	121	122	124

Notes:

- (1) Includes Guilford County Schools only.
- (2) Human service square footage is based on occupancy of County owned properties only and does not include data related to services moving to non-County owned properties.
- (3) Includes any volunteer fire station which serves Guilford County regardless of location. In 2002 two stations began operation under the City of Greensboro and in 2006 one station began operation under Gibsonville.

Sources:

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

