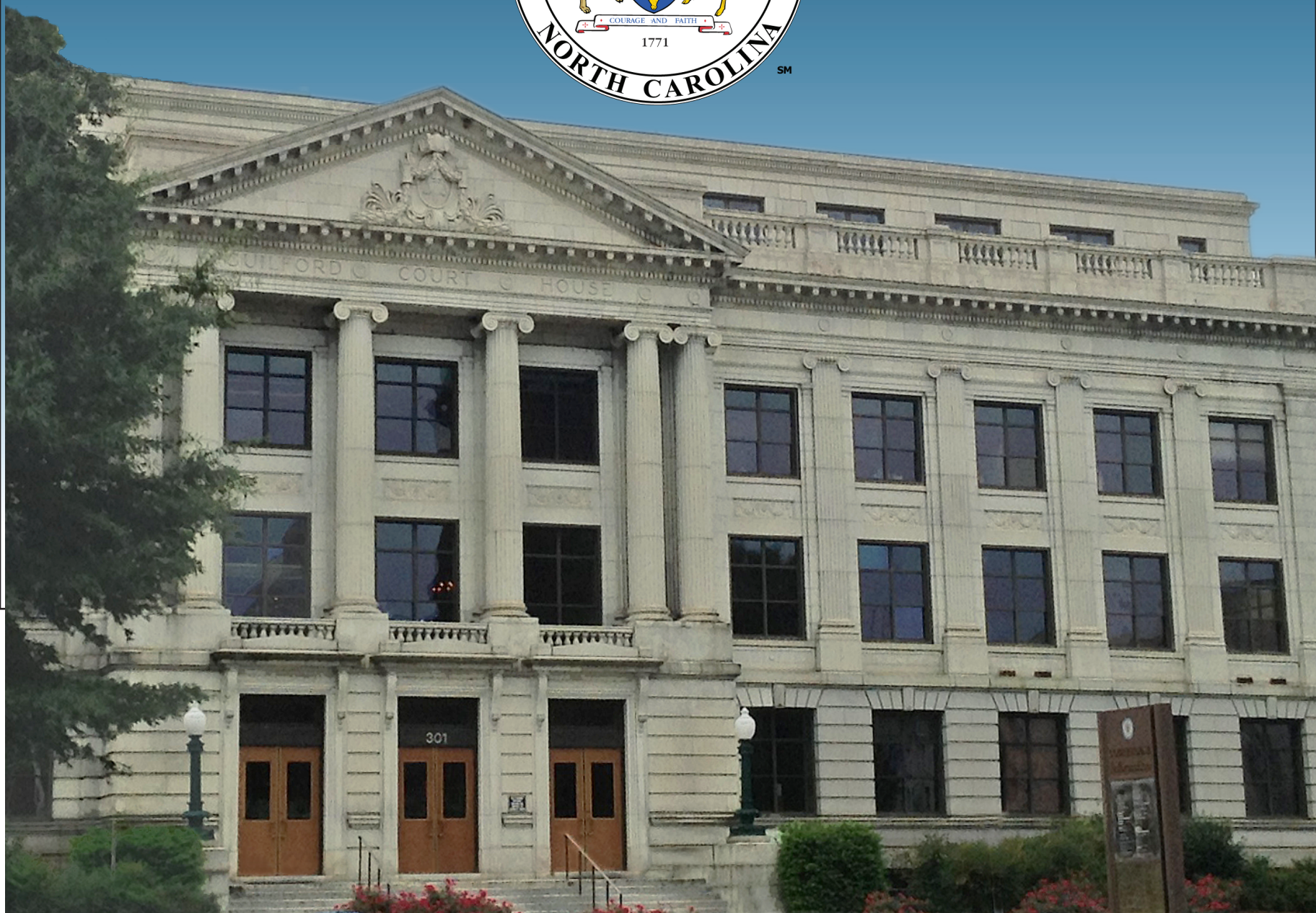


**County of Guilford, North Carolina**

**Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2013**



## COVER

### ***Guilford County Seal***

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

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

### ***Old Guilford County Courthouse***

*(Photo by Sheryl McKenney)*

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

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

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED JUNE 30, 2013**



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

**Marty K. Lawing  
County Manager**

**Prepared by  
Guilford County Finance Department**

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# Introductory Section

# LETTER OF TRANSMITTAL



## Guilford County

October 28, 2013

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

The Comprehensive Annual Financial Report (CAFR) of Guilford County, North Carolina, for the fiscal year ended June 30, 2013, 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, 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



# LETTER OF TRANSMITTAL

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statements of Guilford County for the fiscal year ended June 30, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that Guilford County's financial statements for the fiscal year ended June 30, 2013, are fairly presented in conformity with GAAP. The report of independent auditor is presented as the first component of the financial section of this report. The independent audit of the financial statements of Guilford County was part of a broader, Federal and State of North Carolina mandated "Single Audit" designed to meet the special needs of Federal and State grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal and State awards. These reports are available in Guilford County's separately issued Single Audit Report.

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

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement 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 500,879, 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 nine members, eight of whom are elected from districts and one is elected at-large. Board members serve four-year staggered terms. The Board chooses a Chairman and Vice Chairman from among its membership during its first meeting in December.

Major duties of the Board of County Commissioners include:

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

# LETTER OF TRANSMITTAL

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The Board of County Commissioners does not have complete authority over all the services provided within the County. Many County activities are administered by boards with varying degrees of autonomy and by elected officials who receive their instructions from laws passed by the General Assembly. Some examples are the boards of education, 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 or protection service district; and the Room Occupancy/Tourism Tax Fund, which is on a fund basis. The County Manager is authorized by the budget ordinance to make intrafund transfers of appropriations up to \$30,000 for each transaction, except that funds transferred cannot be used to create unauthorized positions or 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 are reappropriated in the following fiscal year's budget. Concurrent with the adoption of the annual budget ordinance the County approves a balanced financial plan for the Internal Service Fund. Any change in the financial plan during the year must be approved by the Board of County Commissioners. Guilford County appropriates funds for most capital projects and some grants through project and grant ordinances. This process is authorized under North Carolina law as an alternative to budgeting capital projects and grants in the annual budget ordinance. Under this process a project or grant ordinance is in effect as a legal appropriation until the project or grant is completed.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on page 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

## LETTER OF TRANSMITTAL

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subsection of this report, which starts on page 60. 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 78 presents budget-to-actual comparisons of the approved financial plan for the Internal Service Fund.

### **Factors Affecting Financial Condition**

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

**Local economy.** Guilford County generally enjoys a favorable economic environment, which until the recent 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 0.1% and 5.2% in fiscal years 2013 and 2012, respectively, after increasing 5.75% in the previous fiscal year. Taxable sales are \$ 5.65 billion for fiscal year 2013 as compared to \$ 5.64 billion for fiscal year 2012. Guilford County has a labor force of approximately 258,000. 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 2012 and 2013. The unemployment rate for Guilford County was 10.8% for 2011 and 9.7% for 2012; the U.S. unemployment rate was 9.0% for 2011 and 8.1% for 2012. Guilford County's unemployment rate of 9.4% for the first six months of 2013 is above the U.S. and North Carolina rates of 7.7 and 9.2%, respectively.

Guilford County's economy has continued to change and diversify. In 2012, manufacturing accounted for 15.2% of the County's jobs compared to 28.6% in 1980. Manufacturing jobs have declined significantly in furniture and textiles but have shown growth in computer and electronic products and electrical equipment. Major employers with headquarters or divisions within Guilford County include semiconductor, communications, chemical, bus, truck, pharmaceutical, insurance, aircraft maintenance, healthcare, real estate development, and distribution services. The County is home to two state universities, five private colleges, a private school of law, and a community college with a total enrollment exceeding 50,000 students.

FedEx (formerly Federal Express) completed construction of its fifth national hub, FedEx Mid-Atlantic Hub, at Piedmont Triad International Airport ("PTIA"). The first phase of the new \$300 million Mid-Atlantic air-cargo hub opened in June 2009. FedEx moved its local ramp operations into 500,000 square feet of the new one million square-foot complex on 165 acres. Full regional hub operations are slated to begin in the future. FedEx added more than 400 workers in Phase I, with a planned expansion to a total of 1,500 workers. A 9,000-foot runway was constructed at PTIA to accommodate the FedEx hub.

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 is targeting the end of 2014 for obtaining FAA certification. The company employs more than 800 workers with expected employment of approximately 1,200 when the plant reaches full production.

The City of Greensboro and the County approved incentives totaling approximately \$1.295 million in August 2011 towards 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 is hosting a ribbon cutting ceremony for its new 90,000 square-foot customer service facility in October 2013.

## LETTER OF TRANSMITTAL

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FedEx Ground opened in 2011 the company's \$110 million distribution hub on its 125-acre, \$13.3 million site in Triad Business Park. The 400,000 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. The company announced in June 2013 its plan to add 83,000 square feet to its facility. Construction on the expansion will begin in the fall of 2013 and will be done in phases with completion slated for late spring 2015.

Construction on a \$144 million future strip of Interstate 73 from NC Highway 68 to Bryan Boulevard, as well as a \$40 million taxiway bridge that would be built over the strip, will begin in 2014 and is expected to be completed in 2015. The taxiway/I-73 project would connect the airport to hundreds of acres located a mile from the airfield. A \$1.5 million grant to PTIA from the U.S. Department of Commerce was announced in September 2013. This grant was awarded for the final piece of a taxiway extension to improve PTIA's taxiway that supports the Honda Jet campus as well as other aviation companies and is expected to be completed in 2014.

BB&T Corporation announced in October 2012 that it had signed a seven-year sub-lease for the 390,000 square-foot former American Express call center near Piedmont Triad International Airport to create a new office to handle administrative and back office tasks. The corporation plans to create as many as 1,700 jobs over the next five years and eventually have as many as 2,500 employees working at what will now be called BB&T Triad Corporate Center.

UnitedHealthCare of the Carolinas announced plans in February 2013 to add 573 new jobs in North Carolina. About two-thirds of those new jobs will be located in Greensboro. As of July 2013, the company has added 267 new workers in Greensboro who are dedicated to customer service and claims processing, with plans to add up to 90 more workers by the end of the year. In 2012, the company had already added approximately 540 workers in North Carolina, most of them in the Greensboro office.

Cone Health celebrated its grand opening in June 2013 of its \$200 million, six-story North Tower at Moses H. Cone Memorial Hospital. The more than 260,000 square feet of new space will include 96 new patient rooms, along with 16 new operating rooms and a new emergency department. The health system opened its \$18 million emergency department at Wesley Long Hospital in August 2012.

Procter and Gamble Company announced in February 2013 its selection of Greensboro for its \$100 million plant expansion that will yield 200 jobs during the next three years. The average annual salary for the new jobs will be more than \$52,000. The company plans to invest \$30 million on property improvements and \$70 million in new machinery and equipment at its Browns Summit plant. The Greensboro City Council and the Guilford County Commissioners approved \$961,000 and \$975,000 in incentives for the expansion, respectively.

Local developers completed the \$10 million, 196-unit Greenway at Fisher Park apartment complex on a 4.2-acre site on the northern edge of downtown Greensboro near the Newbridge Bank Park baseball stadium in the fall of 2012. In December 2012, the developers announced plans for a \$6 million second phase, Greenway at Stadium Park, that would house 70 luxury rental units in a four-story, 74,000 square-foot building. Construction is expected to begin in the fall, with the units to come online in summer 2014.

Deep Roots Market natural food store opened its 10,600 square-foot, \$3 million co-operative grocery store in March 2013 next to Fisher Park on North Eugene Street facing the Downtown Greenway.

Elon University School of Law is investing in downtown with its purchase in 2012 of several parcels and most recently in mid-2012, the renovation of about 6,000 square feet in the Bank of America building at 101 West Friendly Avenue.

Greensboro developers started the \$13.1 million redevelopment of the historic Southeastern Building in spring of 2013. Plans call for redeveloping the 1920's era nine-story, 100,000 square-foot building on Elm Street into mixed use retail, office space and apartments. Construction is set to take about a year.

## LETTER OF TRANSMITTAL

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Local leaders have set 2016 as the targeted opening date for a proposed \$40 million downtown university campus. The downtown university campus would be for the shared use of the seven colleges and universities with physical locations in Greensboro.

The Greensboro Performing Arts Center (GPAC) task force presented its report in February 2013, which calls for an around 3,000-seat multi-use venue. In February, the City Council approved \$20 million in support for the proposed \$60 million project. In August, the Council voted to buy 6 parcels for \$7.6 million on the downtown area bounded by North Elm and Lindsay and Summit Avenue. In September, the City approved \$3.9 million for the purchase of adjacent property for the project. The site will include space for paid parking, which will provide an additional \$10 million revenue to the project; private donors are expected to pay the remaining \$30 million.

Volvo Group North America is planning a \$15 million three-story building near the Greensboro-High Point border, a project that will be one of the Triad's largest new office construction projects in the past decade. The 123,000 square-foot office will be located on a 10.5-acre tract on Piedmont Parkway. The new office is located within the High Point city limits. Construction should begin in fall 2013 and take about a year. The Volvo Group unveiled its \$10 million, 40,000 square-foot expansion to its Technical Center on its Greensboro campus in October 2012. A \$2.5 million 20,000 square-foot addition to its Greensboro campus was completed in June 2013.

High Point University announced in 2010 a \$2.1 billion, 10-year expansion and upgrade plan. A \$10 million, 31,000 square-foot School of Education was opened in August 2012. The University opened a new \$25 million, 300-plus bed town home student housing complex in August 2012. In November 2012, the University opened a 13,150 square-foot, \$2.5 million Biomechanics and Physiology Lab at the former Circuit City site near Oak Hollow Mall. The University added 260 jobs in 2011 and 2012.

High Point Regional Health System has completed its merger with UNC Health Systems, a not-for-profit integrated health care system, effective April 1, 2013. The merger provides for \$150 million for capital improvements and \$50 million for the establishment of a newly formed Community Health fund. With the merger in place, the health system plans to push forward on the \$56 million renovation and expansion project that received final approval from State regulators in September 2012.

Ralph Lauren Corporation established its third major distribution/logistics facility on Eagle Hill Drive in High Point in April 2011 which could add up to 400 jobs and \$21 million to High Point's tax base over a five year period. 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, slated to be completed by the end of the 3rd quarter 2013, will create 500 jobs over the next 5 years and bring more than \$142 million in investment to High Point. Of the 900 jobs planned in High Point, over 660 had been filled by March 2013. The company's plans to lease 360,000 square feet within an existing building in Whitsett for a distribution center were confirmed in March 2013. The company plans to add as many as 200 jobs at the facility.

In April 2012, Stanley Furniture, Inc. announced plans to relocate its headquarters from Virginia to High Point, bringing its showroom and consolidated headquarters downtown. A year later the company moved into its \$6 million, 70,000 square-foot home in the city's design district. About \$751,000 in government incentives were approved to move the headquarters to High Point and create 42 local jobs. The City of High Point authorized up to \$340,000. Guilford County approved \$76,000 in incentives and the State is contributing \$335,000.

OFS Brands, an existing High Point furniture factory and logistics company, announced in March 2013 that it will add 188 full-time jobs and \$9.25 million to the local tax base over the next five years. The upgrade and expansion project was made possible by performance-based grants—up to \$220,000 from the City of High Point, \$188,000 from Guilford County and \$300,000 from the State.



## LETTER OF TRANSMITTAL

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Soltas Lab Partners, a medical and diagnostic laboratories company co-headquartered in High Point, announced in February 2012 that it had chosen High Point for a major expansion. 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. The company added 265 jobs in 2011 and 2012.

Lenovo, the world's second largest personal computer maker, announced in January 2012 its plans for expanding its Whitsett distribution center. In the fall of 2012, the company unveiled a 40,000 square-foot, \$2.8 million expansion to its existing facility to be used for manufacturing, bringing its total to 240,000 square feet. Lenovo opened a \$10 million order fulfillment center in 2008 with a staff of 120 workers and by October 2012 employed approximately 175 workers. The company held a grand opening in June 2013 for its first U.S. production line at its facility in Whitsett, a move that adds 115 manufacturing jobs.

Pharmaceutical manufacturer Qualicaps announced in February 2013 that it will expand its Whitsett facility, invest \$26 million and create 123 jobs during the next three years. Guilford County Board of Commissioners approved \$272,000 in incentives over 3 years for the drug capsule company. The expansion was funded in part by a \$235,000 grant from One North Carolina Fund.

**Long-term financial planning.** In May of 2008, the voters authorized issuance of \$651.4 million in general obligation bonds for law enforcement, school and community college facilities. Of this amount \$196.44 million remain unissued for schools, GTCC and jail at \$130.17 million, \$29.9 million and \$36.37 million, respectively. The jail facility is fully funded and complete so no immediate plans exist to issue additional amounts. Current plans call for the issuance of approximately \$90 million over the next two years, depending on school and community college needs.

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. An updated CIP is planned for consideration by the Board by the end of the calendar year.

The County has historically provided post-retirement healthcare benefits to retirees meeting certain eligibility requirements, as more fully described under the Pension and other post employment benefits heading below. However, in an effort to address the long-term costs of this benefit, the Board of County Commissioners voted to discontinue all retiree health insurance eligibility for employees hired on or after July 1, 2009. A retirement health savings plan administered by ICMA with defined contributions providing better control of costs was implemented to replace this benefit for new employees. In addition, the County funded the annual required contribution (ARC) for the healthcare plan beyond the historical pay-as-you-go amounts by contributing \$2 million to an irrevocable trust during each of the fiscal years 2013, 2012, 2011 and 2010. The positive financial impact of these changes was apparent in the actuarial valuation report dated 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. At a September 23, 2013 work session the Board of County Commissioners voted to provide Medicare-eligible retirees a fully insured Medicare advantage plan effective with the 2014 calendar year. This action will remove the future claims liability from the self-funded plan. This strategy is anticipated to provide further positive financial benefits through reduced annual costs as well as in the next actuarial valuation report planned for December 31, 2013.

The unassigned fund balance of the General Fund at fiscal year end stood at 10.51% of the subsequent year's budget which exceeds the minimum of 8% set as a policy guideline by the Board of County Commissioners.



# LETTER OF TRANSMITTAL

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## **Cash management policies and practices**

Cash temporarily idle during the year was invested in fully insured or collateralized certificates of deposit, obligations of the U.S. Treasury and various Federal Agencies, prime quality commercial paper, and demand deposits in a State authorized money-market mutual fund whose portfolio consists of the types of instruments noted above. Investment income includes changes in the fair value of investments year-over-year. Changes in fair value during the current year, however, do not necessarily represent trends; nor are such amounts usually realized, especially in the case of temporary changes in the fair value of investments that Guilford County intends to hold to maturity. Interest earnings on investments only for the fiscal year ended June 30, 2013 were \$1.0 million on an average invested balance of \$335.5 million.

## **Risk management**

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

## **Pension and other post employment benefits**

Guilford County provides pension and death benefits for its employees through the statewide North Carolina Local Governmental Employees' Retirement System (LGERS). LGERS is a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. Guilford County has no obligation in connection with employee benefits offered through this plan beyond making the required contributions as set by the North Carolina General Assembly. The July 1, 2012 contribution rate of 6.74% of salary for general employees and 6.77% for Law Enforcement employees was increased to 7.07% and 7.28%, respectively beginning July 1, 2013. 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. During fiscal year 2013, the County elected to contribute this amount for all other eligible employees as well. Employees could also make additional contributions to the plan in accordance with Internal Revenue Service Code Section 401k. Effective July 14, 2013, the County changed the contribution for other eligible employees to match the employee contribution up to 5%.

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

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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.

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, 2012. This was the thirty-second 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







Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Guilford County  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO

# PRINCIPAL OFFICIALS

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## Board of County Commissioners

**Linda O. Shaw**  
Chairman

**Bill Bencini**  
Vice Chairman

**Alan Branson**

**Kay Cashion**

**Carolyn Q. Coleman**

**Bruce Davis**

**Hank Henning**

**Jeff Phillips**

**Ray Trapp**

## County Manager

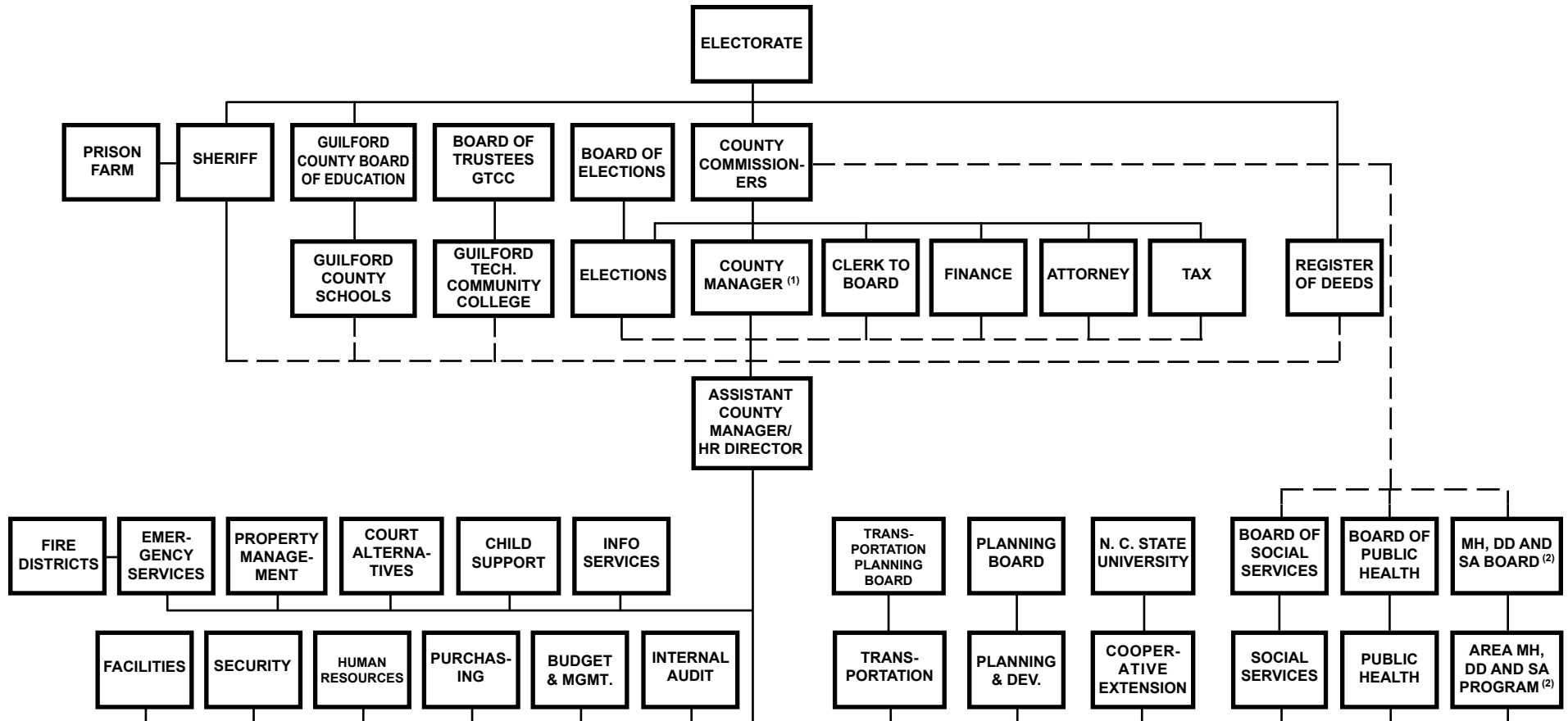
**Marty K. Lawing**

## Finance Director

**N. Reid Baker III, CPA**



# 2012-13 ORGANIZATIONAL CHART GUILFORD COUNTY, NORTH CAROLINA



AIX

(1) 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.

(2) The County ceased operations of its Mental Health department and effective January 1, 2013 merged those services with a multi-county authority, Sandhills Center for Mental Health, Developmental Disabilities and Substance Abuse Services.

**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

## **Report of Independent Auditor**

The Board of County Commissioners  
Guilford County, North Carolina

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Guilford County, North Carolina (the "County"), as of and for the year then ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of June 30, 2013, and the respective changes in financial position and cash flows, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Supplementary and Other Information*

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

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

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

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2013 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*Cherry Robert LLP*

Raleigh, North Carolina  
October 28, 2013

# 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, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the Introductory Section of this report on pages i - ix.

## Financial Highlights

### *Government-Wide*

- The liabilities and deferred inflows of Guilford County exceeded its assets and deferred outflows at the close of the most recent fiscal year by \$430.6 million (net position).
- The County's total net position decreased by \$42.7 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 \$64.5 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 \$21.8 million.
- The County's outstanding debt decreased by \$54.2 million to \$902.3 million during the fiscal year, while its investment in capital assets increased by \$2.4 million to \$257.1 million.

### *The County's Funds*

- At the fiscal year end, Guilford County's governmental funds reported a combined fund balance of \$285.4 million, a decrease of \$91.1 million from the previous fiscal year end. Approximately 63.8% of this combined fund balance, or \$182 million, is non spendable or restricted. The major decreases occurred in the Capital Outlay Funds from capital project expenditures funded mainly by bond issues during the prior fiscal year.
- The fund balance of the County's General Fund decreased only \$2.2 million as expenditures exceeded revenues by \$2.3 million while net other financing sources and uses added \$0.1 million.
- The unassigned fund balance for the General Fund (the County's major operating fund) increased by \$4.7 million to \$58.7 million at fiscal year end equaling 10.6% of the total General Fund expenditures for the year.

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

## Overview of the Financial Report

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

1. The *statement of net position* presents information on all of Guilford County's assets and deferred outflows as well as liabilities and deferred inflows, with the difference between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Guilford County is improving or deteriorating.
2. The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. This statement accounts for all of the year's revenues and expenses without regard as to when cash is received or paid. All changes in net position are reported as soon as the underlying event giving rise to the change occurs. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements are divided into three categories: governmental activities, business-type activities and component units.

*Governmental activities* - Governmental activities are those functions of the County that are principally supported by taxes and intergovernmental revenues. The governmental activities of Guilford County include general government, human services, public safety, environmental protection, culture-recreation, economic development and assistance, education, and interest on long-term debt.

*Business-type activities* - Business-type activities are intended to recover all or a significant portion of their costs through user fees and charges. Guilford County has no business-type activities to report.

*Component Units* - The government-wide financial statements include not only Guilford County (*known as the primary government*), but also Greensboro/Guilford County Tourism Development Authority, a legally separate entity for which Guilford County is financially accountable. Financial information for this *component unit* is reported separately within the government-wide financial statements from the financial information presented for the primary government. The government-wide financial statements can be found on pages 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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.

**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 17-55 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 57 and 58 of this report.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Guilford County, net position is negatively impacted by the fact that the County issues debt to fund the construction of capital assets that become the assets of other governmental entities upon completion. The County issues general obligation debt to fund the majority of the cost of constructing these assets. Liabilities and deferred inflows exceeded assets and deferred outflows by \$430.6 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	
	2013	2012
Current and other assets	\$ 355,816,313	463,294,121
Capital assets	257,124,196	254,751,782
<b>Total assets</b>	<b>612,940,509</b>	<b>718,045,903</b>
Deferred Outflows	2,572,514	3,988,933
Long-term liabilities outstanding	1,001,447,006	1,042,157,901
Other liabilities	42,436,138	65,302,186
<b>Total liabilities</b>	<b>1,043,883,144</b>	<b>1,107,460,087</b>
Deferred Inflows	2,218,824	2,447,378
Net position:		
Net investment in capital assets	138,096,814	133,301,449
Restricted	84,400,139	81,943,441
Unrestricted	(653,085,898)	(603,117,519)
<b>Total net position</b>	<b>\$ (430,588,945)</b>	<b>(387,872,629)</b>

The largest portion of Guilford County's net position reflects its investment in capital assets (e.g., land, buildings, improvements, machinery and equipment, vehicles, and intangibles), less any related outstanding debt used to acquire those assets. Guilford County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although Guilford County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Guilford County, along with many other counties in North Carolina, issues debt to fund school facilities that become assets of the school district and community college facilities that become property of the community college. In addition, Guilford County has issued debt to fund water and sewer lines that become assets of various municipalities. General obligation bonds have been issued by the County to fund the majority of the cost of these assets. The County's liabilities at June 30, 2013 include outstanding general obligation debt of \$720.8 million and limited obligation bonds of \$16.8 million related to funding these non-county assets. This represents 87.3% of the County's outstanding bonded debt. Because the

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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	
	2013	2012
<b>Revenues</b>		
<b>Program revenues</b>		
Charges for services	\$ 41,382,069	46,315,968
Operating grants and contributions	87,984,102	93,827,992
Capital grants and contributions	810,671	414,711
<b>General revenues</b>		
Taxes:		
Property taxes for general purposes	354,843,090	352,831,446
Property taxes for fire districts	10,796,169	10,408,129
Sales taxes for general purpose	52,653,793	50,785,202
Sales taxes for fire districts	1,991,259	1,911,514
Sales taxes for school capital/debt	14,512,409	14,057,029
Occupancy taxes for tourism development	4,627,346	4,441,971
Other taxes	2,587,977	2,314,061
Grants and contributions not restricted	1,466,619	1,945,810
Unrestricted investment earnings	2,279,877	(2,517,050)
Other	352,415	452,404
<b>Total revenues</b>	<b>576,287,796</b>	<b>577,189,187</b>
<b>Expenses</b>		
General government	42,965,674	46,807,995
Human services	144,195,031	158,946,804
Public safety	119,896,894	111,502,379
Environmental protection	1,357,646	1,368,749
Culture and recreation	7,220,201	5,817,799
Economic development/urban redevelopment	21,261,349	7,239,287
Education	253,356,987	282,303,468
Interest on long-term debt	28,750,330	26,392,310
<b>Total expenses</b>	<b>619,004,112</b>	<b>640,378,791</b>
<b>Changes in net position</b>	<b>(42,716,316)</b>	<b>(63,189,604)</b>
Net position at beginning of year	(387,872,629)	(324,683,025)
Net position at end of year	<b>\$ (430,588,945)</b>	<b>(387,872,629)</b>

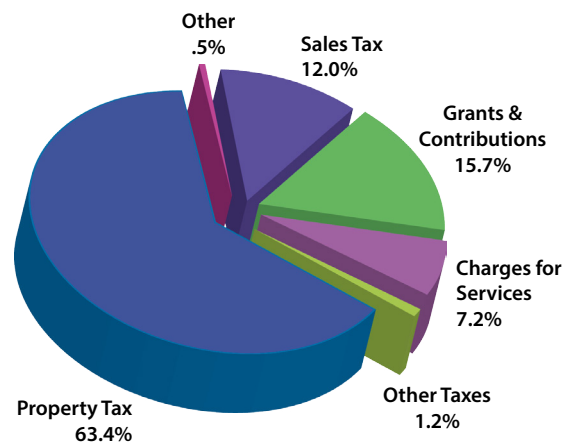
## MANAGEMENT'S DISCUSSION AND ANALYSIS

As noted in the highlights Guilford County's net position decreased \$42.7 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 \$66 million in capital spending with \$49.8 million for school facilities and \$16.2 million for community college facilities.

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

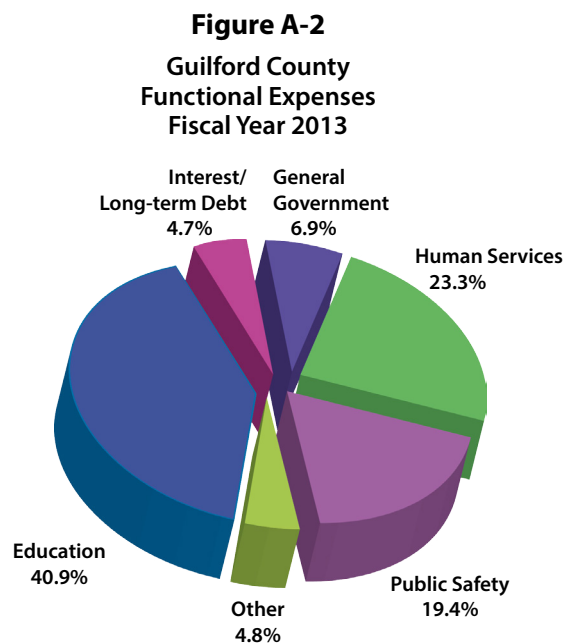
- Guilford County's activities would increase net position if the expenses related to capital funding provided to outside entities and debt and restricted revenue supporting these expenses were eliminated.
- Program revenues covered 21% of program expenses, decreasing from 21.9% last year.
- Program revenues totaled \$130.2 million decreasing by \$10.4 million from the previous year. Charges for services decreased relative to the prior year \$4.9 million to \$41.4 million. Operating grants from the State and Federal government decreased \$5.8 million to \$88 million while capital grants and contributions increased \$0.4 million to \$0.8 million. General Government and Human Services charges for services were down \$1.8 million and \$6.1 million, respectively while Public Safety and Culture-Recreation were up \$2.7 million and \$0.5 million. The General Government decrease was due mainly from the prior year sale of property purchased from the schools for resale. Human Services decreased by \$4.3 million in Public Health and \$1.8 million in Mental Health. Public Safety increased by \$1.5 million in Emergency Services and \$0.9 million from the reimbursement of radio costs to outside entities in the 800 MHz Radio Replacement capital project. The net decreases in departmental charges for services and operating and capital grants are due principally to the same changes in governmental fund charges for services and intergovernmental revenues that are more fully discussed under this section.
- General revenues totaled \$446.1 million increasing by \$9.5 million over the previous year. Property tax revenue increased \$2.4 million to \$365.6 million even though the County-wide tax rate declined slightly from \$.7824 to \$.7804 per hundred of assessed value. Sales tax revenue increased \$2.4 million to \$69.2 million. Investment income increased \$4.8 million due mainly to a \$1.4 million increase versus a \$3.6 million prior year decrease in fair value of interest rate swaps entered into in connection with variable-rate general obligation bonds. The remaining general revenues decreased \$0.1 million overall.

**Figure A-1**  
Guilford County  
Sources of Revenue  
Fiscal Year 2013



## MANAGEMENT'S DISCUSSION AND ANALYSIS

- Expenses decreased 3.3% or \$21.4 million to \$619 million. Education expenses were down \$28.9 million or 10.3% due to a decrease in capital funds expended by the schools and community college as operating funds remain almost unchanged. Human services expenses decreased \$14.8 million or 9.3% due mainly to the merger of Mental Health services with a multi-county authority effective January 1, 2013. General government expenses decreased \$3.8 million or 8.2% due mainly to a \$2 million parking lot purchase from school surplus property and \$1.5 million bond issuance costs from the prior year. Economic development expenses increased \$14 million due mainly to funding water and sewer projects as this program with some of the municipalities continues to wind down. Public safety expenses increased \$8.4 million or 7.5%, interest on long-term debt increased \$2.4 million to \$28.8 million or 8.9% and culture/recreation increased \$1.4 million or 24.1%. These changes in expenses are due principally to the same changes in governmental fund expenditures that are more fully discussed under this section. In addition, \$1.9 million of the increased public safety expenses were due to depreciation (mainly detention center) net of increased capital assets purchased in the General Fund and additional support to the rural fire districts.



- Net position decreased \$42.7 million, a \$20.5 million or a 32.4% 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 decreased expenses other than capital funding provided to outside entities continues to generate net position.

### Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, Guilford County's governmental funds reported combined ending fund balances of \$285.4 million, a decrease of \$91.1 million in comparison with the prior year. Most of the decrease is attributable to the current expenditure of general and limited obligation bonds for school, community college, park and the detention center capital projects. Other sources of funds were expended on water and sewer and other capital projects as well. The fund balance available for appropriation, which is not reserved under North Carolina general statutes, makes up 79% of the total or \$225.3 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 (\$15.8 million), or (3) reserved under other state statutory requirements (\$42.8 million).

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Approximately \$122 million of the available fund balance is restricted for a specific purpose, mainly capital, while another \$11.4 million has been committed for a specific purpose, again mainly capital. Assigned fund balance of \$38.8 million has for the most part been appropriated in the FY2014 budget or assigned towards capital projects. The unassigned fund balance totals \$53.1 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 \$93.5 million, up \$1.9 million, while total fund balance declined \$2.2 million to \$138.3 million. Fund balance may be available for restricted, committed, assigned or general purposes. As a measure of the General Fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 16.8% of total General Fund expenditures, while total fund balance represents 24.9% 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 \$58.7 million is equal to 10.51% of the fiscal year 2013-14 General Fund budget.

The fund balance of Guilford County's General Fund decreased \$2.2 million during the current fiscal year. Revenues of \$552.7 million were less than expenditures by \$2.3 million and other financing sources and uses added another \$0.1 million. Revenue decreased by \$7.5 million, a 1.3% decrease from last fiscal year. General Fund revenue activities are as follows:

- Property tax revenue increased to \$353.1 million, going up \$1.8 million or 0.5% due to an increase in assessed values from \$45.4 billion to \$45.5 billion and an increase in prior year collections while the County-wide tax rate decreased slightly from \$.7824 to \$.7804 per hundred of assessed value.
- Sales tax revenue in the General Fund increased by \$2.3 million or 3.6% to \$67.2 million as taxable retail sales remained at the FY2012 level of \$5.6 billion.
- Excise tax revenue remained down from its highs due to the slumping real estate market although continued modest increases compared to recent fiscal years is encouraging.
- Charges for services decreased \$4 million, down 10.2%. The most significant decreases were in Public Health for \$4.2 million and Mental Health for \$1.8 million. Public Health decreases were 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. Mental Health decreases were due to the merger of these services with a multi-County Authority effective January 1, 2013. The most significant increases were Emergency Medical Services up \$1.5 million from increased ambulance fees and Parks up \$0.5 million after taking over the operations of the parks from outside contractors effective January 1, 2013.
- Intergovernmental revenue decreased \$8.4 million or 8.8% to \$86.9 million. Most of the change related to Mental Health down by \$9.1 million due to the merger of these services with a multi-County Authority effective January 1, 2013 buffered by Education up \$1.6 million mostly from increased Federal interest rebates to support school debt service in the Debt Service Department. The remaining net decrease was spread over several departments.
- Investment income for the General Fund decreased by \$0.2 million or 17.4% due to continued record low interest rates decreasing yields as well as a lower average invested balance.
- Other revenues increased \$0.7 million, up 9.6%.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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General Fund expenditures were \$555 million, increasing \$3.4 million or 0.6% from last year. Highlights of significant areas of change include:

- Debt service costs increased \$7.5 million or 9.9% due mainly to principal and interest costs associated with recent debt issues partially offset by decreased legal and issuance costs as no bonds were issued in fiscal year 2013.
- Public Safety expenditures increased \$6.5 million to \$96.2 million, a 7.3% increase due mainly to increased Law Enforcement and Emergency Services expenditures. Law Enforcement expenditures increased \$5.7 million, up 9.9% due mainly to the first full year staffing and operations associated with the new Greensboro Detention Center. Administrative costs for part-time salaries, vehicle purchases and vehicle maintenance were up as well. Emergency Services expenditures increased \$1.4 million, or 6% due mainly to increased communications and emergency medical personnel costs.
- General Government expenditures increased \$3.2 million, up 7.8% due mainly to increases in Human Resources of \$1.2 million primarily for retiree health care and Facilities by \$1.9 million for increased salaries and benefits, utilities and building maintenance costs. Other smaller increases and decreases were generally spread among the other departments.
- Human Services expenditures decreased \$13.8 million, down 9.2% due mainly to decreased expenditures of \$14.3 million in Mental Health as this department ceased operations on December 31, 2012 with the merger of these services into a multi-county authority, Sandhills Center for Mental Health, Developmental Disabilities and Substance Abuse Services. Other increases in Public Health and Transportation expenditures of \$0.5 million and \$0.7 million, respectively were offset by decreases in Social Services and Public Assistance expenditures of \$0.5 million and \$0.8 million, respectively.
- Economic Development and Assistance expenditures decreased \$1.2 million to \$1.1 million, down 51.1% due to decreased economic incentive payments.
- Education expenditures changed only slightly as the Guilford Technical Community College amount of \$11.8 million remained equal to FY2012 while the Guilford County Schools amount increased \$0.4 million to \$175.6 million.

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

The County Building Construction Fund fund balance decreased \$8.7 million. Revenue and other sources included \$0.5 million from park grants, \$0.9 million from outside agencies for their portion of the 800 MHz Radio Replacement project due in FY2013 and \$0.6 million transfer of federal forfeiture funds from the General Fund to support the Law Enforcement District I project. Expenditures of \$10.4 million included general government projects of \$1.3 million mainly for the renovation of the BB&T and Edgeworth buildings; human service projects totaled \$0.5 million mainly for the Greensboro Health Department Renovations project; public safety projects included \$2.2 million for the Guilford County Detention Center and \$2.5 million for the 800 MHz Infrastructure Upgrade projects; while park projects with total expenditures of \$3.6 million included expenditures for park improvements, greenways and open space acquisitions. Other uses of \$0.5 million transfers out moved unexpended watershed bonds to the General Fund for debt service retirement.

The Water and Sewer Construction Fund fund balance decreased \$17.6 million as revenues of \$0.1 million from fees and other revenue were less than expenditures and other uses of \$15.6 million and \$2 million,



## MANAGEMENT'S DISCUSSION AND ANALYSIS

respectively. Project costs totaled \$15.1 million while payments totaling \$0.5 million were made to the Cities of Archdale and High Point in accordance with termination provisions of these water and sewer agreements. The project costs include advance funding of all non-bond sources to the City of Greensboro of \$4.2 million to manage all remaining projects through completion. The agreement with Greensboro provides for reimbursement of costs with bond funds as they occur and one half of the funds remaining at the end of the projects, if any, are due back to the County. The agreement called for all remaining Greensboro funds to be divided equally between the City and County upon termination. Funds that were obligated to mutually agreed upon projects continued to support those projects, before any left-over funds were divided. \$9.2 million of the County's portion of left-over funds were advanced in support of a new project, Eastern Area Sewer Plan, to provide sewer lines to an area of the County that is considered attractive for future development. Another \$1.3 million of the County's funds were advanced in support of the existing Lynwood Lakes Sewer project. Other uses of \$2 million transfers out moved unexpended/unobligated water and sewer bonds to the General Fund for debt service retirement.

The School Capital Outlay Fund fund balance decreased \$62.5 million. Intergovernmental revenues to the schools were \$1.5 million while other financing sources were \$2 million transfers in from the General Fund. Expenditures of \$66 million consisted of \$49.8 million and \$16.2 million for Guilford County Schools and Guilford Technical Community College projects, respectively.

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

Operating revenues of internal service operations exceeded operating expenses by \$2.8 million. Non-operating revenue (net investment loss from mark to market by insurance pools) had little impact resulting in an overall gain of \$2.8 million as well. The County anticipated using up to \$0.3 million to reduce excess reserves based on the original annual financial plan. The sole purpose of the fund is the operation of the County's risk management programs. The operating gain was spread across all programs.

### General Fund Budgetary Highlights

The final General Fund budget for fiscal year 2012-13 was \$589.7 million, an increase of \$2.2 million from the original budget of \$587.5 million which is a 0.4% increase.

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

	<u>Sources</u>		<u>Uses</u>
Fund Balance	\$ 8,111,667	Facilities	\$ 1,589,813
		Public Health	903,025
Transfers In	2,566,631	Mental Health	(11,346,019)
		Social Services	2,337,138
Intergovernmental Revenue	(5,573,570)	Law Enforcement	4,576,818
		Culture - recreation	1,108,648
Charges for Services	(3,975,249)	Economic Development & Assistance	2,831,338
Other Sources	1,030,298	Other Uses	159,016
	<u>\$ 2,159,777</u>		<u>\$ 2,159,777</u>

The County amends its budget each year to carry forward outstanding encumbrances from the prior year utilizing fund balance. The carry forward budget amendment for the fiscal year ending June 30, 2013

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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was \$10.2 million for all General Fund departments. This and other smaller increases were buffered by a decrease of \$2.6 million from transfers in. During fiscal year 2013, management decided that unexpended/unobligated watershed, water and sewer bond funds would not be needed for future capital projects; therefore \$2.6 million were transferred into the General Fund to help pay off outstanding watershed, water and sewer bonded 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. However, during fiscal year 2013 the County ceased operations of its Mental Health department as of December 31, 2012 and effective January 1, 2013 merged those services with a multi-county authority, Sandhills Center for Mental Health, Developmental Disabilities and Substance Abuse Services. The Mental Health budget was reduced to reflect one-half year's operations and the County only funding to Sandhills. The decrease in this type of funding reported as intergovernmental revenues was \$5.6 million due principally to a \$9 million decrease in Mental Health buffered by \$2.1 million and \$1.5 million increases in Social Services and Law Enforcement, respectively. Mental Health merger was also the main reason for the \$4 million decrease in the charges for services budget. Other changes during the year resulted in small increases in several other revenues totaling \$1 million.

The final General Fund budget for fiscal year 2012-13 was \$589.7 million, decreasing by \$60.5 million from the previous year's final budget due mainly to \$61.3 million for refunding bond and other debt payments and terminating an interest rate swap during the prior year which were offset by related increases in sources of funds and net reductions from the original Debt Service budget of \$4.6 million. Most of the remaining increases and decreases net to very little overall change. However, the more significant increases to Debt Service, General Government, Public Safety and Culture-Recreation departments and Transfers Out are offset by reductions in Human Service and Economic Development and Assistance departments. Debt Service increased by \$8.1 million or 9.7% from FY2012 bond issues. General Government departments increased \$4.6 million mainly in Human Resources, Information Services and Facilities by \$1.4 million, \$0.9 million and \$2.3 million, respectively. Human Resources was due mainly to retiree health care; Information Services to computer equipment, software service and maintenance costs; and Facilities to salaries and benefits, routine and special building maintenance for the new detention center and general government buildings. Public Safety departments increased \$4.7 million in Law Enforcement by \$4.3 million mainly to staff and operate the new detention center for a full year; and Emergency Services by \$1.2 million for personnel costs, vehicles and related operating costs and technology initiatives buffered by decreases in the other departments by \$0.8 million. Culture-Recreation increased \$0.6 million due to the takeover by the County effective January 1, 2013 of park operations from outside contractors to record costs at gross instead of net of revenues as previously billed by the municipalities. Transfers out increased \$2 million to School capital and \$0.6 million to the Law Enforcement District I capital project and decreased \$1.5 million to community college capital. Human Services departments decreased \$17.1 million mainly in Mental Health and Social Services by \$15.3 million and \$1.6 million, respectively. Mental Health was due to adjusting the budget after merging these services with an outside authority effective January 1, 2013 while Social Services was mainly reduced service costs to outside agencies spread throughout the programs as well as software purchases in the prior year. Economic Development & Assistance decreased \$1.6 million from a reduced original budget for potential incentive payments as well as a lower carryover of incentive obligations encumbered at year end but not yet earned by the companies. General Fund expenditures and other uses for the 2013 fiscal year were 94.6% of the final budget, equal to the 94.6% from fiscal year 2012.

The resulting \$32.1 million variance in the actual expenditures and other uses from the final budget versus \$35.7 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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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 Information Services variance increased \$1.1 million due to a similar increase in the final budgets that were not actually expended. Otherwise, variances generally declined as budgets continued to tighten throughout the County. The \$3.3 million decrease in the Human Services variances was spread throughout all but one of these departments. Similarly, a \$1.8 million decrease in Public Safety variances was in nearly all of the departments, most significantly Law Enforcement as new detention personnel were hired at a slower pace than budgeted in the prior year.

### Capital Asset and Debt Administration

**Capital assets.** Guilford County's investment in capital assets for its governmental activities as of June 30, 2013, amounts to \$257.1 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 \$2.4 million during the current fiscal year.

Land increased \$1.7 million mainly from purchases of park land. Construction in progress increased \$3.3 million before transfers, mainly in the BB&T Building in Greensboro (for Information Services and Register of Deeds), Edgeworth Building in Greensboro, Greensboro Health Department, and Guilford County Detention Center projects by \$0.4 million, \$0.5 million, \$0.3 million and \$1.7 million, respectively. Buildings increased \$105.9 million mainly from closing the completed Greensboro Detention Center project out of construction in progress. Other projects included buildings at Northeast Park and the Rock Creek EMS Base as well as major renovations to the BB&T Building, Greensboro Courthouse, and Greensboro Health Department Buildings. Improvements other than buildings in the parks increased \$0.9 million before depreciation. Machinery and equipment increased \$3 million before depreciation as additions of \$4.4 million mainly for public safety communication and other equipment outpaced disposals. Vehicles increased \$1.7 million, before depreciation as additions of \$3 million mainly for Law Enforcement and Emergency Services again outpaced disposals. Intangible assets increased \$0.7 million before depreciation from completion of financial and fleet management systems implementations and upgrades as well as Public Health Practice Partner Plus and Emergency Medical Services Statistical Modeling Program software purchases.

Additional information on Guilford County's capital assets can be found in Note III. C. on pages 31 and 32 of this report.

Table A-4

**GUILFORD COUNTY'S Capital Assets**  
(Net of Accumulated Depreciation)

	Governmental Activities	
	2013	2012
Land	\$ 49,521,516	47,773,975
Buildings	170,217,888	69,545,916
Improvements other than buildings	9,563,143	9,534,203
Machinery and equipment	16,902,826	14,875,342
Vehicles	4,337,008	3,712,797
Construction in progress	987,953	103,537,286
Intangibles	5,593,862	5,772,263
<b>Total</b>	<b>\$ 257,124,196</b>	<b>254,751,782</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**Debt Administration.** At the end of the current fiscal year, Guilford County had total bonded debt outstanding of \$845.2 million, \$828.3 million of which were general obligation bonds backed by the full faith and credit of the County and \$16.8 million of which were limited obligation bonds backed by collateral. In addition there were \$58.5 million in unamortized bond issuance premiums and \$6.4 million of obligations under capital leases and installment financings all net of interest rate swap termination charges of \$7.8 million. Guilford County's total debt decreased \$54.2 million during the fiscal year, due mainly to \$49.5 million of scheduled principal payments on general obligation bonds and other debt.

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

State statutes limit the amount of general obligation debt a governmental entity may issue to eight percent of its total assessed valuation. The current debt limitation for Guilford County is \$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. E. on pages 33-37 of this report.

Table A-5  
**GUILFORD COUNTY'S Outstanding Debt**

	<b>Governmental Activities</b>	
	2013	2012
General obligation bonds	\$ 828,310,000	876,530,000
Plus bond issuance premiums	58,536,712	64,399,241
Less swap termination fees	(7,770,389)	(8,901,431)
Limited obligation bonds	16,845,000	16,845,000
Capital leases and installment financings	6,377,923	7,653,508
<b>Total</b>	<b>\$ 902,299,246</b>	<b>956,526,318</b>

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

- The County's fiscal 2014 General Fund budget has decreased by \$29 million from the fiscal year 2013 original budget to \$558.5 million, a 4.9% decrease.
- The General Fund appropriated fund balance of \$27.3 million for the fiscal year 2014 is \$3.6 million less than last year's original General Fund budget, and maintains a stable unassigned fund balance at June 30, 2013 of 10.51% of the 2014 budget. Decreases to appropriations from generally available fund balance were \$2.6 million. Decreases to appropriations from restricted, committed and assigned funding sources accounted for \$1 million. The budget did not provide for a post employment benefit contribution to a pension trust fund in the amount of \$2 million as in the past four years. The Board agreed to reconsider this funding after the year end close.
- The General Fund ad valorem tax rate levied for fiscal year 2014 is \$.77 per \$100 valuation, a decrease of \$.0104 from the 2013 level of \$.7804. The rate decrease combined with a 0.5% increase in the County's estimated tax base to \$45.6 billion will cut \$3.8 million in current tax revenue, a 1.1% decrease from the previous year. This decrease is somewhat buffered by an increase in prior years tax revenue of \$1.9 million.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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- Estimated sales tax revenue of \$64.9 million for the fiscal year 2014 is equal to last year's original General Fund budget. Other significant changes in revenue include decreases in intergovernmental revenue of \$20 million and net decreases in other sources (mainly user charges) totaling \$4 million, with most of the decrease a result of the divestiture of the County's Mental Health program to a separate multi-County authority during fiscal year 2013.
- The General Fund budgets with the most significant decreases are Mental Health and Public Health. The Mental Health budget is down \$26.2 million or 72.5% to \$9.9 million due to the January 1, 2013 merger of the County's operations with a multi-County authority, Sandhills Center for Mental Health, Developmental Disabilities and Substance Abuse Services. Guilford County is now responsible for local funding only as intergovernmental and other revenue sources are earned directly by the Authority. The Public Health budget is down \$2.3 million or 7% to \$31 million due mainly to the termination of a \$1.5 million line of credit with an outside agency for providing uninsured children access to primary care medical services and one-time fiscal year 2013 costs of \$0.6 million for parking lot and roof repairs at the High Point offices. The Debt Service budget is down \$1 million or 1.1% to \$91 million due to reduced interest, fiscal charges and issue costs partially buffered by increased principal payments due. Transfers out to School Capital Outlay are down \$1 million or 50% to \$1 million but was more than made up from transfers out of the County Building Construction Fund totaling \$2.5 million.
- The 2014 General Fund budgets with the most significant increases over the 2013 amounts are Education up \$2.1 million or 1.1% to \$189.5 million with appropriations to Guilford County Schools up \$1.5 million to \$177.1 million and to Guilford Technical Community College up \$0.6 million to \$12.4 million; Economic Development and Assistance up \$0.8 million or 60.6% to \$2.2 million to provide for economic incentive payments approved in prior years; and Culture-Recreation up \$0.8 million or 17.7% to \$5.4 million for recording gross costs after taking over the operation of the County's parks from several municipalities that billed net of revenues.

### **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

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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, 2013, 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, 2013**

**Exhibit 1**

	<b>Primary Government</b>	<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Greensboro/Guilford County Tourism Development Authority</b>
<b>Assets</b>		
Cash and cash equivalents/investments	\$ 291,770,237	2,022,221
Receivables:		
Property taxes (net)	9,764,132	-
Accrued interest on property taxes (net)	884,074	-
Other taxes	534,083	86,969
Due from governmental units and agencies	39,501,869	67,049
Due from primary government	-	266,252
Service fees (net)	3,050,081	-
Special assessments	434,062	-
Accrued interest on investments	153,255	871
Other	4,353	5,508
Total receivables	54,325,909	426,649
Deposits and other assets	9,720,167	-
Total non-capital assets	355,816,313	2,448,870
Non-depreciable capital assets	50,733,469	-
Depreciable capital assets (net)	206,390,727	16,833
Total capital assets	257,124,196	16,833
Total assets	612,940,509	2,465,703
<b>Deferred Outflows of Resources</b>		
Unamortized bond refunding charges	2,151,223	-
Accumulated decrease in fair value of hedging derivatives	421,291	-
Total deferred outflows of resources	2,572,514	-
<b>Liabilities</b>		
Accounts payable and accrued liabilities	39,458,863	151,743
Due to component unit	266,252	-
Deposits	348,308	-
Derivative instrument - rate swaps	2,362,715	-
Current portion of long-term liabilities	54,591,432	-
Noncurrent portion of long-term liabilities	946,855,574	-
Total liabilities	1,043,883,144	151,743
<b>Deferred Inflows of Resources</b>	2,218,824	-
<b>Net Position</b>		
Net investment in capital assets	138,096,814	16,833
Restricted for:		
Stabilization by State statute	60,045,562	369,430
Self-funded insurance deposits	9,317,192	-
Guilford County Schools capital outlay	8,060,136	-
Other purposes	6,977,249	-
Unrestricted (deficit)	(653,085,898)	1,927,697
Total net position	\$ (430,588,945)	2,313,960

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, 2013**

**Exhibit 2**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
					Governmental Activities	Greensboro/Guilford County Tourism Development Authority
<b>Primary Government:</b>						
Governmental activities:						
General government	\$ 42,965,674	6,383,668	35,086	-	(36,546,920)	-
Human services	144,195,031	11,659,633	75,384,567	311,817	(56,839,014)	-
Public safety	119,896,894	22,715,104	1,875,697	374,780	(94,931,313)	-
Environmental protection	1,357,646	34,406	901,868	-	(421,372)	-
Culture - recreation	7,220,201	493,142	361,247	124,074	(6,241,738)	-
Economic development and assistance	21,261,349	89,664	50,000	-	(21,121,685)	-
Education	253,356,987	-	1,491,820	-	(251,865,167)	-
Interest on long-term debt	28,750,330	6,452	7,883,817	-	(20,860,061)	-
Total primary government	\$ 619,004,112	41,382,069	87,984,102	810,671	(488,827,270)	-
<b>Component Unit:</b>						
Greensboro/Guilford Co Tourism Dev Authority:						
Tourism promotion and development	\$ 3,567,102	60,557	4,047,212	-	-	540,667
General revenues:						
Taxes:						
Property taxes, levied for general purposes					354,843,090	-
Property taxes, levied for fire districts					10,796,169	-
Sales taxes, levied for general purposes					52,653,793	-
Sales taxes, levied for fire districts					1,991,259	-
Sales taxes, levied for school capital and/or debt					14,512,409	-
Occupancy taxes, levied for tourism development					4,627,346	-
Excise tax					1,900,114	-
Local gross receipts taxes					687,863	-
Grants and contributions not restricted to specific programs					1,466,619	-
Unrestricted investment earnings net of fair value increase of investment derivatives					2,279,877	4,317
Other					352,415	-
Total general revenues					446,110,954	4,317
Change in net position					(42,716,316)	544,984
Net position at beginning of year					(387,872,629)	1,768,976
Net position at end of year					\$ (430,588,945)	2,313,960

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

**GUILFORD COUNTY, NORTH CAROLINA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2013**

**Exhibit 3**

	General	County Building Construction	Water and Sewer Construction	School Capital Outlay	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents/investments	\$ 118,376,308	33,550,989	7,156,720	106,921,809	864,026	266,869,852
Receivables:						
Property taxes (net)	9,531,813	-	-	-	232,319	9,764,132
Accrued interest on property taxes (net)	884,074	-	-	-	-	884,074
Other taxes	57,091	-	-	-	476,992	534,083
Due from governmental units and agencies	32,524,511	1,198,983	-	5,208,773	563,096	39,495,363
Service fees (net)	2,781,901	-	-	-	-	2,781,901
Special assessments	-	-	434,062	-	-	434,062
Accrued interest on investments	130,629	10,523	-	-	304	141,456
Other	4,353	-	-	-	-	4,353
Total receivables	<u>45,914,372</u>	<u>1,209,506</u>	<u>434,062</u>	<u>5,208,773</u>	<u>1,272,711</u>	<u>54,039,424</u>
Deposits and other assets	<u>1,441,612</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,441,612</u>
Total assets	<u>\$ 165,732,292</u>	<u>34,760,495</u>	<u>7,590,782</u>	<u>112,130,582</u>	<u>2,136,737</u>	<u>322,350,888</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>						
Liabilities:						
Accounts payable and accrued liabilities	\$ 14,790,808	392,074	293,452	7,604,501	114,108	23,194,943
Due to component unit	-	-	-	-	266,252	266,252
Deposits	348,308	-	-	-	-	348,308
Total liabilities	<u>15,139,116</u>	<u>392,074</u>	<u>293,452</u>	<u>7,604,501</u>	<u>380,360</u>	<u>23,809,503</u>
Deferred Inflows of Resources	<u>12,293,079</u>	<u>-</u>	<u>514,060</u>	<u>-</u>	<u>378,567</u>	<u>13,185,706</u>
Fund balances:						
Non spendable	1,441,612	-	-	-	-	1,441,612
Restricted	53,372,359	15,102,549	5,692,758	104,655,591	1,758,170	180,581,427
Committed	20,575	6,289,925	-	5,079,261	-	11,389,761
Assigned	24,751,319	12,975,947	1,090,512	-	-	38,817,778
Unassigned	58,714,232	-	-	(5,208,771)	(380,360)	53,125,101
Total fund balances	<u>138,300,097</u>	<u>34,368,421</u>	<u>6,783,270</u>	<u>104,526,081</u>	<u>1,377,810</u>	<u>285,355,679</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 165,732,292</u>	<u>34,760,495</u>	<u>7,590,782</u>	<u>112,130,582</u>	<u>2,136,737</u>	<u>322,350,888</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, 2013**

**Exhibit 4**

<b>Total fund balances - total governmental funds (Exhibit 3)</b>	<b>\$</b>	<b>285,355,679</b>
<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.		257,124,196
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. (Note II.A.1.)		11,197,888
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.)		328,063
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.)		2,572,514
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)		27,919,693
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>(1,015,086,978)</u>
<b>Total net position of governmental activities (Exhibit 1)</b>	<b>\$</b>	<b><u>(430,588,945)</u></b>

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, 2013**

**Exhibit 5**

	General	County Building Construction	Water and Sewer Construction	School Capital Outlay	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes:						
Property taxes	\$ 353,140,768	-	-	-	10,776,585	363,917,353
Sales tax	67,166,202	-	-	-	1,991,259	69,157,461
Occupancy taxes	-	-	-	-	4,530,714	4,530,714
Excise tax	1,900,114	-	-	-	-	1,900,114
Local gross receipts tax	687,863	-	-	-	-	687,863
Licenses and permits	1,615,435	-	-	-	-	1,615,435
Intergovernmental	86,853,947	452,199	-	1,491,820	-	88,797,966
Charges for services	35,364,482	-	11,836	-	-	35,376,318
Investment earnings	854,740	58,218	-	-	675	913,633
Other	5,160,734	943,675	61,251	-	-	6,165,660
Total revenues	<u>552,744,285</u>	<u>1,454,092</u>	<u>73,087</u>	<u>1,491,820</u>	<u>17,299,233</u>	<u>573,062,517</u>
<b>Expenditures</b>						
Current:						
General government	44,636,072	-	-	-	-	44,636,072
Human services	135,334,550	-	-	-	-	135,334,550
Public safety	96,209,125	-	-	-	12,989,929	109,199,054
Environmental protection	1,260,849	-	-	-	-	1,260,849
Culture - recreation	5,435,795	-	-	-	-	5,435,795
Economic development and assistance	1,135,146	-	-	-	4,530,714	5,665,860
Intergovernmental:						
Education	187,383,088	-	-	65,973,899	-	253,356,987
Capital outlay	-	10,388,943	15,595,489	-	-	25,984,432
Debt service:						
Principal retirement	49,495,585	-	-	-	-	49,495,585
Interest and fiscal charges	34,130,332	-	-	-	-	34,130,332
Bond issuance costs	-	-	-	-	-	-
Total expenditures	<u>555,020,542</u>	<u>10,388,943</u>	<u>15,595,489</u>	<u>65,973,899</u>	<u>17,520,643</u>	<u>664,499,516</u>
Excess (deficiency) of revenues over expenditures	<u>(2,276,257)</u>	<u>(8,934,851)</u>	<u>(15,522,402)</u>	<u>(64,482,079)</u>	<u>(221,410)</u>	<u>(91,436,999)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers in	2,566,630	574,580	-	2,000,000	-	5,141,210
Transfers out	(2,574,580)	(522,735)	(2,043,895)	-	-	(5,141,210)
Sale of capital assets	132,315	155,850	-	-	-	288,165
Total other financing sources (uses)	<u>124,365</u>	<u>207,695</u>	<u>(2,043,895)</u>	<u>2,000,000</u>	<u>-</u>	<u>288,165</u>
Net changes in fund balances	(2,151,892)	(8,727,156)	(17,566,297)	(62,482,079)	(221,410)	(91,148,834)
Fund balances at beginning of year	140,451,989	43,095,577	24,349,567	167,008,160	1,599,220	376,504,513
Fund balances at end of year	<u>\$ 138,300,097</u>	<u>34,368,421</u>	<u>6,783,270</u>	<u>104,526,081</u>	<u>1,377,810</u>	<u>285,355,679</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, 2013**

**Exhibit 6**

<b>Net changes in fund balances - total governmental funds (Exhibit 5)</b>	<b>\$ (91,148,834)</b>
<p>Amounts reported for governmental activities in the statement of activities are different because (see also Note II.B.):</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. (Note II.B.1.)</p>	2,641,271
<p>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.)</p>	(268,857)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds until they are available. (Note II.B.3.)</p>	1,566,297
<p>Increases (decreases) in the fair value of hedging derivatives reported as an addition to (a reduction of) investment earnings in the statement of activities do not provide (require the use of) current financial resources and, therefore, are not reported as revenues (expenditures) in the governmental funds. (Note III.E. Derivative Instruments)</p>	1,373,264
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal consumes the current financial resources. Neither transaction, however, has any effect on net 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.)</p>	49,495,585
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. Some expenditures reported in the governmental funds do require the use of current financial resources because items are prepaid using the purchases method and, therefore, are not reported as expenses in the statement of activities. (Note II.B.5.)</p>	(9,164,182)
<p>The Internal Service Fund is used by management to charge the costs of risk management and insurance to individual funds. The net gain of the Internal Service Fund is reported with governmental activities. (See Exhibit 9)</p>	<u>2,789,140</u>
<b>Change in net position of governmental activities (Exhibit 2)</b>	<b>\$ <u>(42,716,316)</u></b>

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary and GAAP Basis	Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes:				
Property taxes	\$ 348,000,000	348,070,280	351,673,782	3,603,502
Interest on delinquent property taxes	1,200,000	1,200,000	1,466,986	266,986
Total property taxes	349,200,000	349,270,280	353,140,768	3,870,488
Sales tax	64,900,000	64,995,058	67,166,202	2,171,144
Excise tax	1,370,116	1,370,116	1,900,114	529,998
Local gross receipts tax	600,000	600,000	687,863	87,863
Franchise taxes	90,000	90,000	-	(90,000)
Licenses and permits	1,468,287	1,468,287	1,615,435	147,148
Intergovernmental	96,570,840	90,997,270	86,853,947	(4,143,323)
Charges for services	37,684,145	33,708,896	35,364,482	1,655,586
Investment earnings	1,257,500	1,257,500	854,740	(402,760)
Other	3,407,268	4,272,228	5,160,734	888,506
Total revenues	556,548,156	548,029,635	552,744,285	4,714,650
<b>Expenditures</b>				
Current:				
General government	47,905,862	49,856,324	44,636,072	5,220,252
Human services	153,384,363	145,630,429	135,334,550	10,295,879
Public safety	97,326,601	100,922,801	96,209,125	4,713,676
Environmental protection	1,340,149	1,361,295	1,260,849	100,446
Culture - recreation	4,586,293	5,694,941	5,435,795	259,146
Economic development and assistance	1,400,244	4,231,582	1,135,146	3,096,436
Intergovernmental:				
Education	187,383,088	187,383,088	187,383,088	-
Capital outlay	174,914	-	-	-
Debt service:				
Principal retirement	49,495,585	49,495,585	49,495,585	-
Interest and fiscal charges	40,765,144	40,771,395	34,130,332	6,641,063
Bond issuance costs	1,750,000	1,750,000	-	1,750,000
Total expenditures	585,512,243	587,097,440	555,020,542	32,076,898
Excess (deficiency) of revenues over expenditures	(28,964,087)	(39,067,805)	(2,276,257)	36,791,548
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	2,566,631	2,566,630	(1)
Transfers out	(2,000,000)	(2,574,580)	(2,574,580)	-
Sale of capital assets	126,000	126,000	132,315	6,315
Total other financing sources (uses)	(1,874,000)	118,051	124,365	6,314
Net change in fund balances	(30,838,087)	(38,949,754)	(2,151,892)	36,797,862
Fund balances at beginning of year	140,451,989	140,451,989	140,451,989	-
Fund balances at end of year	\$ 109,613,902	101,502,235	138,300,097	36,797,862

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, 2013**

**Exhibit 8**

		<u>Governmental Activities</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents/investments	\$	24,900,385
Receivables:		
Due from governmental units and agencies		6,506
Service fees (net)		268,180
Accrued interest on investments		<u>11,799</u>
Total receivables		286,485
Deposits and other assets		<u>9,317,688</u>
Total assets		<u>34,504,558</u>
 <b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued liabilities		4,971,357
Compensated absences		<u>2,709</u>
Total current liabilities		4,974,066
Noncurrent liabilities:		
Compensated absences		<u>12,597</u>
Total liabilities		<u>4,986,663</u>
 <b>Deferred Inflows of Resources</b>		 <u>1,598,202</u>
 <b>Net Position</b>		
Restricted for self-funded insurance deposits		9,317,192
Unrestricted		<u>18,602,501</u>
Total net position	\$	<u><u>27,919,693</u></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, 2013**

**Exhibit 9**

	Governmental Activities
Operating revenues:	
Charges for services	\$ 39,718,868
Other	419,298
Total operating revenues	40,138,166
Operating expenses:	
Personal services	126,884
Other direct service costs	5,240
Professional services	1,667,315
Claims, premiums and bonding	35,547,698
Total operating expenses	37,347,137
Operating gain	2,791,029
Nonoperating revenues:	
Net investment loss	(1,889)
Change in net position	2,789,140
Total net position at beginning of year	25,130,553
Total net position at end of year	\$ 27,919,693

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, 2013**

**Exhibit 10**

	<b>Governmental Activities</b>
<b>Increase (decrease) in cash and cash equivalents:</b>	
<b>Cash flows from operating activities:</b>	
Cash received from user departments and participants	\$ 39,819,218
Other operating revenues	410,714
Cash paid to employees for services	(124,517)
Cash paid to suppliers, participants and others	(37,428,674)
Net cash provided by operating activities	2,676,741
<b>Cash flows from investing activities:</b>	
Interest and dividends on investments	54,118
Net increase in cash and cash equivalents	2,730,859
Cash and cash equivalents at beginning of year	22,169,526
Cash and cash equivalents at end of year	\$ 24,900,385
 <b>Reconciliation of operating gain to net cash provided by operating activities:</b>	
Operating gain	\$ 2,791,029
Adjustments to reconcile operating gain to net cash provided by operating activities:	
Change in assets and liabilities:	
Increase in accounts receivable	(10,760)
Decrease in deposits and other assets	276,176
Decrease in accounts payable	(452,638)
Increase in accrued salaries and benefits payable	313
Increase in deferred inflows of resources	70,567
Increase in accrued vacation and compensatory benefits	2,054
Total adjustments	(114,288)
Net cash provided by operating activities	\$ 2,676,741

**Non-cash investing, capital and financing activities:**

During the year, deposits and other assets also decreased by \$59,695 from a fund in the risk pool in which the County participates where the risk of loss is retained. This fair market value adjustment to bond prices caused the net investment loss of \$1,889.

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, 2013

Exhibit 11

	Pension Trust Funds	Agency Funds
<b>Assets</b>		
Pooled cash and cash equivalents/investments	\$ 919,608	\$ 1,003,137
State Treasurer's Local Government Other Post Employment Benefits (OPEB) Fund:		
Short-Term OPEB Fund	2,527,548	-
Long-Term OPEB Fund	957,964	-
OPEB Equity Fund	6,364,418	-
Cash and cash equivalents/investments	10,769,538	1,003,137
Receivables:		
Accrued interest on investments	449	-
Total assets	10,769,987	\$ 1,003,137
<b>Liabilities</b>		
Accounts payable and accrued liabilities	28,289	\$ 411,815
Representative payee clients payable	-	343,728
Due to other taxing units	-	247,594
Total liabilities	28,289	\$ 1,003,137
<b>Net Position</b>		
Held in trust for pension benefits	\$ 10,741,698	

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, 2013**

**Exhibit 12**

		<u>Pension Trust Funds</u>
<b>Additions</b>		
Employer contributions	\$	9,228,492
Retiree contributions		1,764,592
Net investment income		<u>996,985</u>
Total additions		<u>11,990,069</u>
 <b>Deductions</b>		
Benefits		9,009,359
Administrative expenses		<u>17,067</u>
Total deductions		<u>9,026,426</u>
Change in net position		2,963,643
Net position at beginning of year		<u>7,778,055</u>
Net position at end of year	\$	<u>10,741,698</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, 2013**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

***Discretely presented component units.***

*Greensboro/Guilford County Tourism Development Authority*

The Greensboro/Guilford County Tourism Development Authority (the Authority) is a public authority under the North Carolina General Statutes, created to promote activities and programs which encourage travel and tourism to the area. The County is financially accountable for the Authority because it levies the occupancy tax which is the major source of the Authority's revenues and has final approval over the annual budget. The Authority, which has a June 30 year end, is presented as a governmental fund type. Of the \$4,530,714 County levied occupancy taxes earned and included as an economic development and assistance expense of the County, \$3,239,142 is reported as part of the Authority's operating grants and contributions program revenue along with \$808,070 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 Pineroft 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

**GUILFORD COUNTY, NORTH CAROLINA**  
**Notes to the Financial Statements**

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

*Fund Financial Statements:* The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of the County's fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. The County has no enterprise funds on which to report.

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

The County reports the following major governmental funds:

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

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

The *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.). Prior to the recent termination of these agreements, the primary revenue sources were acreage user fees, joint operation fees, and assessments with additional financing provided principally by the proceeds of general obligation bonds when issued. This fund continues to wind down as existing projects are completed.

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

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**Notes to the Financial Statements**

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 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 has been 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.

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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.

**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 or protection service district while the appropriations in the Room Occupancy/Tourism Development Tax Fund are on a fund basis. The annual budget is prepared on the modified accrual basis of accounting as required by North Carolina law and consistent with generally accepted accounting principles. It is amended for supplemental appropriations during the fiscal year by the Board of County Commissioners. The County Manager is authorized by the budget ordinance to make 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.



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**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 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, 2013. The NCCMT Term Portfolio's securities are valued at fair value which resulted in a \$9.68 per-share value at June 30, 2013. 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 \$17.8953 per share for the Global Ex-US Alpha Tilts Fund B and \$38.4784 per share for the Russell 3000 Alpha Tilts Fund B at June 30, 2013.

**2. Property Taxes Receivable**

The County's property tax is levied each July 1 on the assessed value as of the prior January 1, for all taxable real and personal property (except registered motor vehicles) located in the County. Property taxes attach as an enforceable lien on real property as of the listing date. Assessed personal property values are established annually at estimated market value. A revaluation of all real property is required to be performed no less than every eight years, with the one affecting the fiscal year 2013 levy completed as of January 1, 2012. North Carolina General Statutes require that property taxes

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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 2012 through February 2013 apply to the fiscal year ended June 30, 2013. The uncollected portion of these taxes is included in property taxes receivable on the financial statements. Those taxes for vehicles registered from March 2013 through June 2013 apply to fiscal year 2014 and are therefore not included in property taxes receivable at June 30, 2013.

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, 2013, 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 date of the donation. Public domain (infrastructure) capital assets consisting of certain improvements, including roads, bridges, curbs and gutters, water and sewer systems, school improvements, streets and sidewalks, drainage systems, and lighting systems, either have not been capitalized because the County does not own them or are included under improvements due to relatively insignificant amounts.

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

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

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**5. Vacation, Compensatory and Sick Leave Benefits**

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

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

In addition to assets, the statement of net position will sometimes report a separate section for *Deferred Outflows of Resources*, which represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has two items that meet this criterion, unamortized bond refunding charges and the accumulated decrease in fair value of hedging derivatives.

In addition to liabilities, the statement of net position will sometimes report a separate section, *Deferred Inflows of Resources*, which represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has one item that meets the criterion which arise only under a modified accrual basis of accounting and qualify for reporting in this category. In addition, the governmental funds report unavailable revenues receivable from the following sources: property taxes and unearned interest, thereon; special assessments; occupancy taxes and due from other governmental units on certain contracts. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**7. Long-term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or propriety fund type statement of net position. Bond premiums are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Termination fees for swaps on effective hedges are deferred and amortized over the life of the associated refunding bonds using the effective interest method. Bonds payable are reported net of the applicable bond premiums and swap termination fees. Bond issuance costs are expensed in the reporting period in which they are incurred.

**GUILFORD COUNTY, NORTH CAROLINA**  
**Notes to the Financial Statements**

**8. Net Position/Fund Balances**

*Net Position*

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

*Fund Balances*

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

The governmental fund types classify fund balances as follows:

- Nonspendable Fund Balance – Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted Fund Balance - Amounts are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed Fund Balance - Amounts are committed when they can only be used for specific purposes pursuant to constraints imposed by majority vote of the County's governing body, the Board of County Commissioners (Board). Any changes or removal of specific purposes requires the same majority vote by the Board who represent the highest level of decision-making authority for the County.
- 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.

**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)	\$ 9,764,132
Accrued interest on property taxes receivable (net)	884,074
Occupancy taxes receivable	96,632
Due from governmental units (cities) for reimbursement by contract of County watershed bonded debt	18,988
Special assessments receivable	<u>434,062</u>
Net adjustment to increase total fund balances - total governmental funds to arrive at net position of governmental activities	\$ <u>11,197,888</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>328,063</u>
Net adjustment to increase total fund balances - total governmental funds to arrive at net position of governmental activities	\$ <u>328,063</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	\$ 2,151,223
Accumulated decrease in fair value of hedging derivatives	<u>421,291</u>
Net adjustment to increase total fund balances - total governmental funds to arrive at net position of governmental activities	\$ <u>2,572,514</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	\$ 828,310,000
Less: Interest rate swap termination payment (to be amortized as interest expense)	(7,770,389)
Plus: Issuance premiums (to be amortized against interest expense)	58,536,712
Accrued interest payable	11,292,563
Derivative liability	2,362,715
Limited obligation bonds payable	16,845,000
Capital leases and installment financings payable	6,377,923
Net other postemployment benefits obligation - Health Care Benefits Plan	89,332,940
Accrued compensated absences payable	<u>9,814,820</u>
Subtotal	1,015,102,284
Less: Accrued compensated absences payable of the Internal Service Fund	<u>(15,306)</u>
Net adjustment to decrease total fund balances - total governmental funds to arrive at net position of governmental activities	\$ <u>1,015,086,978</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-)	\$ 14,147,016
Less: depreciation expense (net of Internal Service Fund amount of \$-0-)	<u>(11,505,745)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ 2,641,271</u>
2. "The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to decrease net position."	
In the statement of activities, only the gain or loss on the disposal of capital assets is reported. However, in the governmental funds, only the proceeds from a sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost net of accumulated depreciation of the capital assets disposed.	\$ <u>(268,857)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ (268,857)</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)	\$ 1,476,911
Accrued interest on property taxes receivable (net)	244,994
Occupancy taxes receivable	96,632
Due from governmental units (cities) for reimbursement by contract of County watershed bonded debt	(268,816)
Special assessments receivable	<u>16,576</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ 1,566,297</u>



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

Principal repayments:

General obligation bonds	\$ 48,220,000
Capital leases and installment financings	<u>1,275,585</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities	\$ <u>49,495,585</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	\$ 576,839
Compensated absences	632,784
Amortization of deferred charge on refunding	(954,322)
Amortization of interest rate swap termination payment	(1,131,042)
Amortization of bond premiums	5,862,529
Net other postemployment benefits obligation - Health Care Benefits Plan	(14,146,907)
Net pension asset for excess contributions to the Pension Trust Fund	<u>(4,063)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities	\$ <u>(9,164,182)</u>

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**III. DETAILED NOTES ON ALL FUNDS**

**A. Cash and Cash Equivalents/Investments**

As previously discussed, cash for all County funds is pooled for investment purposes. With the exception of a separate checking account, the Greensboro/Guilford County Tourism Development Authority (Authority) uses the County's pool for its investment purposes. At June 30, 2013, the cash and investments included the following:

Account Balances	Ownership of Funds
	Primary Government – Guilford County
Petty cash/cash on hand	Governmental Funds
\$ 92,866	\$ 266,869,852
Demand deposits	Internal Service Fund
31,752,198	24,900,385
Public Funds Money Market Accounts	Total Governmental Activities
55,675,415	291,770,237
Certificates of deposit	Pension Trust Funds
108,528,551	10,769,538
Investments	Agency Funds
99,666,173	1,003,137
OPEB Trust Funds	Component Unit – Authority
9,849,930	2,022,221
\$ 305,565,133	\$ 305,565,133

*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 \$195,848,238 and a bank balance of \$197,704,161. Of the bank balance, \$1,500,048 was covered by Federal depository insurance, and \$33,250,147 in non-interest-bearing deposits and \$162,953,966 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 \$107,926 and a bank balance of \$147,931 which was fully covered by Federal depository insurance.

*Investments*

North Carolina General Statute 159-30(c) authorizes the County and Authority to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina

**GUILFORD COUNTY, NORTH CAROLINA**  
**Notes to the Financial Statements**

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, 2013, 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	\$ 6,150,000	7.52
U.S. Government Agencies	11,472,449	24.27
Commercial Paper and Bankers' Acceptances	<u>43,118,015</u>	3.48
	60,740,464	7.82
N.C. Capital Management Trust		
Cash Portfolio	21,208,777	Demand
Term Portfolio*	<u>17,716,932</u>	3.60
Total Pooled Investments	\$ <u>99,666,173</u>	

\* Investments in the NCCMT Term Portfolio are available next day but the fund has a duration of .3 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 swap 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, 2013, the fair value of the swap is \$(1,941,424) 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, 2013, 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, 2013. 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, 2013, the following investment categories account for more than 5% of the County's investments: DCAT LLC Commercial Paper, 8.0%; Deutsche Bank LLC Commercial Paper, 9.0%; FCAR I Owners Trust Commercial Paper, 13.2%; Federal National Mortgage Association (FNMA), 7.0%; NCCMT Cash Portfolio, 21.3%; NCCMT Term Portfolio, 17.8%; and U.S. Treasury, 6.2%.

*OPEB Trust Funds*

At June 30, 2013, the Guilford County Health Care Plan (the HC Plan) Fund had \$9,849,930 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, 25.65% of the HC Plan funds were invested in the State Treasurer's Short-Term Investment Fund (STIF), 9.73% were invested in the Long-Term Investment Fund (LTIF) and 64.61% 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 24.41% and 75.59%, 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 1.6 years at June 30, 2013. The State Treasurer's LTIF is unrated and had a weighted average maturity of 15.9 years at June 30, 2013.

*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, 2013 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	\$ 9,837,860	167,514	10,005,374	-
Accrued interest on property taxes	3,613,616	-	3,613,616	-
Service fees	<u>17,568,243</u>	<u>-</u>	<u>17,568,243</u>	<u>30,627</u>
	<u>\$ 31,019,719</u>	<u>167,514</u>	<u>31,187,233</u>	<u>30,627</u>

**GUILFORD COUNTY, NORTH CAROLINA**  
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**C. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2013 follows:

**Primary Government – Governmental Activities**

A summary of changes in capital assets, net of accumulated depreciation, for the fiscal year ended June 30, 2013 follows:

	Balance July 1, 2012	Increases	Decreases	Transfers	Balance June 30, 2013
Non-depreciable capital assets:					
Land	\$ 47,773,975	1,747,541	-	-	49,521,516
Construction in progress	103,537,286	3,279,184	-	(105,828,517)	987,953
Intangibles - non-depreciable	224,000	-	-	-	224,000
Total non-depreciable capital assets	<u>151,535,261</u>	<u>5,026,725</u>	<u>-</u>	<u>(105,828,517)</u>	<u>50,733,469</u>
Depreciable capital assets:					
Buildings	125,284,257	104,097	-	105,807,701	231,196,055
Improvements other than buildings	19,376,187	905,880	-	20,816	20,302,883
Machinery and equipment	34,436,053	4,414,179	(1,381,868)	-	37,468,364
Vehicles	23,705,521	3,020,079	(1,337,852)	-	25,387,748
Intangibles - depreciable	8,165,288	679,056	-	-	8,844,344
Total depreciable capital assets	<u>210,967,306</u>	<u>9,123,291</u>	<u>(2,719,720)</u>	<u>105,828,517</u>	<u>323,199,394</u>
Less accumulated depreciation for:					
Buildings	(55,738,341)	(5,239,826)	-	-	(60,978,167)
Improvements other than buildings	(9,841,984)	(897,756)	-	-	(10,739,740)
Machinery and equipment	(19,560,711)	(2,116,629)	1,111,802	-	(20,565,538)
Vehicles	(19,992,724)	(2,394,077)	1,336,061	-	(21,050,740)
Intangibles	(2,617,025)	(857,457)	-	-	(3,474,482)
Total accumulated depreciation	<u>(107,750,785)</u>	<u>(11,505,745)</u>	<u>2,447,863</u>	<u>-</u>	<u>(116,808,667)</u>
Total depreciable capital assets (net)	<u>103,216,521</u>	<u>(2,382,454)</u>	<u>(271,857)</u>	<u>105,828,517</u>	<u>206,390,727</u>
Governmental activities capital assets (net)	<u>\$ 254,751,782</u>	<u>2,644,271</u>	<u>(271,857)</u>	<u>-</u>	<u>257,124,196</u>

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

Function/Program	
General government	\$ 2,827,999
Human services	1,380,635
Public safety	5,967,326
Environmental protection	38,183
Culture - recreation	<u>1,291,602</u>
Total government activities depreciation expense	<u>\$ 11,505,745</u>

**GUILFORD COUNTY, NORTH CAROLINA**  
**Notes to the Financial Statements**

Guilford County's construction in progress at June 30, 2013 is composed of the following:

Project Name	Project Authoriza- tion <sup>(1)</sup>	Expended to June 30, 2013	Placed in Service in FY 2013	Remaining CIP Balance June 30, 2013	Estimated Costs to Complete <sup>(2)</sup>	Required Future Financing <sup>(2)</sup>
Northeast Park	\$ 3,589,009	3,494,482	3,206,147	288,335	94,527	-
EMS Base Station - Rock Creek	2,313,800	2,128,705	2,128,705	-	185,095	-
GC Detention Center	110,500,000	88,693,712	88,692,881	832	21,806,288	20,610,817
GSO Courthouse Renovations	4,367,874	4,160,545	4,160,545	-	207,329	-
New DSS Facility - High Point	445,538	420,675	420,675	-	24,863	-
Northwest EMS Base Station	1,500,000	-	-	-	1,500,000	-
Greensboro Health Department Renovation	3,009,656	2,115,398	2,115,398	-	894,258	-
High Point Courthouse Renovations	468,626	23,631	-	23,631	444,995	-
Greene Street Center	398,180	19,565	-	19,565	378,615	-
Bellemeade Center Renovations	823,114	93,044	-	93,044	730,070	-
BB&T Building	5,194,402	5,121,264	5,104,166	17,098	73,138	-
Edgeworth Building Renovation	551,000	521,296	-	521,296	29,704	-
Law Enforcement District 1	574,580	150	-	150	574,430	-
Hagan-Stone Park	29,000	24,002	-	24,002	4,998	-
	<u>\$ 133,764,779</u>	<u>106,816,469</u>	<u>105,828,517</u>	<u>987,953</u>	<u>26,948,310</u>	<u>20,610,817</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. The GC Detention Center is substantially complete and therefore the unissued bonds are not expected to be issued.

**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, 2013 follows:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Depreciable capital assets:				
Furniture, fixtures and equipment	\$ 248,190	-	(14,394)	233,796
Less accumulated depreciation	(218,003)	(13,354)	14,394	(216,963)
Tourism Authority capital assets, net	<u>\$ 30,187</u>	<u>(13,354)</u>	<u>-</u>	<u>16,833</u>



**GUILFORD COUNTY, NORTH CAROLINA**  
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**D. Accounts Payable and Accrued Liabilities**

**Primary Government – Governmental Activities**

Accounts payable and accrued liabilities at June 30, 2013 includes the following balances:

	Vendors	Salaries, Benefits Accrued & Withheld	Accrued Interest	Due to Gov. Units, Districts & Agencies	Other	Total
Major Governmental Funds:						
General	\$ 6,524,277	6,932,271	-	1,081,960	252,300	14,790,808
County Building Construction	392,074	-	-	-	-	392,074
Water and Sewer Construction	293,452	-	-	-	-	293,452
School Capital Outlay (1)	-	-	-	7,604,501	-	7,604,501
Nonmajor Governmental Funds	-	-	-	114,108	-	114,108
Internal Service Fund (2)	56,901	5,184	-	-	4,909,272	4,971,357
Reconciliation of balances in fund financial statements to government-wide financial statements	-	-	11,292,563	-	-	11,292,563
<b>Total - Governmental Activities</b>	<b>\$ 7,266,704</b>	<b>6,937,455</b>	<b>11,292,563</b>	<b>8,800,569</b>	<b>5,161,572</b>	<b>39,458,863</b>

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

(2) Other payable is County's insurance claims liability, all due within one year, of \$4,909,272. See Note IV. E. 4.

**E. Long-term Liabilities**

**Primary Government – Governmental Activities**

A summary of changes in long-term liabilities for the fiscal year ended June 30, 2013 follows:

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Current Portion of Balance
Bonds payable:					
General obligation bonds	\$ 876,530,000	-	(48,220,000)	828,310,000	49,935,000
Plus bond issuance premiums	64,399,241	-	(5,862,529)	58,536,712	-
Less swap termination fees	(8,901,431)	-	1,131,042	(7,770,389)	-
Total bonds payable	932,027,810	-	(52,951,487)	879,076,323	49,935,000
Limited obligation bonds	16,845,000	-	-	16,845,000	-
Capital leases and installment financings	7,653,508	-	(1,275,585)	6,377,923	1,275,585
Compensated absences	10,445,550	3,624,727	(4,255,457)	9,814,820	3,380,847
Net other postemployment benefits obligation	75,186,033	22,633,555	(8,486,648)	89,332,940	-
<b>Total</b>	<b>\$ 1,042,157,901</b>	<b>26,258,282</b>	<b>(66,969,177)</b>	<b>1,001,447,006</b>	<b>54,591,432</b>

**GUILFORD COUNTY, NORTH CAROLINA**  
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The County issues general obligation bonds to provide funds for the acquisition, development, and construction of major capital facilities and to provide funding for Guilford County Schools and Guilford Technical Community College facilities. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the County and principal and interest requirements are appropriated in the General Fund when due. The remaining long-term liabilities of the governmental activities are generally liquidated by the General Fund also. The installment financing agreement is collateralized by a deed of trust on the land and building involved in the financing. The limited obligation bonds are collateralized by school facilities which are not owned by the County. The Internal Service Fund predominantly serves the governmental funds, therefore, any long-term liabilities are included as part of the above totals for governmental activities. At year end this amounted to \$15,306 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, 2013, such statutory limit for the County was \$3,643,632,855 providing a debt margin of approximately \$2.52 billion.

Bonds authorized and unissued at June 30, 2013 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, 2013 include the following:

General Obligation Bonds:

February 2005 \$9,220,000 Public Improvement serial bonds due in annual installments of \$610,000 to \$615,000 through March 2020; variable rate interest synthetically fixed at 3.22% upon issuance due monthly.	\$ 4,300,000
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.	37,700,000
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 \$7,950,000 through October 2016; interest at 4.50% to 5.00%.	30,270,000
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 \$3,940,000 to \$8,000,000 through April 2018; interest at 4.00% to 5.00%.	29,940,000
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%.	131,680,000
April 2010 \$82,500,000 Public Improvement serial bonds due in annual installments of \$8,250,000 from August 2013 through 2020; interest at 5.00%.	66,000,000
April 2010 \$82,500,000 taxable Build America Bonds (Public Improvement) due in annual installments of \$8,250,000 from August 2021 through 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 \$6,785,000 from February 2014 through 2022, interest at 2.50% to 5.00%.	63,105,000
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 5.00%.	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 2014 through 2031; interest at 2.00% to 5.00%.	130,100,000
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>\$ 828,310,000</u>
<b>Limited Obligation Bonds:</b>	
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>
<b>Obligations under capital leases and installment financings:</b>	
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>\$ 6,377,923</u>

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The County has remarketing and standby purchase agreements with banks which provide for remarketing of certain variable-rate bonds when payment is demanded or the bank will purchase the bonds. The agreements have a maximum interest rate of 12%. The standby purchasing agreements covering \$135.22 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 \$976,658 in fiscal year 2013 pursuant to these agreements.

**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. 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, 2013.

	<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	\$12 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	\$12 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, 2013 information:		
Fair value of swap	\$(421,291)	\$(1,941,424)
Fair value classification	Debt	Investment
Increase (decrease) in fair value of swap from 2012	462,098	1,373,263
Increase (decrease) in fair value reported in	Deferred outflows	Investment revenue

**GUILFORD COUNTY, NORTH CAROLINA**  
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*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, 2013, 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 both of the County's swaps and at June 30, 2013 their senior unsecured debt was rated A3 by Moody's, and A by Standard & Poor's and Fitch Ratings.

*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, 2013, the weighted average interest rate on the County's hedged variable-rate debt was .05% while 67% of 1 month LIBOR was .13%. 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).

As of June 30, 2013, 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 \$245,113,847. 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	
2014	\$ 49,935,000	30,276,319	308,958	1,275,585	975,206	82,771,068
2015	51,995,000	28,219,944	123,583	1,275,585	931,753	82,545,865
2016	55,670,000	25,922,344	-	1,275,585	888,301	83,756,230
2017	56,640,000	23,421,844	-	1,275,584	844,848	82,182,276
2018	57,600,000	21,051,194	-	1,275,584	801,395	80,728,173
2019-2023	295,930,000	67,797,017	-	-	3,844,029	367,571,046
2024-2028	208,265,000	27,608,489	-	-	4,612,835	240,486,324
2029-2032	52,275,000	5,179,371	-	16,845,000	2,306,417	76,605,788
	<u>\$ 828,310,000</u>	<u>229,476,522</u>	<u>432,541</u>	<u>23,222,923</u>	<u>15,204,784</u>	<u>1,096,646,770</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 \$2,901,766 in fiscal year 2014 and will provide a total rebate of \$46,644,022 over the remaining life of the bonds. Amounts received in fiscal 2014 have been reduced by 8.7% due to the budget sequestration; future amounts will also be reduced until the federal budget impasse is resolved. The rebate is not reflected in the above table.

**GUILFORD COUNTY, NORTH CAROLINA**  
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**F. Deferred Inflows of Resources**

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

Deferred inflows of resources at June 30, 2013 is composed of the following unearned and unavailable revenues:

	Major Governmental			
	General Fund	Water and Sewer Construction Fund	Nonmajor Governmental and Other Funds	Total
<b>Governmental Funds:</b>				
Unearned revenues:				
Property tax collections not yet earned	\$ 1,821,179	-	49,616	1,870,795
Prepaid special assessments not yet billed or earned	-	79,998	-	79,998
Federal, State and private foundation grants received in advance	<u>37,025</u>	-	-	<u>37,025</u>
Total unearned revenues	<u>1,858,204</u>	<u>79,998</u>	<u>49,616</u>	<u>1,987,818</u>
Unavailable revenues:				
Property taxes receivable (net)	9,531,813	-	232,319	9,764,132
Accrued interest on property taxes receivable (net)	884,074	-	-	884,074
Occupancy taxes receivable	-	-	96,632	96,632
Due from governmental units (cities) for reimbursement by contract of County watershed bonded debt	18,988	-	-	18,988
Special assessments receivable	-	434,062	-	434,062
Total unavailable revenues	<u>10,434,875</u>	<u>434,062</u>	<u>328,951</u>	<u>11,197,888</u>
Total deferred inflows of resources - Governmental Funds	<u>\$ 12,293,079</u>	<u>514,060</u>	<u>378,567</u>	<u>13,185,706</u>
<b>Internal Service Fund:</b>				
Unearned revenues:				
Service fees collected in advance from external sources			\$ 231,006	231,006
Service fees collected in advance from internal sources <sup>(1)</sup>			<u>1,367,196</u>	<u>1,367,196</u>
Total deferred inflows of resources - unearned revenue - Internal Service Fund			<u>\$ 1,598,202</u>	<u>1,598,202</u>
<sup>(1)</sup> 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.				
<b>Governmental Activities:</b>				
Unearned revenues:				
Governmental Funds per above				\$ 1,987,818
Internal Service Fund (from external sources) per above				<u>231,006</u>
Total deferred inflows of resources - unearned revenues - Governmental Activities				<u>\$ 2,218,824</u>

**GUILFORD COUNTY, NORTH CAROLINA**  
**Notes to the Financial Statements**

**G. Net Position/Fund Balances**

The following are summaries of Guilford County's net position restricted for stabilization by State statute, restricted for other purposes, and unrestricted, as of June 30, 2013:

<u>Net position restricted for stabilization by State statute</u>	<u>Amount</u>
Reserved for encumbrances	\$ 15,762,414
Reserved by State statute	<u>44,283,148</u>
Net position restricted for stabilization by State statute	<u>\$ 60,045,562</u>
<u>Net position restricted for other purposes</u>	<u>Amount</u>
Rural Fire Districts	\$ 1,046,729
Public Health programs	3,894,613
Law Enforcement	1,504,628
Register of Deeds automation enhancement	485,837
Other	<u>45,442</u>
Net position restricted for other purposes	<u>\$ 6,977,249</u>
<u>Unrestricted net position (liabilities)</u>	<u>Amount</u>
Water and sewer	\$ (6,394,047)
Guilford County Schools	(599,126,632)
Guilford Technical Community College	(65,382,133)
Other	<u>17,816,914</u>
Unrestricted net position	<u>\$ (653,085,898)</u>

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

- The County had contracts with certain municipalities for the joint financing of new water and sewer lines in areas adjacent to the municipalities. All water and sewer line expenses incurred by the County are owned by the participating municipalities upon completion. The related unspent revenues net of bonds payable are reported as part of unrestricted net position above.
- All Guilford County Schools and Guilford Technical Community College capital projects expenses incurred by the County fund capital assets owned by the respective schools. Their shares of unspent County designated funding as well as remaining County issued debt proceeds net of bonds payable are reported as part of unrestricted net position above.



**GUILFORD COUNTY, NORTH CAROLINA**  
**Notes to the Financial Statements**

The following are details of Guilford County's fund balances as of June 30, 2013:

	<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>
<b>Non spendable:</b>						
Prepays reserve <sup>(1)</sup>	\$ 1,368,175	-	-	-	-	1,368,175
Inventories reserve <sup>(1)</sup>	73,437	-	-	-	-	73,437
Total non spendable <sup>(1)</sup>	<u>1,441,612</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,441,612</u>
<b>Restricted:</b>						
State statute reserve <sup>(1)</sup>	35,479,497	1,209,506	-	5,208,773	943,760	42,841,536
Encumbrance reserve <sup>(1)</sup>	7,871,704	2,197,952	5,692,758	-	-	15,762,414
Total stabilization by State statute <sup>(1)</sup>	43,351,201	3,407,458	5,692,758	5,208,773	943,760	56,603,950
Public Health programs	3,894,613	-	-	-	-	3,894,613
Law Enforcement	1,437,698	-	-	-	-	1,437,698
Register of Deeds automation enhancement	485,837	-	-	-	-	485,837
Debt service	4,159,983	-	-	-	-	4,159,983
Public building projects	-	1,529,993	-	-	-	1,529,993
Law Enforcement projects	-	5,320,869	-	-	-	5,320,869
Park projects	-	2,444,229	-	-	-	2,444,229
Guilford County Schools projects	-	1,000,000	-	69,720,545	-	70,720,545
Guilford Technical Community College projects	-	1,400,000	-	29,726,273	-	31,126,273
Rural fire districts	-	-	-	-	814,410	814,410
Other	43,027	-	-	-	-	43,027
Total restricted	<u>53,372,359</u>	<u>15,102,549</u>	<u>5,692,758</u>	<u>104,655,591</u>	<u>1,758,170</u>	<u>180,581,427</u>
<b>Committed:</b>						
Public Health programs	20,575	-	-	-	-	20,575
County building projects	-	6,289,925	-	-	-	6,289,925
Guilford County Schools projects	-	-	-	2,938,550	-	2,938,550
Guilford Technical Community College projects	-	-	-	2,140,711	-	2,140,711
Total committed	<u>20,575</u>	<u>6,289,925</u>	<u>-</u>	<u>5,079,261</u>	<u>-</u>	<u>11,389,761</u>
<b>Assigned:</b>						
Law Enforcement	1,414,989	-	-	-	-	1,414,989
Other	100,000	-	-	-	-	100,000
Appropriated in subsequent year's budget <sup>(2)</sup>	23,236,330	100,000	-	-	-	23,336,330
Remaining positive fund balance	-	12,875,947	1,090,512	-	-	13,966,459
Total assigned	<u>24,751,319</u>	<u>12,975,947</u>	<u>1,090,512</u>	<u>-</u>	<u>-</u>	<u>38,817,778</u>
Unassigned	<u>58,714,232</u>	<u>-</u>	<u>-</u>	<u>(5,208,771)</u>	<u>(380,360)</u>	<u>53,125,101</u>
Total fund balance	<u>\$ 138,300,097</u>	<u>34,368,421</u>	<u>6,783,270</u>	<u>104,526,081</u>	<u>1,377,810</u>	<u>285,355,679</u>

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

<sup>(2)</sup> 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, 2013 under North Carolina General Statute 159.8(a):

	General
Total fund balance	\$ 138,300,097
Less reserves by State statute:	
Non spendable	(1,441,612)
Restricted	(43,351,201)
Fund balance available for appropriation	93,507,284
Available for restricted purposes:	
Total restricted sources	10,021,158
Appropriated in subsequent year's budget	(3,883,987)
Available for restricted purposes	6,137,171
Available for committed purposes:	
Total committed sources	20,575
Appropriated in subsequent year's budget	(7,000)
Available for committed purposes	13,575
Available for assigned purposes:	
Total assigned	24,751,319
Appropriated in subsequent year's budget:	
From assigned sources	(135,028)
From unassigned sources	(23,236,330)
Available for assigned purposes	1,379,961
Available for unassigned purposes:	
Total unassigned	58,714,232
Board minimum - 8% of subsequent year's budget	(44,681,257)
Available for unassigned purposes	14,032,975
Fund balance available for appropriation	93,507,284
Appropriated in subsequent year's budget	(27,262,345)
Board minimum - 8% of subsequent year's budget	(44,681,257)
Total available for restricted, committed, assigned and unassigned purposes	\$ 21,563,682

**GUILFORD COUNTY, NORTH CAROLINA**  
**Notes to the Financial Statements**

**H. Interfund Transfers**

The following is a summary of interfund transfers for Guilford County for the fiscal year ended June 30, 2013:

	Transfers Out			
	Major Governmental Funds			
Transfers In	General	County Building Construction	Water & Sewer Construction	Total
Major Governmental Funds:				
General	\$ -	522,735	2,043,895	2,566,630
County Building Construction	574,580	-	-	574,580
School Capital Outlay	2,000,000	-	-	2,000,000
Total	<u>\$ 2,574,580</u>	<u>522,735</u>	<u>2,043,895</u>	<u>5,141,210</u>

Transfers from the General Fund to the County Building Construction Fund are for funding the Law Enforcement District I project per the Guilford County Capital Improvement Plan.

Transfers from the General Fund to the School Capital Fund are for funding the Guilford County Schools Capital Maintenance FY2013 project in the amount of \$2 million.

Transfers from the County Building Construction Fund to the General Fund are to move unexpended and unobligated watershed bond funds to help pay off outstanding watershed bonded debt. This program in conjunction with the cities of Greensboro and High Point to purchase buffer areas around the County's major watersheds is complete.

Transfers from the Water and Sewer Construction Fund to the General Fund are to move unexpended and unobligated water and sewer bond funds to help pay off outstanding water and sewer bonded debt. The water and sewer agreements with all the municipalities have been terminated and the program is winding down to a close after existing projects are completed.

There were no interfund receivables or payables at June 30, 2013.

**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.

**GUILFORD COUNTY, NORTH CAROLINA**  
**Notes to the Financial Statements**

*Funding Policy*

Plan members are required to contribute 6% of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.74% and 6.77%, respectively, of annual covered payroll. The contribution requirements of members and of Guilford County are established and may be amended by the North Carolina General Assembly. The County's contributions to the LGERS for the years ended June 30, 2013, 2012, and 2011 were \$7,539,360, \$8,027,410, and \$7,381,651, 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, 2012, the Separation Allowance's membership consisted of:

Retirees receiving benefits	39
Active plan members	<u>263</u>
Total	<u><u>302</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.

*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 \$741,844 or 5.21% 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, 2011 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, 2011 was 19 years.

**GUILFORD COUNTY, NORTH CAROLINA**  
**Notes to the Financial Statements**

*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	\$ 741,844
Interest on net pension obligation	(16,606)
Adjustment to annual required contribution	<u>20,669</u>
Annual pension cost	745,907
Contributions made	<u>741,844</u>
Decrease in net pension asset	4,063
Net pension obligation (asset) beginning of year	<u>(332,126)</u>
Net pension obligation (asset) end of year	<u>\$ (328,063)</u>

Three Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
6/30/2011	\$ 658,347	99.8	\$ (335,364)
6/30/2012	678,606	99.5	(332,126)
6/30/2013	745,907	99.5	(328,063)

*Funded Status and Funding Progress*

As of December 31, 2012, the most recent actuarial valuation date, the plan was 11.62% funded. The actuarial accrued liability for benefits was \$7,685,267 and the actuarial value of assets was \$892,971, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,792,296. The covered payroll (annual payroll of active employees covered by the plan) was \$14,249,536, and the ratio of the UAAL to the covered payroll was 47.67%.

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, 2013:

**Statement of Plan Net Position**  
**June 30, 2013**

	<u>Law Enforcement Officers' Special Separation Allowance</u>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents/investments	\$ 919,608
Receivables:	
Accrued interest on investments	449
Total assets	<u>920,057</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	<u>28,289</u>
<b>Net Position</b>	
Held in trust for pension benefits	<u>\$ 891,768</u>

**Statement of Changes in Plan Net Position**  
**For the fiscal year ended June 30, 2013**

	<u>Law Enforcement Officers' Special Separation Allowance</u>
<b>Additions</b>	
Employer contributions	\$ 741,844
Net investment income	2,228
Total additions	<u>744,072</u>
<b>Deductions</b>	
Benefits	758,119
Administrative expenses	680
Total deductions	<u>758,799</u>
Change in net position	(14,727)
Net position at beginning of year	<u>906,495</u>
Net position at end of year	<u>\$ 891,768</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.

*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, 2013,

**GUILFORD COUNTY, NORTH CAROLINA**  
**Notes to the Financial Statements**

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, 2013, to law enforcement officers' accounts and other employees' accounts were \$681,912 and \$4,689,338, respectively. Voluntary contributions to the Plan were \$2,873,063.

**4. Registers of Deeds' Supplemental Pension Fund**

*Plan Description*

Guilford County also contributes to the Registers of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution pension plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any county register of deeds who is retired under the Local Governmental Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of General Statute Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. 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, 2013, the County's required and actual contributions were \$39,828.

**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, 2013 was \$287,299.

**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, 2013 were \$32,477 and \$35,763, 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. 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 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 recent 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 \$8,486,648 (\$6,486,648 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 8.4% 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. 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 24.0% and 5.9% of covered payroll, respectively. Contributions (premiums) made by employees and retirees were 5.8% and 1.7% of covered payroll, respectively. The County's obligation to contribute to the HC Plan is established and may be amended by the County's Board of County Commissioners.



**GUILFORD COUNTY, NORTH CAROLINA**  
**Notes to the Financial Statements**

*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	3,759,302
Adjustment to annual required contribution	<u>(4,658,049)</u>
Annual OPEB cost	22,633,555
Contributions made	<u>8,486,648</u>
Increase in net OPEB obligation	14,146,907
Net OPEB obligation beginning of year	<u>75,186,033</u>
Net OPEB obligation end of year	<u>\$ 89,332,940</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011, 2012, and 2013 were as follows:

Three Year Trend Information			
Fiscal Year Ended	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
6/30/2011	\$ 17,286,613	42.0	\$ 61,184,286
6/30/2012	22,800,926	38.6	75,186,033
6/30/2013	22,633,555	37.5	89,332,940

*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.

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.

**GUILFORD COUNTY, NORTH CAROLINA**  
**Notes to the Financial Statements**

*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, 2013:

**Statement of Plan Net Position**  
**June 30, 2013**

	<b>Other Post Employment Benefits</b>
<b>Assets</b>	
Current assets:	
State Treasurer's Local Government Other Post Employment Benefits (OPEB) Fund:	
Short-Term OPEB Fund	\$ 2,527,548
Long-Term OPEB Fund	957,964
OPEB Equity Fund	6,364,418
Cash and cash equivalents/investments	\$ 9,849,930
<b>Net Position</b>	
Held in trust for pension benefits	\$ 9,849,930

**Statement of Changes in Plan Net Position**  
**For the fiscal year ended June 30, 2013**

	<b>Other Post Employment Benefits</b>
<b>Additions</b>	
Employer contributions	\$ 8,486,648
Retiree contributions	1,764,592
Net investment income	994,757
Total additions	11,245,997
<b>Deductions</b>	
Benefits	8,251,240
Administrative expenses	16,387
Total deductions	8,267,627
Change in net position	2,978,370
Net position at beginning of year	6,871,560
Net position at end of year	\$ 9,849,930

**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, 2013, the County paid \$2,040 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, 2013 were \$167,150 and \$102,964, 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. Due to a surplus, a decision was made by the Death Benefit Plan to temporarily stop employer contributions beginning July 1, 2012. Therefore, the County did not make any contributions for the fiscal year ending June 30, 2013.

**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, not to exceed their amount of contribution. 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, 2013, the County's balances in Funds B and G were \$7,236,831 and \$602,183, 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, not to exceed their amount of contribution. 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, 2013, the County's balance in the Property Pool of \$152,498 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 \$600,000 are covered by the Revolving Fund-Employers' Liability/Workers Compensation (Fund E). Claims above \$600,000 are covered by a purchased insurance policy with an unlimited indemnity for workers compensation losses and employers' liability. Amounts paid by 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, 2013, the County's balance in Fund E of \$667,482 was recorded in the Internal Service Fund as a deposit.

**GUILFORD COUNTY, NORTH CAROLINA**  
**Notes to the Financial Statements**

*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 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 2012-2013					Fiscal Year
	Liability	Property	Workers' Compensation	Employee Healthcare	Total	2011-12 Total
Balance Beginning of Year	\$ 265,241	103,387	2,328,746	2,606,269	5,303,643	4,297,755
Incurred Claims (Including IBNRs) and Changes in Estimates	874,110	116,046	1,606,454	32,011,619	34,608,229	34,500,058
Less Claims Payments	924,662	207,616	1,555,562	32,314,760	35,002,600	33,494,170
Balance End of Year	\$ 214,689	11,817	2,379,638	2,303,128	4,909,272	5,303,643

**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	\$ 96,580	52,583
Aid to Families with Dependent Children	(4,420)	(1,212)
SC/SA Domiciliary Care	-	2,766,654
Refugee Assistance	173,846	-
Adoption Assistance - CWS	526,719	1,118,499
Adoption Assistance - IV-E	3,270,749	861,907
Medical Assistance	326,668,324	182,610,730
Woman, Infants and Children	10,383,773	-
Supplemental Nutrition Assistance Program	150,050,464	-
Temporary Assistance for Needy Families	2,523,854	(382)
Total benefit payments issued by the State	\$ 493,689,889	187,408,779

**GUILFORD COUNTY, NORTH CAROLINA**  
**Notes to the Financial Statements**

**G. Commitments and Contingencies**

The County leases certain equipment under long-term lease agreements. At June 30, 2013, 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
2014	\$ 1,481,985	288,356
2015	1,438,532	66,030
2016	1,395,079	4,500
2017	1,351,627	-
2018	1,308,174	-
Total minimum payments	6,975,397	358,886
Less amount representing interest	597,474	
Present value of net minimum payment	\$ 6,377,923	

There were no contingent rentals or sublease rentals associated with leases in effect at June 30, 2013. The total rental expense amounted to \$829,306 for the fiscal year ended June 30, 2013.

Until recently, the County was a party to contracts with certain municipalities to extend public water and sewer lines from their utility systems into unincorporated areas. The County paid \$.5 million in accordance with termination provisions of these agreements with the Cities of High Point and Archdale during fiscal 2013. A \$10.5 million settlement with City of Greensboro, accrued at June 30, 2012, was also paid during 2013. The County and the City of Greensboro agreed to use proceeds of the settlement to support the Southeast Area Sewer Project, providing sewer lines to that section of the County to assist in future development.

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 \$49.9 million at June 30, 2013, 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, 2013, 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

**GUILFORD COUNTY, NORTH CAROLINA**  
**Notes to the Financial Statements**

manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2013, there were six series of industrial revenue bonds outstanding with an aggregate principal amount payable of \$28,795,423.

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 \$3,858,144 at June 30, 2013 are not reported as liabilities in the accompanying financial statements.

**I. Joint Venture**

*Guilford Technical Community College*

The County, in conjunction with the State of North Carolina and Guilford County Board of Education, participates in a joint venture to operate the Guilford Technical Community College. Each of the three participants appoints four members of the thirteen-member board of trustees of the community college. The president of the community college's student government serves as an ex officio nonvoting member. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. Of the general obligation bond issues for this purpose, \$93,151,912 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, 2013. In addition, the County made debt service payments of \$10,595,532, net of applicable rebates, during the fiscal year on general obligation bonds issued for community college capital facilities. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2013. 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.

**GUILFORD COUNTY, NORTH CAROLINA**  
**Notes to the Financial Statements**

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

Effective January 1, 2013, the County merged with Sandhills Center for Mental Health, Developmental Disabilities and Substance Abuse Services (Center) which already included eight other counties. The Center is governed by a twenty-three member Area Board. A County Commissioner from each participating government sits on the Board. The remaining fourteen members are allocated based on population in each county. The County Commissioners in each county then appoint these remaining members that are allotted to their county. None of the participating governments have an equity interest in the Center, so no equity interest has been reflected in the County's financial statements at June 30, 2013. During the fiscal year ended June 30, 2013, the County paid \$5,595,112 to the Center to supplement its activities. Complete financial statements for the Center may be obtained from the Center's offices at 1120 Seven Lakes Drive, PO Box 9, West End, NC 27376.

*Piedmont Triad Regional Council*

The County participates with eleven other counties and sixty municipalities in the Piedmont Triad Regional Council (PTRC). The PTRC was established to promote regional issues and cooperation among its members and to coordinate various funding received from Federal and State agencies. Each participating government appoints one member to the Council's governing board. The County paid membership dues of \$102,565 to the PTRC during the fiscal year ended June 30, 2013.

**K. Subsequent Event**

The County has evaluated subsequent events through October 28, 2013 in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.



# Required Supplementary Information

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

Law Enforcement Officers' Special Separation Allowance:

Schedule of Funding Progress

Schedule of Employer Contributions

Notes to the Required Schedules

The Health Care Plan of Guilford County:

Schedule of Funding Progress

Schedule of Employer Contributions

Notes to the Required Schedules

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

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/07	\$ 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
12/31/12	892,971	7,685,267	6,792,296	11.6	14,249,536	47.7

**Schedule of Employer Contributions**

Year Ended June 30	Annual Required Contribution	Percentage Contributed
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
2013	741,844	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	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	18 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)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/05	\$ 0	280,036,182	280,036,182	0.0%	\$ 110,448,627	253.5%
12/31/07	0	289,259,990	289,259,990	0.0	119,246,270	242.6
12/31/09	1,137,926	217,207,018	216,069,092	0.5	121,446,107	177.9
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
2013	23,532,302	36.1

**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

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## 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. Prior to the recent termination of these agreements, the primary revenue sources were acreage user fees, joint operation fees and assessments with additional financing provided principally by the proceeds of general obligation bonds when issued.
- *School Capital Outlay Fund* - Accounts for the County's portion of the financing of school capital assets for the Guilford County Public School System as well as Guilford Technical Community College. Financing may be provided from three principal sources: (1) County-wide funds, primarily operating transfers from the General Fund; (2) Revenue from the North Carolina Public School Building Capital Fund (Average Daily Membership and Lottery) and the North Carolina Public School Building Bond Fund; and (3) Proceeds of general obligation bonds issued by Guilford County. Under North Carolina law, such bonds cannot be issued by the respective school.

**GUILFORD COUNTY, NORTH CAROLINA**  
**General Fund**

A-1

Schedule of Expenditures - Budget and Actual  
For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary and GAAP Basis	Final Budget Positive (Negative)
Current:				
General government:				
County commissioners	\$ 436,259	439,785	414,784	25,001
Clerk to the board	260,868	248,877	232,239	16,638
County administration	1,299,730	1,017,294	861,117	156,177
County attorney	1,884,957	1,895,332	1,864,510	30,822
Human resources	10,108,269	9,954,018	9,686,721	267,297
Budget and management	454,968	420,372	406,379	13,993
Internal audit	499,293	549,669	538,505	11,164
Finance	2,492,919	2,588,805	2,424,938	163,867
Purchasing	343,223	465,078	405,111	59,967
Information services	9,464,813	9,673,008	8,162,926	1,510,082
Tax	5,276,811	5,377,074	5,372,087	4,987
Register of deeds	2,041,122	2,061,497	1,895,947	165,550
Elections	2,694,673	2,707,694	2,425,115	282,579
Planning and development	613,897	774,273	730,709	43,564
Facilities	7,458,496	9,048,309	7,015,775	2,032,534
Security	1,466,598	1,510,975	1,496,367	14,608
Property management	236,386	236,831	226,051	10,780
Fleet operation	872,580	887,433	476,791	410,642
Total general government	<u>47,905,862</u>	<u>49,856,324</u>	<u>44,636,072</u>	<u>5,220,252</u>
Human services:				
Public health	33,346,324	34,249,349	31,257,273	2,992,076
Mental health	36,056,319	24,710,300	22,971,503	1,738,797
Social services	67,834,829	70,171,967	66,079,949	4,092,018
Public assistance - adults, families, medical	5,905,109	5,913,878	4,729,112	1,184,766
Child support enforcement	6,033,107	5,945,343	5,833,647	111,696
Cooperative extension service	509,575	749,302	670,760	78,542
Coordinated services	1,389,768	1,591,110	1,533,386	57,724
Veteran services	122,177	122,553	111,950	10,603
Transportation	2,187,155	2,176,627	2,146,970	29,657
Total human services	<u>153,384,363</u>	<u>145,630,429</u>	<u>135,334,550</u>	<u>10,295,879</u>
Public safety:				
Law enforcement	62,927,577	66,929,815	63,811,609	3,118,206
Emergency services	25,143,865	25,035,859	24,173,489	862,370
Inspections	2,108,545	2,010,345	1,947,480	62,865
Court alternatives	2,573,617	2,306,804	2,144,123	162,681
Animal services	3,160,729	3,215,588	2,858,129	357,459
Other protection	1,412,268	1,424,390	1,274,295	150,095
Total public safety	<u>97,326,601</u>	<u>100,922,801</u>	<u>96,209,125</u>	<u>4,713,676</u>
Environmental protection:				
Sanitation	1,094,290	1,100,717	1,036,358	64,359
Soil and water conservation	245,859	260,578	224,491	36,087
Total environmental protection	<u>1,340,149</u>	<u>1,361,295</u>	<u>1,260,849</u>	<u>100,446</u>
Culture - recreation	4,586,293	5,694,941	5,435,795	259,146
Economic development and assistance	1,400,244	4,231,582	1,135,146	3,096,436
Intergovernmental:				
Education - current appropriation:				
Guilford Technical Community College	11,752,690	11,752,690	11,752,690	-
Guilford County Board of Education	175,630,398	175,630,398	175,630,398	-
Total education	<u>187,383,088</u>	<u>187,383,088</u>	<u>187,383,088</u>	<u>-</u>
Capital	174,914	-	-	-
Debt service:				
Principal retirement	49,495,585	49,495,585	49,495,585	-
Interest and fiscal charges	40,765,144	40,771,395	34,130,332	6,641,063
Bond issuance costs	1,750,000	1,750,000	-	1,750,000
Total debt service	<u>92,010,729</u>	<u>92,016,980</u>	<u>83,625,917</u>	<u>8,391,063</u>
Total expenditures	\$ <u>585,512,243</u>	<u>587,097,440</u>	<u>555,020,542</u>	<u>32,076,898</u>

GUILFORD COUNTY, NORTH CAROLINA  
 County Building Construction Capital Projects Fund  
 Combining Schedule of Revenues and Expenditures  
 For the fiscal year ended June 30, 2013

A-2

	Annually Budgeted Projects	Project- Length Budgets	Total
<b>Revenues</b>			
Intergovernmental	\$ -	452,199	452,199
Interest on investments	58,218	-	58,218
Other	-	943,675	943,675
Total revenues	58,218	1,395,874	1,454,092
<b>Expenditures</b>			
Capital outlay	-	10,388,943	10,388,943
Excess (deficiency) of revenues over expenditures	58,218	(8,993,069)	(8,934,851)
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	574,580	574,580
Transfers out	(522,735)	-	(522,735)
Sale of capital assets	155,850	-	155,850
Total other financing sources (uses)	(366,885)	574,580	207,695
Deficiency of revenues and other sources over expenditures and other uses	\$ (308,667)	(8,418,489)	(8,727,156)

**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, 2013**

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>
<b>Revenues</b>				
Interest on investments	\$ -	-	58,218	58,218
<b>Other Financing Sources (Uses)</b>				
Transfers out	-	(522,735)	(522,735)	-
Sale of capital assets	-	-	155,850	155,850
Appropriated fund balance	-	522,735	-	(522,735)
Total other financing sources (uses)	-	-	(366,885)	(366,885)
Deficiency of revenues and other sources over uses	\$ -	-	(308,667)	(308,667)



**GUILFORD COUNTY, NORTH CAROLINA**  
**County Building Construction Capital Projects Fund**  
**Schedule of Revenues and Expenditures -**  
**Budget and Actual (Budgetary Basis - Project-Length Budgets)**  
**From inception and for the fiscal year ended June 30, 2013**

A-2b

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
<b>Revenues</b>				
Intergovernmental	\$ 3,610,911	2,775,568	452,199	3,227,767
Other	3,104,950	106,185	943,675	1,049,860
Total revenues	<u>6,715,861</u>	<u>2,881,753</u>	<u>1,395,874</u>	<u>4,277,627</u>
<b>Expenditures</b>				
Capital outlay:				
General Government Projects:				
Greensboro Courthouse Renovations	4,577,874	4,347,847	2,888	4,350,735
BB&T Building	10,077,000	9,176,131	651,152	9,827,283
Tax Technology System Replacement	2,340,000	2,290,344	-	2,290,344
New Financial Reporting System	5,331,636	4,756,647	32,450	4,789,097
Upgrade to Financial Reporting System	481,150	280,026	147,517	427,543
Time and Attendance System	696,473	623,439	-	623,439
High Point Courthouse Renovations	1,728,626	541,063	6,583	547,646
Greene Street Center	398,180	18,965	600	19,565
Edgeworth Building Renovations	551,000	28,000	493,296	521,296
Human Services Projects:				
Greensboro Health Department Renovations	3,041,656	1,828,278	484,458	2,312,736
Bellemeade Center Renovations	833,114	110,895	-	110,895
New DSS Facility - High Point	8,045,664	7,884,983	2,586	7,887,569
Public Safety Projects:				
GC Detention Center	115,735,000	88,262,259	2,224,498	90,486,757
Law Enforcement District I	574,580	-	150	150
800 MHz Radio Replacement	8,274,300	6,520,164	197,700	6,717,864
800 MHz Infrastructure Upgrade	4,744,000	-	2,495,344	2,495,344
Fire/EMS Paging Systems Narrowbanding	502,000	-	-	-
EMS Base Station - Rock Creek	2,670,000	2,475,411	2,588	2,477,999
Northwest EMS Base Station	1,500,000	-	-	-
Culture-Recreation Projects:				
Bicentennial Greenway Trail Phase III	3,753,474	3,137,665	364,162	3,501,827
Triad Park	4,942,622	3,873,652	178,645	4,052,297
Bryan Park - Phase I	100,000	3,864	56	3,920
Bur Mill Park Improvements	2,923,352	2,759,465	10,025	2,769,490
Northeast Park	9,242,725	7,709,131	1,200,342	8,909,473
Open Space Acquisition	10,125,886	7,656,906	1,819,028	9,475,934
Hagan-Stone Park	1,333,775	537,329	37,502	574,831
Trails Development	648,938	41,515	30,173	71,688
Atlantic & Yadkin Greenway-Stimulus	664,549	272,764	7,200	279,964
Total expenditures	<u>205,837,574</u>	<u>155,136,743</u>	<u>10,388,943</u>	<u>165,525,686</u>
Deficiency of revenues over expenditures	<u>(199,121,713)</u>	<u>(152,254,990)</u>	<u>(8,993,069)</u>	<u>(161,248,059)</u>
<b>Other Financing Sources</b>				
General obligation bonds issued	153,157,985	117,513,034	-	117,513,034
Capital-related debt issued	10,077,000	10,077,000	-	10,077,000
Premiums on general obligation bonds issued	-	15,759,183	-	15,759,183
Transfers in	2,069,218	1,494,638	574,580	2,069,218
Appropriated fund balance	33,817,510	-	-	-
Total other financing sources	<u>199,121,713</u>	<u>144,843,855</u>	<u>574,580</u>	<u>145,418,435</u>
Excess (deficiency) of revenues and other sources over expenditures	\$ <u>-</u>	<u>(7,411,135)</u>	<u>(8,418,489)</u>	<u>(15,829,624)</u>

**GUILFORD COUNTY, NORTH CAROLINA**  
**Water and Sewer Construction Capital Projects Fund**  
**Combining Schedule of Revenues and Expenditures**  
**For the fiscal year ended June 30, 2013**

A-3

	Annually Budgeted Projects	Project- Length Budgets	Total
<b>Revenues</b>			
Charges for services	\$ 11,836	-	11,836
Other	61,251	-	61,251
Total revenues	73,087	-	73,087
 <b>Expenditures</b>			
Capital outlay	9,756,555	5,838,934	15,595,489
Excess (deficiency) of revenues over expenditures	(9,683,468)	(5,838,934)	(15,522,402)
 <b>Other Financing Uses</b>			
Transfers out	(2,043,895)	-	(2,043,895)
Excess (deficiency) of revenues over expenditures and other uses	\$ (11,727,363)	(5,838,934)	(17,566,297)

**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, 2013**

A-3a

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary and GAAP Basis	Final Budget Positive (Negative)
<b>Revenues</b>				
Charges for services:				
Assessments	\$ -	-	5,622	5,622
Joint operation fees	-	-	6,214	6,214
Total charges for services	-	-	11,836	11,836
Other	-	-	61,251	61,251
Total revenues	-	-	73,087	73,087
<b>Expenditures</b>				
Capital outlay:				
Archdale water and sewer:				
Contract termination (1)	-	181,798	181,798	-
Greensboro water and sewer:				
Eastern Area Sewer Plan Funding	-	9,235,385	9,235,385	-
High Point water and sewer:				
Contract termination (1)	-	339,372	339,372	-
Total expenditures	-	9,756,555	9,756,555	-
Excess (deficiency) of revenues over expenditures	-	(9,756,555)	(9,683,468)	73,087
<b>Other Financing Sources</b>				
Transfers out	-	(2,043,896)	(2,043,895)	1
Appropriated fund balance	-	11,800,451	-	(11,800,451)
Total other financing sources	-	9,756,555	(2,043,895)	(11,800,450)
Excess of revenues and other sources over expenditures	\$ -	-	(11,727,363)	(11,727,363)

Note:

(1) Actual settlement amounts paid to the Cities of Archdale and High Point based on contract termination provisions.

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, 2013

A-3b

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
<b>Expenditures</b>				
Capital outlay:				
Sanitary sewer:				
Forest Oaks Estates	\$ 2,314,502	125,789	1,730,431	1,856,220
GTCC Campus	3,207,678	2,523,824	683,854	3,207,678
Lynwood Lakes Sewer	5,518,255	494,028	1,320,578	1,814,606
Water:				
Forest Oaks Estates	1,147,876	120,303	604,633	724,936
GTCC Campus	310,181	289,510	20,671	310,181
Lynwood Lakes Water	2,921,769	335,115	1,478,767	1,813,882
Total expenditures	<u>15,420,261</u>	<u>3,888,569</u>	<u>5,838,934</u>	<u>9,727,503</u>
<b>Other Financing Sources</b>				
Transfers in	1,000,000	1,000,000	-	1,000,000
Appropriated fund balance	<u>14,420,261</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>15,420,261</u>	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
Deficiency of other sources over expenditures	\$ <u>-</u>	<u>(2,888,569)</u>	<u>(5,838,934)</u>	<u>(8,727,503)</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, 2013**

A-4

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
<b>Revenues</b>				
Intergovernmental:				
State Lottery Funds	\$ 2,238,299	1,648,483	529,751	2,178,234
Public School Building Capital Fund	16,027,725	14,625,378	962,069	15,587,447
Public School Building Bond Fund	12,500,102	12,500,102	-	12,500,102
Guilford County Schools	17,079,051	17,138,103	-	17,138,103
Total revenues	<u>47,845,177</u>	<u>45,912,066</u>	<u>1,491,820</u>	<u>47,403,886</u>
<b>Expenditures</b>				
Intergovernmental:				
Education:				
Guilford Technical				
Community College	106,050,043	28,050,383	16,232,677	44,283,060
Guilford County Board of Education	812,550,197	559,540,610	49,741,222	609,281,832
Total expenditures	<u>918,600,240</u>	<u>587,590,993</u>	<u>65,973,899</u>	<u>653,564,892</u>
Deficiency of revenues over expenditures	<u>(870,755,063)</u>	<u>(541,678,927)</u>	<u>(64,482,079)</u>	<u>(606,161,006)</u>
<b>Other Financing Sources</b>				
General obligation bonds issued	803,168,449	643,098,468	-	643,098,468
Premium on put bonds	3,442,106	3,442,106	-	3,442,106
Capital-related debt issued	16,843,000	16,845,000	-	16,845,000
Transfers in	44,405,728	42,405,732	2,000,000	44,405,732
Appropriated fund balance	2,895,780	-	-	-
Total other financing sources	<u>870,755,063</u>	<u>705,791,306</u>	<u>2,000,000</u>	<u>707,791,306</u>
Excess of revenues and other sources over expenditures	\$ <u>-</u>	<u>164,112,379</u>	<u>(62,482,079)</u>	<u>101,630,300</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, 2013**

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>
GTCC - Northwest Campus Jamestown Campus	\$ 65,886,027	17,062,291	12,450,200	29,512,491
Parking Deck	10,713,973	8,604,396	70,377	8,674,773
Aviation Classroom Building	8,500,000	-	2,422,569	2,422,569
Medlin Learning Center - HVAC and Renovations	9,550,043	2,383,696	430,242	2,813,938
GTCC - Transportation and Welding Facilities	8,400,000	-	-	-
Capital Maintenance FY2011	1,500,000	-	859,289	859,289
Capital Maintenance FY2012	1,500,000	-	-	-
Total expenditures	\$ <u>106,050,043</u>	<u>28,050,383</u>	<u>16,232,677</u>	<u>44,283,060</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, 2013**

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	56,166	21,114,840
Andrews High School	10,445,234	9,379,062	224,733	9,603,795
Dudley High School	32,334,301	32,249,383	7,867	32,257,250
Northwest High School	18,667,108	18,666,936	-	18,666,936
Smith High School Academy	5,797,246	5,722,415	53,162	5,775,577
Sedalia Elementary School	6,497,629	6,417,629	-	6,417,629
Southern Middle School	25,889,162	25,888,809	337	25,889,146
Gateway Education Center West	13,795,403	12,822,980	110	12,823,090
Gibsonville Elementary School	13,260,337	12,971,405	19,561	12,990,966
Irving Park Elementary School	3,135,759	3,105,558	(87)	3,105,471
Jamestown Middle School	34,205,563	33,128,101	3,740	33,131,841
Madison Elementary School	2,396,440	1,977,052	282,435	2,259,487
Northeast High School	12,454,899	11,377,892	33,748	11,411,640
Northeast Middle School	5,403,087	5,318,130	-	5,318,130
Northern Elementary School	14,047,129	14,013,840	32,746	14,046,586
Northern High School	54,013,259	53,991,757	(3,015)	53,988,742
Oak View Elementary School	5,335,104	4,958,951	27,736	4,986,687
Parkview Elementary School	7,713,081	7,666,319	27,909	7,694,228
Ragsdale High School	46,775,107	25,035,864	10,263,768	35,299,632
Reedy Fork Area Elementary School	16,347,859	16,249,610	(6)	16,249,604
Southern High School	9,149,764	8,672,704	367,623	9,040,327
Union Hill Elementary School	17,861,344	17,828,406	(81)	17,828,325
McLeansville Elementary School	5,090,756	5,061,332	-	5,061,332
Eastern Guilford High School Replacement	52,529,277	51,492,130	108,645	51,600,775
High Point SCALE Site	3,200,000	2,880,081	(1,887)	2,878,194
System-Wide Renovations at Various School Sites	5,314,419	4,720,221	53,146	4,773,367
Southeast High School	33,311,222	22,596,060	741,172	23,337,232
Alamance Elementary School	15,102,463	13,159,310	916,695	14,076,005
Summerfield Elementary School	17,949,766	15,453,312	627,541	16,080,853
Southwest High School	23,912,553	19,129,204	180,041	19,309,245
Southeast Area Elementary School	24,893,360	1,079,583	917,633	1,997,216
Allen Middle School	9,698,633	4,225,251	141,795	4,367,046
Southeast Middle School	13,194,475	10,345,098	(22,726)	10,322,372
North Greensboro Area Elementary School	25,362,974	15,126,116	3,674,476	18,800,592
Grimsley High School	13,394,540	2,722,296	4,809,933	7,532,229
Airport Area High School	71,996,741	485,148	30,024	515,172
Airport Middle School - Land	2,087,969	55,963	55	56,018
Subtotal expenditures	\$ 693,703,274	517,032,582	23,574,995	540,607,577

**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, 2013**

A-4b

Project Name	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Subtotal expenditures forward	\$ 693,703,274	517,032,582	23,574,995	540,607,577
Northwest Middle School	7,741,712	6,773,296	94,899	6,868,195
Allen Jay Middle School	12,171,572	654,365	1,156,330	1,810,695
Dudley High School	2,619,786	2,215,080	249,716	2,464,796
Dudley High School - Athletics	6,215,878	4,602,692	1,411,430	6,014,122
Mobile Classrooms	2,386,250	1,306,914	60,660	1,367,574
High Point Central High School	5,758,121	1,446,955	2,878,345	4,325,300
McLeansville Elementary School	6,309,892	3,738,860	178,087	3,916,947
Northwest High School - Site & Athletics	4,270,346	2,840,571	1,115,235	3,955,806
Simeon Stadium	1,764,229	1,392,146	11	1,392,157
Tracks	2,075,000	1,510,898	66,398	1,577,296
Tennis Courts	1,249,000	2,414	167,266	169,680
HVAC	10,512,651	4,267,225	149,404	4,416,629
Page High School - Athletics	2,127,651	1,423,050	141,671	1,564,721
HVAC - FY10 Medicaid Swap	2,149,670	1,804,693	7,850	1,812,543
Archer Elementary	733,303	-	75,358	75,358
McIver Education Center	121,637	-	10,564	10,564
HVAC - QSCB	10,789,525	3,581,308	4,559,510	8,140,818
Roof Replacement/Repair - QSCB	3,039,375	2,293,290	236,095	2,529,385
Windows/Door Replacement - QSCB	3,014,100	1,742,400	396,908	2,139,308
Falkner/Hairston Autism Wing	11,503,195	396,441	5,011,788	5,408,229
Roof Repair/Replace-Allen Jay Elem Sch	615,284	32,130	521,050	553,180
Roof Repair/Replace-Andrews High Sch	1,100,000	30,243	738,164	768,407
Roof Repair/Replace-Erwin Montessori	83,000	-	68,465	68,465
Roof Repair/Replace-Pleasant Garden ES	475,000	15,396	207,495	222,891
Roof Repair/Replace-Weaver Education Ctr	600,000	29,197	394,281	423,478
System-Wide Renovation FY2012	5,792,273	309,314	1,604,607	1,913,921
Roofing System-wide	4,060,545	-	265,143	265,143
Capital Maintenance FY2011	3,301,417	99,150	3,202,267	3,301,417
Capital Maintenance FY2012	4,266,511	-	1,197,230	1,197,230
Capital Maintenance FY2013	2,000,000	-	-	-
Total expenditures	\$ <u>812,550,197</u>	<u>559,540,610</u>	<u>49,741,222</u>	<u>609,281,832</u>



# Nonmajor Governmental Funds

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## Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for specified purposes.

- *Rural Fire Districts Fund* - Accounts for voter-approved property taxes levied to provide fire protection services. In accordance with North Carolina General Statute Section 159-26(b)(2), separate accounts have been established for accounting purposes within the Rural Fire Districts Fund for each of the fire tax or protection districts.

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

**GUILFORD COUNTY, NORTH CAROLINA**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds -**  
**Special Revenue Funds**  
**June 30, 2013**

**B-1**

	<u>Rural Fire Districts</u>	<u>Room Occupancy/ Tourism Development Tax</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Assets</b>			
Cash and cash equivalents/ investments	\$ 864,026	-	864,026
Receivables:			
Property taxes (net of allowance for estimated uncollectible delinquent taxes of \$158,257)	232,319	-	232,319
Other taxes	-	476,992	476,992
Due from governmental units and agencies	563,096	-	563,096
Accrued interest on investments	304	-	304
Total receivables	<u>795,719</u>	<u>476,992</u>	<u>1,272,711</u>
Total assets	\$ <u>1,659,745</u>	<u>476,992</u>	<u>2,136,737</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	114,108	114,108
Due to component unit	-	<u>266,252</u>	<u>266,252</u>
Total liabilities	<u>-</u>	<u>380,360</u>	<u>380,360</u>
Deferred Inflows of Resources	<u>281,935</u>	<u>96,632</u>	<u>378,567</u>
Fund balances:			
Restricted	1,377,810	380,360	1,758,170
Unassigned	-	<u>(380,360)</u>	<u>(380,360)</u>
Total fund balances	<u>1,377,810</u>	<u>-</u>	<u>1,377,810</u>
Total liabilities, deferred inflows of resources and fund balances	\$ <u>1,659,745</u>	<u>476,992</u>	<u>2,136,737</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, 2013**

**B-2**

	Rural Fire Districts	Room Occupancy/ Tourism Development Tax	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Taxes:			
Property taxes	\$ 10,776,585	-	10,776,585
Sales tax	1,991,259	-	1,991,259
Occupancy taxes	-	4,530,714	4,530,714
Investment earnings	675	-	675
Total revenues	12,768,519	4,530,714	17,299,233
<b>Expenditures</b>			
Current:			
Public safety	12,989,929	-	12,989,929
Economic development and assistance	-	4,530,714	4,530,714
Total expenditures	12,989,929	4,530,714	17,520,643
Net changes in fund balances	(221,410)	-	(221,410)
Fund balances at beginning of year	1,599,220	-	1,599,220
Fund balances at end of year	\$ 1,377,810	-	1,377,810

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary and GAAP Basis	Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes:				
Property taxes	\$ 10,391,098	10,391,098	10,736,987	345,889
Interest on delinquent taxes	-	-	39,598	39,598
Total property taxes	10,391,098	10,391,098	10,776,585	385,487
Sales tax	1,931,307	1,931,307	1,991,259	59,952
Investment earnings	-	-	675	675
Total revenues	12,322,405	12,322,405	12,768,519	446,114
<b>Expenditures</b>				
Current:				
Public safety:				
Alamance Community	1,121,413	1,121,413	1,121,413	-
Climax	100,136	100,136	100,136	-
Climax Fire Protection Service District	2,272	2,272	2,272	-
Colfax	514,397	514,397	514,397	-
Colfax Fire Protection Service District	5,655	5,655	5,655	-
Deep River	224,280	224,280	224,280	-
Friedens Community	156,388	156,388	156,388	-
Gibsonville	12,942	12,942	12,942	-
Guilford College Community	532,270	532,270	532,270	-
Guil-Rand	144,538	144,538	144,538	-
Guil-Rand Fire Protection Service District	6,244	6,244	6,199	45
Fire Protection District No. 1	22,346	22,346	22,346	-
Fire Protection Service District No. 13	27,929	27,929	27,842	87
Fire Protection Service District No. 14	34,843	34,843	34,843	-
Julian	70,469	70,469	70,469	-
Kimesville	106,308	106,308	106,308	-
McLeansville	661,891	661,891	661,891	-
Mount Hope Community	529,512	529,512	529,512	-
Northeast	854,261	854,261	854,261	-
Oak Ridge	1,155,535	1,155,535	1,155,535	-
Pinecroft-Sedgefield	1,772,807	1,772,807	1,772,807	-
Pleasant Garden	672,872	672,872	672,872	-
PTIA Fire Protection Service District	34,819	34,819	34,819	-
Rankin	996,216	996,216	996,216	-
Southeast	160,342	160,342	160,342	-
Stokesdale	517,710	517,710	517,710	-
Summerfield	1,955,846	1,955,846	1,955,846	-
Whitsett	410,184	410,184	410,184	-
No. 14	185,636	185,636	185,636	-
Total expenditures	12,990,061	12,990,061	12,989,929	132
Net change in fund balance	(667,656)	(667,656)	(221,410)	446,246
Fund balance at beginning of year	1,599,220	1,599,220	1,599,220	-
Fund balance at end of year	\$ 931,564	931,564	1,377,810	446,246

**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, 2013**

**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>
<b>Revenues</b>				
Taxes:				
Occupancy	\$ 5,500,000	5,500,000	4,530,714	(969,286)
<b>Expenditures</b>				
Current:				
Economic development and assistance	<u>5,500,000</u>	<u>5,500,000</u>	<u>4,530,714</u>	<u>969,286</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



# Proprietary Fund

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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, 2013

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary and GAAP Basis	Final Budget Positive (Negative)
<b>Revenues</b>				
Operating revenues:				
Charges for services	\$ 39,540,878	39,540,878	39,718,868	177,990
Other	60,000	60,000	419,298	359,298
Total operating revenues	39,600,878	39,600,878	40,138,166	537,288
Nonoperating revenues:				
Net Investment Loss	71,500	71,500	(1,889)	(73,389)
Total revenues	39,672,378	39,672,378	40,136,277	463,899
<b>Expenditures</b>				
Risk Retention-Liability/Property/WC:				
Personnel services			128,938	
Other direct service costs			5,240	
Professional services			72,810	
Claims, premiums and bonding	-	-	2,986,744	-
Total Risk Retention	2,516,846	3,321,850	3,193,732	128,118
Health Care & Wellness:				
Professional services			1,594,505	
Claims, premiums and bonding	-	-	32,560,954	-
Total Health Care & Wellness	37,464,478	37,464,484	34,155,459	3,309,025
Total expenditures	39,981,324	40,786,334	37,349,191	3,437,143
Excess of revenues over expenditures	(308,946)	(1,113,956)	2,787,086	3,901,042
<b>Other financing sources:</b>				
Appropriated fund balance	308,946	1,113,956	-	(1,113,956)
Deficiency of revenues and other sources over expenditures	\$ -	-	2,787,086	2,787,086
<b>Reconciliation from financial plan basis (modified accrual) to full accrual:</b>				
Increase in accrued vacation pay			2,054	
Change in net position			\$ 2,789,140	



# Fiduciary Funds

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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 has been 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, 2013

D-1

	Pension Trust Funds		
	Law Enforcement Officers' Special Separation Allowance	Other Post Employment Benefits	Total
<b>Assets</b>			
Current assets:			
Pooled cash and cash equivalents/investments	\$ 919,608	-	919,608
State Treasurer's Local Government Other Post Employment Benefits (OPEB) Fund:			
Short-Term OPEB Fund	-	2,527,548	2,527,548
Long-Term OPEB Fund	-	957,964	957,964
OPEB Equity Fund	-	6,364,418	6,364,418
Cash and cash equivalents/investments	919,608	9,849,930	10,769,538
Receivables:			
Accrued interest on investments	449	-	449
Total assets	920,057	9,849,930	10,769,987
<b>Liabilities</b>			
Accounts payable and accrued liabilities	28,289	-	28,289
<b>Net Position</b>			
Held in trust for pension benefits	\$ 891,768	9,849,930	10,741,698

GUILFORD COUNTY, NORTH CAROLINA  
Pension Trust Funds  
Combining Statement of Changes in Plan Net Position  
For the fiscal year ended June 30, 2013

D-2

	Pension Trust Funds		
	Law Enforcement Officers' Special Separation Allowance	Other Post Employment Benefits	Total
<b>Additions</b>			
Employer contributions	\$ 741,844	8,486,648	9,228,492
Retiree contributions	-	1,764,592	1,764,592
Net investment income	2,228	994,757	996,985
Total additions	<u>744,072</u>	<u>11,245,997</u>	<u>11,990,069</u>
<b>Deductions</b>			
Benefits	758,119	8,251,240	9,009,359
Administrative expenses	680	16,387	17,067
Total deductions	<u>758,799</u>	<u>8,267,627</u>	<u>9,026,426</u>
Change in net position	(14,727)	2,978,370	2,963,643
Net position at beginning of year	<u>906,495</u>	<u>6,871,560</u>	<u>7,778,055</u>
Net position at end of year	<u>\$ 891,768</u>	<u>9,849,930</u>	<u>10,741,698</u>

GUILFORD COUNTY, NORTH CAROLINA  
 Agency Funds  
 Combining Statement of Assets and Liabilities  
 June 30, 2013

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>
<b>Assets</b>					
Cash and cash equivalents/investments	\$ 218,959	411,815	343,728	28,635	1,003,137
Total assets	\$ <u>218,959</u>	<u>411,815</u>	<u>343,728</u>	<u>28,635</u>	<u>1,003,137</u>
<b>Liabilities</b>					
Accounts payable and accrued liabilities	\$ -	411,815	-	-	411,815
Representative payee clients payable	-	-	343,728	-	343,728
Due to other taxing units	<u>218,959</u>	<u>-</u>	<u>-</u>	<u>28,635</u>	<u>247,594</u>
Total liabilities	\$ <u>218,959</u>	<u>411,815</u>	<u>343,728</u>	<u>28,635</u>	<u>1,003,137</u>

**GUILFORD COUNTY, NORTH CAROLINA**  
**Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**For the fiscal year ended June 30, 2013**

D-4

	<u>Balance 7/1/12</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/13</u>
<b><u>Tax Collection Fund</u></b>				
<b>Assets</b>				
Cash and cash equivalents/investments	\$ <u>237,841</u>	<u>226,351,490</u>	<u>226,370,372</u>	<u>218,959</u>
<b>Liabilities</b>				
Due to other taxing units	\$ <u>237,841</u>	<u>226,351,490</u>	<u>226,370,372</u>	<u>218,959</u>
<b><u>Fines and Forfeitures Fund</u></b>				
<b>Assets</b>				
Cash and cash equivalents/investments	\$ <u>334,620</u>	<u>1,929,184</u>	<u>1,851,989</u>	<u>411,815</u>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ <u>334,620</u>	<u>1,929,184</u>	<u>1,851,989</u>	<u>411,815</u>
<b><u>Representative Payee Fund</u></b>				
<b>Assets</b>				
Cash and cash equivalents/investments	\$ <u>427,988</u>	<u>2,460,490</u>	<u>2,544,750</u>	<u>343,728</u>
<b>Liabilities</b>				
Representative payee clients payable	\$ <u>427,988</u>	<u>2,460,490</u>	<u>2,544,750</u>	<u>343,728</u>
<b><u>NC Treasurer's Vehicle Interest Fund</u></b>				
<b>Assets</b>				
Cash and cash equivalents/investments	\$ <u>25,291</u>	<u>379,978</u>	<u>376,634</u>	<u>28,635</u>
<b>Liabilities</b>				
Due to other taxing units	\$ <u>25,291</u>	<u>379,978</u>	<u>376,634</u>	<u>28,635</u>
<b><u>Total Agency Funds</u></b>				
<b>Assets</b>				
Cash and cash equivalents/investments	\$ <u>1,025,740</u>	<u>231,121,142</u>	<u>231,143,745</u>	<u>1,003,137</u>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 334,620	1,929,184	1,851,989	411,815
Representative payee clients payable	427,988	2,460,490	2,544,750	343,728
Due to other taxing units	<u>263,132</u>	<u>226,731,468</u>	<u>226,747,006</u>	<u>247,594</u>
Total liabilities	\$ <u>1,025,740</u>	<u>231,121,142</u>	<u>231,143,745</u>	<u>1,003,137</u>



# Additional Financial Data

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

Analysis of Current Tax Levy

Schedule of Property Taxes Receivable

Analysis of Current Tax Levy -  
County-Wide Levy

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

Bonded Debt Service Requirements  
and Maturity Schedule

GUILFORD COUNTY, NORTH CAROLINA

E-1

Analysis of Current Tax Levy  
For the fiscal year ended June 30, 2013

	Assessed Value	Rate (1)	Total Adjusted Tax Levy (2)	Current Tax Collections	Uncollected at June 30, 2013
County-wide	\$ 45,545,410,690	0.7804	\$ 354,610,339	(345,992,502)	8,617,837
Rural fire districts:					
Alamance Community	943,095,319	0.0998	938,179	(911,673)	26,506
Gibsonville	11,933,926	0.0972	11,550	(11,366)	184
Climax	86,160,955	0.1000	85,736	(82,942)	2,794
Climax FPSD	82,009,062	0.0029	2,352	(2,279)	73
Colfax	436,194,998	0.1000	436,974	(428,110)	8,864
Colfax FPSD	419,982,767	0.0014	5,816	(5,704)	112
Deep River	200,239,147	0.0941	187,538	(182,898)	4,640
Friedens Community	131,452,471	0.1000	130,885	(127,709)	3,176
Guilford College Community	432,612,901	0.0800	344,605	(343,342)	1,263
Guil-Rand	119,577,677	0.1000	119,193	(115,540)	3,653
Guil-Rand FPSD	114,912,523	0.0056	6,362	(6,183)	179
Julian	58,329,049	0.1011	59,209	(57,890)	1,319
Kimesville	84,971,261	0.1027	86,921	(82,950)	3,971
McLeansville	719,462,731	0.0789	565,669	(548,965)	16,704
Mount Hope Community	616,098,844	0.0800	490,236	(482,330)	7,906
Northeast	720,338,098	0.1000	717,465	(699,406)	18,059
Oak Ridge	1,147,676,827	0.0857	982,657	(971,057)	11,600
Pinecroft-Sedgefield	1,532,395,684	0.0988	1,505,726	(1,475,923)	29,803
Pleasant Garden	563,026,357	0.1000	561,751	(544,634)	17,117
Rankin	786,815,051	0.1000	782,866	(761,774)	21,092
Rankin FPSD	758,866,055	0.0038	28,519	(27,793)	726
Southeast	135,189,633	0.0991	133,488	(130,177)	3,311
Stokesdale	564,895,476	0.0768	432,072	(422,410)	9,662
Summerfield	1,706,417,443	0.0956	1,621,938	(1,601,767)	20,171
Whitsett	465,016,350	0.0730	338,397	(331,517)	6,880
No. 14 (Franklin Blvd.)	149,461,473	0.1000	149,259	(142,315)	6,944
No. 14 FPSD	141,249,520	0.0266	37,143	(35,532)	1,611
FPSD No. 1 (Hornetown)	21,789,186	0.0918	19,963	(19,486)	477
PTIA FPSD	363,208,821	0.0100	36,134	(36,069)	65
Total rural fire districts			10,818,603	(10,589,741)	228,862
Total entity-wide			\$ 365,428,942	(356,582,243)	8,846,699

Percent of current year adjusted tax levy collected:

County-wide	<u>97.57</u> %
Rural fire districts	<u>97.88</u>
Entity-wide	<u>97.58</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, 2013**

**E-2**

Fiscal Year	Uncollected Balance June 30, 2012	Total Adjusted Tax Levy	Collections and Credits	Uncollected Balance June 30, 2013
2012-2013	\$ -	365,428,942	356,582,243	8,846,699
2011-2012	8,152,646	-	4,904,853	3,247,793
2010-2011	2,651,792	-	831,630	1,820,162
2009-2010	1,642,565	-	303,450	1,339,115
2008-2009	1,386,399	-	151,317	1,235,082
2007-2008	1,044,565	-	80,150	964,415
2006-2007	714,228	-	43,514	670,714
2005-2006	603,271	-	20,958	582,313
2004-2005	589,434	-	15,539	573,895
2003-2004	499,884	-	10,566	489,318
2002-2003	426,981	-	426,981	-
	\$ 17,711,765	365,428,942	363,371,201	19,769,506
Less allowance for estimated uncollectible delinquent taxes:				
General Fund			\$ (9,837,860)	
Rural Fire Districts Fund			(167,514)	(10,005,374)
Property taxes receivable (net)				\$ 9,764,132
<b>Reconciliation with revenues:</b>				
General Fund:				
Ad valorem taxes			\$ 351,673,782	
Interest on delinquent taxes			1,466,986	\$ 353,140,768
Rural Fire Districts Fund:				
Ad valorem taxes			10,736,987	
Interest on delinquent taxes			39,598	10,776,585
Plus collections and credits not included in revenues:				
Releases net of refunds on prior fiscal years			325,133	
Penalties on delinquent taxes			273,547	
Amounts written off for year 2002 - 2003 per statute of limitations			426,981	1,025,661
Subtotal				364,943,014
Less revenues not included in collections and credits:				
Collections on years prior to 2003 - 2004			(31,666)	
Payments in lieu of taxes			(33,563)	
Interest collected			(1,506,584)	(1,571,813)
Total collections and credits				\$ 363,371,201

**GUILFORD COUNTY, NORTH CAROLINA**  
**Analysis of Current Tax Levy**  
**County-Wide Levy**  
**For the fiscal year ended June 30, 2013**

	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)	\$ 44,245,711,559	0.7804	344,081,450	325,960,245	18,121,205
Registered motor vehicles taxed at prior year's rate	<u>1,299,699,131</u>	0.7824	<u>10,168,846</u>	-	<u>10,168,846</u>
Total	<u>45,545,410,690</u>		<u>354,250,296</u>	<u>325,960,245</u>	<u>28,290,051</u>
Penalties			<u>360,043</u>	<u>360,043</u>	-
Total adjusted tax levy			354,610,339	326,320,288	28,290,051
Uncollected taxes at June 30, 2013			<u>(8,617,837)</u>	<u>(4,899,756)</u>	<u>(3,718,081)</u>
Current year's taxes collected			\$ <u>345,992,502</u>	<u>321,420,532</u>	<u>24,571,970</u>
Current adjusted tax levy collection percentage			<u>97.57%</u>	<u>98.50%</u>	<u>86.86%</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, 2013**

**Secondary Market Disclosures:**

Assessed Valuation:	
Assessment Ratio (1)	100%
Real Property (2)	\$ 36,867,575,947
Personal Property	7,610,406,089
Public Service Companies (3)	<u>1,067,428,654</u>
Total Assessed Valuation	\$ <u>45,545,410,690</u>
Tax Rate per \$100 (4)	<u>0.7804</u>
Adjusted Levy (5)	\$ <u>365,428,942</u>

Notes:

- (1) Percentage of appraised value has been established by State Statute.
- (2) Real property assessment is based on 2013 market values as established by the last revaluation. Pursuant to State law, revaluation is required to take place not less frequently than every eight years.
- (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	\$ 354,610,339
Special Fire Districts	<u>10,818,603</u>
Total Levy	\$ <u>365,428,942</u>

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

**GUILFORD COUNTY, NORTH CAROLINA**  
**Bonded Debt Service Requirements**  
**and Maturity Schedule**  
**As of June 30, 2013**

E-5

	<u>UTILITY</u>		<u>OTHER</u>		<u>TOTAL</u>	
	Existing Debt		Existing Debt		Existing Debt	
<b>General Obligation</b>						
Fiscal Year	Principal	Principal & Interest	Principal	Principal & Interest	Principal	Principal & Interest
2013-14	\$ 2,254,615	2,698,295	47,680,385	77,513,024	49,935,000	80,211,319
2014-15	2,245,522	2,589,916	49,749,478	77,625,028	51,995,000	80,214,944
2015-16	2,242,552	2,479,574	53,427,448	79,112,770	55,670,000	81,592,344
2016-17	1,965,306	2,101,971	54,674,694	77,959,873	56,640,000	80,061,844
2017-18	668,698	751,146	56,931,302	77,900,048	57,600,000	78,651,194
2018-19	279,861	340,733	57,090,139	75,222,403	57,370,000	75,563,136
2019-20	266,648	314,100	58,063,352	73,630,845	58,330,000	73,944,945
2020-21	262,203	301,656	59,327,797	72,680,314	59,590,000	72,981,970
2021-22	263,092	289,435	59,996,908	71,297,588	60,260,000	71,587,023
2022-23	263,759	276,947	60,116,241	69,372,996	60,380,000	69,649,943
2023-24	-	-	55,450,000	63,046,038	55,450,000	63,046,038
2024-25	-	-	55,455,000	62,084,884	55,455,000	62,084,884
2025-26	-	-	36,870,000	42,420,863	36,870,000	42,420,863
2026-27	-	-	36,920,000	41,388,018	36,920,000	41,388,018
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>10,712,256</u>	<u>12,143,773</u>	<u>817,597,744</u>	<u>1,045,642,749</u>	<u>828,310,000</u>	<u>1,057,786,522</u>

**Limited Obligation**

2013-14	768,806	-	768,806
2014-15	768,806	-	768,806
2015-16	768,806	-	768,806
2016-17	768,806	-	768,806
2017-18	768,806	-	768,806
2018-19	768,806	-	768,806
2019-20	768,806	-	768,806
2020-21	768,806	-	768,806
2021-22	768,806	-	768,806
2022-23	768,806	-	768,806
2023-24	768,806	-	768,806
2024-25	768,806	-	768,806
2025-26	768,806	-	768,806
2026-27	768,806	-	768,806
2027-28	768,806	-	768,806
2028-29	768,806	-	768,806
2029-30	768,806	-	768,806
2030-31	768,806	-	768,806
2031-32	16,845,000	768,806	16,845,000
	<u>16,845,000</u>	<u>14,607,314</u>	<u>16,845,000</u>
			<u>14,607,314</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.

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

***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)**

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
Governmental activities:										
General government (1)	\$ 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	42,965,674
Human services	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	144,195,031
Public safety (1)	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	119,896,894
Environmental protection	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	1,357,646
Culture - recreation	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	7,220,201
Urban redevelopment and housing	259,242	152,052	158,816	165,681	-	185,987	219,047	-	-	-
Economic development and assistance	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	21,261,349
Education	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	253,356,987
Interest on long-term debt	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	28,750,330
Total primary government expenses	477,509,910	519,250,254	587,417,746	644,673,401	642,854,282	631,374,813	598,787,482	639,563,620	640,378,791	619,004,112
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	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	6,383,668
Human services	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	11,659,633
Public safety	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	22,715,104
Economic development and assistance	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	89,664
Other activities	226,224	278,833	198,133	139,105	139,174	107,016	85,534	63,185	301,158	534,000
Operating grants and contributions:										
Human services	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	75,384,567
Public safety	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	1,875,697
Education	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	1,491,820
Interest on long-term debt	-	-	-	-	6,000,000	12,500,000	8,000,000	9,496,397	6,257,976	7,883,817
Other activities	976,685	2,912,425	3,683,034	1,020,755	826,942	1,788,851	1,024,903	921,022	1,365,697	1,348,201
Capital grants and contributions:										
General government	505,100	-	6,000	-	-	-	10,000	-	-	-
Human services	91,287	84,778	5,518	1,107,265	61,185	258,777	243,318	326,015	115,355	311,817
Public safety	214,986	66,236	490,261	22,810	110,975	349,110	223,545	431,312	299,356	374,780
Culture - recreation	1,238,163	237,573	50,300	-	1,000	6,306,168	2,381,838	520,844	-	124,074
Other activities	-	9,759	17,883	-	-	-	-	-	-	-
Total primary government program revenues	129,569,047	139,235,589	141,447,031	147,494,769	155,407,183	162,262,675	146,958,616	148,969,132	140,558,671	130,176,842
Total primary government net expenses	(347,940,863)	(380,014,665)	(445,970,715)	(497,178,632)	(487,447,099)	(469,112,138)	(451,828,866)	(490,594,488)	(499,820,120)	(488,827,270)

**General Revenues and Other**

**Changes in Net Position**

Governmental activities:

Taxes:

Property taxes	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	365,639,259
Sales taxes	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	69,157,461
Occupancy taxes	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	4,627,346
Excise taxes	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	1,900,114
911 charges	871,980	769,657	824,713	788,590	381,944	-	-	-	-	-
Local gross receipts taxes	721,737	789,591	746,443	736,098	751,131	631,080	578,291	628,422	685,671	687,863
Franchise taxes	506,089	520,014	618,753	462,080	143,515	148,147	149,479	82,213	-	-
Unrestricted grants and contributions	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	1,466,619
Unrestricted investment earnings	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)	2,279,877
Other	162,985	222,293	313,562	2,019,617	371,374	225,855	257,879	6,045,727	452,404	352,415
Special items	3,159,900	-	-	-	-	-	-	-	-	-

Total primary government general revenues and other changes in net position

	<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>	<u>446,110,954</u>
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**Changes in Net Position**

Governmental activities / primary government

	<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>	<u>(42,716,316)</u>
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**Net Position by Component**

Governmental activities:

Invested in capital assets, net of related debt	\$ 111,008,939	112,083,864	115,542,072	116,246,292	115,992,624	(Restated) (2) 120,573,365	(Reclassified) (3) 122,628,297	(3),(4) 129,476,162	133,301,449	138,096,814
Restricted	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	84,400,139
Unrestricted	(50,527,351)	(77,996,935)	(153,017,492)	(248,614,070)	(317,413,077)	(371,277,681)	(518,786,448)	(547,421,671)	(603,117,519)	(653,085,898)
Governmental activities / primary government	<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>	<u>(430,588,945)</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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues</b>										
Taxes:										
Property taxes	\$ 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	363,917,353
Sales taxes	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	69,157,461
Occupancy taxes	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	4,530,714
Excise taxes	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	1,900,114
911 charges	871,980	769,657	824,713	788,590	381,944	-	-	-	-	-
Local gross receipts taxes	721,737	789,591	746,443	736,098	751,131	631,080	578,291	628,422	685,671	687,863
Franchise taxes	506,089	520,014	618,753	462,080	143,515	148,147	149,479	82,213	-	-
Total taxes	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	440,193,505
Licenses and permits	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	1,615,435
Intergovernmental	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	88,797,966
Charges for services	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	35,376,318
Investment earnings	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	913,633
Other	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	6,165,660
Total revenues	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	573,062,517
<b>Expenditures</b>										
General government	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	44,636,072
Human services	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	135,334,550
Public safety	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	109,199,054
Environmental protection	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	1,260,849
Culture - recreation	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	5,435,795
Urban redevelopment & housing	259,242	152,052	158,816	165,681	-	185,987	219,047	-	-	-
Economic development & assistance	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	5,665,860
Education (1)	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	187,383,088
Capital outlay - Education (1)	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	65,973,899
Capital outlay - Other	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	25,984,432
Debt service:										
Principal	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	49,495,585
Interest	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	33,104,335
Other fiscal charges	265,087	67,360	504,413	470,194	985,535	854,108	3,834,542	1,776,942	1,859,397	1,025,997
Bond issuance / put bond costs	343,858	825,559	-	542,749	-	300,443	1,748,409	-	1,499,741	-
Total expenditures	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	664,499,516
Excess (deficiency) of revenues over expenditures	(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)	(91,436,999)

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

Refunding bonds issued	-	54,380,000	-	-	-	-	135,990,000	-	46,135,000	-
General obligation bonds issued	-	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	417,391	158,845	253,812	485,187	5,102,000	-	-	-	21,820,000	-
Payment to bond refunding escrow agent	-	(60,717,190)	-	-	-	-	(146,310,850)	-	(53,364,279)	-
Premiums on bonds/put bonds/refunding bonds issued	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	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	5,141,210
Transfers out	(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)	(5,141,210)
Sale of capital assets	155,595	191,586	250,004	2,317,974	248,922	119,073	165,734	7,822,165	104,378	288,165
Special Items	(4,500,000)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses) and other changes in fund balances	<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>	<u>288,165</u>
<b>Changes in Fund Balances</b>										
Governmental funds	<u>\$ (33,466,138)</u>	<u>139,346,070</u>	<u>(97,971,841)</u>	<u>67,458,588</u>	<u>(70,946,858)</u>	<u>111,897,466</u>	<u>84,103,065</u>	<u>(150,521,935)</u>	<u>73,528,211</u>	<u>(91,148,834)</u>
Debt service as a percentage of noncapital expenditures (2)	5.07%	5.07%	6.02%	5.78%	7.80%	7.64%	8.94%	9.39%	10.98%	12.70%
<b>Fund Balances</b>										
General fund:							(Reclassified) (3)	(3)		
Reserved	\$ 37,807,777	44,883,408	43,905,906	48,386,558	49,298,419	49,720,293	-	-	-	-
Unreserved	<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	1,441,612
Restricted	-	-	-	-	-	-	60,625,494	51,084,382	57,971,070	53,372,359
Committed	-	-	-	-	-	-	33,342	27,692	24,472	20,575
Assigned	-	-	-	-	-	-	25,541,815	25,447,565	27,107,976	24,751,319
Unassigned	-	-	-	-	-	-	53,291,259	55,209,633	53,990,425	58,714,232
Total general fund	<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>	<u>138,300,097</u>
All other governmental funds:								(3)		
Reserved	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	276,287	648,399	1,005,990	1,215,613	1,277,213	657,736	310,200	-	-	-
Capital projects funds	<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	127,209,068
Committed	-	-	-	-	-	-	-	18,629,202	29,582,739	11,369,186
Assigned	-	-	-	-	-	-	-	5,587,932	15,656,754	14,066,459
Unassigned	-	-	-	-	-	-	-	(1,690,772)	(4,381,306)	(5,589,131)
Total all other governmental funds	<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>	<u>147,055,582</u>
Total fund balances	<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>	<u>285,355,679</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		
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 <sup>(3)</sup>	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
2013	36,867,575,947	37,030,510,192	7,610,406,089	1,067,428,654	45,545,410,690	45,708,344,935	99.6	0.8042

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 2013.
- (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>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>	<u>2013</u>
County Direct Rates:										
General Levy (1):										
Property taxed at current year's rate	\$ 0.6813	0.5961	0.6191	0.6367	0.6693	0.7148	0.7164	0.7182	0.7609	0.7580
Registered motor vehicles at prior rate	0.0304	0.0257	0.0228	0.0241	0.0211	0.0212	0.0210	0.0192	0.0203	0.0225
Total general direct rate	0.7117	0.6218	0.6419	0.6608	0.6904	0.7360	0.7374	0.7374	0.7812	0.7805
Fire Protection Districts (2)	0.0193	0.0211	0.0217	0.0221	0.0226	0.0215	0.0216	0.0218	0.0228	0.0237
Total direct rate	\$ <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>	<u>0.8042</u>
City Rates:										
Burlington (3)	\$ 0.5000	0.5545	0.5550	0.6247	0.6250	0.6250	0.5904	0.5900	0.5801	0.5800
Greensboro	0.6177	0.5717	0.5700	0.6158	0.6369	0.6374	0.6375	0.6352	0.6349	0.6351
High Point	0.6220	0.5424	0.5914	0.6075	0.6323	0.6330	0.6330	0.6330	0.6613	0.6746
Kernersville (3)	N/A	N/A	N/A	N/A	N/A	0.5500	0.4975	0.4975	0.4975	0.4975
Town Rates:										
Archdale (4)	\$ 0.2300	0.2600	0.2600	0.2600	0.2900	0.2900	0.2900	0.2900	0.2900	0.2900
Gibsonville (4)	0.5150	0.4950	0.5150	0.5150	0.5150	0.5150	0.5100	0.5100	0.5100	0.5100
Jamestown	0.3495	0.3500	0.3500	0.3500	0.3500	0.3693	0.3700	0.3895	0.3900	0.3948
Oak Ridge	None	0.0863	0.0863	0.0863	0.0863	0.0863	0.0863	0.0863	0.0863	0.0863
Pleasant Garden	None	None	0.0500	0.0500	0.0500	0.0260	0.0250	0.0250	0.0250	0.0250
Sedalia	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2729	0.2750	0.2750
Summerfield (5)	None	0.1050	0.0523	0.0395	0.0390	0.0351	0.0018	0.0350	0.0350	0.0350
Whitsett	None	None	None	None	None	0.0500	0.0500	0.0500	0.0500	0.0500
Sedgefield Sanitary District	\$ 0.0400	0.0352	0.0398	0.0257	0.0298	0.0300	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-nine 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.

Table 5

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

Taxpayer	Fiscal Year 2013		Fiscal Year 2004	
	Assessed Value	Percentage of Total Assessed Value	Assessed Value	Percentage of Total Assessed Value
Duke Energy Corporation	\$ 365,212,367	0.80	\$ 263,996,924	0.82
Lorillard Tobacco Company	300,763,409	0.66	215,975,899	0.67
Koury Corporation	252,294,826	0.55	312,354,719	0.97
American Express Travel Related Services Co.	207,203,617	0.45	-	-
CBL LLC	206,355,800	0.45	-	-
Procter & Gamble Manufacturing Company	175,452,178	0.39	140,302,443	0.43
TYCO Electronics	171,549,586	0.38	158,064,986	0.49
International Home Furnishings Center	146,615,061	0.32	142,608,766	0.44
Piedmont Natural Gas	139,014,793	0.31	-	-
Highwoods Forsyth LTD	137,759,688	0.30	129,281,200	0.40
A T & T(BellSouth)	-	-	167,886,849	0.52
RF Micro Devices, Inc.	-	-	163,481,712	0.50
Starmount Company	-	-	124,787,157	0.38
Total Top Ten Principal Taxpayers	\$ <u>2,102,221,325</u>	<u>4.61</u>	\$ <u>1,818,740,655</u>	<u>5.62</u>

Source: Guilford County Tax Department.

Table 6

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
2004	\$ 236,247,761	(205,404)	236,042,357	233,477,931	98.83	2,084,625	235,562,556	99.80
2005 <sup>(2)</sup>	254,868,218	(1,616,356)	253,251,862	251,554,341	98.70	1,123,057	252,677,398	99.77
2006	268,492,562	(424,326)	268,068,236	265,412,691	98.85	2,067,873	267,480,564	99.78
2007	287,334,796	(326,308)	287,008,488	283,471,941	98.66	2,864,907	286,336,848	99.77
2008	308,030,341	(343,345)	307,686,996	303,163,588	98.42	3,558,993	306,722,581	99.69
2009	336,841,767	(255,701)	336,586,066	330,670,794	98.17	4,680,189	335,350,983	99.63
2010	339,838,448	(215,647)	339,622,801	333,596,483	98.16	4,687,199	338,283,682	99.61
2011	339,943,072	(184,782)	339,758,290	333,063,607	97.98	4,874,518	337,938,125	99.46
2012	363,248,000	(240,848)	363,007,152	355,095,355	97.76	4,664,004	359,759,359	99.11
2013 <sup>(2)</sup>	365,428,942	-	365,428,942	356,582,243	97.58	-	356,582,243	97.58

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 years 2013 and 2005 which generally result in appeals of these revalued amounts and thus, larger adjustments due to releases based on these appeals.

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

Fiscal Year	General Bonded Debt Outstanding		Percentage of Estimated Actual Taxable Value of Property (2)	Per Capita	Other Governmental Activities Debt		Total Primary Government (1)	Percentage of Personal Income (3)	Per Capita (3)
	General Obligation Bonds (1)				Limited Obligation Bonds, Capital Leases and Installment Financings (1)				
2004	\$ 275,948,720		0.72	634.80	862,328		276,811,048	1.94	636.78
2005	448,562,448		1.11	1,023.22	513,298		449,075,746	2.97	1,024.39
2006	426,858,183		1.04	958.42	423,913		427,282,096	2.70	959.37
2007	592,036,829		1.36	1,299.95	571,479		592,608,308	3.48	1,301.20
2008	563,189,520		1.22	1,211.36	5,422,364		568,611,884	3.20	1,223.02
2009	709,758,171		1.48	1,497.04	4,783,962		714,542,133	3.98	1,507.13
2010	846,091,651		1.74	1,761.36	4,147,088		850,238,739	4.92	1,770.00
2011	806,334,450		1.72	1,650.95	3,571,400		809,905,850	4.53	1,658.26
2012	932,027,810		2.12	1,881.82	24,498,508		956,526,318	5.08	1,931.29
2013	879,076,323		1.92	1,755.07	23,222,923		902,299,246	4.64	1,801.43

Notes:

- (1) Details regarding the County's outstanding debt can be found in the notes to the financial statements and includes unamortized bond issuance premiums less unamortized swap termination fees.  
Amounts for fiscal year 2011 and prior do not include bond refunding charges as a result of GASB 63.
- (2) See Table 3 for estimated actual taxable value of property data.
- (3) See Table 10 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

**Table 8**

**Guilford County, North Carolina  
Direct and Overlapping Governmental Activities Debt  
June 30, 2013**

<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	\$ 851,532,923	100.00	\$ <u>851,532,923</u>
City of Greensboro	208,364,707	100.00	208,364,707
City of High Point	77,734,245	94.75	73,653,197
Town of Oak Ridge	1,233,333	100.00	1,233,333
Town of Gibsonville	787,305	48.52	382,000
City of Burlington	12,426,717	1.60	198,827
Town of Kernersville	6,427,403	2.64	169,683
City of Archdale	2,637,684	2.66	70,162
Town of Sedalia	32,090	100.00	<u>32,090</u>
Total overlapping debt			<u>284,103,999</u>
Total direct and overlapping debt			\$ <u><u>1,135,636,922</u></u>

Notes:

- (1) Debt and assessed valuation information were obtained from each municipality.  
Debt includes all bonded debt and installment purchase obligations for governmental activities.
- (2) The percentage of overlap is based on assessed property values.



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

	Fiscal Year									
	<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>	<u>2013</u>
Debt limit	\$ 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	3,643,633
Total net debt applicable to limit	<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>	<u>1,118,988</u>
Legal debt margin	\$ <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>	<u>2,524,645</u>
Total net debt applicable to limit as a percentage of debt limit	21.93%	19.54%	18.72%	17.84%	35.50%	33.78%	32.27%	33.04%	32.18%	30.71%

**Legal Debt Margin Calculation for Fiscal Year 2013**

Assessed value of taxable property	\$ <u>45,545,410,690</u>
Debt limit (8% of total assessed value)	\$ <u>3,643,632,855</u>
Debt applicable to limit:	
Bonded debt	828,310,000
Bonds authorized, unissued	270,940,000
Limited obligation bonds and obligations under purchase money installment contracts	<u>23,222,923</u>
Gross debt	1,122,472,923
Less statutory deductions:	
Bonds issued and outstanding for water purposes	<u>3,484,733</u>
Net amount of debt applicable to debt limit	<u>1,118,988,190</u>
Legal debt margin	\$ <u><u>2,524,644,665</u></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>
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	4.8
2008	464,924	17,758,702	38,197	36.66	70,707	6.2
2009	474,108	17,953,996	37,869	36.83	70,968	10.5
2010	480,362	17,288,228	35,990	36.38	70,710	11.1
2011	488,406	17,868,334	36,585	36.52	71,227	10.5
2012	495,279	18,815,649	37,990	36.51	71,587	9.8
2013	500,879	19,461,654	38,855	36.54	71,885	9.4

Sources:

- (1) Calendar years 2003 through 2012 United States Census Bureau estimates.
- (2) Computed as a factor of population times per capita income.
- (3) Calendar years 2003 through 2011 Bureau of Economic Analysis, U.S. Department of Commerce.  
 Calendar year 2012 Piedmont Triad Council of Governments estimate.
- (4) Fiscal years 2004 through 2013 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 2013 which is the average adjusted monthly rate for January through June.

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

Employer	2013		2004	
	Employees	Percentage of Total County Employment	Employees	Percentage of Total County Employment
Guilford County School System	10,404	4.49	7,900	3.53
Moses H. Cone Health Systems	8,432	3.64	6,520	2.92
City of Greensboro	3,590	1.55	2,832	1.27
United States Postal Service	2,770	1.20	2,180	0.97
University of North Carolina at Greensboro	2,594	1.12	1,900	0.85
Guilford County Government	2,444	1.05	2,717	1.22
The Volvo Group	2,400	1.04	600	0.27
High Point Regional Health System	2,300	0.99	1,820	0.81
North Carolina A & T State University	2,104	0.91	1,500	0.67
Ralph Lauren Corporation	2,062	0.89	920	0.41
United Parcel Service (UPS)	2,000	0.86	1,900	0.85
Bank of America	2,000	0.86	2,100	0.94
 Total County Employment	 231,739		 223,612	

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 2003 and 2012 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

Function/Program	Total Number of Employees Paid as of June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government (1)	401	394	462	380	419	338	464	323	320	315
Human services	1,451	1,462	1,460	1,376	1,369	1,366	1,264	1,176	1,051	987
Public safety	830	855	891	897	892	953	913	932	1,021	1,034
Environmental protection	1	3	6	6	5	5	5	4	7	7
Culture-recreation (2)	-	-	-	-	2	2	2	2	2	101
Total	<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>	<u>2,444</u>

Note:

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

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

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government:										
Real estate documents processed (8)	656,458	691,835	541,936	598,176	590,300	510,744	329,094	357,284	351,377	423,053
Vital records recorded and issued (8)	59,058	61,126	63,240	64,870	73,560	79,814	68,196	69,484	72,477	70,806
Building permits issued (2)	2,765	2,765	2,659	2,660	2,800	2,800	2,200	2,200	2,870	2,870
Bldg,plumb,mec& elec insp completed (2)	51,500	51,500	56,881	51,152	45,700	45,700	29,200	29,700	22,014	22,014
Human Services:										
Laboratory tests performed (2),(10)	136,802	142,046	165,916	180,160	194,148	187,314	203,250	209,096	200,364	194,378
Number of prescriptions filled (2),(10)	85,284	66,413	89,393	80,791	82,825	82,000	77,906	98,741	59,703	42,284
Adoption assistance cases (2),(4)	715	875	1,100	1,117	1,118	1,090	1,059	1,027	1,011	993
Children in Social Services custody (2),(4)	573	500	559	496	475	475	386	374	341	345
Public Safety:										
911 calls received (1),(3)	116,000	118,000	121,709	117,180	125,201	123,504	128,892	130,947	131,072	143,930
Emergency HazMat responses (2),(11)	100	100	95	90	90	70	70	42	22	111
Average daily population juvenile detention (2)	48	48	48	48	48	48	48	35	30	18
Average daily population adult jail (6)	825	855	875	885	914	907	955	920	875	883
Number of animals received (2)	16,000	15,325	14,935	15,100	15,827	15,993	16,890	17,000	16,000	16,000
Number of spay/neuter surgeries performed (2)	4,500	5,000	6,149	4,500	6,500	5,495	5,098	7,200	4,000	4,000
Environmental protection: (9)										
Number of scrap tires processed	720,000	650,000	590,000	620,000	555,000	490,000	565,000	610,000	550,000	520,000
Number of white goods disposed of (tons)	1,522	1,440	1,732	1,387	468	332	236	169	97	85
Culture - recreation: (2)										
Number of park and rec participants	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	3,025,000
Education:										
Average daily membership (5)	65,118	66,367	68,118	69,677	70,707	70,968	70,710	71,227	71,587	71,885
County appropriation per pupil (7)	\$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	\$ 2,443.21

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 - 2013  
 (5) North Carolina Department of Public Instruction  
 (6) Guilford County Annual Budget except for 2008, 2011-2013 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 2011-2013  
 (11) Guilford County Emergency Services 2011-2013

**Table 14**

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

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Human Services: (2),(5)										
Public health occupied square footage	95,806	95,806	95,806	101,098	101,098	101,098	101,098	101,098	101,098	101,098
Mental health occupied square footage (10)	203,515	203,515	203,515	176,673	208,742	208,742	208,742	119,750	119,750	-
Social services occupied square footage	148,262	148,262	148,262	148,262	148,262	148,262	148,262	155,738	155,860	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	15,101
Public Safety:										
Number of law enforcement vehicles (4),(5)	304	304	319	344	363	376	426	419	406	425
Number of law enforcement centers (5)	2	2	2	2	2	2	2	2	2	2
Number of emergency medical vehicles (4),(6)	67	73	73	75	77	84	92	83	84	82
Number of emergency medical stations (6)	11	11	11	12	14	14	14	15	15	15
Number of fire marshall vehicles (4),(6)	16	15	16	23	19	19	15	21	24	25
Number of volunteer fire stations (3),(6)	38	38	37	37	37	37	37	36	36	38
Number of volunteer firefighters (6)	1,100	800	800	691	629	629	629	682	682	620
Number of animal control vehicles (4),(5)	15	14	13	13	16	17	14	14	13	16
Culture-recreation:										
Parks (9)	257	257	257	266	268	275	275	275	275	275
Libraries (7)	10	10	10	10	10	10	10	10	10	10
Education: (1)										
Number of schools (8)	107	108	108	116	120	120	121	122	124	129

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

