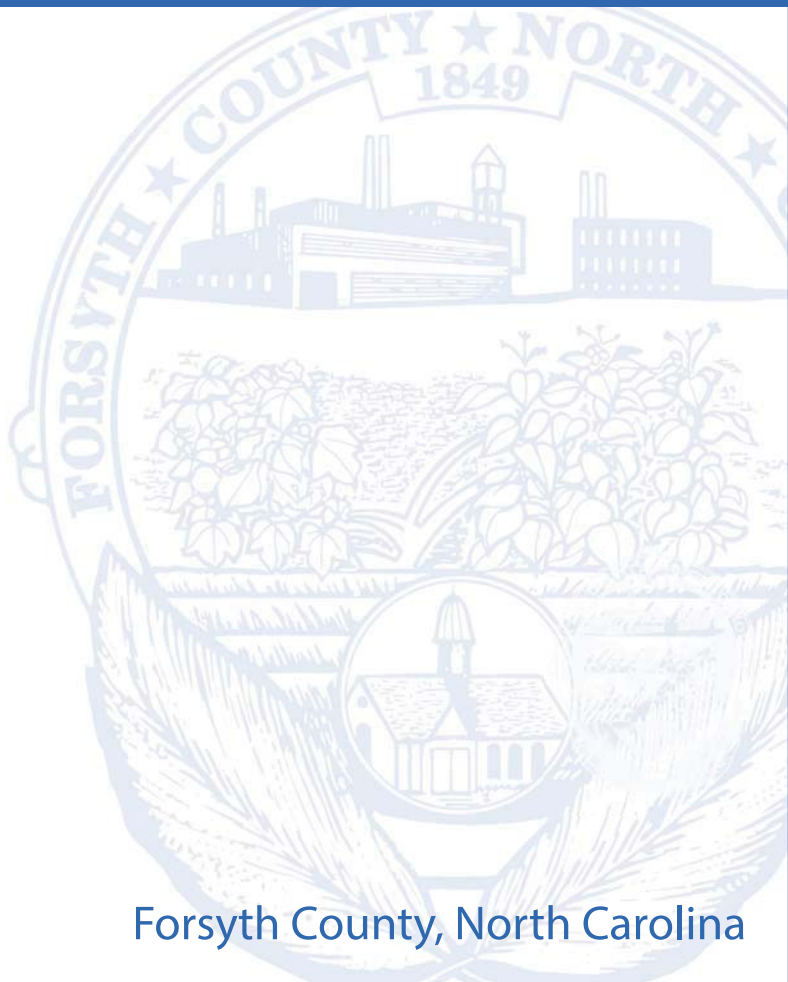


2012

Comprehensive Annual Financial Report

Year ended June 30, 2012



Forsyth County, North Carolina

Forsyth County,
North Carolina

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2012

Prepared by the Forsyth County Finance Department:

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Terri L. Goodman, CPA, *Deputy Chief Financial Officer*

Lee H. Plunkett, *Treasurer*

Michael J. Phelps, CPA, *Controller and Systems Manager*

Teresa G. Everhart, CISR, *Risk Manager*

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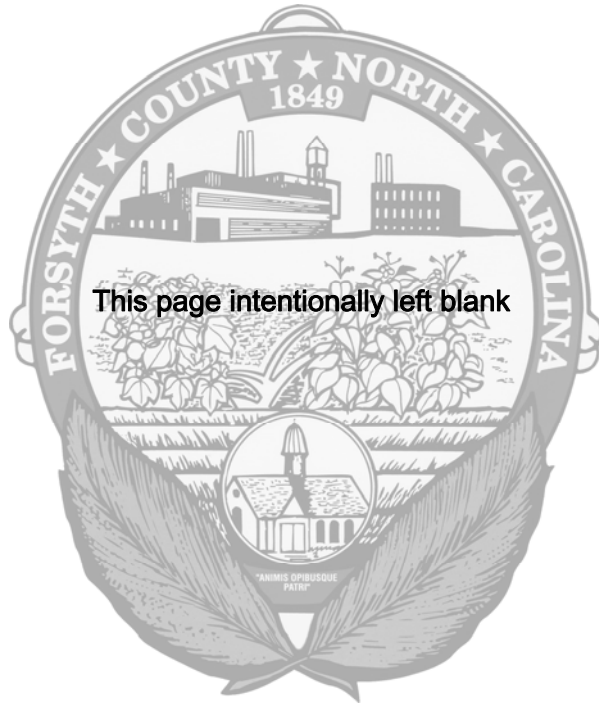
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Forsyth County, North Carolina

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2012

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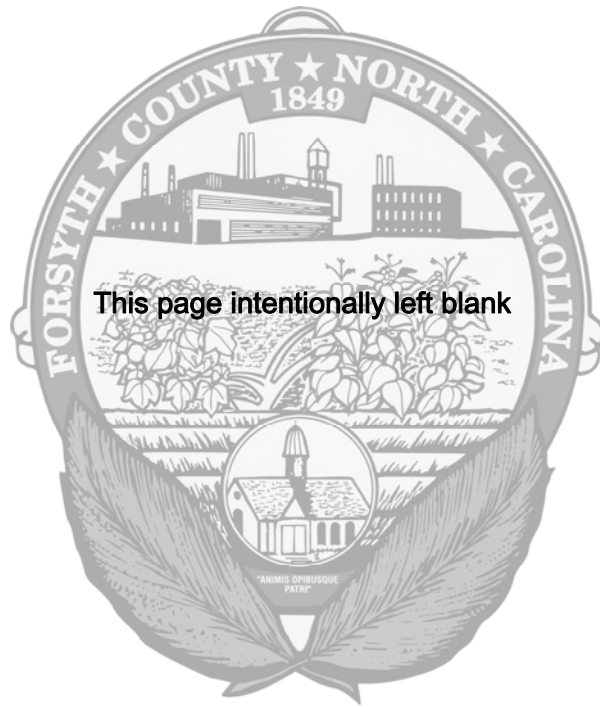
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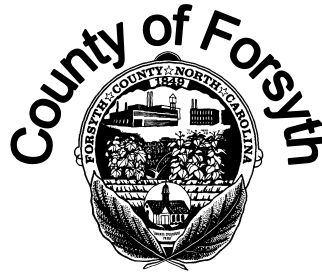
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FINANCE DEPARTMENT

Paul L. Fulton, Jr., CPA
CHIEF FINANCIAL OFFICER

Terri L. Goodman, CPA
DEPUTY CHIEF FINANCIAL OFFICER

Lee H. Plunkett
TREASURER



Michael J. Phelps, CPA
CONTROLLER AND SYSTEMS MANAGER

Teresa G. Everhart, CISR
RISK MANAGER

M. Brandon Branscome
INTERNAL AUDIT MANAGER

October 29, 2012

Honorable Members of the Forsyth County Board of Commissioners
and Citizens of Forsyth County, North Carolina:

State law requires that all local governments publish within four months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Forsyth County for the fiscal year ended June 30, 2012.

This report consists of management's representations concerning the finances of Forsyth County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of Forsyth 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 Forsyth County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Forsyth 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. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Forsyth County's financial statements have been audited by Cherry, Bekaert & Holland, L.L.P., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Forsyth County for the fiscal year ended June 30, 2012, 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 presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Forsyth County's financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Forsyth County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal 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 awards. These reports are available in the compliance section of this report.

GAAP require 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. Forsyth County's MD&A can be found immediately following the report of independent auditors.

Profile of the Government

Forsyth County is located in the northwestern piedmont section of the state and includes the City of Winston-Salem, which is the County seat and fourth most populous city in the state. The County was created by Act of the North Carolina General Assembly in 1849. The County operates under a commission-manager form of government with seven publicly elected commissioners comprising the governing body. The County is divided into two districts for election purposes, and commissioners are elected on a staggered basis for terms of four years: two from one district, four from the second district, and one at-large. The Board of Commissioners meets twice a month to adopt local regulations and ordinances, establish policies, make appointments, and set the level of services to be provided to County residents. Forsyth County is empowered by state statute to levy a property tax on both real and personal properties located within its boundaries. The Board of Commissioners annually adopts a balanced budget and establishes a tax rate for the support of County programs. The County's annual budget allocates its resources for the health, education, welfare, and protection of its citizens. The County Manager is appointed by and serves at the pleasure of the Board of Commissioners. The manager, administrative staff, and all departments of County government must administer the County programs in accordance with the policies and annual budget ordinance adopted by the Board of Commissioners.

The mission of Forsyth County government is to help create a community, which is safe and healthy, convenient and pleasant to live in, with educational and economic opportunities for everyone. We cooperate with many other public agencies and community organizations in this mission. We provide certain services and functions, which are responsibilities of all county governments, and other services, which the Board of Commissioners has determined to be necessary and appropriate. We are committed to providing quality services, efficiently and effectively, with courteous attention to the opinions and needs of individual citizens. To fulfill its mission, Forsyth County provides a broad range of services that include public safety, environmental protection, health and social services, cultural and recreational programs, community and economic development, and education. This report encompasses the County's activities in maintaining these services and includes its financial support to certain separate agencies, boards, and commissions to assist their efforts in serving citizens. Among these are the Winston-Salem/Forsyth County Schools, Forsyth Technical Community College, and CenterPoint Human Services.

The financial reporting entity includes all funds of the primary government, Forsyth County, as well as its component unit. Component units are legally separate entities for which the primary government is financially accountable. The Forsyth County Industrial Facilities and Pollution Control Financing Authority is a component unit of Forsyth County; however, this authority has no financial transactions or account balances and, therefore, is not reported in the financial statements.

The annual budget serves as the foundation for Forsyth County's financial planning and control. Each year all County departments are required to submit requests for appropriations to the County Manager, who then compiles a proposed budget and presents it to the Board of Commissioners for review. The Board is required to hold public hearings on the proposed budget and to adopt a final budget by July 1 of the fiscal year, or the Board must adopt an interim budget that covers that time until the annual ordinance can be adopted. The annual ordinance includes appropriations for the General Fund and four annually budgeted special revenue funds. Note 1c provides additional information on budgetary data. 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 18 as part of the basic financial statements for the governmental funds and, in greater detail, on pages 54-56 in the subsection for major fund budgetary comparison schedules. For annually budgeted special revenue funds,

this comparison is presented in the nonmajor governmental fund subsection of this report, which starts on page 59. Also included in the governmental fund subsection are project-length budget-to-actual comparisons for each nonmajor governmental fund for which a project-length budget has been adopted (i.e., grant project special revenue funds and capital project funds).

Attesting to the sound financial management of the Board of Commissioners, the County remains one of only a handful of AAA-rated counties nationwide, as ranked by Standard & Poor's, Fitch Ratings, and Moody's Investor Services.

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 Forsyth County operates.

Local economy. Located midway between Washington, D.C. and Atlanta, Georgia, Forsyth County is in the heart of the state's Piedmont Triad region, a 12-county area with more than 1.6 million people. Three cities comprise the Triad: Winston-Salem, Greensboro and High Point. Each city has its own character, its own heritage, and its own industrial base. Yet the area's commercial and cultural growth transcends geographic boundaries with the strengths of each city combining to form a vibrant economic hub.

Forsyth County, with an estimated population of 354,878 and a workforce of more than 179,100, plays a vital role in the Triad's economy. With a strong and well diversified core of manufacturing companies, health care, biotechnology, financial services, and tourism sectors, the County serves as the major employment center for the counties which comprise northwest North Carolina and portions of southwest Virginia. The County's average unemployment rate for the year ended June 30, 2012 is 9.5 percent. While lower than the State rate of 10.1 percent, the County's rate is higher than the national rate of 8.6 percent. Continuing high unemployment negatively impacts the sales tax revenue generated from retail sales and prolongs the sluggish housing market with depressed prices. High unemployment also increases the workload in many of our departments, particularly the human services agencies.

Economic resilience and employment stability have formed the foundation for strong local consumer and commercial markets. Personal income levels remain consistently higher than state figures. The County's per capita income is \$37,059, the thirteenth highest among counties in the state, and higher than the State's \$35,007. Capital investment, as measured by the value of new residential and commercial building permits issued during the year, totaled \$411.6 million during the year ended June 30, 2012.

Long-term financial planning. The Forsyth County Major Capital Improvements Program ("CIP") is the result of an ongoing process by County officials to assess the need for major capital expenditures, the feasibility of funding these projects, and to establish an orderly plan for implementing these projects. The CIP is reviewed by the Commissioners periodically, usually twice a year, once at the annual Commissioners' Planning Workshop, and then again during their annual budget deliberations. In fiscal year 2012, the Commissioners were focused on completing school, community college and sheriff's projects, including issuing \$16.3 million in limited obligation bonds for the sheriff's administrative building/Phillips Building renovation which was the only debt issuance during the year. Public input and planning for the main library commenced during the year. Final approval of any project is subject to subsequent actions by the Board of Commissioners.

As of June 2012, the County's CIP through the year 2022 consists of \$431.55 million for proposed projects funded with long term financing, \$4.7 million in short-term equipment financings, \$1.9 million in pay-as-you-go funding for capital maintenance and small projects, and \$17 million from the sale of existing assets. The majority of long-term debt will be incurred for public schools (\$202.9 million), community college projects (\$46.5 million), an addition to the Hall of Justice for the court system (\$94.5 million), an addition to or the replacement of the central library (\$28 million), two replacement branch libraries and improvements to other branches (\$12 million), new jail space (\$26.4 million), park system development (\$10 million),

County general capital maintenance (\$7.5 million), renovations to the youth detention center (\$1.25 million), renovations to the Fairchild Drive fire facility and outlying stations (\$2.5 million), renovations to the public health building (\$1.9 million), park land long range acquisition (\$15 million), human services campus land acquisitions (\$2 million), and information systems projects (\$4.7 million)

Financial Policies. These financial polices are the basis for our budgeting decisions:

Tax Rate - The Board of Commissioners strives to limit the growth of the annual operating budget to an amount which can be accommodated by growth in the tax base as well as other local, state and federal revenues, without a tax rate increase, whenever possible. Through management's careful stewardship of its resources, the County met this goal as the fiscal year 2012 budget was adopted with the County-wide ad valorem tax rate unchanged at 67.4 cents. Except for the portion of the tax rate earmarked for the Education Debt Leveling Plan, currently 4.1 cents, this is the seventh consecutive year with no tax increase to fund increased operational costs. This is reflective of the Board of Commissioners' desire to avoid burdening taxpayers with additional taxes and is particularly noteworthy given the concurrent downward pressure on revenue during this period.

Education Debt Leveling Plan ("EDLP") – In order to level the effects of issuing the \$250 million schools and \$25 million community college bonds authorized in the November 2006 referendum, the County has dedicated proceeds from the state education lottery and from a 3-cent property tax increase first levied in fiscal year 2008 to debt service on these bonds. Similarly, the fiscal year 2010 budget included an additional 1.1-cent tax increase over the revenue-neutral rate to fund the \$62 million educational facilities bond authorization approved in the November 2008 referendum. No additional tax increases are anticipated to pay this debt service. Each year lottery funds will be applied first, and the balance of applicable debt service will be paid from fund balance designated from the 3-cent and 1.1-cent levies plus any interest on that designated fund balance. The EDLP currently has a balance of \$34.0 million.

Debt Policy - Forsyth County recognizes that a formally adopted debt policy is fundamental to sound financial management. The total annual debt, less revenues restricted to debt service (including but not limited to, federal payments related to "Build America Bonds" and "Qualified School Construction Bonds" and State lottery proceeds) shall not exceed 15% of the appropriations in the annually adopted budget as shown in the Budget Ordinance. The policy of keeping debt service at less than a specified percent of the budget can greatly influence the timing and/or amount of funding for a project, as well as the method of funding.

Economic Development – Revenue generated in November 2009 by the repayment of \$7.9 million in economic development incentives by Dell Corporation was committed by the Board of County Commissioners for future economic development purposes. In July 2010, the County utilized \$3.8 million from this fund when it joined with the City of Winston-Salem, State of North Carolina, and Golden Leaf Foundation to offer Caterpillar, Inc. an economic development incentive package totaling \$53 million. Caterpillar accepted the incentive offer and in exchange, has chosen Forsyth County as the site to build a new \$426 million facility which is expected to bring 400 new jobs to the County. During fiscal year 2012, the County utilized an additional \$315,000 from this fund for incentives offered to: Seed Stage Associates (\$15,000) to identify, protect and market innovations created by agencies and departments of Forsyth County Government; Forsyth Futures (\$50,000) to identify potential economic development opportunities related to the local foods initiative; and, the Airport Commission of Forsyth County to assist with the cost of renovations to a former landing gear facility.

Capital – In the General Fund, unassigned fund balance in excess of 16% of the subsequent year's budget is assigned for capital maintenance and capital outlay in the subsequent year. Of the total assigned, the first \$2.1 million is designated for planned capital maintenance, and the remainder is for pay-as-you-go capital expenditures. \$1.5 million was available for fiscal 2012 capital maintenance projects, however, management chose not to establish a pay-as-you-go capital fund in fiscal 2012.

Fund Balance Policy – Available fund balance in the General Fund should be at least 16% of the subsequent year's budget. The County exceeded this policy target ending the 2012 fiscal year with an available fund balance, net of committed fund balance, of 20.9% of its 2013 budget. \$8.9 million of fund balance was appropriated to balance the fiscal 2013 budget leaving 18.6 percent available fund balance of which 16% was set aside in accordance with the County's fund balance policy. \$8.1 million and \$2 million were assigned for fiscal 2013 capital maintenance and special management projects, respectively. One of the County's goals for future budgets is to reduce the amount of appropriated fund balance needed to balance the budget.

Major Initiatives. While fiscal stress remains for businesses, citizens and local governments, modest projections for continuing recovery have proved to be correct. Higher than expected revenue realization in property taxes and sales taxes in fiscal year 2012 have resulted in a strong balance sheet and the potential for over \$6 million in pay go projects in fiscal year 2013. Additionally, continued efforts at reorganization, re-engineering of work processes, efficiency improvements and other efforts to control costs have provided some easing of budgetary pressures. The County expects to have a strong focus on these types of efforts as it seeks to find and implement innovative strategies and systems throughout the organization.

Forsyth County is continuing its transition from a manufacturing base to a more balanced economy with growth in medical, medical research and services sectors. This transition is expected to continue, particularly with the addition of the new Veterans Administration hospital announced to begin construction shortly near Kernersville and the continued growth of the Piedmont Triad Research Park in downtown Winston-Salem. The County expects modest growth to continue with the transition.

The focus of the fiscal year 2013 budget is on maintaining the policies which form the financial foundation of the County; the 15% debt ceiling, the 16% fund balance target, the education debt leveling plan which raised taxes one time for the life of \$337.15 million of school and community college debt, the school funding formula which uses economic and demographic data to determine growth in school funding, and the use of a multi-year approach to mitigate effects of the revaluation and revenue neutral tax rate in fiscal year 2014. Also, capital maintenance plans for the County, schools and community college which utilize two-thirds bonds for funding every other year provide resources to keep facilities safe, sound and usable and allow for maintenance planning over the life of facilities.

The County provides all of its statutory services and a variety of services which, though not required, have strong public support. The County does not expect to undertake any major new programs, projects or expansion of services without substantial public support for both the services and the tax rate increase, if necessary, to support them.

Awards and Acknowledgements

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Forsyth County for its comprehensive annual financial report for the fiscal year ended June 30, 2011. This was the twenty-eighth consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report 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.

GFOA also presented the County with a Distinguished Budget Presentation Award for the County's fiscal year 2012 annual budget. To receive this award, a governmental unit must publish a budget document that meets program criteria. This award is valid for one year only. We believe the fiscal year 2013 budget

continues to conform to program requirements, and we are submitting it to GFOA to determine eligibility for another award.

Acknowledgements. The preparation of the annual financial report was made possible by the dedicated service of the entire staff of the Finance Department. The year-end closing of the accounting system and report preparation was effectively managed by Terri L. Goodman, Deputy Chief Financial Officer. Also providing substantial support in report preparation and related accounting activities were: Lee H. Plunkett, Treasurer; Michael J. Phelps, Controller and Systems Manager; Teresa Everhart, Risk Manager; Brandon Branscome, Internal Audit Manager; and, Gloria Turowski, Fiscal Analyst.

In closing, without the continued leadership and support of the Board of County Commissioners, preparation of this report would not have been possible.

Sincerely,

J. Dudley Watts, Jr.

County Manager

Paul L. Fulton, Jr.

Chief Financial Officer

Forsyth County Board of Commissioners



Seated in front: Richard V. Linville, Chairman and Debra Conrad, Vice-Chair
Standing/seated in back (left to right): Walter Marshall, David R. Plyler, Gloria D. Whisenhunt,
Bill Whiteheart, Everette Witherspoon

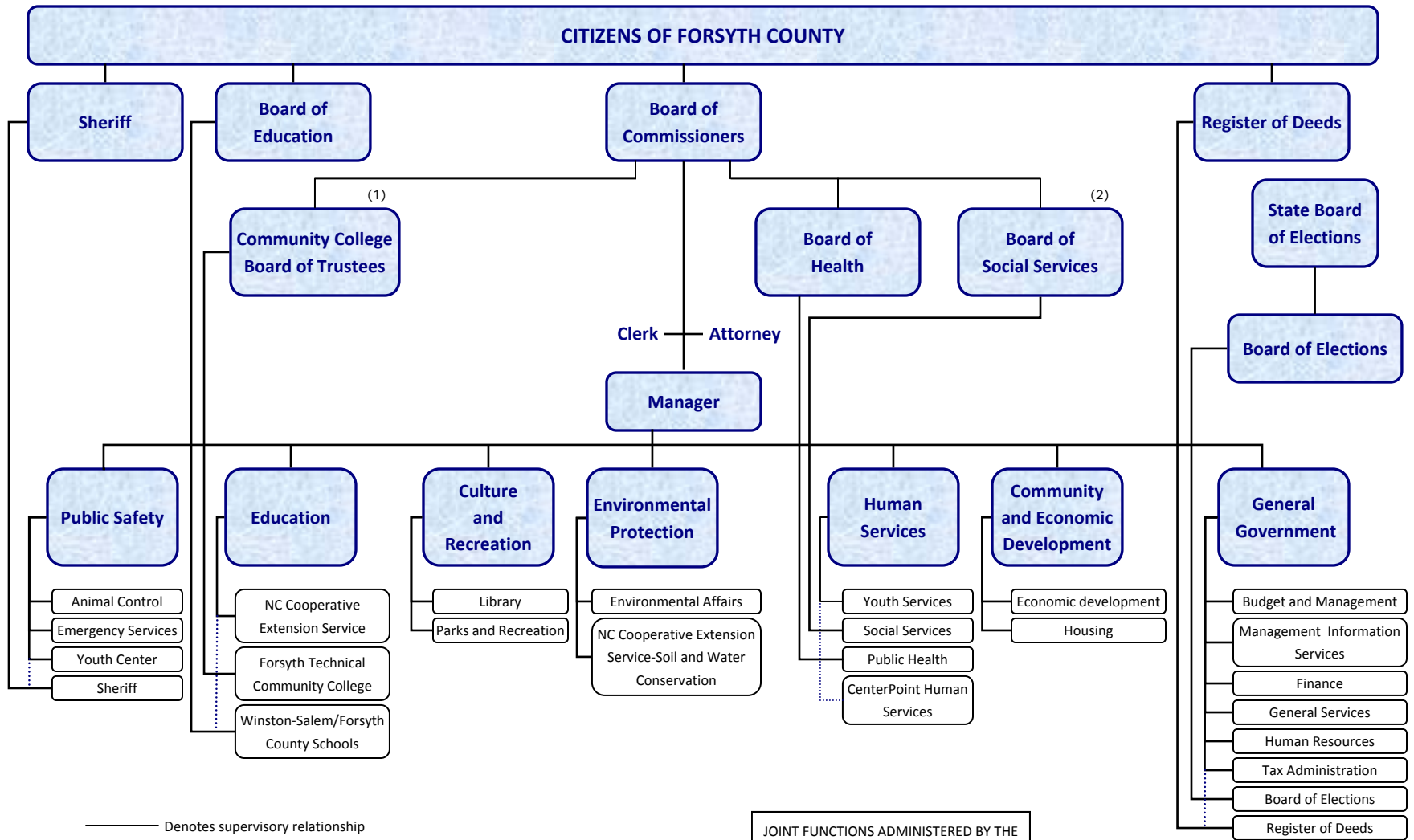
County Officials



J. Dudley Watts, Jr.
County Manager



Paul L. Fulton, Jr.
Chief Financial Officer



———— Denotes supervisory relationship
 Denotes funding relationship

- (1) Four of thirteen members appointed by the Governor
- (2) Two of five members appointed by the State Social Services Commission

- JOINT FUNCTIONS ADMINISTERED BY THE CITY OF WINSTON SALEM
- Planning
 - Purchasing
 - Inspections
 - Emergency Management
 - Utilities

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Forsyth County
North Carolina

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

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

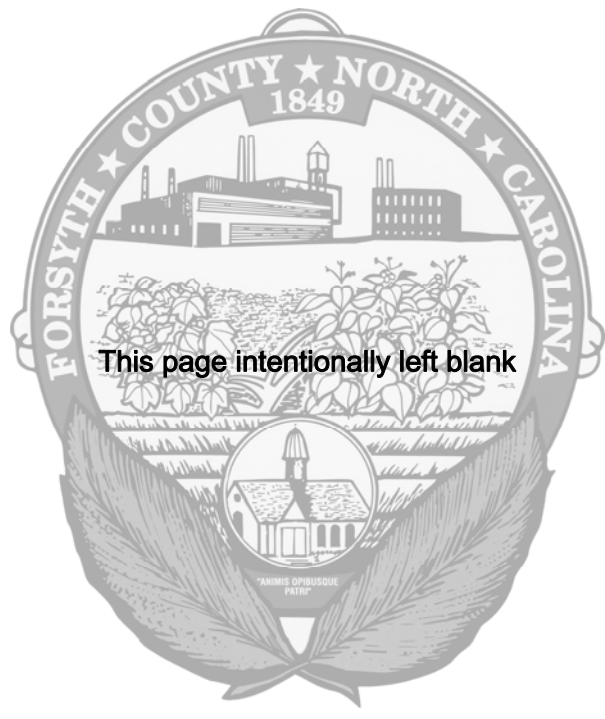


Linda C. Davison

President

Jeffrey R. Emer

Executive Director



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Independent Auditors' Report

To the Board of County Commissioners
Forsyth County, North Carolina

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

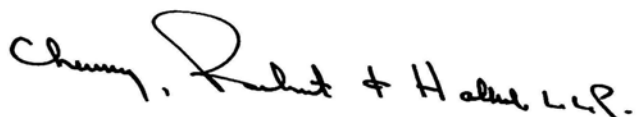
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2012 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts 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 the internal control over financial reporting and on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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 supplementary information to the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements as a whole. The introductory section, budgetary comparison schedules – major governmental funds, combining and individual fund financial statements and schedules, other schedules, and the statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal and State awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, and is also not a required part of the basic financial statements. The budgetary comparison schedules – major governmental funds, combining and individual fund financial statements and schedules, other schedules, and the accompanying schedule of expenditures of federal and State awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

A handwritten signature in black ink that reads "Cherry, Rickett & Halden LLP". The signature is written in a cursive, flowing style.

Raleigh, North Carolina
October 29, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

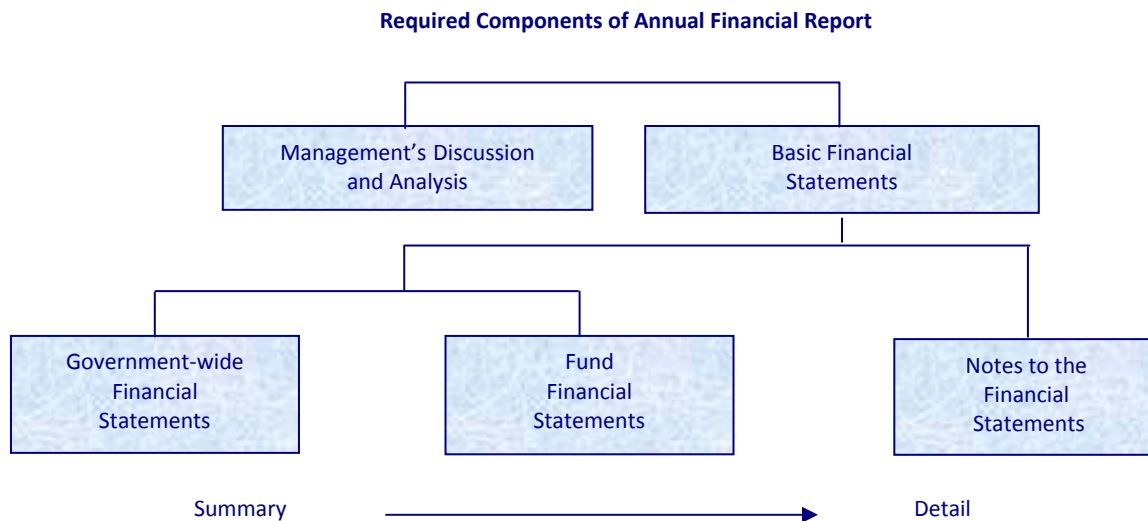
As management of Forsyth County, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2012. This narrative complements the data presented in the basic financial statements and we encourage readers to read the information presented here in conjunction with the transmittal letter at the front of this report and the County's financial statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

- The assets of Forsyth County were lower than its liabilities at the close of the fiscal year by \$225.5 million (*net deficit*). The deficit in total net assets reflects the County's issuance of debt as provided by State law for public school and community college facilities. The assets acquired with such debt are not owned by the County, and therefore, are not included in the County's Statement of Net Assets. Had this school and community college related debt (net of unspent proceeds) not been reported as a reduction of net assets, total net assets would be \$220.7 million.
- The County's total net assets decreased by \$29.9 million from net assets of the prior period resulting from the payment of \$62.6 million for public school and community college facilities that are not reported as assets of the County.
- Forsyth County maintained its Aaa bond rating from Moody's Investors Service and AAA rating from Fitch Ratings and Standard & Poor's Corporation for the 17th consecutive year. New debt issued during the year included limited obligation bonds of \$16.3 million.
- As of the close of the current fiscal year, Forsyth County's governmental funds reported combined ending fund balances of \$221.9 million, a decrease of \$61.2 million in comparison with the prior year. This decrease is largely attributed to the reduction in restricted fund balances for debt funded capital project funds.
- The balance in the Education Debt Leveling Plan decreased by a net \$2.2 million for the year bringing the total available to pay for future education-related debt service to \$34 million.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$63.1 million, or 16.7% of total general fund expenditures for the fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to Forsyth County's basic financial statements. The County's basic financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see *Figure 1*). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains supplementary information that will enhance the reader's understanding of the financial condition of Forsyth County.



BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, in a manner similar to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The **statement of net assets** presents information on all of Forsyth County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful way to gauge the County's financial condition.

The **statement of activities** presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide statements are intended to distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are expected to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). Forsyth County has no business-type activities. Accordingly, the statement of net assets and the statement of activities present only governmental activities, which include all of the County's basic services such as public safety, environmental protection, health and social services, culture and recreation, community and economic development, education, and general administration. Property taxes, sales taxes and state and federal grant funds finance most of these activities. Additionally, these statements report only the activities of the primary government, Forsyth County, because the County's component unit, the Forsyth County Industrial Facilities and Pollution Control Financing Authority, has no financial transactions or account balances to report.

The government-wide financial statements are Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. 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. Forsyth County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Forsyth County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for those 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 quantifying monies remaining at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*, which provides a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in reconciliations that are part of the fund financial statements.

All of the County's basic services were accounted for in 30 governmental funds for the year ended June 30, 2012. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and two capital project funds, the 2007 School Facilities fund and the 2009 Educational Facilities fund, which are considered to be major funds. Data for the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds are provided in the form of combining statements elsewhere in this report.

Forsyth County adopts an annual budget for its General Fund, as required by the North Carolina General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. Forsyth County's budget is prepared on the modified accrual basis of accounting. The summary budgetary comparison statement on Exhibit 5 shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. A more detailed budgetary comparison schedule elsewhere in this report is presented at the legal level of budgetary control.

The basic governmental fund financial statements are Exhibits 3, 4, and 5 of this report.

Proprietary Funds – Forsyth County has one kind of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the functions of the County. The County uses an internal service fund to account for risk retention services for health and dental benefits provided to departments of the County on a cost reimbursement basis. The Employee Health Benefits fund has been included with the governmental activities in the government-wide financial statements, and it is presented in the proprietary fund financial statements, Exhibits 6, 7, and 8 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 Forsyth County’s own programs. Two trust funds, the pension trust and the other post-employment benefit trust, and three agency funds comprise the County’s fiduciary funds. The basic fiduciary fund financial statements can be found on Exhibits 9 and 10.

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 are on pages 23 - 47 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Forsyth County’s progress in funding its obligation to provide pension benefits and other post-employment benefits (“OPEB”) to certain employees. Required supplementary information can be found on pages 49 - 52 of this report.

Budgetary comparison schedules for major funds are presented following the required supplementary information on pensions and OPEB. The combining statements referred to earlier in connection with nonmajor governmental funds and individual fund statements and schedules can be found on pages 59 – 90 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as one useful indicator of a government’s financial condition. The liabilities of Forsyth County exceed assets by \$225.5 million as of June 30, 2012. The deficit in total net assets is a result of the County issuing debt for the construction, renovation, or acquisition of public school and community college facilities that are not reported as assets of the County. These facilities are necessary to provide for the education of the citizens of the County. North Carolina statutes do not permit public schools and community colleges to issue debt; responsibility for providing these facilities lies with the County. The titles to these assets are held by the Winston-Salem/Forsyth County Board of Education or Forsyth Technical Community College, and the assets are reported on their financial statements, as applicable. The outstanding amount of education-related debt, net of unspent proceeds, is \$446.2 million at year-end and is reported as a reduction of unrestricted net assets for governmental activities, resulting in a deficit balance of \$340.5 million for this category of net assets. Had the education-related debt not been reported as a reduction of unrestricted net assets, the balance of unrestricted net assets for governmental activities would be \$105.7 million and total net assets would be \$220.7 million, a decrease in total net assets of \$1.6 million over the prior year.

The following summarizes Net Assets (Deficit) at June 30, 2012 and 2011:

Forsyth County’s Net Assets		
	Governmental Activities	
	2012	2011
Current and other assets	\$ 252,562,406	\$ 310,088,753
Capital assets	162,892,911	153,362,182
Total assets	415,455,317	463,450,935
Long-term liabilities outstanding	619,947,219	639,688,362
Other liabilities	21,034,107	19,353,361
Total liabilities	640,981,326	659,041,723
Net assets:		
Invested in capital assets, net of related debt	83,829,746	84,541,770
Restricted	31,151,206	31,191,934
Unrestricted deficit	(340,506,961)	(311,324,492)
Total net deficit	\$ (225,526,009)	\$ (195,590,788)

A major portion of net assets reflects the County’s \$83.8 million investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt still outstanding that was issued to acquire those items. Forsyth County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Forsyth County’s investment in its

capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional \$31.2 million of Forsyth County's net assets are subject to external restrictions on how they may be used.

The deficit in unrestricted net assets grew by \$29.2 million. The change in unrestricted net assets resulting from governmental activities is discussed in the following section.

Governmental activities. Since the County has no business-type activities, the total change in net assets is a result of governmental activities. The County's net assets decreased by \$29.9 million for the fiscal year ended June 30, 2012.

The following summarizes the changes in net assets for the years ended June 30, 2012 and 2011:

Forsyth County's Changes in Net Assets		
	Governmental Activities	
	2012	2011
Revenues:		
Program revenues:		
Charges for services	\$ 34,558,308	\$ 31,348,482
Operating grants and contributions	55,673,473	56,698,608
General revenues:		
Property taxes	235,293,490	234,598,651
Other taxes	54,996,320	51,591,722
Grants and contributions not restricted to specific programs	5,849,059	5,840,620
Other	3,034,192	1,018,405
Total revenues	<u>389,404,842</u>	<u>381,096,488</u>
Expenses:		
General government	43,252,315	40,444,367
Public safety	71,455,381	71,590,553
Environmental protection	2,642,585	2,653,528
Human services	76,403,049	75,228,239
Culture and recreation	15,830,605	15,995,428
Community and economic development	6,697,889	4,541,117
Education	181,325,863	199,596,063
Interest on long-term debt	21,732,376	21,423,843
Total expenses	<u>419,340,063</u>	<u>431,473,138</u>
Increase (decrease) in net assets	(29,935,221)	(50,376,650)
Net assets, July 1	(195,590,788)	(145,214,138)
Net assets, June 30	<u>\$ (225,526,009)</u>	<u>\$ (195,590,788)</u>

As noted above, the balance of assets available to meet the government's ongoing obligations is obscured by debt issued to finance capital assets that are not reported as assets of the County. In spite of the deficit reported in governmental activities, the County's financial position is strong as evidenced by the following:

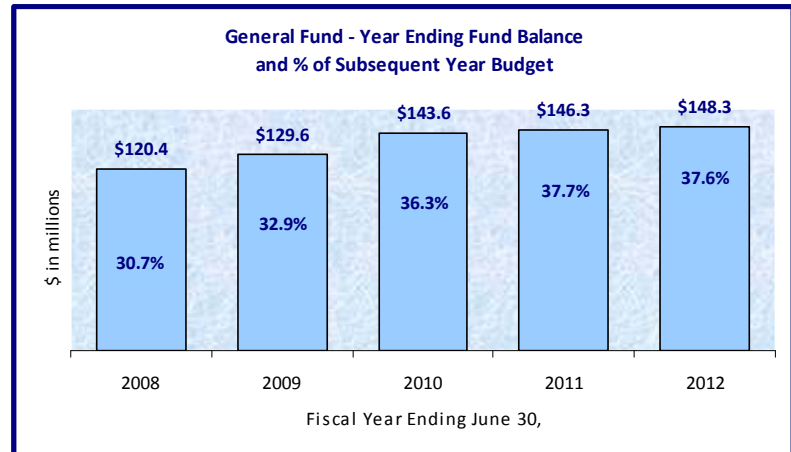
- During a period of continued national and local economic difficulty program and general revenues increased \$8.3 million from the prior year.
- Management diligence in cost control resulted in total program expenses, excluding debt-funded education expenses, increasing only \$5.5 million.
- Education expenses of \$62.6 million represent debt-funded outlays for which the resulting capital assets are not reported as assets of the County; however, liability for the applicable debt is reported on the County's Statement of Net Assets.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, Forsyth County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. For the fiscal year ended June 30, 2012, the County's three major funds, as defined by GAAP, were the General Fund, and two capital projects funds, the 2007 School Facilities Fund, and the 2009 Educational Facilities Fund.

Governmental Funds. The focus of Forsyth County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Forsyth County's financing requirements. Specifically, fund balance available for appropriation can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the primary operating fund of the County. At the end of the current fiscal year, the fund balance in the General Fund was \$148.3 million, an increase of \$2.0 million, with \$121.2 million available for appropriation and \$63.1 million considered unassigned. To meet the cash flow needs of the County and to provide for unforeseen needs or opportunities, the governing body of Forsyth County has determined that the County should maintain a minimum available fund balance (net of committed fund balance) of 16% of its subsequent year's general fund expenditures. The County exceeded this policy target ending the 2012 fiscal year with an available fund balance, net of committed fund balance, of \$82.3 million, 20.9% of its 2013 budget. \$8.9 million of fund balance was appropriated to balance the fiscal 2013 budget leaving 18.6% available fund balance of which 16% was set aside in accordance with the County's fund balance policy. \$8.1 million and \$2 million were assigned for fiscal 2013 capital maintenance and special management projects, respectively.



Key factors that resulted in growth of \$2.0 million in the General Fund fund balance include:

- Continued diligence in the collection of property taxes which resulted in a 97.9% collection percentage keeping property tax revenue relatively unchanged from the prior year.
- Total revenues exceeded estimates by \$3.2 million primarily due to property and sales tax collections exceeding expectations, as well as \$1.95 million and \$2.6 million in unexpected revenue from the sale of nursing home bed licenses and a Medicaid cost settlement, respectively. These revenue surpluses offset the under-realization of intergovernmental revenues and charges for services. Intergovernmental revenues were \$3.6 million under-budget due to under spending which resulted in reduced reimbursement for human services grants. Under-realized charges for services of \$1.4 million resulted from emergency medical services fees (\$862,000), Medicaid fees (\$475,000), and pharmacy services (\$530,000) all falling short of budgeted estimates.
- Expenditure appropriations were under-spent by \$17.0 million. Significant under-expenditures occurred in public safety (\$5.3 million), human services (\$8.6 million), culture and recreation (\$889,000), and debt service (\$809,000). In public safety, outlays for the sheriff's department and emergency services were \$3.3 million and \$1.4 million under-budget, respectively. In human services, savings were in public health (\$3.9 million) and social services (\$4.6 million). The Parks and Recreation Department and the libraries were \$584,000 and \$303,000 under budget, respectively. Appropriations for interest on variable rate debt were under-spent by \$772,000 as a result of continued low short-term interest rates.
- While General fund expenditures exceeded revenues by \$5.0 million, transfers to the General Fund of \$5.1 million in lottery proceeds to pay debt service, \$1.3 million from the Fire Tax Districts Funds, \$1.8 million from capital project funds closed during the year, and \$580,000 in excess interest earnings on unspent bond proceeds provided a \$7.0 million surplus over transfers out of the General Fund to the 2010 Schools Capital Maintenance fund (\$1.7 million) and to the 2012 Housing fund (\$45,000) for the local match of grant funds.

In accordance with the County's fund balance policies, the following designations of fund balance have been made:

- The unspent balance of proceeds from 4.1 cents on the ad valorem tax rate and interest earned thereon totaled \$34.0 million and has been committed for the retirement of education debt authorized in the November 2006 and 2008 referendums. This commitment is a key component of the Education Debt Leveling Plan.
- The unspent balance of the Dell incentives reimbursement totaled \$3.9 million and has been committed for economic development activities.
- The unspent balance of the proceeds from the sale of timber on Idols Road totaled \$50,000 and has been committed for timber management at Tanglewood Park.

- The amount by which available fund balance net of committed fund balance and fund balance appropriated for fiscal year 2013 budget exceeds 16% of the subsequent year's budgeted expenditures totaled \$10.4 million of which \$2 million has been assigned for special management projects, \$292,000 assigned for fire and rescue needs, and \$8.1 million assigned for capital maintenance projects in the subsequent year.

As of the end of the fiscal year, the County's governmental funds reported combined fund balances of \$221.9 million, a decrease of \$61.2 million from the prior year. The primary reason for this decrease is the \$38.2 million decrease in fund balance in the 2007 Schools Facilities fund, the \$13.8 million decrease in the 2009 Educational Facilities fund, and the \$11.2 million decrease in the aggregate nonmajor fund balances. Approximately 44%, or \$97.0 million, of total combined fund balance, is restricted or non-spendable. \$52.2 million of this restricted total is restricted for debt funded capital expenditures. \$43.1 million is committed for future debt service, economic development projects, timber management or capital projects. \$19.2 million is assigned for subsequent fiscal year 2013 expenditures, capital maintenance projects or fire and rescue purposes. The remainder of the fund balance is unassigned.

General Fund Budgetary Highlights.

During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services or initiate new programs where timing is critical.

Amendments to the General Fund budget totaled \$8.5 million. Unanticipated state and federal grants totaling \$3.3 million were appropriated for public safety and crisis intervention and low income energy assistance programs. Additional appropriations of \$4.4 million were made from fund balance, including \$3.7 million to cover encumbrances related to purchase orders and contracts outstanding at the prior year end that were honored by the County in the current fiscal year, and \$315,000 for economic development incentives.

Although \$20.4 million of fund balance was appropriated in the final budget, as discussed above the net change in fund balance for the year was an increase of \$2.0 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. Forsyth County's investment in capital assets for its governmental activities as of June 30, 2012, totals \$162.9 million (net of accumulated depreciation), a \$9.5 million increase from the prior year. These assets include land, buildings, construction-in-progress, park facilities, equipment, vehicles and software.

Forsyth County's Capital Assets (net of depreciation)		
	Governmental Activities	
	2012	2011
Land	\$ 12,888,256	\$ 12,873,346
Art collections	517,907	517,907
Construction-in-progress	20,406,047	12,226,301
Buildings	107,868,740	109,695,561
Improvements other than buildings	10,535,526	7,197,043
Equipment	6,410,337	5,645,548
Vehicles	4,106,151	4,393,476
Software	159,947	813,000
Total Capital Assets	<u>\$ 162,892,911</u>	<u>\$ 153,362,182</u>

Major capital asset transactions during the year include:

- Continued renovation of the Phillips Building for sheriff administrative offices totaling \$13.1 million.
- Park maintenance projects totaling \$2.8 million.
- Tanglewood pool enhancements totaling \$1.6 million.
- Information systems equipment totaling \$2.4 million.

Additional information on the County's capital assets can be found in Note 4e on page 34 of the Basic Financial Statements.

Long-term Debt. At June 30, 2012, Forsyth County had total bonded debt outstanding of \$499.6 million, all of which is backed by the full faith and credit of the County. Other long-term debt represents obligations secured solely by specified property. The County's total liability for bonded debt, certificates of participation, limited obligation bonds and other installment financing agreements was \$586.3

million, a decrease of \$19.3 million. New debt included \$16.3 million in limited obligation bonds to fund the continued renovation of sheriff administrative offices.

At June 30, 2012 and 2011, the County’s bonded and non-bonded debt consisted of:

Forsyth County’s Outstanding Debt		
	Governmental Activities	
	2012	2011
General obligation bonds	\$ 499,600,000	\$ 530,850,000
Certificates of Participation and Limited Obligation Bonds	83,830,000	73,910,000
Installment purchase obligations	2,835,543	812,088
Total Outstanding Debt	\$ 586,265,543	\$ 605,572,088

As mentioned in the financial highlights section of this document, Forsyth County maintained for the 17th consecutive year its Aaa bond rating from Moody’s Investors Service and AAA rating from Standard and Poor’s Corporation and Fitch Ratings. This bond rating is a clear indication of the sound financial condition of Forsyth County. Forsyth County is one of the few counties in the country that maintains the highest financial rating from all three major rating agencies. This achievement is a primary factor in keeping interest costs on the County’s outstanding debt low.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government’s boundaries. The current debt limitation for Forsyth County is \$2.7 billion. The County’s total bonded debt is 1.47% of assessed valuation, well below the 8% of assessed valuation legal debt limit.

Additional information regarding Forsyth County’s long-term debt can be found in Note 4i on pages 36 - 40 of the Basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR’S GENERAL FUND BUDGET AND RATES

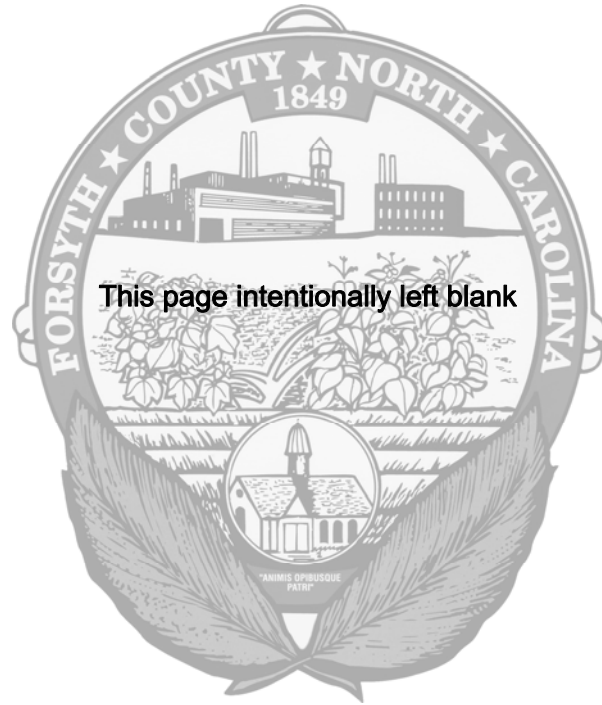
The County has adopted a General Fund budget for the fiscal year ending June 30, 2013 in the amount of \$394.1 million, a decrease of \$2.6 million or .7% from the final 2012 budget of \$396.7 million. The property tax rate of \$0.6740 per hundred dollars assessed value is unchanged from the prior year rate. \$15.1 million of the County’s \$121.2 million available fund balance was appropriated, of which \$1.8 million was for the reappropriation of prior year encumbrances, \$4.2 million was from the Education Debt Leveling Plan, and \$200,000 was from the Register of Deeds restricted fund balance. Fund balance available net of committed fund balance and fund balance appropriated for fiscal year 2013 budget remains 17.1% of 2013 expenditures.

Significant factors considered in the preparation of the fiscal year 2013 County budget include:

- Continued slow growth in tax base resulting in a \$506,000 drop in estimated property tax revenue.
- Sales tax revenue will continue to reflect a very slow rebound and while modest growth is forecast it will produce only \$972,000, or 1.9%, in additional revenue.
- Reduced lottery proceeds will cause acceleration in the use of funds from the Education Debt Leveling Plan to cover education related debt costs.

REQUESTS FOR INFORMATION

This report is designed to provide an overview of Forsyth County’s finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Chief Financial Officer, Forsyth County Government Center, 201 N. Chestnut Street, Winston-Salem, NC 27101- 4120.



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Basic Financial Statements

FORSYTH COUNTY, NORTH CAROLINA
Statement of Net Assets
June 30, 2012

Exhibit 1

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 212,193,675
Cash and investments held by fiscal agent	8,373
Taxes receivable (net)	5,139,134
Accounts receivable (net)	7,976,218
Accrued interest on investments	19,323
Due from other governments	22,941,608
Prepaid items	597,349
Deferred charges	3,686,726
Capital assets:	
Land, collections, and construction-in-progress	33,812,210
Other capital assets, net of depreciation	<u>129,080,701</u>
Total capital assets	<u>162,892,911</u>
Total assets	<u>415,455,317</u>
LIABILITIES	
Accounts payable and accrued liabilities	8,613,486
Unearned revenue	1,612,981
Accrued interest payable	7,258,191
Due to other governments	3,549,449
Long-term liabilities:	
Due within one year	47,171,866
Due in more than one year	<u>572,775,353</u>
Total liabilities	<u>640,981,326</u>
NET ASSETS	
Invested in capital assets, net of related debt	83,829,746
Restricted for:	
Stabilization by state statute	27,022,283
Public safety	2,711,980
Human services	307,360
Community and economic development	140,631
Other purposes	968,952
Unrestricted deficit	<u>(340,506,961)</u>
Total net deficit	\$ <u><u>(225,526,009)</u></u>

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

FORSYTH COUNTY, NORTH CAROLINA
Statement of Activities
For the Fiscal Year Ended June 30, 2012

Exhibit 2

Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental:				
General government	\$ 43,252,315	3,795,188	648,658	(38,808,469)
Public safety	71,455,381	16,594,041	5,259,860	(49,601,480)
Environmental protection	2,642,585	205,762	1,035,482	(1,401,341)
Human services	76,403,049	9,936,712	41,638,514	(24,827,823)
Culture and recreation	15,830,605	3,908,560	672,829	(11,249,216)
Community and economic development	6,697,889	40,954	1,011,533	(5,645,402)
Education	181,325,863	77,091	5,406,597	(175,842,175)
Interest on long-term debt	21,732,376	-	-	(21,732,376)
Total governmental activities	\$ <u>419,340,063</u>	<u>34,558,308</u>	<u>55,673,473</u>	<u>(329,108,282)</u>
General revenues:				
Taxes:				
Property taxes, levied for general purposes				235,293,490
Local option sales tax				52,867,275
Occupancy taxes, levied for economic development				542,596
Other taxes and licenses				1,586,449
Grants and contributions not restricted to specific programs				5,849,059
Investment earnings, unrestricted				612,725
Miscellaneous, unrestricted				2,421,467
Total general revenues				<u>299,173,061</u>
Change in net assets				(29,935,221)
Net deficit - beginning				<u>(195,590,788)</u>
Net deficit - ending				<u>(225,526,009)</u>

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

FORSYTH COUNTY, NORTH CAROLINA

Exhibit 3

Balance Sheet

Governmental Funds

Page 1 of 2

June 30, 2012

	<u>General Fund</u>	<u>Capital Projects Funds</u>				<u>Total Governmental Funds</u>
		<u>2007 School Facilities</u>	<u>2009 Educational Facilities</u>	<u>2009 Phillips Building Phases 1A and 1B</u>	<u>Nonmajor Governmental Funds</u>	
ASSETS						
Cash and cash equivalents	\$ 132,060,083	28,385,646	13,670,867	16,345,678	16,848,286	207,310,560
Cash and investments held by fiscal agent	8,373	-	-	-	-	8,373
Receivables (net):						
Property taxes	4,040,782	-	-	-	93,225	4,134,007
Occupancy taxes	48,965	-	-	-	-	48,965
Other taxes	33,796	-	-	-	-	33,796
Accounts	7,967,360	-	-	-	-	7,967,360
Accrued interest	17,866	-	-	-	1,457	19,323
Due from other governments	20,427,898	1,140,871	402,957	41,186	928,696	22,941,608
Due from other funds	129,415	-	-	-	-	129,415
Prepaid items	172,691	-	-	-	-	172,691
Total assets	\$ 164,907,229	29,526,517	14,073,824	16,386,864	17,871,664	242,766,098
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 5,160,836	-	-	2,885,444	477,986	8,524,266
Due to other governments	3,549,449	-	-	-	-	3,549,449
Due to other funds	-	-	-	-	129,415	129,415
Unearned revenue	715,938	-	-	-	586,103	1,302,041
Deferred revenue	7,224,576	-	-	-	147,297	7,371,873
Total liabilities	16,650,799	-	-	2,885,444	1,340,801	20,877,044
Fund balances:						
Nonspendable - Prepaid items	172,691	-	-	-	-	172,691
Restricted for:						
Stabilization by state statute	26,929,491	1,140,871	402,957	10,861,227	1,863,930	41,198,476
Register of Deeds	932,546	-	-	-	-	932,546
Capital projects	-	28,385,646	13,670,867	2,640,193	-	44,696,706
Other	36,406	-	-	-	-	36,406
Restricted, reported in nonmajor:						
Special revenue funds	-	-	-	-	2,407,149	2,407,149
Capital project funds	-	-	-	-	7,532,435	7,532,435
Committed						
Education Debt Leveling Plan	33,967,754	-	-	-	-	33,967,754
Economic Development	3,874,305	-	-	-	-	3,874,305
Timber Management - Tanglewood Park	50,000	-	-	-	-	50,000
Committed, reported in nonmajor:						
Capital project funds	-	-	-	-	5,206,773	5,206,773
Assigned						
Subsequent Year Budget	8,883,698	-	-	-	-	8,883,698
Management Special Projects	1,950,000	-	-	-	-	1,950,000
Capital maintenance projects	8,109,492	-	-	-	-	8,109,492
Fire and rescue protection	292,397	-	-	-	-	292,397
Unassigned	63,057,650	-	-	-	(479,424)	62,578,226
Total fund balances	148,256,430	29,526,517	14,073,824	13,501,420	16,530,863	221,889,054
Total liabilities and fund balances	\$ 164,907,229	29,526,517	14,073,824	16,386,864	17,871,664	242,766,098

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

(continued)

FORSYTH COUNTY, NORTH CAROLINA

Exhibit 3

Balance Sheet

Governmental Funds

Page 2 of 2

June 30, 2012

Amounts reported for governmental activities in the statement of net assets are different because:

Fund balances - total governmental funds	\$	221,889,054
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		162,892,911
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		424,658
Earned revenue that is not available to pay current period expenditures is deferred in the funds.		8,294,239
An internal service fund is used by management to charge the costs of health and dental benefits to individual funds. Assets and liabilities of the internal service fund are included in governmental activities of the statement of net assets.		2,360,468
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		(621,387,339)
Net assets of governmental activities	\$	<u>(225,526,009)</u>

FORSYTH COUNTY, NORTH CAROLINA

Exhibit 4

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2012

	<u>Capital Projects Funds</u>					<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>2007 School Facilities</u>	<u>2009 Educational Facilities</u>	<u>2009 Phillips Building Phases 1A and 1B</u>	<u>Nonmajor Governmental Funds</u>	
Revenues:						
Property taxes	\$ 228,768,132	-	-	-	6,356,597	235,124,729
Occupancy taxes	542,596	-	-	-	-	542,596
Local option sales taxes	51,528,727	-	-	-	1,338,548	52,867,275
Other taxes	290,674	-	-	-	-	290,674
Licenses and permits	766,104	-	-	-	-	766,104
Intergovernmental	54,282,727	199,774	-	-	7,322,383	61,804,884
Charges for services	23,276,406	-	-	-	-	23,276,406
Investment earnings	539,304	28,779	11,945	4,346	41,895	626,269
Other	12,892,312	-	-	50,000	35,892	12,978,204
Total revenues	372,886,982	228,553	11,945	54,346	15,095,315	388,277,141
Expenditures:						
Current:						
General government	36,548,586	-	-	-	-	36,548,586
Public safety	61,637,544	-	-	-	7,486,522	69,124,066
Environmental protection	2,633,817	-	-	-	-	2,633,817
Human services	70,142,751	-	-	-	-	70,142,751
Culture and recreation	14,430,037	-	-	-	-	14,430,037
Community and economic development	5,595,400	-	-	-	1,098,633	6,694,033
Education	788,811	-	-	-	-	788,811
Intergovernmental:						
Human services	5,692,674	-	-	-	-	5,692,674
Education	117,971,849	38,012,676	13,777,584	-	10,767,259	180,529,368
Debt service:						
Principal retirement	37,906,327	-	-	-	-	37,906,327
Interest and other charges	24,560,845	-	-	206,370	-	24,767,215
Capital outlay	-	-	-	13,101,573	7,894,042	20,995,615
Total expenditures	377,908,641	38,012,676	13,777,584	13,307,943	27,246,456	470,253,300
Excess (deficiency) of revenues over expenditures	(5,021,659)	(37,784,123)	(13,765,639)	(13,253,597)	(12,151,141)	(81,976,159)
Other financing sources (uses):						
Limited obligation bond proceeds	-	-	-	16,290,000	-	16,290,000
Premium on limited obligation bonds	-	-	-	2,094,164	-	2,094,164
Installment purchase proceeds	-	-	-	-	2,400,000	2,400,000
Transfers in	8,786,929	-	-	-	2,019,925	10,806,854
Transfers out	(1,779,925)	(400,000)	-	-	(8,626,929)	(10,806,854)
Total other financing sources (uses)	7,007,004	(400,000)	-	18,384,164	(4,207,004)	20,784,164
Net change in fund balances	1,985,345	(38,184,123)	(13,765,639)	5,130,567	(16,358,145)	(61,191,995)
Fund balance - June 30, 2011	146,271,085	67,710,640	27,839,463	8,370,853	32,889,008	283,081,049
Fund balance - June 30, 2012	\$ 148,256,430	29,526,517	14,073,824	13,501,420	16,530,863	221,889,054

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

(continued)

FORSYTH COUNTY, NORTH CAROLINA

Exhibit 4.1

**Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities**

For the Fiscal Year Ended June 30, 2012

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (61,191,995)
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.	12,147,224
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.	(2,616,495)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	1,147,185
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction 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.	17,418,751
Expenses in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the governmental funds.	2,534,167
Internal service funds are used by management to charge the costs of health and dental benefits to individual funds. The profit or loss generated by the internal service fund is eliminated on the statement of activities.	<u>625,942</u>
Change in net assets of governmental activities	\$ <u><u>(29,935,221)</u></u>

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

FORSYTH COUNTY, NORTH CAROLINA

Exhibit 5

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

General Fund

For the Fiscal Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Revenues:				
Property taxes	\$ 226,593,067	226,593,067	228,768,132	2,175,065
Occupancy taxes	450,000	450,000	542,596	92,596
Local option sales taxes	49,260,160	49,260,160	51,528,727	2,268,567
Other taxes	260,575	260,575	290,674	30,099
Total taxes	<u>276,563,802</u>	<u>276,563,802</u>	<u>281,130,129</u>	<u>4,566,327</u>
Licenses and permits	804,518	804,518	766,104	(38,414)
Intergovernmental	54,509,470	57,912,908	54,282,727	(3,630,181)
Charges for services	24,460,267	24,633,120	23,276,406	(1,356,714)
Investment earnings	692,086	692,086	539,304	(152,782)
Other	8,598,309	9,087,505	12,892,312	3,804,807
Total revenues	<u>365,628,452</u>	<u>369,693,939</u>	<u>372,886,982</u>	<u>3,193,043</u>
Expenditures:				
Current:				
General government	38,636,265	36,457,517	36,548,586	(91,069)
Public safety	64,698,639	66,897,034	61,637,544	5,259,490
Environmental protection	2,354,471	2,746,474	2,633,817	112,657
Human services	74,930,741	78,790,784	70,142,751	8,648,033
Culture and recreation	15,431,791	15,319,242	14,430,037	889,205
Community and economic development	2,225,937	6,282,319	5,595,400	686,919
Education	673,783	927,625	788,811	138,814
Intergovernmental:				
Human services	6,258,706	6,258,706	5,692,674	566,032
Education	117,972,849	117,972,849	117,971,849	1,000
Debt service:				
Principal retirement	37,903,909	37,906,329	37,906,327	2
Interest and other charges	25,372,150	25,369,730	24,560,845	808,885
Total expenditures	<u>386,459,241</u>	<u>394,928,609</u>	<u>377,908,641</u>	<u>17,019,968</u>
Excess (deficiency) of revenues over expenditures	<u>(20,830,789)</u>	<u>(25,234,670)</u>	<u>(5,021,659)</u>	<u>20,213,011</u>
Other financing sources (uses):				
Transfers in	6,614,275	6,614,275	8,786,929	2,172,654
Transfers out	(1,779,925)	(1,779,925)	(1,779,925)	-
Total other financing sources (uses)	<u>4,834,350</u>	<u>4,834,350</u>	<u>7,007,004</u>	<u>2,172,654</u>
Net change in fund balance	<u>\$ (15,996,439)</u>	<u>(20,400,320)</u>	<u>1,985,345</u>	<u>22,385,665</u>
Fund balance - June 30, 2011			146,271,085	
Fund balance - June 30, 2012			\$ 148,256,430	

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

FORSYTH COUNTY, NORTH CAROLINA
Statement of Net Assets
Proprietary Fund - Internal Service Fund
June 30, 2012

Exhibit 6

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 4,883,115
Accounts receivable (net)	8,035
Accrued interest	823
Total assets	<u>4,891,973</u>
LIABILITIES	
Current liabilities:	
Accounts payable	89,220
Claims liability	2,131,345
Unearned revenue	310,940
Total liabilities	<u>2,531,505</u>
NET ASSETS	
Unrestricted	\$ <u><u>2,360,468</u></u>

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

FORSYTH COUNTY, NORTH CAROLINA
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Fund - Internal Service Fund
For the Fiscal Year Ended June 30, 2012

Exhibit 7

	Governmental Activities
Operating revenues:	
Charges for services	\$ 22,957,319
Interest earnings	15,177
Total operating revenues	<u>22,972,496</u>
Operating expenses:	
Professional services	2,177,241
Claims	20,169,313
Total operating expenses	<u>22,346,554</u>
Change in net assets	625,942
Total net assets at beginning of year	<u>1,734,526</u>
Total net assets at end of year	\$ <u><u>2,360,468</u></u>

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

FORSYTH COUNTY, NORTH CAROLINA**Exhibit 8****Statement of Cash Flows****Proprietary Fund - Internal Service Fund**

For the Fiscal Year Ended June 30, 2012

	Governmental Activities
Cash flows from operating activities:	
Cash received from user departments and participants	\$ 23,146,161
Cash paid to suppliers, participants and others	(22,178,531)
Net cash provided (used) by operating activities	<u>967,630</u>
Cash and cash equivalents at beginning of year	<u>3,915,485</u>
Cash and cash equivalents at end of year	<u>\$ 4,883,115</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	\$ <u>625,942</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Increase in accounts receivable	(1,199)
Decrease in accrued interest	2,032
Increase in accounts payable	89,220
Increase in claims payable	91,740
Increase in unearned revenue	159,895
Total adjustments	<u>341,688</u>
Net cash provided (used) by operating activities	<u>\$ 967,630</u>

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

FORSYTH COUNTY, NORTH CAROLINA

Exhibit 9

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2012

	Pension / Other Post-employment Benefit <u>Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 174,545	1,387,356
Cash and investments held by fiscal agent:		
Cash and equivalents	844	-
Short-Term OPEB Fund	1,725,209	-
Long-Term OPEB Fund	734,185	-
OPEB Equity Funds	5,350,798	-
Receivables:		
Property taxes	-	6,226,704
Accrued interest	40	10
Total assets	<u>7,985,621</u>	<u>7,614,070</u>
LIABILITIES		
Due to other governments	5,491	7,578,217
Other liabilities	-	35,853
Total liabilities	<u>5,491</u>	<u>7,614,070</u>
NET ASSETS		
Held in trust for pension/other post-employment benefits	\$ <u><u>7,980,130</u></u>	<u><u>-</u></u>

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

FORSYTH COUNTY, NORTH CAROLINA
Statement of Changes in Fiduciary Net Assets

Exhibit 10

Fiduciary Funds

For the Fiscal Year Ended June 30, 2012

	Pension / Other Post-employment Benefit <u>Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 4,741,089
Plan members	369,106
Total contributions	<u>5,110,195</u>
Net investment income	<u>443,644</u>
Total additions	5,553,839
DEDUCTIONS	
Benefits	<u>3,498,624</u>
Change in net assets	2,055,215
Net assets - beginning	<u>5,924,915</u>
Net assets - ending	<u><u>\$ 7,980,130</u></u>

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

Notes to the Financial Statements

Forsyth County, North Carolina
June 30, 2012

1. Summary of Significant Accounting Policies

The accounting policies of Forsyth County conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

a. Reporting Entity

Forsyth County (the "County") was created by an act of the General Assembly of North Carolina in 1849. The County operates under a commission-manager form of government with seven commissioners comprising the governing body. The County is divided into two districts for election purposes, and commissioners are elected on a staggered basis for terms of four years: two from one district; four from the second district; and one at large. The County Manager is appointed by and serves at the pleasure of the Board of Commissioners. The County provides the following services to its citizens: public safety, environmental protection, human services, culture and recreation programs, community and economic development, and education. Mental health programs are provided in part through the County's contribution to CenterPoint Human Services. Elementary and secondary education and professional, technical and vocational training beyond the secondary level are provided by other governmental agencies.

The Forsyth County Industrial Facilities and Pollution Control Financing Authority exists to issue and service revenue bond debt of private businesses for economic development purposes. The seven-member governing board of the Authority is appointed by the County Commissioners. The County can remove any member of the Authority's board with or without cause. The Authority is considered to be a component unit of the County; however, it has no financial transactions or account balances, and, therefore, it is not presented in the government-wide financial statements. The Authority does not issue separate financial statements.

b. Basis of Presentation, Basis of Accounting

Basis of Presentation *Government-wide Statements:* The statement of net assets and the statement of activities report information on all of the non-fiduciary activities of the County. Eliminations have been made to minimize the double-counting of internal activities. These statements present the governmental activities of the County, which encompass all the financial activities of the County, except for fiduciary activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The emphasis of the 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 proprietary fund, Employee Health Benefits internal service fund, is reported individually for that fund type.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, result from nonexchange transactions. Other non-operating items such as investment earnings are ancillary activities.

The County reports the following major governmental funds:

General Fund. This 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.

2007 School Facilities Fund. This fund accounts for the construction and renovation of school buildings and acquisition of necessary land, furnishings and equipment to provide additional school facilities in the County. These capital projects are financed by proceeds of general obligation bonds authorized by a 2006 referendum.

2009 Educational Facilities Fund. This fund accounts for the acquisition by the community college of existing facilities from the schools and the renovation and equipping of those facilities for community college purposes; and the acquisition, construction, renovation, and furnishing of replacement facilities by the schools to be used for public school educational and administrative purposes. Proceeds of general obligation bonds authorized by a 2008 referendum fund these projects.

2009 Phillips Building (Phase 1A and 1B) Fund. This fund accounts for the acquisition and renovation of an existing building adjacent to the Law Enforcement Detention Center known as the Phillips Building for sheriff administrative offices. Proceeds of limited obligation bonds fund this project.

Additionally, the County reports the following fund types:

Proprietary - Internal Service Fund. The Employee Health Benefits Fund accounts for risk retention services for health and dental benefits provided to departments of the County on a cost reimbursement basis.

Fiduciary - Pension/Other Post-employment Benefit Trust Funds. The pension trust fund accounts for the activities of the Law Enforcement Officers' Special Separation Allowance Fund, which accumulates resources for pension benefit payments to qualified public safety employees. The other post employment benefit trust fund accounts for the activities of the Healthcare Plan Fund, which accumulates resources to pay other post employment benefits for qualified retired County employees.

Fiduciary - Agency Funds. Agency funds are custodial in nature and do not involve the measurement of operating results. These funds account for assets held by the County on behalf of others. The County maintains the following agency funds: the Protective Payee Fund, which accounts for monies held by the County on behalf of specific clients of Social Services; the Fines and Forfeitures Fund, which accounts for legal fines and forfeitures that the County is required to remit to the Winston-Salem/Forsyth County Schools; and the Tax Agency Fund, which accounts for property taxes and occupancy taxes collected on behalf of the County and other governments and the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles.

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 pension and other post-employment benefit trust funds financial statements are reported using the economic resources measurement focus. The government-wide, proprietary and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange 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.

Amounts reported as program revenues include charges to customers or applicants for goods, services, or privileges provided, operating grants and contributions, and capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County internal service fund are charges for health and dental premiums. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. 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.

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. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within ninety days after year-end, except for property taxes. Property taxes are not recognized as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance operations of the current year. Property taxes receivable are recorded net of an allowance for estimated uncollectible delinquent taxes, with the net receivable recorded as deferred revenue until collected. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles. For

those motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due.

Sales taxes collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services, other than those that are invoiced, are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues. Additionally, when both restricted and unrestricted non-grant resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

c. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and for four special revenue funds: the Fire Tax Districts Fund, Law Enforcement Equitable Distribution Fund, Emergency Telephone System Fund, and Moser Bequest for Care of Elderly Fund. All annual appropriations lapse at fiscal year end. The State Public School Building Capital Fund, the 2009, 2010, 2011, 2012, and 2013 Housing Funds, and the 2009, 2009 Recovery Act, and 2011 Justice Assistance Funds, which are special revenue funds, and all capital projects funds are budgeted under project ordinances. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for the General Fund, except for Nondepartmental and intergovernmental education expenditures. Certain Nondepartmental appropriations are not expended until they are transferred to a specific department, so they are set apart from other Nondepartmental appropriations. Budgetary control for intergovernmental education expenditures is for current expense and capital outlay for each entity. The legal level of control varies for annually budgeted special revenue funds. Appropriations in the Fire Tax Districts Fund are controlled at the fire tax district level. The Law Enforcement Equitable Distribution Fund is controlled by an appropriation for a transfer to the General Fund. The Emergency Telephone System Fund and the Moser Bequest for Care of Elderly Fund have legal appropriation control at the program level. Amendments are required for revisions to appropriations at the legal level of control in annually budgeted funds, and these amendments may be approved by the County Manager and reported to the Board of Commissioners as long as they do not alter total expenditures of the fund. Amendments that alter total expenditures of any fund must be approved by the Board of Commissioners. During the year, Board amendments to the original budget totaling \$8.5 million included several for unanticipated intergovernmental and private grant funding that totaled \$3.4 million and appropriations of fund balance totaling \$4.4 million. The latter included \$4 million for economic development incentives and \$316,000 for unexpended SCAAP funds. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers the period until the annual ordinance can be adopted.

d. Assets, Liabilities, and Fund Equity

Deposits and Investments All deposits of the County are made in board-designated official depositories and are secured as required by North Carolina General Statutes. State statutes authorize the County to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

The securities of the NCCMT Cash Portfolio, an SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term portfolio securities are valued at fair value. Money market investments and investments that have a remaining maturity at the time of purchase of one year or less are reported at cost or amortized cost. The County's 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.

As permitted under State law, from time to time the County invests in securities which are callable and which provide for periodic interest rate increases. These investments are stated at fair value in the County's financial statements.

General Statute 159-30.1 allows the County to establish an Other Postemployment Benefit (OPEB) Trust under the management of the State Treasurer and G.S. 159-30(g) allows the County to make contributions to the Fund. The Fund is not registered with the Securities and Exchange Commission. 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 G.S. 147-69.2(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(8). Neither the STIF nor the LTIF is registered with the Securities and Exchange Commission. The STIF securities are reported at cost. The LTIF securities are reported at fair value. Both the STIF and LTIF maintain a constant \$1 per share value. The reported value of the OPEB Trust's position in the STIF and LTIF is the same as the fair value of the pool shares. Under the authority of G.S. 147.69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund. The BlackRock Alpha Tilts funds are valued at fair value.

Cash and Cash Equivalents The County pools moneys from all funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

Receivables and Payables The County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year, in accordance with State law. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2011.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Historical collection experience is used to estimate the trade accounts receivable allowance. The allowance for uncollectible property taxes is estimated using the average collection rate for the last three years on back year taxes.

Outstanding balances between funds at fiscal year end result from use of pooled funds for cash flow purposes by capital projects funds or grant special revenue funds that will be reimbursed in the short-term by drawdowns from cash held by fiscal agent or grantors, respectively; or from year-end accruals of reimbursements due to the General Fund from special revenue funds. These balances are reported as "due to/from other funds."

Prepaid Items Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These outlays are accounted for using the consumption method. The prepaid pension obligation is reported in the government-wide financial statements.

Capital Assets Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements; the County has no infrastructure, acquired before or after implementation of GASB Statement No. 34, to report. Capital assets as defined by the County are buildings and improvements other than buildings with an initial, individual cost of \$20,000 or more, and all other assets, except licensed software, with an initial, individual cost of \$5,000 or more and an estimated useful life of three years or more. Licensed software is capitalized when its initial cost is greater than \$10,000 and its annual maintenance fee is significantly less than the initial cost. Internally developed software is capitalized when development cost exceeds \$100,000 and expected useful life is 3 years or greater. Assets are recorded at cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives, in years:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	20 - 40
Improvements other than buildings	20
Equipment	3 - 10
Computer software	3 - 6

Compensated Absences The County permits its employees to accumulate a limited amount of vacation leave, holiday leave and compensatory time which, if not used, will be paid upon termination of service at the rates of pay then in effect. All vacation, holiday and compensatory pay, including salary-related payments that are directly connected with this leave pay, are accrued when incurred in the government-wide financial statements.

The County allows unlimited accumulation of sick leave. Employees do not receive any payment for unused sick time upon separation or retirement. However, employees eligible for retirement benefits may use their unused sick leave in the determination of length of service for retirement benefit purposes. Since the County has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Long-term Obligations In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance

costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Assets Net assets in the government-wide and proprietary fund financial statements are classified as follows:

Invested in Capital assets, Net of Related Debt. This category of net assets quantifies the County's investment in capital assets, net of related debt.

Restricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute. Restrictions on net assets are as follows:

Restricted for Stabilization by State Statute. This portion of net assets represents the assets restricted under State law [G.S. 159-8(a)].

Restricted for Public Safety. This portion of net assets represents the aggregate of net assets for six special revenue funds: the Fire Tax Districts Fund; the Law Enforcement Equitable Distribution Fund; the Emergency Telephone System Fund; and the 2009, 2009 Recovery Act, and 2011 Justice Assistance Funds.

Restricted for Human Services. The Moser Bequest for Care of the Elderly net assets comprise this portion of net assets.

Restricted for Community and Economic Development. This portion of net assets represents net assets of the 2009, 2010, 2011 and 2012 Housing special revenue funds.

Restricted for Other Purposes. This portion of net assets is restricted for Register of Deeds, soil and water conservation, social services and library purposes.

Unrestricted. The difference in total net assets and the two categories above invested in capital assets, net of related debt and restricted net assets, is unrestricted net assets.

Fund Balance In the 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. This classification includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Prepaid items - portion of fund balance that is not an available resource because it represents the year-end balance of prepaid items, which are not spendable resources.

Restricted. This classification includes revenue sources that are statutorily restricted for specific purposes, or restricted for specific purposes by grantors or creditors.

Restricted for Stabilization by State Statute. This portion of fund balance is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of receivable balances that are not offset by deferred revenues and encumbrances related to purchase orders and contracts outstanding at year end that will be honored by the County in the next fiscal year.

Restricted for Register of Deeds. This represents the unspent portion of Register of Deeds fees whose use is restricted by State statute for expenditure on computer and imaging technology in the office of the Register of Deeds.

Restricted for Capital Projects. This portion of fund balance is restricted by revenue source for capital expenditures.

Restricted for Other. This portion of fund balance is restricted by revenue source for soil and water conservation, social services and library purposes.

Restricted for Fire Protection. This portion of fund balance is restricted by revenue source for fire protection expenditures.

Restricted for Law Enforcement. This portion of fund balance is restricted by revenue source for law enforcement purposes.

Restricted for Emergency Telephone System. This portion of fund balance is restricted by revenue source for certain emergency telephone system expenditures.

Restricted for Human Services. This portion of fund balance is restricted by revenue source for mental health, social services and public health purposes.

Restricted for Housing and Community Redevelopment. This portion of fund balance is restricted by revenue source for housing rehabilitation and home buyer related purposes.

Committed. This classification includes amounts that can only be used for specific purposes imposed by majority vote of the governing board. Any changes or removal of specific purposes requires majority action by the governing body.

Committed for Education Debt Leveling Plan. In the General Fund, unspent revenue generated by 4.1 cents of the ad valorem tax rate and interest on the unspent portions thereof is committed for retirement of general obligation education debt authorized by the November 2006 and 2008 referendums.

Committed for Economic Development. In the General Fund, unspent revenue generated by the repayment of economic development incentives by Dell Corporation is committed for future economic development purposes.

Committed for Timber Management – Tanglewood Park. In the General Fund, unspent revenue generated by the sale of timber is committed for timber management purposes at Tanglewood Park.

Committed for Capital Projects. This portion of fund balance is committed by action of the governing board for certain school and County capital expenditures.

Assigned. The portion of fund balance that the governing board, with or without formal action, has assigned for specific management purposes. The governing board may delegate to the County Manager or Chief Financial Officer the authority to assign a portion of fund balance to promote sound financial operations of the County or to meet a future obligation. Assignment calculations may be made after the end of the fiscal year during the process of preparation of the financial statements.

Assigned for Subsequent Year Budget. This represents the portion of fund balance appropriated in the adopted 2012-2013 Budget Ordinance that is not already classified in restricted or committed.

Assigned for Special Management Projects. This represents the portion of fund balance assigned for special management projects.

Assigned for Capital Maintenance Projects. In the General Fund, unassigned fund balance in excess of 16% of the subsequent year's budget is assigned for capital maintenance and capital outlay in the subsequent year. Of the total assigned, the first \$2.1 million is designated for planned capital maintenance, and the remainder is for pay-as-you-go capital expenditures.

Assigned for Fire and Rescue Protection. This represents the portion of fund balance assigned for fire and rescue protection expenditures.

Unassigned. This portion of fund balance has not been restricted, committed, or assigned to specific purposes or other funds.

The County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following order: debt proceeds, federal funds, State funds, local non-County funds, and County funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it's in the best interest of the County.

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 available fund balance is at least equal to or greater than 16% of budgeted expenditures. Any portion of the General Fund balance in excess of 16% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the County in a future budget.

2. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. The net adjustment of \$(447,415,063) consists of several elements detailed in the following table.

Description	Detail	Net Adjustment
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds. Total capital assets on the government-wide statement of net assets comprise this adjustment.		\$ 162,892,911
Pension assets resulting from contributions in excess of the annual required contribution are not financial resources and therefore are not reported in the funds.		424,658
Some of the County's revenue will be collected after year-end, but is not available soon enough to pay for the current period's expenditures, so it is reported as deferred revenue in the funds.		
Property taxes and accrued interest on property taxes	\$ 5,056,374	
Grants	86,889	
Interest earnings	12,546	
Fees and miscellaneous	3,138,430	8,294,239
An internal service fund is used by management to charge the costs of health and dental benefits to individual funds. The assets and liabilities of the Employee Health Benefits Fund are included in governmental activities in the statement of net assets.		
Cash and cash equivalents	4,883,115	
Accounts receivable	8,858	
Accounts payable	(89,220)	
Claims and judgments – health and dental	(2,131,345)	
Unearned revenue	(310,940)	2,360,468
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period. Thus, they do not require current resources to pay and, accordingly, are not reported in the fund statements.		
Accrued interest payable	(7,258,191)	
Bonds, installment purchases, limited obligation bonds and certificates of participation	(586,265,543)	
Compensated absences	(7,436,460)	
Claims and judgments – excluding health and dental	(1,756,523)	
Net OPEB obligation	(9,386,825)	
Deferred charge on refundings	9,697,682	
Deferred charge for issuance costs	3,686,726	
Unamortized issuance premiums	(22,668,205)	(621,387,339)
Total adjustment		\$ (447,415,063)

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 change in fund balances – total governmental funds* and *change in net assets of governmental activities* as reported in the government-wide statement of activities. Additional detail on the elements that comprise the total adjustment of \$31,256,774 is given in the table that follows.

Description	Detail	Net Adjustment
Capital outlay expenditures are recorded in the fund statements but are capitalized as assets in the statement of activities.	\$ 22,460,242	
Depreciation expense, the allocation of capital assets over their useful lives, is recorded on the statement of activities but not in the fund statements.	(10,313,018)	\$ 12,147,224
The statement of activities reports <i>gains</i> and <i>losses</i> arising from the trade-in, sale, or disposal of existing capital assets. Conversely, governmental funds do not report any gain or loss on such transactions, but report the sale proceeds. The change in net assets differs from the change in fund balance by the net cost of capital assets sold and donated assets received.		(2,616,495)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Reverse deferred revenue recorded at July 1, 2011:		
Property taxes and accrued interest on property taxes	(4,887,612)	
Grants	(27,221)	
Interest earnings	(16,672)	
Fees and miscellaneous	(2,215,549)	
Record revenue deferred in the fund statements at June 30, 2012:		
Property taxes and accrued interest on property taxes	5,056,374	
Grants	86,889	
Interest earnings	12,546	
Fees and miscellaneous	3,138,430	1,147,185
On the fund statements, new debt issued during the year is recorded as a source of funds, and principal payments on debt are recorded as a use of funds. Neither transaction affects the statement of activities. Also, the governmental funds report the effect of other debt-related transactions when debt is first issued, but these amounts are deferred and amortized in the statement of activities.		
New debt issued	(20,784,164)	
Principal payments on debt	37,996,545	
Issuance and other costs	206,370	17,418,751
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.		
Compensated absences	(19,109)	
Reductions in claims and judgments – excluding health and dental	205,918	
Prepaid pension benefit obligation	70,359	
Net OPEB obligation	324,201	
Accrued interest	351,409	
Amortized deferred charge on refundings	(1,885,499)	
Amortized deferred charge for issuance costs	(508,103)	
Amortized debt premiums	3,994,991	2,534,167
Internal service fund profit or loss generated by customers within the primary government is eliminated from the statement of activities.		625,942
Total adjustments		\$ 31,256,774

3. Stewardship, Compliance, and Accountability

Excess of Expenditures over Appropriations

The following budget variances are not in compliance with legal budgetary control. Expenditures for the Purchasing Department exceeded budget by \$1,336. Purchasing is a consolidated City - County department administered by the City of Winston-Salem. Appropriations for the Purchasing department are based on historical costs, and the fourth quarter review indicated the budget was adequate; however, final costs invoiced after the end of the budget year exceeded the appropriation. Refinement of fourth quarter estimated costs may preclude future budget overages. Appropriations in the Fire Tax Districts Funds are by fire tax district. The transfer to the General Fund from each fire tax district equals the actual amount of sales tax proceeds realized by the district for the fiscal year. Transfers which exceeded the amount appropriated were a result of actual sales tax revenue exceeding projections. Transfer of residual fund equity from the 2002 Schools, 2006 2/3s Bonds and 2011 Information Systems funds that were closed during the fiscal year exceeded appropriations in those funds.

4. Detailed Notes on All Funds

a. Deposits

In accordance with the County's investment policy, all the deposits of the County are either insured or collateralized by using the pooling method. 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. Due to the inability to measure the exact amounts of collateral pledged for the County under the pooling method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the pooling method.

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2012, the demand deposit portion of the County's cash and investment pool was \$28,669,519. The bank balances totaled \$23,681,865, of which \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2012, the County's petty cash funds totaled \$21,921.

b. Investments

As of June 30, 2012, the County had the following investments:

<u>Investment Type</u>	<u>Reported</u>		<u>Less than</u>		<u>More than</u>	<u>WAM</u> <u>(Years)</u>
	<u>Value</u>	<u>Fair Value</u>	<u>1 year</u>	<u>1-2 years</u>	<u>2 years</u>	
NCCMT	\$ 142,386,327	142,386,327	142,386,327	-	-	.0021
Commercial Paper	19,989,926	19,977,346	19,977,346	-	-	.0158
Agency Securities	22,696,256	22,696,256	1,000,206	5,002,804	16,693,246	.4413
Total Portfolio	<u>\$ 185,072,509</u>	<u>185,059,929</u>	<u>163,363,879</u>	<u>5,002,804</u>	<u>16,693,246</u>	

Portfolio weighted average maturity 0.4592 years

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy gives consideration to shortening maturities during periods of rising interest rates. The County manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. To further reduce its exposure to interest rate risk, the County invests in multi-step coupon securities for some of its longer term maturities. As of June 30, 2012, \$8,672,380 of the County's \$16,693,246 in investments with maturities beyond two years are step or multi-step securities. Information about the sensitivity of the fair

values of the County's investments to market interest rate fluctuations is provided by the above table that shows the distribution by maturity and the weighted average maturity of the County's investment holdings as of June 30, 2012.

Credit Risk. In accordance with the County's investment policy, the County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law and the County's investment policy limit investments in commercial paper to those issuers carrying the highest ratings issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2012, the County's investments in the bonds of U.S. Agencies were rated with one or more of the following ratings: AAA by Standard & Poor's, AAA by Fitch Ratings, Aaa by Moody's Investors Service. The County's investment in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2012.

Custodial Credit Risk. For an investment, the custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's investment policy provides limited guidance on custodial credit risk, but management procedures are that the County shall utilize a third party custodial agent for book entry transactions, all of which shall be held in the County's name. The custodial agent shall be a trust department authorized to do trust work in North Carolina who has an account with the Federal Reserve. Certificated securities shall be in the custody of the Chief Financial Officer.

Concentration of Credit Risk. The County places no limit on the amount that may be invested in any one issuer. No more than five percent (5%) of the County's investments are issued by a single issuer.

Other Post-Employment Benefits Trust

At June 30, 2012, the Healthcare Plan had \$7,811,036 invested in a Local Government Other Post-Employment Benefits (OPEB) Trust established pursuant to G.S. 159-30.1. The OPEB Trust is deposited with the State Treasurer and may be invested 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, the OPEB Trust was invested as follows: State Treasurer's Short Term Investment Fund (STIF), 22.1%; State Treasurer's Long Term Investment Fund (LTIF), 9.4%; and, BlackRock's Global Ex-US Alpha Tilts Fund B and BlackRock's Russell 3000 Alpha Tilts Fund B 68.5% (the equities were split with 75% in domestic securities and 25% in international securities). The Blackrock Global Ex-US Alpha Tilts Fund B is priced at \$15.2845 per share and the Blackrock Russell 3000 Alpha Tilts Fund B is priced at \$31.5960 per share at June 30, 2012.

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

Credit Risk: The County does not have a formal investment policy regarding credit risk for the Healthcare 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 NC General Statute 147-69.1 and 147-69.2. The State Treasurer's LTIF is invested in treasuries, agencies and corporate bonds with longer term maturities.

c. Property tax – Use-value Assessment on Certain Lands

In accordance with the general statutes, agriculture, horticulture, and forestland may be taxed by the County at the present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

Year Levied	Tax	Interest	Total
2009	\$ 2,341,261	766,763	3,108,024
2010	2,267,256	538,473	2,805,729
2011	2,267,256	334,420	2,601,676
2012	2,267,256	130,367	2,397,623
Totals	\$ 9,143,029	1,770,023	10,913,052

d. Receivables

Receivables at June 30, 2012 for the County's individual major funds and nonmajor governmental funds in the aggregate are net of applicable allowances for uncollectible accounts as follows:

Description	Gross Receivable	Allowance for Uncollectible Accounts	Net Receivable
Property taxes			
General fund	\$ 9,498,783	(5,458,001)	4,040,782
Other governmental funds	190,838	(97,613)	93,225
Occupancy taxes			
General fund	48,965	-	48,965
Other taxes			
General fund	33,796	-	33,796
Accounts			
General fund	29,182,320	(21,214,960)	7,967,360
Accrued interest			
General fund	17,866	-	17,866
Other governmental funds	1,457	-	1,457
Total receivables	\$38,974,025	(26,770,574)	12,203,451

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

At June 30, 2012, the various components of *deferred revenue* and *unearned revenue* were as follows:

Description	Deferred (Unavailable)	Unearned
Delinquent property taxes receivable		
General fund	\$ 4,040,783	-
Other governmental funds	93,225	-
Intergovernmental and private grants		
General fund	32,818	364,731
Other governmental funds	54,071	586,103
Fees and other – General fund	3,138,430	351,207
Investment earnings – General fund	12,546	-
Total deferred / unearned revenue for governmental funds	\$ 7,371,873	1,302,041

e. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 12,873,346	14,910	--	12,888,256
Art collections	517,907	--	--	517,907
Construction-in-progress	12,226,301	16,757,565	(8,577,819)	20,406,047
Total capital assets not being depreciated	25,617,554	16,772,475	(8,577,819)	33,812,210
Capital assets being depreciated:				
Buildings	178,070,247	5,228,541	(2,575,502)	180,723,286
Improvements other than buildings	15,309,499	3,940,248	--	19,249,747
Equipment	33,415,261	3,555,125	(568,539)	36,401,847
Vehicles	17,555,474	1,435,496	(3,667,870)	15,323,100
Software	7,745,348	127,974	(40,005)	7,833,317
Total capital assets being depreciated	252,095,829	14,287,384	(6,851,916)	259,531,297
Less accumulated depreciation for:				
Buildings	68,374,686	4,502,581	(22,721)	72,854,546
Improvements other than buildings	8,112,456	601,765	--	8,714,221
Equipment	27,769,713	2,789,386	(567,589)	29,991,510
Vehicles	13,161,998	1,638,259	(3,583,308)	11,216,949
Software	6,932,348	781,027	(40,005)	7,673,370
Total accumulated depreciation	124,351,201	10,313,018	(4,213,623)	130,450,596
Total capital assets being depreciated, net	127,744,628	3,974,366	(2,638,293)	129,080,701
Capital assets, net	\$153,362,182	20,746,841	(11,216,112)	162,892,911

Depreciation expense charged to functions for the year ended June 30, 2012, was as follows:

Function	Depreciation Expense
General government	\$ 4,762,714
Public safety	3,560,558
Environmental protection	37,644
Human services	727,606
Culture and recreation	1,197,260
Community and economic development	5,587
Education	21,649
Total	\$ 10,313,018

Construction Commitments

Active construction projects as of June 30, 2012 include: renovation of the Phillips Building for Sheriff administrative offices and minimum security inmate housing; pool renovation at Tanglewood Park; re-planting of pines trees on recently timbered land, and continued development of Triad Park. At June 30, 2012, commitments with contractors on these projects are as follows:

Project	Spent-to-Date	Remaining Commitment
Phillips Building renovation	\$ 17,020,128	10,820,041
Tanglewood Park pool	1,328,900	86,555
Re-forestation of Idol's Road property	8,401	12,600
Triad Park development	102,815	148,910
Totals	\$ 18,460,244	11,068,106

f. Interfund Receivables, Payables, and Transfers

Certain special revenue funds account for revenues that are used to reimburse eligible expenditures in the General Fund. Accrual of these revenues at year-end results in interfund receivables and payables at June 30. Amounts advanced from the cash and investment pool are also included in due to and due from other funds. Sales tax paid on certain State Public School Building Capital Fund projects will be refunded by the State, so the cash and investment pool advances funds for these payments. At June 30, 2012, interfund receivables and payables are as follows:

Payable Fund	Receivable Fund - General Fund
Nonmajor governmental funds:	
2009 Housing Fund – advance from cash and investment pool	\$ 4,961
2010 Housing Fund – advance from cash and investment pool	114,274
2011 Housing Fund – advance from cash and investment pool	10,180
Total	\$ 129,415

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

Transfers out:	Transfers in:		
	General Fund	Nonmajor Governmental Funds	Total
General Fund	\$ --	1,779,925	1,779,925
2007 Schools	400,000	--	400,000
Nonmajor governmental funds	8,386,929	240,000	8,626,929
Totals	\$ 8,786,929	2,019,925	10,806,854

The General Fund transferred \$1,735,000 to the 2010 Winston-Salem/Forsyth County Schools Capital Maintenance fund for Schools capital and \$44,925 to the 2012 Housing grant project fund to provide local matching funds for a grant. The 2007 Schools Fund transferred \$400,000 to the General Fund for debt service, as permitted in the applicable financings.

Transfers of \$8,386,929 to the General Fund from nonmajor governmental funds were for debt service, including \$180,000 from the 2007 Forsyth Technical Community College fund, as permitted in the applicable financings, and \$5,073,503 in lottery proceeds from the Public School Building Capital fund. Other transfers to the General Fund from nonmajor governmental funds included \$1,771,663 residual equity from two funds that were closed; \$1,325,327 from the Fire Tax Districts special revenue fund to support the County fire department; and \$36,436 from the Law Enforcement Equitable Distribution special revenue fund for law enforcement programs. A transfer of \$240,000 was made from the 2008 Pay-Go fund to the 2011 Library Bond fund for project planning cost.

g. Payables

Payables at June 30, 2012, were as follows:

Description	General Fund	2009		Total
		Phillips Building (Phase 1A and 1B) Fund	Nonmajor Governmental Funds	
Vendors	\$ 3,450,858	2,885,444	477,986	6,814,288
Salaries and benefits	1,709,978	--	--	1,709,978
Totals	\$ 5,160,836	2,885,444	477,986	8,524,266

h. Leases

Operating Leases The County leases buildings, office facilities, and equipment under non-cancelable operating leases. Total costs for such leases were \$851,871 for the year ended June 30, 2012. The future minimum lease payments due under operating leases with initial or remaining non-cancelable lease terms in excess of one year are as follows:

Year ending June 30	Operating Leases
2013	\$ 707,885
2014	275,421
2015	274,676
2016	132,874
2017	60,545
2018 – 2022	333,051
2023 – 2027	385,596
2028 – 2032	446,435
2033 – 2037	87,580
Total minimum lease payments	\$ 2,704,063

The total rental expenditures for all operating leases were \$1,538,150 for the year ended June 30, 2012.

i. Long-term obligations

Long-term obligation activity

Changes in long-term obligations during the year ended June 30, 2012, were as follows:

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Due Within One Year
Governmental activities:					
Compensated absences	\$ 7,417,351	8,400,207	8,381,098	7,436,460	4,916,929
General obligation bonds	530,850,000	--	31,250,000	499,600,000	32,195,000
Deferred loss on refunding	(9,991,673)	--	(1,651,650)	(8,340,023)	--
Unamortized premiums	21,697,783	--	3,607,056	18,090,727	--
Installment purchase obligations	812,088	2,400,000	376,545	2,835,543	693,894
Certificates of participation and limited obligation bonds	73,910,000	16,290,000	6,370,000	83,830,000	6,220,000
Deferred loss on refunding	(1,591,508)	--	(233,849)	(1,357,659)	--
Unamortized premiums	2,871,249	2,094,164	387,935	4,577,478	--
Net OPEB obligation	9,711,026	5,644,091	5,968,292	9,386,825	--
Claims and judgments	4,002,046	21,648,955	21,763,133	3,887,868	3,146,043
Total general long-term obligations	\$ 639,688,362	56,477,417	76,218,560	619,947,219	47,171,866

The net other postemployment benefit obligation, compensated absences, and claims and judgments typically are liquidated in the General Fund. Of the latter, health and dental claims are paid from the Employee Health Benefits internal service fund.

Arbitrage In accordance with Section 148 of the Internal Revenue Code of 1986, as amended, and Sections 1.103-13 to 1.103-15 of the related Treasury Regulations, the County must rebate to the federal government “arbitrage profits” earned on governmental bonds issued after August 31, 1986. Arbitrage profits are the excess of the amount earned on investments over the interest paid on the borrowings. At June 30, 2012, the County had no liability for arbitrage.

General Obligation Bonds The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for governmental activities. All general obligation bonds are backed by the full faith, credit and taxing power of the County, and principal and interest requirements are appropriated in the General Fund when due.

On May 31, 2012, the County issued \$16,290,000 limited obligation bonds for the renovation of administrative offices for the Sheriff. Interest rates range from 2.0 to 5.0 percent, with a final maturity of April 1, 2033.

The American Recovery and Reinvestment Act of 2009 (the “Recovery Act”) authorizes the County to issue taxable bonds known as “Build America Bonds” to finance capital expenditures for which the County could issue tax-exempt bonds and to elect to receive a subsidy payment from the federal government equal to 35% of the amount of each interest payment on such taxable bonds. The County has designated its 2010C Bonds as “Build America Bonds” for purposes of the Recovery Act and expects to receive such subsidy payments from the federal government. The County received \$1,345,855 in such federal subsidy during the year ended June 30, 2012, and if unchanged, expects to receive \$22,156,434 in such subsidies over the life of the bonds. The Recovery Act also authorizes the County to issue taxable bonds known as “Qualified School Construction Bonds” to finance construction, rehabilitation or repair of public school facilities or for the acquisition of land on which a public school facility is to be constructed. Under the Act, the County may elect to receive a subsidy payment from the United States Treasury in an amount calculated as provided in the Recovery Act. The County has designated its 2010D Bonds as “Qualified School Construction Bonds” for purposes of the Recovery Act and expects to receive such subsidy payments from the federal government. The County received \$1,270,081, or 96.5% of the interest paid on the 2010D Bonds, in such federal subsidy during the year ended June 30, 2012, and if unchanged, expects to receive \$20,226,030 in such subsidies over the life of the bonds. Such cash subsidy payments are not pledged to the repayment of the 2010C or 2010D Bonds, but are expected to be a source of payment of debt service on the bonds. Such cash subsidy payments do not constitute a full faith and credit guarantee of the federal government, but are required to be paid by the United States Treasury under the Recovery Act. If such cash subsidy payments from the United States Treasury are reduced or eliminated as a result of the change in the law, the 2010C and 2010D Bonds are subject to extraordinary optional redemption.

In prior years, the County defeased certain general obligation bonds by placing the proceeds of refunding bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County’s financial statements. On June 30, 2012, \$92,250,000 of outstanding general obligation bonds are considered defeased.

On June 24, 2004, the County sold two \$15,000,000 issues of general obligation School bonds that initially bear interest at a weekly variable rate. The County has the option to convert to a flexible term rate, a medium-term rate, or a fixed rate by written notice at least 25 days in advance of the proposed conversion date. The current variable rate is determined weekly based on the lowest interest rate necessary to enable the remarketing of the bonds at par plus accrued interest, as determined by the remarketing agent, and shall not exceed an annual rate of 12%. At June 30, 2012, the rate of interest for both issues was 0.18%.

The County issued \$30,000,000 general obligation School bonds on April 19, 2007, that initially bear interest at a weekly variable rate. The County has the option to convert to a flexible term rate, a medium-term rate, or a fixed rate by written notice at least 25 days in advance of the proposed conversion date. The current variable rate is determined weekly based on the lowest interest rate necessary to enable the remarketing of the bonds at par plus accrued interest, as determined by the remarketing agent, and shall not exceed an annual rate of 12%. At June 30, 2012, the rate of interest was 0.18%.

A summary of outstanding general obligation bonds follows:

Purpose of Issue	Date of Issue	Effective Interest Rate	Amount Issued	Principal Outstanding June 30, 2012	
<u>Governmental Activities</u>					
School Building	06-24-04	Var Rate %	\$ 15,000,000	11,500,000	
	06-24-04	Var Rate	15,000,000	11,500,000	
	02-21-06	4.0735	22,500,000	19,300,000	
	04-19-07	3.9543	30,000,000	18,400,000	
	04-19-07	Var Rate	30,000,000	26,600,000	
	09-17-08	4.1701	80,000,000	65,050,000	
	09-02-10	4.9860	26,405,000	26,405,000	
	Community College	04-01-07	3.9543	12,500,000	7,700,000
	Educational Facilities	06-23-09	3.7687	36,250,000	34,600,000
	Public Improvement	09-01-03	4.1925	3,950,000	50,000
		09-01-03	4.1925	48,850,000	2,900,000
		02-21-06	4.0735	10,185,000	8,585,000
		09-16-08	4.1175	11,120,000	10,070,000
09-01-10		2.0350	14,225,000	12,800,000	
09-02-10		2.0350	36,615,000	32,040,000	
09-02-10		3.1682	80,380,000	80,380,000	
Public Improvement Refunding		09-01-03	4.1925	8,785,000	1,040,000
		12-01-03	2.3916	16,105,000	590,000
		02-01-04	3.0633	30,855,000	16,285,000
	09-17-08	2.8798	28,885,000	21,135,000	
	09-16-09	2.5103	42,870,000	42,755,000	
	09-02-10	2.0350	50,295,000	49,915,000	
Totals			\$650,775,000	499,600,000	

Of the \$263,645,000 public improvement bonds issued, \$28,193,750 funded County facilities and capital projects, \$216,642,420 funded School facilities, and \$18,808,830 funded Community College facilities.

Annual debt service requirements to maturity for general obligation bonds are as follows:

June 30	Principal	Interest	Total
2013	\$ 32,195,000	19,373,519	51,568,519
2014	34,325,000	18,120,114	52,445,114
2015	31,755,000	16,829,259	48,584,259
2016	30,575,000	15,817,838	46,392,838
2017	30,170,000	14,596,468	44,766,468
2018 – 2022	143,180,000	56,650,521	199,830,521
2023 - 2027	139,675,000	31,028,172	170,703,172
2028 - 2030	57,725,000	5,022,259	62,747,259
Totals	\$ 499,600,000	177,438,150	677,038,150

There are \$84,850,000 in authorized but unissued general obligation bonds at June 30, 2012.

Conduit Debt Obligations Forsyth County Industrial Facility and Pollution Control Financing 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 by letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2012, there were four series of industrial revenue bonds outstanding, with an aggregate principal amount payable of \$27,927,232.

Certificates of Participation and Limited Obligation Bonds Outstanding certificates of participation and limited obligation bonds are as follows:

Purpose of Issue	Principal Outstanding June 30, 2012
Governmental Activities	
Issued May 31, 2012 to finance County facility renovation and construction; interest varies from 2.00% to 5.00%	\$ 16,290,000
Issued December 22, 2009 to finance County facility renovation and construction; interest varies from 3.00% to 5.00%	13,500,000
Issued August 9, 2005 to finance renovation of an elementary school and a middle school; interest varies from 4.00% to 5.00%	9,100,000
Issued May 5, 2005 to advance refund portions of three previous issues; interest varies from 3.50% to 5.00%	40,800,000
Issued December 1, 2002 to provide funds for County facility renovation and construction; interest varies from 4.000% to 4.125%	405,000
Issued October 8, 2002 to finance a telephone system and emergency communications system for the County; variable rate for which the rate at June 30, 2012 was 0.19%	1,470,000
Issued April 1, 2001 to finance County facility renovation and construction and for a current refunding of previously issued certificates of participation; interest is 5.00%	2,240,000
Issued September 1, 1998 to provide funds for site acquisition, equipment, facility renovation and park improvements for the County; interest ranges from 4.60% to 5.00%	25,000
Total	\$ 83,830,000

Debt service requirements to maturity for certificates of participation and limited obligation bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2013	\$ 6,220,000	3,648,390	9,868,390
2014	5,735,000	3,530,087	9,265,087
2015	5,910,000	3,272,787	9,182,787
2016	6,100,000	3,010,988	9,110,988
2017	6,300,000	2,732,938	9,032,938
2018 - 2022	31,670,000	9,289,925	40,959,925
2023 - 2027	14,765,000	3,359,100	18,124,100
2028 - 2032	6,320,000	1,037,500	7,357,500
2033	810,000	40,500	850,500
Total	\$ 83,830,000	29,922,215	113,752,215

Principal and interest requirements for certificates of participation are provided by a General Fund appropriation in the year in which they are due.

In prior years, the County defeased certain certificates of participation by placing the proceeds of new certificates in an irrevocable trust to provide for all future debt service payments on the old certificates. Accordingly, the trust account assets and the liability for the defeased certificates are not included in the County's financial statements. On June 30, 2012, \$35,225,000 of outstanding certificates of participation are considered defeased.

Installment Purchases As authorized by State law, the County has entered into installment financing agreements, for which interest is payable semiannually, as follows:

Purpose of Issue	Date of Issue	Interest Rate	Amount Issued	Principal Outstanding June 30, 2012
<u>Governmental Activities</u>				
Computer equipment and software	01-06-09	4.49 %	\$ 276,000	117,859
	06-01-09	3.91	750,000	317,684
	07-01-11	2.82	2,400,000	2,400,000
Totals			\$ 3,426,000	2,835,543

Annual maturities are as follows:

Year Ending June 30	Principal	Interest	Total
2013	\$ 693,894	114,440	808,334
2014	751,484	56,850	808,334
2015	544,170	35,393	579,563
2016	845,995	23,349	869,344
Total	\$ 2,835,543	230,032	3,065,575

As of June 30, 2012, the County's legal debt limit was \$2,712,709,040, computed at 8% of the total appraised property valuation of \$33,908,863,000. With \$499,600,000 in County, School, and Community College bonds outstanding at June 30, 2012 and \$86,665,543 committed under certificates of participation, limited obligation bonds and installment purchases, the County could issue additional bonds up to \$2,126,443,497 if authorized.

j. Fund Balances

Restricted for Stabilization by state statute. The amounts reported on the governmental funds balance sheet identified as Restricted for Stabilization by state statute is comprised of the following:

	2007 General Fund	2007 School Facilities	2009 Educational Facilities	2009 Phillips Building (Phases 1A and 1B)	Nonmajor Governmental Funds	Total Governmental Funds
Restricted by state statute	\$ 25,614,197	1,140,871	402,957	41,186	876,081	28,075,292
Encumbrances	1,487,985	--	--	10,820,041	987,849	13,295,875
Less: Prepaid items	(172,691)	--	--	--	--	(172,691)
Totals	\$ 26,929,491	1,140,871	402,957	10,861,227	1,863,930	41,198,476

Restricted for Other. The amounts reported in the general fund balance sheet identified as Restricted for Other is comprised of \$26,099 for soil and water conservation activities, \$5,623 for library expenditures and \$4,684 for social services purposes.

The following schedule provides information on the portion of General Fund fund balance that is available for appropriation.

Total fund balance – General Fund	\$ 148,256,430
Less:	
Nonspendable	172,691
Restricted	27,898,443
Committed	37,892,059
Assigned	19,235,587
Minimum fund balance reserve	\$ 63,057,650

Subsequent Years Budget Appropriation. The following schedule provides information on the portion of restricted and committed fund balance that has been appropriated in the budget for the fiscal year ending June 30, 2013:

	Subsequent Year's Budget Appropriation	Unappropriated Fund Balance	Total
Restricted for:			
Register of Deeds	\$ 200,000	732,546	932,546
Committed for:			
Education Debt Leveling Plan	4,200,400	29,767,354	33,967,754

5. Other Information

a. Pension Costs

North Carolina Local Governmental Employees' Retirement System

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

Funding Policy. Plan members are required to contribute 6.0% of their annual covered salary. The County is required to contribute at an actuarially determined rate. The current rate for employees not engaged in law enforcement and for law enforcement officers is 6.88% and 7.35%, respectively, of annual covered payroll. The contribution requirements of members and of Forsyth County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2012, 2011, and 2010 were \$5,626,500, \$5,312,862, and \$4,063,912, respectively. The contributions made by the County equaled the required contributions for each year.

Law Enforcement Officers' Special Separation Allowance

Plan Description. Forsyth 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. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Separation Allowance is reported in the County's report as a pension trust fund, and no stand-alone financial report is issued for the plan.

All full-time County law enforcement officers are covered by the Separation Allowance.

At December 31, 2011, the Separation Allowance's membership consisted of:

Retirees currently receiving benefits	41
Active plan members	229
Total	270

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. Short-term discount notes, deposits, repurchase agreements, and the North Carolina Capital Management Trust are reported at cost or amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price.

Funding Policy. The County is required by Article 12D of G.S. 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 \$619,645, or 6.11% 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.

Annual Pension Cost and Net Pension (Asset) Obligation The County's annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution	\$ 545,865
Interest on net pension obligation	(17,715)
Adjustment to annual required contribution	21,136
<hr/> Annual pension cost	549,286
Contributions made	(619,645)
<hr/> Increase in net pension asset	(70,359)
Net pension asset, beginning of year	(354,299)
<hr/> Net pension asset, end of year	\$ (424,658)

The annual required contribution for the fiscal year ended June 30, 2012 was determined as part of the December 31, 2010 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return and (b) projected salary increases of 4.25% to 7.85% per year. Item (b) included an inflation component of 3.00%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2010 was 20 years.

Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension (Asset) Obligation
6/30/2010	\$ 473,336	123.59%	\$(285,689)
6/30/2011	568,139	112.08%	(354,299)
6/30/2012	549,286	112.81%	(424,658)

Funded Status and Funding Progress. As of December 31, 2011, the most recent actuarial valuation date, the plan was 1.72% funded. The actuarial accrued liability for benefits was \$6,796,585, and the actuarial value of assets was \$117,087, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,679,498. The covered payroll (annual payroll of active employees covered by the plan) was \$10,141,205, and the ratio of the UAAL to the covered payroll was 65.86%. 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 of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The following are financial statements for the Law Enforcement Officers' Special Separation Allowance Trust Fund included in Exhibits 9 and 10 of the Basic Financial Statements at June 30, 2012.

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE TRUST FUND
STATEMENT OF NET ASSETS**

June 30, 2012

ASSETS

Cash and cash equivalents	\$ 174,545
Accrued interest receivable	<u>40</u>
Total assets	<u>174,585</u>

LIABILITIES

Due to other governments	<u>5,491</u>
Total liabilities	<u>5,491</u>

NET ASSETS

Held in trust for pension benefits	\$ <u>169,094</u>
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LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE TRUST FUND

STATEMENT OF CHANGES IN NET ASSETS

For the Fiscal Year Ended June 30, 2012

ADDITIONS

Employer contributions	\$	619,645
Net investment income		<u>469</u>
Total additions		620,114

DEDUCTIONS

Benefits		<u>608,074</u>
Change in net assets		12,040
Net assets – beginning		<u>157,054</u>
Net assets – ending	\$	<u>169,094</u>

Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, visiting their website at www.ncosc.net or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires that the County contribute each month an amount equal to 5.0% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. The County's contributions for the year ended June 30, 2012 were \$506,620, exclusive of voluntary employee contributions.

Register of Deeds' Supplemental Pension Fund

Plan Description. The County contributes to the Register of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Governmental Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Register of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the 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, visiting their website at www.ncosc.net 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 G.S. Chapter 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, up to the statutory maximum, to be disbursed as monthly benefits. The remaining 7% of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2012, the County's required and actual contributions were \$33,259.

b. Other Post-employment Benefits (OPEB)

Healthcare, Life Insurance, and Death Benefits

Plan Description. Forsyth County administers a single-employer defined benefit Healthcare Plan (the Plan). The Board of County Commissioners established and may amend the benefit provisions of the Plan.

As of July 1, 2007, the Plan provides postemployment healthcare benefits to retirees of the County until they reach age 65 or are eligible for Medicare, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and (1) have at least 5 years of creditable service with the County if employed prior to July 1, 2007; (2) have at least twenty years of creditable service with the County if employed on or after July 1, 2007. Coverage on eligible dependents that are on the retiree's policy the day before retirement may be continued until eligibility ceases. Based on level of coverage, the County pays between 69.1% and 90.0% of the established premium cost, and the retiree pays the same premium as active employees.

All employees that retire with fifteen or more continuous years of full-time service, other than those that retire under a disability retirement, are eligible to receive a benefit in the amount of \$2,000 in the event of death. This benefit is provided at no cost to the retiree.

Those members that retire under a disability retirement are entitled to a life insurance benefit equal to one and a half times salary at the time they retire, subject to age reductions. The County pays the full cost of the life insurance premium.

The County has elected to partially pay the future overall cost of coverage for these benefits. A separate report was not issued for the Plan.

Membership of the Plan consisted of the following at December 31, 2010, the date of the latest actuarial valuation:

Retirees currently receiving benefits	730
Active plan members:	
General employees	1,878
Law enforcement officers	226
Total	2,834

Funding policy. The contribution requirements of plan members and the County are established and may be amended by the Board of County Commissioners. The required contribution is based on projected pay-as-you-go financing requirements and an additional amount to prefund benefits as determined annually by the Board of County Commissioners.

The County pays the full costs of retiree death benefits and life insurance for disability retirees, which were \$14,000 and \$7,737, respectively, for fiscal year 2012. The monthly cost of healthcare benefits is shared by the County and covered retirees, respectively, as follows: retiree-only coverage, \$580 and \$64; retiree and one dependent, \$722 and \$174; and retiree and more than one dependent, \$1,009 and \$451. For fiscal year 2012, the County contributed \$ 2,499,707 for healthcare benefits, and retiree Plan members contributed \$ 369,106. Additionally, the County contributed \$1,600,000 to prefund benefits.

The current ARC rate is 6.65% of annual covered payroll. For the current year, the County contributed \$5,968,292 or 7.2% of annual covered payroll. The County self-funds its healthcare benefits, and premiums are set at a level to cover current costs and fund actuarially computed reserves. The County obtains life insurance coverage through a private insurer. The County's required contribution, set by the Board of County Commissioners, is the same for all employees.

Summary of Significant Accounting Policies. The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and when the County has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

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 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 Plan benefits:

Annual required contribution	\$5,547,802
Interest on net OPEB obligation	582,662
Adjustment to annual required contribution	(486,373)
Annual OPEB cost (expense)	5,644,091
Contributions made	(5,968,292)
Increase in net OPEB obligation	(324,201)
Net OPEB obligation, beginning of year	9,711,026
Net OPEB obligation, end of year	\$9,386,825

The annual required contribution for the fiscal year ended June 30, 2012 was determined as part of the December 31, 2010 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 6.00% investment rate of return and (b) projected medical cost increases of 5.0% to 10.5% per year. Item (b) included an inflation component of 3.00%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2010 was 29 years.

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	\$ 5,863,049	61.6%	\$ 6,382,081
6/30/2010	6,345,621	59.7%	8,939,062
6/30/2011	5,848,799	86.8%	9,711,026
6/30/2012	5,644,091	105.7%	9,386,825

Funded Status and Funding Progress. As of December 31, 2010, the most recent actuarial valuation date, the plan was 6.6% funded. The actuarial accrued liability for benefits was \$59,077,600, and the actuarial value of assets was \$3,897,349, resulting in an unfunded actuarial accrued liability (UAAL) of \$55,180,251. The covered payroll (annual payroll of active employees covered by the plan) was \$83,435,173, and the ratio of the UAAL to the covered payroll was 66.1%.

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 multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

The following are financial statements for the Other Post-Employment Benefit Trust Fund included in Exhibits 9 and 10 of the Basic Financial Statements at June 30, 2012.

**OTHER POST-EMPLOYMENT BENEFIT TRUST - HEALTHCARE PLAN
STATEMENT OF NET ASSETS**

June 30, 2012

ASSETS

Cash and investments held by fiscal agent \$ 7,811,036

NET ASSETS

Held in trust for other post-employment benefits \$ 7,811,036

**OTHER POST-EMPLOYMENT BENEFIT TRUST - HEALTHCARE PLAN
STATEMENT OF CHANGES IN NET ASSETS**

For the Fiscal Year Ended June 30, 2012

ADDITIONS

Contributions:

Employer \$ 4,121,444

Plan members 369,106

Total contributions 4,490,550

Net investment income 443,175

Total additions 4,933,725

DEDUCTIONS

Benefits 2,890,550

Change in net assets 2,043,175

Net assets – beginning 5,767,861

Net assets – ending \$ 7,811,036

c. 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 on the job; certain employee, dependent, and retiree health care costs; and natural disasters. These risks of loss are handled through a combination of risk retention and insurance. The County uses the Employee Health Benefits Fund (an internal service fund) to account for and finance its risks of loss for employee, dependent, and retiree health care. Other risks of loss are accounted for in the General Fund.

The County’s risk retention program provides coverage for a maximum of \$450,000 for each workers’ compensation claim, \$175,000 for each health care claim, \$75,000 for each auto liability and general liability claim, \$250,000 each public officials and law enforcement claim, and \$100,000 for each property damage claim. The County purchases commercial insurance for claims in excess of coverage provided by this program. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The County carries commercial flood insurance with maximum coverage of \$10,000,000 per year for property in areas that have been mapped and designated “X” (an area with moderate to minimal flood hazard) by the Federal Emergency Management Agency (FEMA.) Most of the County’s property is located in areas designated “X.” The County has some property of lower value located in areas designated “A” (an area close to a river, lake, or stream) by FEMA, and the County has purchased flood insurance with maximum coverage of \$1,000,000 per year for this property.

In accordance with G.S. 159-29, the County’s employees that have access at any given time to \$100 or more of the County’s funds are performance bonded through a commercial surety bond. The chief financial officer and tax collector are individually bonded for \$100,000 and \$150,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$500,000.

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 not reported (IBNRs). For losses other than employee, dependent, and retiree health care costs, the County’s actuarially determined claims liability, which does not include non-incremental claims adjustment expenses, is \$ 1,756,523 at June 30, 2012. It is reported in the Statement of Net Assets as a long-term liability, and \$ 1,014,698 is considered due within one year.

The County’s actuarially determined claims liability for employee, dependent, and retiree health care costs is \$ 2,131,345 at June 30, 2012. It is reported as a current liability in the proprietary fund Statement of Net Assets and as a long-term liability, due within one year, in the government-wide Statement of Net Assets.

Fiscal year 2012 was the fourth year of the County’s risk retention program for employee, dependent, and retiree health care costs, and premiums were established at a level to cover future catastrophic losses as well as the actuarially determined claims liability, and also to enable matching revenues and expenses over a reasonable period of time without significant year-to-year increases. The net assets of \$ 2,360,468 in the Employee Benefits Fund are designated for these purposes.

Changes in the claims liability amount in fiscal 2010 through fiscal 2012 were as follows:

	Beginning Balance	Current-Year Claims and Changes in Estimates	Claims Payments	Ending Balance
2009-2010	\$3,434,817	20,578,472	(20,687,477)	3,325,812
2010-2011	3,325,812	19,991,353	(19,682,687)	3,634,478
2011-2012	3,634,478	21,648,955	(21,395,565)	3,887,868

The County also provided risk management services, contractually, to local agencies and municipalities. There was no transfer or pooling of risks between or among any of the participants, and each participant was completely responsible for (and only responsible for) its own claims liabilities.

d. Contingent Liabilities

The County has received proceeds from a number of Federal and State of North Carolina grants. Periodic audits of these grants are required, and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial.

The County is involved in several other claims and lawsuits, which it intends to defend vigorously. The County’s legal counsel estimates that any possible liability to the County resulting from such litigation and not covered by insurance would not have a material adverse effect on the financial position of the County at June 30, 2012.

e. Related Organization

The County's governing board is responsible for a majority of the board appointments of the Airport Commission of Forsyth County, but the County's accountability for this organization does not extend beyond making these appointments. The Airport Commission was established by state statute for the purpose of operating an airport on land owned by the County, and it is funded primarily by airport revenue and federal grants. In fiscal year 2012, Forsyth County provided risk management services totaling \$5,500 to the Airport Commission, and \$1,375 of this amount comprised a receivable at year-end.

f. Joint Ventures

The County, in conjunction with the State of North Carolina and the Winston-Salem/Forsyth County Board of Education, participates in a joint venture to operate Forsyth 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 of the community college's board of trustees. 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 or certificates of participation to provide financing for new facilities. 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 \$7,237,283 and \$7,015,358 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2012. In addition, the County made debt service payments of \$3,732,957 during the fiscal year on general obligation bonds and certificates of participation issued for community college capital facilities. The participating governments do not have an equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2012. Complete financial statements for the community college may be obtained from the community college's administrative offices at 2100 Silas Creek Parkway, Winston-Salem, North Carolina, 27103.

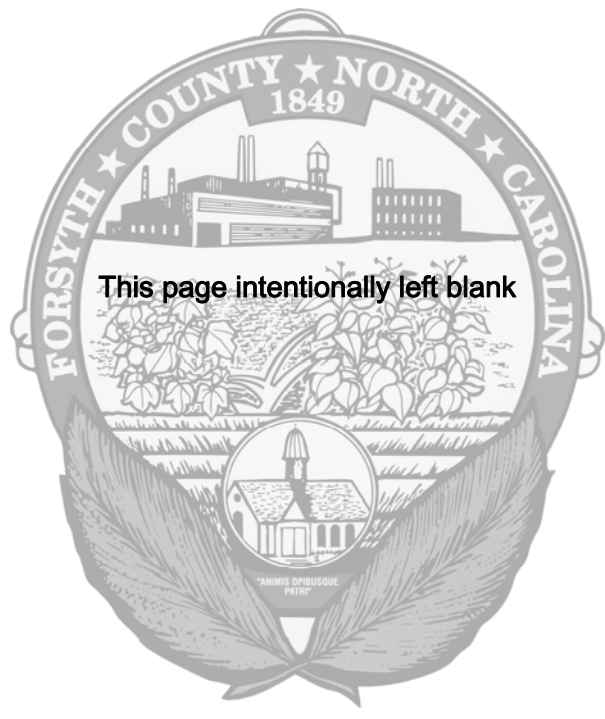
The County participates with Stokes County, Davie County and Rockingham County, North Carolina in CenterPoint Human Services to provide services for general mental health, mental disorder, developmental disabilities, substance abuse and mental health education in Forsyth, Stokes, Davie, and Rockingham Counties. CenterPoint's board is composed of nineteen members. Forsyth, Stokes and Rockingham Boards of Commissioners each appoint one Commissioner as an ex-officio member of the Board. The Davie County Commissioners appoint one Commissioner, the County Manager or the Assistant County Manager as its ex-officio member of the Board. The fifteen additional members are appointed by the four ex-officio members of the board. The County has an ongoing financial responsibility for CenterPoint because it provides funding for a substantial portion of its annual budget. The County contributed \$5,692,674 for CenterPoint operations for the fiscal year ended June 30, 2012. Additionally, the County provided services to CenterPoint during the year for which it invoiced \$1,676,797, of which \$318,909 was outstanding at year-end. The participating governments do not have an equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2012. Complete financial statements for CenterPoint may be obtained from its administrative offices at 4045 University Parkway, Winston-Salem, North Carolina, 27106.

In conjunction with the City of Winston-Salem and the Greater Winston-Salem Chamber of Commerce, Inc., the County takes part in a joint venture to operate the Forsyth County Tourism Development Authority, which was established pursuant to state statute for the purpose of furthering the development of travel, tourism, and conventions in the County. The Authority board is comprised of nine members of which the County and the City of Winston-Salem each appoint four, and the Chamber appoints one. The Authority receives approximately 61.0% of room occupancy taxes which are levied and collected by the County. For the year ended June 30, 2012, occupancy taxes totaling \$2,411,538 were distributed to the Authority. The County also provided \$14,324 in financial services to the Authority during fiscal year 2012. The participating governments and agency do not have an equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2012. Complete financial statements for the Authority can be obtained from the Authority's finance officer at Forsyth County Government Center, 201 N. Chestnut Street, Winston-Salem, North Carolina 27101.

g. Jointly Governed Organizations

The County, in conjunction with eleven other counties and 61 municipalities, is a member of the Piedmont Triad Regional Council (PTRC). The PTRC is a voluntary association of municipal and county governments, enabled by state law to promote regional issues and cooperation among members and to coordinate funding from federal and state agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$77,147 to the Council during the fiscal year ended June 30, 2012.

The County participates with Guilford County and three municipalities in the Piedmont Triad International Airport Authority which operates the airport of the same name. Each participating government has one appointment to the seven-member board except Guilford County, which has three appointments. The County made no payments to the Airport Authority in the fiscal year ended June 30, 2012.



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Required Supplementary Schedules

This section contains additional information required by generally accepted accounting principles.

Law Enforcement Officers' Special Separation Allowance – Schedule of Funding Progress

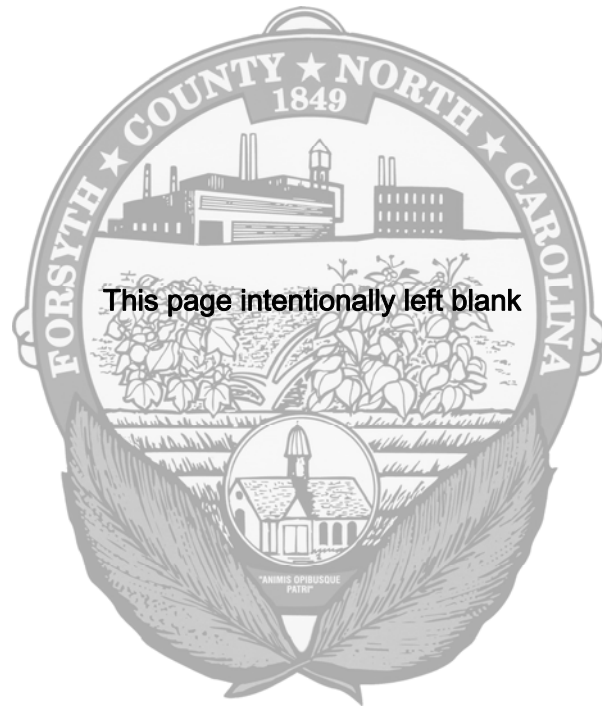
Law Enforcement Officers' Special Separation Allowance – Schedule of Employer Contributions

Law Enforcement Officers' Special Separation Allowance – Notes to the Required Schedules

Healthcare Plan – Schedule of Funding Progress

Healthcare Plan – Schedule of Employer Contributions

Healthcare Plan – Notes to the Required Schedules



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LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
 FORSYTH COUNTY, NORTH CAROLINA

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2003	\$ 1,223,836	\$ 4,514,489	\$ 3,290,653	27.11 %	\$ 7,997,734	41.14 %
12/31/2004	1,048,797	4,783,417	3,734,620	21.93	8,498,129	43.95
12/31/2005	924,989	4,438,017	3,513,028	20.84	9,092,712	38.64
12/31/2006	742,951	4,414,409	3,671,458	16.83	8,980,782	40.88
12/31/2007	494,627	4,942,272	4,447,645	10.01	9,481,989	46.91
12/31/2008	263,693	5,101,499	4,837,806	5.17	9,585,542	50.47
12/31/2009	65,952	6,215,412	6,149,460	1.06	10,007,668	61.45
12/31/2010	43,969	5,644,750	5,600,781	0.78	9,905,749	56.54
12/31/2011	117,087	6,796,585	6,679,498	1.72	10,141,205	65.86

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
 FORSYTH COUNTY, NORTH CAROLINA

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2004	\$ 329,094	109.98 %
2005	347,907	106.21
2006	386,989	104.93
2007	365,576	97.74
2008	379,512	104.65
2009	436,202	102.46
2010	474,990	123.16
2011	567,128	112.28
2012	545,865	113.52

Notes to the Required Schedules:

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

Valuation date	12/31/2011
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, closed
Remaining amortization period	19 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	3.0%
Projected salary increases*	4.25% to 7.85%
*Includes inflation at	3.0%
Cost-of-living adjustments	None

HEALTHCARE PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
 FORSYTH COUNTY, NORTH CAROLINA

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 Percentage of Covered Payroll ((b-a)/c)
12/31/2007	\$ -	\$ 65,181,263	\$ 65,181,263	0.0 %	\$ 76,036,540	85.7 %
12/31/2008	1,661,067	69,258,530	67,597,463	2.4	81,150,253	83.3
12/31/2009	3,539,497	67,480,466	63,940,969	5.2	84,578,860	75.6
12/31/2010	3,897,349	59,077,600	55,180,251	6.6	83,435,173	66.1

HEALTHCARE PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
 FORSYTH COUNTY, NORTH CAROLINA

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2008	\$ 5,840,379	29.3 %
2009	5,840,379	61.8
2010	6,278,243	60.3
2011	5,760,165	88.1
2012	5,547,802	94.0

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	12/31/2010
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay, closed
Remaining amortization period	29 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	6.00%
Medical cost trend rate	10.50% - 5.00%
Year of ultimate trend rate	2018
*Includes inflation at	3.00%

Major Governmental Funds

Budgetary Comparison Schedules

General Fund

The **General Fund** accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

Major Capital Projects Fund

2007 School Facilities Fund – This fund is used to account for the construction of and renovation to school facilities and the related acquisition of land, furnishings and equipment, financed by proceeds of school facilities bonds authorized by a 2006 referendum.

2009 Educational Facilities Fund – This fund accounts for the use of proceeds of educational facilities bonds authorized by a 2008 referendum. Projects include acquisition by Forsyth Technical Community College of existing facilities from the Winston-Salem/Forsyth County Schools and the renovation and equipping of those facilities for community college purposes, and the acquisition, construction, renovation, and equipping of replacement facilities by the Winston-Salem/Forsyth County Schools for public school educational and administrative purposes.

2009 Phillips Building (Phases 1A and 1B) Fund – The acquisition of an existing building, asbestos abatement, engineering and architectural services, and renovation and rehabilitation of two floors of the building will be funded with proceeds of limited obligation bonds and accounted for in this fund.

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FORSYTH COUNTY, NORTH CAROLINA

For the Fiscal Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property:				
Current year	\$ 222,743,067	222,743,067	223,721,122	978,055
Prior years	3,000,000	3,000,000	3,873,750	873,750
Interest and fees	850,000	850,000	1,173,260	323,260
Total property	<u>226,593,067</u>	<u>226,593,067</u>	<u>228,768,132</u>	<u>2,175,065</u>
Occupancy taxes	<u>450,000</u>	<u>450,000</u>	<u>542,596</u>	<u>92,596</u>
Local option sales:				
Article 39 one cent	23,755,322	23,755,322	24,768,879	1,013,557
Article 40 one-half cent	11,858,546	11,858,546	12,307,390	448,844
Article 42 one-half cent	13,646,292	13,646,292	14,232,620	586,328
Article 44 one-half cent	-	-	219,838	219,838
Total sales	<u>49,260,160</u>	<u>49,260,160</u>	<u>51,528,727</u>	<u>2,268,567</u>
Other taxes	<u>260,575</u>	<u>260,575</u>	<u>290,674</u>	<u>30,099</u>
Total taxes	<u>276,563,802</u>	<u>276,563,802</u>	<u>281,130,129</u>	<u>4,566,327</u>
Licenses and permits	804,518	804,518	766,104	(38,414)
Intergovernmental	54,509,470	57,912,908	54,282,727	(3,630,181)
Charges for services	24,460,267	24,633,120	23,276,406	(1,356,714)
Investment earnings	692,086	692,086	539,304	(152,782)
Other	<u>8,598,309</u>	<u>9,087,505</u>	<u>12,892,312</u>	<u>3,804,807</u>
Total revenues	<u>365,628,452</u>	<u>369,693,939</u>	<u>372,886,982</u>	<u>3,193,043</u>
Expenditures:				
Current:				
General government:				
Budget and management	495,016	515,127	499,458	15,669
Management information services	7,830,437	8,059,522	7,550,489	509,033
Finance	2,079,229	2,222,324	2,030,972	191,352
General services	12,840,679	13,078,067	12,342,890	735,177
Human resources	1,067,946	1,091,737	1,037,767	53,970
Planning	1,511,840	1,500,470	1,459,617	40,853
Purchasing	97,410	97,410	98,746	(1,336)
Attorney	1,272,221	1,292,480	1,275,199	17,281
Board of elections	990,212	1,044,058	895,435	148,623
County commissioners and manager	1,057,880	1,099,836	1,062,369	37,467
Register of deeds	1,441,435	1,457,254	1,304,198	153,056
Tax administration	5,321,224	5,425,239	5,117,289	307,950
Non-departmental:				
Contingency	560,082	36,129	-	36,129
County-wide salary savings	(3,256,931)	(3,256,931)	-	(3,256,931)
Reduction in Training	(100,000)	-	-	-
Other services and adjustments	3,045,927	2,058,266	1,737,619	320,647
Merit adjustment	554,065	554,065	-	554,065
Prior year encumbrances	1,800,000	45,926	-	45,926
Special appropriations	<u>27,593</u>	<u>136,538</u>	<u>136,538</u>	<u>-</u>
Total general government	<u>38,636,265</u>	<u>36,457,517</u>	<u>36,548,586</u>	<u>(91,069)</u>

GENERAL FUND

A-1

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FORSYTH COUNTY, NORTH CAROLINA

For the Fiscal Year Ended June 30, 2012

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	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Public safety:				
Animal control	\$ 1,972,342	1,982,524	1,807,660	174,864
Emergency management	335,870	479,965	445,413	34,552
Interagency communications	1,424,053	1,430,474	1,338,203	92,271
Sheriff	41,233,967	42,566,301	39,234,548	3,331,753
Emergency services	16,347,497	16,815,773	15,443,500	1,372,273
Court services	559,738	560,508	501,834	58,674
Medical examiner	190,000	190,000	173,100	16,900
Youth center	1,370,543	1,606,860	1,450,322	156,538
Nondepartmental other services and adjustments	1,264,629	1,264,629	1,242,964	21,665
Total public safety	<u>64,698,639</u>	<u>66,897,034</u>	<u>61,637,544</u>	<u>5,259,490</u>
Environmental protection:				
NC cooperative extension service - conservation of natural resources	158,573	161,698	137,921	23,777
Environmental affairs	1,692,759	2,000,847	1,919,657	81,190
Inspections	484,730	565,520	558,132	7,388
Nondepartmental other services and adjustments	18,409	18,409	18,107	302
Total environmental protection	<u>2,354,471</u>	<u>2,746,474</u>	<u>2,633,817</u>	<u>112,657</u>
Human services:				
Public health	23,529,431	23,549,290	19,637,825	3,911,465
Social services	49,229,604	52,853,268	48,245,651	4,607,617
Special appropriations	1,337,356	1,553,876	1,437,781	116,095
Nondepartmental other services and adjustments	834,350	834,350	821,494	12,856
Total human services	<u>74,930,741</u>	<u>78,790,784</u>	<u>70,142,751</u>	<u>8,648,033</u>
Culture and recreation:				
Library	7,289,715	7,389,938	7,086,741	303,197
Parks and recreation	7,794,920	7,578,651	6,994,451	584,200
Special appropriations	180,336	183,833	183,608	225
Nondepartmental other services and adjustments	166,820	166,820	165,237	1,583
Total culture and recreation	<u>15,431,791</u>	<u>15,319,242</u>	<u>14,430,037</u>	<u>889,205</u>
Community and economic development:				
Economic development	1,835,516	5,884,639	5,267,168	617,471
Housing	390,421	397,680	328,232	69,448
Total community and economic development	<u>2,225,937</u>	<u>6,282,319</u>	<u>5,595,400</u>	<u>686,919</u>
Education:				
NC cooperative extension service	601,708	687,973	550,268	137,705
Special appropriations	23,750	191,327	191,327	-
Nondepartmental other services and adjustments	48,325	48,325	47,216	1,109
Total education	<u>673,783</u>	<u>927,625</u>	<u>788,811</u>	<u>138,814</u>
Intergovernmental:				
Human services - CenterPoint Human Services	6,258,706	6,258,706	5,692,674	566,032
Education:				
Forsyth Technical Community College:				
Current expense	7,238,283	7,238,283	7,237,283	1,000
Capital outlay	449,000	449,000	449,000	-
Total Forsyth Technical Community College	<u>7,687,283</u>	<u>7,687,283</u>	<u>7,686,283</u>	<u>1,000</u>

GENERAL FUND

A-1

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FORSYTH COUNTY, NORTH CAROLINA

For the Fiscal Year Ended June 30, 2012

Page 3 of 3

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Winston-Salem/Forsyth County Schools:				
Instructional programs	\$ 70,482,876	70,482,876	70,482,876	-
Support services	35,523,595	35,523,595	35,523,595	-
Community services	175,802	175,802	175,802	-
Charter schools	3,742,014	3,742,014	3,742,014	-
Capital outlay	361,279	361,279	361,279	-
Total Winston-Salem/Forsyth County Schools	<u>110,285,566</u>	<u>110,285,566</u>	<u>110,285,566</u>	<u>-</u>
Total intergovernmental education	<u>117,972,849</u>	<u>117,972,849</u>	<u>117,971,849</u>	<u>1,000</u>
Debt service:				
General obligation bonds:				
Principal	31,250,000	31,250,000	31,250,000	-
Interest and other charges	21,961,876	21,961,876	21,220,044	741,832
Limited obligation bonds, installment purchases and certificates of participation:				
Principal	6,653,909	6,656,329	6,656,327	2
Interest and other charges	3,410,274	3,407,854	3,340,801	67,053
Total debt service	<u>63,276,059</u>	<u>63,276,059</u>	<u>62,467,172</u>	<u>808,887</u>
Total expenditures	<u>386,459,241</u>	<u>394,928,609</u>	<u>377,908,641</u>	<u>17,019,968</u>
Excess (deficiency) of revenues over expenditures	<u>(20,830,789)</u>	<u>(25,234,670)</u>	<u>(5,021,659)</u>	<u>20,213,011</u>
Other financing sources (uses):				
Transfers in:				
Fire Tax Districts Fund	1,269,070	1,269,070	1,325,327	56,257
Law Enforcement Equitable Distribution Fund	148,149	148,149	36,436	(111,713)
State Public School Building Capital Fund	4,697,056	4,697,056	5,073,503	376,447
2002 Schools Fund	350,000	350,000	343,432	(6,568)
2006 2/3rds Bonds Fund	-	-	1,426,445	1,426,445
2007 Forsyth Technical Community College Fund	150,000	150,000	180,000	30,000
2007 School Facilities Fund	-	-	400,000	400,000
2011 Information Systems Fund	-	-	1,786	1,786
Total transfers in	<u>6,614,275</u>	<u>6,614,275</u>	<u>8,786,929</u>	<u>2,172,654</u>
Transfers out:				
2010 Schools Capital Maintenance Fund	(1,735,000)	(1,735,000)	(1,735,000)	-
2012 Housing Fund	(44,925)	(44,925)	(44,925)	-
Total transfers out	<u>(1,779,925)</u>	<u>(1,779,925)</u>	<u>(1,779,925)</u>	<u>-</u>
Total other financing sources (uses)	<u>4,834,350</u>	<u>4,834,350</u>	<u>7,007,004</u>	<u>2,172,654</u>
Net change in fund balance	<u>\$ (15,996,439)</u>	<u>(20,400,320)</u>	<u>1,985,345</u>	<u>22,385,665</u>
Fund balances - June 30, 2011			<u>146,271,085</u>	
Fund balances - June 30, 2012			<u>\$ 148,256,430</u>	

2007 SCHOOL FACILITIES FUND

A-2

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2012

	<u>Budget</u>	<u>Cumulative Total to June 30, 2012</u>	<u>Activity Year Ended June 30, 2012</u>	<u>Cumulative Total to June 30, 2011</u>
Revenues:	\$			
Intergovernmental	199,774	199,774	199,774	-
Investment earnings	4,829,705	4,837,172	28,779	4,808,393
Total revenues	<u>5,029,479</u>	<u>5,036,946</u>	<u>228,553</u>	<u>4,808,393</u>
Expenditures:				
Current - intergovernmental - education	255,234,536	228,800,357	38,012,676	190,787,681
Debt service - interest and other charges	1,969,600	1,963,868	-	1,963,868
Total expenditures	<u>257,204,136</u>	<u>230,764,225</u>	<u>38,012,676</u>	<u>192,751,549</u>
Deficiency of revenues over expenditures	<u>(252,174,657)</u>	<u>(225,727,279)</u>	<u>(37,784,123)</u>	<u>(187,943,156)</u>
Other financing sources (uses):				
General obligation bonds issued	250,000,000	250,000,000	-	250,000,000
Premium on general obligation bonds	4,522,475	7,601,614	-	7,601,614
Transfers to General Fund	(900,000)	(900,000)	(400,000)	(500,000)
Transfers to 2010 Schools Capital Maintenance Fund	(1,197,818)	(1,197,818)	-	(1,197,818)
Transfers to State Public School Building Capital Fund	(250,000)	(250,000)	-	(250,000)
Total other financing sources (uses)	<u>252,174,657</u>	<u>255,253,796</u>	<u>(400,000)</u>	<u>255,653,796</u>
Net change in fund balance	<u>\$ -</u>	<u>29,526,517</u>	<u>(38,184,123)</u>	<u>67,710,640</u>
Fund balance - June 30, 2011			67,710,640	
Fund balance - June 30, 2012			<u>\$ 29,526,517</u>	

2009 EDUCATIONAL FACILITIES FUND

A-3

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2012

	<u>Budget</u>	<u>Cumulative Total to June 30, 2012</u>	<u>Activity Year Ended June 30, 2012</u>	<u>Cumulative Total to June 30, 2011</u>
Revenues - investment earnings	\$ 300,000	111,031	11,945	99,086
Expenditures:				
Current - intergovernmental - education:				
School Career Center	26,150,745	25,364,391	7,753,533	17,610,858
School administrative offices	13,449,850	13,449,850	-	13,449,850
FTCC expansion	23,500,000	5,825,858	5,304,486	521,372
Technology projects	826,034	810,218	719,565	90,653
Unallocated	582,865	-	-	-
Debt service - interest and other charges	456,210	436,606	-	436,606
Total expenditures	<u>64,965,704</u>	<u>45,886,923</u>	<u>13,777,584</u>	<u>32,109,339</u>
Deficiency of revenues over expenditures	<u>(64,665,704)</u>	<u>(45,775,892)</u>	<u>(13,765,639)</u>	<u>(32,010,253)</u>
Other financing sources:				
General obligation bonds issued	62,150,000	57,150,000	-	57,150,000
Premium on general obligation bonds	2,515,704	2,699,716	-	2,699,716
Total other financing sources	<u>64,665,704</u>	<u>59,849,716</u>	<u>-</u>	<u>59,849,716</u>
Net change in fund balance	<u>\$ -</u>	<u>14,073,824</u>	<u>(13,765,639)</u>	<u>27,839,463</u>
Fund balance - June 30, 2011			27,839,463	
Fund balance - June 30, 2012			<u>\$ 14,073,824</u>	

2009 PHILLIPS BUILDING (PHASES 1A AND 1B) FUND

A-4

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2012

	<u>Budget</u>	<u>Cumulative Total to June 30, 2012</u>	<u>Activity Year Ended June 30, 2012</u>	<u>Cumulative Total to June 30, 2011</u>
Revenues:				
Other	\$ -	50,000	50,000	-
Investment earnings	-	24,959	4,346	20,613
Total revenues	<u>-</u>	<u>74,959</u>	<u>54,346</u>	<u>20,613</u>
Expenditures:				
Phase 1A:				
Current - debt service - interest and other charges	200,000	200,000	-	200,000
Capital outlay - public safety:				
Site acquisition	3,480,000	3,483,122	-	3,483,122
Asbestos abatement; re-fireproofing; engineering and architectural services for two floors and parking level	6,720,000	4,777,830	829,519	3,948,311
Professional fees	10,000	10,000	-	10,000
Phase 1B:				
Current - debt service - interest and other charges	300,000	238,402	206,370	32,032
Capital outlay - public safety - renovation and rehabilitation of two floors and parking level	25,400,000	12,272,054	12,272,054	-
Total expenditures	<u>36,110,000</u>	<u>20,981,408</u>	<u>13,307,943</u>	<u>7,673,465</u>
Deficiency of revenues over expenditures	<u>(36,110,000)</u>	<u>(20,906,449)</u>	<u>(13,253,597)</u>	<u>(7,652,852)</u>
Other financing sources:				
Limited obligation bonds issued	36,110,000	31,290,000	16,290,000	15,000,000
Premium on limited obligation bonds	-	3,117,869	2,094,164	1,023,705
Total other financing sources	<u>36,110,000</u>	<u>34,407,869</u>	<u>18,384,164</u>	<u>16,023,705</u>
Net change in fund balance	<u>\$ -</u>	<u>13,501,420</u>	<u>5,130,567</u>	<u>8,370,853</u>
Fund balance - June 30, 2011			<u>8,370,853</u>	
Fund balance - June 30, 2012			<u>\$ 13,501,420</u>	

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Fire Tax Districts Fund – This fund is used to account for property tax collections and other revenue sources for distribution to the County’s twenty-three fire tax districts and one service district.

Law Enforcement Equitable Distribution Fund – This fund is used to account for the expenditure of funds distributed to the County through the federal Equitable Sharing Program and from the North Carolina unauthorized substance tax. Expenditures are restricted to law enforcement purposes.

Emergency Telephone System Fund – The Emergency Telephone System Fund accounts for distributions to the County from the 911 Fund administered by the State 911 Board. Use of the funds is restricted to allowable expenditures in support of the County 911 system, as specified by State statute.

Moser Bequest for Care of Elderly – This fund accounts for the bequest of Odis Moser to the Forsyth County Social Services Department, the use of which is restricted for the care of the elderly.

State Public School Building Capital Fund – This fund is used to account for capital expenditures by the Winston-Salem/Forsyth County Schools, financed by grant monies from the State Public School Building Capital Fund, transfers from the Schools Facilities Funds, and lottery proceeds, and for transfers to the General Fund of lottery proceeds approved to fund debt service.

2009 Housing Fund – This fund accounts for the use of state and federal grants initiated in fiscal year 2009 for rehabilitation and reconstruction of substandard dwellings in Forsyth County, down-payment assistance for Forsyth County citizens who meet eligibility requirements, and other housing rehabilitation and first-time home buyer related purposes.

2010 Housing Fund – This fund accounts for the use of state and federal grants initiated in fiscal year 2010 for rehabilitation and reconstruction of substandard dwellings in Forsyth County, down-payment assistance for Forsyth County citizens who meet eligibility requirements, and other housing rehabilitation and first-time home buyer related purposes.

2009 Recovery Act Justice Assistance Fund – This fund accounts for the 2009 Recovery Act Edward Byrne Memorial Justice Assistance grant.

2009 Justice Assistance Fund – This fund accounts for the 2009 Edward Byrne Memorial Justice Assistance grant.

2011 Housing Fund – This fund accounts for the use of state and federal grants initiated in fiscal year 2011 for rehabilitation and reconstruction of substandard dwellings in Forsyth County, down-payment assistance for Forsyth County citizens who meet eligibility requirements, and other housing rehabilitation and first-time home buyer related purposes.

2012 Housing Fund – This fund accounts for the use of state and federal grants initiated in fiscal year 2012 for rehabilitation and reconstruction of substandard dwellings in Forsyth County, down-payment assistance for Forsyth County citizens who meet eligibility requirements, and other housing rehabilitation and first-time home buyer related purposes.

2011 Recovery Act Justice Assistance Fund – This fund accounts for the 2009 Recovery Act Edward Byrne Memorial Justice Assistance grant.

2013 Housing Fund – This fund accounts for the use of state and federal grants initiated in fiscal year 2013 for rehabilitation and reconstruction of substandard dwellings in Forsyth County, down-payment assistance for Forsyth County citizens who meet eligibility requirements, and other housing rehabilitation and first-time home buyer related purposes.

Capital Project Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities and equipment.

2002 Schools Fund - This fund is used to account for the construction of and renovation to school facilities financed by proceeds of school facilities bonds authorized by a 2001 referendum.

2006 2/3rds Bonds Fund – Proceeds of general obligation two-thirds bonds will finance construction or repair work and equipment and land acquisition for Government Center renovations; Emergency Medical Services facility renovations; Tanglewood maintenance center; Lewisville Branch Library; and Public Health facility renovations.

2007 Forsyth Technical Community College Fund – Proceeds of general obligation bonds authorized by a 2006 referendum will be used for capital improvement projects of the Community College and accounted for in this fund.

2008 Pay-Go Fund – This fund accounts for renovations at the Social Services facility, jail technology improvements, the purchase of POD buildings for the Winston-Salem/Forsyth County Schools, improvements to Tanglewood Park campground, and a financial system upgrade, funded by transfers from the General Fund.

2009 2/3rds Bonds Fund – Proceeds of general obligation two-thirds bonds will finance School capital maintenance projects, shelter replacements at Tanglewood Park, pharmacy renovations, roof and elevator replacements at the Hall of Justice, and Triad Park development.

2008 Schools Facilities Fund – State legislation providing Medicaid relief to Counties included a reduction in Public School Building Capital Fund (ADM) monies and required counties to replace these funds in order to hold harmless the local school system. This fund accounts for the expenditure of the replacement funds required of Forsyth County, provided by transfers from the General Fund and restricted to the allowable uses of ADM funds.

2010 Pay-Go Fund – This fund accounts for renovations at the Government Center, technology improvements, fleet vehicle purchases, emergency medical equipment purchases, and improvements to the Tanglewood Park aquatic center, funded by transfers from the General Fund.

2010 2/3rds Bonds Fund – Proceeds of general obligation two-thirds bonds will finance energy and park maintenance projects.

2010 Winston-Salem/Forsyth County Schools Capital Maintenance Fund – Proceeds of general obligation two-thirds bonds will finance School capital maintenance projects.

2010 Forsyth Technical Community College Capital Maintenance Fund – Proceeds of general obligation two-thirds bonds will finance community college maintenance projects.

2011 Pay-Go Fund – This fund accounts for the design phase of the Hall of Justice project and the County’s share of the Forsyth County/City of Winston-Salem public safety firearms training facility.

2011 Information Systems Fund – This fund accounts for installment purchase proceeds used for the acquisition of equipment and software to provide apparatuses necessary for enterprise edge connectivity equipment, data protection and storage, and voice services.

2011 Library Bond Fund – This fund accounts for the planning, design and construction of library facilities.

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

B-1

FORSYTH COUNTY, NORTH CAROLINA

June 30, 2012

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 3,248,382	13,599,904	16,848,286
Receivables (net):			
Property taxes	93,225	-	93,225
Accrued interest	742	715	1,457
Due from other governments	674,227	254,469	928,696
Total assets	<u>\$ 4,016,576</u>	<u>13,855,088</u>	<u>17,871,664</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 141,087	336,899	477,986
Due to other funds	129,415	-	129,415
Unearned revenue	586,103	-	586,103
Deferred revenue	147,297	-	147,297
Total liabilities	<u>1,003,902</u>	<u>336,899</u>	<u>1,340,801</u>
Fund balances:			
Restricted for:			
Stabilization by state statute	1,084,949	778,981	1,863,930
Fire protection	475,132	-	475,132
Law enforcement	1,287,435	-	1,287,435
Emergency telephone system	337,291	-	337,291
Human services	307,291	-	307,291
Housing and community redevelopment	-	-	-
Capital projects	-	7,532,435	7,532,435
Committed for capital projects	-	5,206,773	5,206,773
Unassigned	(479,424)	-	(479,424)
Total fund balances	<u>3,012,674</u>	<u>13,518,189</u>	<u>16,530,863</u>
Total liabilities and fund balances	<u>\$ 4,016,576</u>	<u>13,855,088</u>	<u>17,871,664</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**

B-2

FORSYTH COUNTY, NORTH CAROLINA
For the Fiscal Year Ended June 30, 2012

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues:			
Taxes:			
Property	\$ 6,356,597	-	6,356,597
Local option sales taxes	1,338,548	-	1,338,548
Total taxes	7,695,145	-	7,695,145
Intergovernmental	7,302,072	20,311	7,322,383
Investment earnings	13,030	28,865	41,895
Other	35,892	-	35,892
Total revenues	<u>15,046,139</u>	<u>49,176</u>	<u>15,095,315</u>
Expenditures:			
Current:			
Public safety	7,486,522	-	7,486,522
Community and economic development	1,098,633	-	1,098,633
Intergovernmental - education	-	10,767,259	10,767,259
Debt service - interest and other charges	-	-	-
Capital outlay	-	7,894,042	7,894,042
Total expenditures	<u>8,585,155</u>	<u>18,661,301</u>	<u>27,246,456</u>
Excess (deficiency) of revenues over expenditures	<u>6,460,984</u>	<u>(18,612,125)</u>	<u>(12,151,141)</u>
Other financing sources (uses):			
Limited obligation bonds issued	-	-	-
Premium on limited obligation bonds	-	-	-
Installment purchase proceeds	-	2,400,000	2,400,000
Transfers in	44,925	1,975,000	2,019,925
Transfers out	(6,435,266)	(2,191,663)	(8,626,929)
Total other financing sources (uses)	<u>(6,390,341)</u>	<u>2,183,337</u>	<u>(4,207,004)</u>
Net change in fund balances	70,643	(16,428,788)	(16,358,145)
Fund balance - June 30, 2011	2,942,031	29,946,977	32,889,008
Fund balance - June 30, 2012	<u><u>\$ 3,012,674</u></u>	<u><u>13,518,189</u></u>	<u><u>16,530,863</u></u>

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS**

C-1

FORSYTH COUNTY, NORTH CAROLINA

June 30, 2012

Page 1 of 2

	<u>Fire Tax Districts</u>	<u>Law Enforcement Equitable Distribution</u>	<u>Emergency Telephone System</u>	<u>Moser Bequest for Care of Elderly</u>	<u>State Public School Building Capital</u>
ASSETS					
Cash and cash equivalents	\$ 493,301	1,278,615	484,725	307,291	-
Receivables (net):					
Property taxes	93,225	-	-	-	-
Accrued interest	102	314	108	69	-
Due from other governments	320,386	-	71,485	-	-
Total assets	<u>\$ 907,014</u>	<u>1,278,929</u>	<u>556,318</u>	<u>307,360</u>	<u>-</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 18,169	-	23,246	-	-
Due to other funds - General Fund	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Deferred revenue	93,225	-	-	-	-
Total liabilities	<u>111,394</u>	<u>-</u>	<u>23,246</u>	<u>-</u>	<u>-</u>
Fund balances:					
Restricted for:					
Stabilization by state statute	320,488	314	195,781	69	-
Fire protection	475,132	-	-	-	-
Law enforcement	-	1,278,615	-	-	-
Emergency telephone system	-	-	337,291	-	-
Human services	-	-	-	307,291	-
Housing and community redevelopment	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>795,620</u>	<u>1,278,929</u>	<u>533,072</u>	<u>307,360</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 907,014</u>	<u>1,278,929</u>	<u>556,318</u>	<u>307,360</u>	<u>-</u>

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS**

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FORSYTH COUNTY, NORTH CAROLINA

June 30, 2012

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<u>2009 Housing</u>	<u>2010 Housing</u>	<u>2009 Recovery Act Justice Assistance</u>	<u>2009 Justice Assistance</u>	<u>2011 Housing</u>	<u>2012 Housing</u>	<u>2011 Justice Assistance</u>	<u>Total</u>
-	-	417,224	54,933	-	41,232	171,061	3,248,382
-	-	-	-	-	-	-	93,225
-	-	93	12	-	6	38	742
42,287	152,701	-	92	40,989	46,287		674,227
<u>42,287</u>	<u>152,701</u>	<u>417,317</u>	<u>55,037</u>	<u>40,989</u>	<u>87,525</u>	<u>171,099</u>	<u>4,016,576</u>
-	32,280	-	20,772	3,423	17,753	25,444	141,087
4,961	114,274	-	-	10,180	-	-	129,415
-	-	408,404	32,470	-	-	145,229	586,103
-	24,100	-	-	4,719	25,253	-	147,297
<u>4,961</u>	<u>170,654</u>	<u>408,404</u>	<u>53,242</u>	<u>18,322</u>	<u>43,006</u>	<u>170,673</u>	<u>1,003,902</u>
144,662	184,921	93	33,401	44,704	125,585	34,931	1,084,949
-	-	-	-	-	-	-	475,132
-	-	8,820	-	-	-	-	1,287,435
-	-	-	-	-	-	-	337,291
-	-	-	-	-	-	-	307,291
-	-	-	-	-	-	-	-
(107,336)	(202,874)	-	(31,606)	(22,037)	(81,066)	(34,505)	(479,424)
<u>37,326</u>	<u>(17,953)</u>	<u>8,913</u>	<u>1,795</u>	<u>22,667</u>	<u>44,519</u>	<u>426</u>	<u>3,012,674</u>
<u>42,287</u>	<u>152,701</u>	<u>417,317</u>	<u>55,037</u>	<u>40,989</u>	<u>87,525</u>	<u>171,099</u>	<u>4,016,576</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS**

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FORSYTH COUNTY, NORTH CAROLINA
For the Fiscal Year Ended June 30, 2012

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	<u>Fire Tax Districts</u>	<u>Law Enforcement Equitable Distribution</u>	<u>Emergency Telephone System</u>	<u>Moser Bequest for Care of Elderly</u>	<u>State Public School Building Capital</u>	<u>2009 Housing</u>
Revenues:						
Taxes:						
Property	\$ 6,356,597	-	-	-	-	-
Local option sales taxes	1,338,548	-	-	-	-	-
Intergovernmental	-	152,595	857,446	-	5,073,503	67,610
Investment earnings	2,676	4,746	1,483	1,189	-	121
Other	-	-	-	-	-	11,394
Total revenues	<u>7,697,821</u>	<u>157,341</u>	<u>858,929</u>	<u>1,189</u>	<u>5,073,503</u>	<u>79,125</u>
Expenditures:						
Current:						
Public safety	6,578,352	-	634,405	-	-	-
Community and economic development	-	-	-	-	-	86,844
Total expenditures	<u>6,578,352</u>	<u>-</u>	<u>634,405</u>	<u>-</u>	<u>-</u>	<u>86,844</u>
Excess (deficiency) of revenues over expenditures	<u>1,119,469</u>	<u>157,341</u>	<u>224,524</u>	<u>1,189</u>	<u>5,073,503</u>	<u>(7,719)</u>
Other financing sources (uses):						
Transfers in:						
General Fund	-	-	-	-	-	-
Transfers out:						
General Fund	(1,325,327)	(36,436)	-	-	(5,073,503)	-
2011 Housing Fund	-	-	-	-	-	-
Total other financing sources (uses)	<u>(1,325,327)</u>	<u>(36,436)</u>	<u>-</u>	<u>-</u>	<u>(5,073,503)</u>	<u>-</u>
Net change in fund balances	(205,858)	120,905	224,524	1,189	-	(7,719)
Fund balance - June 30, 2011	<u>1,001,478</u>	<u>1,158,024</u>	<u>308,548</u>	<u>306,171</u>	<u>-</u>	<u>45,045</u>
Fund balance - June 30, 2012	<u>\$ 795,620</u>	<u>1,278,929</u>	<u>533,072</u>	<u>307,360</u>	<u>-</u>	<u>37,326</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS**

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FORSYTH COUNTY, NORTH CAROLINA

For the Fiscal Year Ended June 30, 2012

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	2009 Recovery Act	2009	2011	2012	2011	
2010	Justice	Justice	2011	2012	Justice	Total
<u>Housing</u>	<u>Assistance</u>	<u>Assistance</u>	<u>Housing</u>	<u>Housing</u>	<u>Assistance</u>	
-	-	-	-	-	-	6,356,597
-	-	-	-	-	-	1,338,548
598,560	83,739	114,582	218,360	60,233	75,444	7,302,072
-	1,823	379	142	45	426	13,030
-	-	-	-	24,498	-	35,892
<u>598,560</u>	<u>85,562</u>	<u>114,961</u>	<u>218,502</u>	<u>84,776</u>	<u>75,870</u>	<u>15,046,139</u>
-	83,739	114,582	-	-	75,444	7,486,522
648,179	-	-	278,428	85,182	-	1,098,633
<u>648,179</u>	<u>83,739</u>	<u>114,582</u>	<u>278,428</u>	<u>85,182</u>	<u>75,444</u>	<u>8,585,155</u>
<u>(49,619)</u>	<u>1,823</u>	<u>379</u>	<u>(59,926)</u>	<u>(406)</u>	<u>426</u>	<u>6,460,984</u>
-	-	-	-	44,925	-	44,925
-	-	-	-	-	-	(6,435,266)
-	-	-	-	-	-	-
-	-	-	-	44,925	-	(6,390,341)
(49,619)	1,823	379	(59,926)	44,519	426	70,643
31,666	7,090	1,416	82,593	-	-	2,942,031
<u>(17,953)</u>	<u>8,913</u>	<u>1,795</u>	<u>22,667</u>	<u>44,519</u>	<u>426</u>	<u>3,012,674</u>

FIRE TAX DISTRICTS FUND

C-3

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FORSYTH COUNTY, NORTH CAROLINA

For the Fiscal Year Ended June 30, 2012

Page 1 of 2

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property	\$ 6,280,071	6,280,071	6,356,597	76,526
Local option sales taxes	1,269,070	1,269,070	1,338,548	69,478
Total taxes	<u>7,549,141</u>	<u>7,549,141</u>	<u>7,695,145</u>	<u>146,004</u>
Investment earnings	-	-	2,676	2,676
Total revenues	<u>7,549,141</u>	<u>7,549,141</u>	<u>7,697,821</u>	<u>148,680</u>
Expenditures - current - public safety:				
Beeson Cross Roads	245,975	245,975	245,975	-
Belews Creek	234,722	234,722	234,722	-
City View	72,589	72,589	72,589	-
Clemmons	1,216,765	1,216,765	1,216,765	-
Forest Hill	9,006	9,006	9,006	-
Griffith	117,552	117,552	117,552	-
Gumtree	72,356	72,356	59,925	12,431
Horneytown	212,829	212,829	212,805	24
King of Forsyth County	334,570	334,570	320,770	13,800
Lewisville	1,012,290	1,012,290	1,012,290	-
Mineral Springs	145,980	145,980	145,980	-
Mineral Springs Service	5,843	5,843	5,796	47
Mt. Tabor	67,210	67,210	67,210	-
Old Richmond	376,724	408,724	408,724	-
Piney Grove	603,104	603,104	603,104	-
Rural Hall	384,955	384,955	383,820	1,135
Salem Chapel	78,829	78,829	78,829	-
South Fork	5,251	5,251	5,218	33
Talley's Crossing	178,286	178,286	177,981	305
Triangle	81,260	81,260	81,260	-
Union Cross	265,591	265,591	265,591	-
Vienna	525,847	525,847	525,847	-
Walkertown	287,225	287,225	287,225	-
West Bend	39,368	39,368	39,368	-
Total expenditures	<u>6,574,127</u>	<u>6,606,127</u>	<u>6,578,352</u>	<u>27,775</u>
Excess of revenues over expenditures	<u>975,014</u>	<u>943,014</u>	<u>1,119,469</u>	<u>176,455</u>

FIRE TAX DISTRICTS FUND

C-3

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FORSYTH COUNTY, NORTH CAROLINA

For the Fiscal Year Ended June 30, 2012

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	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	Variance with Final <u>Budget</u>
	<u>Original</u>	<u>Final</u>		
Other financing uses - transfers out -				
General Fund:				
Beeson Cross Roads	(46,435)	(46,435)	(48,777)	(2,342)
Belews Creek	(48,966)	(48,966)	(51,299)	(2,333)
City View	(7,004)	(7,004)	(7,317)	(313)
Clemmons	(252,004)	(252,004)	(263,963)	(11,959)
Forest Hill	(1,882)	(1,882)	(1,983)	(101)
Griffith	(23,877)	(23,877)	(25,072)	(1,195)
Gumtree	(14,357)	(14,357)	(15,088)	(731)
Horneytown	(45,166)	(45,166)	(47,322)	(2,156)
King of Forsyth County	(53,491)	(53,491)	(56,298)	(2,807)
Lewisville	(210,200)	(210,200)	(220,084)	(9,884)
Mineral Springs	(27,491)	(27,491)	(28,794)	(1,303)
Mineral Springs Service	(1,107)	(1,107)	(1,152)	(45)
Mt. Tabor	(12,207)	(12,207)	(12,629)	(422)
Old Richmond	(75,981)	(75,981)	(77,367)	(1,386)
Piney Grove	(105,456)	(105,456)	(110,662)	(5,206)
Rural Hall	(15,958)	(64,895)	(67,049)	(2,154)
Salem Chapel	(1,080)	(15,958)	(15,472)	486
South Fork	(64,895)	(1,080)	(1,127)	(47)
Talley's Crossing	(30,990)	(30,990)	(32,538)	(1,548)
Triangle	(16,935)	(16,935)	(17,717)	(782)
Union Cross	(38,663)	(38,663)	(40,322)	(1,659)
Vienna	(108,071)	(108,071)	(113,123)	(5,052)
Walkertown	(60,329)	(60,329)	(63,327)	(2,998)
West Bend	(6,525)	(6,525)	(6,845)	(320)
Total other financing uses	<u>(1,269,070)</u>	<u>(1,269,070)</u>	<u>(1,325,327)</u>	<u>(56,257)</u>
Net change in fund balance	\$ <u>(294,056)</u>	<u>(326,056)</u>	(205,858)	<u>120,198</u>
Fund balance - June 30, 2011			<u>1,001,478</u>	
Fund balance - June 30, 2012			\$ <u>795,620</u>	

LAW ENFORCEMENT EQUITABLE DISTRIBUTION FUND

C-4

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FORSYTH COUNTY, NORTH CAROLINA
For the Fiscal Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	-	152,595	152,595
Investment earnings	-	-	4,746	4,746
Total revenues	-	-	157,341	157,341
Other financing uses - transfers out:				
General Fund	(148,149)	(148,149)	(36,436)	111,713
Net change in fund balance	\$ (148,149)	(148,149)	120,905	269,054
Fund balance - June 30, 2011			1,158,024	
Fund balance - June 30, 2012			\$ 1,278,929	

EMERGENCY TELEPHONE SYSTEM FUND

C-5

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FORSYTH COUNTY, NORTH CAROLINA
For the Fiscal Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 857,446	857,446	857,446	-
Investment earnings	-	-	1,483	1,483
Total revenues	857,446	857,446	858,929	1,483
Expenditures - Public Safety	857,446	857,446	634,405	223,041
Net change in fund balance	\$ -	-	224,524	224,524
Fund balance - June 30, 2011			308,548	
Fund balance - June 30, 2012			\$ 533,072	

MOSER BEQUEST FOR CARE OF ELDERLY FUND

C-6

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FORSYTH COUNTY, NORTH CAROLINA

For the Fiscal Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues - investment earnings	\$ 2,000	2,000	1,189	(811)
Expenditures - Human Services	10,000	10,000	-	10,000
Net change in fund balance	\$ (8,000)	(8,000)	1,189	9,189
Fund balance - June 30, 2011			306,171	
Fund balance - June 30, 2012			\$ 307,360	

STATE PUBLIC SCHOOL BUILDING CAPITAL FUND

C-7

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2012

	<u>Budget</u>	<u>Cumulative Total to June 30, 2012</u>	<u>Activity Year Ended June 30, 2012</u>	<u>Cumulative Total to June 30, 2011</u>
Revenues:				
Intergovernmental	\$ 70,911,945	67,878,222	5,073,503	62,804,719
Investment earnings	162,074	162,074	-	162,074
Total revenues	71,074,019	68,040,296	5,073,503	62,966,793
Expenditures - current - intergovernmental - education	51,340,382	48,538,317	-	48,538,317
Excess (deficiency) of revenues over expenditures	19,733,637	19,501,979	5,073,503	14,428,476
Other financing sources (uses):				
Transfers in:				
Schools Fund	-	1,330,321	-	1,330,321
1990 Schools Facilities Fund	4,170,049	4,169,875	-	4,169,875
1995 School Facilities Fund	65,288	65,288	-	65,288
1996 Schools Facilities Fund	1,933,499	1,933,499	-	1,933,499
2002 Schools Fund	4,161,834	4,161,834	-	4,161,834
2007 School Facilities Fund	250,000	250,000	-	250,000
Transfers out - General Fund	(31,644,457)	(31,412,796)	(5,073,503)	(26,339,293)
Total other financing sources (uses)	(21,063,787)	(19,501,979)	(5,073,503)	(14,428,476)
Net change in fund balance	\$ (1,330,150)	-	-	-
Fund balance - June 30, 2011			-	
Fund balance - June 30, 2012			\$ -	

2009 HOUSING FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2012

	<u>Budget</u>	<u>Cumulative Total to June 30, 2012</u>	<u>Activity Year Ended June 30, 2012</u>	<u>Cumulative Total to June 30, 2011</u>
Revenues:				
Intergovernmental:				
CDBG IDA	\$ 70,000	24,268	349	23,919
CDBG Neighborhood Stabilization Program	3,625,000	3,503,823	67,261	3,436,562
2008 WSFC HOME Consortium	231,000	230,988	-	230,988
2008 WSFC HOME ADDI	2,175	2,175	-	2,175
2009 NCHFA Urgent Repair Program	75,000	43,061	-	43,061
Local government grants	12,000	12,000	-	12,000
Total intergovernmental	<u>4,015,175</u>	<u>3,816,315</u>	<u>67,610</u>	<u>3,748,705</u>
Investment earnings	-	1,975	121	1,854
Other	117,500	103,472	11,394	92,078
Total revenues	<u>4,132,675</u>	<u>3,921,762</u>	<u>79,125</u>	<u>3,842,637</u>
Expenditures - current - community and economic development:				
CDBG IDA	70,000	24,269	350	23,919
CDBG Neighborhood Stabilization Program	3,625,000	3,503,824	67,131	3,436,693
2008 WSFC HOME Consortium	231,000	230,988	-	230,988
2008 WSFC HOME Consortium - local match	52,000	52,000	-	52,000
2008 WSFC HOME ADDI	2,175	2,175	-	2,175
2009 NCHFA Urgent Repair Program	75,000	43,567	-	43,567
CDBG mortgage repayments program	50,000	-	-	-
HOME mortgage repayments program	107,710	107,689	19,363	88,326
Total expenditures	<u>4,212,885</u>	<u>3,964,512</u>	<u>86,844</u>	<u>3,877,668</u>
Excess (deficiency) of revenues over expenditures	(80,210)	(42,750)	(7,719)	(35,031)
Other financing sources - transfers in:				
General Fund	40,000	40,000	-	40,000
2004 Housing Fund	3,710	3,710	-	3,710
2005 Housing Fund	36,500	36,366	-	36,366
Total other financing sources	<u>80,210</u>	<u>80,076</u>	<u>-</u>	<u>80,076</u>
Net change in fund balance	\$ -	<u>37,326</u>	(7,719)	<u>45,045</u>
Fund balance - June 30, 2011			45,045	
Fund balance - June 30, 2012			\$ <u>37,326</u>	

2010 HOUSING FUND

C-9

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2012

	<u>Budget</u>	<u>Cumulative Total to June 30, 2012</u>	<u>Activity Year Ended June 30, 2012</u>	<u>Cumulative Total to June 30, 2011</u>
Revenues:				
Intergovernmental:				
CDBG Scattered Site	\$ 400,000	340,090	282,905	57,185
2009 WSFC HOME Consortium	254,700	246,131	118,112	128,019
2009 HOME Single Family Rehabilitation	400,000	195,451	145,046	50,405
NCHFA Duke Power HELP	150,000	90,091	50,497	39,594
Local government grants	<u>12,000</u>	<u>12,000</u>	<u>2,000</u>	<u>10,000</u>
Total intergovernmental	1,216,700	883,763	598,560	285,203
Investment earnings	<u>-</u>	<u>413</u>	<u>-</u>	<u>413</u>
Total revenues	<u>1,216,700</u>	<u>884,176</u>	<u>598,560</u>	<u>285,616</u>
Expenditures - current - community and economic development:				
CDBG Scattered Site	400,000	340,090	282,905	57,185
2009 WSFC HOME Consortium	312,008	301,597	149,625	151,972
2009 HOME Single Family Rehabilitation	400,000	195,949	145,544	50,405
NCHFA Duke Power HELP	<u>150,000</u>	<u>109,801</u>	<u>70,105</u>	<u>39,696</u>
Total expenditures	<u>1,262,008</u>	<u>947,437</u>	<u>648,179</u>	<u>299,258</u>
Excess (deficiency) of revenues over expenditures	(45,308)	(63,261)	(49,619)	(13,642)
Other financing sources - transfers in General Fund	<u>45,308</u>	<u>45,308</u>	<u>-</u>	<u>45,308</u>
Net change in fund balance	<u>\$ -</u>	<u>(17,953)</u>	<u>(49,619)</u>	<u>31,666</u>
Fund balance - June 30, 2011			<u>31,666</u>	
Fund balance - June 30, 2012			<u>\$ (17,953)</u>	

2009 RECOVERY ACT JUSTICE ASSISTANCE FUND

C-10

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2012

	<u>Budget</u>	<u>Cumulative Total to June 30, 2012</u>	<u>Activity Year Ended June 30, 2012</u>	<u>Cumulative Total to June 30, 2011</u>
Revenues:				
Intergovernmental - Recovery Act JAG	\$ 1,135,565	727,161	83,739	643,422
Investment earnings	6,998	8,913	1,823	7,090
Total revenues	<u>1,142,563</u>	<u>736,074</u>	<u>85,562</u>	<u>650,512</u>
Expenditures - current - public safety:				
Sheriff	543,456	128,054	83,739	44,315
City of Winston-Salem police	537,879	537,879	-	537,879
Town of Kernersville police	61,228	61,228	-	61,228
Total expenditures	<u>1,142,563</u>	<u>727,161</u>	<u>83,739</u>	<u>643,422</u>
Net change in fund balance	<u>\$ -</u>	<u>8,913</u>	1,823	<u>7,090</u>
Fund balance - June 30, 2011			<u>7,090</u>	
Fund balance - June 30, 2012			<u>\$ 8,913</u>	

2009 JUSTICE ASSISTANCE FUND

C-11

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2012

	<u>Budget</u>	<u>Cumulative Total to June 30, 2012</u>	<u>Activity Year Ended June 30, 2012</u>	<u>Cumulative Total to June 30, 2011</u>
Revenues:				
Intergovernmental - Justice Assistance	\$ 275,973	243,503	114,582	128,921
Investment earnings	1,448	1,795	379	1,416
Total revenues	<u>277,421</u>	<u>245,298</u>	<u>114,961</u>	<u>130,337</u>
Expenditures - current - public safety:				
Sheriff	130,897	126,257	12,744	113,513
City of Winston-Salem police	131,114	101,838	101,838	-
Town of Kernersville police	15,410	15,408	-	15,408
Total expenditures	<u>277,421</u>	<u>243,503</u>	<u>114,582</u>	<u>128,921</u>
Net change in fund balance	<u>\$ -</u>	<u>1,795</u>	379	<u>1,416</u>
Fund balance - June 30, 2011			1,416	
Fund balance - June 30, 2012			<u>\$ 1,795</u>	

2011 HOUSING FUND

C-12

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2012

	<u>Budget</u>	<u>Cumulative Total to June 30, 2012</u>	<u>Activity Year Ended June 30, 2012</u>	<u>Cumulative Total to June 30, 2011</u>
Revenues:				
Intergovernmental:				
2010 WSFC HOME Consortium	\$ 253,000	218,360	218,360	-
Forsyth County IDA	27,582	-	-	-
Local government grants	12,000	12,000	-	12,000
Total intergovernmental	292,582	230,360	218,360	12,000
Investment earnings	-	228	142	86
Total revenues	292,582	230,588	218,502	12,086
Expenditures - current - community and economic development:				
2010 WSFC HOME Consortium	253,000	223,079	223,079	-
2010 WSFC HOME Consortium - local match	56,925	55,349	55,349	-
Forsyth County IDA	27,582	1,000	-	1,000
Total expenditures	337,507	279,428	278,428	1,000
Excess (deficiency) of revenues over expenditures	(44,925)	(48,840)	(59,926)	11,086
Other financing sources - transfers in:				
General Fund	44,925	44,925	-	44,925
2007 Housing Fund	-	26,582	-	26,582
Total other financing sources	44,925	71,507	-	71,507
Net change in fund balance	\$ -	22,667	(59,926)	82,593
Fund balance - June 30, 2011			82,593	
Fund balance - June 30, 2012			\$ 22,667	

2012 HOUSING FUND

C-13

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2012

	<u>Budget</u>	<u>Cumulative Total to June 30, 2012</u>	<u>Activity Year Ended June 30, 2012</u>	<u>Cumulative Total to June 30, 2011</u>
Revenues:				
Intergovernmental:				
2011 WSFC HOME Consortium	\$ 254,700	23,591	23,591	-
NC DENR HUD Lead Program	237,700	8,327	8,327	-
NCHFA Urgent Repair Program	75,000	16,315	16,315	-
Local government grants	12,000	12,000	12,000	-
Total intergovernmental	<u>579,400</u>	<u>60,233</u>	<u>60,233</u>	<u>-</u>
Mortgage repayments	100,000	24,498	24,498	-
Investment earnings	-	45	45	-
Total revenues	<u>679,400</u>	<u>84,776</u>	<u>84,776</u>	<u>-</u>
Expenditures - current - community and economic development:				
2011 WSFC HOME Consortium	254,700	48,844	48,844	-
2011 WSFC HOME Consortium - local match	56,925	800	800	-
2012 NCHFA Urgent Repair Program	75,000	16,297	16,297	-
2012 HOME Program	100,000	10,914	10,914	-
NC DENR HUD	237,700	8,327	8,327	-
Total expenditures	<u>724,325</u>	<u>85,182</u>	<u>85,182</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(44,925)	(406)	(406)	-
Other financing sources - transfers in General Fund	<u>44,925</u>	<u>44,925</u>	<u>44,925</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>44,519</u>	<u>44,519</u>	<u>-</u>
Fund balance - June 30, 2011			-	
Fund balance - June 30, 2012			<u>\$ 44,519</u>	

2011 JUSTICE ASSISTANCE FUND

C-14

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2012

	<u>Budget</u>	<u>Cumulative Total to June 30, 2012</u>	<u>Activity Year Ended June 30, 2012</u>	<u>Cumulative Total to June 30, 2011</u>
Revenues:				
Intergovernmental - Justice Assistance	\$ 220,673	75,444	75,444	-
Investment earnings	-	426	426	-
Total revenues	<u>220,673</u>	<u>75,870</u>	<u>75,870</u>	<u>-</u>
Expenditures - current - public safety:				
Sheriff	160,336	50,000	50,000	-
City of Winston-Salem police	60,337	25,444	25,444	-
Total expenditures	<u>220,673</u>	<u>75,444</u>	<u>75,444</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>426</u>	426	<u>-</u>
Fund balance - June 30, 2011			-	
Fund balance - June 30, 2012			<u>\$ 426</u>	

2013 HOUSING FUND

C-15

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2012

	<u>Budget</u>	<u>Cumulative Total to June 30, 2012</u>	<u>Activity Year Ended June 30, 2012</u>	<u>Cumulative Total to June 30, 2011</u>
Revenues:				
Intergovernmental:				
2012 WSFC HOME program	\$ 167,800	-	-	-
NCHFA Duke Power HELP	150,000	-	-	-
2012 NCHFA Single Family Rehabilitation	200,000	-	-	-
CDBG Scattered Site	400,000	-	-	-
Local government grants	12,000	-	-	-
Total revenues	<u>929,800</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures - current - community and economic development:				
2012 WSFC HOME	167,800	-	-	-
2012 WSFC HOME - local match	37,755	-	-	-
NCHFA Duke Power HELP	150,000	-	-	-
2012 NCHFA Single Family Rehabilitation	200,000	-	-	-
CDBG Scattered Site	400,000	-	-	-
Total expenditures	<u>955,555</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(25,755)	-	-	-
Other financing sources - transfers in General Fund	25,755	-	-	-
Net change in fund balance	\$ -	-	-	-
Fund balance - June 30, 2011			-	
Fund balance - June 30, 2012			\$ -	

COMBINING BALANCE SHEET

D-1

NONMAJOR CAPITAL PROJECTS FUNDS

FORSYTH COUNTY, NORTH CAROLINA

June 30, 2012

Page 1 of 2

	2007 Forsyth Technical Community College	2008 Pay-Go	2009 2/3rds Bonds	2008 School Facilities	2010 Pay-Go
ASSETS					
Cash and cash equivalents	\$ 1,180,272	817,514	965,420	1,604,751	389,855
Receivables - accrued interest	-	166	-	360	84
Due from other governments	-	53,420	22,103	-	26,057
Total assets	\$ 1,180,272	871,100	987,523	1,605,111	415,996
LIABILITIES AND FUND BALANCES					
Liabilities - accounts payable and accrued liabilities	\$ -	8,502	-	-	4,910
Fund balances:					
Restricted for:					
Stabilization by state statute	-	53,586	171,013	360	38,741
Capital projects	1,180,272	-	816,510	-	-
Committed for capital projects	-	809,012	-	1,604,751	372,345
Total fund balances	1,180,272	862,598	987,523	1,605,111	411,086
Total liabilities and fund balances	\$ 1,180,272	871,100	987,523	1,605,111	415,996

<u>2010</u> <u>2/3rds</u> <u>Bonds</u>	<u>2010 WSFCS</u> <u>Capital</u> <u>Maintenance</u>	<u>2010 FTCC</u> <u>Capital</u> <u>Maintenance</u>	<u>2011</u> <u>Pay-Go</u>	<u>2011</u> <u>Library</u> <u>Bond</u>	<u>Total</u>
1,499,467	6,129,307	312,353	471,165	229,800	13,599,904
-	-	-	105	-	715
16,180	136,709	-	-	-	254,469
<u>1,515,647</u>	<u>6,266,016</u>	<u>312,353</u>	<u>471,270</u>	<u>229,800</u>	<u>13,855,088</u>
<u>308,187</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,300</u>	<u>336,899</u>
378,467	136,709	-	105	-	778,981
828,993	4,394,307	312,353	-	-	7,532,435
-	1,735,000	-	471,165	214,500	5,206,773
<u>1,207,460</u>	<u>6,266,016</u>	<u>312,353</u>	<u>471,270</u>	<u>214,500</u>	<u>13,518,189</u>
<u>1,515,647</u>	<u>6,266,016</u>	<u>312,353</u>	<u>471,270</u>	<u>229,800</u>	<u>13,855,088</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS**

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FORSYTH COUNTY, NORTH CAROLINA
For the Fiscal Year Ended June 30, 2012

Page 1 of 2

	<u>2002 Schools</u>	<u>2006 2/3rds Bonds</u>	<u>2007 Forsyth Technical Community College</u>	<u>2008 Pay-Go</u>	<u>2009 2/3rds Bonds</u>	<u>2008 School Facilities</u>
Revenues:						
Intergovernmental	\$ -	-	-	-	20,311	-
Other	-	-	-	-	-	-
Investment earnings	72	393	2,459	4,877	620	6,208
Total revenues	<u>72</u>	<u>393</u>	<u>2,459</u>	<u>4,877</u>	<u>20,931</u>	<u>6,208</u>
Expenditures:						
Current:						
Intergovernmental - education	-	-	5,510,837	-	511,387	-
Debt service - interest and other charges	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	189,470	67,529	-
Public safety	-	-	-	213,477	-	-
Human services	-	-	-	101,706	-	-
Culture and recreation	-	-	-	-	40,622	-
Total expenditures	<u>-</u>	<u>-</u>	<u>5,510,837</u>	<u>504,653</u>	<u>619,538</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>72</u>	<u>393</u>	<u>(5,508,378)</u>	<u>(499,776)</u>	<u>(598,607)</u>	<u>6,208</u>
Other financing sources (uses):						
Limited obligation bonds issued	-	-	-	-	-	-
Premium on limited obligation bonds	-	-	-	-	-	-
Installment purchase proceeds	-	-	-	-	-	-
Transfers in:						
General Fund	-	-	-	-	-	-
2008 Pay-Go Fund	-	-	-	-	-	-
Transfers out:						
General Fund	(343,432)	(1,426,445)	(180,000)	-	-	-
2011 Library Bond Fund	-	-	-	(240,000)	-	-
Total other financing sources (uses)	<u>(343,432)</u>	<u>(1,426,445)</u>	<u>(180,000)</u>	<u>(240,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(343,360)</u>	<u>(1,426,052)</u>	<u>(5,688,378)</u>	<u>(739,776)</u>	<u>(598,607)</u>	<u>6,208</u>
Fund balance - June 30, 2011	<u>343,360</u>	<u>1,426,052</u>	<u>6,868,650</u>	<u>1,602,374</u>	<u>1,586,130</u>	<u>1,598,903</u>
Fund balance - June 30, 2012	<u>\$ -</u>	<u>-</u>	<u>1,180,272</u>	<u>862,598</u>	<u>987,523</u>	<u>1,605,111</u>

<u>2010 Pay-Go</u>	<u>2010 2/3rds Bonds</u>	<u>2010 WSFCS Capital Maintenance</u>	<u>2010 FTCC Capital Maintenance</u>	<u>2011 Pay-Go</u>	<u>2011 Information Systems</u>	<u>2011 Library Bond</u>	<u>Total</u>
-	-	-	-	-	-	-	20,311
-	-	-	-	-	-	-	-
5,471	1,563	3,434	425	1,822	1,521	-	28,865
<u>5,471</u>	<u>1,563</u>	<u>3,434</u>	<u>425</u>	<u>1,822</u>	<u>1,521</u>	<u>-</u>	<u>49,176</u>
-	-	3,689,515	1,055,520	-	-	-	10,767,259
-	-	-	-	-	-	-	-
79,176	145,705	-	-	-	2,399,735	-	2,881,615
-	-	-	-	-	-	-	213,477
190,963	-	-	-	-	-	-	292,669
1,633,740	2,806,419	-	-	-	-	25,500	4,506,281
<u>1,903,879</u>	<u>2,952,124</u>	<u>3,689,515</u>	<u>1,055,520</u>	<u>-</u>	<u>2,399,735</u>	<u>25,500</u>	<u>18,661,301</u>
<u>(1,898,408)</u>	<u>(2,950,561)</u>	<u>(3,686,081)</u>	<u>(1,055,095)</u>	<u>1,822</u>	<u>(2,398,214)</u>	<u>(25,500)</u>	<u>(18,612,125)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	2,400,000	-	2,400,000
-	-	1,735,000	-	-	-	-	1,735,000
-	-	-	-	-	-	240,000	240,000
-	-	-	-	-	(1,786)	-	(1,951,663)
-	-	-	-	-	-	-	(240,000)
<u>-</u>	<u>-</u>	<u>1,735,000</u>	<u>-</u>	<u>-</u>	<u>2,398,214</u>	<u>240,000</u>	<u>2,183,337</u>
<u>(1,898,408)</u>	<u>(2,950,561)</u>	<u>(1,951,081)</u>	<u>(1,055,095)</u>	<u>1,822</u>	<u>-</u>	<u>214,500</u>	<u>(16,428,788)</u>
2,309,494	4,158,021	8,217,097	1,367,448	469,448	-	-	29,946,977
<u>411,086</u>	<u>1,207,460</u>	<u>6,266,016</u>	<u>312,353</u>	<u>471,270</u>	<u>-</u>	<u>214,500</u>	<u>13,518,189</u>

2002 SCHOOLS FUND

D-3

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2012

	<u>Budget</u>	<u>Cumulative Total to June 30, 2012</u>	<u>Activity Year Ended June 30, 2012</u>	<u>Cumulative Total to June 30, 2011</u>
Revenues - investment earnings	\$ 4,158,000	4,167,525	72	4,167,453
Expenditures:				
Current - intergovernmental - education	147,038,166	147,022,937	-	147,022,937
Debt service - interest and other charges	1,231,919	1,231,905	-	1,231,905
Total expenditures	<u>148,270,085</u>	<u>148,254,842</u>	<u>-</u>	<u>148,254,842</u>
Deficiency of revenues over expenditures	<u>(144,112,085)</u>	<u>(144,087,317)</u>	<u>72</u>	<u>(144,087,389)</u>
Other financing sources (uses):				
General obligation bonds issued	150,171,500	150,000,000	-	150,000,000
Premium on general obligation bonds	660,419	1,150,583	-	1,150,583
Transfers to General Fund	(2,558,000)	(2,901,432)	(343,432)	(2,558,000)
Transfers to State Public School Building Capital Fund	<u>(4,161,834)</u>	<u>(4,161,834)</u>	<u>-</u>	<u>(4,161,834)</u>
Total other financing sources (uses)	<u>144,112,085</u>	<u>144,087,317</u>	<u>(343,432)</u>	<u>144,430,749</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>(343,360)</u>	<u>343,360</u>
Fund balance - June 30, 2011			343,360	
Fund balance - June 30, 2012			<u>\$ -</u>	

2006 2/3rds BONDS FUND

D-4

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2012

	<u>Budget</u>	<u>Cumulative Total to June 30, 2012</u>	<u>Activity Year Ended June 30, 2012</u>	<u>Cumulative Total to June 30, 2011</u>
Revenues - investment earnings	\$ 981,000	985,141	393	984,748
Expenditures:				
Debt service - interest and other charges	101,250	101,250	-	101,250
Capital outlay:				
General government	1,020,000	926,684	-	926,684
Public safety	552,000	524,621	-	524,621
Human services	1,252,000	967,885	-	967,885
Culture and recreation - Tanglewood	4,000,000	3,588,409	-	3,588,409
Culture and recreation - Library	3,361,000	2,839,628	-	2,839,628
Total expenditures	<u>10,286,250</u>	<u>8,948,477</u>	<u>-</u>	<u>8,948,477</u>
Deficiency of revenues over expenditures	<u>(9,305,250)</u>	<u>(7,963,336)</u>	<u>393</u>	<u>(7,963,729)</u>
Other financing sources (uses):				
General obligation bonds issued	10,185,000	10,185,000	-	10,185,000
Premium on general obligation bonds	-	84,531	-	84,531
Transfers to General Fund	(879,750)	(2,306,195)	(1,426,445)	(879,750)
Total other financing sources (uses)	<u>9,305,250</u>	<u>7,963,336</u>	<u>(1,426,445)</u>	<u>9,389,781</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>(1,426,052)</u>	<u>1,426,052</u>
Fund balance - June 30, 2011			1,426,052	
Fund balance - June 30, 2012			<u>\$ -</u>	

2007 FORSYTH TECHNICAL COMMUNITY COLLEGE FUND

D-5

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2012

	<u>Budget</u>	<u>Cumulative Total to June 30, 2012</u>	<u>Activity Year Ended June 30, 2012</u>	<u>Cumulative Total to June 30, 2011</u>
Revenues - investment earnings	\$ 857,375	858,813	2,459	856,354
Expenditures:				
Current - intergovernmental - education	25,493,774	25,000,000	5,510,837	19,489,163
Debt service - interest and other charges	180,752	179,671	-	179,671
Total expenditures	<u>25,674,526</u>	<u>25,179,671</u>	<u>5,510,837</u>	<u>19,668,834</u>
Deficiency of revenues over expenditures	<u>(24,817,151)</u>	<u>(24,320,858)</u>	<u>(5,508,378)</u>	<u>(18,812,480)</u>
Other financing sources (uses):				
General obligation bonds issued	25,000,000	25,000,000	-	25,000,000
Premium on general obligation bonds	587,151	1,271,130	-	1,271,130
Transfers to General Fund	(770,000)	(770,000)	(180,000)	(590,000)
Total other financing sources (uses)	<u>24,817,151</u>	<u>25,501,130</u>	<u>(180,000)</u>	<u>25,681,130</u>
Net change in fund balance	\$ <u>-</u>	<u>1,180,272</u>	<u>(5,688,378)</u>	<u>6,868,650</u>
Fund balance - June 30, 2011			6,868,650	
Fund balance - June 30, 2012			\$ <u><u>1,180,272</u></u>	

2008 PAY-GO FUND

D-6

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2012

	<u>Budget</u>	<u>Cumulative Total to June 30, 2012</u>	<u>Activity Year Ended June 30, 2012</u>	<u>Cumulative Total to June 30, 2011</u>
Revenues - investment earnings	\$ 124,000	151,617	4,877	146,740
Expenditures:				
Current: Intergovernmental - education	1,700,000	1,700,000	-	1,700,000
Capital outlay:				
General government	389,470	189,470	189,470	-
Public safety	3,488,000	3,065,007	213,477	2,851,530
Human services	1,483,359	1,271,465	101,706	1,169,759
Culture and recreation	299,171	299,077	-	299,077
Total expenditures	<u>7,360,000</u>	<u>6,525,019</u>	<u>504,653</u>	<u>6,020,366</u>
Deficiency of revenues over expenditures	<u>(7,236,000)</u>	<u>(6,373,402)</u>	<u>(499,776)</u>	<u>(5,873,626)</u>
Other financing sources (uses):				
Transfers from General Fund	7,476,000	7,476,000	-	7,476,000
Transfers to 2011 Library Bond Fund	(240,000)	(240,000)	(240,000)	-
Total other financing sources (uses)	<u>7,236,000</u>	<u>7,236,000</u>	<u>(240,000)</u>	<u>7,476,000</u>
Net change in fund balance	\$ <u>-</u>	<u>862,598</u>	<u>(739,776)</u>	<u>1,602,374</u>
Fund balance - June 30, 2011			1,602,374	
Fund balance - June 30, 2012			\$ <u><u>862,598</u></u>	

2009 2/3rds BONDS FUND

D-7

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2012

	<u>Budget</u>	<u>Cumulative Total to June 30, 2012</u>	<u>Activity Year Ended June 30, 2012</u>	<u>Cumulative Total to June 30, 2011</u>
Revenues:				
Intergovernmental	\$ 1,200,000	369,072	20,311	348,761
Investment earnings	135,000	139,725	620	139,105
Total revenues	<u>1,335,000</u>	<u>508,797</u>	<u>20,931</u>	<u>487,866</u>
Expenditures:				
Intergovernmental - education	7,300,000	7,299,400	511,387	6,788,013
Debt service - interest and other charges	100,000	100,000	-	100,000
Capital outlay:				
General government - Hall of Justice renovations	1,200,000	1,199,500	67,529	1,131,971
Human services - pharmacy renovations	220,000	133,524	-	133,524
Culture and recreation:				
Tanglewood Park	1,200,000	1,199,807	-	1,199,807
Triad Park development	2,400,000	748,144	40,622	707,522
Total expenditures	<u>12,420,000</u>	<u>10,680,375</u>	<u>619,538</u>	<u>10,060,837</u>
Deficiency of revenues over expenditures	(11,085,000)	(10,171,578)	(598,607)	(9,572,971)
Other financing sources (uses):				
General obligation bonds issued	11,120,000	11,120,000	-	11,120,000
Premium on general obligation bonds	-	74,101	-	74,101
Transfers to General Fund	(35,000)	(35,000)	-	(35,000)
Total other financing sources	<u>11,085,000</u>	<u>11,159,101</u>	<u>-</u>	<u>11,159,101</u>
Net change in fund balance	\$ <u>-</u>	<u>987,523</u>	(598,607)	<u>1,586,130</u>
Fund balance - June 30, 2011			1,586,130	
Fund balance - June 30, 2012			<u>\$ 987,523</u>	

2008 SCHOOL FACILITIES FUND

D-8

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2012

	<u>Budget</u>	<u>Cumulative Total to June 30, 2012</u>	<u>Activity Year Ended June 30, 2012</u>	<u>Cumulative Total to June 30, 2011</u>
Revenues - investment earnings	\$ 35,000	52,671	6,208	46,463
Expenditures:				
Intergovernmental - education	1,587,441	-	-	-
Unallocated	235,420	-	-	-
Total expenditures	<u>1,822,861</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(1,787,861)	52,671	6,208	46,463
Other financing sources:				
Transfers from General Fund	1,787,861	1,552,440	-	1,552,440
Net change in fund balance	\$ <u>-</u>	<u>1,605,111</u>	6,208	<u>1,598,903</u>
Fund balance - June 30, 2011			1,598,903	
Fund balance - June 30, 2012			<u>\$ 1,605,111</u>	

2010 PAY-GO FUND

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SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2012

	<u>Budget</u>	<u>Cumulative Total to June 30, 2012</u>	<u>Activity Year Ended June 30, 2012</u>	<u>Cumulative Total to June 30, 2011</u>
Revenues - investment earnings	\$ -	13,544	5,471	8,073
Expenditures:				
Capital outlay:				
General government:				
Government Center renovations	393,146	348,016	26,607	321,409
Technology upgrades	544,000	423,899	52,569	371,330
Vehicles	50,000	50,000	-	50,000
Public safety:				
Emergency services	833,854	833,853	-	833,853
In-Car video equipment	98,000	-	-	-
Human services - DSS Technology	500,000	407,300	190,963	216,337
Culture and recreation:				
Tanglewood Park pool enhancements	1,750,000	1,749,990	1,625,340	124,650
Tanglewood Park conservation project	50,000	8,400	8,400	-
Total expenditures	<u>4,219,000</u>	<u>3,821,458</u>	<u>1,903,879</u>	<u>1,917,579</u>
Deficiency of revenues over expenditures	<u>(4,219,000)</u>	<u>(3,807,914)</u>	<u>(1,898,408)</u>	<u>(1,909,506)</u>
Other financing sources - transfers from General Fund	<u>4,219,000</u>	<u>4,219,000</u>	<u>-</u>	<u>4,219,000</u>
Net change in fund balance	<u>\$ -</u>	<u>411,086</u>	<u>(1,898,408)</u>	<u>2,309,494</u>
Fund balance - June 30, 2011			<u>2,309,494</u>	
Fund balance - June 30, 2012			<u>\$ 411,086</u>	

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2010 2/3rds BONDS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2012

	<u>Budget</u>	<u>Cumulative Total to June 30, 2012</u>	<u>Activity Year Ended June 30, 2012</u>	<u>Cumulative Total to June 30, 2011</u>
Revenues - investment earnings	\$ -	5,600	1,563	4,037
Expenditures:				
Debt service - interest and other charges	182,616	29,334	-	29,334
Capital outlay:				
General Government - Energy projects	227,148	185,507	145,705	39,802
Culture and recreation - Park maintenance projects	4,231,091	3,224,154	2,806,419	417,735
Total expenditures	<u>4,640,855</u>	<u>3,438,995</u>	<u>2,952,124</u>	<u>486,871</u>
Deficiency of revenues over expenditures	<u>(4,640,855)</u>	<u>(3,433,395)</u>	<u>(2,950,561)</u>	<u>(482,834)</u>
Other financing sources:				
General obligation bonds issued	4,318,750	4,318,750	-	4,318,750
Premium on general obligation bonds	322,105	322,105	-	322,105
Total other financing sources	<u>4,640,855</u>	<u>4,640,855</u>	<u>-</u>	<u>4,640,855</u>
Net change in fund balance	<u>\$ -</u>	<u>1,207,460</u>	<u>(2,950,561)</u>	<u>4,158,021</u>
Fund balance - June 30, 2011			<u>4,158,021</u>	
Fund balance - June 30, 2012			<u>\$ 1,207,460</u>	

2010 WINSTON-SALEM/FORSYTH COUNTY SCHOOLS CAPITAL MAINTENANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

D-11

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2012

	<u>Budget</u>	<u>Cumulative Total to June 30, 2012</u>	<u>Activity Year Ended June 30, 2012</u>	<u>Cumulative Total to June 30, 2011</u>
Revenues - investment earnings	\$ -	10,968	3,434	7,534
Expenditures:				
Debt service - interest and other charges	53,888	53,828	-	53,828
Current - intergovernmental - education	11,395,000	5,140,011	3,689,515	1,450,496
Total expenditures	<u>11,448,888</u>	<u>5,193,839</u>	<u>3,689,515</u>	<u>1,504,324</u>
Deficiency of revenues over expenditures	<u>(11,448,888)</u>	<u>(5,182,871)</u>	<u>(3,686,081)</u>	<u>(1,496,790)</u>
Other financing sources:				
General obligation bonds issued	7,925,000	7,925,000	-	7,925,000
Premium on general obligation bonds	591,069	591,069	-	591,069
Transfer from 2007 School Facilities fund	1,197,819	1,197,818	-	1,197,818
Transfer from General Fund	1,735,000	1,735,000	1,735,000	-
Total other financing sources	<u>11,448,888</u>	<u>11,448,887</u>	<u>1,735,000</u>	<u>9,713,887</u>
Net change in fund balance	\$ <u>-</u>	<u>6,266,016</u>	(1,951,081)	<u>8,217,097</u>
Fund balance - June 30, 2011			8,217,097	
Fund balance - June 30, 2012			\$ <u>6,266,016</u>	

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2010 FORSYTH TECHNICAL COMMUNITY COLLEGE CAPITAL MAINTENANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2012

	<u>Budget</u>	<u>Cumulative Total to June 30, 2012</u>	<u>Activity Year Ended June 30, 2012</u>	<u>Cumulative Total to June 30, 2011</u>
Revenues - investment earnings	\$ -	2,153	425	1,728
Expenditures:				
Debt service - interest and other charges	13,472	13,457	-	13,457
Current - intergovernmental - education	2,115,545	1,805,360	1,055,520	749,840
Total expenditures	<u>2,129,017</u>	<u>1,818,817</u>	<u>1,055,520</u>	<u>763,297</u>
Deficiency of revenues over expenditures	<u>(2,129,017)</u>	<u>(1,816,664)</u>	<u>(1,055,095)</u>	<u>(761,569)</u>
Other financing sources:				
General obligation bonds issued	1,981,250	1,981,250	-	1,981,250
Premium on general obligation bonds	147,767	147,767	-	147,767
Total other financing sources	<u>2,129,017</u>	<u>2,129,017</u>	<u>-</u>	<u>2,129,017</u>
Net change in fund balance	\$ <u>-</u>	<u>312,353</u>	(1,055,095)	<u>1,367,448</u>
Fund balance - June 30, 2011			1,367,448	
Fund balance - June 30, 2012			\$ <u>312,353</u>	

2011 PAY-GO FUND

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SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2012

	<u>Budget</u>	<u>Cumulative Total to June 30, 2012</u>	<u>Activity Year Ended June 30, 2012</u>	<u>Cumulative Total to June 30, 2011</u>
Revenues - investment earnings	\$ -	1,994	1,822	172
Expenditures:				
Capital outlay:				
General government - Hall of Justice project	469,276	-	-	-
Public safety - Firearms Training Facility	2,500,000	2,500,000	-	2,500,000
Total expenditures	<u>2,969,276</u>	<u>2,500,000</u>	<u>-</u>	<u>2,500,000</u>
Deficiency of revenues over expenditures	<u>(2,969,276)</u>	<u>(2,498,006)</u>	<u>1,822</u>	<u>(2,499,828)</u>
Other financing sources - transfers from General Fund	2,969,276	2,969,276	-	2,969,276
Net change in fund balance	<u>\$ -</u>	<u>471,270</u>	<u>1,822</u>	<u>469,448</u>
Fund balance - June 30, 2011			469,448	
Fund balance - June 30, 2012			<u>\$ 471,270</u>	

2011 INFORMATION SYSTEMS FUND

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SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2012

	<u>Budget</u>	<u>Cumulative Total to June 30, 2012</u>	<u>Activity Year Ended June 30, 2012</u>	<u>Cumulative Total to June 30, 2011</u>
Revenues - investment earnings	\$ -	1,521	1,521	-
Expenditures:				
Capital outlay - general government:				
Edge connectivity equipment	1,240,000	1,239,965	1,239,965	-
Data protection and deduplication	860,000	859,848	859,848	-
Voice equipment and software	300,000	299,922	299,922	-
Total expenditures	<u>2,400,000</u>	<u>2,399,735</u>	<u>2,399,735</u>	<u>-</u>
Deficiency of revenues over expenditures	<u>(2,400,000)</u>	<u>(2,398,214)</u>	<u>(2,398,214)</u>	<u>-</u>
Other financing sources (uses):				
Installment purchase proceeds	2,400,000	2,400,000	2,400,000	-
Transfer to General Fund	-	(1,786)	(1,786)	-
Total other financing sources (uses)	<u>2,400,000</u>	<u>2,398,214</u>	<u>2,398,214</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2011			-	
Fund balance - June 30, 2012			<u>\$ -</u>	

2011 LIBRARY BOND FUND

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SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2012

	<u>Budget</u>	<u>Cumulative Total to June 30, 2012</u>	<u>Activity Year Ended June 30, 2012</u>	<u>Cumulative Total to June 30, 2011</u>
Revenues - investment earnings	\$ -	-	-	-
Expenditures:				
Capital outlay - culture and recreation				
Library planning	240,000	25,500	25,500	-
Library projects	<u>40,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>40,240,000</u>	<u>25,500</u>	<u>25,500</u>	<u>-</u>
Deficiency of revenues over expenditures	<u>(40,240,000)</u>	<u>(25,500)</u>	<u>(25,500)</u>	<u>-</u>
Other financing sources:				
General obligation bonds issued	40,000,000	-	-	-
Transfer from 2008 Pay-Go fund	<u>240,000</u>	<u>240,000</u>	<u>240,000</u>	<u>-</u>
Total other financing sources (uses)	<u>40,240,000</u>	<u>240,000</u>	<u>240,000</u>	<u>-</u>
Net change in fund balance	\$ <u>-</u>	<u>214,500</u>	214,500	<u>-</u>
Fund balance - June 30, 2011			<u>-</u>	
Fund balance - June 30, 2012			<u>\$ 214,500</u>	

Fiduciary Funds

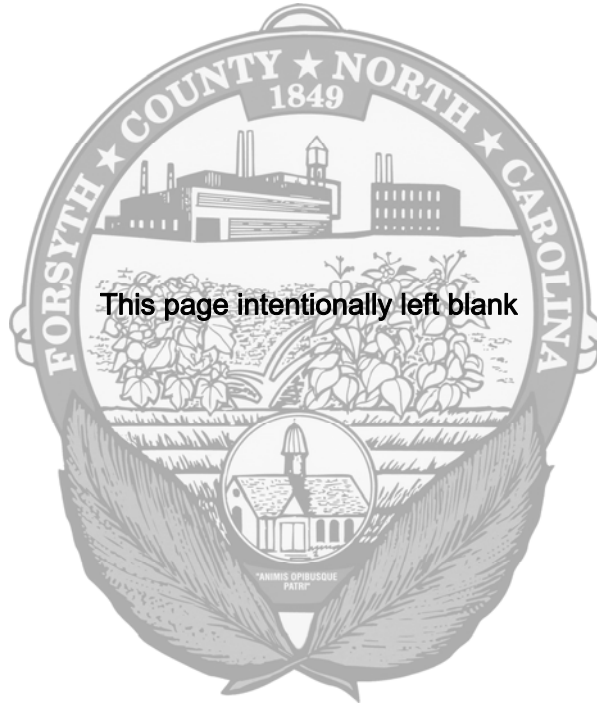
Agency Funds

Agency funds are used to account for assets held by the County in an agency capacity for individuals, private organizations, or other governments.

Tax Agency Fund – This fund is used to account for collections of various taxes by the County/City Tax Collector that are remitted to other funds and to other local governments and authorities and the 3% interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles.

Fines and Forfeitures Fund – This fund is used to account for legal fines and forfeitures that the County is required to remit to the Winston-Salem/Forsyth County Schools.

Social Services Protective Payee Fund – This fund is used to account for moneys held by the Social Services Department as an agent for clients.



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COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS

E-1

FORSYTH COUNTY, NORTH CAROLINA

June 30, 2012

	<u>Tax</u>	<u>Fines and Forfeitures</u>	<u>Protective Payee</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 1,344,753	6,760	35,843	1,387,356
Receivables:				
Property taxes	6,226,704	-	-	6,226,704
Accrued interest	-	-	10	10
Total assets	<u>7,571,457</u>	<u>6,760</u>	<u>35,853</u>	<u>7,614,070</u>
LIABILITIES				
Due to NC Division of Motor Vehicles	67,487	-	-	67,487
Due to other governments	7,503,970	6,760	-	7,510,730
Other liabilities	-	-	35,853	35,853
Total liabilities	<u>7,571,457</u>	<u>6,760</u>	<u>35,853</u>	<u>7,614,070</u>
NET ASSETS	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

E-2

AGENCY FUNDS

FORSYTH COUNTY, NORTH CAROLINA

For the Fiscal Year Ended June 30, 2012

	<u>June 30, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2012</u>
<u>TAX AGENCY</u>				
ASSETS				
Cash and cash equivalents	\$ 961,603	733,434,829	733,051,679	1,344,753
Receivables - property taxes	6,718,666	358,898,563	359,390,525	6,226,704
Total assets	\$ 7,680,269	1,092,333,392	1,092,442,204	7,571,457
LIABILITIES				
Due to NC Division of Motor Vehicles	\$ 5,190	226,454	164,157	67,487
Due to other governments	7,675,079	860,132,128	860,303,237	7,503,970
Total liabilities	\$ 7,680,269	860,358,582	860,467,394	7,571,457
<u>FINES AND FORFEITURES</u>				
ASSETS				
Cash and cash equivalents	\$ 79,870	2,367,507	2,440,617	6,760
LIABILITIES				
Due to other governments	\$ 79,870	2,367,507	2,440,617	6,760
<u>PROTECTIVE PAYEE</u>				
ASSETS				
Cash and cash equivalents	\$ 73,120	257,319	294,596	35,843
Receivables - accrued interest	65	234	289	10
Total assets	\$ 73,185	257,553	294,885	35,853
LIABILITIES				
Other liabilities	\$ 73,185	257,264	294,596	35,853
Total liabilities	\$ 73,185	257,264	294,596	35,853
<u>TOTAL - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 1,114,593	736,059,655	735,786,892	1,387,356
Receivables:				
Property taxes	6,718,666	358,898,563	359,390,525	6,226,704
Accrued interest	65	234	289	10
Total assets	\$ 7,833,324	1,094,958,452	1,095,177,706	7,614,070
LIABILITIES				
Due to other governments	\$ 7,760,139	862,726,089	862,908,011	7,578,217
Other liabilities	73,185	257,264	294,596	35,853
Total liabilities	\$ 7,833,324	862,983,353	863,202,607	7,614,070

Other Schedules

This section contains additional information on property taxes.

Schedule of Ad Valorem Taxes Receivable – General Fund

Analysis of Current Tax Levy – Countywide Levy

Ten Largest Taxpayers

**SCHEDULE OF AD VALOREM TAXES RECEIVABLE
GENERAL FUND**

F-1

FORSYTH COUNTY, NORTH CAROLINA
June 30, 2012

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2011</u>	<u>Additions Net of Releases</u>	<u>Collections And Credits</u>	<u>Writeoffs</u>	<u>Uncollected Balance June 30, 2012</u>
2011 - 2012	\$ -	228,728,259	223,947,380	-	4,780,879
2010 - 2011	5,022,400	(4,612)	3,469,818	-	1,547,970
2009 - 2010	1,898,839	(4,541)	895,965	-	998,333
2008 - 2009	1,726,148	(2,539)	302,301	402,093	1,019,215
2007 - 2008	331,391	(1,428)	93,956	-	236,007
2006 - 2007	235,504	(1,066)	39,613	-	194,825
2005 - 2006	203,024	(856)	15,959	-	186,209
2004 - 2005	353,823	(375)	9,784	-	343,664
2003 - 2004	195,745	(676)	5,710	-	189,359
2002 - 2003	308,282	(133)	4,411	303,738	-
	<u>\$ 10,275,156</u>	<u>228,712,033</u>	<u>228,784,897</u>	<u>705,831</u>	<u>9,496,461</u>

Plus: dog taxes included in taxes receivable: General Fund	2,322
Less: allowance for uncollectible accounts: General Fund	<u>(5,458,001)</u>
Ad valorem taxes receivable - net: General Fund	<u>\$ 4,040,782</u>

Reconcilement with revenues:

Property taxes - General Fund	\$ 228,768,132
Penalties collected on ad valorem taxes - Fines and Forfeitures Fund	127,921
Reconciling items:	
Interest and fees collected	\$ (1,173,260)
Back years collection of dog taxes	(196)
Refunds	1,087,602
Collection of taxes previously written off	<u>(25,302)</u>
Total reconciling items	<u>(111,156)</u>
Total collections and credits	<u>\$ 228,784,897</u>

**ANALYSIS OF CURRENT TAX LEVY
COUNTYWIDE LEVY**

F-2

FORSYTH COUNTY, NORTH CAROLINA
For the Fiscal Year Ended June 30, 2012

	Countywide			Total levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Gross levy:					
Property taxed at current year's rate	\$ 33,053,372,280	\$.6740	\$ 224,102,215	\$ 213,913,981	\$ 10,188,234
Motor vehicles taxed at prior year's rate: FY 09-10	257,470	.6740	1,804	-	1,804
FY 10-11	855,233,250	.6740	5,762,645	-	5,762,645
Penalties	-		34,332	34,332	-
Total	<u>33,908,863,000</u>		<u>229,900,996</u>	<u>213,948,313</u>	<u>15,952,683</u>
Releases	<u>(173,996,588)</u>		<u>(1,172,737)</u>	<u>(1,004,742)</u>	<u>(167,995)</u>
Total property valuation	<u>\$ 33,734,866,412</u>				
Net levy			228,728,259	212,943,571	15,784,688
Uncollected taxes at June 30, 2012			<u>4,780,879</u>	<u>2,935,434</u>	<u>1,845,445</u>
Current year's taxes collected			<u>\$ 223,947,380</u>	<u>\$ 210,008,137</u>	<u>\$ 13,939,243</u>
Current levy collection percentage			<u>97.91%</u>	<u>98.62%</u>	<u>88.31%</u>

Secondary Market Disclosures:

Assessed Valuation:	
Assessment Ratio (1)	100%
Real Property	\$ 28,019,913,529
Personal Property	5,290,216,502
Public Service Companies (2)	<u>598,732,969</u>
Total Assessed Valuation (3)	<u>33,908,863,000</u>
Tax Rate per \$100	<u>0.674</u>
Levy (includes discoveries, releases and abatements)	<u>\$ 228,728,259</u>

(1) Percentage of appraised value has been established by statute.

(2) Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Property Tax Commission.

(3) Includes anticipated decreases due to valuation appeals and exemption applications.

TEN LARGEST TAXPAYERS

F-3

FORSYTH COUNTY, NORTH CAROLINA

For the Fiscal Year Ended June 30, 2012

<u>Taxpayer</u>	<u>Type of Business</u>		2011 Assessed Valuation	Percentage of Total Assessed Valuation
R. J. Reynolds Industries, Inc.	Tobacco, Foods, Petroleum and Transportation	\$	896,447,570	2.64%
Wells Fargo Bank NA	Banking		292,816,580	0.86%
Duke Energy Corporation	Electric Utility		288,365,180	0.85%
Lowes Home Center	Retail		251,484,010	0.74%
JG Winston-Salem	Real Estate Management		203,206,800	0.60%
Time Warner Entertainment	Television Utilities		189,945,680	0.56%
Wake Forest University	Education / Health Care		149,143,550	0.44%
Hanesbrands Inc.	Textiles		147,579,350	0.44%
Wal-Mart Real Estate Bus Trust	Retail		124,471,330	0.37%
Highwoods/Forsyth Partners	Real Estate Management		114,981,900	0.34%
		\$	<u>2,658,441,950</u>	<u>7.84%</u>

This part of the Forsyth County comprehensive annual financial report presents detail information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

Contents

Financial Trends – These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	100
Revenue Capacity – These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property taxes.	104
Debt Capacity – These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	109
Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.	112
Operating Information – These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.	114

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB Statement 34 in fiscal year 2002; schedules presenting government-wide information include information beginning in that year.

NET ASSETS BY COMPONENT

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

(accrual basis of accounting)

Schedule 1

	Fiscal Year									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental activities:										
Invested in capital assets, net of related debt	\$ 53,327,610	54,929,158	58,050,620	62,126,511	65,335,272	66,426,734	72,988,514	78,662,765	84,541,770	83,829,746
Restricted	1,905,959	2,153,517	2,477,719	3,877,017	4,328,645	3,980,229	3,860,233	3,704,815	31,191,934	31,151,206
Unrestricted	<u>(66,742,250)</u>	<u>(89,720,953)</u>	<u>(120,973,768)</u>	<u>(133,416,466)</u>	<u>(132,368,899)</u>	<u>(120,384,798)</u>	<u>(164,391,922)</u>	<u>(227,581,718)</u>	<u>(311,324,492)</u>	<u>(340,506,961)</u>
Total governmental activities net deficit	\$ <u>(11,508,681)</u>	<u>(32,638,278)</u>	<u>(60,445,429)</u>	<u>(67,412,938)</u>	<u>(62,704,982)</u>	<u>(49,977,835)</u>	<u>(87,543,175)</u>	<u>(145,214,138)</u>	<u>(195,590,788)</u>	<u>(225,526,009)</u>

CHANGES IN NET ASSETS

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

(accrual basis of accounting)

Schedule 2

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
General government	\$ 32,511,954	37,176,344	38,054,338	40,702,218	40,954,886	42,473,984	38,189,282	40,075,708	40,444,367	43,252,315
Public safety	44,319,571	50,956,682	53,265,074	56,416,719	60,563,286	67,092,138	68,384,497	71,544,414	71,590,553	71,455,381
Environmental protection	2,124,756	2,287,496	2,171,643	2,160,200	2,220,009	2,521,035	2,713,093	2,682,028	2,653,528	2,642,585
Human services	75,664,303	79,377,848	81,602,908	83,026,669	83,325,627	85,670,069	81,156,032	76,826,616	75,228,239	76,403,049
Culture and recreation	14,489,189	15,056,770	15,209,100	16,913,156	17,214,387	17,401,634	16,540,703	15,936,872	15,995,428	15,830,605
Community and economic development	1,254,450	1,523,798	5,175,040	4,622,179	1,722,356	2,998,916	2,777,002	4,231,621	4,541,117	6,697,889
Education	106,056,362	138,342,793	145,267,123	139,943,619	137,732,790	140,624,177	185,747,060	217,912,687	199,596,063	181,325,863
Interest on long-term debt	13,664,297	14,426,316	14,567,408	14,846,094	15,995,831	18,501,304	17,734,361	17,800,372	21,423,843	21,732,376
Total expenses	<u>290,084,882</u>	<u>339,148,047</u>	<u>355,312,634</u>	<u>358,630,854</u>	<u>359,729,172</u>	<u>377,283,257</u>	<u>413,242,030</u>	<u>447,010,318</u>	<u>431,473,138</u>	<u>419,340,063</u>
Program revenues										
Governmental activities:										
Charges for services										
General government	4,903,787	4,698,238	4,444,744	4,335,314	4,320,684	4,163,440	3,766,905	3,211,221	3,060,197	3,795,188
Public safety	7,246,355	8,457,575	8,993,671	10,668,381	13,569,309	17,465,407	16,039,769	15,296,859	15,617,608	16,594,041
Environmental protection	963,314	1,103,027	933,971	785,380	348,683	266,457	222,569	251,076	292,471	205,762
Human services	5,456,001	6,322,469	7,227,474	6,686,842	6,781,195	7,752,966	8,631,222	9,140,340	8,481,786	9,936,712
Culture and recreation	3,961,475	4,262,167	4,648,633	5,291,419	5,265,639	5,098,137	4,403,575	3,872,609	3,792,170	3,908,560
Community and economic development	27,493	52,681	118,587	77,862	115,432	55,552	16,988	23,587	60,793	40,954
Education	29,410	29,410	33,469	33,332	33,332	33,372	42,907	41,324	43,457	77,091
Operating grants and contributions										
General government	759,242	489,337	648,613	2,048,882	1,116,784	753,817	1,142,633	944,665	605,190	648,658
Public safety	2,027,799	3,063,893	3,800,634	3,989,961	3,390,604	3,698,500	4,409,705	4,870,901	4,525,900	5,259,860
Environmental protection	743,973	888,024	661,559	747,313	843,363	880,434	1,025,921	767,359	748,827	1,035,482
Human services	34,681,881	35,011,146	34,162,314	35,684,538	35,702,370	36,224,878	38,460,763	39,533,989	38,387,457	41,638,514
Culture and recreation	860,806	985,400	896,886	1,617,563	856,098	822,806	979,233	1,112,728	694,216	672,829
Community and economic development	594,285	623,320	873,626	716,889	391,429	959,624	321,981	1,666,607	2,618,897	1,011,533
Education	3,202,900	1,405,681	1,090,700	2,393,376	3,459,671	5,790,588	7,098,274	9,477,257	9,118,121	5,406,597
Capital grants and contributions										
General government	-	-	-	-	-	25,975	-	-	-	-
Culture and recreation	8,381	226,512	-	-	-	-	-	-	-	-
Total program revenues	<u>65,467,102</u>	<u>67,618,880</u>	<u>68,534,881</u>	<u>75,077,052</u>	<u>76,194,593</u>	<u>83,991,953</u>	<u>86,562,445</u>	<u>90,210,522</u>	<u>88,047,090</u>	<u>90,231,781</u>
Net expense	<u>(224,617,780)</u>	<u>(271,529,167)</u>	<u>(286,777,753)</u>	<u>(283,553,802)</u>	<u>(283,534,579)</u>	<u>(293,291,304)</u>	<u>(326,679,585)</u>	<u>(356,799,796)</u>	<u>(343,426,048)</u>	<u>(329,108,282)</u>
General revenues and other changes in net assets										
Governmental activities:										
Taxes:										
Property taxes	172,788,517	177,109,769	184,460,184	196,540,693	203,698,340	218,253,781	223,660,085	234,161,047	234,598,651	235,293,490
Local option sales taxes	50,456,088	62,472,610	62,106,774	67,056,056	71,068,173	73,496,042	56,381,820	49,733,084	49,565,057	52,867,275
Occupancy taxes	451,374	449,042	441,234	493,107	539,027	562,018	466,198	436,578	483,945	542,596
Other taxes and licenses	2,930,050	3,427,625	3,656,571	3,752,002	3,261,547	2,587,667	1,749,344	1,737,289	1,542,720	1,586,449
Grants and contributions not restricted to specific programs	997,904	4,422,507	3,603,013	2,672,986	1,635,293	1,630,835	1,644,749	3,224,786	5,840,620	5,849,059
Investment earnings	2,352,281	2,161,094	3,939,095	5,473,968	7,680,796	9,025,373	4,150,368	966,309	741,526	612,725
Miscellaneous	291,949	392,170	763,732	597,480	359,359	462,735	1,061,681	8,869,740	276,879	2,421,467
Total general revenues	<u>230,268,163</u>	<u>250,434,817</u>	<u>258,970,603</u>	<u>276,586,292</u>	<u>288,242,535</u>	<u>306,018,451</u>	<u>289,114,245</u>	<u>299,128,833</u>	<u>293,049,398</u>	<u>299,173,061</u>
Change in net assets - governmental activities	\$ <u>5,650,383</u>	<u>(21,094,350)</u>	<u>(27,807,150)</u>	<u>(6,967,510)</u>	<u>4,707,956</u>	<u>12,727,147</u>	<u>(37,565,340)</u>	<u>(57,670,963)</u>	<u>(50,376,650)</u>	<u>(29,935,221)</u>

FUND BALANCES OF GOVERNMENTAL FUNDS

Schedule 3

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

(modified accrual basis of accounting)

		Fiscal Year									
		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund											
Reserved	\$	25,862,905	28,663,332	30,421,518	31,829,460	31,724,371	33,727,232	27,865,589	29,731,129		
Unreserved		52,712,200	62,744,745	63,826,353	69,572,571	79,799,313	86,715,440	101,701,080	113,871,426		
Nonspendable										180,133	172,691
Restricted										27,663,373	27,898,443
Committed										40,358,769	37,892,059
Assigned										15,950,543	19,235,587
Unassigned										62,118,267	63,057,650
Total General Fund	\$	<u>78,575,105</u>	<u>91,408,077</u>	<u>94,247,871</u>	<u>101,402,031</u>	<u>111,523,684</u>	<u>120,442,672</u>	<u>129,566,669</u>	<u>143,602,555</u>	<u>146,271,085</u>	<u>148,256,430</u>
All other governmental funds											
Reserved	\$	14,474,673	5,717,155	7,461,248	6,378,241	3,931,316	2,054,017	11,659,953	10,483,574		
Unreserved, reported in:											
Special revenue funds		1,097,229	1,096,217	1,047,406	2,633,267	2,649,533	2,103,908	884,635	(194,420)		
Capital projects funds		47,329,968	82,857,433	29,421,813	37,964,525	90,092,438	80,459,522	132,424,595	47,918,354		
Nonspendable										-	-
Restricted										131,779,815	68,905,275
Committed										5,487,886	5,206,773
Assigned										-	-
Unassigned										(457,737)	(479,424)
Total all other governmental funds	\$	<u>62,901,870</u>	<u>89,670,805</u>	<u>37,930,467</u>	<u>46,976,033</u>	<u>96,673,287</u>	<u>84,617,447</u>	<u>144,969,183</u>	<u>58,207,508</u>	<u>136,809,964</u>	<u>73,632,624</u>

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Note: Amounts reported prior to the implementation of GASB 54 in fiscal year 2011 have not been restated.

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Schedule 4

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Property taxes	\$ 172,522,283	176,937,963	184,168,720	196,470,273	202,802,113	217,978,822	222,931,993	234,067,805	234,253,068	235,124,729
Occupancy taxes	451,374	449,042	441,234	493,107	539,027	562,018	466,198	436,578	483,945	542,596
Local option sales tax	50,456,088	62,472,610	62,106,774	67,056,056	71,068,173	73,496,042	56,381,820	49,733,084	49,565,057	52,867,275
Other taxes	474,123	656,801	600,303	667,463	506,037	377,837	202,959	242,411	271,131	290,674
Licenses and permits	2,099,216	2,091,175	1,867,850	1,704,474	1,215,187	922,548	940,488	857,450	902,447	766,104
Intergovernmental	43,867,904	47,470,956	46,013,245	50,024,208	47,933,136	51,239,274	55,768,601	61,855,315	63,225,328	61,804,884
Charges for services	18,047,774	20,436,933	20,869,798	21,707,464	23,207,853	24,621,408	25,129,543	24,332,511	22,884,593	23,276,466
Investment earnings	2,365,499	2,171,427	3,964,492	5,530,265	7,774,158	9,122,280	4,251,484	984,702	758,785	626,269
Other	5,812,209	6,095,875	7,168,741	7,633,841	8,011,182	8,904,354	9,379,996	16,408,473	8,944,216	12,978,204
Total revenues	296,096,470	318,782,782	327,201,157	351,287,151	363,056,866	387,224,583	375,453,082	388,918,329	381,288,570	388,277,141
Expenditures										
Current:										
General government	29,708,735	33,831,181	33,521,119	36,363,475	36,184,725	36,965,763	33,038,710	36,672,233	36,208,234	36,548,586
Public safety	41,457,874	47,162,153	49,355,750	52,911,994	56,417,332	61,360,693	64,633,076	67,313,048	68,412,022	69,124,066
Environmental protection	2,090,623	2,246,042	2,147,781	2,122,814	2,188,457	2,414,429	2,686,706	2,633,641	2,613,354	2,633,817
Human services	69,649,946	72,759,964	74,294,247	76,279,429	76,741,426	77,348,513	74,142,024	68,825,351	68,481,046	70,142,751
Culture and recreation	13,608,497	14,215,329	14,274,677	16,291,544	15,888,248	16,004,016	15,459,452	15,034,842	14,657,631	14,430,037
Community and economic development	1,252,937	1,520,985	5,175,387	4,618,272	1,715,501	2,977,892	2,766,353	4,236,714	4,534,972	6,694,033
Education	598,136	635,088	578,341	620,556	635,338	895,261	2,243,594	1,580,098	1,391,488	788,811
Intergovernmental:										
Human services	5,631,153	6,026,136	6,418,360	6,013,611	5,898,652	6,181,990	6,167,610	6,379,039	5,679,583	5,692,674
Education	105,735,273	137,687,638	144,663,575	139,301,345	137,070,648	139,681,424	183,475,254	216,316,478	198,206,090	180,529,368
Debt service:										
Principal retirement	15,075,000	18,700,000	21,345,000	22,545,420	21,746,497	23,924,516	26,200,993	29,693,677	29,909,022	37,906,327
Interest and other charges	13,770,153	15,271,861	15,821,967	15,066,260	16,551,824	17,246,714	19,490,528	19,189,422	23,820,913	24,767,215
Capital outlay	28,689,406	17,007,430	9,112,386	9,263,608	8,875,245	5,360,224	8,097,429	10,192,815	10,677,148	20,995,615
Total expenditures	327,267,733	367,063,807	376,708,590	381,398,328	379,913,893	390,361,435	438,401,729	478,067,358	464,591,503	470,253,300
Deficiency of revenues over expenditures	(31,171,263)	(48,281,025)	(49,507,433)	(30,111,177)	(16,857,027)	(3,136,852)	(62,948,647)	(89,149,029)	(83,302,933)	(81,976,159)
Other financing sources (uses):										
Installment purchases	-	363,810	-	-	1,913,500	-	1,026,000	-	-	2,400,000
Refunding bonds issued	-	55,745,000	15,630,000	-	-	-	-	42,870,000	50,295,000	-
Premium on refunding bonds	-	3,675,841	621,449	-	-	-	-	5,025,171	7,503,955	-
General obligation bonds issued	-	86,550,000	-	32,685,000	72,500,000	-	156,255,000	-	157,625,000	-
Premium on general obligation bonds	-	563,580	-	362,985	2,262,434	-	4,407,759	-	6,548,336	-
Certificates of participation issued	23,495,000	-	40,985,000	13,000,000	-	-	-	-	-	-
Premium on certificates of participation	175,600	-	3,499,599	262,918	-	-	-	-	-	-
Limited obligation bonds issued	-	-	-	-	-	-	-	15,000,000	-	16,290,000
Premium on limited obligation bonds	-	-	-	-	-	-	-	1,023,705	-	2,094,164
Transfers in	3,443,367	3,574,026	3,411,778	4,549,889	2,918,502	18,308,651	13,141,259	17,572,682	18,196,159	10,806,854
Transfers out	(3,443,367)	(3,574,026)	(3,411,778)	(4,549,889)	(2,918,502)	(18,308,651)	(13,141,259)	(17,572,682)	(18,196,159)	(10,806,854)
Payment to refunded bond escrow agent	-	(59,015,299)	(16,080,775)	-	-	-	(29,264,379)	(47,495,636)	(57,398,372)	-
Payment to refunded certificates of participation escrow agent	-	-	(44,048,384)	-	-	-	-	-	-	-
Total other financing sources (uses)	23,670,600	87,882,932	606,889	46,310,903	76,675,934	-	132,424,380	16,423,240	164,573,919	20,784,164
Net change in fund balances	\$ (7,500,663)	39,601,907	(48,900,544)	16,199,726	59,818,907	(3,136,852)	69,475,733	(72,725,789)	81,270,986	(61,191,995)
Debt service as a percentage of noncapital expenditures	9.7%	9.7%	10.1%	10.1%	10.3%	10.7%	10.6%	10.5%	11.9%	14.0%

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Schedule 5

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

Fiscal Year Ended	(1) Tax Year Ended	Real Property	Personal Property	Registered Vehicles	Corporate Excess	Total	(2) Ratio of	(3) Total
							Assessed Value to Estimated Actual Value	Direct Tax Rate
2003	2002	18,896,765,850	2,618,193,840	2,398,999,140	587,847,270	24,501,806,100	100%	0.6920
2004	2003	19,337,891,860	2,559,667,220	2,419,787,980	565,630,120	24,882,977,180	100%	0.6920
2005	2004	19,804,667,720	2,641,658,675	2,409,184,030	560,644,886	25,416,155,311	100%	0.7080
2006	2005	22,750,577,790	2,680,281,760	2,461,340,630	569,872,978	28,462,073,158	100%	0.6660
2007	2006	23,565,365,700	2,957,709,010	2,479,743,740	587,375,097	29,590,193,547	100%	0.6660
2008	2007	24,382,286,380	3,109,875,910	2,543,653,630	608,722,150	30,644,538,070	100%	0.6960
2009	2008	25,059,661,800	3,273,855,900	2,437,710,820	612,718,250	31,383,946,770	100%	0.6960
2010	2009	27,808,315,600	3,160,949,200	2,258,490,180	628,610,220	33,856,365,200	100%	0.6740
2011	2010	27,971,609,000	3,036,245,900	2,224,587,900	606,245,900	33,838,688,700	100%	0.6740
2012	2011	28,019,913,529	2,928,773,237	2,361,443,265	598,732,969	33,908,863,000	100%	0.6740

Notes: (1) Tax year for registered vehicles is the same as fiscal year.

(2) Assessed value is established at estimated market value. Real property was revalued on January 1 of 2001, 2005, and 2009. As of January 1, 1993, assessed value for registered vehicles is established monthly. Assessed value for all other property is established annually.

(3) Tax Rates per \$100 Valuation. Direct Rate shown does not include Fire Tax District Rates. See Schedule 6 for complete Direct and Overlapping Tax Rates.

DIRECT AND OVERLAPPING PROPERTY TAX RATES

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

Tax Rates per \$100 Valuation, Year Ended June 30,

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Forsyth County ⁽¹⁾	\$ 0.674	0.674	0.674	0.696	0.696	\$ 0.666	\$ 0.666	\$ 0.708	\$ 0.692	\$ 0.6920
Municipalities: ⁽²⁾										
City of Winston-Salem	0.475	0.475	0.468	0.490	0.490	0.485	0.485	0.525	0.495	0.4950
Combined Rate	1.149	1.149	1.142	1.186	1.186	1.151	1.151	1.233	1.187	1.187
Town of Bethania	0.320	0.350	0.350	0.350	0.350	0.300	0.300	0.250	0.250	0.250
Combined Rate	0.994	1.024	1.024	1.046	1.046	0.966	0.966	0.958	0.942	0.942
Village of Clemmons	0.1150	0.1150	0.0985	0.0985	0.0985	0.0985	0.0900	0.0900	0.0900	0.0900
Combined Rate	0.789	0.789	0.773	0.795	0.795	0.765	0.756	0.798	0.782	0.782
City of High Point	0.662	0.633	0.633	0.633	0.632	0.608	0.591	0.542	0.662	0.662
Combined Rate	1.336	1.307	1.307	1.329	1.328	1.274	1.257	1.250	1.354	1.354
Town of Kernersville	0.498	0.498	0.498	0.550	0.550	0.550	0.525	0.525	0.495	0.495
Combined Rate	1.172	1.172	1.172	1.246	1.246	1.216	1.191	1.233	1.187	1.187
City of King	0.400	0.380	0.380	0.380	0.360	0.360	0.360	0.360	0.360	0.360
Combined Rate	1.074	1.054	1.054	1.076	1.056	1.026	1.026	1.068	1.052	1.052
Town of Lewisville	0.177	0.177	0.177	0.177	0.177	0.177	0.177	0.195	0.195	0.195
Combined Rate	0.851	0.851	0.851	0.873	0.873	0.843	0.843	0.903	0.887	0.887
Town of Rural Hall	0.250	0.240	0.240	0.240	0.230	0.230	0.230	0.240	0.220	0.220
Combined Rate	0.924	0.914	0.914	0.936	0.926	0.896	0.896	0.948	0.912	0.912
Village of Tobaccoville	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Combined Rate	0.724	0.724	0.724	0.746	0.746	0.716	0.716	0.758	0.742	0.742
Town of Walkertown	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200
Combined Rate	0.874	0.874	0.874	0.896	0.896	0.866	0.866	0.908	0.892	0.892
Fire Tax Districts: ⁽³⁾										
Beesons Crossroads	0.080	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070
Combined Direct Rate	0.754	0.744	0.744	0.766	0.766	0.736	0.736	0.778	0.762	0.762
Belews Creek	0.070	0.070	0.070	0.070	0.055	0.055	0.045	0.045	0.045	0.045
Combined Direct Rate	0.744	0.744	0.744	0.766	0.751	0.721	0.711	0.753	0.737	0.737
City View	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080
Combined Direct Rate	0.754	0.754	0.754	0.776	0.776	0.746	0.746	0.788	0.772	0.772
Clemmons	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Combined Direct Rate	0.724	0.724	0.724	0.746	0.746	0.716	0.716	0.758	0.742	0.742
Forest Hill	0.075	0.065	0.065	0.065	0.050	0.050	0.050	0.050	0.050	0.050
Combined Direct Rate	0.749	0.739	0.739	0.761	0.746	0.716	0.716	0.758	0.742	0.742
Griffith	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.055
Combined Direct Rate	0.729	0.729	0.729	0.751	0.751	0.721	0.721	0.763	0.747	0.747
Gumtree	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.070
Combined Direct Rate	0.759	0.759	0.759	0.781	0.781	0.751	0.751	0.793	0.777	0.762

(continued)

DIRECT AND OVERLAPPING PROPERTY TAX RATES

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

Tax Rates per \$100 Valuation, Year Ended June 30,

(continued)	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Fire Tax Districts: ⁽³⁾										
Horneytown	\$ 0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Combined Direct Rate	0.774	0.774	0.774	0.796	0.796	0.766	0.766	0.808	0.792	0.792
King	0.065	0.055	0.055	0.055	0.055	\$ 0.055	\$ 0.055	\$ 0.055	\$ 0.045	\$ 0.045
Combined Direct Rate	0.739	0.729	0.729	0.751	0.751	0.721	0.721	0.763	0.737	0.737
Lewisville	0.060	0.060	0.060	0.060	0.060	0.060	0.050	0.050	0.050	0.050
Combined Direct Rate	0.734	0.734	0.734	0.756	0.756	0.726	0.716	0.758	0.742	0.742
Mineral Springs	0.075	0.065	0.065	0.065	0.050	0.050	0.040	0.040	0.040	0.040
Combined Direct Rate	0.749	0.739	0.739	0.761	0.746	0.716	0.706	0.748	0.732	0.732
Mineral Springs Service	0.075	0.065	0.065	0.065	0.050	0.050	0.040	0.040	-	-
Combined Direct Rate	0.749	0.739	0.739	0.761	0.746	0.716	0.706	0.748	-	-
Mount Tabor	0.075	0.075	0.075	0.075	0.075	0.075	0.065	0.065	0.065	0.065
Combined Direct Rate	0.749	0.749	0.749	0.771	0.771	0.741	0.731	0.773	0.757	0.757
Old Richmond	0.085	0.080	0.070	0.070	0.060	0.060	0.060	0.060	0.060	0.060
Combined Direct Rate	0.759	0.754	0.744	0.766	0.756	0.726	0.726	0.768	0.752	0.752
Piney Grove	0.107	0.090	0.090	0.090	0.090	0.080	0.080	0.080	0.075	0.070
Combined Direct Rate	0.781	0.764	0.764	0.786	0.786	0.746	0.746	0.788	0.767	0.762
Salem Chapel	0.090	0.090	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060
Combined Direct Rate	0.764	0.764	0.734	0.756	0.756	0.726	0.726	0.768	0.752	0.752
South Fork	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Combined Direct Rate	0.724	0.724	0.724	0.746	0.746	0.716	0.716	0.758	0.742	0.742
Suburban (Rural Hall)	0.075	0.065	0.065	0.065	0.055	0.055	0.055	0.055	0.035	0.035
Combined Direct Rate	0.749	0.739	0.739	0.761	0.751	0.721	0.721	0.763	0.727	0.727
Talley's Crossing	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.065	0.065
Combined Direct Rate	0.754	0.754	0.754	0.776	0.776	0.746	0.746	0.788	0.757	0.757
Triangle	0.080	0.080	0.080	0.080	0.070	0.070	0.050	0.035	0.035	0.035
Combined Direct Rate	0.754	0.754	0.754	0.776	0.766	0.736	0.716	0.743	0.727	0.727
Union Cross	0.100	0.080	0.080	0.080	0.070	0.070	0.070	0.070	0.070	0.070
Combined Direct Rate	0.774	0.754	0.754	0.776	0.766	0.736	0.736	0.778	0.762	0.762
Vienna	0.075	0.075	0.075	0.075	0.075	0.075	0.065	0.065	0.065	0.065
Combined Direct Rate	0.749	0.749	0.749	0.771	0.771	0.741	0.731	0.773	0.757	0.757
Walkertown (Northeast)	0.080	0.080	0.080	0.080	0.070	0.070	0.060	0.060	0.060	0.060
Combined Direct Rate	0.754	0.754	0.754	0.776	0.766	0.736	0.726	0.768	0.752	0.752
West Bend	0.060	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Combined Direct Rate	0.734	0.724	0.724	0.746	0.746	0.716	0.716	0.758	0.742	0.742

- Notes:
- (1) Forsyth County has a unified tax rate and therefore has no components to display.
 - (2) Municipalities set their own direct rate. This rate, combined with the County Rate and any applicable Fire Tax District Rate, is the total Overlapping Tax Rate.
 - (3) The Forsyth County Board of Commissioners sets each Fire Tax District Rate.

PRINCIPAL PROPERTY TAX PAYERS

FORSYTH COUNTY, NORTH CAROLINA

Current Year and Ten Years Ago

Schedule 7

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<u>Taxpayer</u>	<u>Type of Business</u>	<u>2012 Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>	<u>2003 Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
R. J. Reynolds Industries, Inc.	Tobacco, Foods, Petroleum and Transportation	\$ 896,447,570	1	2.65%	\$ 954,102,791	1	3.89%
Wells Fargo Bank NA	Banking	292,816,580	2	0.87%	366,819,374	2	1.50%
Duke Energy Corporation	Electric Utility	288,365,180	3	0.85%	230,144,981	3	0.94%
Lowes Home Center	Retail	251,484,010	4	0.74%	-	-	-
JG Winston-Salem	Real Estate Management	203,206,800	5	0.60%	-	-	-
Time Warner Entertainment	Television Utilities	189,945,680	6	0.56%	-	-	-
Wake Forest University	Education / Health Care	149,143,550	7	0.44%	64,863,437	10	0.26%
Hanesbrands Inc.	Textiles	147,579,350	8	0.44%	-	-	-
Wal-Mart Real Estate Bus Trust	Retail	124,471,330	9	0.37%	-	-	-
Highwoods/Forsyth Partners	Real Estate Management	114,981,900	10	0.34%	169,875,188	5	0.69%
Winston-Salem Joint Ventures	Real Estate Management	-	-	-	153,000,000	6	0.62%
Sara Lee Corporation	Food and Textiles	-	-	-	212,343,970	4	0.87%
BellSouth Corporation	Communications Utility	-	-	-	147,820,065	7	0.60%
Piedmont Natural Gas	Utility	-	-	-	83,637,796	8	0.34%
Hubbard/Mareli realty	Real Estate Management	-	-	-	66,143,545	9	0.27%
		<u>\$ 2,658,441,950</u>		<u>7.86%</u>	<u>\$ 2,448,751,147</u>		<u>9.98%</u>

Note: Hanesbrands Inc includes property previously reported under Sara Lee Corporation.

JG Winston-Salem includes property previously reported under Winston-Salem Joint Ventures.

Wells Fargo Bank NA includes property previously reported under Wachovia Bank NA

PROPERTY TAX LEVIES AND COLLECTIONS

Schedule 8

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

Fiscal Year Ended <u>June 30</u>	Total Tax Levy for <u>Fiscal Year</u>	Collected within the		Collections in Subsequent <u>Years</u>	<u>Total Collections to Date</u>	
		<u>Fiscal Year of the Levy</u>	Percentage		<u>Amount</u>	Percentage <u>of Levy</u>
		<u>Amount</u>	<u>of Levy</u>		<u>Amount</u>	<u>of Levy</u>
2003	\$ 169,219,186	165,481,873	97.79%	3,087,302	168,569,175	99.62%
2004	172,272,301	169,019,917	98.11%	2,670,263	171,690,180	99.66%
2005	179,925,473	176,332,367	98.00%	2,855,834	179,188,201	99.59%
2006	189,902,610	186,602,383	98.26%	2,696,066	189,298,449	99.68%
2007	197,416,909	193,927,020	98.23%	2,775,659	196,702,679	99.64%
2008	213,402,003	209,512,061	98.18%	3,066,664	212,578,725	99.61%
2009	219,385,625	213,993,232	97.54%	3,927,306	217,920,538	99.33%
2010	229,188,797	224,184,021	97.82%	3,953,091	228,137,112	99.54%
2011	229,126,449	224,104,050	97.81%	3,469,391	227,573,441	99.32%
2012	228,728,259	223,947,380	97.91%	-	223,947,380	97.91%

RATIOS OF OUTSTANDING DEBT BY TYPE

Schedule 9

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Bonded Debt as a	Total Bonded Debt Per Capita ^b
		Percentage of Actual Taxable Value of Property ^a	
2003	206,615,000	0.84%	658.42
2004	279,050,000	1.12%	882.17
2005	261,620,000	1.03%	819.56
2006	276,360,000	0.97%	851.98
2007	332,090,000	1.12%	1,003.49
2008	313,620,000	1.02%	930.18
2009	420,955,000	1.34%	1,227.36
2010	396,345,000	1.17%	1,141.11
2011	530,850,000	1.57%	1,510.77
2012	499,600,000	1.47%	1,407.81

Governmental Activities

Fiscal Year	General Obligation Bonds	Certificates of Participation	Limited Obligation Bonds	Installment Purchase Obligations	Total Primary Government	Percentage	Total
						of Personal Income ^b	Debt Per Capita ^b
2003	206,615,000	84,850,000	-	400,000	291,865,000	2.88%	930.09
2004	279,050,000	80,935,000	-	663,810	360,648,810	3.45%	1,140.13
2005	261,620,000	76,855,000	-	563,810	339,038,810	3.02%	1,062.09
2006	276,360,000	85,525,000	-	293,390	362,178,390	3.09%	1,116.55
2007	332,090,000	80,620,000	-	2,135,393	414,845,393	3.34%	1,253.56
2008	313,620,000	75,595,000	-	1,705,877	390,920,877	3.01%	1,159.46
2009	420,955,000	70,435,000	-	2,185,884	493,575,884	3.67%	1,439.10
2010	396,345,000	65,120,000	15,000,000	1,582,207	478,047,207	3.79%	1,376.34
2011	530,850,000	59,660,000	14,250,000	812,088	605,572,088	4.65%	1,723.42
2012	499,600,000	54,040,000	29,790,000	2,835,543	586,265,543	n/a	1,652.02

Notes: 1. Details regarding the County's outstanding debt can be found in the notes to the financial statements.

^a See Schedule 5 for property value data.

^b See Schedule 12 for population and personal income data.

**DIRECT AND OVERLAPPING GOVERNMENTAL
ACTIVITIES DEBT**

Schedule 10

FORSYTH COUNTY, NORTH CAROLINA

As of June 30, 2012

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to Forsyth County^a</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
City of Winston-Salem	\$ 209,549,599	100.0%	\$ 209,549,599
Town of Kernersville	12,051,085	100.0%	12,051,085
Other debt			
City of Winston-Salem	556,377,826	100.0%	556,377,826
Town of Kernersville	36,458	100.0%	<u>36,458</u>
Subtotal, overlapping debt			778,014,968
County direct debt			<u>586,265,543</u>
Total direct and overlapping debt			<u><u>\$ 1,364,280,511</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Forsyth County Tax Office. Debt outstanding data provided by each governmental unit.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County.

This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Forsyth County. This process recognizes that, when considering the County's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident - and therefore responsible for repaying the debt - of each overlapping government.

^a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value which is within the County's boundaries and dividing it by each unit's total taxable assessed value. This approach was also used for the City of Winston-Salem's Other Debt.

LEGAL DEBT MARGIN INFORMATION

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

(dollars in thousands)

Schedule 11

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed Value of Taxable Property	\$ 33,908,863
Debt Limit - Eight percent (8%) of assessed value	2,712,709
Debt applicable to limit:	
General obligation bonds	499,600
Certificates of participation	54,040
Limited obligation bonds	29,790
Installment purchase obligations	2,836
Total debt applicable to legal debt limit	586,266
Legal debt margin	\$ 2,126,443

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	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$ 1,960,144	1,990,638	2,033,292	2,276,966	2,367,215	2,451,563	2,510,716	2,708,509	2,707,095	2,712,709
Total net debt applicable to limit	291,865	360,649	339,039	362,178	414,845	390,921	493,576	463,047	605,572	586,266
Legal debt margin	\$ 1,668,279	1,629,989	1,694,254	1,914,788	1,952,370	2,060,642	2,017,140	2,245,462	2,101,523	2,126,443
Total net debt applicable to the limit as a percentage of debt limit	14.9%	18.1%	16.7%	15.9%	17.5%	15.9%	19.7%	17.1%	22.4%	21.6%

Note: Under state law, the County's outstanding general obligation debt should not exceed eight percent (8%) of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

DEMOGRAPHIC AND ECONOMIC STATISTICS

Schedule 12

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Calendar Years

Calendar Year ^b	Population ¹	Personal Income (000's) ²	Per Capita Personal Income ²	Median Age ^{1,3}	Dropout Rates for Grades 9-12 ⁴	Public School Enrollment ⁴	Private School Enrollment ^{5, a}	Unemployment Rate ⁶
2002	313,803	10,122,513	31,372	36.6	5.8%	46,502	5,755	5.7%
2003	316,323	10,468,446	31,915	36.8	5.3%	47,478	5,885	5.6%
2004	319,220	11,236,419	34,052	37.0	5.2%	47,801	5,467	5.0%
2005	324,372	11,707,040	35,313	37.2	5.0%	49,279	5,454	4.7%
2006	330,935	12,435,483	37,444	37.4	5.7%	50,305	5,455	4.3%
2007	337,159	13,003,878	38,401	37.6	6.4%	50,974	5,441	4.4%
2008	342,975	13,443,142	39,041	37.8	5.5%	51,422	5,480	5.7%
2009	347,333	12,625,034	36,223	36.7	4.8%	51,488	5,197	9.6%
2010	351,378	13,022,068	37,059	37.2	4.1%	52,050	5,056	10.1%
2011	354,878	n/a	n/a	37.4	3.8%	52,277	4,834	10.0%

- Sources:
- ¹ Office of State Budget and Management
 - ² U.S. Department of Commerce: Bureau of Economic Analysis
 - ³ U.S. Census Bureau
 - ⁴ North Carolina Department of Public Instruction
 - ⁵ State of North Carolina Division of Non-Public Education
 - ⁶ The Employment Security Commission of North Carolina

Notes:

- ^a Private School Enrollment does not include special schools or home schools.
- ^b Calendar Year 2011 is the most recent data available.

PRINCIPAL EMPLOYERS

Schedule 13

FORSYTH COUNTY, NORTH CAROLINA

Current Year and Ten Years Ago

<u>Employer</u>	<u>2012¹</u>			<u>2003²</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Wake Forest University Baptist Medical Center	12,837	1	7.9%	11,121	1	7.1%
Novant Health and Affiliates	8,145	2	5.0%	7,000	3	4.5%
Winston-Salem/Forsyth County School System	6,692	3	4.1%	7,020	2	4.5%
Reynolds American ^b	3,000	4	1.8%	5,930	5	3.8%
HanesBrands, Inc. ^a	2,800	5	1.7%	6,000	4	3.8%
Wells Fargo Bank ^c	2,800	6	1.7%	3,400	6	2.2%
City of Winston-Salem	2,660	7	1.6%	2,600	7	1.7%
BB&T Corporation	2,200	8	1.3%	N/A		-
Forsyth County	2,029	9	1.2%	1,859	9	1.2%
Wake Forest University	1,680	10	1.0%	1,581	10	1.0%
US Airways	N/A		-	1,885	8	1.2%
Total	44,843		27.5%	48,396		30.9%

¹ estimates as of November 2011

² estimates as of June 2003

^a formerly Sara Lee Personal Products

^b formerly R.J. Reynolds Tobacco Company

^c formerly Wachovia Corporation

Sources: Number of employees provided by the Winston-Salem Chamber of Commerce, as reported by individual companies and institutions. County civilian labor force information used to calculate percentage of total employment provided by the North Carolina Employment Security Commission.

**FULL-TIME-EQUIVALENT COUNTY GOVERNMENT
EMPLOYEES BY FUNCTION/PROGRAM**

Schedule 14

FORSYTH COUNTY, NORTH CAROLINA
Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government	363	372	365	376	366	370	368	361	354	346
Public safety	658	685	703	782	765	786	792	803	800	774
Human services	583	594	585	636	626	633	660	654	667	660
Environmental protection	27	27	25	25	24	23	22	22	22	22
Community and economic development	4	4	5	5	5	5	5	5	5	6
Education	18	17	15	17	18	19	16	14	9	4
Culture and recreation	224	219	211	227	225	219	216	200	204	203
Total	1,877	1,918	1,909	2,068	2,029	2,055	2,079	2,059	2,061	2,015

Source: Forsyth County Finance Department

Notes: The County has full-time employees scheduled to work 40-hour (2,080 hours per year), 42-hour (2,184 hour per year), 42.75-hour (2,223 hours per year) or 56-hour (2,912 hours per year) work weeks. Full-time-equivalent employment is calculated by dividing total labor hours employed by the standard scheduled hours.

OPERATING INDICATORS BY FUNCTION

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

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Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government										
General services										
Number of facilities ¹	65	65	66	67	68	68	70	70	72	49
Square footage - active	2,510,000	2,510,000	2,877,698	2,898,258	2,917,181	2,881,478	2,917,478	2,917,478	1,864,494	1,853,678
Assigned fleet vehicles	588	570	574	584	589	597	597	597	631	622
Register of deeds										
Deeds recorded	13,884	14,873	16,414	17,594	17,737	16,572	13,932	10,346	10,150	9,215
Real estate copies	378,884	446,530	233,882	40,984	39,427	30,056	29,105	26,445	23,427	21,648
Birth certificates	5,008	5,722	7,959	8,247	8,538	8,216	9,325	8,526	7,825	7,314
Marriage certificates	2,222	2,142	2,027	2,193	2,233	2,113	2,097	2,039	1,937	2,001
Vital records copies	54,921	47,927	52,527	55,787	55,967	60,673	59,036	56,729	54,685	58,043
Tax administration										
Audits	327	328	334	335	343	351	350	n/a	n/a	n/a
Current year levy collection percentage	97.99%	97.79%	98.11%	98.00%	98.26%	98.93%	98.96%	98.27%	98.43%	97.81%
Public safety										
Animal control										
Animals sheltered	7,497	7,773	7,862	7,403	8,471	8,086	8,079	8,833	8,397	8,395
Animals adopted	430	542	1,024	1,024	1,386	1,326	1,349	1,474	1,311	1,175
Emergency management										
Responders receiving specialized training	175	475	475	620	612	101	448	477	480	866
Emergency medical services										
Emergency dispatches	18,971	20,146	22,052	23,096	23,724	23,533	25,809	25,238	27,057	27,854
Non-emergency dispatches	9,608	8,062	8,894	9,378	8,254	12,480	10,258	8,561	7,151	6,668
Fire										
Fire alarms (total dispatches)	4,294	3,975	3,751	3,953	4,140	4,330	4,164	3,787	3,897	3,907
Volunteer rescue squad response	18,688	20,227	20,194	21,331	22,445	23,719	24,238	24,307	25,670	27,007
911 calls received	79,458	78,250	75,205	77,414	N/A	N/A	N/A	83,669	85,614	88,635
Telephone calls processed	N/A	N/A	N/A	N/A	179,324	172,928	205,592	178,366	176,043	177,527
Sheriff										
Patrol service calls	34,000	51,067	56,427	27,390	38,011	27,837	41,720	44,219	48,284	45,791
Detention - avg. daily inmate population	788	815	850	847	869	897	881	869	824	675
Detention - avg. length of stay (in days)	24	24	25	23	26	26	26	25	24	20
Court - inmates / defendants processed	12,638	1,790	10,196	11,721	21,646	14,135	22,144	21,644	20,243	9,589
Youth services										
Youth receiving drug assessments	85	116	82	82	107	74	81	79	115	175
Youth receiving individual counseling	154	52	113	113	101	133	140	175	205	250
Avg daily population: in-county / out-of-county	14.25/.16	11.71/.08	7.33/.12	7.33/.12	13/.26	12.7/0.4	12.7/0.4	12/1	9/2	6/4

OPERATING INDICATORS BY FUNCTION

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

Schedule 15

Page 2 of 2

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Human services										
Public health										
Wait time on improvement permits	3.5 weeks	6 weeks	6 weeks	3 weeks	3 weeks	20 days	3 weeks	1.5 weeks	1.75 weeks	1.75 weeks
Children Immunized by 23 months of age	60%	64%	71%	91%	91%	83%	82%	82%	90%	90%
Social services										
Average number of public assistance cases	2,300	2,214	1,950	1,950	1,562	1,250	1,214	1,202	1,195	n/a
Children in foster care returned to homes	30%	32%	36%	36%	47%	30%	57%	62%	65%	n/a
Medicaid/Health Choice applications completed within 45 days	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	91%
Food/nutrition applications processed within 7 days	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	99%
Environmental protection										
Environmental affairs										
Permits processed within prescribed timeframe	100%	100%	100%	100%	99%	99%	99%	100%	99%	97%
Correct air quality forecasting	78%	78%	78%	75%	80%	80%	90%	89%	80%	80%
Economic development										
Housing										
Homes rehabilitated	18	18	22	20	19	12	21	21	18	38
First time home buyers & IDA	17	31	64	126	96	76	48	44	64	37
Culture and recreation										
NC cooperative extension service										
Educational meetings conducted	1,872	1,872	2,057	1,743	1,460	2,645	1,778	2,539	7,950	9,103
Total client education/services	73,676	72,665	69,898	63,381	57,172	51,281	53,475	62,827	113,286	139,938
Library										
Number of libraries	10	10	10	10	10	10	10	10	10	10
Program Attendance	146,911	152,973	142,827	143,553	78,815	89,743	90,867	107,468	95,791	101,284
Materials Circulated	1,819,344	1,938,191	1,811,398	1,717,875	1,734,473	1,806,564	1,913,042	2,044,856	1,956,849	1,933,496
Recreation and parks										
Number of parks	11	11	11	11	11	11	11	11	11	11
Park visitors	2,674,331	2,504,392	2,823,704	2,742,368	2,267,209	2,317,301	2,826,255	3,188,518	2,914,185	2,889,969
Golf rounds played	70,584	53,380	72,461	66,000	66,190	67,400	70,720	65,449	59,193	49,642
Festival of lights - visitors	288,414	237,000	257,784	281,082	244,750	274,530	282,700	250,458	223,236	217,362
Education										
Winston-Salem/Forsyth County Schools										
Number of schools	67	67	68	70	70	72	75	76	80	80
Number of classrooms	2,202	2,231	2,301	2,364	2,364	2,416	2,653	n/a	n/a	n/a
Number of teachers	2,812	46,502	2,914	2,968	2,968	3,020	3,293	3,585	3,938	3,768
Forsyth Technical Community College										
Enrollment	6,246	7,215	6,977	7,001	7,200	7,203	7,895	9,144	9,922	10,616

Source: Forsyth County Budget Office. Fiscal Year 2011 is the most recent data available.

CAPITAL ASSET STATISTICS BY FUNCTION

Schedule 16

FORSYTH COUNTY, NORTH CAROLINA

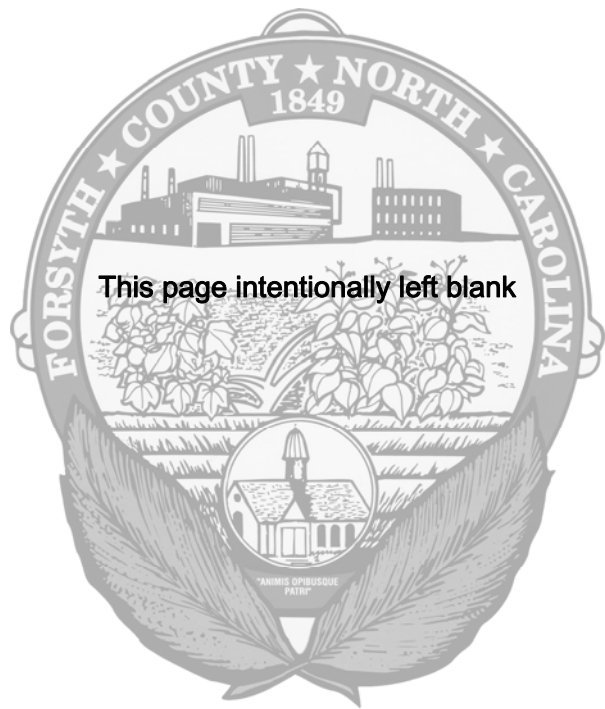
Last Ten Fiscal Years

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012 ¹
General government										
General services										
Number of facilities ¹	65	66	67	68	68	70	70	72	72	53
Square footage - active ²	2,510,000	2,877,698	2,898,258	2,917,181	2,881,478	2,917,478	2,917,478	1,864,494	1,853,678	1,827,073
Fleet vehicles ³	570	574	584	589	595	613	590	620	615	585
Public safety³										
Emergency medical services										
Assigned vehicles	30	33	31	30	29	29	30	31	31	34
Fire										
Assigned vehicles	10	10	14	12	13	13	13	13	13	17
Sheriff										
Assigned vehicles	256	247	249	235	233	255	242	244	260	237

Notes: ¹ Starting in FY2012, General Services changed their method of counting facilities resulting in a consolidated number.

² Square footage is estimated based on general services building records.

³ Public safety vehicles listed are included in the general services fleet vehicles. Source: fleet vehicle records



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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Board of County Commissioners
Forsyth County, North Carolina

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Forsyth County, North Carolina (the "County") as of and for the year ended June 30, 2012, which collectively comprises the County's basic financial statements and have issued our report thereon dated October 29, 2012. 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.

Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

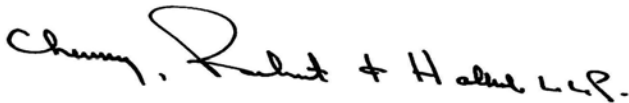
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the County, management, others within the organization, members of the Board, federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Handwritten signature in black ink that reads "Cherry, Robert + H. Allen L.L.P.".

Raleigh, North Carolina
October 29, 2012



**Independent Auditors' Report on Compliance With Requirements
Applicable to Each Major Federal Program and on Internal Control
Over Compliance in Accordance With OMB Circular A-133
and the State Single Audit Implementation Act**

To the Board of County Commissioners
Forsyth County, North Carolina

Compliance

We have audited Forsyth County, North Carolina (the "County"), compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2012. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133, and the State Single Audit Implementation Act and which are described in the accompanying schedule of findings and questioned costs as item 12-01.

Internal Control Over Compliance

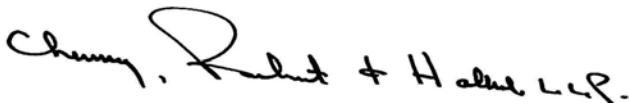
Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of control deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the County, management, others within the organization, members of the Board, federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Raleigh, North Carolina
October 29, 2012



**Independent Auditors' Report on Compliance With Requirements
Applicable to Each Major State Program and on Internal Control
Over Compliance in Accordance With Applicable Sections of OMB Circular A-133
and the State Single Audit Implementation Act**

To the Board of County Commissioners
Forsyth County, North Carolina

Compliance

We have audited the compliance of Forsyth County, North Carolina (the "County") with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of its major State programs for the year ended June 30, 2012. The County's major State programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major State programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act and which are described in the accompanying schedule of findings and questioned costs as items 12-02, 12-03, 12-04, 12-05 and 12-06.

Internal Control Over Compliance

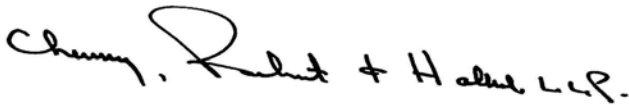
Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to State programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a State program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of control deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and accordingly we express no opinion on the responses.

This report is intended solely for the information and use of the County, management, others within the organization, members of the Board, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Raleigh, North Carolina
October 29, 2012

**Forsyth County, North Carolina
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2012**

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes X no

- Significant Deficiency(ies) identified
that are not considered to be
material weaknesses? ___ yes X none reported

Noncompliance material to financial
statements noted? ___ yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ___ yes X no

- Significant Deficiency(ies) identified
that are not considered to be
material weaknesses? ___ yes X no

Noncompliance material to federal awards noted? ___ yes X no

Type of auditors' report issued on compliance for major federal programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section 510(a) of
Circular A-133 X yes ___ no

**Forsyth County, North Carolina
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2012**

Identification of major federal programs:

<u>CFDA#</u>	<u>Program Name</u>
93.778	Medical Assistance Program
93.645	Child Welfare Services – State Grants
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children – WIC
16.588	Stop Violence Against Women Formula Grants <ul style="list-style-type: none">- Forsyth Unified Domestic Violence Center- ARRA Enhanced Victim's Services Grant- Safe on Seven Domestic Violence Grant

**Forsyth County, North Carolina
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2012**

Federal programs that did not meet the criteria for a major program using the criteria discussed in OMB Circular No. A-133 Section .520 but were tested as a major program because the State awards met the threshold for a major State program or were required to be tested as major by the State are included in the list of major federal programs.

Dollar threshold used to distinguish
between Type A and Type B Programs \$ 3,000,000

Auditee qualified as low-risk auditee X yes no

State Awards

Internal control over major State programs:

- Material weakness(es) identified? yes X no
- Significant Deficiency(ies) identified that are not considered to be material weaknesses? yes X none reported

Type of auditors' report issued on compliance of major State programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act X yes no

Identification of major State programs:

Program Name

Rural Operating Assistance Program:
Work First Transitional/Employment Transportation Assistance
Elderly and Disabled Transportation Assistance

State/County Special Assistance

Pregnancy Care Management

Juvenile Crime Prevention Programs

Public School Building Capital Fund

Other major State programs for Forsyth County are Medical Assistance and Child Welfare Services which are State matches on Federal programs. Therefore, these programs have been included in the list of major federal programs above.

**Forsyth County, North Carolina
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2011**

Section II. Financial Statement Findings

None reported.

**Forsyth County, North Carolina
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2012**

Section III. Federal Award Findings and Questioned Costs

**U.S. Department of Health and Human Services
Passed-through the N.C. Department of Health and Human Services
Division of Social Services
Program Name: Medical Assistance Program
CFDA #: 93.778**

Finding 12-01

NON-MATERIAL NONCOMPLIANCE – Eligibility

Criteria: Per the Eligibility Review Document which is to be used as a supplement to the current audit requirements, the clients' income verification/budget should be computed correctly.

Condition: One instance in which the budget was calculated incorrectly in the file.

Questioned costs: None. The missing documentation did not affect the eligibility of the recipient. Alternative documentation was reviewed to substantiate eligibility.

Context: We examined 40 case files and reviewed to ensure that income was properly verified and that the budget was computed correctly.

Effect: By not calculating the budget correctly and properly verifying income, eligibility cannot be readily substantiated and there is a risk that the County could provide benefits to individuals who are not eligible.

Cause: Case workers failed to update recipient's budget information appropriately.

Recommendation: Although these issues will occur from time to time considering the volume of case files that the County processes and maintains, it is recommended that policies be put in place or reinforced to ensure that participant eligibility and documentation is maintained appropriately.

Views of responsible officials: Forsyth County DSS has policies and procedures in place to ensure that income is verified and budgets are appropriately calculated.

**Forsyth County, North Carolina
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2012**

Section IV. State Award Findings and Questioned Costs

**U.S. Department of Health and Human Services
Passed-through the N.C. Dept. of Health and Human Services
Division of Social Services
Program Name: Child Welfare Services – State Grants: Direct Benefit Payments
CFDA #: 93.645**

Finding 12-02

NON-MATERIAL NONCOMPLIANCE - Eligibility

Criteria: Individuals receiving assistance must meet the eligibility requirements identified in the Family Services Manual, Chapter XIII Child Welfare Funding Manual. Children must first be determined to be ineligible for State Adoption Fund Benefits.

Condition: One instance where the recipient was paid out of the incorrect funding source.

Questioned costs: None. The questioned costs were determined to be below the amount that must be reported.

Context: We examined nine case files which represented 10% of the total case files, and determined that one recipient was receiving IV-B benefits but should be receiving State Adoption Fund Benefits instead. As a result of this error noted, an additional nine cases were examined and they were all found to be paid from the correct funding source.

Effect: The County paid one recipient's benefits out of the incorrect funding source.

Cause: Case workers failed to update recipient's information in the system appropriately.

Recommendation: We recommend that procedures are in place to verify that all required case documentation is obtained, recorded, and updated appropriately.

Views of responsible officials: The error was Forsyth County error and was based on inexperience of the worker at the time and was a one-level decision. Currently, to review for errors, the assigned social worker establishes an AA file and the cases are reviewed by the adoption supervisor.

**Forsyth County, North Carolina
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2012**

**Department of Social Services
Program Name: Crosscutting**

Finding 12-03

NON-MATERIAL NONCOMPLIANCE – Allowable Costs

Criteria: Day sheet entries should be supported by documentation in the case record files, and day sheet summaries should be transferred to the DSS 1571 accurately to the correct eligible fund source.

Condition: Two instances in which the case record files did not have supporting documentation.

Questioned costs: None. The missing documentation did not affect DSS reimbursement

Context: We examined 40 case files and reviewed for proper day sheet documentation in the case record. We noted two missing such documentation.

Effect: Day sheets are completed by employees when accounting for Program time. They are used to determine proper reimbursement for the program. This is required by the State and failure to have proper day sheets may lead to error or inefficiencies in requesting reimbursement for the Program.

Cause: Documentation was not kept in the file

Recommendation: The County should ensure all time is appropriately accounted for and documented in the case file.

Views of responsible officials: Forsyth County DSS has policies that require workers to document the time spent on an activity and document the case record accordingly.

**Forsyth County, North Carolina
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2012**

N.C Department of Social Services

Program Name: State/County Special Assistance

Finding 12-04

NON-MATERIAL NONCOMPLIANCE – Eligibility

Criteria: A client case file is required to properly document eligibility with program requirements.

Condition: One instance in which the client case file was unable to be located.

Questioned costs: None. The missing documentation did not affect the eligibility of the recipient. Alternative documentation was reviewed to substantiate eligibility.

Context: We examined 60 case files for compliance with eligibility requirements and noted one missing case file.

Effect: By not having the required documentation on file, eligibility cannot be readily substantiated and there is a risk that the County could provide funding to individuals who are not eligible.

Cause: Documentation was misplaced.

Recommendation: Although these issues will occur from time to time considering the volume of case files that the County processes and maintains, it is recommended that policies be put in place or reinforced to ensure that participant eligibility and documentation is maintained appropriately. The County should maintain filing policies in an attempt to prevent these issues in the future.

Views of responsible officials: Forsyth County DSS has policies in place and workers will be reminded of policies regarding storage and identification of case files.

**Forsyth County, North Carolina
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2012**

N.C Department of Social Services

Program Name: State/County Special Assistance

Finding 12-05

NON-MATERIAL NONCOMPLIANCE – Eligibility

Criteria: As noted in the compliance supplement, Physical documentation is required to properly document eligibility with program requirements.

Condition: Ten instances in which the County was unable to provide documentation that the recipient was residing in a licensed, SA approved facility.

Questioned costs: None. The missing documentation did not affect the eligibility of the recipient. Alternative discussions substantiated that the facilities were licensed or payment would not be made by the State.

Context: We examined 60 case files for compliance with eligibility requirements and noted ten with missing documentation.

Effect: By not having the required documentation on file, there is a risk that the County could provide funding to facilities which are not licensed.

Cause: Documentation was not kept in the file.

Recommendation: Although these issues will occur from time to time considering the volume of case files that the County processes and maintains, it is recommended that policies be put in place or reinforced to ensure that participant eligibility and documentation is maintained appropriately.

Views of responsible officials: Forsyth County DSS does not agree that this is an audit finding. According to the North Carolina Special Assistance manual, section 3120 VI. Caseworkers are to complete a facility inquiry in EIS when approving or reviewing SA cases. As a best practice FCDSS Adult Medicaid, request that workers print the FI screen to prove facilities the appropriate licensure during the year of the application/redetermination. The ten cases audited lacked this proof. If caseworkers did not print the inquiry screen, they were to follow the best practice set by management, which is to document the date of the inquiry and the results. In the State EIS system, the facility inquiry screen (to view licensure of facilities) does not keep historical data. Every calendar year (ends on 12/31), once a facility renews their license, the previous year's information is overlaid with current licensure information. Currently, there is not a way to pull historical licensure information for facilities. This is the reason for the Best Practice that will be enforced.

**Forsyth County, North Carolina
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2012**

N.C Department of Transportation

Program Name: Rural Operating Assistance Program (ROAP)

DOT-16CL

Finding 12-06

NON-MATERIAL NONCOMPLIANCE – Sub-recipient Monitoring

Criteria: Based on NCDOT FY 2012 Rural Operating Assistance Program Application ROAP services must be routinely monitored by County officials to determine whether they are meeting program objectives. The program should be routinely evaluated to verify that funds are being spent on allowable expenditures and the eligibility of service recipients is being properly documented.

Condition: We noted that the County does not monitor sub recipients of the ROAP grant.

Questioned costs: None.

Context: We reviewed the monitoring procedures performed by the County and determined that the County had not sufficiently performed the required monitoring as defined by the NCDOT.

Effect: If funds were being spent on individuals that were not eligible, the County would not be aware of it.

Cause: Sub-recipients were not monitored.

Recommendation: The County monitor all sub-recipients to determine that all expenditures are appropriate and all recipients are eligible.

Views of responsible officials: A plan will be developed to monitor sub-recipients

**Forsyth County, North Carolina
Corrective Action Plan
For The Fiscal Year Ended June 30, 2012**

Section II. Financial Statement Findings

None reported.

Section III. Federal Award Findings and Questioned Costs

Finding 12-01

Name of contact person: Shantele Williams, Program Manager

Corrective Action: Caseworkers will be reminded of the importance of correctly calculating budgets for Medicaid eligibility.

Proposed Completion Date: 10-15-2012

Section IV. State Award Findings and Questioned Costs

Finding 12-02

Name of contact person: Evelyn Hardy, Adoption Supervisor

Corrective Action: A memo was sent within the week of error discovery to NC Division of Social Services to request correction of the funding source from IV-B to the State Adoptive Fund and to request any county reimbursement that might be possible. The funding code on the DSS 5095 was corrected immediately upon error discovery.

Proposed Completion Date: The correction was completed within 2 week after discovery and prior to any additional AA checks being mailed to the adoptive parents.

Finding 12-03

Name of contact person: Pat Read, Business Manager

Corrective Action: All caseworkers, Supervisors and Program Managers will be reminded of the importance of documenting the case record.

Proposed Completion Date: 10-15-2012

Finding 12-04

Name of contact person: Shantele Williams, Program Manager

Corrective Action: Caseworkers will be reminded of the importance of properly identifying records for easy access.

Proposed Completion Date: 10-15-2012

**Forsyth County, North Carolina
Corrective Action Plan
For The Fiscal Year Ended June 30, 2012**

Finding 12-05

Name of contact person: Shantele Williams, Program Manager

Corrective Action: Program manager will meet with supervisors and Special Assistance workers to review audit findings. During this meeting, best practices for verifications of facility licensure will be agreed upon and enforced. Supervisors will continue to complete 20% audits with a greater emphasis on verification of the FI screen.

Proposed Completion Date: 10-15-2012

Finding 12-06

Name of contact person: Pat Read, Business Manager

Corrective Action: A plan will be developed to monitor sub-recipients

Proposed Completion Date: As soon as possible

**Forsyth County, North Carolina
Summary of Prior Year Findings
For The Fiscal Year Ended June 30, 2012**

Findings: 11-01

Status: Corrected

Findings: 11-02

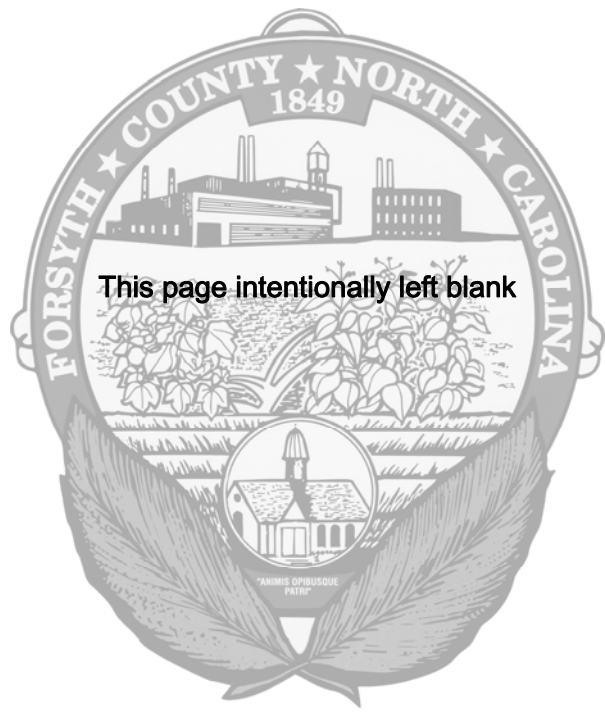
Status: Corrected

Findings: 11-03

Status: Corrected

Findings: 11-04

Status: Corrected



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SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FORSYTH COUNTY

For the Fiscal Year Ended June 30, 2012

Page 1 of 5

Grantor / Pass-through Grantor / Program Title	Federal CFDA Number	Federal/State Pass-Through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures
Federal Awards:				
<u>U.S. Dept. of Health and Human Services</u>				
<u>Administration for Children and Families</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Social Services:				
Temporary Assistance for Needy Families:				
TANF Administration	93.558	-	\$ 238,879	-
TANF Services/Domestic Violence	93.558	-	1,392,250	-
TANF Child Protective Services/Foster Care/Adoption	93.558	-	214,144	63,859
TANF Incentives	-	-	-	4,413
Direct Benefit Payments	93.558	-	2,015,356	(97)
Job Boost Sub Employment Program	93.558	-	84,041	-
Child Support Enforcement Administration	93.563	-	2,543,955	-
Child Support Incentive	93.563	-	289,819	-
Child Support Reimbursement	93.563	-	4,040	-
Child Support Enforcement Fees	93.563	-	24,181	-
Refugee Assistance Direct Benefits Payment	93.566	-	13,543	-
Low Income Home Energy Assistance:				
Low Income Home Energy Assistance Administration	93.568	-	343,596	-
Low Income Home Energy Assistance Crisis Intervention	93.568	-	2,271,701	-
Low Income Home Energy Assistance Payments	93.568	-	592,800	-
Direct Benefit Payments	93.568	-	285	-
(a) Child Welfare Services - State Grants:				
Child Welfare Services Permanency Special/Regular	93.645	-	99,728	16,272
Child Welfare Services Adoption Assistance	-	-	-	35,884
Direct Benefit Payments	-	-	-	769,459
Foster Care Caseworker Visit	93.556	-	11,327	-
Family and Child Services Administration	93.671	-	18,354	-
<u>Foster Care and Adoption Cluster: (Note 3)</u>				
Title IV-E Foster Care Administration	93.658	-	850,754	-
Title IV-E Foster Care	93.658	-	255,453	68,131
ARRA IV-E Foster Care	93.658	-	30	-
Title IV-E Foster Care Child Protective Services	93.658	-	210,984	105,044
Title IV-E Maximization	93.658	-	137,746	-
Maximization of State Funds	-	-	-	141,880
State Foster Care/HIV	93.658	-	9,112	101,501
Adoption Assistance	93.659	-	3,324	1,662
IV-E Optional Adoption	93.659	-	55,901	-
ARRA Adoption	93.659	-	(8)	-
Adoption Assistance - Direct Benefit Payments	93.659	-	1,555,220	416,953
Total Foster Care and Adoption Cluster (Note 3)			<u>3,078,516</u>	<u>835,171</u>
Social Services Block Grant:				
Social Services Block Grant Administration	93.667	-	1,521,722	117,367
Social Services Block Grant In Home Services	93.667	-	272,870	-
Social Services Block Grant Adult Day Care	93.667	-	86,897	45,343
Social Services Block Grant Adult Protective Services	93.667	-	30,453	-
Chafee Foster Care - Independent Living	93.674	-	59,929	14,982
Independent Living - Direct Benefit Payments	93.674	-	88,395	-
<u>Subsidized Child Care (Note 3)</u>				
<u>Child Care and Development Fund Cluster</u>				
Division of Social Services:				
Child Care and Development Fund Administration	93.596	-	498,103	-
Division of Child Development:				
Child Care and Development Fund - Discretionary	93.575	-	5,165,096	-
Child Care and Development Fund - Mandatory	93.596	-	2,284,154	-
Child Care and Development Fund - Match	93.596	-	821,729	-
Total Child Care Fund Cluster			<u>8,769,082</u>	<u>-</u>

The notes to the schedule of expenditures of federal and state awards are an integral part of this schedule.

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FORSYTH COUNTY

For the Fiscal Year Ended June 30, 2012

Page 2 of 5

Grantor / Pass-through Grantor / Program Title	Federal CFDA Number	Federal/State Pass-Through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures
<u>U.S. Dept. of Health and Human Services (continued)</u>				
<u>Child Care and Development Fund Cluster (continued)</u>				
Temporary Assistance for Needy Families	93.558	-	\$ 2,802,246	-
TANF to CCDF Discretionary	93.575	-	1,212,954	-
ARRA TANF Swap	93.714	-	204,657	-
IV-E Foster Care	93.658	-	89,188	-
CCDF Match	-	-	-	21,002
State Appropriations	-	-	-	434,863
TANF-MOE	-	-	-	549,182
Total Subsidized Child Care (Note 3)			<u>13,078,127</u>	<u>1,005,047</u>
<u>Centers for Medicare and Medicaid Services</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Social Services:				
State Children's Insurance Program	93.767	-	47,304	11,108
(a) Medical Assistance Program:				
Medical Assistance Administration	93.778	-	3,830,863	-
Medical Assistance Expansion/De-Linking	93.778	-	52,162	52,162
Medical Interpretation Services	93.778	-	118,335	-
Adult Home Specialist	93.778	-	67,812	31,595
Adult Care Home Case Management	93.778	-	87,122	43,561
Medical Assistance Transportation Administration	93.778	-	326,598	36,285
(a) Division of Medical Assistance:				
Medical Assistance Program:				
Medical Assistance Transportation Vendor Payments	93.778	-	850,559	478,440
Direct Benefit Payments	93.778	-	227,224,372	129,924,297
<u>Administration on Aging</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Aging:				
Passed-through Northwest Piedmont Council of Governments:				
Special Programs for the Aging - Title III, Part B	93.044	-	138,146	-
<u>Centers for Disease Control and Prevention</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Public Health:				
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	-	44,887	-
Latino X	93.117	-	91,131	-
Immunization Outreach	93.268	-	86,103	-
Consolidation Knowledge Development Grant	93.283	-	70,653	-
Cooperative Agreements for State-Based Comprehensive:				
Comp Breast Cancer Screen	93.283	-	51,000	-
BCCP Wisewoman Project	93.283	-	5,890	-
HIV Prevention Activities - Health Department Based	93.940	-	26,583	-
Jail Screening Program	93.940	-	129,949	-
Preventive Health and Health Services Block Grant	93.991	-	5,724	-
Sexually Transmitted Diseases Control Grant	93.977	-	52,543	-
Speech and Hearing	93.778	-	23,533	-
CCNC Pregnancy Prevention	93.778	-	196,061	-
Preparedness and Response Team	93.283	-	54,966	-
<u>Health Resources and Services Administration</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Public Health:				
Healthy Start Initiative	93.926	-	216,038	-
Minority Infant Mortality Rate	93.994	-	44,777	-
Maternal and Child Health Services Block Grant to the States	93.994	-	247,061	-
Women's Preventive Health	93.558	-	42,422	-
Family Planning Title X	93.218	-	142,953	-
Total U.S. Dept. of Health and Human Services			<u>262,650,455</u>	<u>133,485,148</u>

The notes to the schedule of expenditures of federal and state awards are an integral part of this schedule.

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FORSYTH COUNTY

For the Fiscal Year Ended June 30, 2012

Page 3 of 5

Grantor / Pass-through Grantor / Program Title	Federal CFDA Number	Federal/State Pass-Through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures
<u>National Foundation on the Arts and the Humanities</u>				
<u>Office of Library Services</u>				
Passed-through N.C. Department of Cultural Resources:				
Division of State Library:				
State Library Program	45.310	-	\$ 31,733	-
<u>U. S. Dept. of Housing and Urban Development</u>				
<u>Community Planning and Development</u>				
Passed through N. C. Department of Commerce:				
Division of Community Assistance:				
Community Development Block Grants - IDA	14.228	08-C-1851	350	-
Community Development Block Grants - NSP	14.228	08-N-1889	67,261	-
Community Development Block Grants - SS	14.228	09-C-1991	282,905	-
Passed-through N.C. Housing Finance Agency:				
NCHFA URP		-	-	16,315
NCHFA Single Family Rehabilitation	14.239	-	145,046	
Passed through City of Winston-Salem:				
HOME Investment Partnerships Program:				
2009 Winston-Salem/Forsyth County HOME Consortium	14.239	M09-DC-37-0204	118,112	-
2010 Winston-Salem/Forsyth County HOME Consortium	14.239	M10-DC-37-0204	218,360	-
2011 Winston-Salem/Forsyth County HOME Consortium	14.239	M11-DC-37-0204	23,591	-
Total U. S. Dept. of Housing and Urban Development			855,625	16,315
<u>U.S. Dept. of Agriculture</u>				
<u>Food and Nutrition Service</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Social Services:				
<u>Supplemental Nutrition Assistance Program (SNAP) Cluster:</u>				
State Administrative Matching Grants:				
SNAP Administration	10.561	-	1,720,010	-
SNAP Incentives	10.561	-	14,800	-
SNAP Employment and Training	10.561	-	2,473	-
FNS Contingency Admin	10.561	-	4,409	-
Total SNAP Cluster			1,741,692	-
Division of Public Health:				
(a) Special Supplemental Nutrition Program for Women, Infants, & Children:				
Administration	10.557	-	2,037,047	-
Direct Benefits	10.557	-	9,369,445	-
Total U. S. Dept. of Agriculture			13,148,184	-
<u>Environmental Protection Agency</u>				
Direct Programs:				
Surveys, Studies, Investigations and Special Purpose Grants	66.034	-	103,605	-
<u>Office of Air and Radiation</u>				
Air Pollution Control Program Support	66.001	-	565,551	-
Total Environmental Protection Agency			669,156	-
<u>Department of Homeland Security</u>				
Passed-through N.C. Dept. of Crime Control and Public Safety:				
Homeland Preparedness Grant	97.067	2009-SS-T9-0046-1002	356,950	-
<u>U.S. Dept. of Justice</u>				
Direct programs:				
<u>Office of Justice Programs</u>				
Bureau of Justice Assistance				
ARRA 2009 Justice Assistance Grant Program	16.804	2009-SB-B9-0945	83,740	-
2009 Justice Assistance Grant Program	16.738	2009-DJ-BX-0886	114,582	-
2010 Justice Assistance Grant Program	16.738	2010-DJ-BX-0412	37,361	-
2011 Justice Assistance Grant Program	16.738	2011-DJ-BX-2909	75,444	-
Bulletproof Vest Partnership Program	16.607	-	863	-

The notes to the schedule of expenditures of federal and state awards are an integral part of this schedule.

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FORSYTH COUNTY

For the Fiscal Year Ended June 30, 2012

Page 4 of 5

Grantor / Pass-through Grantor / Program Title	Federal CFDA Number	Federal/State Pass-Through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures
<u>U.S. Dept. of Justice (continued)</u>				
<u>Office of Juvenile Justice and Delinquency Prevention</u>				
Gang and Delinquency Prevention Initiative	16.554	2010-JL-FX-0590	\$ 86,688	-
<u>Office of Violence Against Women</u>				
(a) Forsyth Unified Domestic Violence Center	16.588	2010-WE-AX-0066	156,772	-
Passed-through N.C. Dept. of Crime Control and Public Safety: Governor's Crime Commission:				
(a) ARRA Enhanced Victim's Services Grant	16.588	034-1-09-2VA-RW-716	21,538	-
CID Burglary /Robbery Initiative	16.738	034-1-10-001-BH-136	20,425	-
(a) Safe on Seven Domestic Violence Grant	16.588	034-1-07-3VA-AW-833	159,241	-
Total U.S. Dept. of Justice			<u>756,654</u>	<u>-</u>
Total federal awards			<u>278,468,757</u>	<u>133,501,463</u>
State Awards:				
<u>N.C. Dept. of Health and Human Services</u>				
Division of Social Services:				
Adoption/Foster Care		-	-	102,551
Share the Warmth		-	-	11,877
Job Boost Sub Employment Program		-	-	21,010
(a) State/County Special Assistance for Adults - Direct Benefit Payments		-	-	2,698,580
Division of Child Development:				
Passed-through Forsyth Early Childhood Partnership:				
General Health Administration		-	-	244,246
Child Health		-	-	63,365
AIDS		-	-	24,566
Offsite HIV CTS		-	-	127,658
Tuberculosis		-	-	51,386
TB Medical Services		-	-	2,968
Comp Breast Cancer Screen		-	-	38,395
Communicable Disease		-	-	17,760
CSHS Speech and Hearing		-	-	17,652
Minority Infant Mortality Reduction		-	-	33,587
Maternal and Child Health Services		-	-	54,699
Women's Preventive Health		-	-	61,493
Child Svc Coordination		-	-	5,867
High Risk Maternity Unit		-	-	93,102
School Nurse Funding		-	-	91,476
AHEC NC Preceptor Payments		-	-	6,300
CCNC Pregnancy Prevention		-	-	75,642
(a) Pregnancy Care Management		-	-	713,926
Division of Public Health:				
Division of Aging:				
Passed-through Northwest Piedmont Council of Governments:				
Home and Community Care		-	-	190,772
Total N.C. Dept. of Health and Human Services			<u>-</u>	<u>4,748,878</u>
<u>N.C. Dept. of Cultural Resources</u>				
Division of State Library:				
(a) State Aid to Libraries		-	-	254,125
Total N.C. Dept. of Cultural Resources			<u>-</u>	<u>254,125</u>
<u>N.C. Dept. of Environment and Natural Resources</u>				
Triad Air Awareness Ozone Reduction		-	-	53,819
Air Quality Mobile Source Program		-	-	206,209
Food and Lodging Permit Distribution		-	-	23,341
Environmental Health		-	-	4,333
Childhood Lead Poisoning Prevention		-	-	3,896

The notes to the schedule of expenditures of federal and state awards are an integral part of this schedule.

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FORSYTH COUNTY

For the Fiscal Year Ended June 30, 2012

Page 5 of 5

<u>Grantor / Pass-through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal/State Pass-Through Grantor's Number</u>	<u>Fed. (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>
<u>N.C. Dept. of Environment and Natural Resources (continued)</u>				
Mosquito Control		-	\$ -	2,453
NC A&T University Position Reimbursement		-	-	53,122
SWC - Agricultural Cost Share Program		-	-	26,382
SWC - Administration and Technical Assistance		-	-	3,600
Total N.C. Dept. of Environment and Natural Resources			-	<u>377,155</u>
<u>N. C. Dept. of Juvenile Justice and Delinquency Prevention</u>				
(a) Juvenile Crime Prevention		-	-	834,142
Total N.C. Dept. of Juvenile Justice and Delinquency Prevention			-	<u>834,142</u>
<u>N.C. Dept. of Correction</u>				
Criminal Justice Partnership Program		-	-	<u>230,418</u>
<u>Office of the Governor</u>				
(a) Public School Building Capital Fund		0-002-933	-	<u>5,073,503</u>
<u>N.C. Dept. of Transportation</u>				
(a) Rural Operating Assistance Program:				
Work First Transitional/Employment Transportation Assistance		9.9051570	-	80,528
Elderly and Disabled Transportation Assistance		9.9050716	-	260,089
Total N.C. Dept. of Transportation			-	<u>340,617</u>
Total state awards			-	<u>11,858,838</u>
Total awards			\$ <u>278,468,757</u>	<u>145,360,301</u>
(a) Major federal and / or state award program.				

The notes to the schedule of expenditures of federal and state awards are an integral part of this schedule.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FORSYTH COUNTY, NORTH CAROLINA
 For the Fiscal Year Ended June 30, 2012

(1) Basis of Presentation

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of Forsyth County, North Carolina and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. Benefit payments are paid directly to recipients and are not included in the County's financial statements. However, due to the County's involvement in determining eligibility, they are considered federal and state awards to the County and are included on this schedule.

(2) Subrecipients

Of the federal and state expenditures presented in the schedule, Forsyth County provided federal and state awards to subrecipients as follows:

<u>Program Title/Subrecipient</u>	<u>Federal CFDA Number</u>	<u>Federal/State Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
U.S. Department of Justice				
<u>Office of Justice Programs</u>				
Passed through to the City of Winston-Salem				
2009 Justice Assistance Grant Program	16.738	2009-DJ-BX-0886	\$ 101,838	\$ -
2011 Justice Assistance Grant Program	16.738	2011-DJ-BX-2909	25,444	-
N.C. Department of Crime Control and Public Safety				
Governor's Crime Commission - Juvenile Crime				
Prevention Council:				
Safe on Seven Domestic Violence Grant	16.588	034-1-07-3VA-AW-833	159,241	-
N.C. Department of Juvenile Justice and Delinquency				
Prevention - Juvenile Crime Prevention:				
Host Homes	-	334-10371	-	100,000
Teen Court	-	334-10480	-	34,524
Work & Earn it / Monetary Restitution	-	334-10479	-	97,872
Gray Cottage and Opportunity House	-	334-10921	-	278,359
Juvenile Psychological Services	-	334-10746	-	84,109
YWCA - Make a Difference	-	334-10481	-	66,919
Treatment Expediter	-	334-10787	-	31,447
Strengthening Families	-	334-10530	-	28,076
Family Therapy House	-	334-11571	-	97,336
JCPC Administrative	-	334-11424	-	15,500
Public School Building Capital Fund:				
Winston-Salem/Forsyth County Schools	-	0-002-933	-	5,073,503
Rural Operating Assistance Program:				
City of Winston-Salem - Elderly and Disabled Transportation Assistance	-	9.9050716	-	260,089

(3) Clusters

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirements: Foster Care and Adoption, Subsidized Child Care.

ACKNOWLEDGEMENTS

The preparation of the annual financial report was made possible by the dedicated service of the entire staff of the Forsyth County Finance Department. The year-end closing of the accounting system and report preparation was effectively managed by [Terri L. Goodman](#), Deputy Chief Financial Officer.

Also providing substantial support in report preparation and related accounting activities were:

[Lee H. Plunkett](#), Treasurer

[Michael J. Phelps](#), Controller and Systems Manager

[Teresa G. Everhart](#), Risk Manager

[Gloria M. Turowski](#), Fiscal Analyst

[M. Brandon Branscome](#), Internal Audit Manager

Cover Design: [Keith Spencer](#)



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