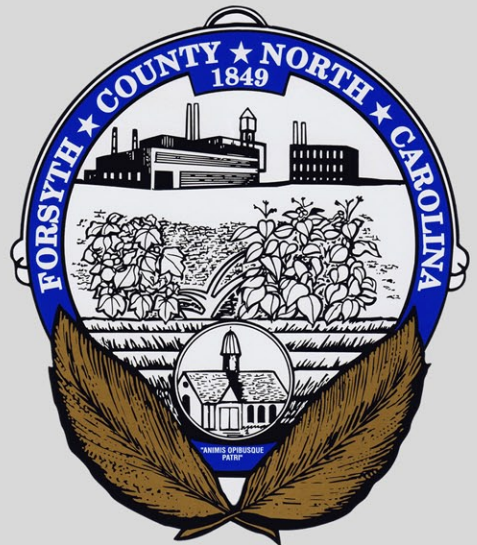


2009

COMPREHENSIVE ANNUAL FINANCIAL REPORT year ended June 30, 2009



Forsyth County, North Carolina

**Forsyth County,
North Carolina**

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2009

Prepared by the Forsyth County Finance Department:

Paul L. Fulton, Jr., CPA, *Chief Financial Officer*

Maribeth W. Weinman, CPFO, *Deputy Chief Financial Officer*

Terri L. Goodman, CPA, *Treasurer*

Teresa G. Everhart, CISR, *Risk Manager*

Judy F. Kirk, CIA, *Internal Audit Manager*

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Gloria M. Turowski, *Fiscal Analyst*

Merry A. Thomas, *Fiscal Analyst*

M. Brandon Branscome, *Fiscal Analyst*

Courtney D. Anderson, *Risk Management Analyst*

Barbara A. Cassidy, *Safety/Loss Control Analyst*

Cynthia R. Cobb, *Fiscal Supervisor*

Daphne Avery, *Fiscal Supervisor*

Bonita J. Gray, *Fiscal Technician*

Linda T. Bowles, *Fiscal Technician*

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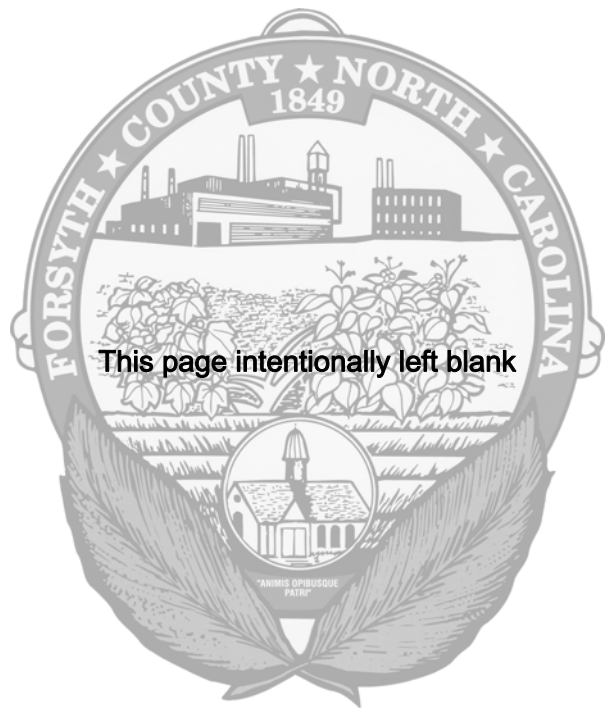
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Mary Elizabeth (Beth) Godwin, *Fiscal Technician*

Beverly W. Smith, *Fiscal Technician*

Cheryl L. Malcolm, *Senior Office Assistant*

Miranda D. Cole, *Senior Office Assistant*



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Forsyth County, North Carolina

Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2009

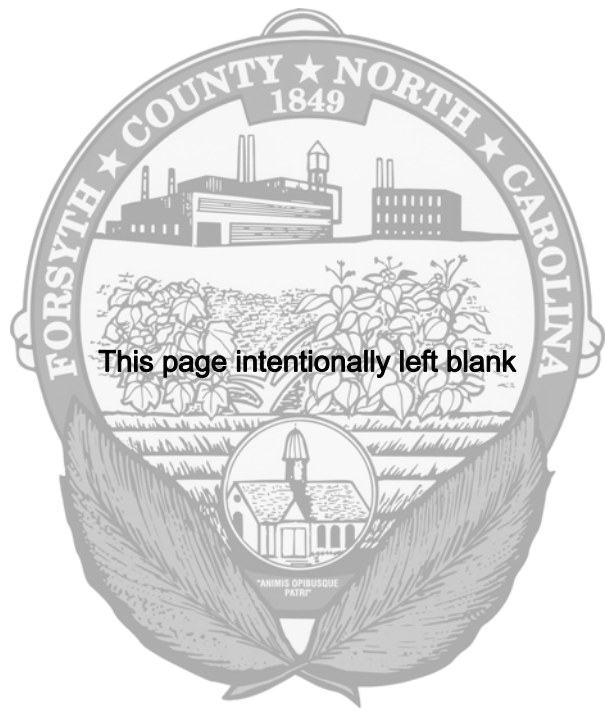
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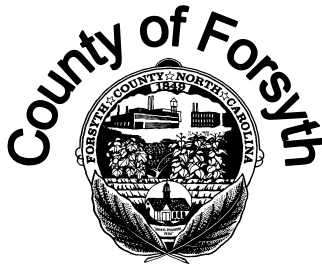


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FINANCE DEPARTMENT

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

Maribeth W. Weinman
DEPUTY CHIEF FINANCIAL OFFICER



Terri L. Goodman, CPA
TREASURER

Teresa G. Everhart, CISR
RISK MANAGER

Judy F. Kirk, CIA
INTERNAL AUDIT MANAGER

October 31, 2009

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, 2009.

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, 2009, 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, 2009, 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 fifth 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. 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.

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 19 as part of the basic financial statements for the governmental funds and, in greater detail, on pages 55-57 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).

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 1.5 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 343,704 and a workforce of 176,315, plays a vital role in the Triad's economy. The County, with its core of manufacturing companies, health care, biotechnology, financial services, and tourism sectors, serves as the major employment center for the counties which comprise northwest North Carolina and portions of southwest Virginia.

Economic resilience and employment stability have formed the foundation for strong local consumer and commercial markets. Personal income levels remain consistently higher than state and national figures. The County's per capita income is \$37,600, seventh highest among counties in the state, and higher than the State's \$33,735. Capital investment, as measured by the value of new residential and commercial building permits issued during the year, totaled \$338.6 million during the year ended June 30, 2009.

Long-term financial planning. The County's Capital Improvements Program (CIP) through the year 2020 as of June 2009 consists of \$389.4 million for proposed projects. General obligation bonds of \$174.0 million will fund \$105.3 million in projects for the public schools, \$22.0 million in community college projects, \$28.4 million for the Central Library and two branch libraries, and \$18.3 million for other projects. Installment purchase financings totaling \$185.9 million are planned for the following projects: combined facility for Sheriff Administration, additional detention space, and related uses, \$62.1 million; justice system facilities, \$108.6 million; Tanglewood Park improvements, \$10.0 million; and a replacement building for the Youth Detention Center, \$5.2 million. Outlays of \$1.2 million for Triad Park development and \$1.5 million for Public Health facility expansion are included as annual appropriations in the plan, and short term financings for information systems upgrades of \$3.4 million and \$900,000 for replacement of EMS defibrillators also are planned. Total project costs include an additional \$16.0 million in private funding for the Central Library, \$5.3 million in State funds for the Youth Detention Center, and \$1.2 million from Guilford County for Triad Park.

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 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. 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. No additional tax increases are anticipated to pay this debt service.

Cash management policies and practices. Under the authority of North Carolina General Statute 159-30, the County invests in obligations of the United States Treasury and several of its agencies and instrumentalities, high-grade commercial paper, and participating shares in a Local Government Commission certified mutual fund for local government investment. The objectives of the County's investment program are safety, liquidity and yield, in that order. Investment vehicles are chosen with the greatest emphasis placed on credit quality and maturity. The cash and investment portfolio balance for the fiscal year ended June 30, 2009 for all funds except some bond proceeds and proceeds of certificates of participation is \$126.6 million. The average yield on investments was 1.69%, exclusive of fair value appreciation. Reported investment income includes increases in the fair value of investments. Gains in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it necessarily a certainty that such gains will be realized, especially in the case of temporary changes in the fair value of investments that the County intends to hold to maturity.

In addition to its investment portfolio, the County has invested bond and certificates of participation proceeds at the North Carolina Capital Management Trust. These separate investment accounts are used as a means to maximize investment yield while segregating investment earnings on financing proceeds for federal arbitrage purposes. At June 30, 2009, the County had 11 such accounts totaling \$136.3 million in unexpended financing proceeds and accumulated interest earnings.

The assets of the County's Healthcare Plan are invested in the State Treasurer's Local Government Other Post-Employment Benefits Fund and totaled \$1.7 million at June 30, 2009.

Risk management. The County provides risk management services to all County departments in the General Fund and to other funds as necessary. In addition, the County provides risk management services to other local governments and agencies in the County, although there is no risk sharing or pooling of risk with the County or among any of these entities.

As part of a long-range plan to curtail health care costs, the County initiated a risk retention program for employee, dependent and retiree health care costs at the beginning of the year. Another component of the plan instituted during the year is a wellness screening program that provides participants with information to assist in maintaining and improving their health and includes premium-reduction incentives for participants.

The County continues numerous programs to reduce losses and to lessen the severity of those that occur. Current programs include a defensive driving course, a driver observation program, an accident review board, an employee wellness program, a return-to-work program, and numerous occupational safety and health programs for employees. Additional information on the County's risk financing may be found in Note 5c.

Pension and other post-employment benefits. Forsyth County provides pension benefits through a state-wide plan managed by the State Treasurer. Forsyth County has no obligation in connection with employee benefits offered through this plan beyond its annual contractual payment to the retirement system.

Forsyth County administers a single-employer defined benefit pension plan for its qualified sworn law enforcement officers. Each year, an independent actuary engaged by the pension plan calculates the amount of the annual contribution that Forsyth County must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, Forsyth County fully funds each year's annual required contribution to the pension plan as determined by the actuary. Forsyth County has funded 5.2% of the present value of the projected benefits earned by employees as of December 31, 2008, the actuarial valuation date, and the remaining unfunded amount is being systematically funded over 22 years as part of the annual required contribution calculated by the actuary.

Forsyth County also provides post-retirement health care benefits for certain retirees and their dependents, and life insurance or death benefits for eligible retirees. In the year-ended June 30, 2009, the County elected to partially pay the future overall cost of coverage for these benefits and contributed \$1.6 million to an irrevocable trust fund established for this purpose. According to an independent actuarial evaluation as of December 31, 2008, the annual other post employment benefit (OPEB) cost for fiscal year 2009 was \$5.9 million; the County's OPEB payments during the fiscal year were 61.6% of the annual cost.

Additional information on Forsyth County's pension arrangements and post-employment benefits can be found in Notes 5a and 5b in the notes to the financial statements.

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, 2008. This was the twenty-fifth 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 2009 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 2010 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 Maribeth Weinman, Deputy Chief Financial Officer. Also providing substantial support in report preparation and related accounting activities were: Terri L. Goodman, Treasurer; Michael Phelps, Accounting and Systems Manager; Teresa Everhart, Risk Manager; Gloria Turowski, Fiscal Analyst; and Brandon Branscome, 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



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Forsyth County Board of Commissioners



Seated: David R. Plyler, Chairman and Debra Conrad, Vice-Chair

Standing (left to right): Gloria D. Whisenhunt, Walter Marshall, Richard V. Linville, Ted Kaplan, Beaufort O. Bailey

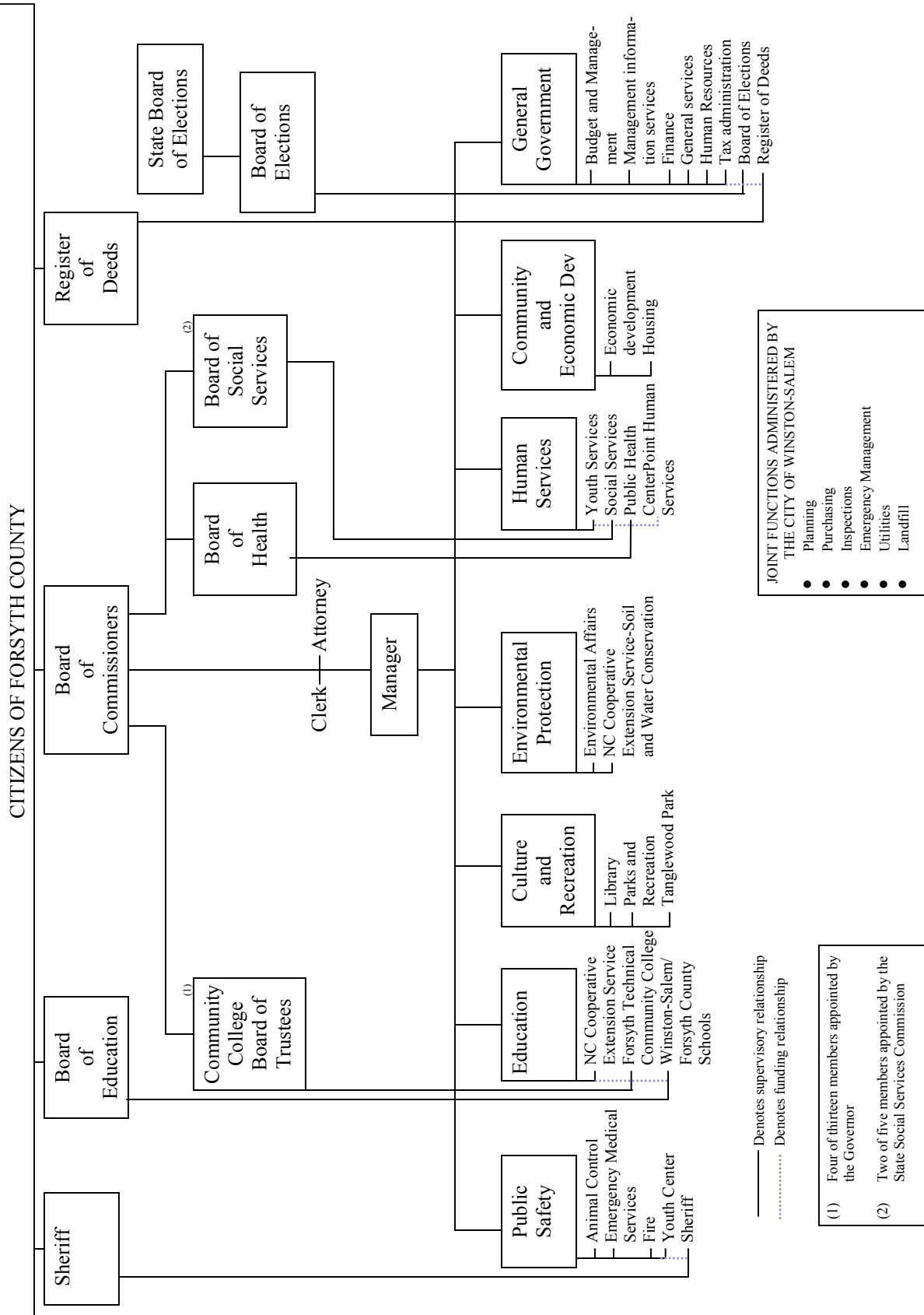
County Officials



Dudley Watts
County Manager



Paul L. Fulton, Jr.
Chief Financial Officer



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Forsyth County North Carolina

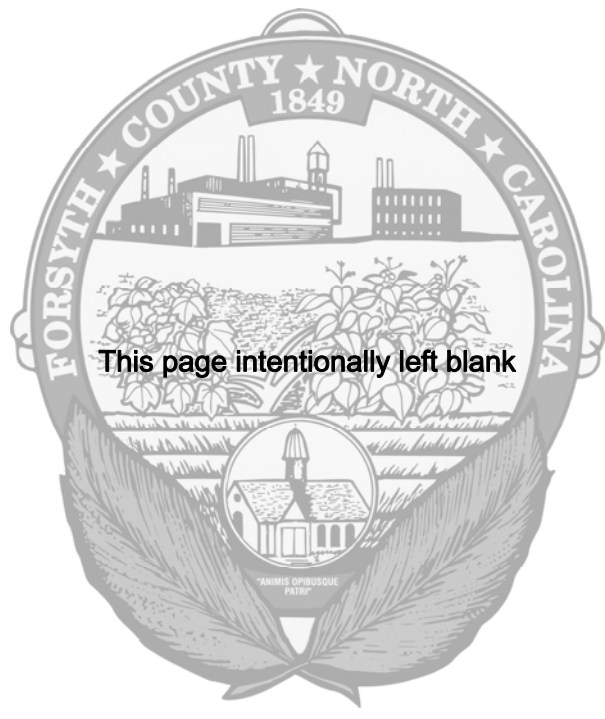
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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.



President

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, 2009, 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.

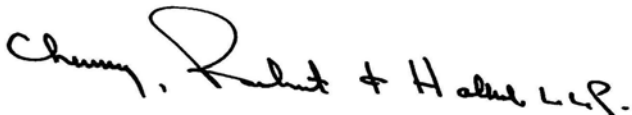
In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County as of June 30, 2009, and the respective changes in 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 31, 2009 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. 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.

Management's Discussion and Analysis and the Required Supplementary Information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the County. The introductory information, budgetary comparison schedules – major governmental funds, combining and individual fund financial statements and schedules, other schedules, and the statistical tables, as well as the accompanying schedule of expenditures of federal and state awards 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, are presented for purposes of additional analysis and are 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 schedules of expenditures of federal and state awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, 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 audited by us and, accordingly, we do not express an opinion on them.

CHERRY, BEKAERT & HOLLAND, L.L.P.

A handwritten signature in black ink that reads "Cherry, Bekaert & Holland L.L.P." The signature is written in a cursive, flowing style.

Raleigh, North Carolina
October 31, 2009

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, 2009. 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

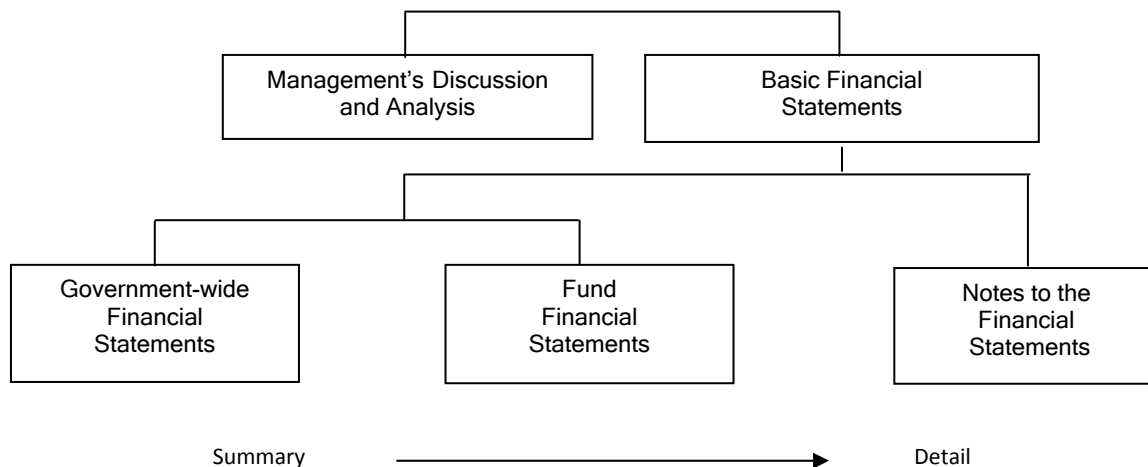
- The assets of Forsyth County were lower than its liabilities at the close of the fiscal year by \$87.5 million (*net assets*). The deficit in total net assets is a result of the County issuing debt as provided for in State law for the acquisition, renovation and construction of public school and community college facilities that are not reported as assets of the County. Had this debt (net of unspent proceeds) not been reported as a reduction of net assets, total net assets would be \$240.7 million.
- The County’s total net assets decreased by \$37.6 million from net assets of the prior period. This decrease was substantially less than the expenditure of \$63.3 million for new public school and community college facilities that are not reported as assets of the County. Unspent proceeds on new debt provided assets to offset some of the increase in long-term liabilities related to these new issues, allowing the reduction (exclusive of refunded debt) of \$26.6 million in previously issued debt to have a positive impact on net assets.
- As of the close of the current fiscal year, Forsyth County’s governmental funds reported combined ending fund balances of \$274.5 million, an increase of \$69.5 million in comparison with the prior year. Approximately 85.6% of this total amount, or \$235.0 million, is available for spending at the government’s discretion (*unreserved fund balance*). A large part of this amount is either designated or appropriated for continuing activities and capital expenditures of the County.
- At the end of the current fiscal year, unreserved fund balance for the General Fund increased \$15.0 million to \$101.7 million, or 28.1% of total general fund expenditures for the fiscal year.
- Forsyth County’s total debt increased by a net of \$105.8 million (or 26.8%) during the past fiscal year. New debt issued included general obligation bonds of \$156.3 million and installment purchase obligations of \$1.0 million. Principal payments totaled \$26.2 million, and \$28.4 million general obligation bonds were refunded.
- 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 14th consecutive 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.

Required Components of Annual Financial Report

Figure 1



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 28 governmental funds for the year ended June 30, 2009. 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 25 - 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 51 - 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 62 – 91 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 assets of Forsyth County were lower than liabilities by \$87,543,175 as of June 30, 2009. The deficit in total net assets is a result of the County issuing debt for the acquisition and construction of capital assets that are not reported as assets of the County. This debt has been issued for the construction, renovation, or acquisition of public school and community college facilities. State statutes do not permit public schools and community colleges to issue debt for the acquisition and construction of facilities; 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. These debt issues were necessary to provide for the education of the citizens of the County. The outstanding amount of this debt, net of unspent proceeds, is \$328,288,220 at year-end and is reported as a reduction of unrestricted net assets for governmental activities, resulting in a deficit balance of \$164,391,922 for this category of net assets. Had this debt not been reported as a reduction of unrestricted net assets, the balance of unrestricted net assets for governmental activities would be \$163,896,298 and total net assets would be \$240,745,045.

Forsyth County’s Net Assets

Figure 2

	Governmental Activities	
	2009	2008
Current and other assets	\$ 301,628,757	\$ 228,220,602
Capital assets	147,747,903	149,561,695
Total assets	449,376,660	377,782,297
Long-term liabilities outstanding	518,761,601	409,062,508
Other liabilities	18,158,234	18,697,624
Total liabilities	536,919,835	427,760,132
Net assets:		
Invested in capital assts, net of related debt	72,988,514	66,426,734
Restricted	3,860,233	3,980,229
Unrestricted deficit	(164,391,922)	(120,384,798)
Total net deficit	\$ (87,543,175)	\$ (49,977,835)

A major portion (\$72,988,514) of net assets reflects the County's 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 portion of Forsyth County's net assets, \$3,860,233, represents resources that are subject to external restrictions on how they may be used. The balance of assets available to meet the government's ongoing obligations (i.e., unrestricted net assets), as noted above, is obscured by debt issued to finance capital assets that are not reported as assets of the County.

The County's net assets decreased by \$37,565,340 for the fiscal year ended June 30, 2009. Education expenses of \$63.3 million for facilities and \$2.5 million for other capital outlay 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. Restricted net assets decreased \$119,996. Assets restricted for public safety decreased \$280,697 as amounts in excess of current year resources were expended by Fire Tax Districts. This decrease more than offset the increase of \$163,268 in net assets restricted for other purposes (Register of Deeds automation).

The deficit in unrestricted net assets grew by \$44,007,124. 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 increase in net assets is a result of governmental activities.

Forsyth County's Changes in Net Assets
Figure 3

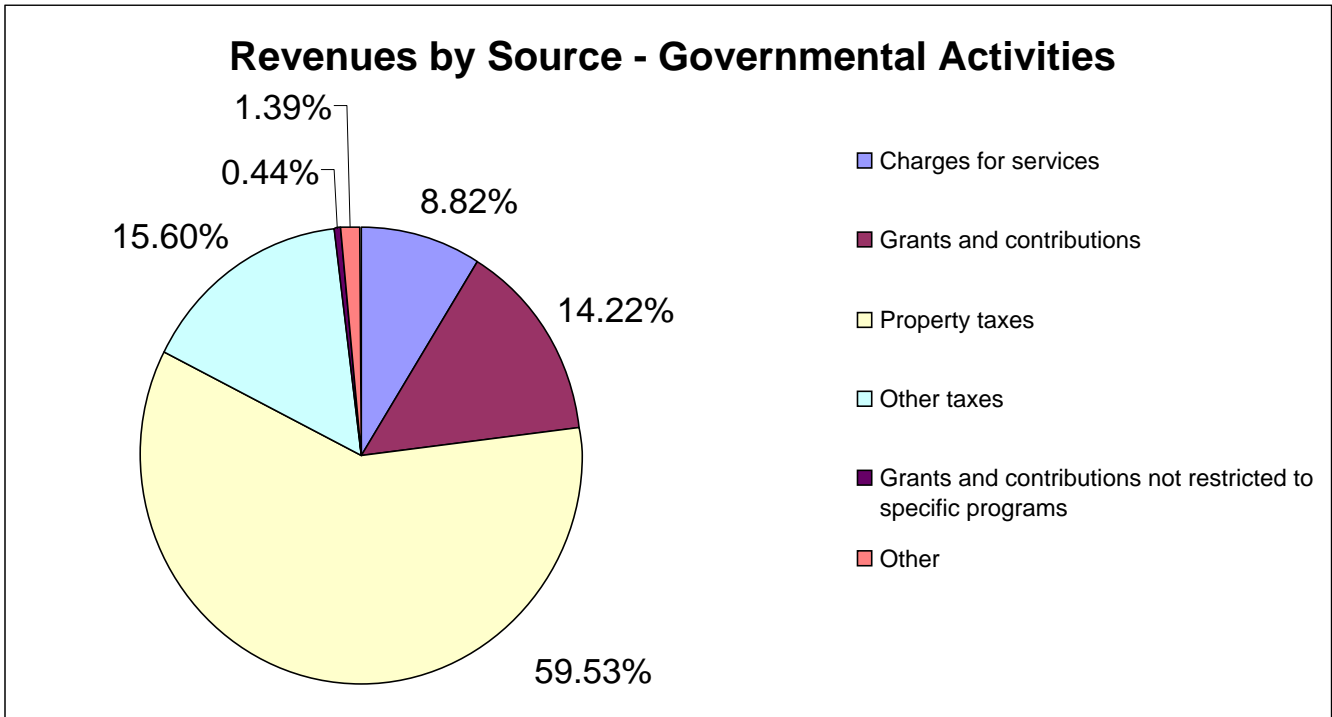
	Governmental Activities	
	2009	2008
Revenues:		
Program revenues:		
Charges for services	\$ 33,123,935	\$ 34,835,331
Operating grants and contributions	53,438,510	49,130,647
Capital grants and contributions	-	25,975
General revenues:		
Property taxes	223,660,085	218,253,781
Other taxes	58,597,362	76,645,727
Grants and contributions not restricted to specific programs	1,644,749	1,630,835
Other	5,212,049	9,488,108
Total revenues	<u>375,676,690</u>	<u>390,010,404</u>
Expenses:		
General government	38,189,282	42,473,984
Public safety	68,384,497	67,092,138
Environmental protection	2,713,093	2,521,035
Human services	81,156,032	85,670,069
Culture and recreation	16,540,703	17,401,634
Community and economic development	2,777,002	2,998,916
Education	185,747,060	140,624,177
Interest on long-term debt	17,734,361	18,501,304
Total expenses	<u>413,242,030</u>	<u>377,283,257</u>
Increase (decrease) in net assets	(37,565,340)	12,727,147
Net assets, July 1	<u>(49,977,835)</u>	<u>(62,704,982)</u>
Net assets, June 30	<u>\$ (87,543,175)</u>	<u>\$ (49,977,835)</u>

The following aspects of the County’s financial operations contributed to the decrease of \$37,565,340 in net assets:

- A decrease of \$17.1 million (23.3%) in sales and use tax revenue as a result of changes related to Medicaid reform and the decline in retail sales due to the economic recession.
- An increase of \$45.1 million in total education expenses.

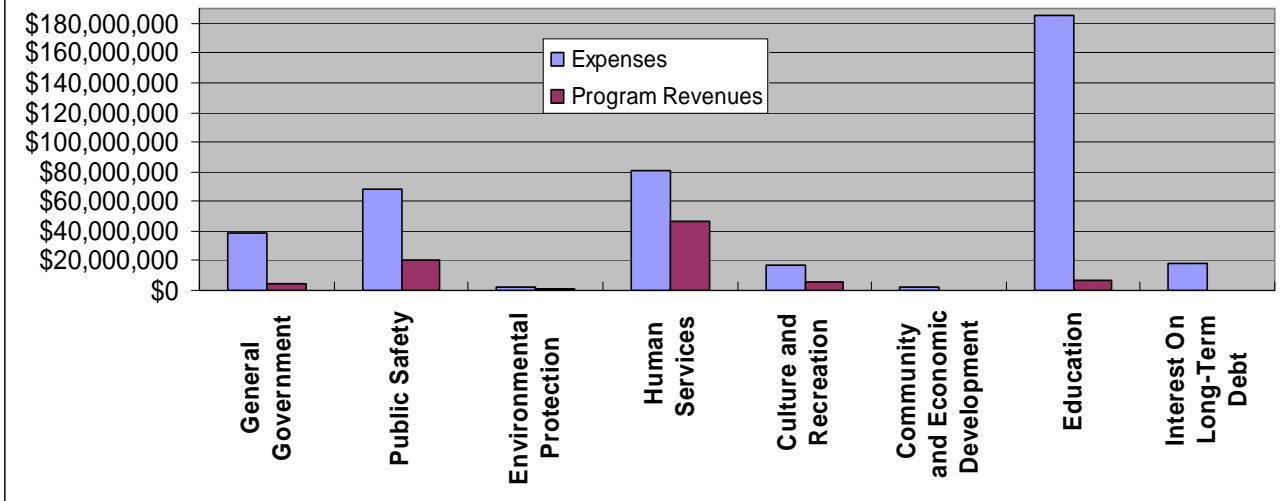
The positive impact of the following precluded a greater decrease in net assets:

- An increase of \$5.4 million in property tax revenues due primarily to an increase in the tax base.
- The reduction of \$55.0 million in previously issued debt combined with unspent proceeds on new debt.
- Continued low cost of debt due to the County’s high bond ratings.



The County’s revenues were \$375.7 million, of which 59.5% comes from property taxes and another 15.6% comes from other taxes. Program revenues comprise 23.0% of all revenues. Total expenses of \$413.2 million covered a range of services, with 44.9% related to education, 19.6% to human services, and 16.5% to public safety. Net cost of County programs, demonstrated in the following chart, is funded predominantly by County taxpayers.

Expenses and Program Revenues - Governmental Activities



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, 2009, 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 expendable resources. Such information is useful in assessing Forsyth County's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, the County's governmental funds reported combined fund balances of \$274.5 million, an increase of \$69.5 million in comparison with the prior year. Approximately 85.6%, or \$235.0 million, of total combined fund balance constitutes *unreserved fund balance*, and \$60.1 million of this is *undesignated*, and, thus, available for spending at the County's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period (\$10.5 million) or reserved by state statute (\$27.5 million) or for other restricted purposes (\$1.6 million).

The increase in combined fund balances is attributable to several factors. Proceeds from new issues of general obligation bonds exceeded expenditures in both the 2007 School Facilities Fund and the 2009 Educational Facilities Fund, resulting in increases in fund balance of \$23.5 million and \$37.7 million, respectively, for those funds. Other governmental funds reported a modest decrease in fund balances of \$803,000. Unspent general obligation bond proceeds resulted in a \$7.3 million increase in the 2009 2/3rds Bonds fund balance, which offset most fund balance decreases in other capital projects funds where expenditures were made from prior year funding sources. The aggregate change in fund balances for capital projects funds was a decrease of \$513,000. Special revenue funds had an aggregate decrease in fund balances of \$290,000 due primarily to the planned use of fund balance by fire tax districts.

The General Fund is the primary operating fund of Forsyth County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$101.7 million, an increase of \$15.0 million from the previous year, while total fund balance reached \$129.6 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 28.1% of total General Fund expenditures, while total fund balance represents 35.8% of that same amount.

Key factors that resulted in growth of \$9.1 million in fund balance in the General Fund include:

- Total revenues decreased \$11.2 million or 3.0%. Changes to the allocation and distribution of sales tax under North Carolina Medicaid reform coupled with a decline in retail sales as a result of the economic recession caused a decrease of \$16.4 million in sales tax revenue. Also affected by the slowing economy, interest earnings dropped \$3.3 million due to low interest rates. These substantial losses in revenue were partially mitigated by increased property tax revenue of \$4.6 million from a nominal increase in the tax base, and increases of \$2.9 million in intergovernmental revenue, primarily in human services.
- In response to lower than anticipated revenues, management action was taken during the year to limit expenditures.
- Total expenditures were \$3.3 million or 1.0% higher than in the prior year. The County established another post employment benefit trust with an initial contribution of \$1.6 million. The decrease of \$3.5 million in human services expenditures, a result of the State assuming more of the non-federal cost of Medicaid, partially offset cost increases in other County services.
- Transfers to the General Fund of \$1.2 million in unspent interest on applicable debt proceeds and \$6.0 million in lottery proceeds offset the increase of \$3.5 million in debt service payments and had a positive effect on fund balance.

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 \$4.1 million. Unanticipated state and federal grants totaling \$2.2 million were appropriated for one-stop voting sites; pass-through funding for a stream restoration project; child care subsidies, special children's adoption services, and crisis intervention administered by Social Services; expanded services in the Medicaid Carolina Access and WIC programs; and other programs, primarily in Human Services. Additional appropriations of \$1.6 million were made from fund balance, including \$1.5 million to increase the appropriation for prior year encumbrances.

Although \$12.5 million of fund balance was appropriated in the final budget, the net change in fund balance for the year was an increase of \$9.1 million. Total revenues fell short of estimates by \$18.4 million primarily due to the \$10.6 million under-realization of sales tax revenues. Intergovernmental revenues were \$6.4 million under-budget due to budgeting \$6.6 million of lottery proceeds as intergovernmental when, in the General Fund, that source is an interfund transfer from the State Public School Building Capital Fund. Under-realized interest earnings of \$1.5 million and a shortfall of \$2.3 million in charges for services, where Register of Deeds fees were \$1.3 million less than estimates, were also factors.

Expenditure appropriations were under-spent by \$34.0 million. In General Government, an amount (\$9.2 million) estimated to equal revenue generated by three cents of the ad valorem tax rate was appropriated as a contingency for the Education Debt Leveling Plan. No expenditures were made against this appropriation. Across functions, \$7.2 million of appropriations were set aside by management in response to the under-realization of revenues. Appropriations for interest on variable rate debt were under-spent by \$1.9 million as a result of low rates, and \$619,000 in interest appropriations for debt that was refunded remained unspent. Other significant under-expenditures were in Human Services and Public Safety. In Human Services, foster care payments were \$1.8 million less than appropriations as a result of a six-month delay in increasing rates, and the outlays for County share of Medicaid were \$1.7 million under-budget. In Public Safety, savings were in the departments of Emergency Medical Services and the Sheriff.

Capital Assets and Debt Administration

Capital assets. Forsyth County's investment in capital assets for its governmental activities as of June 30, 2009, totals \$147,747,903 (net of accumulated depreciation). These assets include land, buildings, construction-in-progress, park facilities, equipment, and vehicles.

Major capital asset transactions during the year include:

- Completion of the \$2.0 million property tax geo-data/assessment software.
- Expenditures of \$1.6 million for development of the property tax collection system.
- Outlays of \$425,000 to acquire five ambulance chassis remounts.

**Forsyth County's Capital Assets
(net of depreciation)**

Figure 4

	Governmental Activities	
	2009	2008
Land	\$ 12,538,682	\$ 12,547,780
Art collections	270,707	270,707
Construction-in-progress	3,429,971	257,052
Buildings	111,893,616	115,018,947
Improvements other than buildings	5,691,308	5,972,127
Equipment	13,923,619	15,495,082
Total	\$ 147,747,903	\$ 149,561,695

Additional information on the County's capital assets can be found in Note 4e on page 35 of the Basic Financial Statements.

Long-term Debt. At June 30, 2009, Forsyth County had total bonded debt outstanding of \$420,955,000, 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, and other installment financing agreements was \$493,575,884, an increase of \$102,655,007. New debt included \$80,000,000 in school bonds, \$36,250,000 in educational facility bonds for school and community college facility needs, \$11,120,000 public improvement bonds for school, parks and recreation, and other County facilities, \$28,885,000 refunding bonds, and \$1,026,000 in installment financing agreements.

Forsyth County's Outstanding Debt

Figure 5

	Governmental Activities	
	2009	2008
General obligation bonds	\$ 420,955,000	\$ 313,620,000
Installment purchase obligations	2,185,884	1,705,877
Certificates of participation	70,435,000	75,595,000
Total	\$ 493,575,884	\$ 390,920,877

As mentioned in the financial highlights section of this document, Forsyth County maintained for the 14th 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 \$2,510,715,742. Additional information regarding Forsyth County's long-term debt can be found in Note 4i on pages 37 - 41 of the Basic Financial Statements.

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

Significant factors considered in the preparation of the fiscal year 2010 County budget include:

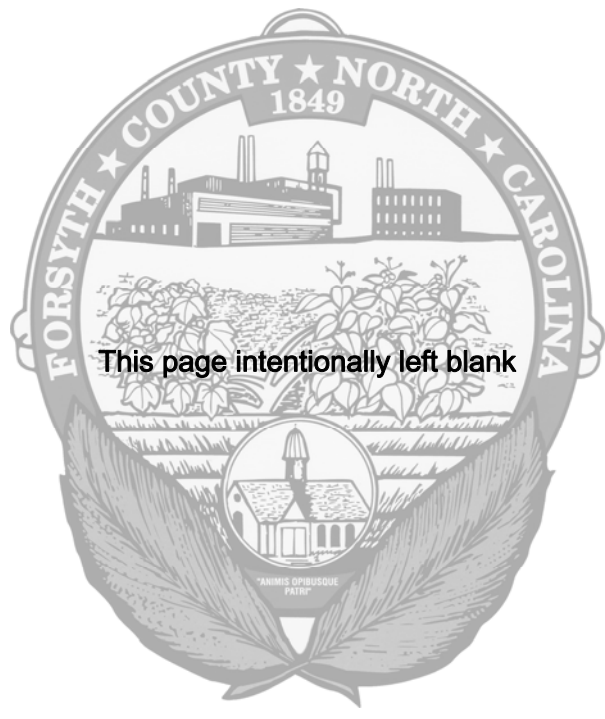
- An increase of 8.5% in the ad valorem tax base due to the quadrennial revaluation.
- Growth of \$9.2 million in property taxes based on the statutory determination of the revenue neutral rate.
- Full funding of debt service on the November 2008 authorization for Educational Facilities bonds by setting the tax rate 1.1 cents above the revenue-neutral rate.
- Zero growth in retail sales, resulting in a budget to budget decrease of \$7.1 million in sales tax revenue unrelated to the Medicaid reform legislation.
- Savings of \$1.5 million from Medicaid reform legislation, under which County Medicaid savings are expected to exceed sales tax revenues lost for fiscal year 2010.
- Cost savings from attrition, enabled by positions vacated by individuals who accepted a retirement incentive.
- An increase in debt service costs of \$6.0 million over prior year actual, of which \$10.3 million related to school debt will be offset by lottery proceeds.

The County has adopted a General Fund budget for the fiscal year ending June 30, 2010 in the amount of \$393.4 million, a decrease of \$2.5 million or 0.6% from the final 2009 budget of \$395.9 million. The property tax rate of \$0.6740 per hundred dollars assessed value is \$0.0220 less than the prior year rate. Additionally, \$12.6 million of fund balance was appropriated, of which \$1.8 million was for the reappropriation of prior year encumbrances. Unreserved fund balance of \$101.7 million net of \$10.8 million of appropriated fund balance is 23.1% of 2010 budgeted expenditures. In accordance with the County's fund balance policy, the following designations of unreserved fund balance have been made:

- The unspent balance of proceeds from three cents on the ad valorem tax rate and interest earned thereon totaled \$17.8 million and has been designated for the retirement of education debt authorized in the November 2006 referendum. This designation is a key component of the Education Debt Leveling Plan.
- The amount by which unreserved, undesignated fund balance exceeds 16% of the subsequent year's budgeted expenditures totaled \$10.3 million, and of this, \$2.1 million has been designated for capital maintenance and \$8.2 million has been designated for capital outlay in the subsequent year.

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, 201 N. Chestnut Street, Winston-Salem, NC 27101- 4120.



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Basic Financial Statements

FORSYTH COUNTY, NORTH CAROLINA

Exhibit 1

Statement of Net Assets

June 30, 2009

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 262,376,208
Cash and investments held by fiscal agent	884,822
Taxes receivable (net)	4,499,401
Accounts receivable (net)	5,169,913
Accrued interest on investments	129,936
Due from other governments	25,204,449
Prepaid items	314,031
Deferred charges	3,049,997
Capital assets:	
Land, collections, and construction-in-progress	16,239,360
Other capital assets, net of depreciation	131,508,543
Total capital assets	<u>147,747,903</u>
Total assets	<u>449,376,660</u>
LIABILITIES	
Accounts payable and accrued liabilities	9,195,382
Unearned revenue	589,824
Accrued interest payable	5,777,466
Due to other governments	2,595,562
Long-term liabilities:	
Due within one year	37,857,086
Due in more than one year	480,904,515
Total liabilities	<u>536,919,835</u>
NET ASSETS	
Invested in capital assets, net of related debt	72,988,514
Restricted for:	
Public safety	2,621,543
Human services	305,042
Community and economic development	226,313
Other purposes	707,335
Unrestricted deficit	(164,391,922)
Total net deficit	<u>\$ (87,543,175)</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, 2009

Exhibit 2

Functions	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants and Contributions	
Governmental:				
General government	\$ 38,189,282	3,766,905	1,142,633	(33,279,744)
Public safety	68,384,497	16,039,769	4,409,705	(47,935,023)
Environmental protection	2,713,093	222,569	1,025,921	(1,464,603)
Human services	81,156,032	8,631,222	38,460,763	(34,064,047)
Culture and recreation	16,540,703	4,403,575	979,233	(11,157,895)
Community and economic development	2,777,002	16,988	321,981	(2,438,033)
Education	185,747,060	42,907	7,098,274	(178,605,879)
Interest on long-term debt	17,734,361	-	-	(17,734,361)
Total governmental activities	<u>\$ 413,242,030</u>	<u>33,123,935</u>	<u>53,438,510</u>	<u>(326,679,585)</u>
General revenues:				
Taxes:				
Property taxes, levied for general purposes				223,660,085
Local option sales tax				56,381,820
Occupancy taxes, levied for economic development				466,198
Other taxes and licenses				1,749,344
Grants and contributions not restricted to specific programs				1,644,749
Investment earnings, unrestricted				4,150,368
Miscellaneous, unrestricted				1,061,681
Total general revenues				<u>289,114,245</u>
Change in net assets				(37,565,340)
Net deficit - beginning				<u>(49,977,835)</u>
Net deficit - ending				<u>(87,543,175)</u>

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

FORSYTH COUNTY, NORTH CAROLINA

Exhibit 3

Balance Sheet

Governmental Funds

June 30, 2009

	<u>General Fund</u>	<u>Capital Projects Funds</u>		<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
		<u>2007 School Facilities</u>	<u>2009 Educational Facilities</u>		
ASSETS					
Cash and cash equivalents	\$ 114,570,523	73,974,754	37,761,928	31,916,446	258,223,651
Cash and investments held by fiscal agent	884,822	-	-	-	884,822
Receivables (net):					
Property taxes	3,781,338	-	-	87,329	3,868,667
Occupancy taxes	34,817	-	-	-	34,817
Other taxes	15,797	-	-	-	15,797
Accounts	5,160,074	-	-	-	5,160,074
Accrued interest	123,097	-	-	6,839	129,936
Due from other governments	23,026,433	1,503,859	-	674,157	25,204,449
Due from other funds	83,437	-	-	-	83,437
Prepaid items	139,986	-	-	-	139,986
Total assets	\$ 147,820,324	75,478,613	37,761,928	32,684,771	293,745,636
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 8,261,515	-	70,557	638,207	8,970,279
Due to other governments	2,586,574	-	-	8,988	2,595,562
Due to other funds	-	-	-	83,437	83,437
Unearned revenue	367,351	-	-	66,335	433,686
Deferred revenue	7,038,215	-	-	88,605	7,126,820
Total liabilities	18,253,655	-	70,557	885,572	19,209,784
Fund balances:					
Reserved for:					
Encumbrances	976,728	-	-	9,476,374	10,453,102
State statute	25,326,764	1,503,859	-	679,720	27,510,343
Register of Deeds	707,335	-	-	-	707,335
Capital outlay	854,762	-	-	-	854,762
Unreserved	101,701,080	73,974,754	37,691,371	-	213,367,205
Unreserved, reported in nonmajor:					
Special revenue funds	-	-	-	884,635	884,635
Capital projects funds	-	-	-	20,758,470	20,758,470
Total fund balances	129,566,669	75,478,613	37,691,371	31,799,199	274,535,852
Total liabilities and fund balances	\$ 147,820,324	75,478,613	37,761,928	32,684,771	
Amounts reported for governmental activities in the statement of net assets are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					147,747,903
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.					174,045
Earned revenue that is not available to pay current period expenditures is deferred in the funds.					7,706,940
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.					2,598,370
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.					(520,306,285)
Net assets of governmental activities					\$ (87,543,175)

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

FORSYTH COUNTY, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Fiscal Year Ended June 30, 2009

Exhibit 4

	<u>General Fund</u>	<u>Capital Projects Funds</u>		<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
		<u>2007 School Facilities</u>	<u>2009 Educational Facilities</u>		
Revenues:					
Property taxes	\$ 217,625,092	-	-	5,306,901	222,931,993
Occupancy taxes	466,198	-	-	-	466,198
Local option sales taxes	55,093,351	-	-	1,288,469	56,381,820
Other taxes	202,959	-	-	-	202,959
Licenses and permits	940,488	-	-	-	940,488
Intergovernmental	47,028,337	-	-	8,740,264	55,768,601
Charges for services	25,129,543	-	-	-	25,129,543
Investment earnings	2,103,017	1,517,668	4,692	626,107	4,251,484
Other	9,363,008	-	-	16,988	9,379,996
Total revenues	<u>357,951,993</u>	<u>1,517,668</u>	<u>4,692</u>	<u>15,978,729</u>	<u>375,453,082</u>
Expenditures:					
Current:					
General government	36,991,100	-	-	-	36,991,100
Public safety	59,339,133	-	-	5,778,974	65,118,107
Environmental protection	2,748,314	-	-	-	2,748,314
Human services	73,929,269	-	-	2,515	73,931,784
Culture and recreation	15,813,781	-	-	-	15,813,781
Community and economic development	2,410,313	-	-	356,040	2,766,353
Education	2,243,594	-	-	-	2,243,594
Intergovernmental:					
Human services	6,167,610	-	-	-	6,167,610
Education	117,522,426	57,001,015	-	8,951,813	183,475,254
Debt service:					
Principal retirement	26,200,993	-	-	-	26,200,993
Interest and other charges	18,502,583	607,152	280,793	100,000	19,490,528
Capital outlay	-	-	-	3,454,311	3,454,311
Total expenditures	<u>361,869,116</u>	<u>57,608,167</u>	<u>280,793</u>	<u>18,643,653</u>	<u>438,401,729</u>
Excess (deficiency) of revenues over expenditures	<u>(3,917,123)</u>	<u>(56,090,499)</u>	<u>(276,101)</u>	<u>(2,664,924)</u>	<u>(62,948,647)</u>
Other financing sources (uses):					
Installment purchase proceeds	-	-	-	1,026,000	1,026,000
Refunding bonds issued	28,885,000	-	-	-	28,885,000
Premium on refunding bonds	511,027	-	-	-	511,027
General obligation bonds issued	-	80,000,000	36,250,000	11,120,000	127,370,000
Premium on general obligation bonds	-	2,105,159	1,717,472	74,101	3,896,732
Transfers in	12,949,472	-	-	191,787	13,141,259
Transfers out	(40,000)	(2,551,787)	-	(10,549,472)	(13,141,259)
Payment to refunded bond escrow agent	(29,264,379)	-	-	-	(29,264,379)
Total other financing sources (uses)	<u>13,041,120</u>	<u>79,553,372</u>	<u>37,967,472</u>	<u>1,862,416</u>	<u>132,424,380</u>
Net change in fund balances	<u>9,123,997</u>	<u>23,462,873</u>	<u>37,691,371</u>	<u>(802,508)</u>	<u>69,475,733</u>
Fund balance - June 30, 2008	120,442,672	52,015,740	-	32,601,707	205,060,119
Fund balance - June 30, 2009	<u>\$ 129,566,669</u>	<u>75,478,613</u>	<u>37,691,371</u>	<u>31,799,199</u>	<u>274,535,852</u>

(continued)

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

FORSYTH COUNTY, NORTH CAROLINA
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2009

Exhibit 4.1

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

Net change in fund balances - total governmental funds	\$ 69,475,733
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 and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(1,711,435)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.	(102,357)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	157,037
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.	(105,105,770)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(2,876,918)
Internal service funds are used by management to charge the costs of health and dental benefits to individual funds. The profit generated by premiums was eliminated on the statement of activities.	<u>2,598,370</u>
Change in net assets of governmental activities	<u>\$ (37,565,340)</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, 2009

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues:				
Property taxes	\$ 216,648,384	216,648,384	217,625,092	976,708
Occupancy taxes	525,000	525,000	466,198	(58,802)
Local option sales taxes	65,657,653	65,657,653	55,093,351	(10,564,302)
Other taxes	150,000	150,000	202,959	52,959
Total taxes	<u>282,981,037</u>	<u>282,981,037</u>	<u>273,387,600</u>	<u>(9,593,437)</u>
Licenses and permits	934,290	934,290	940,488	6,198
Intergovernmental	51,221,397	53,432,524	47,028,337	(6,404,187)
Charges for services	27,310,853	27,436,152	25,129,543	(2,306,609)
Investment earnings	3,615,435	3,615,435	2,103,017	(1,512,418)
Other	7,832,452	7,959,658	9,363,008	1,403,350
Total revenues	<u>373,895,464</u>	<u>376,359,096</u>	<u>357,951,993</u>	<u>(18,407,103)</u>
Expenditures:				
Current:				
General government	53,066,056	52,823,462	36,991,100	15,832,362
Public safety	62,179,208	63,423,093	59,339,133	4,083,960
Environmental protection	2,277,704	2,768,914	2,748,314	20,600
Human services	81,059,948	82,126,646	73,929,269	8,197,377
Culture and recreation	16,785,756	17,422,827	15,813,781	1,609,046
Community and economic development	2,743,822	2,931,822	2,410,313	521,509
Education	1,668,790	2,351,086	2,243,594	107,492
Intergovernmental:				
Human services	6,258,706	6,258,706	6,167,610	91,096
Education	119,048,426	119,048,426	117,522,426	1,526,000
Debt service:				
Principal retirement	26,200,994	26,225,909	26,200,993	24,916
Interest and other charges	20,397,703	20,453,215	18,502,583	1,950,632
Total expenditures	<u>391,687,113</u>	<u>395,834,106</u>	<u>361,869,116</u>	<u>33,964,990</u>
Excess (deficiency) of revenues over expenditures	<u>(17,791,649)</u>	<u>(19,475,010)</u>	<u>(3,917,123)</u>	<u>15,557,887</u>
Other financing sources (uses):				
Refunding bonds issued	-	80,427	28,885,000	28,804,573
Premium on refunding bonds	-	-	511,027	511,027
Transfers in	6,945,249	6,945,249	12,949,472	6,004,223
Transfers out	(40,000)	(40,000)	(40,000)	-
Payment to refunded bond escrow agent	-	-	(29,264,379)	(29,264,379)
Total other financing sources (uses)	<u>6,905,249</u>	<u>6,985,676</u>	<u>13,041,120</u>	<u>6,055,444</u>
Net change in fund balance	<u>(10,886,400)</u>	<u>(12,489,334)</u>	<u>9,123,997</u>	<u>21,613,331</u>
Fund balance - June 30, 2008	120,442,672	120,442,672	120,442,672	-
Fund balance - June 30, 2009	<u><u>\$ 109,556,272</u></u>	<u><u>107,953,338</u></u>	<u><u>129,566,669</u></u>	<u><u>21,613,331</u></u>

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, 2009

Exhibit 6

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 4,152,557
Accounts receivable (net)	9,839
Total assets	<u>4,162,396</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	225,103
Claims liabilities	1,182,785
Unearned revenue	156,138
Total liabilities	<u>1,564,026</u>
NET ASSETS	
Unrestricted	<u>\$ 2,598,370</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, 2009

Exhibit 7

	Governmental Activities
Operating revenues:	
Charges for services	\$ <u>20,788,493</u>
Operating expenses:	
Professional services	1,669,084
Claims	16,521,039
Total operating expenses	<u>18,190,123</u>
Change in net assets	2,598,370
Total net assets at beginning of year	<u>-</u>
Total net assets at end of year	<u>\$ 2,598,370</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, 2009

	Governmental Activities
Cash flows from operating activities:	
Cash received from user departments and participants	\$ 20,937,768
Cash paid to suppliers, participants and others	(16,785,211)
Net cash provided by operating activities	<u>4,152,557</u>
Cash and cash equivalents at beginning of year	<u>-</u>
Cash and cash equivalents at end of year	<u>\$ 4,152,557</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ <u>2,598,370</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in accounts receivable	(9,839)
Increase in accounts payable	1,407,888
Increase in unearned revenue	156,138
Total adjustments	<u>1,554,187</u>
Net cash provided by operating activities	<u>\$ 4,152,557</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, 2009

	Pension / Other Post-employment Benefit <u>Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 165,719	926,009
Cash and investments held by fiscal agent	1,664,560	
Receivables:		
Property taxes	-	5,886,160
Accrued interest	107	66
Total assets	<u>1,830,386</u>	<u>6,812,235</u>
LIABILITIES		
Due to other governments	-	6,733,220
Other liabilities	-	79,015
Total liabilities	<u>-</u>	<u>6,812,235</u>
NET ASSETS		
Held in trust for pension/other post-employment benefits	\$ <u><u>1,830,386</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

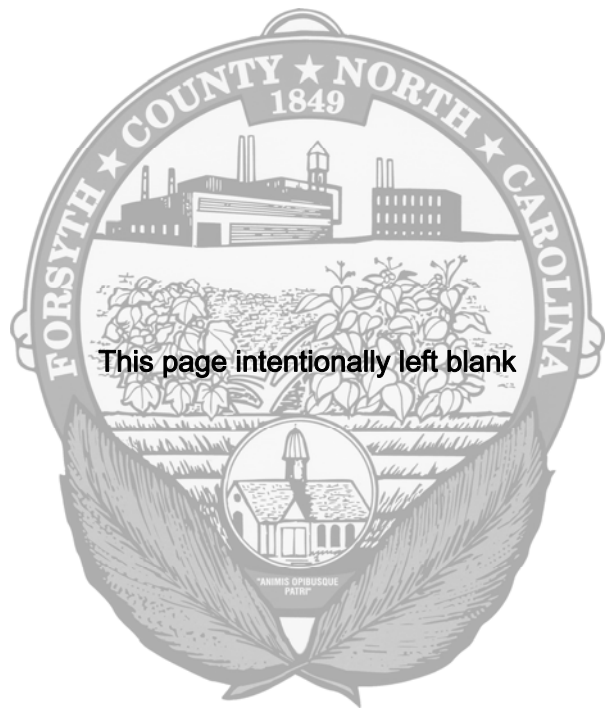
Exhibit 10

Fiduciary Funds

For the Fiscal Year Ended June 30, 2009

	Pension / Other Post-employment Benefit <u>Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 4,056,867
Plan members	356,861
Total contributions	<u>4,413,728</u>
Net investment income	<u>69,783</u>
Total additions	4,483,511
DEDUCTIONS	
Benefits	<u>3,038,549</u>
Change in net assets	1,444,962
Net assets - beginning	<u>385,424</u>
Net assets - ending	<u><u>\$ 1,830,386</u></u>

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



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Notes to the Financial Statements

Forsyth County, North Carolina
June 30, 2009

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, and community and economic development. 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 Capital Projects 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.

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 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 2006, 2007, 2008, 2009, and 2010 Housing Funds, and the 2005, 2007 and 2008 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 and the Emergency Telephone System Fund are controlled by an appropriation for a transfer to the General Fund. The Moser Bequest for Care of Elderly Fund has 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 included several for unanticipated intergovernmental and private grant funding that totaled \$2.3 million and appropriations of fund balance totaling \$1.6 million. The latter included \$1.5 million to increase the appropriation for prior year encumbrances. 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 money market mutual fund, are valued at fair value, which is the NCCMT's share price. 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 in specific increments until maturity. These investments are stated at fair value in the County's financial statements.

General Statute 147-69.4 allows the County to establish an OPEB Trust Fund under the management of the State Treasurer and G.S. 159-30(g) allows the County to make contributions to the Fund. 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 Barclay's Global International Equity Fund authorized under G.S. 147-69.2. The STIF securities are reported at cost and maintain a constant \$1 per share value. 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 LTIF and Barclay's Global International Equity Fund 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, 2008.

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. 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

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, is 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 Public Safety. This portion of net assets represents the aggregate of net assets for five special revenue funds: the Fire Tax Districts Fund; the Law Enforcement Equitable Distribution Fund; the Emergency Telephone System Fund; and the 2007 and 2008 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 2006, 2007, 2008, and 2009 Housing special revenue funds.

Restricted for Other Purposes. General Fund net assets restricted for use by the Register of Deeds Office comprise this portion of restricted net assets.

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 Equity In the fund financial statements, reservations or restrictions of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change and are included in unreserved fund balance on the balance sheet.

State law restricts the appropriation of fund balance to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

Reserved.

Reserved for Encumbrances. This portion of fund balance represents the amount available for appropriation to pay for commitments related to purchase orders and contracts outstanding at year end that will be honored by the County in the next fiscal year.

Reserved by State Statute. This portion of fund balance is not available for appropriation under State law. This amount is usually comprised of receivable balances that are not offset by deferred revenues.

Reserved 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.

Reserved for Capital Outlay. Certain capital projects funded by Certificates of Participation have been completed. The unspent proceeds and interest earnings generated by those proceeds are restricted to use by the fiscal agent for payment of related debt.

Unreserved.

Designated for Subsequent Years' Expenditures.

Budget. In the annually budgeted governmental funds, a portion of fund balance available for appropriation is designated for appropriation in the adopted 2009-2010 Budget Ordinance. In grant project and capital project funds, the unspent appropriations comprise designated fund balance.

Education Debt. In the General Fund, unspent revenue generated by three cents of the ad valorem tax rate and interest on the unspent portions thereof are designated for retirement of general obligation education debt authorized by the November 2006 referendum.

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

Undesignated. The amount of fund balance available for appropriation that is uncommitted at year end is undesignated.

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 \$(362,079,027) 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.		\$ 147,747,903
Pension assets resulting from contributions in excess of the annual required contribution are not financial resources and therefore are not reported in the funds.		174,045
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	\$ 4,448,787	
Grants	3,709	
Interest earnings	8,761	
Fees and miscellaneous	3,245,683	7,706,940
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	4,152,557	
Accounts receivable	9,839	
Claims and judgments – health and dental	(1,182,785)	
Accounts payable and accrued liabilities	(225,103)	
Unearned revenue	(156,138)	2,598,370
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	(5,777,466)	
Bonds, installment purchases, and certificates of participation	(493,575,884)	
Compensated absences	(7,196,766)	
Termination benefits	(694,400)	
Claims and judgments – excluding health and dental	(3,088,642)	
Net OPEB obligation	(6,382,081)	
Deferred charge on refundings	3,877,816	
Deferred charge for issuance costs	3,049,997	
Unamortized issuance premiums	(10,518,859)	(520,306,285)
Total adjustment		\$ (362,079,027)

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 \$(107,041,073) 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.	\$ 8,097,429	
Depreciation expense, the allocation of capital assets over their useful lives, is recorded on the statement of activities but not in the fund statements.	(9,808,864)	\$ (1,711,435)
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.		(102,357)
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, 2008:		
Property taxes and accrued interest on property taxes	(3,720,695)	
Grants	(129,246)	
Interest earnings	(4,900)	
Fees and miscellaneous	(3,695,062)	
Record revenue deferred in the fund statements at June 30, 2009:		
Property taxes and accrued interest on property taxes	4,448,787	
Grants	3,709	
Interest earnings	8,761	
Fees and miscellaneous	3,245,683	157,037
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	(161,688,759)	
Principal payments on debt	26,200,993	
Payment to refunded bond escrow agent	29,264,379	
Issuance and other costs	1,117,617	(105,105,770)
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	(520,936)	
Termination benefits	(694,400)	
Reductions in claims and judgments – excluding health and dental	754,717	
Prepaid pension benefit obligation	12,229	
Net OPEB obligation	(2,253,108)	
Accrued interest	(227,870)	
Amortized deferred charge on refundings	(851,049)	
Amortized deferred charge for issuance costs	(368,356)	
Amortized debt premiums	1,271,855	(2,876,918)
Internal service fund profit generated by customers within the primary government is eliminated from the statement of activities.		2,598,370
Total adjustments		\$ (107,041,073)

3. Stewardship, Compliance, and Accountability

Excess of Expenditures over Appropriations

Expenditures for the Inspections Department exceeded budget by \$51,700. Inspections is a consolidated City - County department administered by the City of Winston-Salem. In accordance with the interlocal agreement, the City notified the County that shared costs would exceed budget due to a decline in offsetting revenue generated by building activity. The General Fund budget was amended midyear based on the estimate provided by the City; however, final costs invoiced after the end of the budget year exceeded the amended appropriation. In future years, noncompliance with legal budgetary control may be avoided by estimating net costs more conservatively. Appropriations for the Medical Examiner department are based on historical costs, and the fourth quarter review indicated the budget was adequate. An unanticipated increase in autopsies late in the year resulted in excess expenditures for the year of \$26,000, all of which were invoiced after June 30. Continued refinement of estimates may preclude future overages for this department. The County's contribution to the Other Post-employment Benefit Trust (the OPEB Trust) was budgeted in and paid from Nondepartmental, and at the end of the year it was allocated to departments based on salary costs. This allocation caused Budget and Management to exceed its legal appropriation by \$808. In future years, the appropriation for the contribution to the OPEB Trust will be transferred to departments, as applicable.

Transfers of residual fund equity from four funds that were closed during the fiscal year exceeded appropriations in those funds. These budget variances are not in noncompliance with legal budgetary control: 2005 Schools fund, \$710,158; 2007 Information Systems fund, \$28,271; 2008 Information Systems fund, \$725; and 2009 Information Systems fund, \$38.

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, 2009, the demand deposit portion of the County's cash and investment pool was \$1,429,248. The bank balances totaled \$1,779,712, 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, 2009, the County's petty cash funds totaled \$19,321.

b. Investments

As of June 30, 2009, 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	\$ 239,575,661	239,575,661	239,575,661	-	-	0.0025
Agency Securities	23,328,528	23,346,560	6,031,098	13,110,464	4,204,998	0.1536
Total Portfolio	<u>\$ 262,904,189</u>	<u>262,922,221</u>	<u>245,606,759</u>	<u>13,110,464</u>	<u>4,204,998</u>	

Portfolio weighted
average maturity 0.1561 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, 2009, all of the County's investments with maturities beyond two years were either multi-step or variable interest rate 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, 2009.

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, 2009, 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, 2009.

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. Five percent (5%) or more of the County's investments are in bonds issued by the Federal Home Loan Bank (6.5%).

Other Post-Employment Benefits Trust Fund

At June 30, 2009, the Healthcare Plan had \$1,664,560 invested in the State Treasurer's Local Government Other Post-Employment Benefits (OPEB) Fund pursuant to G.S. 147-69.4. The State Treasurer's OPEB Fund may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the General Statutes. At year-end, the State Treasurer's OPEB Fund was invested as follows: State Treasurer's Short Term Investment Fund (STIF), 29%; State Treasurer's Long Term Investment Fund (LTIF), 12%; and Barclay's Global International Equity Fund, 59% (the equities were split with 75% in domestic securities and 25% in international securities).

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 1.8 years at June 30, 2009. The State Treasurer's Long Term Investment Fund (LTIF) is unrated and had a weighted average maturity of 15.6 years at June 30, 2009.

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
2006	\$ 1,652,444	541,175	2,193,619
2007	1,652,444	392,455	2,044,899
2008	1,726,878	254,715	1,981,593
2009	1,726,878	99,295	1,826,173
Totals	\$ 6,758,644	1,287,640	8,046,284

d. Receivables

Receivables at June 30, 2009 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	\$ 8,912,644	(5,131,306)	3,781,338
Other governmental funds	180,773	(93,444)	87,329
Occupancy taxes			
General fund	34,817	-	34,817
Other taxes			
General fund	15,797	-	15,797
Accounts			
General fund	25,517,524	(20,357,450)	5,160,074
Accrued interest			
General fund	123,097	-	123,097
Other governmental funds	6,839	-	6,839
Total receivables	\$ 34,791,491	(25,582,200)	9,209,291

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, 2009, the various components of *deferred revenue* and *unearned revenue* were as follows:

Description	Deferred (Unavailable)	Unearned
Delinquent property taxes receivable		
General fund	\$ 3,781,338	-
Other governmental funds	87,329	-
Intergovernmental and private grants		
General fund	2,433	56,680
Other governmental funds	1,276	66,335
Fees and other – General fund	3,245,683	310,671
Investment earnings – General fund	8,761	-
Total deferred / unearned revenue for governmental funds	\$ 7,126,820	433,686

e. Capital Assets

Capital asset activity for the year ended June 30, 2009, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 12,547,780	--	(9,098)	12,538,682
Art collections	270,707	--	--	270,707
Construction-in-progress	257,052	3,401,491	(228,572)	3,429,971
Total capital assets not being depreciated	13,075,539	3,401,491	(237,670)	16,239,360
Capital assets being depreciated:				
Buildings	170,791,374	1,021,465	(36,038)	171,776,801
Improvements other than buildings	12,530,200	217,092	(35,055)	12,712,237
Equipment	60,094,795	3,685,953	(8,386,321)	55,394,427
Total capital assets being depreciated	243,416,369	4,924,510	(8,457,414)	239,883,465
Less accumulated depreciation for:				
Buildings	55,772,427	4,128,043	(17,285)	59,883,185
Improvements other than buildings	6,558,073	480,529	(17,673)	7,020,929
Equipment	44,599,713	5,200,292	(8,329,197)	41,470,808
Total accumulated depreciation	106,930,213	9,808,864	(8,364,155)	108,374,922
Total capital assets being depreciated, net	136,486,156	(4,884,354)	(93,259)	131,508,543
Capital assets, net	\$149,561,695	(1,482,863)	(330,929)	147,747,903

Depreciation expense charged to functions for the year ended June 30, 2009, was as follows:

Function	Depreciation Expense
General government	\$ 4,289,186
Public safety	3,812,075
Environmental protection	24,722
Human services	610,223
Culture and recreation	1,045,426
Community and economic development	5,587
Education	21,645
Total	\$ 9,808,864

Construction Commitments

Work on the new maintenance facility at Tanglewood Park, a \$4.0 million project, was begun during the year. Progress has been made on renovations to the Social Services facility, for which \$1.7 million has been allocated, and design and engineering services are underway on the \$3.1 million project to upgrade technology at the Detention Center. Parks and recreation projects and a major roof replacement at the facility for the courts have also been initiated. At June 30, 2009, commitments with contractors on these projects are as follows:

Project	Spent-to-Date	Remaining Commitment
Tanglewood Park maintenance facility	\$ 366,970	2,257,733
Social Services facility renovation	465,192	247,281
Jail technology project	199,004	64,792
Tanglewood Park shelter replacements	146,895	1,050,099
Triad Park development	234,656	479,164
Hall of Justice roof replacement	506,578	128,272
Totals	\$ 1,919,295	4,227,341

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, 2009, interfund receivables and payables are as follows:

Payable Fund	Receivable Fund - General Fund
Nonmajor governmental funds:	
State Public School Building Capital Fund – lottery proceeds for debt service	\$ 33,018
State Public School Building Capital Fund – advance from cash and investment pool	50,419
Total	\$ 83,437

The following is a summary of interfund transfers for the year ended June 30, 2009:

	Transfers in:		
	General Fund	Nonmajor Governmental Funds	Total
Transfers out:			
General Fund	\$ --	40,000	40,000
2007 School Facilities	2,400,000	151,787	2,551,787
Nonmajor governmental funds	10,549,472	--	10,549,472
Totals	\$ 12,949,472	191,787	13,141,259

The General Fund transferred \$40,000 to the 2009 Housing grant project fund to provide local matching funds for a grant. Transfers from the 2007 School Facilities fund were for Schools capital outlay in the General Fund and for local match in the State Public School Building Capital fund.

Transfers of \$7,210,262 to the General Fund from nonmajor governmental funds were for debt service, including \$1,225,000 from capital projects funds, as permitted in the applicable financings, and \$5,985,262 in lottery proceeds from the Public School Building Capital fund. Other transfers to the General Fund from nonmajor governmental funds included \$100,000 from the 2007 Forsyth Technical Community College (FTCC) fund for FTCC capital outlay; \$758,395 residual equity from funds that were closed; \$1,491,448 from the Fire Tax Districts special revenue fund to support the County fire department; \$131,921 from the Law Enforcement Equitable Distribution special revenue fund for law enforcement programs; and \$857,446 from the Emergency Telephone System fund for public safety communications costs.

g. Payables

Payables at June 30, 2009, were as follows:

Description	General Fund	2009	Nonmajor	Total
		Educational Facilities Fund	Governmental Funds	
Vendors	\$ 4,238,745	70,557	638,207	4,947,509
Salaries and benefits	4,022,770	--	--	4,022,770
Totals	\$ 8,261,515	70,557	638,207	8,970,279

h. Leases

Operating Leases The County leases buildings, office facilities, and equipment under non-cancelable operating leases. Total costs for such leases were \$753,448 for the year ended June 30, 2009. 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
2010	\$ 746,365
2011	609,669
2012	420,423
2013	230,557
2014	56,215
2015 – 2019	305,089
2020 – 2024	353,220
2025 – 2029	408,949
2030 – 2034	362,622
Total minimum lease payments	\$ 3,493,109

The total rental expenditures for all operating leases were \$1,473,640 for the year ended June 30, 2009.

i. Long-term obligations

Long-term obligation activity

Changes in long-term obligations during the year ended June 30, 2009, were as follows:

	Balance June 30, 2008	Additions	Reductions	Balance June 30, 2009	Due Within One Year
Governmental activities:					
Compensated absences	\$ 6,675,830	8,687,784	8,166,848	7,196,766	5,151,791
Termination benefits	--	714,400	20,000	694,400	694,400
General obligation bonds	313,620,000	156,255,000	48,920,000	420,955,000	23,775,000
Deferred loss on refunding	(1,596,431)	(839,379)	(617,200)	(1,818,610)	--
Unamortized premiums	4,516,642	4,407,759	974,616	7,949,785	--
Installment purchase obligations	1,705,877	1,026,000	545,993	2,185,884	603,677
Certificates of participation	75,595,000	--	5,160,000	70,435,000	5,315,000
Deferred loss on refunding	(2,293,055)	--	(233,849)	(2,059,206)	--
Unamortized premiums	2,866,313	--	297,239	2,569,074	--
Net OPEB obligation	4,128,973	5,863,049	3,609,941	6,382,081	--
Claims and judgments	3,843,359	17,619,071	17,191,003	4,271,427	2,317,218
Total general long-term obligations	\$ 409,062,508	193,733,684	84,034,591	518,761,601	37,857,086

Compensated absences, termination benefits, 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.

Termination Benefits During the year, Forsyth County offered a one-time voluntary retirement incentive to benefitted employees who met service and age requirements for unreduced retirement under the North Carolina Local Government Employees' Retirement System and who elected to retire with an effective date between May 1, 2009 and October 1, 2009. The incentive consisted of a lump-sum payment of \$20,000 for full-time employees and a pro-rated amount based on work-hours for part-time employees, to be paid within thirty days of the effective date of retirement. Thirty-six employees elected to participate in the program at a cost of \$714,400 to the County. One lump-sum payment of \$20,000 was made during the fiscal year, and a balance of \$694,400 is due at June 30, 2009 for later effective retirement dates. The County Manager has the authority to delay an employee's effective retirement date up to January 1, 2010, so all benefits will be paid out by January 31, 2010. The liability has been established at the actual cost of the benefits.

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, 2009, a liability for \$836,609 is included in claims and judgments and reported in long-term liabilities on the Statement of Net Assets.

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 September 17, 2008, the County issued \$28,885,000 of general obligation refunding bonds, Series 2008, to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$28,425,000 general obligation School bonds, Series 1998 and Series 1999. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$839,379. This amount is being netted against the new debt and amortized over the life of the new debt, which is the same as the life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next eight years by \$1,482,924 and resulted in an economic gain of \$1,337,612.

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, 2009, the rate of interest for both issues was 0.32%.

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, 2009, the rate of interest was 0.27%.

A summary of outstanding general obligation bonds follows:

Purpose of Issue	Date of Issue	Effective Interest Rate	Amount Issued	Principal Outstanding June 30, 2009	
<u>Governmental Activities</u>					
School Building	06-24-04	Var Rate %	\$ 15,000,000	13,000,000	
	06-24-04	Var Rate	15,000,000	13,000,000	
	02-01-06	4.0735	22,500,000	21,700,000	
	04-01-07	3.9543	30,000,000	29,150,000	
	04-19-07	Var Rate	30,000,000	29,150,000	
	09-17-08	4.1701	80,000,000	80,000,000	
Community College	04-01-07	3.9543	12,500,000	12,200,000	
Educational Facilities	06-23-09	3.7680	36,250,000	36,250,000	
Parks and Recreation	06-01-01	4.7373	2,980,000	2,105,000	
Public Improvement	03-01-02	4.4913	6,420,000	5,100,000	
	03-01-02	4.4913	51,900,000	42,900,000	
	09-01-03	4.1925	3,950,000	550,000	
	09-01-03	4.1925	48,850,000	42,850,000	
	02-01-06	4.0735	10,185,000	9,785,000	
	09-16-08	4.1175	11,120,000	11,120,000	
	Public Improvement Refunding	02-01-99	4.3001	16,480,000	6,340,000
		09-01-03	4.1925	8,785,000	4,150,000
		12-01-03	2.3916	16,105,000	3,155,000
		02-01-04	3.0633	30,855,000	27,630,000
03-01-05		3.5954	15,630,000	1,935,000	
	09-17-08	2.8798	28,885,000	28,885,000	
Totals			\$493,395,000	420,955,000	

Of the \$132,425,000 public improvement bonds issued, \$23,875,000 funded County facilities and capital projects, \$101,550,000 funded School facilities, and \$7,000,000 funded Community College facilities.

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

June 30	Principal	Interest	Total
2010	\$ 23,775,000	15,150,929	38,925,929
2011	22,635,000	14,763,676	37,398,676
2012	25,260,000	13,867,211	39,127,211
2013	26,210,000	12,875,716	39,085,716
2014	28,315,000	11,896,009	40,211,009
2015 – 2019	120,905,000	45,133,039	166,038,039
2020 - 2024	112,550,000	23,303,163	135,853,163
2025 - 2029	61,305,000	4,344,521	65,649,521
Totals	\$420,955,000	141,334,264	562,289,264

There are \$149,980,000 in authorized but unissued general obligation bonds at June 30, 2009.

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, 2009, there were three series of industrial revenue bonds outstanding, with an aggregate principal amount payable of \$24,145,000.

Certificates of Participation Outstanding certificates of participation are as follows:

Purpose of Issue	Principal Outstanding June 30, 2009
<u>Governmental Activities</u>	
Issued August 9, 2005 to finance renovation of an elementary school and a middle school; interest varies from 3.00% to 5.00%	\$ 11,050,000
Issued May 5, 2005 to advance refund portions of three previous issues; interest varies from 2.60% to 5.00%	40,800,000
Issued December 1, 2002 to provide funds for County facility renovation and construction; interest varies from 2.50% to 4.125%	1,525,000
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, 2009 was 0.29%	5,880,000
Issued April 1, 2001 to finance County facility renovation and construction and for a current refunding of previously issued certificates of participation; interest varies from 4.00% to 5.00%	8,325,000
Issued September 1, 1998 to provide funds for site acquisition, equipment, facility renovation and park improvements for the County; interest varies from 4.25% to 5.00%	2,855,000
Total	\$ 70,435,000

Debt service requirements to maturity for certificates of participation are as follows:

Year Ending June 30	Principal	Interest	Total
2010	\$ 5,315,000	3,068,250	8,383,250
2011	5,460,000	2,883,627	8,343,627
2012	5,620,000	2,693,933	8,313,933
2013	5,470,000	2,504,840	7,974,840
2014	4,170,000	2,300,438	6,470,438
2015 - 2019	23,725,000	8,172,688	31,897,688
2020 - 2024	19,375,000	2,457,500	21,832,500
2025 - 2026	1,300,000	97,500	1,397,500
Total	\$ 70,435,000	24,178,776	94,613,776

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, 2009, \$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, 2009
<u>Governmental Activities</u>				
Computer equipment and software	07-28-06	4.5900 %	\$ 1,125,000	666,525
	06-28-07	4.3400	788,500	493,359
	01-06-09	4.4900	276,000	276,000
	06-01-09	3.9100	750,000	750,000
Totals			\$ 2,939,500	2,185,884

Annual maturities are as follows:

Year Ending June 30	Principal	Interest	Total
2010	\$ 603,677	87,213	690,890
2011	770,119	63,294	833,413
2012	376,545	29,300	405,845
2013	213,203	15,567	228,770
2014	222,340	6,430	228,770
Total	\$ 2,185,884	201,804	2,387,688

As of June 30, 2009, the County's legal debt limit was \$2,510,715,742, computed at 8% of the total appraised property valuation of \$31,383,946,770. With \$420,955,000 in County, School, and Community College bonds outstanding at June 30, 2009 and \$72,620,884 committed under certificates of participation and installment purchases, the County could issue additional bonds up to \$2,017,139,858 if authorized.

j. Fund Balances

Unreserved Fund Balance. The amounts reported on the governmental funds balance sheet identified as unreserved fund balance comprise the following:

	Designated For				Total
	Budget	Education Debt	Capital	Undesignated	
General Fund	\$ 10,750,194	17,752,823	10,252,948	62,945,115	101,701,080
2007 School Facilities Fund	73,974,754	--	--	--	73,974,754
2009 Educational Facilities Fund	37,691,371	--	--	--	37,691,371
Other governmental funds:					
Special revenue funds	830,185	--	--	54,450	884,635
Capital projects funds	23,627,198	--	--	(2,868,728)	20,758,470
Totals	\$ 146,873,702	17,752,823	10,252,948	60,130,837	235,010,310

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, 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 4.80% and 4.86%, 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, 2009, 2008, and 2007 were \$3,991,132, \$3,866,762, and \$3,694,493, 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, 2008, the Separation Allowance's membership consisted of:

Retirees currently receiving benefits	45
Active plan members	221
Total	266

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 \$446,926, or 4.60% 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	\$ 436,202
Interest on net pension obligation	(11,732)
Adjustment to annual required contribution	10,227
Annual pension cost	434,697
Contributions made	(446,926)
Increase in net pension asset	(12,229)
Net pension asset, beginning of year	(161,816)
Net pension asset, end of year	\$ (174,045)

The annual required contribution for the fiscal year ended June 30, 2009 was determined as part of the December 31, 2007 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return and (b) projected salary increases of 4.5% to 12.3% per year. Item (b) included an inflation component of 3.75%. 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, 2007 was 23 years.

Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension (Asset) Obligation
6/30/2007	\$ 363,691	98.25%	\$(142,580)
6/30/2008	\$ 377,936	105.09%	\$(161,816)
6/30/2009	\$ 434,697	102.81%	\$(174,045)

Funded Status and Funding Progress. As of December 31, 2008, the most recent actuarial valuation date, the plan was 5.2% funded. The actuarial accrued liability for benefits was \$5,101,499, and the actuarial value of assets was \$263,693, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,837,806. The covered payroll (annual payroll of active employees covered by the plan) was \$9,585,542, and the ratio of the UAAL to the covered payroll was 50.5%. 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.

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, 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, 2009 were \$503,763, 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, 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, 2009, the County's required and actual contributions were \$36,515.

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 68.2% and 90.2% 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, 2008, the date of the latest actuarial valuation:

Retirees currently receiving benefits	598
Active plan members:	
General employees	1,869
Law enforcement officers	221
Total	2,688

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 \$10,000 and \$6,461, respectively, for fiscal year 2009. The monthly cost of healthcare benefits is shared by the County and covered retirees, respectively, as follows: retiree-only coverage, \$509 and \$55; retiree and one dependent, \$634 and \$156; and retiree and more than one dependent, \$886 and \$412. For fiscal year 2009, the County contributed \$1,933,480 for healthcare benefits, and retiree Plan members contributed \$356,861. Additionally, the County contributed \$1,600,000 to prefund benefits.

The current ARC rate is 7.73% of annual covered payroll. For the current year, the County contributed \$3,609,941 or 4.61% 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	\$5,840,379
Interest on net OPEB obligation	165,159
Adjustment to annual required contribution	(142,489)
Annual OPEB cost (expense)	5,863,049
Contributions made	(3,609,941)
Increase in net pension obligation	2,253,108
Net pension obligation, beginning of year	4,128,973
Net OPEB obligation, end of year	\$6,382,081

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and the preceding year were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2008	\$ 5,840,379	29.30%	\$ 4,128,973
6/30/2009	\$ 5,863,049	61.57%	\$ 6,382,081

Funded Status and Funding Progress. As of December 31, 2008, the most recent actuarial valuation date, the plan was 2.4% funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$67,597,463. The covered payroll (annual payroll of active employees covered by the plan) was \$81,150,253, and the ratio of the UAAL to the covered payroll was 83.3%.

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.

In the December 31, 2008 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 5.00% investment rate of return, which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 10.50% to 5.00% annually. The investment rate of return included a 3.75% inflation assumption. The UAAL is being amortized as a level percentage of pay on an open basis. The remaining amortization period at December 31, 2008, was 30 years.

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 \$400,000 for each workers' compensation claim, \$175,000 for each health care claim, \$250,000 for each auto liability, general liability, and public officials 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 \$2,252,032 at June 30, 2009. It is reported in the Statement of Net Assets as a long-term liability, and \$1,134,433 is considered due within one year.

The County's actuarially determined claims liability for employee, dependent, and retiree health care costs is \$1,182,785 at June 30, 2009. It is reported as a current liability in the proprietary fund Statement of Net Assets and as a long-term liability, due in one year, in the government-wide Statement of Net Assets.

Fiscal year 2009 was the initial 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 catastrophe 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 \$2,598,370 in the Employee Benefits Fund are designated for these purposes.

Changes in the claims liability amount in fiscal 2008 and fiscal 2009 were as follows:

	Beginning Balance	Current-Year Claims and Changes in Estimates	Claims Payments	Ending Balance
2007-2008	\$2,021,114	2,313,270	(1,773,249)	2,561,135
2008-2009	2,561,135	17,619,071	(16,745,389)	3,434,817

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. Subsequent events

Bond issuance. On September 16, 2009, the County issued \$42,870,000 general obligation refunding bonds to advance refund \$43,705,000 outstanding general obligation bonds resulting in net present value savings of \$2,117,069. These bonds have a final maturity of March 1, 2020.

e. 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, 2009.

f. 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 2009, 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.

g. 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 \$6,737,790 and \$3,656,560 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2009. In addition, the County made debt service payments of \$1,770,377 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, 2009. 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 and Davie 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, and Davie Counties. CenterPoint's board is composed of nineteen members, three of whom are County Commissioners, one from Forsyth County, one from Stokes County, and one from Davie County, appointed by the respective governing board of each county to serve as ex-officio members of the board. The sixteen additional members are appointed by the three Commissioner 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 \$6,167,610 for CenterPoint operations for the fiscal

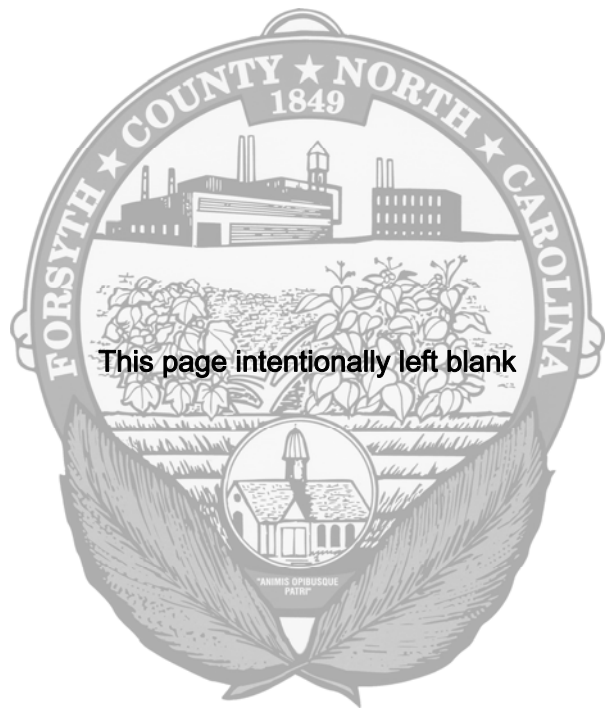
year ended June 30, 2009. Additionally, the County provided services to CenterPoint during the year for which it invoiced \$2,151,738, of which \$383,833 was outstanding at year-end. The participating governments do not have an equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2009. 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 by state statute to further the development of travel, tourism, and conventions in the County. The Authority board is comprised of thirteen members of which the County and the City of Winston-Salem each appoint four, the Chamber appoints one, and these nine appoint the remaining four members. The Authority receives approximately 61.0% of room occupancy taxes which are levied and collected by the County. For the year ended June 30, 2009, occupancy taxes totaling \$2,071,992 were distributed to the Authority. The County also provided \$16,384 in financial services to the Authority during fiscal year 2009. 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, 2009. 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.

h. Jointly Governed Organizations

The County, in conjunction with five other counties and twenty-one municipalities, formed the Northwest Piedmont Council of Governments to enhance and promote the potential of the region 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 \$102,876 to the Council during the fiscal year ended June 30, 2009.

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, 2009.



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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

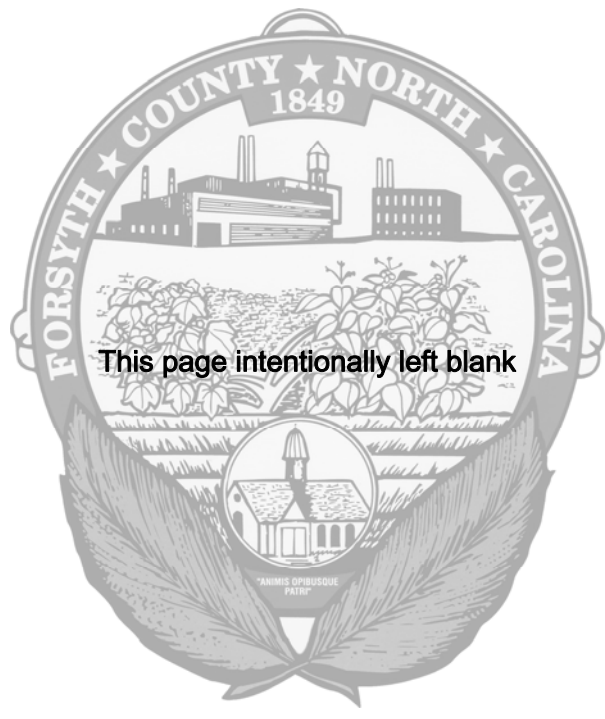
Law Enforcement Officers' Special Separation Allowance – Schedule of Employer Contributions

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 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)
31-Dec-03	\$ 1,223,836	\$ 4,514,489	\$ 3,290,653	27.11 %	\$ 7,997,734	41.14 %	
31-Dec-04	1,048,797	4,783,417	3,734,620	21.93	8,498,129	43.95	
31-Dec-05	924,989	4,438,017	3,513,028	20.84	9,092,712	38.64	
31-Dec-06	742,951	4,414,409	3,671,458	16.83	8,980,782	40.88	
31-Dec-07	494,627	4,942,272	4,447,645	10.01	9,481,989	46.91	
31-Dec-08	263,693	5,101,499	4,837,806	5.17	9,585,542	50.47	

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

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	12/31/2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, closed
Remaining amortization period	22 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	4.5% to 12.3%
*Includes inflation at	3.75%
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)
31-Dec-07	\$ -	\$ 65,181,263	\$ 65,181,263	0.00 %	\$ 76,036,540	85.72 %
31-Dec-08	1,661,067	69,258,530	67,597,463	2.40	81,150,253	83.30

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	29.30 %
2009	5,840,379	61.81

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	12/31/2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Medical cost trend rate	10.50% - 5.00%
Year of ultimate trend rate	2016
*Includes inflation at	3.75%

Major Governmental Funds

Budgetary Comparison Schedules

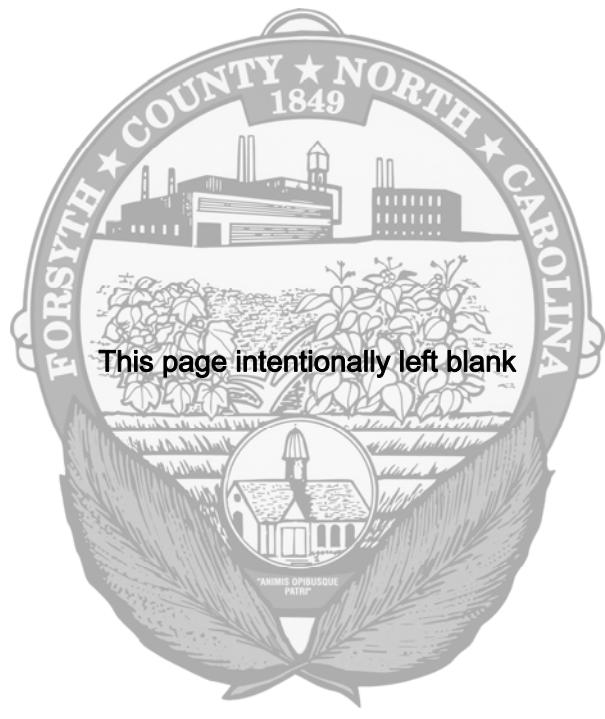
General Fund

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.



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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, 2009

Page 1 of 3

	<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	\$ 212,798,384	212,798,384	213,775,546	977,162
Prior years	3,000,000	3,000,000	2,897,233	(102,767)
Interest	850,000	850,000	952,313	102,313
Total property	<u>216,648,384</u>	<u>216,648,384</u>	<u>217,625,092</u>	<u>976,708</u>
Occupancy taxes	<u>525,000</u>	<u>525,000</u>	<u>466,198</u>	<u>(58,802)</u>
Local option sales:				
Article 39 one cent	30,691,163	30,691,163	25,351,617	(5,339,546)
Article 40 one-half cent	13,253,708	13,253,708	11,574,307	(1,679,401)
Article 42 one-half cent	13,108,460	13,108,460	11,428,510	(1,679,950)
Article 44 one-half cent	8,604,322	8,604,322	6,738,917	(1,865,405)
Total sales	<u>65,657,653</u>	<u>65,657,653</u>	<u>55,093,351</u>	<u>(10,564,302)</u>
Other taxes	<u>150,000</u>	<u>150,000</u>	<u>202,959</u>	<u>52,959</u>
Total taxes	<u>282,981,037</u>	<u>282,981,037</u>	<u>273,387,600</u>	<u>(9,593,437)</u>
Licenses and permits	934,290	934,290	940,488	6,198
Intergovernmental	51,221,397	53,432,524	47,028,337	(6,404,187)
Charges for services	27,310,853	27,436,152	25,129,543	(2,306,609)
Investment earnings	3,615,435	3,615,435	2,103,017	(1,512,418)
Other	7,832,452	7,959,658	9,363,008	1,403,350
Total revenues	<u>373,895,464</u>	<u>376,359,096</u>	<u>357,951,993</u>	<u>(18,407,103)</u>
Expenditures:				
Current:				
General government:				
Budget and management	506,648	539,556	540,364	(808)
Management information services	8,478,228	8,788,138	8,067,617	720,521
Finance	2,067,194	2,144,615	1,968,277	176,338
General services	14,277,296	15,416,442	12,223,374	3,193,068
Human resources	1,044,937	1,011,220	964,970	46,250
Planning	1,506,080	1,604,665	1,440,263	164,402
Purchasing	114,870	114,870	106,907	7,963
Attorney	1,161,580	1,193,725	1,164,309	29,416
Board of elections	868,002	1,175,555	1,162,841	12,714
County commissioners and manager	1,044,711	1,047,383	1,010,369	37,014
Register of deeds	1,782,686	1,790,284	1,362,334	427,950
Tax administration	5,465,985	5,763,158	5,501,912	261,246
Non-departmental:				
Contingency	606,566	194,341	-	194,341
County-wide salary savings	(1,900,000)	(1,900,000)	-	(1,900,000)
Other services and adjustments	3,175,256	4,083,827	1,444,860	2,638,967
Designated for Education Debt Leveling Plan	9,172,344	9,172,344	-	9,172,344
Merit adjustment	1,805,709	595,434	-	595,434
Prior year encumbrances	1,800,000	1	-	1
Special appropriations	87,964	87,904	32,703	55,201
Total general government	<u>53,066,056</u>	<u>52,823,462</u>	<u>36,991,100</u>	<u>15,832,362</u>

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

A-1

FORSYTH COUNTY, NORTH CAROLINA
 For the Fiscal Year Ended June 30, 2009

Page 2 of 3

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		with Final Budget
Public safety:				
Animal control	\$ 1,961,745	1,987,624	1,800,763	186,861
Emergency management	329,560	329,560	311,149	18,411
Interagency communications	1,435,837	1,440,041	1,325,724	114,317
Emergency medical service	11,239,652	11,328,525	10,006,498	1,322,027
Fire protection	4,314,976	4,416,633	4,265,805	150,828
Sheriff	39,883,450	40,896,145	38,760,819	2,135,326
Court services	506,280	506,469	408,219	98,250
Medical examiner	190,000	190,000	216,000	(26,000)
Youth center	1,243,488	1,253,876	1,216,722	37,154
Nondepartmental other services and adjustments	1,074,220	1,074,220	1,027,434	46,786
Total public safety	<u>62,179,208</u>	<u>63,423,093</u>	<u>59,339,133</u>	<u>4,083,960</u>
Environmental protection:				
NC cooperative extension service - conservation of natural resources	177,339	306,631	271,204	35,427
Environmental affairs	1,804,068	1,882,593	1,847,071	35,522
Inspections	267,010	550,403	602,103	(51,700)
Nondepartmental other services and adjustments	29,287	29,287	27,936	1,351
Total environmental protection	<u>2,277,704</u>	<u>2,768,914</u>	<u>2,748,314</u>	<u>20,600</u>
Human services:				
Public health	21,124,536	21,487,552	19,637,463	1,850,089
Social services	57,859,545	58,526,214	52,283,287	6,242,927
Special appropriations	1,383,280	1,420,293	1,344,970	75,323
Nondepartmental other services and adjustments	692,587	692,587	663,549	29,038
Total human services	<u>81,059,948</u>	<u>82,126,646</u>	<u>73,929,269</u>	<u>8,197,377</u>
Culture and recreation:				
Library	7,538,380	7,929,419	7,225,436	703,983
Parks and recreation	2,170,356	2,196,029	1,865,818	330,211
Tanglewood park	6,523,629	6,754,539	6,198,412	556,127
Special appropriations	421,949	411,398	399,076	12,322
Nondepartmental other services and adjustments	131,442	131,442	125,039	6,403
Total culture and recreation	<u>16,785,756</u>	<u>17,422,827</u>	<u>15,813,781</u>	<u>1,609,046</u>
Community and economic development:				
Economic development	2,394,037	2,582,037	2,142,284	439,753
Housing	349,785	349,785	268,029	81,756
Total community and economic development	<u>2,743,822</u>	<u>2,931,822</u>	<u>2,410,313</u>	<u>521,509</u>
Education:				
NC cooperative extension service	721,876	746,172	642,283	103,889
Special appropriations	900,000	1,558,000	1,556,750	1,250
Nondepartmental other services and adjustments	46,914	46,914	44,561	2,353
Total education	<u>1,668,790</u>	<u>2,351,086</u>	<u>2,243,594</u>	<u>107,492</u>
Intergovernmental:				
Human services - CenterPoint Human Services	6,258,706	6,258,706	6,167,610	91,096
Education:				
Forsyth Technical Community College:				
Current expense	6,738,790	6,738,790	6,737,790	1,000
Capital outlay	1,313,948	1,313,948	913,948	400,000
Total Forsyth Technical Community College	<u>8,052,738</u>	<u>8,052,738</u>	<u>7,651,738</u>	<u>401,000</u>
Winston-Salem/Forsyth County Schools:				
Instructional programs	70,913,062	70,913,062	70,913,062	-
Support services	31,264,756	31,264,756	30,139,756	1,125,000
Charter schools	3,500,000	3,500,000	3,500,000	-
Contingency	2,917,870	2,917,870	2,917,870	-
Capital outlay	2,400,000	2,400,000	2,400,000	-
Total Winston-Salem/Forsyth County Schools	<u>110,995,688</u>	<u>110,995,688</u>	<u>109,870,688</u>	<u>1,125,000</u>
Total intergovernmental education	<u>119,048,426</u>	<u>119,048,426</u>	<u>117,522,426</u>	<u>1,526,000</u>

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

A-1

FORSYTH COUNTY, NORTH CAROLINA
 For the Fiscal Year Ended June 30, 2009

Page 3 of 3

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>with Final</u> <u>Budget</u>
Debt service:				
General obligation bonds:				
Principal	\$ 20,495,000	20,495,000	20,495,000	-
Interest and other charges	16,704,660	16,753,976	15,070,315	1,683,661
Capital leases, installment purchases and certificates of participation:				
Principal	5,705,994	5,730,909	5,705,993	24,916
Interest and other charges	3,693,043	3,699,239	3,432,268	266,971
Total debt service	<u>46,598,697</u>	<u>46,679,124</u>	<u>44,703,576</u>	<u>1,975,548</u>
Total expenditures	<u>391,687,113</u>	<u>395,834,106</u>	<u>361,869,116</u>	<u>33,964,990</u>
Excess (deficiency) of revenues over expenditures	<u>(17,791,649)</u>	<u>(19,475,010)</u>	<u>(3,917,123)</u>	<u>15,557,887</u>
Other financing sources (uses):				
Refunding bonds issued	-	80,427	28,885,000	28,804,573
Premium on refunding bonds	-	-	511,027	511,027
Transfers in:				
Fire Tax Districts Fund	1,685,265	1,685,265	1,491,448	(193,817)
Law Enforcement Equitable Distribution Fund	622,748	622,748	131,921	(490,827)
Emergency Telephone System Fund	857,446	857,446	857,446	-
State Public School Building Capital Fund	-	-	5,985,262	5,985,262
2009 Housing Fund	54,790	54,790	-	(54,790)
2002 Schools Fund	900,000	900,000	900,000	-
2005 Schools Fund	-	-	710,158	710,158
2006 2/3rds Bonds Fund	325,000	325,000	325,000	-
2007 Information Systems Fund	-	-	28,271	28,271
2007 School Facilities Fund	2,400,000	2,400,000	2,400,000	-
2007 Forsyth Technical Community College Fund	100,000	100,000	100,000	-
2008 2/3rds Bonds Fund	-	-	19,203	19,203
2008 Information Systems Fund	-	-	725	725
2009 Information Systems Fund	-	-	38	38
Total transfers in	<u>6,945,249</u>	<u>6,945,249</u>	<u>12,949,472</u>	<u>6,004,223</u>
Transfers out - 2009 Housing Fund	<u>(40,000)</u>	<u>(40,000)</u>	<u>(40,000)</u>	-
Payment to refunded bond escrow agent	-	-	(29,264,379)	(29,264,379)
Total other financing sources (uses)	<u>6,905,249</u>	<u>6,985,676</u>	<u>13,041,120</u>	<u>6,055,444</u>
Net change in fund balance	<u>(10,886,400)</u>	<u>(12,489,334)</u>	<u>9,123,997</u>	<u>21,613,331</u>
Fund balances - June 30, 2008	<u>120,442,672</u>	<u>120,442,672</u>	<u>120,442,672</u>	-
Fund balances - June 30, 2009	<u>\$ 109,556,272</u>	<u>107,953,338</u>	<u>129,566,669</u>	<u>21,613,331</u>

2007 SCHOOL FACILITIES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

A-2

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2009

	<u>Budget</u>	<u>Cumulative Total to June 30, 2009</u>	<u>Activity Year Ended June 30, 2009</u>	<u>Cumulative Total to June 30, 2008</u>
Revenues - investment earnings	\$ 2,929,705	4,642,222	1,517,668	3,124,554
Expenditures:				
Current - intergovernmental - education	249,750,000	69,063,044	57,001,015	12,062,029
Debt service - interest and other charges	1,134,180	1,134,179	607,152	527,027
Total expenditures	<u>250,884,180</u>	<u>70,197,223</u>	<u>57,608,167</u>	<u>12,589,056</u>
Deficiency of revenues over expenditures	<u>(247,954,475)</u>	<u>(65,555,001)</u>	<u>(56,090,499)</u>	<u>(9,464,502)</u>
Other financing sources (uses):				
General obligation bonds issued	250,000,000	140,000,000	80,000,000	60,000,000
Premium on general obligation bonds	604,475	3,683,614	2,105,159	1,578,455
Transfers to General Fund	(2,400,000)	(2,400,000)	(2,400,000)	-
Transfers to State Public School Building Capital Fund	<u>(250,000)</u>	<u>(250,000)</u>	<u>(151,787)</u>	<u>(98,213)</u>
Total other financing sources (uses)	<u>247,954,475</u>	<u>141,033,614</u>	<u>79,553,372</u>	<u>61,480,242</u>
Net change in fund balance	\$ -	<u>75,478,613</u>	23,462,873	<u>52,015,740</u>
Fund balance - June 30, 2008			52,015,740	
Fund balance - June 30, 2009			\$ <u>75,478,613</u>	

2009 EDUCATIONAL FACILITIES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

A-3

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2009

	<u>Budget</u>	<u>Cumulative Total to June 30, 2009</u>	<u>Activity Year Ended June 30, 2009</u>	<u>Cumulative Total to June 30, 2008</u>
Revenues - investment earnings	\$ 300,000	4,692	4,692	-
Expenditures:				
Current - intergovernmental - education:				
School Career Center acquisition	25,200,000	-	-	-
School administrative offices	13,450,000	-	-	-
FTCC expansion	23,500,000	-	-	-
Unallocated	1,533,460	-	-	-
Debt service - interest and other charges	<u>300,000</u>	<u>280,793</u>	<u>280,793</u>	<u>-</u>
Total expenditures	<u>63,983,460</u>	<u>280,793</u>	<u>280,793</u>	<u>-</u>
Deficiency of revenues over expenditures	<u>(63,683,460)</u>	<u>(276,101)</u>	<u>(276,101)</u>	<u>-</u>
Other financing sources:				
General obligation bonds issued	62,150,000	36,250,000	36,250,000	-
Premium on general obligation bonds	1,533,460	1,717,472	1,717,472	-
Total other financing sources	<u>63,683,460</u>	<u>37,967,472</u>	<u>37,967,472</u>	<u>-</u>
Net change in fund balance	\$ -	<u>37,691,371</u>	37,691,371	<u>-</u>
Fund balance - June 30, 2008			-	
Fund balance - June 30, 2009			\$ <u>37,691,371</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.

2006 Housing Fund – This fund accounts for the use of state and federal grants initiated in fiscal year 2006 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.

2007 Housing Fund – This fund accounts for the use of state and federal grants initiated in fiscal year 2007 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.

2005 Justice Assistance Fund – This fund accounts for the 2005 Edward Byrne Memorial Justice Assistance grant.

2008 Housing Fund – This fund accounts for the use of state and federal grants initiated in fiscal year 2008 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.

2007 Justice Assistance Fund – This fund accounts for the 2007 Edward Byrne Memorial Justice Assistance grant.

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.

2008 Edward Byrne Memorial Justice Assistance Fund – This fund accounts for the 2008 Edward Byrne Memorial Justice Assistance grant.

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.

Capital Projects 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.

2005 Schools Fund – Proceeds of certificates of participation were accounted for in this fund as they were used to renovate an education complex comprising an elementary and a middle school on a common parcel of land. The projects were completed and the fund was closed in fiscal year 2009.

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 Information Systems Fund – This fund accounted for installment purchase proceeds used for the acquisition of computer hardware and software and uninterruptible power supply for Tax Assessor/Collector data management solutions and at the disaster recovery site, and digital in-car video hardware and software for Sheriff vehicles. Acquisitions were complete, and the fund was closed at June 30, 2009.

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.

2008 2/3rds Bonds Fund – Initial funding was provided by transfers from the General Fund for good faith funds for the potential acquisition of real property and related studies regarding the feasibility of certain uses of the property. The fund was closed at June 30, 2009 after completion of the feasibility study since a separate fund was established to account for the project.

2008 Information Systems Fund – This fund accounted for installment purchase proceeds used for the acquisition of enterprise network switches to support enterprise-wide area network management and a tape media backup device and related software. Acquisitions were complete, and the fund was closed at June 30, 2009.

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.

2009 Information Systems Fund – This fund accounted for installment purchase proceeds used for the acquisition of hardware and software to provide enterprise-wide network-based storage. Acquisitions were complete, and the fund was closed at June 30, 2009.

2009 Phillips Building (Phases 1A and 1B) – 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 certificates of participation and accounted for in this fund.

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

B-1

FORSYTH COUNTY, NORTH CAROLINA

June 30, 2009

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 2,717,396	29,199,050	31,916,446
Receivables (net):			
Property taxes	87,329	-	87,329
Accrued interest	2,011	4,828	6,839
Due from other governments	513,518	160,639	674,157
Total assets	<u>\$ 3,320,254</u>	<u>29,364,517</u>	<u>32,684,771</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 8,596	629,611	638,207
Due to other governments	8,988	-	8,988
Due to other funds	83,437	-	83,437
Unearned revenue	66,335	-	66,335
Deferred revenue	88,605	-	88,605
Total liabilities	<u>255,961</u>	<u>629,611</u>	<u>885,572</u>
 Fund balances:			
Reserved for encumbrances	1,665,405	7,810,969	9,476,374
Reserved by state statute	514,253	165,467	679,720
Unreserved:			
Designated for subsequent year's expenditures	830,185	23,627,198	24,457,383
Undesignated	54,450	(2,868,728)	(2,814,278)
Total fund balances	<u>3,064,293</u>	<u>28,734,906</u>	<u>31,799,199</u>
 Total liabilities and fund balances	 <u>\$ 3,320,254</u>	 <u>29,364,517</u>	 <u>32,684,771</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, 2009

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues:			
Taxes:			
Property	\$ 5,306,901	-	5,306,901
Sales	1,288,469	-	1,288,469
Total taxes	6,595,370	-	6,595,370
Intergovernmental	8,596,247	144,017	8,740,264
Investment earnings	56,095	570,012	626,107
Other	16,988	-	16,988
Total revenues	<u>15,264,700</u>	<u>714,029</u>	<u>15,978,729</u>
Expenditures:			
Current:			
Public safety	5,778,974	-	5,778,974
Human services	2,515	-	2,515
Community and economic development	356,040	-	356,040
Intergovernmental - education	1,142,392	7,809,421	8,951,813
Debt service - interest and other charges	-	100,000	100,000
Capital outlay	-	3,454,311	3,454,311
Total expenditures	<u>7,279,921</u>	<u>11,363,732</u>	<u>18,643,653</u>
Excess (deficiency) of revenues over expenditures	<u>7,984,779</u>	<u>(10,649,703)</u>	<u>(2,664,924)</u>
Other financing sources (uses):			
Installment purchase proceeds	-	1,026,000	1,026,000
General obligation bonds issued	-	11,120,000	11,120,000
Premium on general obligation bonds	-	74,101	74,101
Transfers in	191,787	-	191,787
Transfers out	(8,466,077)	(2,083,395)	(10,549,472)
Total other financing sources (uses)	<u>(8,274,290)</u>	<u>10,136,706</u>	<u>1,862,416</u>
Net change in fund balances	(289,511)	(512,997)	(802,508)
Fund balance - June 30, 2008	<u>3,353,804</u>	<u>29,247,903</u>	<u>32,601,707</u>
Fund balance - June 30, 2009	<u>\$ 3,064,293</u>	<u>28,734,906</u>	<u>31,799,199</u>

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS**

FORSYTH COUNTY, NORTH CAROLINA

June 30, 2009

	Fire Tax Districts	Law Enforcement Equitable Distribution	Emergency Telephone System	Moser Bequest for Care of Elderly	State Public School Building Capital	2006 Housing	2007 Housing	2008 Housing	2007 Justice Assistance	2009 Housing	2008 Edward Byrne Memorial Justice Assistance	Total
ASSETS												
Cash and cash equivalents	\$ 927,238	1,157,578	65,710	304,830	-	5,630	37,669	30,599	42,380	106,565	39,197	2,717,396
Receivables (net):												
Property taxes	87,329	-	-	-	-	-	-	-	-	-	-	87,329
Accrued interest	606	828	167	212	-	4	39	22	29	77	27	2,011
Due from other governments	308,816	2,627	71,454	-	83,437	1,060	26,085	14,752	-	4,125	1,162	513,518
Total assets	\$ 1,323,989	1,161,033	137,331	305,042	83,437	6,694	63,793	45,373	42,409	110,767	40,386	3,320,254
LIABILITIES AND FUND BALANCES												
Liabilities:												
Accounts payable and accrued liabilities	8,282	-	-	-	-	-	202	-	-	112	-	8,596
Due to other governments	-	-	-	-	-	-	-	-	8,988	-	-	8,988
Due to other funds - General Fund	-	-	-	-	83,437	-	-	-	-	-	-	83,437
Unearned revenue	-	-	-	-	-	-	-	-	26,475	-	39,860	66,335
Deferred revenue	87,329	-	-	-	-	151	-	-	-	1,125	-	88,605
Total liabilities	95,611	-	-	-	83,437	151	202	-	35,463	1,237	39,860	255,961
Fund balances:												
Reserved for encumbrances	-	-	-	-	-	9,091	3,631	54,974	5,709	1,587,000	5,000	1,665,405
Reserved by state statute	309,422	3,455	71,621	212	83,437	913	26,124	14,774	29	3,077	1,189	514,253
Unreserved:												
Designated for subsequent year's expenditures	380,300	409,841	-	5,000	-	-	33,836	-	1,208	-	-	830,185
Undesignated	538,656	747,737	65,710	299,830	(83,437)	(3,461)	-	(24,375)	-	(1,480,547)	(5,663)	54,450
Total fund balances	1,228,378	1,161,033	137,331	305,042	-	6,543	63,591	45,373	6,946	109,530	526	3,064,293
Total liabilities and fund balances	\$ 1,323,989	1,161,033	137,331	305,042	83,437	6,694	63,793	45,373	42,409	110,767	40,386	3,320,254

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

FORSYTH COUNTY, NORTH CAROLINA
For the Fiscal Year Ended June 30, 2009

	Fire Tax Districts	Law Enforcement Equitable Distribution	Emergency Telephone System	Moser Bequest for Care of Elderly	State Public School Building Capital	2006 Housing	2007 Housing	2005 Justice Assistance	2008 Housing	2007 Justice Assistance	2009 Housing	2008 Edward Byrne Memorial Justice Assistance	Total
Revenues:													
Taxes:													
Property	\$ 5,306,901	-	-	-	-	-	-	-	-	-	-	-	5,306,901
Sales	1,288,469	-	-	-	-	-	-	-	-	-	-	-	1,288,469
Intergovernmental	-	120,108	991,344	-	6,975,867	17,549	196,629	108,635	59,527	85,055	15,000	26,533	8,596,247
Investment earnings	18,638	21,952	3,433	5,587	-	133	969	1,078	749	1,439	1,591	526	56,095
Other	-	-	-	-	-	-	-	-	-	-	16,988	-	16,988
Total revenues	<u>6,614,008</u>	<u>142,060</u>	<u>994,777</u>	<u>5,587</u>	<u>6,975,867</u>	<u>17,682</u>	<u>197,598</u>	<u>109,713</u>	<u>60,276</u>	<u>86,494</u>	<u>33,579</u>	<u>27,059</u>	<u>15,264,700</u>
Expenditures:													
Current:													
Public safety	5,528,917	-	-	-	-	-	-	138,469	-	85,055	-	26,533	5,778,974
Human Services	-	-	-	2,515	-	-	-	-	-	-	-	-	2,515
Community and economic development	-	-	-	-	-	17,700	259,636	-	74,579	-	4,125	-	356,040
Intergovernmental - education	-	-	-	-	1,142,392	-	-	-	-	-	-	-	1,142,392
Total expenditures	<u>5,528,917</u>	<u>-</u>	<u>-</u>	<u>2,515</u>	<u>1,142,392</u>	<u>17,700</u>	<u>259,636</u>	<u>138,469</u>	<u>74,579</u>	<u>85,055</u>	<u>4,125</u>	<u>26,533</u>	<u>7,279,921</u>
Excess (deficiency) of revenues over expenditures	<u>1,085,091</u>	<u>142,060</u>	<u>994,777</u>	<u>3,072</u>	<u>5,833,475</u>	<u>(18)</u>	<u>(62,038)</u>	<u>(28,756)</u>	<u>(14,303)</u>	<u>1,439</u>	<u>29,454</u>	<u>526</u>	<u>7,984,779</u>
Other financing sources (uses):													
Transfers in:													
General Fund	-	-	-	-	-	-	-	-	-	-	40,000	-	40,000
2007 School Facilities Fund	-	-	-	-	151,787	-	-	-	-	-	-	-	151,787
Transfers out - General Fund	(1,491,448)	(131,921)	(857,446)	-	(5,985,262)	-	-	-	-	-	-	-	(8,466,077)
Total other financing sources (uses)	<u>(1,491,448)</u>	<u>(131,921)</u>	<u>(857,446)</u>	<u>-</u>	<u>(5,833,475)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>(8,274,290)</u>
Net change in fund balances	(406,357)	10,139	137,331	3,072	-	(18)	(62,038)	(28,756)	(14,303)	1,439	69,454	526	(289,511)
Fund balance - June 30, 2008	1,634,735	1,150,894	-	301,970	-	6,561	125,629	28,756	59,676	5,507	40,076	-	3,353,804
Fund balance - June 30, 2009	<u>\$ 1,228,378</u>	<u>1,161,033</u>	<u>137,331</u>	<u>305,042</u>	<u>-</u>	<u>6,543</u>	<u>63,591</u>	<u>-</u>	<u>45,373</u>	<u>6,946</u>	<u>109,530</u>	<u>526</u>	<u>3,064,293</u>

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

C-3

FORSYTH COUNTY, NORTH CAROLINA
 For the Fiscal Year Ended June 30, 2009

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	\$ 5,158,200	5,158,200	5,306,901	148,701
Sales	1,685,265	1,733,786	1,288,469	(445,317)
Total taxes	6,843,465	6,891,986	6,595,370	(296,616)
Investment earnings	-	-	18,638	18,638
Total revenues	6,843,465	6,891,986	6,614,008	(277,978)
Expenditures - current - public safety:				
Beeson Cross Roads	213,000	213,000	213,000	-
Belews Creek	198,600	198,600	198,600	-
City View	29,000	29,000	29,000	-
Clemmons	1,014,500	1,014,500	1,014,500	-
Forest Hill	8,300	8,300	8,300	-
Griffith	128,900	128,900	128,900	-
Gumtree	73,200	73,200	73,200	-
Horneytown	202,900	202,900	202,900	-
King of Forsyth County	270,000	270,000	270,000	-
Lewisville	903,400	903,400	903,400	-
Mineral Springs	124,600	124,600	123,959	641
Mineral Springs Service	4,700	4,700	4,700	-
Mt. Tabor	65,000	65,000	63,253	1,747
Old Richmond	327,300	327,300	327,300	-
Piney Grove	464,900	464,900	464,900	-
Rural Hall	261,600	261,600	261,600	-
Salem Chapel	45,700	45,700	45,700	-
South Fork	5,000	5,000	4,668	332
Talley's Crossing	133,300	133,300	133,300	-
Triangle	128,900	128,900	125,037	3,863
Union Cross	157,500	157,500	157,500	-
Vienna	475,000	475,000	475,000	-
Walkertown	274,800	274,800	274,800	-
West Bend	25,400	25,400	25,400	-
Total expenditures	5,535,500	5,535,500	5,528,917	6,583
Excess of revenues over expenditures	1,307,965	1,356,486	1,085,091	(271,395)

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

C-3

FORSYTH COUNTY, NORTH CAROLINA
 For the Fiscal Year Ended June 30, 2009

Page 2 of 2

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u>
	<u>Original</u>	<u>Final</u>		
Other financing uses - transfers out -				
General Fund:				
Beeson Cross Roads	(66,734)	(75,036)	(67,338)	7,698
Belews Creek	(53,451)	(53,451)	(44,772)	8,679
City View	(9,942)	(14,807)	(13,657)	1,150
Clemmons	(346,715)	(346,715)	(291,456)	55,259
Forest Hill	(2,317)	(2,317)	(1,976)	341
Griffith	(33,768)	(39,000)	(35,085)	3,915
Gumtree	(20,092)	(22,586)	(20,258)	2,328
Hornetown	(64,647)	(64,647)	(54,458)	10,189
King of Forsyth County	(83,642)	(83,642)	(71,067)	12,575
Lewisville	(285,971)	(285,971)	(246,438)	39,533
Mineral Springs	(31,681)	(34,643)	(30,971)	3,672
Mineral Springs Service	(1,231)	(1,231)	(1,029)	202
Mt. Tabor	(16,735)	(22,020)	(20,099)	1,921
Old Richmond	(83,278)	(86,954)	(77,327)	9,627
Piney Grove	(149,355)	(149,355)	(122,208)	27,147
Rural Hall	(73,871)	(73,871)	(64,019)	9,852
Salem Chapel	(15,211)	(15,211)	(12,873)	2,338
South Fork	(1,750)	(4,134)	(3,401)	733
Talley's Crossing	(45,866)	(45,866)	(39,013)	6,853
Triangle	(21,117)	(29,210)	(26,641)	2,569
Union Cross	(44,919)	(46,495)	(41,328)	5,167
Vienna	(145,160)	(148,812)	(132,080)	16,732
Walkertown	(79,147)	(79,147)	(66,605)	12,542
West Bend	(8,665)	(8,665)	(7,349)	1,316
Total other financing uses	<u>(1,685,265)</u>	<u>(1,733,786)</u>	<u>(1,491,448)</u>	<u>242,338</u>
Net change in fund balance	(377,300)	(377,300)	(406,357)	(29,057)
Fund balance - June 30, 2008	<u>1,634,735</u>	<u>1,634,735</u>	<u>1,634,735</u>	<u>-</u>
Fund balance - June 30, 2009	<u>\$ 1,257,435</u>	<u>1,257,435</u>	<u>1,228,378</u>	<u>(29,057)</u>

**LAW ENFORCEMENT EQUITABLE DISTRIBUTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

C-4

FORSYTH COUNTY, NORTH CAROLINA
For the Fiscal Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	-	120,108	120,108
Investment earnings	-	-	21,952	21,952
Total revenues	-	-	142,060	142,060
Other financing uses - transfers out:				
General Fund	(622,748)	(622,748)	(131,921)	490,827
Net change in fund balance	(622,748)	(622,748)	10,139	632,887
Fund balance - June 30, 2008	1,150,894	1,150,894	1,150,894	-
Fund balance - June 30, 2009	\$ 528,146	528,146	1,161,033	632,887

**EMERGENCY TELEPHONE SYSTEM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

C-5

FORSYTH COUNTY, NORTH CAROLINA
For the Fiscal Year Ended June 30, 2009

	<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	991,344	133,898
Investment earnings	-	-	3,433	3,433
Total revenues	857,446	857,446	994,777	137,331
Other financing uses - transfers out:				
General Fund	(857,446)	(857,446)	(857,446)	-
Net change in fund balance	-	-	137,331	137,331
Fund balance - June 30, 2008	-	-	-	-
Fund balance - June 30, 2009	\$ -	-	137,331	137,331

**MOSER BEQUEST FOR CARE OF ELDERLY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

C-6

FORSYTH COUNTY, NORTH CAROLINA
For the Fiscal Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues - investment earnings	\$ 800	800	5,587	4,787
Expenditures - Human Services	<u>20,000</u>	<u>20,000</u>	<u>2,515</u>	<u>17,485</u>
Net change in fund balance	(19,200)	(19,200)	3,072	22,272
Fund balance - June 30, 2008	<u>301,970</u>	<u>301,970</u>	<u>301,970</u>	-
Fund balance - June 30, 2009	<u><u>\$ 282,770</u></u>	<u><u>282,770</u></u>	<u><u>305,042</u></u>	<u><u>22,272</u></u>

**STATE PUBLIC SCHOOL BUILDING CAPITAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

C-7

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2009

	<u>Budget</u>	<u>Cumulative Total to June 30, 2009</u>	<u>Activity Year Ended June 30, 2009</u>	<u>Cumulative Total to June 30, 2008</u>
Revenues:				
Intergovernmental	\$ 48,237,612	44,449,103	6,975,867	37,473,236
Investment earnings	162,074	162,074	-	162,074
Total revenues	<u>48,399,686</u>	<u>44,611,177</u>	<u>6,975,867</u>	<u>37,635,310</u>
Expenditures - current - intergovernmental - education				
	<u>51,669,991</u>	<u>48,531,848</u>	<u>1,142,392</u>	<u>47,389,456</u>
Excess (deficiency) of revenues over expenditures				
	<u>(3,270,305)</u>	<u>(3,920,671)</u>	<u>5,833,475</u>	<u>(9,754,146)</u>
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	151,787	98,213
Transfers out - General Fund	<u>(8,640,515)</u>	<u>(7,990,146)</u>	<u>(5,985,262)</u>	<u>(2,004,884)</u>
Total other financing sources (uses)	<u>1,940,155</u>	<u>3,920,671</u>	<u>(5,833,475)</u>	<u>9,754,146</u>
Net change in fund balance				
	<u>\$ (1,330,150)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2008			<u>-</u>	
Fund balance - June 30, 2009			<u>\$ -</u>	

2006 HOUSING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

C-8

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2009

	<u>Budget</u>	<u>Cumulative Total to June 30, 2009</u>	<u>Activity Year Ended June 30, 2009</u>	<u>Cumulative Total to June 30, 2008</u>
Revenues:				
Intergovernmental:				
2005 WSFC HOME Consortium	\$ 250,450	188,084	-	188,084
2005 HOME Single Family Rehabilitation	400,000	396,482	-	396,482
2005 NCHFA Urgent Repair Program	70,000	-	-	-
NCHFA Duke Power HELP	250,000	127,181	17,549	109,632
Local government grants	12,000	12,000	-	12,000
Total intergovernmental	<u>982,450</u>	<u>723,747</u>	<u>17,549</u>	<u>706,198</u>
Investment earnings	-	550	133	417
Total revenues	<u>982,450</u>	<u>724,297</u>	<u>17,682</u>	<u>706,615</u>
Expenditures - current - community and economic development:				
2005 WSFC HOME Consortium	254,918	235,941	-	235,941
2005 HOME Single Family Rehabilitation	355,232	351,713	-	351,713
2005 NCHFA Urgent Repair Program	70,000	-	-	-
NCHFA Duke Power HELP	250,000	127,332	17,700	109,632
Total expenditures	<u>930,150</u>	<u>714,986</u>	<u>17,700</u>	<u>697,286</u>
Excess of revenues over expenditures	<u>52,300</u>	<u>9,311</u>	<u>(18)</u>	<u>9,329</u>
Other financing sources (uses)				
Transfers in - General Fund	42,000	42,000	-	42,000
Transfers out - General Fund:				
2005 WSFC HOME Consortium	(49,532)	-	-	-
2005 HOME Single Family Rehabilitation	(44,768)	(44,768)	-	(44,768)
Total other financing sources (uses)	<u>(52,300)</u>	<u>(2,768)</u>	<u>-</u>	<u>(2,768)</u>
Net change in fund balance	<u>\$ -</u>	<u>6,543</u>	<u>(18)</u>	<u>6,561</u>
Fund balance - June 30, 2008			6,561	
Fund balance - June 30, 2009			<u>\$ 6,543</u>	

2007 HOUSING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

C-9

FORSYTH COUNTY, NORTH CAROLINA
 From Project Inception and for the Year Ended June 30, 2009

	<u>Budget</u>	<u>Cumulative Total to June 30, 2009</u>	<u>Activity Year Ended June 30, 2009</u>	<u>Cumulative Total to June 30, 2008</u>
Revenues:				
Intergovernmental:				
CDBG - Scattered Site 06-C-1526	\$ 400,000	390,702	97,677	293,025
2006 WSFC HOME Consortium	350,590	335,960	98,952	237,008
NCHFA New Home	250,000	36,000	-	36,000
Local government grants	12,000	12,000	-	12,000
Total intergovernmental	<u>1,012,590</u>	<u>774,662</u>	<u>196,629</u>	<u>578,033</u>
Investment earnings	-	10,011	969	9,042
Other	<u>100,000</u>	<u>100,075</u>	<u>-</u>	<u>100,075</u>
Total revenues	<u>1,112,590</u>	<u>884,748</u>	<u>197,598</u>	<u>687,150</u>
Expenditures - current - community and economic development:				
CDBG - Scattered Site 06-C-1526	400,000	390,702	97,677	293,025
2006 WSFC HOME Consortium	402,858	382,591	131,959	250,632
Forsyth County IDA	66,582	34,000	30,000	4,000
NCHFA New Home	250,000	23,708	-	23,708
HOME mortgage repayments program	100,000	97,006	-	97,006
Total expenditures	<u>1,219,440</u>	<u>928,007</u>	<u>259,636</u>	<u>668,371</u>
Excess (deficiency) of revenues over expenditures	(106,850)	(43,259)	(62,038)	18,779
Other financing sources - transfers in - General Fund				
	<u>106,850</u>	<u>106,850</u>	<u>-</u>	<u>106,850</u>
Net change in fund balance	<u>\$ -</u>	<u>63,591</u>	<u>(62,038)</u>	<u>125,629</u>
Fund balance - June 30, 2008			<u>125,629</u>	
Fund balance - June 30, 2009			<u>\$ <u>63,591</u></u>	

**2005 JUSTICE ASSISTANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

C-10

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2009

	<u>Budget</u>	<u>Cumulative Total to June 30, 2009</u>	<u>Activity Year Ended June 30, 2009</u>	<u>Cumulative Total to June 30, 2008</u>
Revenues:				
Intergovernmental - Edward Byrne				
Memorial Justice Assistance	\$ 300,125	300,125	108,635	191,490
Investment earnings	29,956	29,834	1,078	28,756
Total revenues	<u>330,081</u>	<u>329,959</u>	<u>109,713</u>	<u>220,246</u>
Expenditures - current -				
public safety:				
Sheriff	165,927	165,805	116,525	49,280
City of Winston-Salem police	164,154	164,154	21,944	142,210
Total expenditures	<u>330,081</u>	<u>329,959</u>	<u>138,469</u>	<u>191,490</u>
Net change in fund balance	\$ <u>-</u>	<u>-</u>	(28,756)	<u>28,756</u>
Fund balance - June 30, 2008			28,756	
Fund balance - June 30, 2009			<u>\$ -</u>	

2008 HOUSING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

C-11

FORSYTH COUNTY, NORTH CAROLINA
 From Project Inception and for the Year Ended June 30, 2009

	<u>Budget</u>	<u>Cumulative Total to June 30, 2009</u>	<u>Activity Year Ended June 30, 2009</u>	<u>Cumulative Total to June 30, 2008</u>
Revenues:				
Intergovernmental:				
2007 WSFC HOME Consortium	\$ 231,200	27,502	27,502	-
2007 WSFC HOME ADDI	5,365	-	-	-
2007 NCHFA Urgent Repair Program	75,000	42,025	32,025	10,000
Local government grants	12,000	12,000	-	12,000
Total intergovernmental	<u>323,565</u>	<u>81,527</u>	<u>59,527</u>	<u>22,000</u>
Investment earnings	-	2,590	749	1,841
Other	<u>150,000</u>	<u>54,548</u>	<u>-</u>	<u>54,548</u>
Total revenues	<u>473,565</u>	<u>138,665</u>	<u>60,276</u>	<u>78,389</u>
Expenditures - current - community and economic development:				
2007 WSFC HOME Consortium	231,200	27,502	27,502	-
2007 WSFC HOME Consortium - local match	52,020	-	-	-
2007 WSFC HOME ADDI	5,365	-	-	-
2007 NCHFA Urgent Repair Program	75,000	42,000	32,000	10,000
CDBG mortgage repayments program	50,000	-	-	-
HOME mortgage repayments program	<u>100,000</u>	<u>63,810</u>	<u>15,077</u>	<u>48,733</u>
Total expenditures	<u>513,585</u>	<u>133,312</u>	<u>74,579</u>	<u>58,733</u>
Excess (deficiency) of revenues over expenditures	(40,020)	5,353	(14,303)	19,656
Other financing sources - transfers in - General Fund				
	<u>40,020</u>	<u>40,020</u>	<u>-</u>	<u>40,020</u>
Net change in fund balance	<u>\$ -</u>	<u>45,373</u>	<u>(14,303)</u>	<u>59,676</u>
Fund balance - June 30, 2008			59,676	
Fund balance - June 30, 2009			<u>\$ 45,373</u>	

2007 JUSTICE ASSISTANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

C-12

FORSYTH COUNTY, NORTH CAROLINA
 From Project Inception and for the Year Ended June 30, 2009

	<u>Budget</u>	<u>Cumulative Total to June 30, 2009</u>	<u>Activity Year Ended June 30, 2009</u>	<u>Cumulative Total to June 30, 2008</u>
Revenues:				
Intergovernmental - Edward Byrne Memorial Justice Assistance	\$ 230,764	204,289	85,055	119,234
Investment earnings	5,764	6,946	1,439	5,507
Total revenues	<u>236,528</u>	<u>211,235</u>	<u>86,494</u>	<u>124,741</u>
Expenditures - current - public safety:				
Sheriff and City of Winston-Salem police - storage area network expansion	60,764	59,234	-	59,234
Sheriff:				
Interview/interrogation DVR equipment	60,000	60,000	-	60,000
Prosecutor case management software	25,000	-	-	-
Other	2,963	2,963	2,963	-
City of Winston-Salem police:				
Network infrastructure equipment upgrades	10,000	8,988	8,988	-
In-car digital camera equipment	75,000	73,104	73,104	-
Other	2,801	-	-	-
Total expenditures	<u>236,528</u>	<u>204,289</u>	<u>85,055</u>	<u>119,234</u>
Net change in fund balance	<u>\$ -</u>	<u>6,946</u>	1,439	<u>5,507</u>
Fund balance - June 30, 2008			<u>5,507</u>	
Fund balance - June 30, 2009			<u>\$ 6,946</u>	

2009 HOUSING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

C-13

FORSYTH COUNTY, NORTH CAROLINA
 From Project Inception and for the Year Ended June 30, 2009

	<u>Budget</u>	<u>Cumulative Total to June 30, 2009</u>	<u>Activity Year Ended June 30, 2009</u>	<u>Cumulative Total to June 30, 2008</u>
Revenues:				
Intergovernmental:				
CDBG IDA	\$ 70,000	-	-	-
CDBG Neighborhood Stabilization Program	2,625,000	3,000	3,000	-
2008 WSFC HOME Consortium	231,000	-	-	-
2008 WSFC HOME ADDI	2,175	-	-	-
2009 NCHFA Urgent Repair Program	75,000	-	-	-
Local government grants	12,000	12,000	12,000	-
Total intergovernmental	<u>3,015,175</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Investment earnings	-	1,591	1,591	-
Other	117,500	16,988	16,988	-
Total revenues	<u>3,132,675</u>	<u>33,579</u>	<u>33,579</u>	<u>-</u>
Expenditures - current - community and economic development:				
CDBG IDA	70,000	1,125	1,125	-
CDBG Neighborhood Stabilization Program	2,625,000	3,000	3,000	-
2008 WSFC HOME Consortium	231,000	-	-	-
2008 WSFC HOME Consortium - local match	52,000	-	-	-
2008 WSFC HOME ADDI	2,175	-	-	-
2009 NCHFA Urgent Repair Program	75,000	-	-	-
CDBG mortgage repayments program	50,000	-	-	-
HOME mortgage repayments program	107,710	-	-	-
Total expenditures	<u>3,212,885</u>	<u>4,125</u>	<u>4,125</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(80,210)	29,454	29,454	-
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>40,000</u>	<u>40,076</u>
Net change in fund balance	\$ -	109,530	69,454	40,076
Fund balance - June 30, 2008			40,076	
Fund balance - June 30, 2009			\$ 109,530	

**2008 EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

C-14

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2009

	<u>Budget</u>	<u>Cumulative Total to June 30, 2009</u>	<u>Activity Year Ended June 30, 2009</u>	<u>Cumulative Total to June 30, 2008</u>
Revenues:				
Intergovernmental - 2008 Edward Byrne Memorial Justice Assistance	\$ 66,393	26,533	26,533	-
Investment earnings	-	526	526	-
Total revenues	<u>66,393</u>	<u>27,059</u>	<u>27,059</u>	<u>-</u>
Expenditures - current - public safety:				
Sheriff	33,197	26,533	26,533	-
City of Winston-Salem police	33,196	-	-	-
Total expenditures	<u>66,393</u>	<u>26,533</u>	<u>26,533</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>526</u>	<u>526</u>	<u>-</u>
Fund balance - June 30, 2008			-	
Fund balance - June 30, 2009			<u>\$ 526</u>	

2010 HOUSING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

C-15

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2009

	<u>Budget</u>	<u>Cumulative Total to June 30, 2009</u>	<u>Activity Year Ended June 30, 2009</u>	<u>Cumulative Total to June 30, 2008</u>
Revenues:				
Intergovernmental:				
CDBG Scattered Site	\$ 400,000	-	-	-
2009 WSFC HOME Consortium	254,700	-	-	-
2009 HOME Single Family Rehabilitation	400,000	-	-	-
NCHFA Duke Power HELP	150,000	-	-	-
Local government grants	12,000	-	-	-
Total revenues	<u>1,216,700</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures - current - community and economic development:				
CDBG Scattered Site	400,000	-	-	-
2009 WSFC HOME Consortium	312,008	-	-	-
2009 HOME Single Family Rehabilitation	400,000	-	-	-
NCHFA Duke Power HELP	150,000	-	-	-
Total expenditures	<u>1,262,008</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deficiency of revenues over expenditures	(45,308)	-	-	-
Other financing sources - transfers in -				
General Fund	<u>45,308</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2008			<u>-</u>	
Fund balance - June 30, 2009			<u>\$ -</u>	

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS**

D-1

FORSYTH COUNTY, NORTH CAROLINA

June 30, 2009

	<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>	<u>2009 Phillips Building Phases 1A and 1B</u>	<u>Total</u>
ASSETS								
Cash and cash equivalents	\$ 1,623,589	4,789,203	8,496,415	5,153,252	7,520,775	1,615,816	-	29,199,050
Receivables - accrued interest	-	-	-	3,703	-	1,125	-	4,828
Due from other governments	15,544	-	-	-	145,095	-	-	160,639
Total assets	\$ 1,639,133	4,789,203	8,496,415	5,156,955	7,665,870	1,616,941	-	29,364,517
LIABILITIES AND FUND BALANCES								
Liabilities - accounts payable and accrued liabilities	\$ -	133,191	-	171,491	324,929	-	-	629,611
Fund balances:								
Reserved for encumbrances	-	2,257,733	-	483,114	1,590,122	-	3,480,000	7,810,969
Reserved by state statute	15,544	-	-	3,703	145,095	1,125	-	165,467
Unreserved:								
Designated for subsequent year's expenditures	1,281,826	2,233,464	8,496,415	4,393,953	5,605,724	1,615,816	-	23,627,198
Undesignated	341,763	164,815	-	104,694	-	-	(3,480,000)	(2,868,728)
Total fund balances	1,639,133	4,656,012	8,496,415	4,985,464	7,340,941	1,616,941	-	28,734,906
Total liabilities and fund balances	\$ 1,639,133	4,789,203	8,496,415	5,156,955	7,665,870	1,616,941	-	29,364,517

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

D-2

FORSYTH COUNTY, NORTH CAROLINA

For the Fiscal Year Ended June 30, 2009

	2002 Schools	2005 Schools	2006 2/3rds Bonds	2007 Information Systems	2007 Forsyth Technical Community College	2008 Pay-Go	2008 2/3rds Bonds	2008 Information Systems	2009 2/3rds Bonds	2008 School Facilities	2009 Information Systems	Total
Revenues:												
Intergovernmental	\$ -	-	-	-	-	-	-	-	144,017	-	-	144,017
Investment earnings	32,889	3,771	84,175	204	184,443	108,398	-	97	126,534	29,501	-	570,012
Total revenues	<u>32,889</u>	<u>3,771</u>	<u>84,175</u>	<u>204</u>	<u>184,443</u>	<u>108,398</u>	<u>-</u>	<u>97</u>	<u>270,551</u>	<u>29,501</u>	<u>-</u>	<u>714,029</u>
Expenditures:												
Current:												
Intergovernmental - education	324,883	88,481	-	-	2,742,612	1,700,000	-	-	2,953,445	-	-	7,809,421
Debt service - interest and other charges	-	-	-	-	-	-	-	-	100,000	-	-	100,000
Capital outlay:												
General government	-	-	-	-	-	-	-	275,372	498,813	-	749,962	1,524,147
Public safety	-	-	-	6,650	-	256,679	15,133	-	-	-	-	278,462
Human services	-	-	-	-	-	766,255	-	-	133,524	-	-	899,779
Culture and recreation	-	-	313,994	-	-	-	-	-	437,929	-	-	751,923
Total expenditures	<u>324,883</u>	<u>88,481</u>	<u>313,994</u>	<u>6,650</u>	<u>2,742,612</u>	<u>2,722,934</u>	<u>15,133</u>	<u>275,372</u>	<u>4,123,711</u>	<u>-</u>	<u>749,962</u>	<u>11,363,732</u>
Excess (deficiency) of revenues over expenditures	<u>(291,994)</u>	<u>(84,710)</u>	<u>(229,819)</u>	<u>(6,446)</u>	<u>(2,558,169)</u>	<u>(2,614,536)</u>	<u>(15,133)</u>	<u>(275,275)</u>	<u>(3,853,160)</u>	<u>29,501</u>	<u>(749,962)</u>	<u>(10,649,703)</u>
Other financing sources (uses):												
Installment purchase proceeds	-	-	-	-	-	-	-	276,000	-	-	750,000	1,026,000
General obligation bonds issued	-	-	-	-	-	-	-	-	11,120,000	-	-	11,120,000
Premium on general obligation bonds	-	-	-	-	-	-	-	-	74,101	-	-	74,101
Transfers out - General Fund	(900,000)	(710,158)	(325,000)	(28,271)	(100,000)	-	(19,203)	(725)	-	-	(38)	(2,083,395)
Total other financing sources (uses)	<u>(900,000)</u>	<u>(710,158)</u>	<u>(325,000)</u>	<u>(28,271)</u>	<u>(100,000)</u>	<u>-</u>	<u>(19,203)</u>	<u>275,275</u>	<u>11,194,101</u>	<u>-</u>	<u>749,962</u>	<u>10,136,706</u>
Net change in fund balances	<u>(1,191,994)</u>	<u>(794,868)</u>	<u>(554,819)</u>	<u>(34,717)</u>	<u>(2,658,169)</u>	<u>(2,614,536)</u>	<u>(34,336)</u>	<u>-</u>	<u>7,340,941</u>	<u>29,501</u>	<u>-</u>	<u>(512,997)</u>
Fund balance - June 30, 2008	<u>2,831,127</u>	<u>794,868</u>	<u>5,210,831</u>	<u>34,717</u>	<u>11,154,584</u>	<u>7,600,000</u>	<u>34,336</u>	<u>-</u>	<u>-</u>	<u>1,587,440</u>	<u>-</u>	<u>29,247,903</u>
Fund balance - June 30, 2009	<u>\$ 1,639,133</u>	<u>-</u>	<u>4,656,012</u>	<u>-</u>	<u>8,496,415</u>	<u>4,985,464</u>	<u>-</u>	<u>-</u>	<u>7,340,941</u>	<u>1,616,941</u>	<u>-</u>	<u>28,734,906</u>

08

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, 2009

	<u>Budget</u>	<u>Cumulative Total to June 30, 2009</u>	<u>Activity Year Ended June 30, 2009</u>	<u>Cumulative Total to June 30, 2008</u>
Revenues - investment earnings	\$ 4,125,000	4,163,643	32,889	4,130,754
Expenditures:				
Current - intergovernmental - education	147,038,166	145,756,354	324,883	145,431,471
Debt service - interest and other charges	1,231,919	1,231,905	-	1,231,905
Total expenditures	<u>148,270,085</u>	<u>146,988,259</u>	<u>324,883</u>	<u>146,663,376</u>
Deficiency of revenues over expenditures	<u>(144,145,085)</u>	<u>(142,824,616)</u>	<u>(291,994)</u>	<u>(142,532,622)</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	(2,525,000)	(2,525,000)	(900,000)	(1,625,000)
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>144,145,085</u>	<u>144,463,749</u>	<u>(900,000)</u>	<u>145,363,749</u>
Net change in fund balance	<u>\$ -</u>	<u>1,639,133</u>	<u>(1,191,994)</u>	<u>2,831,127</u>
Fund balance - June 30, 2008			<u>2,831,127</u>	
Fund balance - June 30, 2009			<u>\$ 1,639,133</u>	

2005 SCHOOLS 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, 2009

	<u>Budget</u>	<u>Cumulative Total to June 30, 2009</u>	<u>Activity Year Ended June 30, 2009</u>	<u>Cumulative Total to June 30, 2008</u>
Revenues - investment earnings	\$ -	688,240	3,771	684,469
Expenditures:				
Current:				
Education	10,950	10,950	-	10,950
Intergovernmental - education	12,989,050	12,989,050	88,481	12,900,569
Debt service - interest and other charges	241,100	241,000	-	241,000
Total expenditures	<u>13,241,100</u>	<u>13,241,000</u>	<u>88,481</u>	<u>13,152,519</u>
Deficiency of revenues over expenditures	<u>(13,241,100)</u>	<u>(12,552,760)</u>	<u>(84,710)</u>	<u>(12,468,050)</u>
Other financing sources (uses):				
Certificates of participation issued	13,000,000	13,000,000	-	13,000,000
Premium on certificates of participation	241,100	262,918	-	262,918
Transfers to General Fund	-	(710,158)	(710,158)	-
Total other financing sources (uses)	<u>13,241,100</u>	<u>12,552,760</u>	<u>(710,158)</u>	<u>13,262,918</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>(794,868)</u>	<u>794,868</u>
Fund balance - June 30, 2008			<u>794,868</u>	
Fund balance - June 30, 2009			<u>\$ -</u>	

2006 2/3rds BONDS 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, 2009

	<u>Budget</u>	<u>Cumulative Total to June 30, 2009</u>	<u>Activity Year Ended June 30, 2009</u>	<u>Cumulative Total to June 30, 2008</u>
Revenues - investment earnings	\$ 895,000	975,284	84,175	891,109
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	434,985	313,994	120,991
Culture and recreation - Library	3,361,000	2,839,628	-	2,839,628
Total expenditures	<u>10,286,250</u>	<u>5,795,053</u>	<u>313,994</u>	<u>5,481,059</u>
Deficiency of revenues over expenditures	<u>(9,391,250)</u>	<u>(4,819,769)</u>	<u>(229,819)</u>	<u>(4,589,950)</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 from General Fund	210,000	210,000	-	210,000
Transfers to General Fund	(1,003,750)	(1,003,750)	(325,000)	(678,750)
Total other financing sources (uses)	<u>9,391,250</u>	<u>9,475,781</u>	<u>(325,000)</u>	<u>9,800,781</u>
Net change in fund balance	<u>\$ -</u>	<u>4,656,012</u>	<u>(554,819)</u>	<u>5,210,831</u>
Fund balance - June 30, 2008			5,210,831	
Fund balance - June 30, 2009			<u>\$ 4,656,012</u>	

2007 INFORMATION SYSTEMS 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, 2009

	<u>Budget</u>	<u>Cumulative Total to June 30, 2009</u>	<u>Activity Year Ended June 30, 2009</u>	<u>Cumulative Total to June 30, 2008</u>
Revenues - investment earnings	\$ -	15,233	204	15,029
Expenditures - capital outlay:				
General government	229,000	228,038	-	228,038
Public safety	560,000	547,424	6,650	540,774
Total expenditures	<u>789,000</u>	<u>775,462</u>	<u>6,650</u>	<u>768,812</u>
Deficiency of revenues over expenditures	<u>(789,000)</u>	<u>(760,229)</u>	<u>(6,446)</u>	<u>(753,783)</u>
Other financing sources (uses):				
Installment purchases	789,000	788,500	-	788,500
Transfers to General Fund	-	(28,271)	(28,271)	-
Total other financing sources (uses)	<u>789,000</u>	<u>760,229</u>	<u>(28,271)</u>	<u>788,500</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>(34,717)</u>	<u>34,717</u>
Fund balance - June 30, 2008			34,717	
Fund balance - June 30, 2009			<u>\$ -</u>	

2007 FORSYTH TECHNICAL COMMUNITY COLLEGE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

D-7

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2009

	<u>Budget</u>	<u>Cumulative Total to June 30, 2009</u>	<u>Activity Year Ended June 30, 2009</u>	<u>Cumulative Total to June 30, 2008</u>
Revenues - investment earnings	\$ 537,375	832,514	184,443	648,071
Expenditures:				
Current - intergovernmental - education	25,000,000	5,108,559	2,742,612	2,365,947
Debt service - interest and other charges	87,375	86,519	-	86,519
Total expenditures	<u>25,087,375</u>	<u>5,195,078</u>	<u>2,742,612</u>	<u>2,452,466</u>
Deficiency of revenues over expenditures	<u>(24,550,000)</u>	<u>(4,362,564)</u>	<u>(2,558,169)</u>	<u>(1,804,395)</u>
Other financing sources (uses):				
General obligation bonds issued	25,000,000	12,500,000	-	12,500,000
Premium on general obligation bonds	-	683,979	-	683,979
Transfers to General Fund	<u>(450,000)</u>	<u>(325,000)</u>	<u>(100,000)</u>	<u>(225,000)</u>
Total other financing sources (uses)	<u>24,550,000</u>	<u>12,858,979</u>	<u>(100,000)</u>	<u>12,958,979</u>
Net change in fund balance	\$ <u>-</u>	<u>8,496,415</u>	<u>(2,658,169)</u>	<u>11,154,584</u>
Fund balance - June 30, 2008			11,154,584	
Fund balance - June 30, 2009			\$ <u>8,496,415</u>	

2008 PAY-GO FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

D-8

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2009

	<u>Budget</u>	<u>Cumulative Total to June 30, 2009</u>	<u>Activity Year Ended June 30, 2009</u>	<u>Cumulative Total to June 30, 2008</u>
Revenues - investment earnings	\$ -	108,398	108,398	-
Expenditures:				
Current - intergovernmental - education -				
School POD purchases	1,700,000	1,700,000	1,700,000	-
Capital outlay:				
General government - financial system upgrade	800,000	-	-	-
Public safety - jail technology	3,100,000	256,679	256,679	-
Human services - Social Services renovations	1,700,000	766,255	766,255	-
Culture and recreation - Tanglewood Park campground	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>7,600,000</u>	<u>2,722,934</u>	<u>2,722,934</u>	<u>-</u>
Deficiency of revenues over expenditures	<u>(7,600,000)</u>	<u>(2,614,536)</u>	<u>(2,614,536)</u>	<u>-</u>
Other financing sources - transfers from				
General Fund	<u>7,600,000</u>	<u>7,600,000</u>	<u>-</u>	<u>7,600,000</u>
Net change in fund balance	\$ <u>-</u>	<u>4,985,464</u>	<u>(2,614,536)</u>	<u>7,600,000</u>
Fund balance - June 30, 2008			7,600,000	
Fund balance - June 30, 2009			\$ <u>4,985,464</u>	

2008 2/3rds BONDS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

D-9

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2009

	<u>Budget</u>	<u>Cumulative Total to June 30, 2009</u>	<u>Activity Year Ended June 30, 2009</u>	<u>Cumulative Total to June 30, 2008</u>
Revenues - investment earnings	\$ -	1,030	-	1,030
Expenditures - capital outlay - public safety	100,000	81,827	15,133	66,694
Deficiency of revenues over expenditures	<u>(100,000)</u>	<u>(80,797)</u>	<u>(15,133)</u>	<u>(65,664)</u>
Other financing sources (uses):				
General obligation bonds issued	100,000	-	-	-
Transfers from General Fund	100,000	100,000	-	100,000
Transfers to General Fund	<u>(100,000)</u>	<u>(19,203)</u>	<u>(19,203)</u>	<u>-</u>
Total other financing sources (uses)	<u>100,000</u>	<u>80,797</u>	<u>(19,203)</u>	<u>100,000</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>(34,336)</u>	<u>34,336</u>
Fund balance - June 30, 2008			34,336	
Fund balance - June 30, 2009			<u>\$ -</u>	

2008 INFORMATION SYSTEMS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

D-10

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2009

	<u>Budget</u>	<u>Cumulative Total to June 30, 2009</u>	<u>Activity Year Ended June 30, 2009</u>	<u>Cumulative Total to June 30, 2008</u>
Revenues - investment earnings	\$ -	97	97	-
Expenditures:				
Capital outlay - general government:				
Enterprise network switches	235,000	223,870	223,870	-
Tape media backup	65,000	51,502	51,502	-
Total expenditures	<u>300,000</u>	<u>275,372</u>	<u>275,372</u>	<u>-</u>
Deficiency of revenues over expenditures	<u>(300,000)</u>	<u>(275,275)</u>	<u>(275,275)</u>	<u>-</u>
Other financing sources (uses):				
Installment purchase proceeds	300,000	276,000	276,000	-
Transfers to General Fund	-	(725)	(725)	-
Total other financing sources (uses)	<u>300,000</u>	<u>275,275</u>	<u>275,275</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2008			-	
Fund balance - June 30, 2009			<u>\$ -</u>	

2009 2/3rds BONDS FUND

D-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, 2009

	<u>Budget</u>	<u>Cumulative Total to June 30, 2009</u>	<u>Activity Year Ended June 30, 2009</u>	<u>Cumulative Total to June 30, 2008</u>
Revenues:				
Intergovernmental	\$ 1,200,000	144,017	144,017	-
Investment earnings	100,000	126,534	126,534	-
Total revenues	<u>1,300,000</u>	<u>270,551</u>	<u>270,551</u>	<u>-</u>
Expenditures:				
Intergovernmental - education	7,300,000	2,953,445	2,953,445	-
Debt service - interest and other charges	100,000	100,000	100,000	-
Capital outlay:				
General government - Hall of Justice replacements	1,200,000	498,813	498,813	-
Human services - pharmacy renovations	220,000	133,524	133,524	-
Culture and recreation:				
Tanglewood Park shelter replacements	1,200,000	149,895	149,895	-
Triad Park development	2,400,000	288,034	288,034	-
Total expenditures	<u>12,420,000</u>	<u>4,123,711</u>	<u>4,123,711</u>	<u>-</u>
Deficiency of revenues over expenditures	(11,120,000)	(3,853,160)	(3,853,160)	-
Other financing sources:				
General obligation bonds issued	11,120,000	11,120,000	11,120,000	-
Premium on general obligation bonds	-	74,101	74,101	-
Total other financing sources	<u>11,120,000</u>	<u>11,194,101</u>	<u>11,194,101</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>7,340,941</u>	<u>7,340,941</u>	<u>-</u>
Fund balance - June 30, 2008			-	
Fund balance - June 30, 2009			<u>\$ 7,340,941</u>	

2008 SCHOOL FACILITIES FUND

D-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, 2009

	<u>Budget</u>	<u>Cumulative Total to June 30, 2009</u>	<u>Activity Year Ended June 30, 2009</u>	<u>Cumulative Total to June 30, 2008</u>
Revenues - investment earnings	\$ -	29,501	29,501	-
Expenditures - current - intergovernmental - education	<u>1,822,861</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(1,822,861)	29,501	29,501	-
Other financing sources - transfers from				
General Fund	<u>1,822,861</u>	<u>1,587,440</u>	<u>-</u>	<u>1,587,440</u>
Net change in fund balance	<u>\$ -</u>	<u>1,616,941</u>	<u>29,501</u>	<u>1,587,440</u>
Fund balance - June 30, 2008			1,587,440	
Fund balance - June 30, 2009			<u>\$ 1,616,941</u>	

**2009 INFORMATION SYSTEMS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

D-13

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2009

	<u>Budget</u>	<u>Cumulative Total to June 30, 2009</u>	<u>Activity Year Ended June 30, 2009</u>	<u>Cumulative Total to June 30, 2008</u>
Expenditures - capital outlay - general government - enterprise storage area network	\$ 750,000	749,962	749,962	-
Other financing sources (uses):				
Installment purchase proceeds	750,000	750,000	750,000	-
Transfers to General Fund	-	(38)	(38)	-
Total other financing sources (uses)	<u>750,000</u>	<u>749,962</u>	<u>749,962</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2008			-	
Fund balance - June 30, 2009			<u>\$ -</u>	

**2009 PHILLIPS BUILDING (PHASES 1A AND 1B) FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

D-14

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2009

	<u>Budget</u>	<u>Cumulative Total to June 30, 2009</u>	<u>Activity Year Ended June 30, 2009</u>	<u>Cumulative Total to June 30, 2008</u>
Expenditures:				
Phase 1A:				
Current - debt service - interest and other charges	\$ 200,000	-	-	-
Capital outlay - public safety:				
Site acquisition	3,480,000	-	-	-
Asbestos abatement; re-fireproofing; engineering and architectural services for two floors and parking level	6,720,000	-	-	-
Professional fees	10,000	-	-	-
Phase 2A:				
Current - debt service - interest and other charges	200,000	-	-	-
Capital outlay - public safety - renovation and rehabilitation of two floors and parking level	25,500,000	-	-	-
Total expenditures	<u>36,110,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources - installment purchase proceeds	<u>36,110,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2008			-	
Fund balance - June 30, 2009			<u>\$ -</u>	

Fiduciary Funds

Trust Funds

Trust funds are used to account for assets held by the government in a trustee capacity for others and therefore cannot be used to support the government's own programs.

Pension Trust – Law Enforcement Officers' Special Separation Allowance Fund – This fund accumulates resources for pension benefit payments to qualified public safety employees.

Other Post-employment Benefit Trust – Healthcare Plan Fund – This fund accumulates resources to pay other post employment benefits for qualified retired County employees.

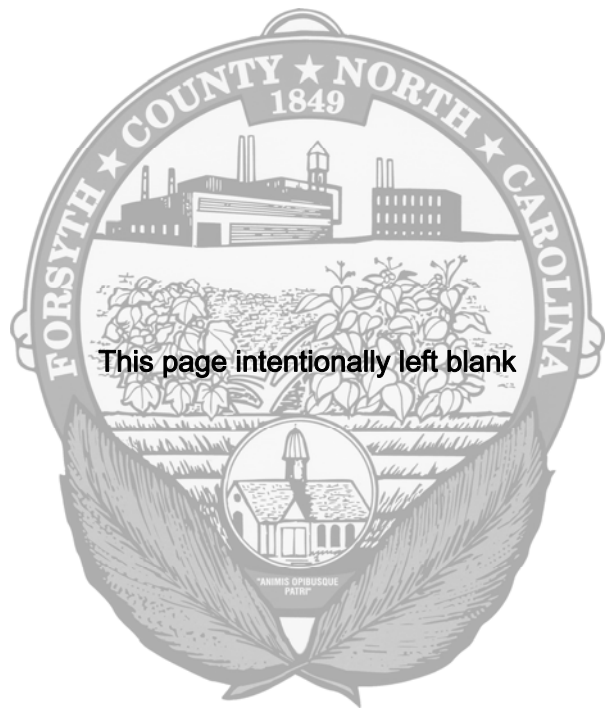
Agency Funds

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 NET ASSETS

E-1

TRUST FUNDS

FORSYTH COUNTY, NORTH CAROLINA

June 30, 2009

	<u>Pension Trust</u> Law Enforcement Officers' Special Separation <u>Allowance</u>	Other Post-employment <u>Benefit Trust</u> Healthcare <u>Plan</u>	<u>Total</u> <u>Trust Funds</u>
ASSETS			
Cash and cash equivalents	\$ 165,719	-	165,719
Cash and investments held by fiscal agent	-	1,664,560	1,664,560
Receivables:			
Accrued interest	107	-	107
	<u> </u>	<u> </u>	<u> </u>
NET ASSETS			
Held in trust for pension/other post-employment benefits	\$ <u>165,826</u>	<u>1,664,560</u>	<u>1,830,386</u>

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

E-2

TRUST FUNDS

FORSYTH COUNTY, NORTH CAROLINA

June 30, 2009

	<u>Pension Trust</u> Law Enforcement Officers' Special Separation <u>Allowance</u>	Other Post-employment <u>Benefit Trust</u> Healthcare <u>Plan</u>	<u>Total</u> <u>Trust Funds</u>
ADDITIONS			
Contributions:			
Employer	\$ 446,926	3,609,941	4,056,867
Plan members	-	356,861	356,861
Total contributions	<u>446,926</u>	<u>3,966,802</u>	<u>4,413,728</u>
Net investment income	<u>5,223</u>	<u>64,560</u>	<u>69,783</u>
Total additions	452,149	4,031,362	4,483,511
DEDUCTIONS			
Benefits	<u>671,747</u>	<u>2,366,802</u>	<u>3,038,549</u>
Change in net assets	(219,598)	1,664,560	1,444,962
Net assets - beginning	385,424	-	385,424
Net assets - ending	<u>\$ <u>165,826</u></u>	<u><u>1,664,560</u></u>	<u><u>1,830,386</u></u>

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

E-3

AGENCY FUNDS

FORSYTH COUNTY, NORTH CAROLINA

June 30, 2009

	<u>Tax</u>	<u>Fines and Forfeitures</u>	<u>Protective Payee</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 836,227	10,833	78,949	926,009
Receivables:				
Property taxes	5,886,160	-	-	5,886,160
Accrued interest	-	-	66	66
Total assets	<u>6,722,387</u>	<u>10,833</u>	<u>79,015</u>	<u>6,812,235</u>
LIABILITIES				
Due to NC Division of Motor Vehicles	16,950	-	-	16,950
Due to other governments	6,705,437	10,833	-	6,716,270
Other liabilities	-	-	79,015	79,015
Total liabilities	<u>6,722,387</u>	<u>10,833</u>	<u>79,015</u>	<u>6,812,235</u>
NET ASSETS	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

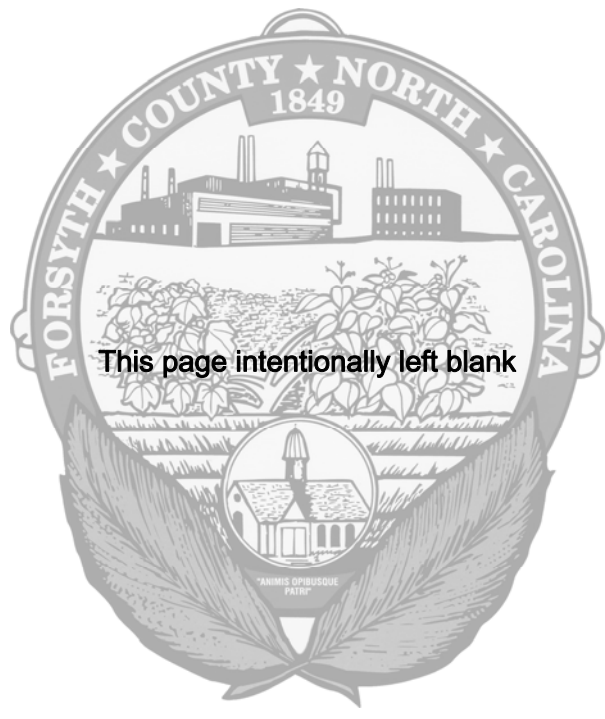
E-4

AGENCY FUNDS

FORSYTH COUNTY, NORTH CAROLINA

For the Fiscal Year Ended June 30, 2009

	<u>June 30, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2009</u>
<u>TAX AGENCY</u>				
ASSETS				
Cash and cash equivalents	\$ 641,926	693,422,955	693,228,654	836,227
Receivables - property taxes	4,836,056	343,219,680	342,169,576	5,886,160
Total assets	\$ 5,477,982	1,036,642,635	1,035,398,230	6,722,387
LIABILITIES				
Due to NC Division of Motor Vehicles	\$ 17,402	221,932	222,384	16,950
Due to other governments	5,460,580	815,150,544	813,905,687	6,705,437
Total liabilities	\$ 5,477,982	815,372,476	814,128,071	6,722,387
<u>FINES AND FORFEITURES</u>				
ASSETS				
Cash and cash equivalents	\$ 11,368	2,788,215	2,788,750	10,833
LIABILITIES				
Due to other governments	\$ 11,368	2,788,215	2,788,750	10,833
<u>PROTECTIVE PAYEE</u>				
ASSETS				
Cash and cash equivalents	\$ 109,732	430,082	460,865	78,949
Receivables - accrued interest	376	2,096	2,406	66
Total assets	\$ 110,108	432,178	463,271	79,015
LIABILITIES				
Due to other governments	\$ -	559	559	-
Other liabilities	110,108	429,772	460,865	79,015
Total liabilities	\$ 110,108	430,331	461,424	79,015
<u>TOTAL - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 763,026	696,641,252	696,478,269	926,009
Receivables:				
Property taxes	4,836,056	343,219,680	342,169,576	5,886,160
Accrued interest	376	2,096	2,406	66
Total assets	\$ 5,599,458	1,039,863,028	1,038,650,251	6,812,235
LIABILITIES				
Due to other governments	\$ 5,489,350	818,161,250	816,917,380	6,733,220
Other liabilities	110,108	429,772	460,865	79,015
Total liabilities	\$ 5,599,458	818,591,022	817,378,245	6,812,235



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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, 2009

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2008</u>	<u>Additions Net of Releases</u>	<u>Collections And Credits</u>	<u>Writeoffs</u>	<u>Uncollected Balance June 30, 2009</u>
2008 - 2009	\$ -	219,385,625	213,993,232	-	5,392,393
2007 - 2008	3,889,942	(185,063)	2,496,902	-	1,207,977
2006 - 2007	1,168,742	(158,309)	297,180	-	713,253
2005 - 2006	770,266	(55,269)	126,656	305,832	282,509
2004 - 2005	453,280	(1,572)	67,963	-	383,745
2003 - 2004	235,353	(1,181)	19,048	-	215,124
2002 - 2003	391,542	(594)	66,698	-	324,250
2001 - 2002	235,455	(421)	9,125	-	225,909
2000 - 2001	163,646	(283)	4,652	-	158,711
1999 - 2000	134,529	(211)	4,423	129,895	-
	<u>\$ 7,442,755</u>	<u>218,982,722</u>	<u>217,085,879</u>	<u>435,727</u>	<u>8,903,871</u>
Plus: dog taxes included in taxes receivable: General Fund					8,773
Less: allowance for uncollectible accounts: General Fund					<u>(5,131,306)</u>
Ad valorem taxes receivable - net: General Fund					\$ <u><u>3,781,338</u></u>
 <u>Reconcilement with revenues:</u>					
Property taxes - General Fund					\$ 217,625,092
Penalties collected on ad valorem taxes - Fines and Forfeitures Fund					171,386
Reconciling items:					
Interest collected					\$ (952,313)
Back years collection of dog taxes					(122)
Refunds					265,946
Collection of taxes previously written off					<u>(24,110)</u>
Total reconciling items					<u>(710,599)</u>
Total collections and credits					\$ <u><u>217,085,879</u></u>

**ANALYSIS OF CURRENT TAX LEVY
COUNTYWIDE LEVY**

F-2

FORSYTH COUNTY, NORTH CAROLINA
For the Fiscal Year Ended June 30, 2009

	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	\$ 30,456,458,310	\$.6960	\$ 213,382,239	\$ 202,809,090	\$ 10,573,149
Motor vehicles taxed at prior year's rate: FY 06-07	206,200	.6660	1,373	-	1,373
FY 07-08	927,282,260	.6960	6,448,313	-	6,448,313
Penalties	-		408,301	408,301	-
Total	<u>31,383,946,770</u>		<u>220,240,226</u>	<u>203,217,391</u>	<u>17,022,835</u>
Releases	<u>(122,787,500)</u>		<u>(854,601)</u>	<u>(672,302)</u>	<u>(182,299)</u>
Total property valuation	<u>\$ 31,261,159,270</u>				
Net levy			219,385,625	202,545,089	16,840,536
Uncollected taxes at June 30, 2009			<u>5,392,393</u>	<u>3,513,704</u>	<u>1,878,689</u>
Current year's taxes collected			<u>\$ 213,993,232</u>	<u>\$ 199,031,385</u>	<u>\$ 14,961,847</u>
Current levy collection percentage			<u>97.54%</u>	<u>98.27%</u>	<u>88.84%</u>

Secondary Market Disclosures:

Assessed Valuation:	
Assessment Ratio (1)	100%
Real Property	\$ 25,059,661,800
Personal Property	5,711,566,720
Public Service Companies (2)	<u>612,718,250</u>
Total Assessed Valuation	31,383,946,770
Tax Rate per \$100	<u>0.696</u>
Levy (includes discoveries, releases and abatements)	<u>\$ 219,385,625</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.

TEN LARGEST TAXPAYERS

F-3

FORSYTH COUNTY, NORTH CAROLINA

For the Fiscal Year Ended June 30, 2009

<u>Taxpayer</u>	<u>Type of Business</u>		<u>2009 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
R. J. Reynolds Industries, Inc.	Tobacco, Foods, Petroleum and Transportation	\$	1,051,976,630	3.35%
Wachovia Bank & Trust	Banking		333,528,540	1.06%
Duke Energy Corporation	Electric Utility		272,178,722	0.87%
Lowes Home Center	Retail		245,477,800	0.78%
JG Winston-Salem	Real Estate Management		178,849,000	0.57%
Hanesbrands Inc.	Textiles		177,385,310	0.57%
Highwoods/Forsyth Partners	Real Estate Management		141,736,700	0.45%
BellSouth Corporation	Communications Utility		122,318,655	0.39%
Dell Inc.	Computer Manufacturer		114,252,900	0.36%
Wake Forest University	Education / Health Care		106,654,147	0.34%
		\$	<u>2,744,358,404</u>	<u>8.74%</u>

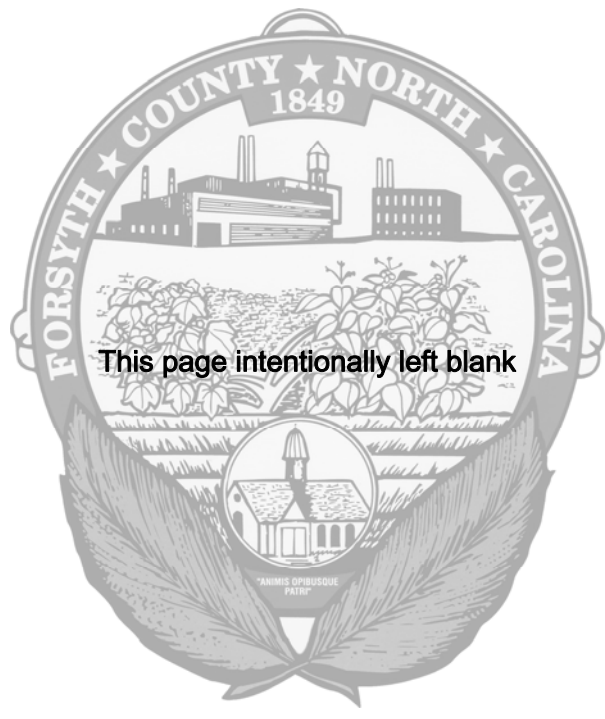
Statistical Section

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.	99
Revenue Capacity – These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property taxes.	103
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.	108
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.	111
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.	113

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.



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NET ASSETS BY COMPONENT

FORSYTH COUNTY, NORTH CAROLINA

Last Eight Fiscal Years

(accrual basis of accounting)

Schedule 1

	Fiscal Year							
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities:								
Invested in capital assets, net of related debt	\$ 50,832,801	53,327,610	54,929,158	58,050,620	62,126,511	65,335,272	66,426,734	72,988,514
Restricted	1,811,767	1,905,959	2,153,517	2,477,719	3,877,017	4,328,645	3,980,229	3,860,233
Unrestricted	<u>(69,838,879)</u>	<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>
Total governmental activities net deficit	\$ <u><u>(17,194,311)</u></u>	<u><u>(11,508,681)</u></u>	<u><u>(32,638,278)</u></u>	<u><u>(60,445,429)</u></u>	<u><u>(67,412,938)</u></u>	<u><u>(62,704,982)</u></u>	<u><u>(49,977,835)</u></u>	<u><u>(87,543,175)</u></u>

Note: Forsyth County began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.

CHANGES IN NET ASSETS

Schedule 2

FORSYTH COUNTY, NORTH CAROLINA

Last Eight Fiscal Years

(accrual basis of accounting)

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Expenses								
Governmental activities:								
General government	\$ 33,504,313	32,511,954	37,176,344	38,054,338	40,702,218	40,954,886	42,473,984	38,189,282
Public safety	43,226,614	44,319,571	50,956,682	53,265,074	56,416,719	60,563,286	67,092,138	68,384,497
Environmental protection	2,110,570	2,124,756	2,287,496	2,171,643	2,160,200	2,220,009	2,521,035	2,713,093
Human services	72,919,088	75,664,303	79,377,848	81,602,908	83,026,669	83,325,627	85,670,069	81,156,032
Culture and recreation	14,694,632	14,489,189	15,056,770	15,209,100	16,913,156	17,214,387	17,401,634	16,540,703
Community and economic development	1,312,589	1,254,450	1,523,798	5,175,040	4,622,179	1,722,356	2,998,916	2,777,002
Education	102,127,242	106,056,362	138,342,793	145,267,123	139,943,619	137,732,790	140,624,177	185,747,060
Interest on long-term debt	12,149,584	13,664,297	14,426,316	14,567,408	14,846,094	15,995,831	18,501,304	17,734,361
Total expenses	<u>282,044,632</u>	<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>
Program revenues								
Governmental activities:								
Charges for services								
General government	4,907,678	4,903,787	4,698,238	4,444,744	4,335,314	4,320,684	4,163,440	3,766,905
Public safety	6,707,367	7,246,355	8,457,575	8,993,671	10,668,381	13,569,309	17,465,407	16,039,769
Environmental protection	805,406	963,314	1,103,027	933,971	785,380	348,683	266,457	222,569
Human services	4,207,333	5,456,001	6,322,469	7,227,474	6,686,842	6,781,195	7,752,966	8,631,222
Culture and recreation	4,480,311	3,961,475	4,262,167	4,648,633	5,291,419	5,265,639	5,098,137	4,403,575
Community and economic development	137,239	27,493	52,681	118,587	77,862	115,432	55,552	16,988
Education	29,330	29,410	29,410	33,469	33,332	33,332	33,372	42,907
Operating grants and contributions								
General government	336,313	759,242	489,337	648,613	2,048,882	1,116,784	753,817	1,142,633
Public safety	2,759,794	2,027,799	3,063,893	3,800,634	3,989,961	3,390,604	3,698,500	4,409,705
Environmental protection	723,770	743,973	888,024	661,559	747,313	843,363	880,434	1,025,921
Human services	32,996,444	34,681,881	35,011,146	34,162,314	35,684,538	35,702,370	36,224,878	38,460,763
Culture and recreation	797,131	860,806	985,400	896,886	1,617,563	856,098	822,806	979,233
Community and economic development	560,069	594,285	623,320	873,626	716,889	391,429	959,624	321,981
Education	4,163,828	3,202,900	1,405,681	1,090,700	2,393,376	3,459,671	5,790,588	7,098,274
Capital grants and contributions								
General government	-	-	-	-	-	-	25,975	-
Culture and recreation	15,107	8,381	226,512	-	-	-	-	-
Total program revenues	<u>63,627,120</u>	<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>
Net expense	<u>(218,417,512)</u>	<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>
General revenues and other changes in net assets								
Governmental activities:								
Taxes:								
Property taxes	157,969,588	172,788,517	177,109,769	184,460,184	196,540,693	203,698,340	218,253,781	223,660,085
Local option sales taxes	45,621,446	50,456,088	62,472,610	62,106,774	67,056,056	71,068,173	73,496,042	56,381,820
Occupancy taxes	431,537	451,374	449,042	441,234	493,107	539,027	562,018	466,198
Other taxes and licenses	2,652,281	2,930,050	3,427,625	3,656,571	3,752,002	3,261,547	2,587,667	1,749,344
Grants and contributions not restricted to specific programs	11,168,242	997,904	4,422,507	3,603,013	2,672,986	1,635,293	1,630,835	1,644,749
Investment earnings	3,453,547	2,352,281	2,161,094	3,939,095	5,473,968	7,680,796	9,025,373	4,150,368
Miscellaneous	562,996	291,949	392,170	763,732	597,480	359,359	462,735	1,061,681
Total general revenues	<u>221,859,637</u>	<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>
Change in net assets - governmental activities	\$ <u>3,442,125</u>	<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>

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Note: Forsyth County began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.

FUND BALANCES OF GOVERNMENTAL FUNDS

Schedule 3

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund										
Reserved	\$ 12,948,590	21,396,794	20,920,273	25,862,905	28,663,332	30,421,518	31,829,460	31,724,371	33,727,232	27,865,589
Unreserved	<u>25,138,439</u>	<u>43,054,407</u>	<u>48,841,807</u>	<u>52,712,200</u>	<u>62,744,745</u>	<u>63,826,353</u>	<u>69,572,571</u>	<u>79,799,313</u>	<u>86,715,440</u>	<u>101,701,080</u>
Total General Fund	\$ <u>38,087,029</u>	<u>64,451,201</u>	<u>69,762,080</u>	<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>
All other governmental funds										
Reserved	\$ 5,728,638	27,702,013	19,786,503	14,474,673	5,717,155	7,461,248	6,378,241	3,931,316	2,054,017	11,659,953
Unreserved, reported in:										
Special revenue funds	11,599,554	1,006,710	1,219,277	1,097,229	1,096,217	1,047,406	2,633,267	2,649,533	2,103,908	884,635
Capital projects funds	<u>23,867,033</u>	<u>21,604,456</u>	<u>58,209,778</u>	<u>47,329,968</u>	<u>82,857,433</u>	<u>29,421,813</u>	<u>37,964,525</u>	<u>90,092,438</u>	<u>80,459,522</u>	<u>132,424,595</u>
Total all other governmental funds	\$ <u>41,195,225</u>	<u>50,313,179</u>	<u>79,215,558</u>	<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>

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Schedule 4

FORSYTH COUNTY, NORTH CAROLINA

Last Eight Fiscal Years

(modified accrual basis of accounting)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Revenues								
Property taxes	\$ 157,643,248	172,522,283	176,937,963	184,168,720	196,470,273	202,802,113	217,978,822	222,931,993
Occupancy taxes	431,537	451,374	449,042	441,234	493,107	539,027	562,018	466,198
Local option sales tax	45,621,446	50,456,088	62,472,610	62,106,774	67,056,056	71,068,173	73,496,042	56,381,820
Other taxes	188,583	474,123	656,801	600,303	667,463	506,037	377,837	202,959
Licenses and permits	2,163,592	2,099,216	2,091,175	1,867,850	1,704,474	1,215,187	922,548	940,488
Intergovernmental	52,583,805	43,867,904	47,470,956	46,013,245	50,024,208	47,933,136	51,239,274	55,768,601
Charges for services	15,411,300	18,047,774	20,436,933	20,869,798	21,707,464	23,207,853	24,621,408	25,129,543
Investment earnings	3,468,009	2,365,499	2,171,427	3,964,492	5,530,265	7,774,158	9,122,280	4,251,484
Other	5,824,459	5,812,209	6,095,875	7,168,741	7,633,841	8,011,182	8,904,354	9,379,996
Total revenues	<u>283,335,979</u>	<u>296,096,470</u>	<u>318,782,782</u>	<u>327,201,157</u>	<u>351,287,151</u>	<u>363,056,866</u>	<u>387,224,583</u>	<u>375,453,082</u>
Expenditures								
Current:								
General government	30,237,478	29,708,735	33,831,181	33,521,119	36,363,475	36,184,725	36,965,763	33,038,710
Public safety	40,394,553	41,457,874	47,162,153	49,355,750	52,911,994	56,417,332	61,360,693	64,633,076
Environmental protection	2,077,701	2,090,623	2,246,042	2,147,781	2,122,814	2,188,457	2,414,429	2,686,706
Human services	66,890,595	69,649,946	72,759,964	74,294,247	76,279,429	76,741,426	77,348,513	74,142,024
Culture and recreation	13,877,845	13,608,497	14,215,329	14,274,677	16,291,544	15,888,248	16,004,016	15,459,452
Community and economic development	1,310,043	1,252,937	1,520,985	5,175,387	4,618,272	1,715,501	2,977,892	2,766,353
Education	580,424	598,136	635,088	578,341	620,556	635,338	895,261	2,243,594
Intergovernmental:								
Human services	5,546,049	5,631,153	6,026,136	6,418,360	6,013,611	5,898,652	6,181,990	6,167,610
Education	101,524,083	105,735,273	137,687,638	144,663,575	139,301,345	137,070,648	139,681,424	183,475,254
Debt service:								
Principal retirement	13,335,000	15,075,000	18,700,000	21,345,000	22,545,420	21,746,497	23,924,516	26,200,993
Interest and other charges	11,840,153	13,770,153	15,271,861	15,821,967	15,066,260	16,551,824	17,246,714	19,490,528
Capital outlay	<u>20,833,361</u>	<u>28,689,406</u>	<u>17,007,430</u>	<u>9,112,386</u>	<u>9,263,608</u>	<u>8,875,245</u>	<u>5,360,224</u>	<u>8,097,429</u>
Total expenditures	<u>308,447,285</u>	<u>327,267,733</u>	<u>367,063,807</u>	<u>376,708,590</u>	<u>381,398,328</u>	<u>379,913,893</u>	<u>390,361,435</u>	<u>438,401,729</u>
Deficiency of revenues over expenditures	<u>(25,111,306)</u>	<u>(31,171,263)</u>	<u>(48,281,025)</u>	<u>(49,507,433)</u>	<u>(30,111,177)</u>	<u>(16,857,027)</u>	<u>(3,136,852)</u>	<u>(62,948,647)</u>
Other financing sources (uses):								
Installment purchases	505,000	-	363,810	-	-	1,913,500	-	1,026,000
Refunding bonds issued	12,135,830	-	55,745,000	15,630,000	-	-	-	-
Premium on refunding bonds	-	-	3,675,841	621,449	-	-	-	-
General obligation bonds issued	58,752,659	-	86,550,000	-	32,685,000	72,500,000	-	156,255,000
Premium on general obligation bonds	-	-	563,580	-	362,985	2,262,434	-	4,407,759
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	-	-	-
Transfers in	5,550,213	3,443,367	3,574,026	3,411,778	4,549,889	2,918,502	18,308,651	13,141,259
Transfers out	(5,550,213)	(3,443,367)	(3,574,026)	(3,411,778)	(4,549,889)	(2,918,502)	(18,308,651)	(13,141,259)
Payment to refunded bond escrow agent	(12,068,925)	-	(59,015,299)	(16,080,775)	-	-	-	(29,264,379)
Payment to refunded certificates of participation escrow agent	-	-	-	(44,048,384)	-	-	-	-
Total other financing sources (uses)	<u>59,324,564</u>	<u>23,670,600</u>	<u>87,882,932</u>	<u>606,889</u>	<u>46,310,903</u>	<u>76,675,934</u>	<u>-</u>	<u>132,424,380</u>
Net change in fund balances	<u>\$ 34,213,258</u>	<u>(7,500,663)</u>	<u>39,601,907</u>	<u>(48,900,544)</u>	<u>16,199,726</u>	<u>59,818,907</u>	<u>(3,136,852)</u>	<u>69,475,733</u>
Debt service as a percentage of noncapital expenditures	<u>8.8%</u>	<u>9.7%</u>	<u>9.7%</u>	<u>10.1%</u>	<u>10.1%</u>	<u>10.3%</u>	<u>10.7%</u>	<u>10.6%</u>

Note: Functional expenditures and capital outlay have been restated to actual non-capital and capital outlays. This information is available beginning in fiscal year 2002 when GASB Statement 34 was implemented.

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
2000	1999	15,119,898,200	2,532,151,500	2,226,660,700	566,226,500	20,444,936,900	100%	0.6625
2001	2000	15,566,482,900	2,596,212,430	2,362,187,180	565,729,780	21,090,612,290	100%	0.6745
2002	2001	18,442,926,970	2,660,635,120	2,392,973,460	598,062,441	24,094,597,991	100%	0.6400
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

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 1997, 2001, and 2005. 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

Schedule 6

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

Page 1 of 2

	Tax Rates per \$100 Valuation, Year Ended June 30,									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Forsyth County	\$ 0.696	0.696	\$ 0.666	\$ 0.666	\$ 0.708	\$ 0.692	\$ 0.6920	\$ 0.6400	\$ 0.6745	\$ 0.6625
Municipalities: (1)										
City of Winston-Salem	0.490	0.490	0.485	0.485	0.525	0.495	0.4950	0.460	0.497	0.500
Combined Rate	1.186	1.186	1.151	1.151	1.233	1.187	1.187	1.100	1.171	1.163
Town of Bethania	0.350	0.350	0.300	0.300	0.250	0.250	0.250	0.180	0.180	0.180
Combined Rate	1.046	1.046	0.966	0.966	0.958	0.942	0.942	0.820	0.855	0.843
Village of Clemmons	0.0985	0.0985	0.0985	0.0900	0.0900	0.0900	0.0900	0.0900	0.0900	0.0900
Combined Rate	0.795	0.795	0.765	0.756	0.798	0.782	0.782	0.730	0.765	0.753
Town of Kernersville	0.550	0.550	0.550	0.525	0.525	0.495	0.495	0.470	0.540	0.520
Combined Rate	1.246	1.246	1.216	1.191	1.233	1.187	1.187	1.110	1.215	1.183
Town of Lewisville	0.177	0.177	0.177	0.177	0.195	0.195	0.195	0.110	0.110	0.062
Combined Rate	0.873	0.873	0.843	0.843	0.903	0.887	0.887	0.750	0.785	0.725
Town of Rural Hall	0.240	0.230	0.230	0.230	0.240	0.220	0.220	0.220	0.230	0.230
Combined Rate	0.936	0.926	0.896	0.896	0.948	0.912	0.912	0.860	0.905	0.893
Village of Tobaccolville	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Combined Rate	0.746	0.746	0.716	0.716	0.758	0.742	0.742	0.690	0.725	0.713
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	0.896	0.896	0.866	0.866	0.908	0.892	0.892	0.840	0.875	0.863
Fire Tax Districts: (2)										
Beesons Crossroads	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.060
Combined Direct Rate	0.766	0.766	0.736	0.736	0.778	0.762	0.762	0.710	0.745	0.723
Belews Creek	0.070	0.055	0.055	0.045	0.045	0.045	0.045	0.045	0.045	0.045
Combined Direct Rate	0.766	0.751	0.721	0.711	0.753	0.737	0.737	0.685	0.720	0.708
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	0.776	0.776	0.746	0.746	0.788	0.772	0.772	0.720	0.755	0.743
Clemmons	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Combined Direct Rate	0.746	0.746	0.716	0.716	0.758	0.742	0.742	0.690	0.725	0.713
Forest Hill	0.065	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Combined Direct Rate	0.761	0.746	0.716	0.716	0.758	0.742	0.742	0.690	0.725	0.713
Griffith	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.045	0.045	0.045
Combined Direct Rate	0.751	0.751	0.721	0.721	0.763	0.747	0.747	0.685	0.720	0.708
Gumtree	0.085	0.085	0.085	0.085	0.085	0.085	0.070	0.070	0.070	0.070
Combined Direct Rate	0.781	0.781	0.751	0.751	0.793	0.777	0.762	0.710	0.745	0.733
Horneytown	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.070	0.070	0.060
Combined Direct Rate	0.796	0.796	0.766	0.766	0.808	0.792	0.792	0.710	0.745	0.723

DIRECT AND OVERLAPPING PROPERTY TAX RATES

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

	Tax Rates per \$100 Valuation, Year Ended June 30,									
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Fire Tax Districts (cont.): (2)										
King	\$ 0.055	0.055	\$ 0.055	\$ 0.055	\$ 0.055	\$ 0.045	\$ 0.045	\$ 0.040	\$ 0.038	\$ 0.038
Combined Direct Rate	0.751	0.751	0.721	0.721	0.763	0.737	0.737	0.680	0.713	0.701
Lewisville	0.060	0.060	0.060	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Combined Direct Rate	0.756	0.756	0.726	0.716	0.758	0.742	0.742	0.690	0.725	0.713
Mineral Springs	0.065	0.050	0.050	0.040	0.040	0.040	0.040	0.040	0.040	0.040
Combined Direct Rate	0.761	0.746	0.716	0.706	0.748	0.732	0.732	0.680	0.715	0.703
Mineral Springs Service	0.065	0.050	0.050	0.040	0.040	-	-	-	-	-
Combined Direct Rate	0.761	0.746	0.716	0.706	0.748	-	-	-	-	-
Mount Tabor	0.075	0.075	0.075	0.065	0.065	0.065	0.065	0.065	0.065	0.065
Combined Direct Rate	0.771	0.771	0.741	0.731	0.773	0.757	0.757	0.705	0.740	0.728
Old Richmond	0.070	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.040	0.040
Combined Direct Rate	0.766	0.756	0.726	0.726	0.768	0.752	0.752	0.700	0.715	0.703
Piney Grove	0.090	0.090	0.080	0.080	0.080	0.075	0.070	0.070	0.070	0.070
Combined Direct Rate	0.786	0.786	0.746	0.746	0.788	0.767	0.762	0.710	0.745	0.733
Salem Chapel	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060
Combined Direct Rate	0.756	0.756	0.726	0.726	0.768	0.752	0.752	0.700	0.735	0.723
South Fork	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.060
Combined Direct Rate	0.746	0.746	0.716	0.716	0.758	0.742	0.742	0.690	0.725	0.723
Suburban (Rural Hall)	0.065	0.055	0.055	0.055	0.055	0.035	0.035	0.035	0.035	0.035
Combined Direct Rate	0.761	0.751	0.721	0.721	0.763	0.727	0.727	0.675	0.710	0.698
Talley's Crossing	0.080	0.080	0.080	0.080	0.080	0.065	0.065	0.065	0.065	0.065
Combined Direct Rate	0.776	0.776	0.746	0.746	0.788	0.757	0.757	0.705	0.740	0.728
Triangle	0.080	0.070	0.070	0.050	0.035	0.035	0.035	0.035	0.035	0.035
Combined Direct Rate	0.776	0.766	0.736	0.716	0.743	0.727	0.727	0.675	0.710	0.698
Union Cross	0.080	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070
Combined Direct Rate	0.776	0.766	0.736	0.736	0.778	0.762	0.762	0.710	0.745	0.733
Vienna	0.075	0.075	0.075	0.065	0.065	0.065	0.065	0.065	0.065	0.065
Combined Direct Rate	0.771	0.771	0.741	0.731	0.773	0.757	0.757	0.705	0.740	0.728
Walkertown (Northeast)	0.080	0.070	0.070	0.060	0.060	0.060	0.060	0.060	0.060	0.060
Combined Direct Rate	0.776	0.766	0.736	0.726	0.768	0.752	0.752	0.700	0.735	0.723
West Bend	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Combined Direct Rate	0.746	0.746	0.716	0.716	0.758	0.742	0.742	0.690	0.725	0.713

- Notes: (1) 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.
(2) The Forsyth County Board of Commissioners sets each Fire Tax District Rate.

PRINCIPAL PROPERTY TAX PAYERS

FORSYTH COUNTY, NORTH CAROLINA

Current Year and Nine Years Ago

Schedule 7

106

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2009 Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>	<u>2000 Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
R. J. Reynolds Industries, Inc.	Tobacco, Foods, Petroleum and Transportation	\$ 1,051,976,630	1	3.35%	\$ 1,055,492,357	1	5.16%
Wachovia Bank & Trust	Banking	333,528,540	2	1.06%	298,189,605	2	1.46%
Duke Energy Corporation	Electric Utility	272,178,722	3	0.87%	221,690,144	3	1.08%
Lowes Home Center	Retail	245,477,800	4	0.78%	-	-	-
JG Winston-Salem	Real Estate Management	178,849,000	5	0.57%	-	-	-
Hanesbrands Inc.	Textiles	177,385,310	6	0.57%	-	-	-
Highwoods/Forsyth Partners	Real Estate Management	141,736,700	7	0.45%	184,521,984	5	0.90%
BellSouth Corporation	Communications Utility	122,318,655	8	0.39%	150,001,304	6	0.73%
Dell Inc.	Computer Manufacturer	114,252,900	9	0.36%	-	-	-
Wake Forest University	Education / Health Care	106,654,147	10	0.34%	-	-	-
Sara Lee Corporation	Food and Textiles	-	-	-	195,672,950	4	0.96%
Winston-Salem Joint Ventures	Real Estate Management	-	-	-	140,000,000	7	0.69%
Piedmont Natural Gas	Utility	-	-	-	70,171,985	8	0.34%
CPC International, Inc.	Food Processing	-	-	-	64,751,829	9	0.32%
Hubbard/Mareli Realty	Real Estate Management	-	-	-	56,363,245	10	0.28%
		<u>\$ 2,744,358,404</u>		<u>8.74%</u>	<u>\$ 2,436,855,403</u>		<u>11.92%</u>

Note: Hanesbrands Inc includes property previously reported under Sara Lee Corporation.
 JG Winston-Salem includes property previously reported under Winston-Salem Joint Ventures.

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>		<u>Amount</u>	Percentage <u>of Levy</u>
2000	\$ 135,678,826	\$ 133,340,440	98.28%	\$ 1,881,140	\$ 135,221,580	99.66%	
2001	142,338,005	139,483,266	97.99%	2,320,660	141,803,926	99.62%	
2002	154,336,281	151,228,987	97.99%	2,498,827	153,727,814	99.61%	
2003	169,219,186	165,481,873	97.79%	3,067,834	168,549,707	99.60%	
2004	172,272,301	169,019,917	98.11%	2,646,452	171,666,369	99.65%	
2005	179,925,473	176,332,367	98.00%	2,818,468	179,150,835	99.57%	
2006	189,902,610	186,602,383	98.26%	2,607,895	189,210,278	99.64%	
2007	197,416,909	193,927,020	98.23%	2,581,685	196,508,705	99.54%	
2008	213,402,003	209,512,061	98.18%	2,496,902	212,008,963	99.35%	
2009	219,385,625	213,993,232	97.54%	-	213,993,232	97.54%	

RATIOS OF OUTSTANDING DEBT BY TYPE
FORSYTH COUNTY, NORTH CAROLINA
Last Ten Fiscal Years

Schedule 9

Fiscal Year	General Obligation Bonds	Bonded Debt as a	Total Bonded Debt Per Capita ^b
		Percentage of Actual Taxable Value of Property ^a	
2000	\$ 183,455,000	0.90%	\$ 605.63
2001	173,820,000	0.82%	\$ 566.31
2002	219,515,000	0.91%	\$ 706.67
2003	206,615,000	0.84%	\$ 658.21
2004	279,050,000	1.12%	\$ 881.34
2005	261,620,000	1.03%	\$ 818.66
2006	276,360,000	0.97%	\$ 850.67
2007	332,090,000	1.12%	\$ 1,003.13
2008	313,620,000	1.02%	\$ 928.94
2009	420,955,000	1.34%	\$ 1,224.76

Governmental Activities

Fiscal Year	General Obligation Bonds	Certificates of Participation	Installment Purchase Obligations	Total Primary Government	Percentage of Personal Income ^b	Total Debt Per Capita ^b
2001	173,820,000	64,070,000	-	237,890,000	2.50%	775.06
2002	219,515,000	63,430,000	500,000	283,445,000	2.94%	912.48
2003	206,615,000	84,850,000	400,000	291,865,000	2.96%	929.80
2004	279,050,000	80,935,000	663,810	360,648,810	3.57%	1,139.06
2005	261,620,000	76,855,000	563,810	339,038,810	3.12%	1,060.92
2006	276,360,000	85,525,000	293,390	362,178,390	3.18%	1,114.83
2007	332,090,000	80,620,000	2,135,393	414,845,393	3.49%	1,253.10
2008	313,620,000	75,595,000	1,705,877	390,920,877	3.08%	1,157.90
2009	420,955,000	70,435,000	2,185,884	493,575,884	3.89%	1,436.05

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, 2009

<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	\$ 221,345,866	100.0%	\$ 221,345,866
Town of Kernersville	15,868,390	100.0%	15,868,390
Other debt			
City of Winston-Salem	478,819,567	100.0%	<u>478,819,567</u>
Subtotal, overlapping debt			716,033,823
County direct debt			<u>493,575,884</u>
Total direct and overlapping debt			<u><u>\$ 1,209,609,707</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 2009

Assessed Value of Taxable Property	\$ 31,383,947
Debt Limit - Eight percent (8%) of assessed value	2,510,716
Debt applicable to limit:	
General obligation bonds	420,955
Certificates of participation	70,435
Installment purchase obligations	2,186
Total debt applicable to legal debt limit	<u>493,576</u>
Legal debt margin	<u>\$ 2,017,140</u>

Fiscal Year

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Debt Limit	\$ 1,635,595	1,687,249	1,927,568	1,960,144	1,990,638	2,033,292	2,276,966	2,367,215	2,451,563	2,510,716
Total net debt applicable to limit	220,123	237,890	283,445	291,865	360,649	339,039	362,178	414,845	390,921	493,576
Legal debt margin	\$ 1,415,472	1,449,359	1,644,123	1,668,279	1,629,989	1,694,254	1,914,788	1,952,370	2,060,642	2,017,140
Total net debt applicable to the limit as a percentage of debt limit	13.5%	14.1%	14.7%	14.9%	18.1%	16.7%	15.9%	17.5%	15.9%	19.7%

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

<u>Calendar Year</u> ^b	<u>Population</u> ¹	<u>Personal Income (000's)</u> ¹	<u>Per Capita Personal Income</u> ¹	<u>Median Age</u> ¹	<u>Dropout Rates for Grades 9-12</u> ²	<u>Public School Enrollment</u> ³	<u>Private School Enrollment</u> ^{4, a}	<u>Unemployment Rate</u> ⁵
1999	302,915	\$ 8,939,917	\$ 29,443	35.9	7.2%	43,430	5,489	2.4%
2000	306,932	9,518,933	31,014	36.1	6.4%	44,503	5,213	3.2%
2001	310,633	9,626,784	30,977	36.3	5.5%	46,351	5,570	4.7%
2002	313,902	9,847,688	31,333	36.6	5.8%	46,502	5,755	5.7%
2003	316,620	10,088,416	31,829	36.8	5.3%	47,478	5,885	5.6%
2004	319,572	10,877,453	33,981	37.0	5.2%	48,155	5,467	5.0%
2005	324,874	11,377,786	35,070	37.2	5.0%	49,599	5,454	4.7%
2006	331,054	11,892,689	35,938	37.4	5.7%	50,305	5,455	4.3%
2007	337,612	12,695,131	37,600	37.6	6.4%	50,974	5,441	4.4%
2008	343,704	n/a	n/a	37.8	5.5%	51,422	5,480	5.8%

- Sources: ¹ Office of State Budget and Management
² North Carolina Department of Public Instruction
³ Winston-Salem/Forsyth County School System
⁴ State of North Carolina Division of Non-Public Education
⁵ The Employment Security Commission of North Carolina

Notes:

- ^a Private School Enrollment does not include special schools or home schools
^b Calendar Year 2008 is the most recent data available.

PRINCIPAL EMPLOYERS

Schedule 13

FORSYTH COUNTY, NORTH CAROLINA
Current Year and Nine Years Ago

<u>Employer</u>	<u>2009¹</u>			<u>2000</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 ^a	11,570	1	7.0%	10,115	1	6.5%
Winston-Salem/Forsyth County School System	7,550	2	4.6%	4,700	6	3.0%
Novant Health and Affiliates	7,500	3	4.5%	5,950	3	3.8%
HanesBrands, Inc. ^b	3,560	4	2.2%	6,000	2	3.8%
Wachovia Bank, N.A. ^d	3,055	5	1.8%	5,333	5	3.4%
City of Winston-Salem	2,360	6	1.4%	2,416	8	1.5%
Wake Forest University	2,310	7	1.4%	N/A	-	-
Forsyth County	2,140	8	1.3%	1,859	10	1.2%
Reynolds American ^c	1,570	9	1.0%	5,930	4	3.8%
BB&T Corporation	1,400	10	0.8%	N/A	-	-
US Airways	N/A		-	2,180	9	1.4%
Budd Services, Inc.	N/A		-	2,800	7	1.8%
Total	43,015		24.5%	47,283		29.2%

¹ estimates as of May 2009

^a formerly North Carolina Baptist Hospitals, Inc.

^b formerly Sara Lee Personal Products

^c formerly RJR Nabisco, Inc.

^d formerly Wachovia Corporation

Sources: Number of employees provided by the Greater 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 Eight Fiscal Years ^a

<u>Function</u>	<u>Full-time Equivalent Employees as of June 30,</u>							
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General government	364	363	372	365	376	366	370	368
Public safety	655	658	685	703	782	765	786	792
Human services	596	583	594	585	636	626	633	660
Environmental protection	27	27	27	25	25	24	23	22
Community and economic development	4	4	4	5	5	5	5	5
Education	17	18	17	15	17	18	19	16
Culture and recreation	224	224	219	211	227	225	219	216
Total	<u>1,887</u>	<u>1,877</u>	<u>1,918</u>	<u>1,909</u>	<u>2,068</u>	<u>2,029</u>	<u>2,055</u>	<u>2,079</u>

^a Data for 2000, 2001 is not available.

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

Schedule 15

Page 1 of 2

Function	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government										
General services										
Number of facilities	65	65	65	65	65	66	67	68	68	70
Square footage - active	2,600,000	2,480,000	2,510,000	2,510,000	2,510,000	2,877,698	2,898,258	2,917,181	2,881,478	2,917,478
Assigned fleet vehicles	473	508	538	588	570	574	584	589	597	597
Register of deeds										
Deeds recorded	14,254	13,917	13,587	13,884	14,873	16,414	17,594	17,737	16,572	13,932
Real estate copies	349,071	308,187	338,669	378,884	446,530	233,882	40,984	39,427	30,056	29,105
Birth certificates	5,850	5,725	5,330	5,008	5,722	7,959	8,247	8,538	8,216	9,325
Marriage certificates	2,413	2,436	2,306	2,222	2,142	2,027	2,193	2,233	2,113	2,097
Vital records copies	56,370	60,114	59,730	54,921	47,927	52,527	55,787	55,967	60,673	59,036
Tax administration										
Audits	275	292	323	327	328	334	335	343	351	350
Current year levy collection percentage	98.32%	98.28%	97.99%	97.99%	97.79%	98.11%	98.00%	98.26%	98.93%	98.96%
Public safety										
Animal control										
Animals sheltered	7,051	8,045	7,770	7,497	7,773	7,862	7,403	8,471	8,086	8,079
Animals adopted	284	432	348	430	542	1,024	1,024	1,386	1,326	1,349
Emergency management										
Responders receiving specialized training	84	92	110	175	475	475	620	612	101	448
Emergency medical services										
Emergency dispatches	16,923	17,560	19,558	18,971	20,146	22,052	23,096	23,724	23,533	25,809
Non-emergency dispatches	9,410	10,037	9,626	9,608	8,062	8,894	9,378	8,254	12,480	10,258
Fire										
Fire alarms (total dispatches)	2,548	3,723	4,309	4,294	3,975	3,751	3,953	4,140	4,330	4,164
Volunteer rescue squad response	16,426	16,004	17,739	18,688	20,227	20,194	21,331	22,445	23,719	24,238
911 calls received	46,527	57,367	75,036	79,458	78,250	75,205	77,414	N/A	N/A	N/A
Telephone calls processed	N/A	N/A	N/A	N/A	N/A	N/A	N/A	179,324	172,928	205,592
Sheriff										
Patrol service calls	31,205	39,463	42,000	34,000	51,067	56,427	27,390	38,011	27,837	41,720
Detention - avg. daily inmate population	710	728	760	788	815	850	847	869	897	881
Detention - avg. length of stay (in days)	N/A	N/A	N/A	24	24	25	23	26	26	26
Court - inmates / defendants processed	N/A	N/A	N/A	12,638	1,790	10,196	11,721	21,646	14,135	22,144
Youth services										
Youth receiving drug assessments	120	95	88	85	116	82	82	107	74	81
Youth receiving individual counseling	144	163	149	154	52	113	113	101	133	140
Avg daily population: in-county / out-of-county	14.11/.66	15.3/.3	15.4/.30	14.25/.16	11.71/.08	7.33/.12	7.33/.12	13/.26	12.7/0.4	12.7/0.4

OPERATING INDICATORS BY FUNCTION

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

Function	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Human services										
Public health										
Wait time on improvement permits	3.5 weeks	4.5 weeks	3.5 weeks	3.5 weeks	6 weeks	6 weeks	3 weeks	3 weeks	20 days	3 weeks
Children Immunized by 23 months of age	29%	44%	41%	60%	64%	71%	91%	91%	83%	82%
Social services										
Average number of public assistance cases	2,520	2,273	2,340	2,300	2,214	1,950	1,950	1,562	1,250	1,214
Children in foster care returned to homes	25%	33%	33%	30%	32%	36%	36%	47%	30%	57%
Environmental protection										
Environmental affairs										
Permits processed within prescribed timeframe	N/A	100%	95%	100%	100%	100%	100%	99%	99%	99%
Correct air quality forecasting	N/A	72%	75%	78%	78%	78%	75%	80%	80%	90%
Economic development										
Housing										
Homes rehabilitated	25	21	22	18	18	22	20	19	12	21
First time home buyers & IDA	5	10	10	17	31	64	126	96	76	48
Culture and recreation										
NC cooperative extension service										
Telephone requests for information	N/A	N/A	36,406	39,133	38,122	35,493	27,200	22,328	23,912	24,363
Educational meetings conducted	5,346	55,320	2,529	1,872	1,872	2,057	1,743	1,460	2,645	1,778
Educational meetings attendees	39,494	42,504	48,261	34,543	34,543	34,405	36,181	34,844	27,369	29,112
Library										
Number of libraries	11	11	11	10	10	10	10	10	10	10
Program Attendance	117,718	73,627	139,476	146,911	152,973	142,827	143,553	78,815	89,743	90,867
Materials Circulated	1,816,029	1,779,898	1,761,480	1,819,344	1,938,191	1,811,398	1,717,875	1,734,473	1,806,564	1,913,042
Recreation and parks										
Number of parks	11	10	10	11	11	11	11	11	11	11
Park visitors	1,966,590	2,029,459	2,231,717	2,674,331	2,504,392	2,823,704	2,742,368	2,267,209	2,317,301	2,826,255
Golf rounds played	N/A	N/A	N/A	70,584	53,380	72,461	66,000	66,190	67,400	70,720
Festival of lights - visitors	N/A	N/A	N/A	288,414	237,000	257,784	281,082	244,750	274,530	282,700
Education										
Winston-Salem/Forsyth County Schools										
Number of schools	65	66	67	67	67	68	70	70	72	75
Number of classrooms	2,113	2,161	2,183	2,202	2,231	2,301	2,364	2,364	2,416	2,653
Number of teachers	2,654	2,703	2,756	2,812	46,502	2,914	2,968	2,968	3,020	3,293
Forsyth Technical Community College										
Enrollment	5,000	5,260	6,283	6,246	7,215	6,977	7,001	7,200	7,203	7,895

Source: Forsyth County Budget Office. Fiscal Year 2008 is the most recent data available.

CAPITAL ASSET STATISTICS BY FUNCTION

Schedule 16

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

<u>Function</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>(1)</u> <u>2009</u>
General government										
General services										
Number of facilities	65	65	65	65	66	67	68	68	70	70
Square footage - active	2,480,000	2,510,000	2,510,000	2,510,000	2,877,698	2,898,258	2,917,181	2,881,478	2,917,478	2,917,478
Fleet vehicles (2)	508	538	588	570	574	584	589	595	613	590
Public safety (2)										
Emergency medical services										
Assigned vehicles	21	23	31	30	33	31	30	29	29	30
Fire										
Assigned vehicles	9	10	9	10	10	14	12	13	13	13
Sheriff										
Assigned vehicles	206	238	255	256	247	249	235	233	255	242

Notes: (1) Square footage is estimated based on general services building records.
 (2) Public safety vehicles listed are included in the general services fleet vehicles. Source: fleet vehicle records



**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, 2009, which collectively comprises the County's basic financial statements and have issued our report thereon dated October 31, 2009. 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

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 *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

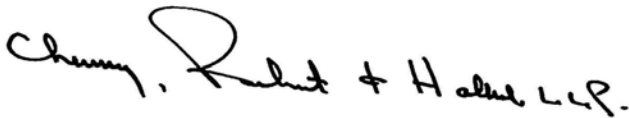
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies 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.

CHERRY, BEKAERT & HOLLAND, L.L.P.

A handwritten signature in black ink that reads "Cherry, Bekaert & Holland L.L.P." in a cursive style.

Raleigh, North Carolina
October 31, 2009



**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 the compliance of Forsyth County, North Carolina (the "County") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2009. 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 requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The 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, 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.

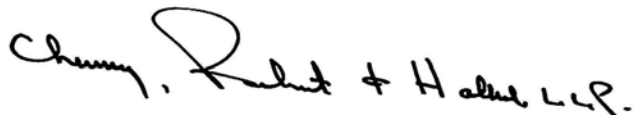
A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

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

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.

CHERRY, BEKAERT & HOLLAND, L.L.P.

A handwritten signature in black ink that reads "Cherry, Bekaert & Holland L.L.P." in a cursive, flowing script.

Raleigh, North Carolina
October 31, 2009



**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 are applicable to each of its major State programs for the year ended June 30, 2009. 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 requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act, and which is described in the accompanying schedule of findings and questioned costs as item 09-01.

Internal Control Over Compliance

The 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, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as we discussed below, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency.

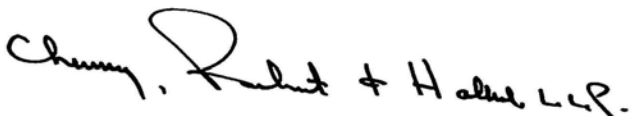
A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a State program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to administer a State program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a State program that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as 09-02 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a State program will not be prevented or detected by the County's internal control. We did not consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

The County's response to the findings 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 it.

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.

CHERRY, BEKAERT & HOLLAND, L.L.P.

Handwritten signature in cursive script that reads "Cherry, Bekaert & Holland L.L.P."

Raleigh, North Carolina
October 31, 2009

**Forsyth County, North Carolina
Schedule of Findings and Questioned Costs**

For The Fiscal Year Ended June 30, 2009

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(s) 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(s) identified
that are not considered to be
material weaknesses? ___ yes X none reported

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 ___yes X no

Identification of major federal programs:

<u>CFDA#</u>	<u>Program Name</u>
93.778	Medical Assistance Program
93.658, 93.659	Foster Care and Adoption Cluster
10.557	WIC

**Forsyth County, North Carolina
Schedule of Findings and Questioned Costs**

For The Fiscal Year Ended June 30, 2009

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(s) identified
that are not considered to be
material weaknesses? X yes ___ 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

Public School Building Capital Fund
State/County Special Assistance for Adults
Juvenile Crime Prevention
General Health Administration
Child Welfare Services Direct Benefit Payments

Section II – Financial Statement Findings

None reported.

Forsyth County, North Carolina
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2009

Section III – Federal Awards Findings and Questioned Costs

None reported.

Section IV – State Award Findings and Questioned Costs

NC Department of Health and Human Services
Division of Social Services
Program Names: Special Assistance for Adults

Finding 09-01

NON MATERIAL NONCOMPLIANCE

Criteria: The County should have adequate monitoring controls to ensure that acquisitions of computer equipment have prior written approval.

Condition: The County did not have documentation that the Computer Equipment Acquisition Plan was filed with the Division of Social Services prior to the acquisition.

Questioned Costs: None

Effect: Without proper oversight, the County could be purchasing non-approved computer equipment.

Cause: The County could not locate the confirmation of receipt memorandum from the Division of Social Services for the Computer Equipment Acquisition Plan.

Recommendation: We recommend that the County file a copy of the approved computer acquisition plan with the State.

Views of responsible officials and planned corrective action: It is the policy and practice of the Forsyth County Department of Social Services to file the Computer Equipment Acquisition Plan with the NC Division of Social Services for approval. Approval memoranda for fiscal year 2008 and fiscal year 2010 are on file in DSS; however, we were unable to locate the approval memorandum for the audit year, fiscal year 2009.

The Computer Equipment Acquisition Plan will be submitted to the State annually after the County budget is approved. Upon receipt, the approval memorandum will be filed at DSS. If the approval memorandum has not been received by August 31st, the DSS Business Officer will follow-up with the State to obtain it. Prior to ordering computer equipment in any fiscal year, the Business Officer will assure that the applicable approval memorandum is on file in the department.

Forsyth County, North Carolina
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2009

NC Department of Health and Human Services
Division of Social Services
Program Names: Special Assistance for Adults

Finding 09-02

SIGNIFICANT DEFICIENCY

Criteria: Information reported for reimbursement on the DSS 1571 should agree with the County general ledger.

Condition: During testing of the DSS 1571 the Department of Social Services was unable to provide documentation that agreed the amounts reported on the DSS 1571 to the general ledger. For the month of June 2009 the allowable costs per the County's records were \$4,000 greater than the costs reported on the DSS 1571.

Questioned Costs: N/A Since the amount reported on the DSS 1571 was less than the general ledger amount there are no questioned costs.

Effect: The County may be under or over reporting the DSS 1571 eligible expenditures.

Cause: It appears that procedures over the preparation, review, and submission of the DSS 1571 are not adequate to ensure that the form agrees with the general ledger before it is submitted to the State.

Recommendation: We recommend that the Department of Social Services implement procedures to ensure that the DSS 1571 is reconciled to the general ledger on a monthly basis.

Views of responsible officials and planned corrective action: The Department of Social Services reconciliation process to date has been at a more aggregate level. This finding has caused DSS to formally review its reconciliation processes and define a more thorough, detail level reconciliation process to prevent this occurrence in the future.

The process used for reconciliation will be developed in conjunction with the Finance Department. Accounting system reports used in the preparation of the DSS 1571 will be reviewed and modified as applicable to facilitate a clear trail from the general ledger to the report to the State. A worksheet will be devised to aggregate data from the various source reports to the reporting level on the DSS 1571. Reports that are not generated from the accounting system will be reconciled to the general ledger. All documentation on the reconciliation will be maintained by DSS.

The revised reconciliation process will occur prior to submission of the 1571 and prior to requests for DSS Director and County Finance Officer signatures on the Administrative Cost Report. The process will be in place for the October 2009 DSS 1571, and will be applied retroactively to July 2009. Differences identified for reports already submitted to the State will be adjusted on subsequent reports.

**Forsyth County, North Carolina
Corrective Action Plan**

For The Fiscal Year Ended June 30, 2009

Section II – Financial Statement Findings

None reported.

Section III – Federal Awards Findings and Questioned Costs

None reported.

Section IV – State Award Findings and Questioned Costs

Finding 09-01

Name of contact person: Pat Read, Business Officer Forsyth County DSS

Corrective Action: See “Views of responsible officials and planned corrective action” in Section IV – State Award Findings and Questioned Costs

Proposed Completion Date: Immediately

Finding 09-02

Name of contact person: Pat Read, Business Officer Forsyth County DSS

Corrective Action: See “Views of responsible officials and planned corrective action” in Section IV – State Award Findings and Questioned Costs.

Proposed Completion Date: Immediately

**Forsyth County, North Carolina
Summary of Prior Year Findings**

For The Fiscal Year Ended June 30, 2009

Findings: 08-01

Status: Corrected

Findings: 08-02

Status: Corrected

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FORSYTH COUNTY

For the Fiscal Year Ended June 30, 2009

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	-	\$ 317,270	-
TANF Services/Domestic Violence	93.558	-	1,667,372	-
TANF Child Protective Services/Foster Care/Adoption	93.558	-	288,368	58,598
TANF Demonstration	93.558	-	281,569	-
TANF Incentives	-	-	-	5,936
Direct Benefit Payments	93.558	-	3,297,683	(374)
Child Support Enforcement Administration	93.563	-	2,321,117	-
Child Support Incentive	93.563	-	353,606	-
Child Support Reimbursement	93.563	-	17,009	-
Child Support Enforcement Fees	93.563	-	19,601	-
TANF IV-D Collections	93.563	-	144,779	-
Refugee Assistance Direct Benefits Payment	93.566	-	10,684	-
Low Income Home Energy Assistance:				
Low Income Home Energy Assistance Administration	93.568	-	203,675	-
Low Income Home Energy Assistance Crisis Intervention	93.568	-	1,146,990	-
Direct Benefit Payments	93.568	-	1,296,209	-
Child Welfare Services - State Grants:				
Child Welfare Services Permanency Planning	93.645	-	73,234	24,411
Child Welfare Services Permanency Special	93.645	-	46,212	-
Child Welfare Services Adoption Assistance	-	-	-	201,131
Direct Benefit Payments	-	-	-	685,717
(a) <u>Foster Care and Adoption Cluster: (Note 3)</u>				
Title IV-E Foster Care Administration	93.658	-	935,054	-
Title IV-E Foster Care	93.658	-	306,088	92,478
Title IV-E Foster Care Child Protective Services	93.658	-	268,476	117,516
Title IV-E Maximization	93.658	-	145,375	-
Maximization of State Funds	-	-	-	98,328
Foster Care Caseworker Visit	93.556	-	3,866	-
Adoption Assistance	93.659	-	23,684	1,421
Adoption Assistance - Direct Benefit Payments	93.659	-	1,576,707	293,185
Total Foster Care and Adoption Cluster (Note 3)			3,259,250	602,928
Social Services Block Grant:				
Social Services Block Grant Administration	93.667	-	1,266,002	52,667
Social Services Block Grant In Home Services	93.667	-	305,608	-
Social Services Block Grant Adult Day Care	93.667	-	77,276	54,654
Chafee Foster Care - Independent Living	93.674	-	56,460	14,115
Independent Living - Direct Benefit Payments	93.674	-	63,449	-
<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	-	855,441	-
Division of Child Development:				
Child Care and Development Fund - Discretionary	93.575	-	5,757,168	-
Child Care and Development Fund - Mandatory	93.596	-	1,928,260	-
Child Care and Development Fund - Match	93.596	-	802,529	-
Total Child Care Fund Cluster			9,343,398	-
Social Services Block Grant	93.667	-	75,507	-
Temporary Assistance for Needy Families	93.558	-	3,564,692	-
Smart Start	-	-	-	441,515
More at Four State Funding	-	-	-	608,284
State Appropriations	-	-	-	500,000
TANF-MOE	-	-	-	(17,084)
Total Subsidized Child Care (Note 3)			12,983,597	1,532,715

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, 2009

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>Centers for Medicare and Medicaid Services</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Social Services:				
			\$	
				16,161
(a)				
				-
			3,205,493	-
			59,982	59,982
			63,984	48,532
			69,965	34,982
			160,209	46,822
(a)				
				295,479
			759,803	295,479
			221,639,714	86,325,975
				86,325,975
<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:				
				-
			141,975	-
<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				
			33,481	-
			54,702	-
			70,788	-
Cooperative Agreements for State-Based Comprehensive:				
			53,085	-
			1,538	-
			1,538	-
			27,287	-
			102,440	-
			12,544	-
			88,421	-
			68,780	-
<u>Health Resources and Services Administration</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Public Health:				
			266,146	-
			28,743	-
			241,940	-
			42,422	-
			105,729	-
			256,852,789	90,060,431
<u>U.S. Dept. of Transportation</u>				
<u>National Highway Traffic Safety Administration</u>				
Passed-through N.C. Department of Transportation:				
			57,969	-
<u>National Endowment for the Arts</u>				
Passed-through Arts Midwest:				
			8,000	-

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, 2009

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	-	\$ 57,496	-
<u>U. S. Dept. of Housing and Urban Development</u>				
<u>Community Planning and Development</u>				
HUD FY 2006 EDI Special Project Grant	14.251	B-06-NC-0595	18,349	-
Passed through N. C. Department of Commerce:				
Division of Community Assistance:				
Community Development Block Grants - SS	14.228	06-C-1526	97,677	-
Community Development Block Grants - NSP	14.228	08-N-1889	3,000	-
Passed-through N.C. Housing Finance Agency:				
NCHFA URP		-	-	32,025
Passed through City of Winston-Salem:				
HOME Investment Partnerships Program:				
2006 Winston-Salem/Forsyth County HOME Consortium	14.239	M06-DC-37-0204	98,953	-
2007 Winston-Salem/Forsyth County HOME Consortium	14.239	M07-DC-37-0204	27,502	-
Total U. S. Dept. of Housing and Urban Development			<u>245,481</u>	<u>32,025</u>
<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>Food Stamp Cluster:</u>				
State Administrative Matching Grants:				
Food Stamp Administration	10.561	-	1,390,248	-
Food Stamp Incentives	10.561	-	5,659	-
Food Stamp Employment and Training	10.561	-	20,935	-
Food Stamp Program - Noncash	10.551	-	48,549,597	-
Total Food Stamp Cluster			49,966,439	-
BeHealthy School Kids Nutrition Education Plan	10.561	-	8,295	-
Preschool Nutrition Education	10.561	-	3,653	-
Division of Public Health:				
(a) Special Supplemental Nutrition Program for Women, Infants, & Children:				
Administration	10.557	-	1,583,536	-
Direct Benefits	10.557	-	8,962,735	-
Total U. S. Dept. of Agriculture			<u>60,524,658</u>	-
<u>Environmental Protection Agency</u>				
Direct Programs:				
Surveys, Studies, Investigations and Special Purpose Grants	66.034	-	92,024	-
<u>Office of Air and Radiation</u>				
Air Pollution Control Program Support	66.001	-	408,460	-
Passed-through Washington State University:				
MESA Air Pollution Project	66.509	-	12,999	-
Total Environmental Protection Agency			<u>513,483</u>	-
<u>Elections Assistance Commission</u>				
Passed-through N.C. Dept. of Administration:				
State Board of Elections HAVA One Stop Voting	90.401	-	243,569	-

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, 2009

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</u>				
Direct programs:				
<u>Office of Community Oriented Policing Services</u>				
2006 Technology Grant	16.710	2006-CK-WX-0284	\$ 14,935	-
<u>Office of Justice Programs</u>				
Bureau of Justice Assistance				
2005 Justice Assistance Grant Program	16.738	2005-DJ-BX-0486	108,635	-
2006 Justice Assistance Grant Program	16.738	2006-DJ-BX-1002	70,179	-
2007 Justice Assistance Grant Program	16.738	2007-DJ-BX-0290	85,055	-
2008 Justice Assistance Grant Program	16.738	2008-DJ-BX-0290	26,533	-
2006 BJA Congressionally Mandated Award				
Mobile Field Reporting Wireless Technology	16.579	2006-DD-BX-0477	86,643	-
<u>Office of Violence Against Women</u>				
Forsyth Unified Domestic Violence Center	16.588	2005-WE-AX-0036	183,123	-
Passed-through N.C. Dept. of Crime Control and Public Safety:				
Governor's Crime Commission:				
Safe on Seven Domestic Violence Grant	16.588	034-1-07-3VA-AW-833	100,887	-
Total U.S. Dept. of Justice			<u>675,990</u>	<u>-</u>
Total federal awards			<u>319,179,435</u>	<u>90,092,456</u>
State Awards:				
<u>N.C. Dept. of Health and Human Services</u>				
Division of Social Services:				
State Aid to Counties		-	-	177,290
Adult Protective Services		-	-	53,966
Adoption/Foster Care		-	-	146,142
Foster Care Special Provision		-	-	3,425
Share the Warmth		-	-	1,194
CPS Expansion		-	-	297,478
(a) State/County Special Assistance for Adults -				
Direct Benefit Payments		-	-	2,825,989
Division of Child Development:				
Passed-through Forsyth Early Childhood Partnership:				
Early Childhood Initiatives - Smart Start		-	-	177,908
(a) General Health Administration		-	-	448,865
Child Health		-	-	40,761
AIDS		-	-	29,588
HIV Prevention Activities - Health Department Based		-	-	77,900
Tuberculosis		-	-	54,823
TB Medical Services		-	-	2,968
Immunization Outreach		-	-	16,296
Comp Breast Cancer Screen		-	-	29,070
Communicable Disease		-	-	17,760
CSHS Speech and Hearing		-	-	37,236
Minority Infant Mortality Reduction		-	-	21,560
Targeted Infant Mortality Reduction		-	-	46,996
Health Promotion		-	-	5,903
Maternal and Child Health Services Block Grant		-	-	59,556
Women's Preventive Health		-	-	76,340
Child Svc Coordination		-	-	15,404
High Risk Maternity Unit		-	-	97,666
School Nurse Funding		-	-	102,631

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, 2009

Page 5 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>N.C. Dept. of Health and Human Services (continued)</u>				
Mosquito control		-	\$ -	5,875
AHEC NC Preceptor Payments		-	-	2,850
Healthy Carolinas		-	-	5,727
USDA Summer Food		-	-	446
UNC Weight Wise Program		-	-	14,959
Division of Public Health:				
Division of Aging:				
Passed-through Northwest Piedmont Council of Governments:				
Home and Community Care		-	-	189,559
Division of Health Service Regulation:				
Office of Emergency Medical Services				
EMS Toolkit Grant		-	-	31,000
			-	5,115,131
<u>N.C. Dept. of Cultural Resources</u>				
Division of State Library:				
State Aid to Libraries		-	-	304,511
<u>N.C. Dept. of Environment and Natural Resources</u>				
Triad Air Awareness Ozone Reduction		-	-	4,169
Air Quality Mobile Source Program		-	-	203,899
Food and Lodging Permit Distribution		-	-	24,951
Environmental Health		-	-	6,000
Childhood Lead Poisoning Prevention		-	-	46,000
NC A&T University Position Reimbursement		-	-	38,573
SWC - DENR Division of Water Resources		-	-	130,000
SWC - Agricultural Cost Share Program		-	-	25,605
SWC - Administration and Technical Assistance		-	-	5,000
			-	484,197
<u>N. C. Dept. of Juvenile Justice and Delinquency Prevention</u>				
(a) Juvenile Crime Prevention		-	-	719,989
<u>N.C. Dept. of Correction</u>				
Criminal Justice Partnership Program		-	-	232,511
<u>Office of the Governor</u>				
(a) Public School Building Capital Fund		0-002-933	-	6,975,866
<u>N.C. Dept. of Transportation</u>				
Rural Operating Assistance Program:				
Work First Transitional/Employment Transportation Assistance		9.9051570	-	59,480
Elderly and Disabled Transportation Assistance		9.9050716	-	216,480
			-	275,960
Total state awards			-	14,108,165
Total awards			\$ 319,179,435	104,200,621
(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, 2009

(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				
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	\$ 100,887	\$ -
N.C. Department of Juvenile Justice and Delinquency				
Prevention - Juvenile Crime Prevention:				
Host Homes Counseling - Catholic Social Services	-	-	-	98,460
Adolescent Anger Mgt and Gray Cottage - Children's Home	-	-	-	171,172
Make a Difference Day and Practice to Save Life -YWCA	-	-	-	135,785
Teen Court and Work & Earn It - YWCA	-	-	-	139,406
Juvenile Psychological Services	-	-	-	69,743
Opportunity House - Youth Opportunities	-	-	-	90,462
Forsyth Futures	-	-	-	14,961
-	-	-	-	-
Public School Building Capital Fund:				
Winston-Salem/Forsyth County Schools	-	0-002-933	-	6,975,866
Rural Operating Assistance Program:				
City of Winston-Salem - Elderly and Disabled Transportation				
Assistance	-	9.9050716	-	216,480

(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 Finance Department. The year-end closing of the accounting system and report preparation was effectively managed by [Maribeth Weinman](#), Deputy Chief Financial Officer.

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

[Terri L. Goodman](#), Treasurer

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

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

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

Cover Design: [Gina Childress](#)



Forsyth County, North Carolina
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