

**Forsyth County,
North Carolina**

Comprehensive Annual Financial Report
Year Ended June 30, 2003

Prepared by the Forsyth County Finance Department:

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

Maribeth W. Weinman, *Deputy Chief Financial Officer*

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Forsyth County, North Carolina

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2003

TABLE OF CONTENTS

	Page
I. Introductory Section:	
Letter of Transmittal	i
Board of County Commissioners and County Officials	vii
Organization Chart	viii
Certificate of Achievement for Excellence in Financial Reporting	ix
II. Financial Section:	
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	11
Government-wide Financial Statements:	
Exhibit 1 Statement of Net Assets	12
Exhibit 2 Statement of Activities	13
Fund Financial Statements	
Exhibit 3 Balance Sheet – Governmental Funds	14
Exhibit 4 Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	15
Exhibit 4.1 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Exhibit 5 Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	17
Exhibit 6 Statement of Fiduciary Net Assets – Fiduciary Funds	18
Exhibit 7 Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	19
Notes to the Financial Statements	21
Required Supplementary Information	41
Law Enforcement Officers' Special Separation Allowance - Schedule of Funding Progress	43
Law Enforcement Officers' Special Separation Allowance - Schedule of Employer Contributions	43
Notes to the Required Schedules	43
Budgetary Comparison Schedules – Major Governmental Funds:	45
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	
A-1 General Fund	47
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – From Inception:	
A-2 1999 Building #12 Renovation Fund	50
A-3 2002 Schools Fund	50
A-4 2002 Public Safety Radio Communications Fund	51
Combining and Individual Fund Financial Statements and Schedules:	
Nonmajor Governmental Funds:	53
B-1 Combining Balance Sheet	55
B-2 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	56
Nonmajor Special Revenue Funds:	
C-1 Combining Balance Sheet	57
C-2 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	58
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
C-3 Fire Tax Districts Fund	59
C-4 Occupancy Tax Economic Development Fund	60
C-5 Law Enforcement Equitable Distribution Fund	60
C-6 Emergency Telephone System Fund	61

Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –		
From Inception:		
C-7	State Public School Building Capital Fund	62
C-8	State Public School Building Bond Fund	62
C-9	2003 Housing Fund	63
Nonmajor Capital Projects Funds:		
D-1	Combining Balance Sheet	64
D-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	65
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –		
From Inception:		
D-3	1996 Schools Facilities Fund	66
D-4	1997 Information Systems Fund	66
D-5	General Services Complex Fund	67
D-6	Reynolds Health Center Renovation/Adaptive Reuse Fund	67
D-7	2001 Information Systems Fund	68
D-8	2000 Schools Reynolds Auditorium Renovation Fund	68
D-9	2001 2/3rds Bonds Fund	69
D-10	2002 Forsyth Technical Community College Fund	69
D-11	2002 2/3rds Bonds Fund	70
D-12	2003 Forsyth County Telephone System Fund	70
D-13	2003 2/3rds Bonds Fund	71
Fiduciary Funds – Agency Funds:		73
E-1	Combining Statement of Fiduciary Assets and Liabilities	75
E-2	Combining Statement of Changes in Assets and Liabilities	76
Other Schedules:		77
F-1	Schedule of Ad Valorem Taxes Receivable - General Fund	79
F-2	Analysis of Current Tax Levy - Countywide Levy	80
F-3	Ten Largest Taxpayers	81
III. Statistical Section:		
Table 1	General Government Expenditures by Function - Last Ten Fiscal Years	83
Table 2	General Government Revenues by Source - Last Ten Fiscal Years	83
Table 3	Property Tax Levies and Collections - Last Ten Fiscal Years	84
Table 4	Assessed Value of All Taxable Property - Last Ten Fiscal Years	84
Table 5	Property Tax Rates - Direct and Overlapping Taxing Entities - Last Ten Fiscal Years	85
Table 6	Property Assessed Values - Direct and Overlapping Taxing Entities - Last Ten Fiscal Years	86
Table 7	Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita - Last Ten Fiscal Years	87
Table 8	Computation of Legal Debt Margin - June 30, 2003	87
Table 9	Direct and Underlying Debt - June 30, 2003	87
Table 10	Ratio of Annual Debt Service for General Bonded Debt to Total General Government Expenditures - Last Ten Fiscal Years	88
Table 11	Demographic Statistics - Last Ten Fiscal Years	88
Table 12	Property Value, Construction, and Deposits - Last Ten Fiscal Years	89
Table 13	Principal Taxpayers - Year Ended June 30, 2003	89
Table 14	Miscellaneous Statistics - Year Ended June 30, 2003	90
IV. Compliance Section:		
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		91
Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control over Compliance in Accordance with OMB Circular A-133 and the State Single Audit Implementation Act		93
Report on Compliance with Requirements Applicable to Each Major State Program and Internal Control over Compliance in Accordance with Applicable Sections of OMB Circular A-133 and the State Single Audit Implementation Act		95
Schedule of Findings and Questioned Costs		97
Summary Schedule of Prior Year Audit Findings		99
Schedule of Expenditures of Federal and State Awards		101
Notes to Schedule of Expenditures of Federal and State Awards		106

INTRODUCTORY SECTION

FINANCE DEPARTMENT

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

Maribeth W. Weinman
DEPUTY CHIEF FINANCIAL OFFICER



Terri L. Goodman, CPA
TREASURER

Brenda K. Gibson
RISK MANAGER

M. Kevin Beauchamp, CPA
INTERNAL AUDIT MANAGER

September 30, 2003

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, 2003.

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 Dixon Odom PLLC, 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, 2003, 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, 2003, 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 the 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, Moody's, and Fitch'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 appropriation 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 17 as part of the basic financial statements for the governmental funds and, in greater detail, on pages 47 - 49 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 53. 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., 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. Rising midway between Washington, D.C. and Atlanta, Georgia, Forsyth County is located in the heart of the state's Piedmont Triad region, a 12-county area with almost 1.4 million people. Three cities comprise the Triad: Winston-Salem, Greensboro and High Point. All three fuel the region's prosperity, and each enhances the success of the others. Of course, 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 318,751 and a workforce of 177,268, plays a vital role in the Triad's economic growth. The strength of the County's economy rests on a diverse economic base with a rich mixture of both manufacturing and service enterprises. Through the mid-1980's, the local economy rested largely on tobacco, textiles and furniture. Today dynamic growth industries such as health services and related professions, biotechnology, higher education and financial services are taking center stage.

Economic resilience and employment stability have formed the foundation for one of the nation's wealthiest consumer and commercial markets. Personal income levels continue to grow at a healthy rate and remain consistently higher than state and national figures. The County's per capita income is \$32,213, third highest in the state behind only Mecklenburg and Wake Counties. Capital investment, as measured by the value of new residential and commercial building permits issued during the year, totaled \$513.8 million during the year ended June 30, 2003.

Long-term financial planning. The County's Capital Improvement Program (CIP) through the year 2009 as of June 2003 consists of \$232 million for projects which are underway or already funded. General obligation bonds totaling \$56,550,000 issued in September 2003 funded some of these projects, and \$52,500,000 in authorized but unissued school bonds remain to be issued in the future. The CIP also includes \$26 million for proposed projects that would be funded with a combination of non-voter approved general obligation bonds, certificates of participation, and annual appropriations. Major projects in this group include \$6 million to renovate the Hall of Justice for the court system, \$5.5 million for a public safety training facility, \$2.5 million for a new branch library, and various items of equipment and capital maintenance.

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, 2003 for all funds except bond proceeds and proceeds of certificates of participation in certain capital project funds is \$62.4 million. The average yield on investments was 1.81 percent. Investment income includes appreciation in the fair value of investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, 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, 2003 the County had 9 such accounts totaling \$65.6 million in unexpended financing proceeds and accumulated interest earnings.

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.

Jordan Actuarial Services performed an actuarial study of the County's self-funded liability and workers' compensation programs as of June 30, 2003. The County used this study to quantify its long-term liability for claims and judgments. The actuarially determined liability is \$1,659,478, and the estimated current portion of \$489,842 is reported in the General Fund. The annual budget ordinance provides General Fund appropriations for claims and judgments as they become due. Additional information on the County's risk financing may be found in note 5c.

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 our employees.

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 31.70 percent of the present value of the projected benefits earned by employees as of June 30, 2003, and the remaining unfunded amount is being systematically funded over 28 years as part of the annual required contribution calculated by the actuary.

Forsyth County also provides post-retirement health and dental care benefits for certain retirees and their dependents. As of June 30, 2003, there were 220 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. At this time GAAP do not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits.

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 ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2002. This is the nineteenth consecutive year that the County has received 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. The report also 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 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 2003 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 2004 budget continues to conform to program requirements and are submitting it to GFOA to determine eligibility for another award.

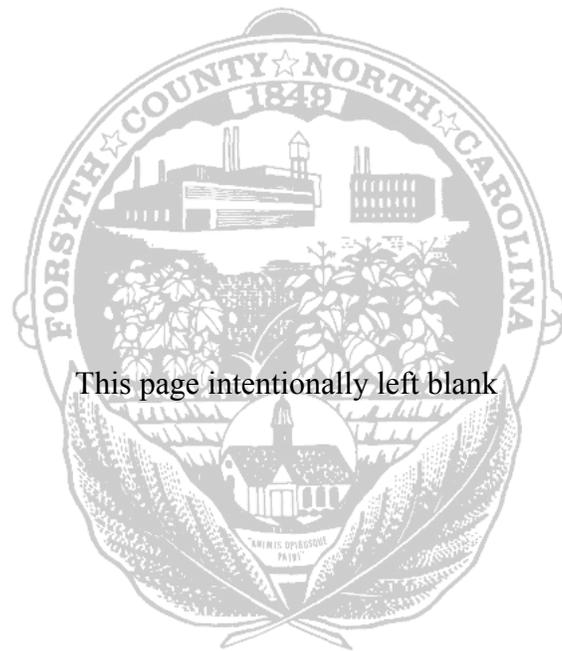
Acknowledgements. The preparation of the annual financial report was made possible by the dedicated service of the entire staff of the Finance Department. The year-end closing of the accounting system and report preparation was effectively managed by Maribeth Weinman, Deputy Chief Financial Officer. Also providing substantial support in report preparation and related accounting activities were: Terri L. Goodman, Treasurer; Brenda K. Gibson, Risk Manager; Andy Anderson, Accountant; Gloria Turowski, Grants Analyst; and Michael Phelps, Financial Systems 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,

Graham W. Pervier, County Manager

Paul L. Fulton, Jr., Chief Financial Officer



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Peter S. Brunstetter
Chairman

David R. Plyler
Vice-Chairman



Beaufort O. Bailey



Gloria D.
Whisenhunt

Forsyth County
Board of
Commissioners



Debra Conrad-
Shrader



Richard V. Linville



Walter Marshall



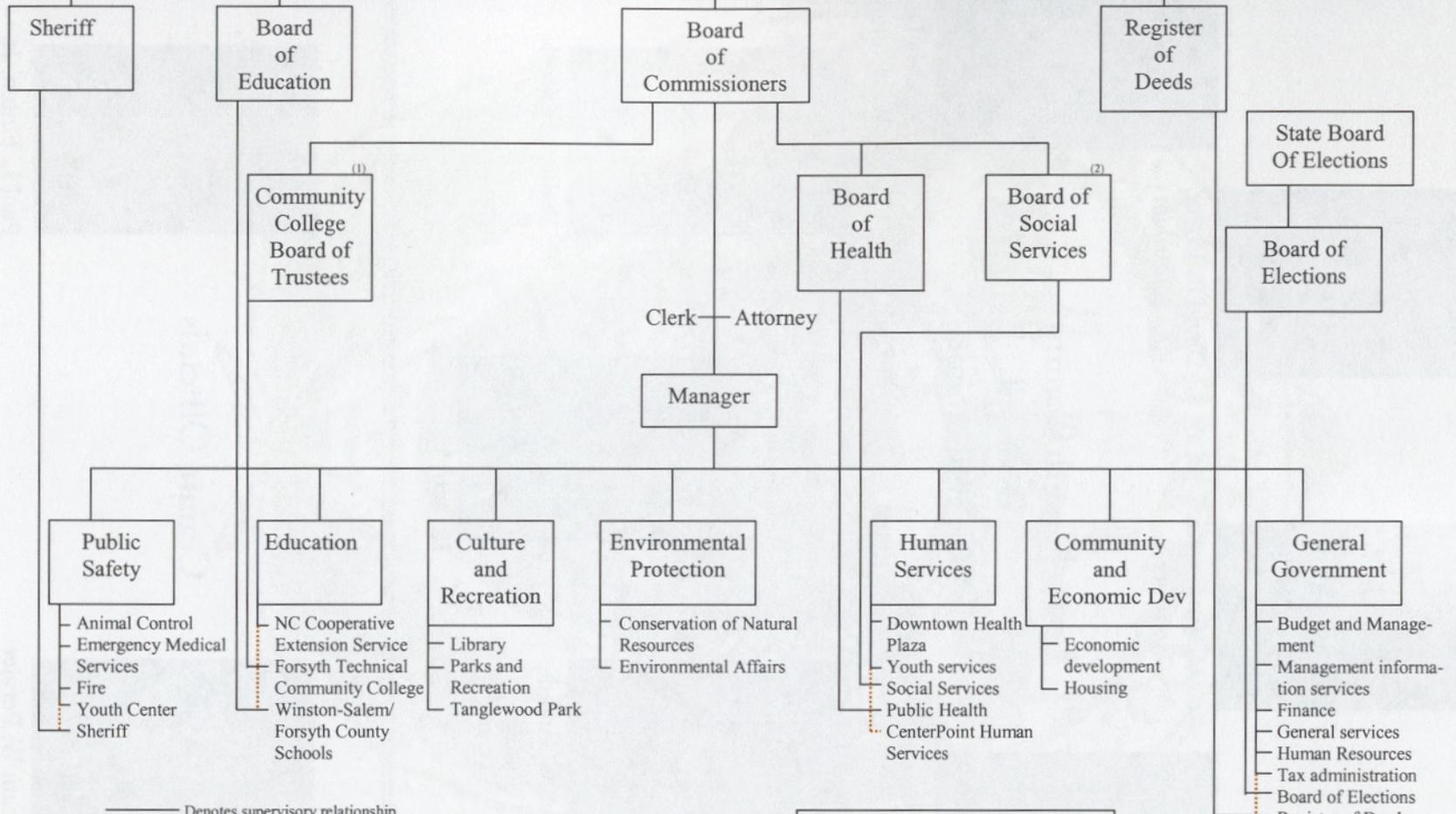
Graham W. Pervier
County Manager



Paul L. Fulton, Jr.
Chief Financial Officer

County Officials

CITIZENS OF FORSYTH COUNTY



— Denotes supervisory relationship
 -.- Denotes funding relationship

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

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

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, 2002

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.

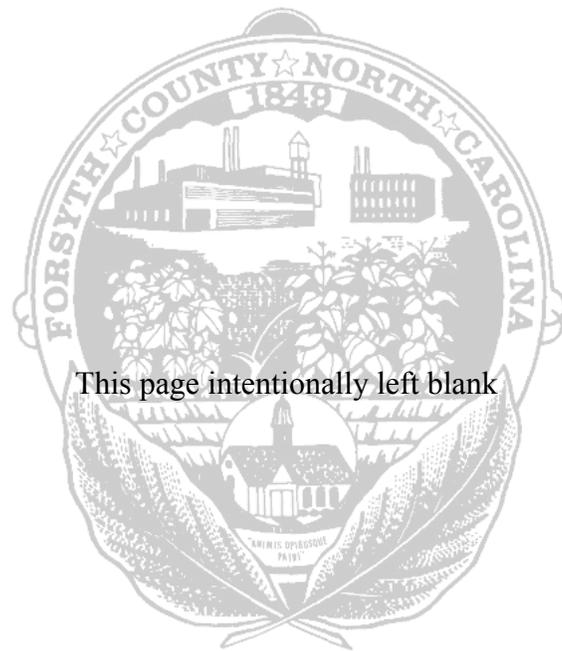


William Patrick Vasta

President

Jeffrey R. Emer

Executive Director



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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the Board of County Commissioners
Forsyth County
Winston-Salem, 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, as of and for the year ended June 30, 2003, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Forsyth County's management. Our responsibility is to express an opinion on these basic 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 basic 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Forsyth County, North Carolina as of June 30, 2003, and the respective changes in financial position, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and the schedules of funding progress, employer contributions and the notes to the required schedules for the Law Enforcement Officers' Special Separation Allowance 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 thereon.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2003 on our consideration of Forsyth County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Forsyth County, North Carolina. The combining and individual nonmajor fund schedules, 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, and the statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 of the Comprehensive Annual Financial Report (CAFR) have not been audited by us and, accordingly, we do not express an opinion on them.

Dixon Odum PLLC

September 23, 2003

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, 2003. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

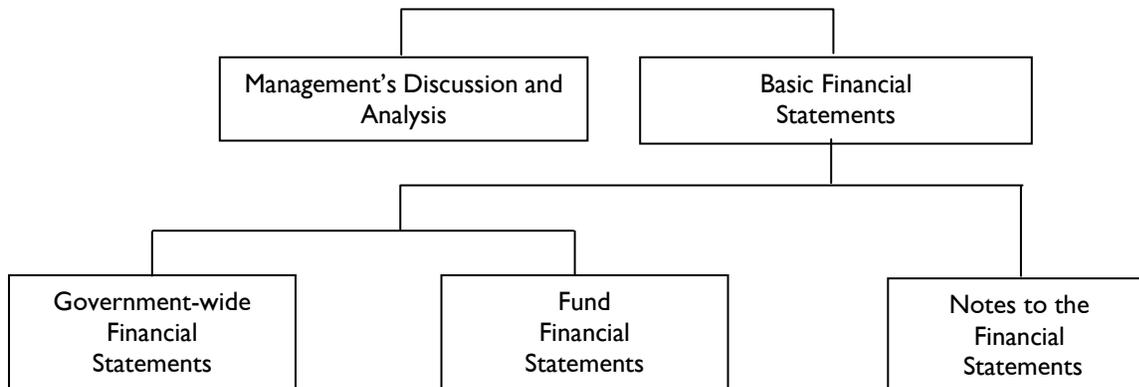
- The assets of Forsyth County were lower than its liabilities at the close of the fiscal year by \$9,537,554 (*net assets*). The deficit in total net assets is a result of the County issuing debt as provided for in State law for the acquisition, renovation and construction of public school and community college facilities that are not reported as assets of the County. Had this debt not been reported as a reduction of net assets, total net assets would be \$163,143,404.
- The government's total net assets increased by \$5,798,533, primarily due to increased net assets in the General Fund.
- As of the close of the current fiscal year, Forsyth County's governmental funds reported combined ending fund balances of \$141,476,975, a decrease of \$7,500,663 in comparison with the prior year. Approximately 71.5 percent of this total amount, or \$101,139,397, is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund increased \$3.9 million to \$52,712,200, or 18.8 percent of total general fund expenditures for the fiscal year.
- Forsyth County's total debt increased by \$8,420,000 (or 3.0 percent) during the past fiscal year. The key factor in this increase is the issuance of certificates of participation - \$14,700,000 for the acquisition of a telephone system and the County's share of the cost of an emergency communications system to be owned jointly with the City of Winston-Salem, North Carolina, and \$8,795,000 to complete the final construction phases of the Government Center, the Social Services Building, and the General Services Complex.
- Forsyth County maintained its Aaa bond rating from Moody's Investor Service and AAA rating from FitchRatings and Standard & Poor's Corporation for the 8th 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



Summary → Detail

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, 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 two categories: governmental 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 twenty-one governmental funds for the year ended June 30, 2003. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and three capital project funds, the 1999 Building #12 Renovation fund, 2002 Schools fund, and the 2002 Public Safety Radio Communications fund, all of 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 is 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.

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. One pension trust fund and three agency funds comprise the County's fiduciary funds. The basic fiduciary fund financial statements can be found on Exhibits 6 and 7.

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 21 - 39 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 to certain employees. Required supplementary information can be found on page 43 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 55 – 76 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 \$9,537,554 as of June 30, 2003. 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, \$172,680,958, has been reported as a reduction of unrestricted net assets for governmental activities, resulting in a deficit balance of \$66,769,250 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 \$105,911,708 and total net assets would be \$163,143,404.

Forsyth County's Net Assets

Figure 2

	Governmental Activities	
	2003	2002
Current and other assets	\$ 161,189,359	\$ 168,618,205
Capital assets	148,270,533	125,992,776
Total assets	<u>\$ 309,459,892</u>	<u>\$ 294,610,981</u>
Long-term liabilities outstanding	\$ 298,898,669	\$ 289,876,181
Other liabilities	20,098,777	20,070,887
Total liabilities	<u>318,997,446</u>	<u>309,947,068</u>
Net assets:		
Invested in capital assets, net of related debt	55,325,737	52,691,025
Restricted	1,905,959	1,811,767
Unrestricted deficit	<u>(66,769,250)</u>	<u>(69,838,879)</u>
Total net deficit	<u>\$ (9,537,554)</u>	<u>\$ (15,336,087)</u>

A major portion (\$55,325,737) 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, \$1,905,959, 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 increased by \$5,798,533 for the fiscal year ended June 30, 2003. Additions to capital assets exceeded the increase in net debt related to capital assets, resulting in an increase of \$2,634,712 in net assets invested in capital assets, net of related debt. Restricted net assets increased \$94,192. An increase of \$115,855 in assets restricted for expenditure on computer and imaging technology in the Register of Deeds office and \$42,266 in assets limited for use on the 911 emergency system were partially offset by a reduction in assets that can be used only for law enforcement.

The deficit in unrestricted net assets decreased by \$3,069,629. 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 Changes in Net Assets
Figure 3

	Governmental Activities	Governmental Activities
	2003	2002
Revenues:		
Program revenues:		
Charges for services	\$ 22,587,835	\$ 21,274,664
Operating grants and contributions	42,870,886	42,337,349
Capital grants and contributions	8,381	15,107
General revenues:		
Property taxes	172,788,517	157,969,588
Other taxes	53,837,512	48,705,264
Grants and contributions not restricted to specific programs	997,904	11,168,242
Other	2,644,230	4,016,543
Total revenues	295,735,265	285,486,757

Figure 3 (continued)

	Governmental Activities 2003	Governmental Activities 2002
Expenses:		
General government	32,511,954	33,504,313
Public safety	44,319,571	43,226,614
Environmental protection	2,124,756	2,110,570
Human services	75,664,303	72,919,088
Culture and recreation	14,341,039	14,622,470
Community and economic development	1,254,450	1,312,589
Education	106,056,362	102,127,242
Interest on long-term debt	13,664,297	12,149,584
Total expenses	<u>289,936,732</u>	<u>281,972,470</u>
Increase in net assets	5,798,533	3,514,287
Net assets, July 1	<u>(15,336,087)</u>	<u>(18,850,374)</u>
Net assets, June 30	<u>\$ (9,537,554)</u>	<u>\$ (15,336,087)</u>

Aspects of the County's financial operations that contributed to the increase in unrestricted net assets are summarized below:

- An increase in the County's property tax rate from \$0.640 to \$0.692 per \$100 valuation.
- Continued diligence in the collection of property taxes by maintaining a collection percentage of 97.79%.
- An increase in sales tax revenue resulting from the levy of an additional one-half cent local option sales tax.
- Continued low cost of debt due to the County's high bond ratings.
- No new school or community college debt.

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.

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

The General Fund is the primary operating fund of Forsyth County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$52,712,200, an increase of \$3.9 million from the previous year, while total fund balance reached \$78,575,105. 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 18.8 percent of total General Fund expenditures, while total fund balance represents 28.1 percent of that same amount.

Key factors in the growth of fund balance in the General Fund include:

- An increase of \$14.7 million in property tax revenue resulting primarily from a \$0.052 increase in the property tax rate. This rate increase was required to offset the loss of State shared revenues and to fund increases for the Winston-Salem/Forsyth County Schools and debt service.
- Growth of \$4.7 million in sales tax revenue. An additional one-half cent local option sales tax was in effect for seven months of the fiscal year.
- An increase of \$2.6 million in charges for services primarily due to higher collections of fees for emergency medical services.
- Holding expenditures to a level below original planned outlays. Total General Fund expenditures were 96.8% of budgeted amounts.

At June 30, 2003, the governmental funds of Forsyth County reported a combined fund balance of \$141,476,975, a 5.0 percent decrease over last year. This decrease is primarily attributable to capital and intergovernmental expenditures in the current year funded by prior year issuances of debt. Fund balance decreased \$5.4 million and \$11.0 million in the 1999 Building #12 Renovation fund and the 2002 Schools fund, respectively, for this reason.

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. Amendments to the General Fund budget totaled \$4,929,096 and can be summarized briefly as follows:

- \$3,947,000 in unanticipated intergovernmental grants appropriated for public safety, human services and community and economic development programs.
- \$73,000 of fund balance representing unspent prior year Housing program income appropriated for use in the current year.
- \$442,000 of unanticipated Pharmacy revenue appropriated for purchase of pharmacy supplies.
- \$80,000 in private foundation grants appropriated for human services programs.
- \$351,000 in additional interfund transfers to pay debt service.
- \$36,000 in unanticipated Medicaid revenue appropriated for the Public Health managed care case management program.

Capital Assets and Debt Administration

Capital assets. Forsyth County’s investment in capital assets for its governmental activities as of June 30, 2003, totals \$148,270,533 (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:

- New vehicle purchases totaling \$1.1 million for County motor fleet and emergency services
- Acquisition of \$5.8 million in equipment for the public safety 800-MHz radio communications system.
- Major additions to construction in progress for the government center (\$11.6 million) and the social services building (\$6.7 million).

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

Figure 4

	Governmental Activities	
	2003	2002
Land	\$ 13,235,792	\$ 12,725,808
Art collections	261,303	230,000
Construction in progress	40,728,365	21,352,960
Buildings	76,299,319	78,914,086
Improvements other than buildings	4,456,750	4,415,265
Equipment	13,289,004	8,354,657
Total	\$ 148,270,533	\$ 125,992,776

Additional information on the County’s capital assets can be found in note 4e on page 30 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2003, Forsyth County had total bonded debt outstanding of \$206,615,000 all of which is backed by the full faith and credit of the County.

**Forsyth County's Outstanding Debt
General Obligation Bonds**

Figure 5

	Governmental Activities	
	2002	2002
General obligation bonds	\$ 206,615,000	\$ 219,515,000

Forsyth County's total debt increased by \$8,420,000 (3.0 percent) during the past fiscal year, primarily due to the \$23,495,000 Certificates of Participation issued to finance a telephone system and the public safety radio communications system and to provide funds for the completion of the Government Center, Social Services facility, and General Services Complex.

As mentioned in the financial highlights section of this document, Forsyth County maintained for the 8th consecutive year its Aaa bond rating from Moody's Investor Service and AAA rating from Standard and Poor's Corporation and FitchRatings. 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 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Forsyth County is \$1,668,279,488. The County has \$105,100,000 in bonds authorized but un-issued at June 30, 2003.

Additional information regarding Forsyth County's long-term debt can be found in note 4i on pages 32 - 34 of the Basic Financial Statements.

Economic Factors and Next Year's Budget and Rates

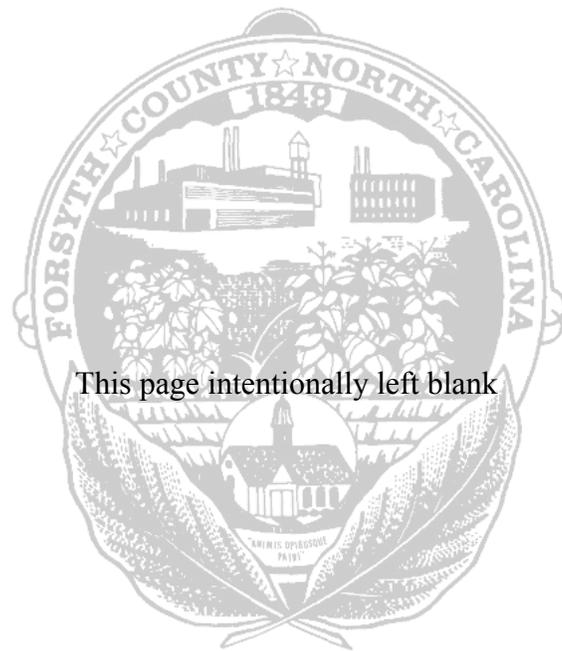
The following key economic indicators reflect the general economic condition of the County:

- Total retail sales for the County for the 10 months ended April 30, 2003 were \$4.79 billion, an increase of \$243.7 million, or 5.4 percent, from the 10-month period ended April 30, 2002. Statewide retail sales for the same period were up 5.3 percent.
- Total employment in the County averaged 149,604 for the 12 months ended June 30, 2003 compared to an average 151,445 for the 12-month period ended June 30, 2002. The rate of unemployment in the County averaged 5.3 percent for this same period compared to 5.1 percent for the same period in the prior year. These averages compare favorably to statewide average unemployment of 6.4 percent, down from 6.5 percent in the prior year.

Taking into account these indicators, the County has adopted a General Fund budget for the fiscal year ending June 30, 2004 in the amount of \$301.9 million, an increase of \$8.1 million or 2.8 percent from the final 2003 budget. The property tax rate was unchanged at \$.692 per \$100 valuation with no significant reduction or expansions in services. Expenditure increases will be funded by increases in sales tax revenues resulting from a full year's revenue from the additional one-half cent local option sales tax and new revenue from the State to partially replace reimbursements discontinued by the State.

Requests for Information

This report is designed to provide an overview of the 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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FORSYTH COUNTY, NORTH CAROLINA

Exhibit 1

Statement of Net Assets

June 30, 2003

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 111,649,313
Cash and investments held by fiscal agent	21,657,926
Taxes receivable (net)	2,110,015
Accounts receivable (net)	1,733,771
Accrued interest on investments	108,142
Due from other governments	22,855,437
Prepaid items	107,822
Deferred charges	966,933
Capital assets:	
Land, art collections, and construction in progress	54,225,460
Other capital assets, net of depreciation	94,045,073
Total capital assets	<u>148,270,533</u>
Total assets	<u>309,459,892</u>
LIABILITIES	
Accounts payable and accrued liabilities	8,726,617
Unearned revenue	1,641,820
Accrued interest payable	4,543,215
Due to other governments	5,187,125
Long-term liabilities:	
Due within one year	18,727,450
Due in more than one year	280,171,219
Total liabilities	<u>318,997,446</u>
NET ASSETS	
Invested in capital assets, net of related debt	55,325,737
Restricted for:	
Public safety	1,530,474
Other purposes	375,485
Unrestricted deficit	(66,769,250)
Total net deficit	<u>\$ (9,537,554)</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, 2003

Exhibit 2

Functions	Expenses	Program Revenues			Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental					
General government	\$ 32,511,954	4,903,787	759,242	-	(26,848,925)
Public safety	44,319,571	7,246,355	2,027,799	-	(35,045,417)
Environmental protection	2,124,756	963,314	743,973	-	(417,469)
Human services	75,664,303	5,456,001	34,681,881	-	(35,526,421)
Culture and recreation	14,341,039	3,961,475	860,806	8,381	(9,510,377)
Community and economic development	1,254,450	27,493	594,285	-	(632,672)
Education	106,056,362	29,410	3,202,900	-	(102,824,052)
Interest on long-term debt	13,664,297	-	-	-	(13,664,297)
Total governmental activities:	\$ <u>289,936,732</u>	<u>22,587,835</u>	<u>42,870,886</u>	<u>8,381</u>	<u>(224,469,630)</u>
General revenues					
Taxes:					
Property taxes, levied for general purposes					172,788,517
Local option sales tax					50,456,088
Occupancy taxes, levied for economic development					451,374
Other taxes and licenses					2,930,050
Grants and contributions not restricted to specific program:					
Investment earnings, unrestricted					997,904
Miscellaneous, unrestricted					2,352,281
Total general revenue:					<u>230,268,163</u>
Change in net assets					5,798,533
Net deficit - beginning					(15,336,087)
Net deficit - ending					\$ <u>(9,537,554)</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, 2003

	General	Capital Projects Funds				Total Governmental Funds
		1999 Building #12 Renovation	2002 Schools	2002 Public Safety Radio Communications	Other Governmental Funds	
ASSETS						
Cash and cash equivalents	\$ 66,472,429	-	32,998,066	-	12,178,818	111,649,313
Cash and investments held by fiscal agent	509,348	4,812,213	-	8,558,347	7,778,018	21,657,926
Receivables (net):						
Property taxes	1,731,298	-	-	-	38,782	1,770,080
Occupancy taxes	35,792	-	-	-	-	35,792
Other taxes	16,438	-	-	-	41,966	58,404
Accounts	1,733,771	-	-	-	-	1,733,771
Accrued interest	93,791	-	-	-	14,351	108,142
Due from other governments	22,139,521	86,899	-	96,441	532,576	22,855,437
Due from other funds	564,516	-	-	-	-	564,516
Prepaid items	37,303	-	-	-	-	37,303
Total assets and other debit	\$ 93,334,207	4,899,112	32,998,066	8,654,788	20,584,511	160,470,684
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 5,596,223	240,245	-	1,819,595	1,070,554	8,726,617
Due to other governments	4,937,039	-	-	-	250,086	5,187,125
Due to other funds	-	37,130	-	514,194	13,192	564,516
Unearned revenue	1,390,991	-	-	-	250,829	1,641,820
Deferred revenue	2,834,849	-	-	-	38,782	2,873,631
Total liabilities	14,759,102	277,375	-	2,333,789	1,623,443	18,993,709
Fund balances:						
Reserved for:						
Encumbrances	1,460,491	2,693,265	-	5,964,049	5,045,126	15,162,931
State statute	23,517,581	86,899	-	96,441	588,893	24,289,814
Register of Deeds	375,485	-	-	-	-	375,485
Capital outlay	509,348	-	-	-	-	509,348
Unreserved	52,712,200	1,841,573	32,998,066	260,509	-	87,812,348
Unreserved, reported in nonmajor:						
Special revenue funds	-	-	-	-	1,097,229	1,097,229
Capital projects funds	-	-	-	-	12,229,820	12,229,820
Total fund balances	78,575,105	4,621,737	32,998,066	6,320,999	18,961,068	141,476,975
Total liabilities and fund balances	\$ 93,334,207	4,899,112	32,998,066	8,654,788	20,584,511	

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.	148,270,533
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	70,519
Earned revenue that is not available to pay current period expenditures is deferred in the funds.	3,119,370
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(302,474,951)
Net assets of governmental activities	\$ (9,537,554)

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, 2003

Exhibit 4

	<u>Capital Projects Funds</u>					Other Governmental Funds	Total Governmental Funds
	General	1999 Building #12 Renovation	2002 Schools	2002 Public Safety Radio Communications			
Revenues							
Property taxes	\$ 168,467,813	-	-	-	-	4,054,470	172,522,283
Occupancy taxes	-	-	-	-	-	451,374	451,374
Local option sales taxes	49,218,699	-	-	-	-	1,237,389	50,456,088
Other taxes	167,354	-	-	-	-	306,769	474,123
Licenses and permits	2,099,216	-	-	-	-	-	2,099,216
Intergovernmental	40,652,489	-	-	-	-	3,215,415	43,867,904
Charges for services	18,047,774	-	-	-	-	-	18,047,774
Investment earnings	1,268,032	117,632	514,298	87,657	-	377,880	2,365,499
Other	5,461,756	225,000	-	-	-	125,453	5,812,209
Total revenues	285,383,133	342,632	514,298	87,657	-	9,768,750	296,096,470
Expenditures:							
Current:							
General government	31,215,933	-	-	-	-	-	31,215,933
Public safety	37,519,828	-	-	-	-	4,119,510	41,639,338
Environmental protection	2,112,623	-	-	-	-	-	2,112,623
Human services	69,638,785	-	-	-	-	-	69,638,785
Culture and recreation	13,635,609	-	-	-	-	-	13,635,609
Community and economic development	1,223,221	-	-	-	-	29,716	1,252,937
Education	598,136	-	-	-	-	-	598,136
Intergovernmental:							
Human services	5,631,153	-	-	-	-	-	5,631,153
Education	89,713,714	-	10,815,967	-	-	5,205,592	105,735,273
Debt service:							
Principal retirement	15,075,000	-	-	-	-	-	15,075,000
Interest and other charges	13,303,866	-	-	267,344	-	198,943	13,770,153
Capital outlay	-	11,761,143	-	6,288,444	-	8,913,206	26,962,793
Total expenditures	279,667,868	11,761,143	10,815,967	6,555,788	-	18,466,967	327,267,733
Excess (deficiency) of revenues over expenditures	5,715,265	(11,418,511)	(10,301,669)	(6,468,131)	-	(8,698,217)	(31,171,263)
Other financing sources (uses):							
Installment purchases	-	6,000,204	-	12,910,000	-	4,760,396	23,670,600
Transfers in	3,097,760	-	-	-	-	345,607	3,443,367
Transfers out	-	(1,919)	(654,431)	(120,870)	-	(2,666,147)	(3,443,367)
Total other financing sources (uses)	3,097,760	5,998,285	(654,431)	12,789,130	-	2,439,856	23,670,600
Net change in fund balances	8,813,025	(5,420,226)	(10,956,100)	6,320,999	-	(6,258,361)	(7,500,663)
Fund balances - June 30, 2002	69,762,080	10,041,963	43,954,166	-	-	25,219,429	148,977,638
Fund balances - June 30, 2003	\$ 78,575,105	4,621,737	32,998,066	6,320,999	-	18,961,068	141,476,975

(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, 2003

Exhibit 4.1

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

Net changes in fund balances - total governmental funds	\$ (7,500,663)
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 capital outlays exceeded depreciation in the current period.	22,389,349
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.	(111,592)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Revenues related to prior year that were eliminated exceeded revenues related to current year.	(255,896)
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.	(8,129,313)
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.	<u>(593,352)</u>
Change in net assets of governmental activities	<u>\$ 5,798,533</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 Balances - Budget and Actual

General Fund

For the Fiscal Year Ended June 30, 2003

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	Final Budget - Positive (Negative)
Revenues:				
Property taxes	\$ 169,184,707	169,184,707	168,467,813	(716,894)
Local option sales taxes	49,145,088	49,145,088	49,218,699	73,611
Other taxes	175,000	175,000	167,354	(7,646)
Total taxes	<u>218,504,795</u>	<u>218,504,795</u>	<u>217,853,866</u>	<u>(650,929)</u>
Licenses and permits	2,069,316	2,069,316	2,099,216	29,900
Intergovernmental	36,715,261	40,661,979	40,652,489	(9,490)
Charges for services	17,985,225	18,021,515	18,047,774	26,259
Investment earnings	1,664,890	1,664,890	1,268,032	(396,858)
Other	5,379,130	5,901,130	5,461,756	(439,374)
Total revenues	<u>282,318,617</u>	<u>286,823,625</u>	<u>285,383,133</u>	<u>(1,440,492)</u>
Expenditures:				
Current:				
General government	36,083,296	36,091,814	31,215,933	4,875,881
Public safety	40,193,684	40,040,762	37,519,828	2,520,934
Environmental protection	2,229,234	2,220,349	2,112,623	107,726
Human services	69,571,948	73,877,288	69,638,785	4,238,503
Culture and recreation	13,945,636	14,158,004	13,635,609	522,395
Community and economic development	2,030,560	2,264,084	1,223,221	1,040,863
Education	686,974	667,127	598,136	68,991
Intergovernmental:				
Human services	5,389,873	5,389,873	5,631,153	(241,280)
Education	89,714,714	89,714,714	89,713,714	1,000
Debt service:				
Principal retirement	15,075,000	15,075,000	15,075,000	-
Interest and other charges	13,942,755	14,293,755	13,303,866	989,889
Total expenditures	<u>288,863,674</u>	<u>293,792,770</u>	<u>279,667,868</u>	<u>14,124,902</u>
Excess (deficiency) of revenues over expenditures	(6,545,057)	(6,969,145)	5,715,265	12,684,410
Other financing sources - transfers in	2,995,057	3,346,057	3,097,760	(248,297)
Net change in fund balance	(3,550,000)	(3,623,088)	8,813,025	12,436,113
Fund balances - June 30, 2002	69,762,080	69,762,080	69,762,080	-
Fund balances - June 30, 2003	\$ <u>66,212,080</u>	<u>66,138,992</u>	<u>78,575,105</u>	<u>12,436,113</u>

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

FORSYTH COUNTY, NORTH CAROLINA

Exhibit 6

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2003

	<u>Pension Trust</u> <u>Law Enforcement</u> <u>Officers' Special</u> <u>Separation</u> <u>Allowance</u>	<u>Agency</u>
ASSETS		
Cash and cash equivalents	\$ 1,294,422	232,746
Receivables:		
Property taxes	-	11,015,827
Occupancy taxes	-	258,941
Accrued interest	13,350	1,575
Total assets	<u>1,307,772</u>	<u>11,509,089</u>
LIABILITIES		
Due to other governments	17,644	11,299,327
Other liabilities	<u>-</u>	<u>209,762</u>
Total liabilities	<u>17,644</u>	<u>11,509,089</u>
NET ASSETS		
Held in trust for pension benefits	<u>\$ 1,290,128</u>	<u>-</u>

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

FORSYTH COUNTY, NORTH CAROLINA

Exhibit 7

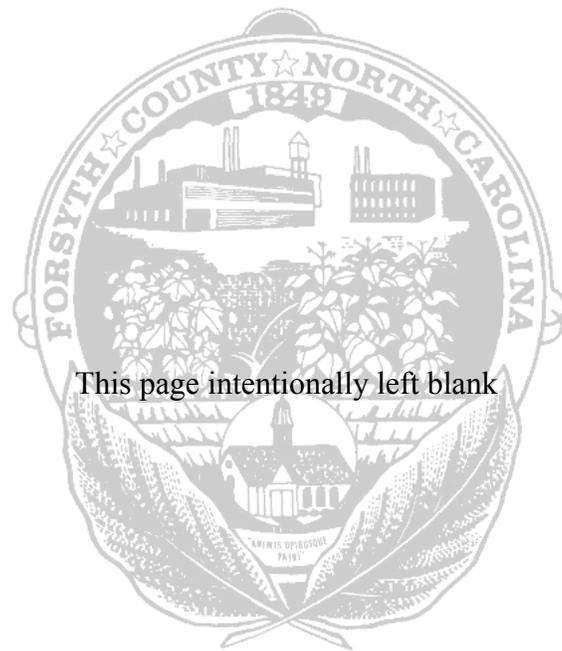
Statement of Changes in Fiduciary Net Assets

Fiduciary Funds

For the Fiscal Year Ended June 30, 2003

	Law Enforcement Officers' Special Separation <u>Allowance</u>
ADDITIONS	
Employer contributions	\$ 303,484
Net investment income	<u>28,954</u>
Total additions	332,438
DEDUCTIONS	
Benefits	<u>514,984</u>
Change in net assets	(182,546)
Net assets - beginning	<u>1,472,674</u>
Net assets - ending	<u><u>\$ 1,290,128</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, 2003

I. 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 as well as 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 has no financial transactions or account balances; therefore, it is not presented in the government-wide financial statements. The Authority does not issue separate financial statements.

b. Basis of Presentation, 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 nonfiduciary 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 nonexchange 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. 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* 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 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.

1999 Building #12 Renovation Capital Projects Fund. This fund accounts for the renovation of a former tobacco factory for use as a government center. Construction is financed by certificates of participation.

2002 Schools 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 2001 referendum.

2002 Public Safety Radio Communications Capital Projects Fund. This fund accounts for the County's share of the cost of a public safety 800-MHz radio system to be shared with the City of Winston-Salem. Equipment acquisition, site plan development, infrastructure preparation, and construction are included in the project, and it is financed by certificates of participation.

Additionally, the County reports the following fund types:

Pension Trust Fund. This 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.

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 other governments.

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 and Fiduciary Fund Financial Statements. The government-wide and pension trust fund financial statements are reported using the economic resources measurement focus. The government-wide 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.

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 sixty 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, and for vehicles newly registered under the annual 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. For annually registered motor vehicles, taxes are due on May 1 of each year; however, collections on these taxes are intended to finance the County's operations during the subsequent fiscal year. Thus, taxes on vehicles registered annually that have been collected as of year-end are reflected as deferred revenues at June 30, and those that remain uncollected are reported as taxes receivable on the financial statements, offset by deferred revenues.

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.

As permitted by generally accepted accounting principles, the County has elected to apply only applicable FASB Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for its government-wide financial statements, to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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, Occupancy Tax Economic Development Fund, Law Enforcement Equitable Distribution Fund, and Emergency Telephone System Fund. All annual appropriations lapse at fiscal year end. The State Public School Building Capital Fund, the State Public School Building Bond Fund, and the 2003 Housing Fund, 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. The legal level of control varies for annually budgeted special revenue funds. Appropriations in the Fire Tax Districts Fund are controlled by fire tax district. The Occupancy Tax Economic Development Fund is controlled by an annual appropriation for projects, and the Law Enforcement Equitable Distribution Fund and the Emergency Telephone System Fund are controlled by an appropriation for a transfer to the General Fund. 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, several immaterial amendments to the original budget were necessary. 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 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. 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. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments and investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

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.

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, 2002.

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 tax is estimated using the assumption that 75% of the amount collected on prior year taxes during the current year will be collected in the ensuing year.

Outstanding balances between funds at fiscal year end result from use of pooled funds for cash flow purposes by capital projects funds that will be reimbursed in the short-term by drawdowns from cash held by fiscal agent. 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. 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. Capital assets are defined by the County as assets with an initial, individual cost of \$20,000 or more for buildings, building improvements and improvements other than buildings and \$5,000 or more and an estimated useful life of more than two years for all other assets. Such assets are recorded at cost or estimated historical 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	40
Building improvements	20
Improvements other than buildings	20
Motive and specialized equipment	10
Vehicles	5
Office and other equipment	5
Computer equipment	3

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 pay. 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 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.

Restricted for Public Safety This portion of net assets represents the aggregate of net assets for three special revenue funds: the Fire Tax Districts Fund; the Law Enforcement Equitable Distribution Fund; and the Emergency Telephone System Fund.

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 Year's Expenditures In the annually budgeted governmental funds, a portion of fund balance available for appropriation is designated for appropriation in the adopted 2003-2004 Budget Ordinance.

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 \$(151,014,529) 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.		\$ 148,270,533
Pension assets resulting from contributions in excess of the annual required contribution are not financial resources and therefore are not reported in the funds. 70,519		
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	\$ 2,015,819	
Grants	233,769	
Fees and miscellaneous	869,782	3,119,370

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	(4,543,215)	
Bonds, installment purchases, and certificates of participation	(291,865,000)	
Compensated absences	(5,406,040)	
Claims and judgments	(1,169,636)	
Deferred charge on refunding	263,156	
Deferred charge for issuance costs	966,933	
Unamortized issuance premium	(721,149)	(302,474,951)

Total adjustments \$ (151,014,529)

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes 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 \$13,299,196 is given below.

Description	Detail	Net Adjustment
Capital outlay expenditures are recorded in the fund statements but are capitalized as assets in the statement of activities.	\$ 28,880,467	
Depreciation expense, the allocation of capital assets over their useful lives, is recorded on the statement of activities but not in the fund statements.	(6,491,118)	22,389,349
Donations of capital assets increase net assets in the statement of activities but do not appear in the governmental funds because they are not financial resources.	8,590	
In the statement of activities, only the <i>gain</i> on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.	(34,575)	
The statement of activities reports <i>losses</i> arising from the trade-in or disposal of existing capital assets. Conversely, governmental funds do not report any loss on such trade-ins or disposals.	(85,607)	(111,592)
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 7/1/02.		
Property taxes	(1,749,585)	
Grants	(592,998)	
Fees and miscellaneous	(1,032,683)	
Record revenue deferred in the fund statements at 6/30/2003:		
Property taxes and accrued interest on property taxes	2,015,819	
Grants	233,769	
Fees and miscellaneous	869,782	(255,896)

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	(23,670,600)	
Principal payments on debt	15,075,000	
Issuance costs	466,287	(8,129,313)
<hr/>		
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	115,099	
Claims and judgments	(540,910)	
Prepaid pension benefit obligation	(12,265)	
Accrued interest	(58,215)	
Amortized deferred charge on refunding	(147,230)	
Amortized deferred charge for issuance costs	(95,984)	
Amortized bond premium	146,153	(593,352)
Total adjustment		\$ 13,299,196

3. Stewardship, compliance, and accountability

Excess of expenditures over appropriations

In the General Fund, which is budgeted on an annual basis and legally controlled at the departmental level, expenditures exceeded appropriations by \$2,200 for the Medical Examiner department. This was a result of an unanticipated increase in the number of autopsies performed in the last month of the fiscal year. Also in the General Fund, intergovernmental expenditures for CenterPoint Human Services were \$241,280 greater than appropriations. The unforeseen high volume of pharmacy services provided to CenterPoint by the County caused this over-expenditure. Revenues from CenterPoint for pharmacy services and under-expenditures in other departments in the General Fund offset these overages. In subsequent years, both of these areas will be reviewed in the last quarter of the fiscal year, and budget amendments will be made as required.

4. Detailed notes on all funds

a. Deposits

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 undercollateralization, 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.

At June 30, 2003, the demand deposit portion of the County's cash and investment pool was \$6,824,116. The bank balances totaled \$7,545,153 of which \$300,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2003, the County's petty cash funds totaled \$18,400.

b. Investments

Statutes authorize the County to invest in obligations of the U.S. Treasury, agencies, and instrumentalities; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; federally

insured or State approved insured savings or investment certificates, shares or deposits; participating shares in a Local Government Commission certified mutual fund for local government investment; commingled investment pool(s) established and administered by the State Treasurer; any interlocal commingled investment pool; commercial paper bearing the highest rating of at least one nationally recognized rating service and not bearing a rating below the highest by any nationally recognized rating service which rates the particular obligation; and banker's acceptances where the accepting bank or its holding company is incorporated in the State of North Carolina.

The County invests in callable and callable, step-up securities to maximize yields and to hedge against a rise in interest rates. The first permitted call date is July 1, 2003 and various dates thereafter. All callable securities held by the County are callable at par. The callable, step-up securities, in addition to being callable, pay interest at a level which increases in specified increments at stated dates. At June 30, 2003 the County held \$9,113,096 in callable and callable, step-up securities. In addition to the securities held at June 30, 2003, the County had securities totaling \$20,484,290 called at par during the year.

The investments of the County are categorized to give an indication of the level of custodial risk assumed at June 30, 2003. Column 1 includes investments that are insured or registered or for which the securities are held by the County or its agent in the County's name. Column 2 includes uninsured and unregistered investments for which the securities are held by the pledging financial institution's trust department or its agent in the County's name. The County had no investments in the category of uninsured and unregistered investments for which the securities are held by the financial institution, or by its trust department or agent but not in the County's name. The County's investments in the North Carolina Capital Management Trust are exempt from risk categorization because the County does not own any identifiable securities but is a shareholder of a percentage of the fund.

At June 30, 2003, the County's investments were as follows:

	Category 1	Category 2	Reported Value	Fair Value
Government securities	\$ 1,083,654	-	1,083,654	1,083,654
Government agencies	9,998,481	2,010,630	12,009,111	12,009,111
Commercial paper	27,953,180	15,511,439	43,464,619	43,479,805
	\$ 39,035,315	17,522,069	56,557,384	56,572,570
Investments not subject to categorization:				
N.C. Capital Management Trust			71,434,507	71,434,507
			\$ 127,991,891	128,007,077

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
2000	\$ 1,343,238	439,911	1,783,149
2001	1,367,569	324,798	1,692,367
2002	1,297,619	191,399	1,489,018
2003	1,403,050	80,675	1,483,725
Totals	\$ 5,411,476	1,036,783	6,448,259

d. Receivables

Receivables at June 30, 2003 for the County's individual major funds and nonmajor governmental funds in the aggregate include applicable allowances for uncollectible accounts as follows:

Description	Gross Receivable	Allowance for Uncollectible Accounts	Net Receivable
Property taxes			
General fund	\$ 6,776,589	(5,045,291)	1,731,298
Other governmental funds	141,102	(102,320)	38,782
Occupancy taxes			
General fund	35,792	-	35,792
Other taxes			
General fund	16,438	-	16,438
Other governmental funds	41,966	-	41,966
Accounts			
General fund	15,144,484	(13,410,713)	1,733,771
Accrued interest			
General fund	93,791	-	93,791
Other governmental funds	14,351	-	14,351
Due from other governments			
General fund	22,139,521	-	22,139,521
1999 Building #12 Renovation fund	86,899	-	86,899
2002 Public Safety Radio Communications fund	96,441	-	96,441
Other governmental funds	532,576	-	532,576
Total receivables	\$ 45,119,950	(18,558,324)	26,561,626

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, 2003, the various components of *deferred revenue* and *unearned revenue* were as follows:

Description	Deferred (Unavailable)	Unearned
Delinquent property taxes receivable		
General fund	\$ 1,731,298	-
Other governmental funds	38,782	-
Prepaid taxes		
General fund	-	1,076,934
Other governmental funds	-	24,317
Intergovernmental grants		
General fund	233,769	212,538
Other governmental funds	-	226,512
Fees and other – General fund	869,782	101,519
Total deferred / unearned revenue for governmental funds	\$ 2,873,631	1,641,820

e. Capital Assets

Capital asset activity for the year ended June 30, 2003, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 12,725,808	532,995	(23,011)	13,235,792
Art collections	230,000	31,303	--	261,303
Construction in progress	21,352,960	19,564,680	(189,275)	40,728,365
Total capital assets not being depreciated	34,308,768	20,128,978	(212,286)	54,225,460
Capital assets being depreciated:				
Buildings	112,855,395	195,094	(15,636)	113,034,853
Improvements other than buildings	8,922,350	371,575	(4,995)	9,288,930
Equipment	33,915,303	8,426,609	(1,030,917)	41,310,995
Total capital assets being depreciated	155,693,048	8,993,278	(1,051,548)	163,634,778
Less accumulated depreciation for:				
Buildings	33,941,309	2,798,297	(4,072)	36,735,534
Improvements other than buildings	4,507,085	325,095	--	4,832,180
Equipment	25,560,646	3,367,726	(906,381)	28,021,991
Total accumulated depreciation	64,009,040	6,491,118	(910,453)	69,589,705
Total capital assets being depreciated, net	91,684,008	2,502,160	(141,095)	94,045,073
Capital assets, net	\$125,992,776	22,631,138	(353,381)	148,270,533

Depreciation expense charged to functions for the year ended June 30, 2003, was as follows:

Function	Balances June 30, 2003
General government	\$ 2,557,250
Public safety	2,731,693
Environmental protection	26,787
Human Services	301,232
Culture and recreation	851,714
Community and economic development	797
Education	21,645
Total general fixed assets	\$ 6,491,118

Construction commitments

The County has two major active construction projects as of June 30, 2003. One is the renovation of a former tobacco factory for use as a government center. A second renovation project in progress will adapt a former health center for use as a social services facility. Additionally, the County, in partnership with the City of Winston-Salem, is building an eight-tower 800-MHz radio system for public safety communications. At year-end, commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Government Center	\$ 26,579,585	2,650,144
Social Services Building	10,491,085	1,369,340
Public Safety Radio Communications	2,724,508	5,964,049
Totals	\$ 39,795,178	9,983,533

f. Interfund receivables, payables, and transfers

Certain capital projects funds funded by certificates of participation or installment purchases initially pay fund obligations with moneys from the County's cash and investment pool. Drawdowns from the respective proceeds escrow accounts are made within ninety days of the expenditure. At June 30, 2003, the amounts advanced from the cash and investment pool for this purpose comprised due to and due from other funds as follows:

Payable Fund	Receivable Fund General Fund
1999 Building #12 Renovation Capital Project Fund	\$ 37,130
2002 Public Safety Radio Communications Fund	514,194
Nonmajor governmental funds	13,192
Total	\$ 564,516

The following is a summary of interfund transfers for the year ended June 30, 2003:

Transfers out:	Transfers in:		
	General Fund	Nonmajor Governmental	Total
1999 Building #12 Renovation Fund	\$ 1,919	-	1,919
2002 Schools Fund	525,000	129,431	654,431
2002 Public Safety Radio Communications Fund	120,870	-	120,870
Nonmajor governmental funds	2,449,971	216,176	2,666,147
Totals	\$ 3,097,760	345,607	3,443,367

Transfers to the General Fund that funded interest payments on debt, as permitted in the applicable financings, included the full transfers from the 1999 Building #12 Renovation Fund, the 2002 Schools Fund, and the 2002 Public Safety Radio Communications Fund and \$41,549 in transfers from nonmajor governmental funds. Other transfers to the General Fund from nonmajor governmental funds included \$396,585 residual equity from funds that were closed; \$1,182,080 from the Fire Tax Districts special revenue fund to support the County fire department; \$419,808 from the Occupancy Tax Economic Development special revenue fund for economic development and recreation uses; \$144,875 from the Law Enforcement Equitable Distribution special revenue fund for law enforcement programs; \$264,845 from the Emergency Telephone System fund for public safety communications costs; and \$229 of unspent Certificate of Participation proceeds from the General Services Complex capital project fund. Transfers to nonmajor governmental funds from the 2002 Schools Fund and other nonmajor governmental funds were to provide the local match for State public school building capital funds.

g. Payables

Payables at June 30, 2003, were as follows:

Description	General Fund	1999 Building #12 Renovation	2002 Public Safety Radio Communications	Other Governmental Funds	Total
Vendors	\$ 3,505,519	240,245	1,819,595	1,070,554	6,635,913
Salaries and benefits	1,600,862	-	-	-	1,600,862
Claims and judgments	489,842	-	-	-	489,842
Totals	\$ 5,596,223	240,245	1,819,595	1,070,554	8,726,617

h. Leases

Operating leases. The County leases building and office facilities and other equipment under non-cancelable operating leases. Total costs for such leases were \$642,416 for the year ended June 30, 2003. 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
2004	\$ 654,049
2005	536,339
2006	492,938
2007	459,682
2008	362,472
2009 - 2013	101,992
2014 – 2018	117,849
2019 – 2023	136,161
2024 – 2028	157,325
2029 – 2033	161,813
Total minimum lease payments	\$ 3,180,620

The total rental expenditures for all operating leases were \$1,682,770 for the year ended June 30, 2003.

i. Long-term obligations

Long-term obligation activity

Changes in long-term obligations during the year ended June 30, 2003, were as follows:

	Balance June 30, 2002	Additions	Reductions	Balance June 30, 2003	Due Within One Year
Governmental activities:					
Compensated absences	\$ 5,521,139	7,007,747	7,122,846	5,406,040	302,450
General obligation bonds	219,515,000	-	12,900,000	206,615,000	14,410,000
Deferred loss on refunding	(410,386)	-	(147,230)	(263,156)	-
Unamortized premiums	691,702	-	138,391	553,311	-
Installment purchase obligation	500,000	-	100,000	400,000	100,000
Certificates of participation	63,430,000	23,495,000	2,075,000	84,850,000	3,915,000
Unamortized premiums	-	175,600	7,762	167,838	-
Claims and judgments	628,726	540,910	-	1,169,636	-
Total general long-term obligations	\$ 289,876,181	31,219,257	22,196,769	298,898,669	18,727,450

Compensated absences and claims liabilities typically are liquidated in the General Fund.

General obligation bonds. The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. 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.

A summary of outstanding general obligation bonds follows:

Purpose of Issue	Date of Issue	Effective Interest Rate	Amount Issued	Principal Outstanding June 30, 2003
School Building	11-15-93	4.7845 %	\$ 7,500,000	4,500,000
	02-01-96	4.7018	25,000,000	18,000,000
	02-01-97	5.0697	25,000,000	20,500,000
	02-01-98	4.5774	25,000,000	21,200,000
	02-01-99	4.3001	19,000,000	16,975,000
Law Enforcement	09-01-93	4.7537	8,000,000	4,400,000
Parks and Recreation	06-12-01	4.7373	2,980,000	2,855,000
Public Improvement	10-01-95	5.0090	5,780,000	4,030,000
	03-01-02	4.4913	6,420,000	6,420,000
	03-01-02	4.4913	51,900,000	51,900,000
Public Improvement Refunding	11-15-93	4.7845	25,220,000	14,645,000
	04-01-96	4.9249	27,960,000	19,175,000
	02-01-99	4.3001	16,480,000	13,260,000
	03-01-02	4.4913	11,830,000	8,755,000
Totals			\$258,070,000	206,615,000

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

June 30	Principal	Interest	Total
2004	\$ 14,410,000	9,525,035	23,935,035
2005	14,215,000	8,910,785	23,125,785
2006	14,110,000	8,269,480	22,379,480
2007	14,005,000	7,629,423	21,634,423
2008	14,190,000	6,964,618	21,154,618
2009 - 2013	70,555,000	24,554,938	95,109,938
2014 - 2018	54,230,000	8,715,342	62,945,342
2019 - 2020	10,900,000	722,000	11,622,000
Totals	\$206,615,000	75,291,621	281,906,621

There are \$105,100,000 in authorized but unissued general obligation bonds at June 30, 2003.

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, 2003, there was one series of industrial revenue bonds outstanding, with an aggregate principal amount payable of \$1,400,000.

Certificates of participation. The County issued \$14,700,000 certificates of participation on October 1, 2002 to finance a telephone system and the County's share of the acquisition and construction of an emergency communications system to be owned and operated jointly with the City of Winston-Salem, North Carolina. The certificates initially bear interest at a variable rate, and the County has the option to convert to a fixed rate on any certificate payment date. The variable rate is determined weekly based on the lowest interest rate necessary to enable sale of the certificates at par plus accrued interest, as determined by the remarketing agent, and shall not exceed an annual rate of 12%. At June 30, 2003 the rate of interest was 1.00%.

To provide funds for the completion of the Government Center, the Social Services facility, and the General Services Complex, the County issued \$8,795,000 in certificates of participation on December 1, 2002. The certificates bear interest at rates varying from 2.50% to 5.25%, payable semiannually.

On April 1, 2001, the County issued \$49,465,000 certificates of participation to provide funding for several projects, including reconstruction of an existing building to house County administrative offices (the Government Center,) renovation of another existing facility to provide space for Social Services, and continuation of construction at the General Services Complex. Proceeds also were used for a current refunding of previously issued certificates of participation. The certificates bear interest at rates varying from 4.00% to 5.375%, payable semiannually.

The County issued certificates of participation in the amount of \$15,815,000 on September 1, 1998. The certificates provided funding for various projects, including purchase of hardware and software, acquisition of the General Services Complex site, acquisition of emergency communications consoles, renovations to the Hall of Justice, and improvements and equipment for Tanglewood Park. Certificate proceeds also were used for current and advance refundings of previously issued debt. The certificates bear interest, payable semiannually, at rates varying from 3.60% to 5.00%.

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

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

Year ending June 30	Principal	Interest	Total
2004	\$ 3,915,000	3,543,727	7,458,727
2005	4,035,000	3,392,059	7,427,059
2006	4,145,000	3,268,090	7,413,090
2007	4,255,000	3,138,523	7,393,523
2008	4,375,000	2,999,871	7,374,871
2009 - 2013	23,785,000	12,585,973	36,370,973
2014 - 2018	19,530,000	8,047,779	27,577,779
2019 - 2023	20,810,000	2,821,580	23,631,580
Total	\$ 84,850,000	39,797,602	124,647,602

Installment purchase As authorized by State law, the County financed the acquisition of computer equipment by installment purchase. The installment purchase in the amount of \$500,000 was executed on July 20, 2001 at an interest rate of 3.97 percent, payable semiannually. The assets acquired are equipment for governmental activities with a historical cost of \$458,049 and accumulated depreciation of \$281,384.

The future minimum payments as of June 30, 2003, including interest of \$31,440, were as follows:

Year ending June 30	Installment Payments
2004	\$ 113,895
2005	109,925
2006	207,620
Total minimum payments	
Less: amount representing interest	31,440
Present value of minimum payments	\$ 400,000

As of June 30, 2003, the County's legal debt limit was \$1,960,144,488 computed at 8% of the total appraised property valuation of \$24,501,806,100. With \$206,615,000 in County and School bonds outstanding at June 30, 2003 and \$85,250,000 committed under certificates of participation and installment purchases, the County could issue additional bonds up to \$1,668,279,488 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 Subsequent Year's Expenditures	Undesignated	Total
General Fund	\$ 518,723	52,193,477	52,712,200
1999 Building #12 Renovation	-	1,841,573	1,841,573
2002 Schools	-	32,998,066	32,998,066
2002 Public Safety Radio Communications	-	260,509	260,509
Other governmental funds:			
Special revenue funds	525,771	571,458	1,097,229
Capital projects funds	-	12,229,820	12,229,820
Totals	\$ 1,044,494	100,094,903	101,139,397

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 six percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. The current rate for employees not engaged in law enforcement and for law enforcement officers is 6.79% and 6.77%, 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, 2003, 2002, and 2001 were \$4,344,457, \$4,339,865, and \$4,230,352, 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 percent 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, 2002, the Separation Allowance's membership consisted of:

Retirees currently receiving benefits	42
Active plan members	212
Total	254

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 \$303,485, or 3.79% 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 Obligation The County's annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution	\$ 317,304
Interest on net pension obligation	(6,002)
Adjustment to annual required contribution	4,447
Annual pension cost	315,749
Contributions made	303,484
Increase in net pension obligation	12,265
Net pension obligation beginning of year	(82,784)
Net pension obligation end of year	\$ (70,519)

The annual required contribution for the fiscal year ended June 30, 2003 was determined as part of the December 31, 2001 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 5.9 to 9.8% per year. Item (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level percentage of projected pay on a closed basis. The remaining amortization period at December 31, 2001 was 29 years.

Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2001	\$ 210,824	108.40%	\$(77,825)
6/30/2002	\$ 303,587	101.63%	\$(82,784)
6/30/2003	\$ 315,749	96.12%	\$(70,519)

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.

Funding Policy Article 12E of G.S. Chapter 143 requires that the County contribute each month an amount equal to five percent 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, 2003 were \$400,570, 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.

Funding Policy On a monthly basis, the County remits to the Department of State Treasurer an amount equal to 4.5% of the monthly receipts collected pursuant to Article I 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 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, 2003, the County's required and actual contributions were \$138,077.

b. Other Post-employment Benefits

The County provides certain health care and death benefits for all retirees and life insurance benefits for retirees on disability in accordance with its authority to do so under State statute. Retirees may participate in the County's group health plan until age sixty-five or until Medicare eligibility, whichever comes first, with the County contributing the normal employer share of the premium and the retiree paying the normal employee share of the premium. At June 30, 2003 two hundred twenty retirees were receiving this benefit. Retiree family members who meet plan eligibility requirements may participate in the County's group health plan with the County contributing 47% of the premium and the participant family paying 53% of the premium. However, dependents of retirees who retired after October 25, 1986 become ineligible for this benefit when the retiree turns age sixty-five or otherwise becomes eligible for Medicare, or dies. At June 30, 2003 coverage was provided for 92 retiree dependents of whom two were dependents of retirees who are eligible for Medicare or deceased. The cost of retiree health care benefits is recognized as an expenditure when the premiums are paid. For the fiscal year ended June 30, 2003, \$869,645, inclusive of \$154,702 in retiree contributions, was paid by the County for these benefits.

Every retiree who had at least fifteen years of service with the County is eligible for a \$2,000 death benefit, paid by the County. At June 30, 2003 there were 383 retirees eligible for this benefit. The cost of death benefits is recognized as an expenditure when paid, and death benefits in the amount of \$18,000 were paid by the County for the fiscal year ended June 30, 2003. Retirees on disability are eligible for continued life insurance coverage until death, paid for by the County. The cost of providing this coverage is recognized as an expenditure when the premiums are paid. For the fiscal year ended June 30, 2003, \$6,155 was paid by the County for this benefit. At year end 83 retirees were receiving this benefit.

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; and natural disasters. These risks of loss are handled through a combination of risk retention and insurance. The County's risk retention program provides coverage for a maximum of \$250,000 for each workers' compensation 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.

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). The County's actuarially determined claims liability is \$1,659,478 at June 30, 2003. The estimated current portion of the liability, \$489,842, is reported in the General Fund, and the balance of \$1,169,636 is reported on the Statement of Net Assets as a long-term liability due in more than one year.

Changes in the claims liability amount in fiscal 2002 and fiscal 2003 were as follows:

	Beginning Balance	Current-Year Claims and Changes in Estimates	Claims Payments	Ending Balance
2001-2002	\$1,129,611	1,065,149	(785,973)	1,408,787
2002-2003	\$1,408,787	949,620	(698,929)	1,659,478

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 claim liabilities.

d. Subsequent events

On September 3, 2003 the County issued \$56,550,000 general obligation bonds comprised of \$45,000,000 School Bonds and \$3,850,000 Community College Bonds issued at a net interest cost of 4.4707% with a final maturity in 2024; \$3,750,000 of School Bonds for Technology issued at a net interest cost of 2.5057% with a final maturity in 2009; and, \$3,950,000 of bonds including \$1,600,000 Public Safety Technology bonds, \$1,050,000 Computer Equipment Acquisition Bonds, \$800,000 Parks and Recreational Facilities Bonds and \$500,000 School Bonds issued at a net interest cost of 3.14% with a final maturity in 2020. Also on September 3, 2003 the County issued \$8,785,000 of general obligation refunding bonds to advance refund \$8,525,000 of outstanding general obligation bonds resulting in net present value savings of \$387,750, or savings of 4.413776% of the refunding bonds.

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 claims and lawsuits, which it intends to defend vigorously. The County's legal counsel estimates that any possible liability to the County not covered by insurance resulting from such litigation would not have a material adverse effect on the financial position of the County at June 30, 2003.

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 2003, Forsyth County provided risk management services totaling \$5,500 to the Airport Commission.

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 \$4,766,743 and \$601,000 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2003. In addition, the County made debt service payments of \$799,716 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, 2003. 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.

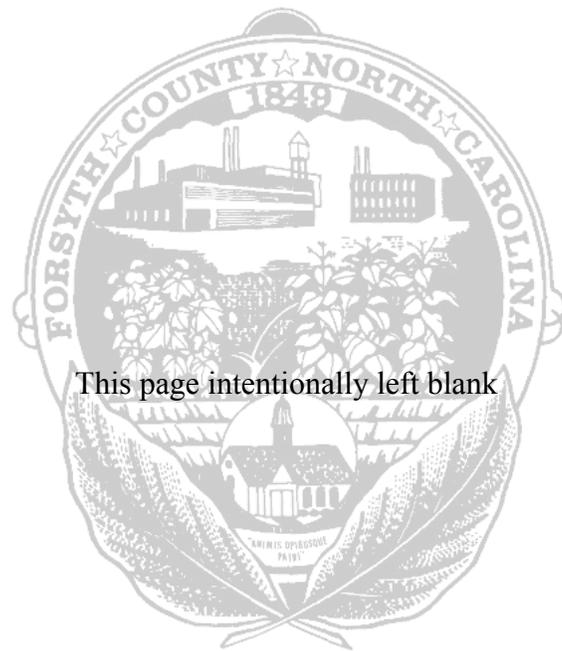
The County participates with Stokes County and Davie County, North Carolina in CenterPoint Human Services to provide services for general mental health, mental disorder, developmental disabilities, substance abuse and mental health education in Forsyth, Stokes, and Davie Counties. CenterPoint's board 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 \$5,631,153 for CenterPoint operations and contracted with CenterPoint for various services totaling \$155,284 during the fiscal year ended June 30, 2003. Additionally, the County provided services to CenterPoint during the year for which it was reimbursed \$1,790,001. 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, 2003. Complete financial statements for CenterPoint may be obtained from its administrative offices at 725 Highland Avenue, Winston-Salem, North Carolina, 27101.

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 sixty-one percent of room occupancy taxes which are levied and collected by the County. For the year ended June 30, 2003, occupancy taxes totaling \$2,006,105 were distributed to the Authority. The County also provided \$14,759 in financial services to the Authority during fiscal year 2003. 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, 2003. 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 various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$95,206 to the Council during the fiscal year ended June 30, 2003.

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, 2003.



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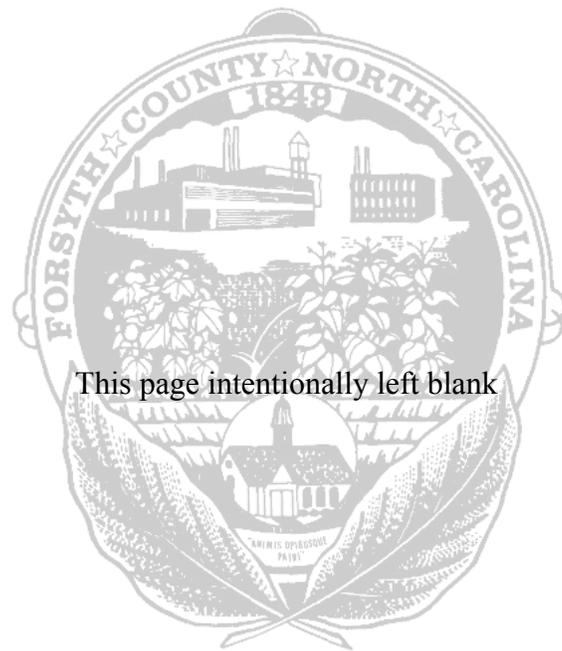
Required Supplementary Schedules

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

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

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

Law Enforcement Officers' Special Separation Allowance – 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-97	\$ 1,532,790	\$ 2,428,749	\$ 895,959	63.11 %	\$ 7,231,910	12.39 %
31-Dec-98	1,532,710	2,427,339	894,629	63.14	7,939,237	11.27
31-Dec-99	1,595,235	2,768,415	1,173,180	57.62	7,648,047	15.34
31-Dec-00 *	1,584,415	4,205,486	2,621,071	37.67	8,095,003	32.38
31-Dec-01	1,534,864	4,254,014	2,719,150	36.08	8,218,043	33.09
31-Dec-02	1,431,080	4,514,821	3,083,741	31.70	7,654,907	40.28

* Reflects changes in actuarial assumptions.

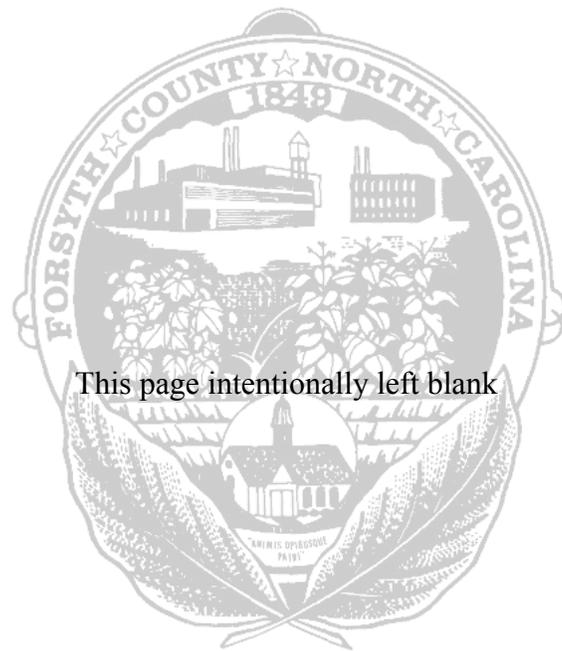
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FORSYTH COUNTY, NORTH CAROLINA**

Year Ended June 30	Annual Required Contribution	Percentage Contributed
1998	\$ 133,229	106.38 %
1999	167,979	107.37
2000	181,982	102.62
2001	209,590	109.04
2002	305,131	101.12
2003	317,304	95.64

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	12/31/2002
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	28 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	5.9% to 9.8%
*Includes inflation at	3.75%
Cost-of-living adjustments	None



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Major Governmental Funds

Budgetary Comparison Schedules

General Fund

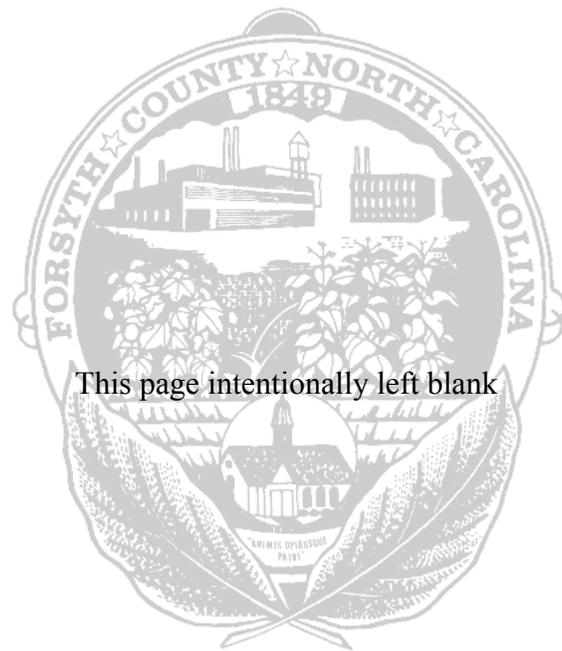
The **General Fund** accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

Major Capital Projects Funds

1999 Building #12 Renovation Fund – This fund is used to account for the renovation of a former tobacco factory for use as a Government Center. Construction is financed by certificates of participation.

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.

2002 Public Safety Radio Communications Fund – This fund accounts for the County's share of the cost of a public safety 800-MHz radio system to be shared with the City of Winston-Salem. Equipment acquisition, site plan development, infrastructure preparation, and construction are included in the project, and it is financed by certificates of participation.



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

A-1

FORSYTH COUNTY, NORTH CAROLINA

For the Fiscal Year Ended June 30, 2003

Page 1 of 3

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	Final Budget - Positive (Negative)
Revenues:				
Taxes:				
Property:				
Current year	\$ 166,634,707	166,634,707	165,380,172	(1,254,535)
Prior years	1,950,000	1,950,000	2,336,034	386,034
Penalties and interest	600,000	600,000	751,607	151,607
Total property	<u>169,184,707</u>	<u>169,184,707</u>	<u>168,467,813</u>	<u>(716,894)</u>
Local option sales:				
Article 39 one cent	24,582,047	24,582,047	24,856,326	274,279
Article 40 one-half cent	9,777,376	9,777,376	9,624,091	(153,285)
Article 42 one-half cent	9,777,376	9,777,376	9,516,193	(261,183)
Article 44 one-half cent	5,008,289	5,008,289	5,222,089	213,800
Total sales	<u>49,145,088</u>	<u>49,145,088</u>	<u>49,218,699</u>	<u>73,611</u>
Other taxes	<u>175,000</u>	<u>175,000</u>	<u>167,354</u>	<u>(7,646)</u>
Total taxes	218,504,795	218,504,795	217,853,866	(650,929)
Licenses and permits	2,069,316	2,069,316	2,099,216	29,900
Intergovernmental	36,715,261	40,661,979	40,652,489	(9,490)
Charges for services	17,985,225	18,021,515	18,047,774	26,259
Investment earnings	1,664,890	1,664,890	1,268,032	(396,858)
Other	<u>5,379,130</u>	<u>5,901,130</u>	<u>5,461,756</u>	<u>(439,374)</u>
Total revenues	<u>282,318,617</u>	<u>286,823,625</u>	<u>285,383,133</u>	<u>(1,440,492)</u>
Expenditures:				
Current:				
General government:				
Budget and management	431,983	430,514	421,129	9,385
Management information services	7,480,416	7,596,326	7,049,750	546,576
Finance	1,625,727	1,715,409	1,545,769	169,640
General services	11,449,767	11,831,188	10,115,637	1,715,551
Human Resources	1,750,581	1,753,758	1,737,758	16,000
Planning	1,218,520	1,218,520	1,142,802	75,718
Purchasing	132,680	132,680	122,422	10,258
Attorney	771,602	751,932	733,882	18,050
Board of Elections	975,724	1,048,970	708,415	340,555
County commissioners and manager	1,066,605	1,075,048	1,039,942	35,106
Register of Deeds	1,715,720	1,715,900	1,475,686	240,214
Tax administration	4,632,597	4,484,183	4,217,351	266,832
Non-departmental:				
Contingency	545,700	373,295	-	373,295
Other services and adjustments	<u>2,285,674</u>	<u>1,964,091</u>	<u>905,390</u>	<u>1,058,701</u>
Total general government	<u>36,083,296</u>	<u>36,091,814</u>	<u>31,215,933</u>	<u>4,875,881</u>

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

A-1

FORSYTH COUNTY, NORTH CAROLINA
 For the Fiscal Year Ended June 30, 2003

Page 2 of 3

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Public safety:				
Animal control	\$ 1,248,632	1,272,608	1,242,748	29,860
Emergency management	311,670	311,670	274,501	37,169
Emergency medical service	6,082,968	5,922,054	5,481,821	440,233
Fire protection	3,192,544	3,183,057	3,098,838	84,219
Sheriff	27,904,043	27,880,517	26,190,109	1,690,408
Court services	301,467	301,467	102,864	198,603
Medical examiner	163,000	183,000	185,200	(2,200)
Youth Center	989,360	986,389	943,747	42,642
Total public safety	<u>40,193,684</u>	<u>40,040,762</u>	<u>37,519,828</u>	<u>2,520,934</u>
Environmental protection:				
Conservation of natural resources	117,311	117,325	105,474	11,851
Environmental affairs	1,816,593	1,807,694	1,731,322	76,372
Inspections	295,330	295,330	275,827	19,503
Total environmental protection	<u>2,229,234</u>	<u>2,220,349</u>	<u>2,112,623</u>	<u>107,726</u>
Human services:				
Public health	13,841,906	14,472,870	13,387,524	1,085,346
Downtown Health Plaza	2,366,000	2,366,000	2,365,707	293
Social services	52,584,958	56,222,252	53,098,929	3,123,323
Youth services	779,084	816,166	786,625	29,541
Total human services	<u>69,571,948</u>	<u>73,877,288</u>	<u>69,638,785</u>	<u>4,238,503</u>
Culture and recreation:				
Library	6,570,727	6,617,213	6,386,295	230,918
Parks and recreation	2,043,336	2,078,491	1,817,847	260,644
Tanglewood Park	5,331,573	5,462,300	5,431,467	30,833
Total culture and recreation	<u>13,945,636</u>	<u>14,158,004</u>	<u>13,635,609</u>	<u>522,395</u>
Community and economic development :				
Economic development	346,749	426,749	426,749	-
Housing	1,683,811	1,837,335	796,472	1,040,863
Total community and economic development	<u>2,030,560</u>	<u>2,264,084</u>	<u>1,223,221</u>	<u>1,040,863</u>
Education:				
NC Cooperative extension service	686,974	667,127	598,136	68,991
Intergovernmental:				
Human services:				
CenterPoint Human Services	5,389,873	5,389,873	5,631,153	(241,280)
Education:				
Forsyth Technical Community College:				
Current expense	4,921,743	4,767,743	4,766,743	1,000
Capital outlay	447,000	601,000	601,000	-
Winston-Salem/Forsyth County Schools:				
Instructional programs	47,675,278	46,162,580	46,162,580	-
Support services	31,984,955	33,194,785	33,194,785	-
Charter schools	2,465,950	2,522,370	2,522,370	-
Capital outlay	2,219,788	2,466,236	2,466,236	-
Total education	<u>89,714,714</u>	<u>89,714,714</u>	<u>89,713,714</u>	<u>1,000</u>

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

A-1

FORSYTH COUNTY, NORTH CAROLINA
For the Fiscal Year Ended June 30, 2003

Page 3 of 3

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	Final Budget - Positive (Negative)
Debt service:				
General obligation bonds:				
Principal	\$ 12,900,000	12,900,000	12,900,000	-
Interest and other charges	10,079,846	10,079,846	10,069,845	10,001
Capital leases, installment purchases and certificates of participation:				
Principal	2,175,000	2,175,000	2,175,000	-
Interest and other charges	3,862,909	4,213,909	3,234,021	979,888
Total debt service	<u>29,017,755</u>	<u>29,368,755</u>	<u>28,378,866</u>	<u>989,889</u>
Total expenditures	<u>288,863,674</u>	<u>293,792,770</u>	<u>279,667,868</u>	<u>14,124,902</u>
Excess (deficiency) of revenues over expenditures	<u>(6,545,057)</u>	<u>(6,969,145)</u>	<u>5,715,265</u>	<u>12,684,410</u>
Other financing sources - transfers in:				
Fire Tax Districts Fund	1,099,504	1,099,504	1,182,080	82,576
Occupancy Tax Economic Development Fund	419,808	419,808	568,246	148,438
Law Enforcement Equitable Distribution Fund	225,745	225,745	144,875	(80,870)
Emergency Telephone System Fund	325,000	325,000	264,845	(60,155)
1997 Information Systems Fund	-	-	100,725	100,725
General Services Complex Fund	40,000	40,000	594	(39,406)
1999 Building #12 Renovation Fund	200,000	200,000	1,919	(198,081)
Reynolds Health Center Renovation/ Adaptive Reuse Fund	120,000	120,000	1,184	(118,816)
2001 Information Systems Fund	-	-	4,533	4,533
2000 Schools Reynolds Auditorium Renovation Fund	-	-	142,889	142,889
2002 Schools Fund	525,000	525,000	525,000	-
2002 Forsyth Technical Community College Fund	40,000	40,000	40,000	-
2002 Public Safety Radio Communications Fund	-	351,000	120,870	(230,130)
Total other financing sources	<u>2,995,057</u>	<u>3,346,057</u>	<u>3,097,760</u>	<u>(248,297)</u>
Net change in fund balance	(3,550,000)	(3,623,088)	8,813,025	12,436,113
Fund balances - June 30, 2002	69,762,080	69,762,080	69,762,080	-
Fund balances - June 30, 2003	\$ <u>66,212,080</u>	<u>66,138,992</u>	<u>78,575,105</u>	<u>12,436,113</u>

1999 BUILDING #12 RENOVATION 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, 2003

	Budget	Cumulative Total to June 30, 2003	Activity Year Ended June 30, 2003	Cumulative Total to June 30, 2002
Revenues:				
Investment earnings	\$ 468,226	1,539,935	117,632	1,422,303
Other	-	238,655	225,000	13,655
Total revenues	<u>468,226</u>	<u>1,778,590</u>	<u>342,632</u>	<u>1,435,958</u>
Expenditures - capital outlay -				
general government	<u>32,000,000</u>	<u>28,016,074</u>	<u>11,761,143</u>	<u>16,254,931</u>
Deficiency of revenues over expenditures	<u>(31,531,774)</u>	<u>(26,237,484)</u>	<u>(11,418,511)</u>	<u>(14,818,973)</u>
Other financing sources (uses):				
Installment purchases	32,815,950	31,945,316	6,000,204	25,945,112
Transfers from General Fund	143,000	143,000	-	143,000
Transfers to General Fund	<u>(1,427,176)</u>	<u>(1,229,095)</u>	<u>(1,919)</u>	<u>(1,227,176)</u>
Total other financing sources (uses)	<u>31,531,774</u>	<u>30,859,221</u>	<u>5,998,285</u>	<u>24,860,936</u>
Net change in fund balance	<u>\$ -</u>	<u>4,621,737</u>	<u>(5,420,226)</u>	<u>10,041,963</u>
Fund balance - June 30, 2002			10,041,963	
Fund balance - June 30, 2003			<u>\$ 4,621,737</u>	

2002 SCHOOLS 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, 2003

	Budget	Cumulative Total to June 30, 2003	Activity Year Ended June 30, 2003	Cumulative Total to June 30, 2002
Revenues - investment earnings	\$ 1,125,000	727,140	514,298	212,842
Expenditures:				
Current - intergovernmental - education	149,592,000	15,696,074	10,815,967	4,880,107
Debt service - interest and other charges	-	361,662	-	361,662
Total expenditures	<u>149,592,000</u>	<u>16,057,736</u>	<u>10,815,967</u>	<u>5,241,769</u>
Deficiency of revenues over expenditures	<u>(148,467,000)</u>	<u>(15,330,596)</u>	<u>(10,301,669)</u>	<u>(5,028,927)</u>
Other financing sources (uses):				
General obligation bonds issued	150,000,000	49,111,662	-	49,111,662
Transfer to General Fund	<u>(1,125,000)</u>	<u>(525,000)</u>	<u>(525,000)</u>	-
Transfer to State Public School Building Capital Fund	<u>(408,000)</u>	<u>(258,000)</u>	<u>(129,431)</u>	<u>(128,569)</u>
Total other financing sources (uses)	<u>148,467,000</u>	<u>48,328,662</u>	<u>(654,431)</u>	<u>48,983,093</u>
Net change in fund balance	<u>\$ -</u>	<u>32,998,066</u>	<u>(10,956,100)</u>	<u>43,954,166</u>
Fund balance - June 30, 2002			43,954,166	
Fund balance - June 30, 2003			<u>\$ 32,998,066</u>	

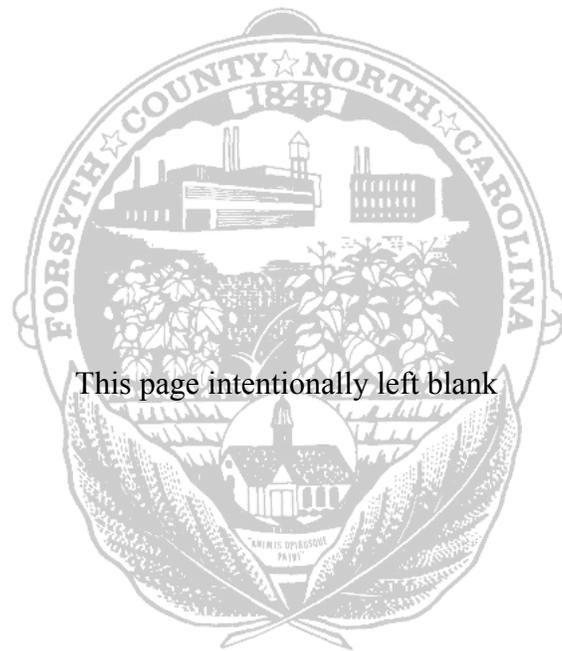
**2002 PUBLIC SAFETY RADIO COMMUNICATIONS FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

A-4

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2003

	Budget	Cumulative Total to June 30, 2003	Activity Year Ended June 30, 2003	Cumulative Total to June 30, 2002
Revenues - investment earnings	\$ -	87,657	87,657	-
Expenditures:				
Debt service - interest and other charges	296,600	267,344	267,344	-
Capital outlay - public safety	12,258,399	6,288,444	6,288,444	-
Total expenditures	<u>12,554,999</u>	<u>6,555,788</u>	<u>6,555,788</u>	-
Deficiency of revenues over expenditures	<u>(12,554,999)</u>	<u>(6,468,131)</u>	<u>(6,468,131)</u>	-
Other financing sources (uses):				
Installment purchases	12,905,999	12,910,000	12,910,000	-
Transfers to General Fund	(351,000)	(120,870)	(120,870)	-
Total other financing sources (uses)	<u>12,554,999</u>	<u>12,789,130</u>	<u>12,789,130</u>	-
Net change in fund balance	<u>\$ -</u>	<u>6,320,999</u>	<u>6,320,999</u>	-
Fund balance - June 30, 2002			-	
Fund balance - June 30, 2003			<u>\$ 6,320,999</u>	



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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.

Occupancy Tax Economic Development Fund – This fund is used to account for expenditures for economic development purposes, financed by Forsyth County's share of the additional 3% Forsyth County Room Occupancy Tax levied in July 1990.

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 – This fund accounts for the 911 revenues collected by the telephone industry to fund the 911 emergency system.

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 and transfers from the Schools Facilities Funds.

State Public School Building Bond Fund – State Public School Building Bonds were approved by the voters in November 1996. This fund is used to account for capital expenditures by the Winston-Salem/Forsyth County Schools financed by proceeds of these bonds, which are granted to Forsyth County.

2004 Housing Grant Project Fund – This fund accounts for the use of state and federal grants 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.

1996 Schools Facilities 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 1995 referendum.

1997 Information Systems Fund – This fund was used to account for implementation of governmental financial systems and the acquisition of related apparatus, materials, and equipment financed by installment purchase proceeds. The fund was closed in fiscal year 2003.

General Services Complex Fund – This fund is used to account for the acquisition of land and the demolition, construction, equipment, furnishings, fees and related costs of the General Services Complex. Proceeds of certificates of participation fund this project.

Reynolds Health Center Renovation/Adaptive Reuse Fund – This fund is used to account for the renovation of Reynolds Health Center for use by the Department of Social Services. Certificates of participation provide funding for the project.

2001 Information Systems Fund - This fund accounted for the acquisition of computer equipment for development and for a geographic information system. Installment purchase proceeds funded these acquisitions, which were completed in fiscal year 2003. The fund was closed and its residual equity was transferred to the General Fund.

2000 Schools Reynolds Auditorium Renovation Fund - This fund accounted for the renovation of Reynolds Auditorium, funded by donations and a transfer from the General Fund. Renovation was completed and the fund was closed in fiscal year 2003.

2001 2/3rds Bonds Fund – Proceeds of the 2001 Parks and Recreational Facilities Bonds will finance capital renovations, equipment and the purchase of land for various county parks.

2002 Forsyth Technical Community College Fund – The use of general obligation bonds approved by voters in November 2001 for community college facilities is accounted for in this fund.

2002 2/3rds Bonds Fund – This fund is used to account for the construction of a new Animal Control facility, improvements to the Forsyth County Youth Center, and construction of a swimming pool and bath house at Tanglewood Park. These projects are funded by general obligation bonds.

2003 Forsyth County Telephone System Fund – This fund accounts for proceeds of Certificates of Participation used to acquire telephone equipment and related products for Forsyth County offices.

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

B-1

FORSYTH COUNTY, NORTH CAROLINA

June 30, 2003

	Special Revenue	Capital Projects	Total
ASSETS			
Cash and cash equivalents	\$ 1,121,546	11,057,272	12,178,818
Cash and investments held by fiscal agent	-	7,778,018	7,778,018
Receivables (net):			
Property taxes	38,782	-	38,782
Other taxes	41,966	-	41,966
Accrued interest	14,351	-	14,351
Due from other governments	338,146	194,430	532,576
Total assets	<u>\$ 1,554,791</u>	<u>19,029,720</u>	<u>20,584,511</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	1,070,554	1,070,554
Due to other governments	-	250,086	250,086
Due to other funds	-	13,192	13,192
Unearned revenue	24,317	226,512	250,829
Deferred revenue	38,782	-	38,782
Total liabilities	<u>63,099</u>	<u>1,560,344</u>	<u>1,623,443</u>
Fund balances:			
Reserved for encumbrances	-	5,045,126	5,045,126
Reserved by state statute	394,463	194,430	588,893
Unreserved:			
Designated for subsequent year's expenditures	525,771	-	525,771
Undesignated	571,458	12,229,820	12,801,278
Total fund balances	<u>1,491,692</u>	<u>17,469,376</u>	<u>18,961,068</u>
 Total liabilities and fund balances	 <u>\$ 1,554,791</u>	 <u>19,029,720</u>	 <u>20,584,511</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, 2003

	Special Revenue	Capital Projects	Total
Revenues:			
Taxes:			
Property	\$ 4,054,470	-	4,054,470
Occupancy	451,374	-	451,374
Sales	1,237,389	-	1,237,389
Other	306,769	-	306,769
Total taxes	<u>6,050,002</u>	-	<u>6,050,002</u>
Intergovernmental	3,033,742	181,673	3,215,415
Investment earnings	33,805	344,075	377,880
Other	-	125,453	125,453
Total revenues	<u>9,117,549</u>	<u>651,201</u>	<u>9,768,750</u>
Expenditures:			
Current:			
Public safety	4,119,510	-	4,119,510
Community and economic development	29,716	-	29,716
Intergovernmental - education	3,318,122	1,887,470	5,205,592
Debt service - interest and other charges	-	198,943	198,943
Capital outlay	-	8,913,206	8,913,206
Total expenditures	<u>7,467,348</u>	<u>10,999,619</u>	<u>18,466,967</u>
Excess (deficiency) of revenues over expenditures	<u>1,650,201</u>	<u>(10,348,418)</u>	<u>(8,698,217)</u>
Other financing sources (uses):			
Installment purchases	-	4,760,396	4,760,396
Transfers in	345,607	-	345,607
Transfers out	<u>(2,160,046)</u>	<u>(506,101)</u>	<u>(2,666,147)</u>
Total other financing sources (uses)	<u>(1,814,439)</u>	<u>4,254,295</u>	<u>2,439,856</u>
Net change in fund balances	(164,238)	(6,094,123)	(6,258,361)
Fund balance - June 30, 2002	1,655,930	23,563,499	25,219,429
Fund balance - June 30, 2003	<u>\$ 1,491,692</u>	<u>17,469,376</u>	<u>18,961,068</u>

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS**

C-1

FORSYTH COUNTY, NORTH CAROLINA

June 30, 2003

	Fire Tax Districts	Law Enforcement Equitable Distribution	Emergency Telephone System	Total
ASSETS				
Cash and cash equivalents	\$ 787,994	333,498	54	1,121,546
Receivables (net):				
Property taxes	38,782	-	-	38,782
Other taxes	-	-	41,966	41,966
Accrued interest	10,306	3,799	246	14,351
Due from other governments	338,146	-	-	338,146
Total assets	\$ 1,175,228	337,297	42,266	1,554,791
LIABILITIES AND FUND BALANCES				
Liabilities:				
Unearned revenue	24,317	-	-	24,317
Deferred revenue	38,782	-	-	38,782
Total liabilities	63,099	-	-	63,099
Fund balances:				
Reserved by state statute	348,452	3,799	42,212	394,463
Unreserved:				
Designated for subsequent year's expenditures	230,220	295,551	-	525,771
Undesignated	533,457	37,947	54	571,458
Total fund balances	1,112,129	337,297	42,266	1,491,692
Total liabilities and fund balances	\$ 1,175,228	337,297	42,266	1,554,791

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

C-2

FORSYTH COUNTY, NORTH CAROLINA
For the Fiscal Year Ended June 30, 2003

	Fire Tax Districts	Occupancy Tax Economic Development	Law Enforcement Equitable Distribution	Emergency Telephone System	State Public School Building Capital	State Public School Building Bond	Total
Revenues:							
Taxes							
Property	\$ 4,054,470	-	-	-	-	-	4,054,470
Occupancy	-	451,374	-	-	-	-	451,374
Sales	1,237,389	-	-	-	-	-	1,237,389
Other taxes	-	-	-	306,769	-	-	306,769
Intergovernmental	-	-	61,227	-	1,706,707	1,265,808	3,033,742
Investment earnings	21,518	3,470	8,475	342	-	-	33,805
Total revenues	<u>5,313,377</u>	<u>454,844</u>	<u>69,702</u>	<u>307,111</u>	<u>1,706,707</u>	<u>1,265,808</u>	<u>9,117,549</u>
Expenditures:							
Current:							
Public safety	4,119,510	-	-	-	-	-	4,119,510
Community and economic development	-	29,716	-	-	-	-	29,716
Intergovernmental - education	-	-	-	-	2,052,314	1,265,808	3,318,122
Total expenditures	<u>4,119,510</u>	<u>29,716</u>	<u>-</u>	<u>-</u>	<u>2,052,314</u>	<u>1,265,808</u>	<u>7,467,348</u>
Excess (deficiency) of revenues over expenditures	<u>1,193,867</u>	<u>425,128</u>	<u>69,702</u>	<u>307,111</u>	<u>(345,607)</u>	<u>-</u>	<u>1,650,201</u>
Other financing sources (uses):							
Transfers in:							
1996 Schools Facilities Fund	-	-	-	-	216,176	-	216,176
2002 Schools Fund	-	-	-	-	129,431	-	129,431
Transfers out:							
General Fund	(1,182,080)	(568,246)	(144,875)	(264,845)	-	-	(2,160,046)
Total other financing sources (uses)	<u>(1,182,080)</u>	<u>(568,246)</u>	<u>(144,875)</u>	<u>(264,845)</u>	<u>345,607</u>	<u>-</u>	<u>(1,814,439)</u>
Net change in fund balances	11,787	(143,118)	(75,173)	42,266	-	-	(164,238)
Fund balance - June 30, 2002	1,100,342	143,118	412,470	-	-	-	1,655,930
Fund balance - June 30, 2003	\$ <u>1,112,129</u>	<u>-</u>	<u>337,297</u>	<u>42,266</u>	<u>-</u>	<u>-</u>	<u>1,491,692</u>

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

FORSYTH COUNTY, NORTH CAROLINA
For the Fiscal Year Ended June 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property	\$ 3,951,290	3,951,290	4,054,470	103,180
Sales	1,099,504	1,182,180	1,237,389	55,209
Total taxes	5,050,794	5,133,470	5,291,859	158,389
Investment earnings	-	-	21,518	21,518
Total revenues	5,050,794	5,133,470	5,313,377	179,907
Expenditures - current - public safety:				
Beeson Cross Roads	245,790	245,790	245,790	-
Belews Creek	99,580	99,580	99,580	-
City View	90,120	90,120	89,703	417
Clemmons	776,690	776,690	776,690	-
Forest Hill	6,740	6,740	6,740	-
Griffith	123,880	123,880	123,880	-
Gumtree	71,280	71,280	71,280	-
Horneytown	145,470	145,470	141,155	4,315
King of Forsyth County	165,470	165,470	165,470	-
Lewisville	628,300	628,300	628,300	-
Mineral Springs	118,080	118,080	118,080	-
Mt. Tabor	74,950	74,950	74,950	-
Old Richmond	257,890	257,890	257,890	-
Piney Grove	286,420	286,420	286,420	-
Rural Hall	125,420	143,420	141,322	2,098
Salem Chapel	36,820	36,820	36,820	-
South Fork	23,060	23,060	23,060	-
Talley's Crossing	103,800	103,800	103,800	-
Triangle	50,430	50,430	50,430	-
Union Cross	128,190	128,190	128,190	-
Vienna	358,740	358,740	358,740	-
Walkertown	171,040	171,040	171,040	-
West Bend	20,180	20,180	20,180	-
Total expenditures	4,108,340	4,126,340	4,119,510	6,830
Excess of revenues over expenditures	942,454	1,007,130	1,193,867	186,737
Other financing uses - transfers out:				
General Fund	(1,099,504)	(1,182,180)	(1,182,080)	100
Net change in fund balance	(157,050)	(175,050)	11,787	186,837
Fund balance - June 30, 2002	1,100,342	1,100,342	1,100,342	-
Fund balance - June 30, 2003	\$ 943,292	925,292	1,112,129	186,837

**OCCUPANCY TAX ECONOMIC DEVELOPMENT 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, 2003

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes - occupancy	\$ 452,000	452,000	451,374	(626)
Investment earnings	1,833	1,833	3,470	1,637
Total revenues	<u>453,833</u>	<u>453,833</u>	<u>454,844</u>	<u>1,011</u>
Expenditures - current -				
Community and economic development	<u>148,458</u>	<u>148,458</u>	<u>29,716</u>	<u>118,742</u>
Excess of revenues over expenditures	305,375	305,375	425,128	119,753
Other financing uses - transfers out:				
General Fund	<u>(419,808)</u>	<u>(419,808)</u>	<u>(568,246)</u>	<u>(148,438)</u>
Net change in fund balance	(114,433)	(114,433)	(143,118)	(28,685)
Fund balance - June 30, 2002	<u>143,118</u>	<u>143,118</u>	<u>143,118</u>	<u>-</u>
Fund balance - June 30, 2003	<u>\$ <u>28,685</u></u>	<u><u>28,685</u></u>	<u><u>-</u></u>	<u><u>(28,685)</u></u>

**LAW ENFORCEMENT EQUITABLE DISTRIBUTION 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, 2003

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	-	61,227	61,227
Investment earnings	-	-	8,475	8,475
Total revenues	<u>-</u>	<u>-</u>	<u>69,702</u>	<u>69,702</u>
Other financing uses - transfers out:				
General Fund	<u>(225,745)</u>	<u>(225,745)</u>	<u>(144,875)</u>	<u>80,870</u>
Deficiency of revenues over other uses	(225,745)	(225,745)	(75,173)	150,572
Fund balance - June 30, 2002	<u>412,470</u>	<u>412,470</u>	<u>412,470</u>	<u>-</u>
Fund balance - June 30, 2003	<u>\$ <u>186,725</u></u>	<u><u>186,725</u></u>	<u><u>337,297</u></u>	<u><u>150,572</u></u>

**EMERGENCY TELEPHONE SYSTEM 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, 2003

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes - other taxes - 911 Surcharges	\$ 325,000	325,000	306,769	(18,231)
Investment earnings	-	-	342	342
Total revenues	<u>325,000</u>	<u>325,000</u>	<u>307,111</u>	<u>(17,889)</u>
Other financing uses - transfers out:				
General Fund	<u>(325,000)</u>	<u>(325,000)</u>	<u>(264,845)</u>	<u>60,155</u>
Excess of revenues over other uses	-	-	42,266	42,266
Fund balance - June 30, 2002	-	-	-	-
Fund balance - June 30, 2003	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>42,266</u></u>	<u><u>42,266</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, 2003

	Budget	Cumulative Total to June 30, 2003	Activity Year Ended June 30, 2003	Cumulative Total to June 30, 2002
Revenues:				
Intergovernmental	\$ 25,701,327	24,649,111	1,706,707	22,942,404
Investment earnings	162,074	162,074	-	162,074
Total revenues	25,863,401	24,811,185	1,706,707	23,104,478
Expenditures - current - intergovernmental -				
education	33,770,387	32,553,168	2,052,314	30,500,854
Deficiency of revenues over expenditures	(7,906,986)	(7,741,983)	(345,607)	(7,396,376)
Other financing sources:				
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	1,918,499	216,176	1,702,323
2002 Schools Fund	408,000	258,000	129,431	128,569
Total other financing sources	6,576,836	7,741,983	345,607	7,396,376
Net change in fund balance	\$ (1,330,150)	-	-	-
Fund balance - June 30, 2002			-	
Fund balance - June 30, 2003			\$ -	

**STATE PUBLIC SCHOOL BUILDING BOND 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, 2003

	Budget	Cumulative Total to June 30, 2003	Activity Year Ended June 30, 2003	Cumulative Total to June 30, 2002
Revenues - intergovernmental	\$ 41,146,308	40,617,719	1,265,808	39,351,911
Expenditures - current - intergovernmental -				
education	41,146,308	40,617,719	1,265,808	39,351,911
Excess of revenues over expenditures	\$ -	-	-	-
Fund balance - June 30, 2002			-	
Fund balance - June 30, 2003			\$ -	

2003 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, 2003

	Budget	Cumulative Total to June 30, 2003	Activity Year Ended June 30, 2003	Cumulative Total to June 30, 2002
Revenues - intergovernmental	\$ 1,441,601	-	-	-
Expenditures - current -				
community and economic development	<u>1,598,498</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deficiency of revenues over expenditures	(156,897)	-	-	-
Other financing sources - transfer				
from General Fund	<u>156,897</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2002			<u>-</u>	
Fund balance - June 30, 2003			<u>\$ -</u>	

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS**

D-1

FORSYTH COUNTY, NORTH CAROLINA

June 30, 2003

	1996 Schools Facilities	General Services Complex	Reynolds Health Center Renovation/ Adaptive Reuse	2001 2/3rds Bonds	2002 Forsyth Technical Community College	2002 2/3rds Bonds	2003 Forsyth County Telephone System	Total
ASSETS								
Cash and cash equivalents	\$ 825,980	132	118,876	995,292	2,856,548	6,260,444	-	11,057,272
Cash and investments held by fiscal agent	-	2,777,892	3,695,044	-	-	-	1,305,082	7,778,018
Due from other governments	-	30	12,659	173,294	-	-	8,447	194,430
Total assets	\$ 825,980	2,778,054	3,826,579	1,168,586	2,856,548	6,260,444	1,313,529	19,029,720
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ -	259,251	695,844	113,709	-	126	1,624	1,070,554
Due to other governments	250,086	-	-	-	-	-	-	250,086
Due to other funds - General Fund	-	-	-	-	-	-	13,192	13,192
Unearned revenue	-	-	-	226,512	-	-	-	226,512
Total liabilities	250,086	259,251	695,844	340,221	-	126	14,816	1,560,344
Fund balances:								
Reserved for encumbrances	-	1,753,032	1,784,070	877,980	-	482,686	147,358	5,045,126
Reserved by state statute	-	30	12,659	173,294	-	-	8,447	194,430
Unreserved - undesignated	575,894	765,741	1,334,006	(222,909)	2,856,548	5,777,632	1,142,908	12,229,820
Total fund balances	575,894	2,518,803	3,130,735	828,365	2,856,548	6,260,318	1,298,713	17,469,376
Total liabilities and fund balances	\$ 825,980	2,778,054	3,826,579	1,168,586	2,856,548	6,260,444	1,313,529	19,029,720

**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, 2003

	1996 Schools Facilities	1997 Information Systems	General Services Complex	Reynolds Health Center Renovation/ Adaptive Reuse	2001 Information Systems	2000 Schools Reynolds Auditorium Renovation	2001 2/3rds Bonds	2002 Forsyth Technical Community College	2002 2/3rds Bonds	2003 Forsyth County Telephone System	Total
Revenues:											
Intergovernmental	\$ -	-	-	-	-	-	181,673	-	-	-	181,673
Investment earnings	63,107	1,078	40,576	86,748	158	2,250	19,578	33,482	82,333	14,765	344,075
Other	-	-	-	-	-	125,453	-	-	-	-	125,453
Total revenues	<u>63,107</u>	<u>1,078</u>	<u>40,576</u>	<u>86,748</u>	<u>158</u>	<u>127,703</u>	<u>201,251</u>	<u>33,482</u>	<u>82,333</u>	<u>14,765</u>	<u>651,201</u>
Expenditures:											
Current:											
Intergovernmental - education	862,946	-	-	-	-	723,385	-	301,139	-	-	1,887,470
Debt service - interest and other charges	-	-	-	198,943	-	-	-	-	-	-	198,943
Capital outlay:											
General government	-	54,522	750,099	-	14,927	-	-	-	-	506,052	1,325,600
Public safety	-	-	-	-	-	-	-	-	82,429	-	82,429
Human services	-	-	-	6,678,192	-	-	-	-	-	-	6,678,192
Culture and recreation	-	-	-	-	-	-	803,835	-	23,150	-	826,985
Total expenditures	<u>862,946</u>	<u>54,522</u>	<u>750,099</u>	<u>6,877,135</u>	<u>14,927</u>	<u>723,385</u>	<u>803,835</u>	<u>301,139</u>	<u>105,579</u>	<u>506,052</u>	<u>10,999,619</u>
Deficiency of revenues over expenditures	<u>(799,839)</u>	<u>(53,444)</u>	<u>(709,523)</u>	<u>(6,790,387)</u>	<u>(14,769)</u>	<u>(595,682)</u>	<u>(602,584)</u>	<u>(267,657)</u>	<u>(23,246)</u>	<u>(491,287)</u>	<u>(10,348,418)</u>
Other financing sources (uses):											
Installment purchases	-	-	345,000	2,625,396	-	-	-	-	-	1,790,000	4,760,396
Transfers out:											
General Fund	-	(100,725)	(594)	(1,184)	(4,533)	(142,889)	-	(40,000)	-	-	(289,925)
State Public School Building Capital Fund	(216,176)	-	-	-	-	-	-	-	-	-	(216,176)
Total other financing sources (uses)	<u>(216,176)</u>	<u>(100,725)</u>	<u>344,406</u>	<u>2,624,212</u>	<u>(4,533)</u>	<u>(142,889)</u>	<u>-</u>	<u>(40,000)</u>	<u>-</u>	<u>1,790,000</u>	<u>4,254,295</u>
Net change in fund balances	<u>(1,016,015)</u>	<u>(154,169)</u>	<u>(365,117)</u>	<u>(4,166,175)</u>	<u>(19,302)</u>	<u>(738,571)</u>	<u>(602,584)</u>	<u>(307,657)</u>	<u>(23,246)</u>	<u>1,298,713</u>	<u>(6,094,123)</u>
Fund balance - June 30, 2002	1,591,909	154,169	2,883,920	7,296,910	19,302	738,571	1,430,949	3,164,205	6,283,564	-	23,563,499
Fund balance - June 30, 2003	<u>\$ 575,894</u>	<u>-</u>	<u>2,518,803</u>	<u>3,130,735</u>	<u>-</u>	<u>-</u>	<u>828,365</u>	<u>2,856,548</u>	<u>6,260,318</u>	<u>1,298,713</u>	<u>17,469,376</u>

**1996 SCHOOLS FACILITIES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

D-3

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2003

	Budget	Cumulative Total to June 30, 2003	Activity Year Ended June 30, 2003	Cumulative Total to June 30, 2002
Revenues - investment earnings	\$ 4,410,000	4,540,776	63,107	4,477,669
Expenditures - current - intergovernmental - education	92,097,877	91,695,141	862,946	90,832,195
Deficiency of revenues over expenditures	(87,687,877)	(87,154,365)	(799,839)	(86,354,526)
Other financing sources (uses):				
General obligation bonds issued	94,000,000	94,000,000	-	94,000,000
Transfers to:				
General Fund	(4,378,624)	(4,351,242)	-	(4,351,242)
State Public School Building Capital Fund	(1,933,499)	(1,918,499)	(216,176)	(1,702,323)
Total other financing sources (uses)	87,687,877	87,730,259	(216,176)	87,946,435
Net change in fund balance	\$ -	575,894	(1,016,015)	1,591,909
Fund balance - June 30, 2002			1,591,909	
Fund balance - June 30, 2003			\$ 575,894	

**1997 INFORMATION SYSTEMS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

D-4

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2003

	Budget	Cumulative Total to June 30, 2003	Activity Year Ended June 30, 2003	Cumulative Total to June 30, 2002
Revenues - investment earnings	\$ 110,000	119,670	1,078	118,592
Expenditures - capital outlay - general government	1,655,000	1,563,945	54,522	1,509,423
Deficiency of revenues over expenditures	(1,545,000)	(1,444,275)	(53,444)	(1,390,831)
Other financing sources (uses):				
Installment purchases	1,545,000	1,545,000	-	1,545,000
Transfers from General Fund	1,516,860	1,516,860	-	1,516,860
Transfers to General Fund	(1,516,860)	(1,617,585)	(100,725)	(1,516,860)
Total other financing sources (uses)	1,545,000	1,444,275	(100,725)	1,545,000
Net change in fund balance	\$ -	-	(154,169)	154,169
Fund balance - June 30, 2002			154,169	
Fund balance - June 30, 2003			\$ -	

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

D-5

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2003

	Budget	Cumulative Total to June 30, 2003	Activity Year Ended June 30, 2003	Cumulative Total to June 30, 2002
Revenues - investment earnings	\$ 91,053	329,679	40,576	289,103
Expenditures - capital outlay -				
general government	6,894,945	4,083,814	750,099	3,333,715
Deficiency of revenues over expenditures	<u>(6,803,892)</u>	<u>(3,754,135)</u>	<u>(709,523)</u>	<u>(3,044,612)</u>
Other financing sources (uses):				
Installment purchases	7,050,247	6,479,887	345,000	6,134,887
Transfers from General Fund	1,151,000	1,151,000	-	1,151,000
Transfers to General Fund	<u>(1,397,355)</u>	<u>(1,357,949)</u>	<u>(594)</u>	<u>(1,357,355)</u>
Total other financing sources (uses)	<u>6,803,892</u>	<u>6,272,938</u>	<u>344,406</u>	<u>5,928,532</u>
Net change in fund balance	\$ <u>-</u>	<u>2,518,803</u>	<u>(365,117)</u>	<u>2,883,920</u>
Fund balance - June 30, 2002			<u>2,883,920</u>	
Fund balance - June 30, 2003			<u>\$ <u>2,518,803</u></u>	

REYNOLDS HEALTH CENTER RENOVATION/ADAPTIVE REUSE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

D-6

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2003

	Budget	Cumulative Total to June 30, 2003	Activity Year Ended June 30, 2003	Cumulative Total to June 30, 2002
Revenues:				
Investment earnings	\$ 285,406	616,341	86,748	529,593
Other	-	10,104	-	10,104
Total revenues	<u>285,406</u>	<u>626,445</u>	<u>86,748</u>	<u>539,697</u>
Expenditures:				
Debt service - interest and other charges	225,396	198,943	198,943	-
Capital outlay - human services	14,000,000	11,135,223	6,678,192	4,457,031
Total expenditures	<u>14,225,396</u>	<u>11,334,166</u>	<u>6,877,135</u>	<u>4,457,031</u>
Deficiency of revenues over expenditures	<u>(13,939,990)</u>	<u>(10,707,721)</u>	<u>(6,790,387)</u>	<u>(3,917,334)</u>
Other financing sources (uses):				
Installment purchases	14,728,565	14,508,215	2,625,396	11,882,819
Transfers to General Fund	<u>(788,575)</u>	<u>(669,759)</u>	<u>(1,184)</u>	<u>(668,575)</u>
Total other financing sources (uses)	<u>13,939,990</u>	<u>13,838,456</u>	<u>2,624,212</u>	<u>11,214,244</u>
Net change in fund balance	\$ <u>-</u>	<u>3,130,735</u>	<u>(4,166,175)</u>	<u>7,296,910</u>
Fund balance - June 30, 2002			<u>7,296,910</u>	
Fund balance - June 30, 2003			<u>\$ <u>3,130,735</u></u>	

**2001 INFORMATION SYSTEMS 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, 2003

	Budget	Cumulative Total to June 30, 2003	Activity Year Ended June 30, 2003	Cumulative Total to June 30, 2002
Revenues - investment earnings	\$ -	4,488	158	4,330
Expenditures - capital outlay -				
general government	690,000	499,955	14,927	485,028
Deficiency of revenues over expenditures	(690,000)	(495,467)	(14,769)	(480,698)
Other financing sources (uses):				
Installment purchases	690,000	500,000	-	500,000
Transfers to General Fund	-	(4,533)	(4,533)	-
Total other financing sources (uses)	690,000	495,467	(4,533)	500,000
Net change in fund balance	\$ -	-	(19,302)	19,302
Fund balance - June 30, 2002			19,302	
Fund balance - June 30, 2003			\$ -	

**2000 SCHOOLS REYNOLDS AUDITORIUM RENOVATION 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, 2003

	Budget	Cumulative Total to June 30, 2003	Activity Year Ended June 30, 2003	Cumulative Total to June 30, 2002
Revenues:				
Investment earnings	\$ -	77,850	2,250	75,600
Other revenues	2,840,000	2,925,039	125,453	2,799,586
Total revenues	2,840,000	3,002,889	127,703	2,875,186
Expenditures - current - intergovernmental				
education	3,900,000	3,900,000	723,385	3,176,615
Deficiency of revenues over expenditures	(1,060,000)	(897,111)	(595,682)	(301,429)
Other financing sources (uses):				
Installment purchases	1,060,000	-	-	-
Transfers from General Fund	-	1,040,000	-	1,040,000
Transfers to General Fund	-	(142,889)	(142,889)	-
Total other financing sources (uses)	1,060,000	897,111	(142,889)	1,040,000
Net change in fund balance	\$ -	-	(738,571)	738,571
Fund balance - June 30, 2002			738,571	
Fund balance - June 30, 2003			\$ -	

2001 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, 2003

	Budget	Cumulative Total to June 30, 2003	Activity Year Ended June 30, 2003	Cumulative Total to June 30, 2002
Revenues:				
Intergovernmental	\$ 1,050,000	222,299	181,673	40,626
Investment earnings	100,000	79,339	19,578	59,761
Total revenues	<u>1,150,000</u>	<u>301,638</u>	<u>201,251</u>	<u>100,387</u>
Expenditures - capital outlay -				
culture and recreation	<u>3,404,000</u>	<u>1,727,896</u>	<u>803,835</u>	<u>924,061</u>
Deficiency of revenues over expenditures	<u>(2,254,000)</u>	<u>(1,426,258)</u>	<u>(602,584)</u>	<u>(823,674)</u>
Other financing sources (uses):				
General obligation bonds issued	2,980,000	2,980,000	-	2,980,000
Transfers to 2001 Tanglewood Park Fund	(726,000)	(725,377)	-	(725,377)
Total other financing sources (uses)	<u>2,254,000</u>	<u>2,254,623</u>	<u>-</u>	<u>2,254,623</u>
Net change in fund balance	<u>\$ -</u>	<u>828,365</u>	<u>(602,584)</u>	<u>1,430,949</u>
Fund balance - June 30, 2002			1,430,949	
Fund balance - June 30, 2003			<u>\$ 828,365</u>	

2002 FORSYTH TECHNICAL COMMUNITY COLLEGE 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, 2003

	Budget	Cumulative Total to June 30, 2003	Activity Year Ended June 30, 2003	Cumulative Total to June 30, 2002
Revenues - investment earnings	\$ <u>100,000</u>	<u>47,687</u>	<u>33,482</u>	<u>14,205</u>
Expenditures:				
Current - intergovernmental - education	7,000,000	301,139	301,139	-
Debt service - interest and other charges	-	23,369	-	23,369
Total expenditures	<u>7,000,000</u>	<u>324,508</u>	<u>301,139</u>	<u>23,369</u>
Deficiency of revenues over expenditures	<u>(6,900,000)</u>	<u>(276,821)</u>	<u>(267,657)</u>	<u>(9,164)</u>
Other financing sources (uses):				
General obligation bonds issued	7,000,000	3,173,369	-	3,173,369
Transfers to General Fund	(100,000)	(40,000)	(40,000)	-
Total other financing sources (uses)	<u>6,900,000</u>	<u>3,133,369</u>	<u>(40,000)</u>	<u>3,173,369</u>
Net change in fund balance	<u>\$ -</u>	<u>2,856,548</u>	<u>(307,657)</u>	<u>3,164,205</u>
Fund balance - June 30, 2002			3,164,205	
Fund balance - June 30, 2003			<u>\$ 2,856,548</u>	

2002 2/3rds BONDS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FORSYTH COUNTY, NORTH CAROLINA
 From Project Inception and for the Year Ended June 30, 2003

D-11

	Budget	Cumulative Total to June 30, 2003	Activity Year Ended June 30, 2003	Cumulative Total to June 30, 2002
Revenues - investment earnings	\$ 165,000	111,228	82,333	28,895
Expenditures:				
Debt service - interest and other charges	120,000	167,174	-	167,174
Capital outlay:				
Public safety	4,800,000	128,214	82,429	45,785
Culture and recreation	1,620,000	23,150	23,150	-
Total expenditures	<u>6,540,000</u>	<u>318,538</u>	<u>105,579</u>	<u>212,959</u>
Deficiency of revenues over expenditures	<u>(6,375,000)</u>	<u>(207,310)</u>	<u>(23,246)</u>	<u>(184,064)</u>
Other financing sources (uses):				
General obligation bonds issued	6,420,000	6,467,628	-	6,467,628
Transfers to General Fund	(45,000)	-	-	-
Total other financing sources (uses)	<u>6,375,000</u>	<u>6,467,628</u>	<u>-</u>	<u>6,467,628</u>
Net change in fund balance	<u>\$ -</u>	<u>6,260,318</u>	<u>(23,246)</u>	<u>6,283,564</u>
Fund balance - June 30, 2002			6,283,564	
Fund balance - June 30, 2003			<u>\$ 6,260,318</u>	

2003 FORSYTH COUNTY TELEPHONE SYSTEM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FORSYTH COUNTY, NORTH CAROLINA
 From Project Inception and for the Year Ended June 30, 2003

D-12

	Budget	Cumulative Total to June 30, 2003	Activity Year Ended June 30, 2003	Cumulative Total to June 30, 2002
Revenues - investment earnings	\$ -	14,765	14,765	-
Expenditures - capital outlay -				
general government	1,790,000	506,052	506,052	-
Deficiency of revenues over expenditures	<u>(1,790,000)</u>	<u>(491,287)</u>	<u>(491,287)</u>	<u>-</u>
Other financing sources - installment				
purchases	1,790,000	1,790,000	1,790,000	-
Net change in fund balance	<u>\$ -</u>	<u>1,298,713</u>	<u>1,298,713</u>	<u>-</u>
Fund balance - June 30, 2002			-	
Fund balance - June 30, 2003			<u>\$ 1,298,713</u>	

2003 2/3rds BONDS FUND

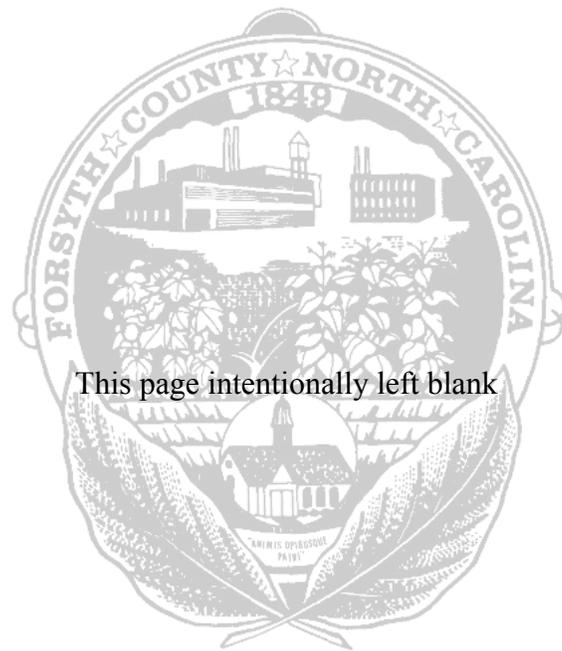
D-13

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2003

	Budget	Cumulative Total to June 30, 2003	Activity Year Ended June 30, 2003	Cumulative Total to June 30, 2002
Revenues - intergovernmental	\$ 800,000	-	-	-
Expenditures:				
Current - intergovernmental - education	500,000	-	-	-
Capital outlay:				
Public safety	1,596,220	-	-	-
General government	1,050,000	-	-	-
Culture and recreation	1,600,000	-	-	-
Total expenditures	<u>4,746,220</u>	-	-	-
Deficiency of revenues over expenditures	(3,946,220)	-	-	-
Other financing sources - general				
obligation bonds issued	<u>3,946,220</u>	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2002			-	
Fund balance - June 30, 2003			<u>\$ -</u>	



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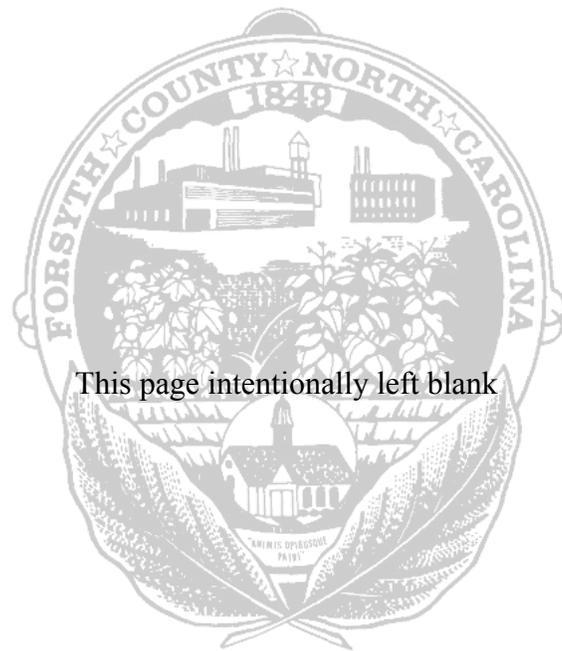
Fiduciary Funds – Agency Funds

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

Tax Agency Fund – This fund is used to account for collections of various taxes by the County/City Tax Collector which are remitted to other funds and to other local governments and authorities.

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

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



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**COMBINING STATEMENT OF FIDUCIARY ASSETS
AND LIABILITIES
AGENCY FUNDS**

E-1

FORSYTH COUNTY, NORTH CAROLINA
June 30, 2003

	<u>Tax</u>	<u>Protective Payee</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 24,559	208,187	232,746
Receivables:			
Property taxes	11,015,827	-	11,015,827
Occupancy taxes	258,941	-	258,941
Accrued interest	-	1,575	1,575
Total assets	<u>11,299,327</u>	<u>209,762</u>	<u>11,509,089</u>
LIABILITIES			
Due to other governments	11,299,327	-	11,299,327
Other liabilities	-	209,762	209,762
Total liabilities	<u>11,299,327</u>	<u>209,762</u>	<u>11,509,089</u>
NET ASSETS	<u>\$ -</u>	<u>-</u>	<u>-</u>

**COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
AGENCY FUNDS**

E-2

FORSYTH COUNTY, NORTH CAROLINA
For the Fiscal Year Ended June 30, 2003

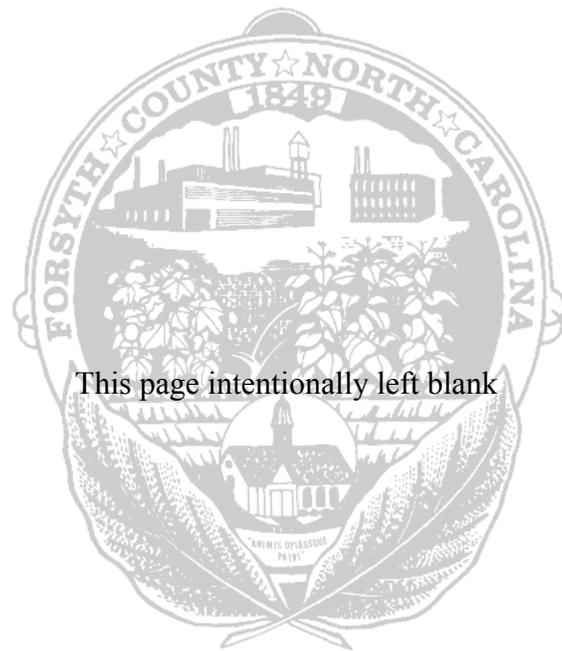
	June 30, 2002	Additions	Deductions	June 30, 2003
<u>TAX AGENCY</u>				
ASSETS				
Cash and cash equivalents	\$ 873,827	524,498,592	525,347,860	24,559
Receivables:				
Property taxes	9,553,963	260,025,104	258,563,240	11,015,827
Occupancy taxes	196,780	258,941	196,780	258,941
Total assets	\$ 10,624,570	784,782,637	784,107,880	11,299,327
LIABILITIES				
Due to other governments	\$ 10,624,570	788,070,748	787,395,991	11,299,327
<u>FINES AND FORFEITURES</u>				
ASSETS				
Cash and cash equivalents	\$ -	1,695,791	1,695,791	-
LIABILITIES				
Due to other governments	\$ -	1,695,791	1,695,791	-
<u>PROTECTIVE PAYEE</u>				
ASSETS				
Cash and cash equivalents	\$ 186,594	712,352	690,759	208,187
Receivables - accrued interest	1,609	3,423	3,457	1,575
Total assets	\$ 188,203	715,775	694,216	209,762
LIABILITIES				
Other liabilities	\$ 188,203	712,318	690,759	209,762
<u>TOTAL - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 1,060,421	526,906,735	527,734,410	232,746
Receivables:				
Property taxes	9,553,963	260,025,104	258,563,240	11,015,827
Occupancy taxes	196,780	258,941	196,780	258,941
Accrued interest	1,609	3,423	3,457	1,575
Total assets	\$ 10,812,773	787,194,203	786,497,887	11,509,089
LIABILITIES				
Due to other governments	\$ 10,624,570	789,766,539	789,091,782	11,299,327
Other liabilities	188,203	712,318	690,759	209,762
Total liabilities	\$ 10,812,773	790,478,857	789,782,541	11,509,089

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



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GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
 FORSYTH COUNTY, NORTH CAROLINA
 June 30, 2003

F-1

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2002</u>	<u>Additions Net of Releases</u>	<u>Collections And Credits</u>	<u>Writeoffs</u>	<u>Uncollected Balance June 30, 2003</u>
2002 - 2003	\$ -	\$ 169,219,186	\$ 165,481,873	\$ -	\$ 3,737,313
2001 - 2002	3,107,294	(81,844)	1,827,090	-	1,198,360
2000 - 2001	1,008,322	(11,156)	277,918	-	719,248
1999 - 2000	635,935	(6,445)	101,186	260,116	268,188
1998 - 1999	208,166	(4,548)	34,939	-	168,679
1997 - 1998	206,813	(1,621)	26,638	-	178,554
1996 - 1997	231,031	(1,030)	16,178	-	213,823
1995 - 1996	173,602	(573)	11,144	-	161,885
1994 - 1995	110,725	(208)	7,268	-	103,249
1993 - 1994	88,084	(165)	6,037	81,882	-
	<u>\$ 5,769,972</u>	<u>\$ 169,111,596</u>	<u>\$ 167,790,271</u>	<u>\$ 341,998</u>	<u>\$ 6,749,299</u>
Plus: dog taxes included in taxes receivable: General Fund					27,290
Less: allowance for uncollectible accounts: General Fund					<u>(5,045,291)</u>
Ad valorem taxes receivable - net: General Fund					<u>\$ 1,731,298</u>
<u>Reconciliation with revenues:</u>					
Ad valorem taxes - General Fund					<u>\$ 168,467,813</u>
Reconciling items:					
Collection of taxes on annually registered vehicles - revenue deferred to FY 2004					1,076,934
Collection of taxes on annually registered vehicles - revenue deferred from FY 2002					(1,043,522)
Interest collected					(752,038)
Back years collection of dog taxes					(5,106)
Refunds					68,714
Collection of taxes previously written off					<u>(22,524)</u>
Total reconciling items					<u>(677,542)</u>
Total collections and credit:					<u>\$ 167,790,271</u>

**ANALYSIS OF CURRENT TAX LEVY
COUNTYWIDE LEVY**
 FORSYTH COUNTY, NORTH CAROLINA
 For the Year Ended June 30, 2003

F-2

	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	\$ 23,641,802,119	\$.6920	\$ 164,403,936	\$ 153,660,741	\$ 10,743,195
Motor vehicles taxed at prior year's rate: FY 00-01	146,950	.6745	992	-	992
FY 01-02	859,857,031	.6400	5,415,490	-	5,415,490
Penalties	-		273,621	273,621	-
Total	<u>24,501,806,100</u>		<u>170,094,039</u>	<u>153,934,362</u>	<u>16,159,677</u>
Releases	(126,423,844)		(874,853)	(660,840)	(214,013)
Total property valuation	<u>\$ 24,375,382,256</u>				
Net levy			169,219,186	153,273,522	15,945,664
Uncollected taxes at June 30, 2003			3,737,313	2,275,178	1,462,135
Current year's taxes collected			<u>\$ 165,481,873</u>	<u>\$ 150,998,344</u>	<u>\$ 14,483,529</u>
Current levy collection percentag			<u>97.79%</u>	<u>98.52%</u>	<u>90.83%</u>

Secondary Market Disclosures:

Assessed Valuation:	
Assessment Ratio (1)	100%
Real Property	\$ 18,896,765,850
Personal Property	5,017,192,980
Public Service Companies (2)	587,847,270
Total Assessed Valuation	<u>24,501,806,100</u>
Tax Rate per \$100	<u>0.692</u>
Levy (includes discoveries, releases and abatements)	<u>\$ 169,219,186</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.

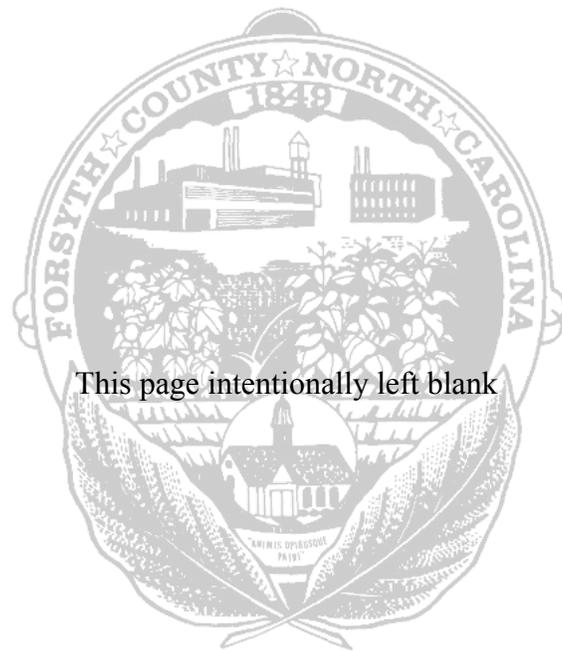
TEN LARGEST TAXPAYERS

FORSYTH COUNTY, NORTH CAROLINA

Fiscal Year Ended June 30, 2003

F-3

Taxpayer	Type of Business		2003 Assessed Valuation	Percentage of Total Assessed Valuation
R. J. Reynolds Industries, Inc.	Tobacco, Foods, Petroleum and Transportation	\$	954,102,791	3.89%
Wachovia Bank & Trust	Banking		366,819,374	1.50%
Duke Energy Corporation	Electric Utility		230,144,981	0.94%
Sara Lee Corporation	Food and Textiles		212,343,970	0.87%
Highwoods/Forsyth Partners	Real Estate Management		169,875,188	0.69%
Winston-Salem Joint Ventures	Real Estate Management		153,000,000	0.62%
BellSouth Corporation	Communications Utility		147,820,065	0.60%
Piedmont Natural Gas	Natural Gas Utility		83,637,796	0.34%
Hubbard/Mareli Realty	Real Estate Management		66,143,545	0.27%
Wake Forest University	Education		64,863,437	0.26%
		\$	<u>2,448,751,147</u>	<u>9.98%</u>



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STATISTICAL SECTION

GENERAL GOVERNMENT EXPENDITURES BY FUNCTION

Table 1

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

Year ended June 30,	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
General government	\$ 31,215,933	31,871,084	30,770,179	31,345,779	31,731,295	30,273,524	29,738,554	27,560,133	25,343,563	24,245,195
Public safety	41,639,338	40,736,081	38,067,864	36,951,764	35,561,439	33,013,759	30,595,044	30,064,914	28,178,502	24,167,858
Environmental Protection	2,112,623	2,122,996	2,287,806	2,383,354	2,075,917	2,047,177	1,648,242	1,666,006	1,612,039	1,412,277
Human Services	75,269,938	72,463,689	73,021,918	71,206,555	65,289,513	60,841,940	58,880,386	56,089,830	53,597,490	50,297,744
Culture and recreation	13,635,609	13,590,536	13,895,549	11,209,551	8,961,210	8,233,585	8,105,758	6,920,649	5,960,378	5,604,349
Community and economic development	1,252,937	1,310,043	1,827,466	1,519,026	1,399,061	2,071,458	1,022,471	1,530,651	3,084,729	2,337,655
Education	90,311,850	87,645,988	85,317,818	82,125,219	80,263,999	76,651,727	72,986,605	70,030,696	67,861,125	63,400,167
Debt service:										
Principal retirement	15,075,000	13,335,000	34,678,011	12,898,703	16,134,983	10,593,489	10,962,524	9,519,083	9,857,571	8,779,049
Interest and other costs	13,303,866	11,287,948	10,246,517	10,119,352	9,876,727	9,115,511	8,345,121	7,509,100	7,949,421	7,883,568
Total	\$ 283,817,094	274,363,365	290,113,128	259,759,303	251,294,144	232,842,170	222,284,705	210,891,062	203,444,818	188,127,862

Note: Includes General and annually budgeted Special Revenue funds.

GENERAL GOVERNMENT REVENUES BY SOURCE

Table 2

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

Year ended June 30,	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Taxes:										
Property	\$ 172,522,283	157,643,248	144,870,173	138,828,754	132,758,750	128,778,572	122,873,566	119,300,393	117,391,600	111,436,042
Occupancy	451,374	431,537	449,578	441,814	432,594	443,788	414,234	405,729	385,092	348,123
Sales	50,456,088	45,621,446	45,125,593	43,243,093	41,741,472	39,252,901	36,462,486	35,800,164	32,146,755	29,839,982
Other	474,123	188,583	190,018	-	-	-	-	-	-	-
Total taxes	223,903,868	203,884,814	190,635,362	182,513,661	174,932,816	168,475,261	159,750,286	155,506,286	149,923,447	141,624,147
Intergovernmental	40,713,716	48,837,284	52,616,619	51,756,006	46,768,862	41,530,509	39,731,717	39,349,066	38,013,899	35,556,324
Charges for services	18,047,774	15,411,300	15,663,475	12,709,731	12,254,516	12,762,502	13,161,181	12,271,719	11,285,632	11,382,566
Interest	1,301,837	2,128,921	3,970,299	3,667,579	3,594,527	4,394,485	3,458,804	3,456,086	2,954,453	1,758,170
Other	7,560,972	7,668,643	6,981,606	4,860,326	4,639,017	14,680,855	4,950,870	4,276,425	3,849,032	4,969,684
Total	\$ 291,528,167	277,930,962	269,867,361	255,507,303	242,189,738	241,843,612	221,052,858	214,859,582	206,026,463	195,290,891

Note: Includes General and annually budgeted Special Revenue funds.

PROPERTY TAX LEVIES AND COLLECTIONS
FORSYTH COUNTY, NORTH CAROLINA
 Last Ten Fiscal Years

Table 3

Year Ended June 30,	Total Tax Levy	Less Discounts and Releases	Adjusted Net Levy	Collections of Current Year's Taxes During Fiscal Year	Percentage of Levy Collected During Fiscal Year	Total Collections On Prior Years' Taxes	Total Collections	Accumulated Total Delinquent Taxes	Ratio of Total Delinquent Taxes to Current Tax Levy
1994	\$ 111,609,678	\$ 1,280,066	\$ 110,329,612	\$ 108,368,516	98.22%	\$ 657,703	\$ 109,026,219	\$ 5,951,316	5.39%
1995	116,264,095	1,022,402	115,241,693	113,277,058	98.30%	1,398,642	114,675,700	6,274,148	5.44%
1996	117,922,388	1,179,472	116,742,916	114,858,941	98.39%	1,590,019	116,448,960	6,296,612	5.39%
1997	121,508,038	884,585	120,623,453	118,497,382	98.24%	1,622,894	120,120,276	6,563,022	5.44%
1998	127,764,138	1,201,062	126,563,076	124,023,291	97.99%	1,542,529	125,565,820	6,199,944	4.90%
1999	130,805,968	950,801	129,855,167	127,674,508	98.32%	2,128,020	129,802,528	5,507,115	4.24%
2000	142,017,708	6,338,882	135,678,826	133,340,440	98.28%	1,724,415	135,064,855	5,671,831	4.18%
2001	142,770,302	432,297	142,338,005	139,483,266	97.99%	1,857,040	141,340,306	6,106,174	4.29%
2002	155,535,263	1,198,982	154,336,281	151,228,987	97.99%	2,280,346	153,509,333	6,268,731	4.06%
2003	170,094,039	874,853	169,219,186	165,481,873	97.79%	2,308,398	167,790,271	7,091,297	4.19%

ASSESSED VALUE OF ALL TAXABLE PROPERTY
FORSYTH COUNTY, NORTH CAROLINA
 Last Ten Fiscal Years

Table 4

Fiscal Year Ended June 30	(1) Tax Year Ended December 31	Real Property	Personal Property	Registered Vehicles	Corporate Excess	Total	(2) Ratio of Assessed Value to Estimated Actual Value
1994	1993	\$ 11,163,830,940	\$ 2,456,904,590	\$ 1,286,028,110	\$ 431,620,490	\$ 15,338,384,130	100%
1995	1994	11,332,777,590	2,398,556,200	1,446,042,780	455,855,203	15,633,231,773	100%
1996	1995	11,780,220,210	2,398,941,510	1,462,516,960	481,662,779	16,123,341,459	100%
1997	1996	12,041,815,000	2,429,157,890	1,608,255,350	496,349,249	16,575,577,489	100%
1998	1997	14,313,557,300	2,454,379,930	1,994,307,580	523,783,680	19,286,028,490	100%
1999	1998	14,654,166,210	2,521,325,000	2,197,293,980	548,979,050	19,921,764,240	100%
2000	1999	15,119,898,200	2,532,151,500	2,226,660,700	566,226,500	20,444,936,900	100%
2001	2000	15,566,482,900	2,596,212,430	2,362,187,180	565,729,780	21,090,612,290	100%
2002	2001	18,442,926,970	2,660,635,120	2,392,973,460	598,062,441	24,094,597,991	100%
2003	2002	18,896,765,850	2,618,193,840	2,398,999,140	587,847,270	24,501,806,100	100%

Note: (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 1993, 1997, and 2001. As of

January 1, 1993, assessed value for registered vehicles is established monthly. Assessed value for all other property is established annually.

PROPERTY TAX RATES - DIRECT AND OVERLAPPING TAXING ENTITIES
FORSYTH COUNTY, NORTH CAROLINA
Last Ten Fiscal Years

Table 5

	Tax Rates per \$100 Valuation, Year Ended June 30,									
	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Forsyth County	\$ 0.692	\$ 0.640	\$ 0.6745	\$ 0.6625	\$ 0.6515	\$ 0.6515	\$ 0.7264	\$ 0.7264	\$ 0.735	\$ 0.7225
City of Winston-Salem	0.495	0.460	0.4967	0.500	0.510	0.525	0.590	0.590	0.590	0.580
Town of Kernersville	0.495	0.470	0.540	0.520	0.520	0.520	0.560	0.560	0.550	0.530
Town of Rural Hall	0.220	0.220	0.230	0.230	0.230	0.230	0.260	0.260	0.260	0.260
Town of Walkertown	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200
Village of Clemmons	0.090	0.090	0.090	0.090	0.090	0.090	0.110	0.110	0.110	0.110
Town of Lewisville	0.195	0.110	0.110	0.062	0.062	0.062	0.062	0.062	0.062	0.062
Village of Tobaccoville	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Town of Bethania	0.250	0.180	0.180	0.180	0.180	0.200	0.290	0.290	-	-
Fire Tax Districts:										
Piney Grove	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070
Beesons Crossroads	0.070	0.070	0.070	0.060	0.060	0.060	0.060	0.060	0.060	0.060
Vienna	0.065	0.065	0.065	0.065	0.065	0.055	0.055	0.055	0.055	0.055
City View	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080
King	0.045	0.040	0.038	0.038	0.030	0.020	0.020	0.015	0.010	0.0085
Hornetown	0.100	0.070	0.070	0.060	0.060	0.060	0.060	0.060	0.060	0.060
Clemmons	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Forest Hill	0.050	0.050	0.050	0.050	0.050	0.060	0.060	0.060	0.060	0.060
Gumtree	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070
Mineral Springs	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040
Rural Hall	0.035	0.035	0.035	0.035	0.035	0.035	0.040	0.040	0.040	0.040
Triangle	0.035	0.035	0.035	0.035	0.035	0.035	0.035	0.035	0.035	0.035
Union Cross	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070
Talley's Crossing	0.065	0.065	0.065	0.065	0.065	0.065	0.065	0.065	0.065	0.065
Mount Tabor	0.065	0.065	0.065	0.065	0.065	0.060	0.060	0.060	0.060	0.060
Belews Creek	0.045	0.045	0.045	0.045	0.045	0.045	0.045	0.045	0.045	0.045
Salem Chapel	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060
South Fork	0.050	0.050	0.050	0.060	0.060	0.060	0.060	0.060	0.060	0.060
Griffith	0.055	0.045	0.045	0.045	0.045	0.040	0.040	0.040	0.040	0.035
Northeast	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060
Old Richmond	0.060	0.060	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.043
Lewisville	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.040
West Bend	0.050	0.050	0.050	0.050	0.050	0.050	0.050	-	-	-

PROPERTY ASSESSED VALUES - DIRECT AND OVERLAPPING TAXING ENTITIES
 FORSYTH COUNTY, NORTH CAROLINA
 Last Ten Fiscal Years

Table 6

	Assessed Value (Dollars in Thousands)									
	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Forsyth County	\$24,501,806	\$24,094,598	\$21,090,612	\$20,444,937	\$19,921,764	\$19,286,028	\$16,575,577	\$16,123,341	\$15,633,232	\$15,338,384
City of Winston-Salem	14,755,069	14,578,544	12,928,039	12,613,399	12,369,250	11,959,700	10,383,012	9,849,490	9,620,556	9,489,935
Town of Kernersville	1,704,051	1,648,510	1,377,281	1,191,093	1,018,001	967,960	844,051	825,643	786,832	733,702
Town of Rural Hall	306,308	319,317	254,246	249,047	249,692	242,350	225,059	219,284	210,927	194,756
Town of Walkertown	258,082	273,468	237,027	226,997	221,315	216,745	179,179	138,036	131,012	121,193
Village of Clemmons	1,367,135	1,312,569	1,129,527	999,627	947,447	876,000	510,444	453,756	415,493	393,953
Town of Lewisville	772,886	757,688	628,988	603,756	584,132	552,820	448,981	427,291	394,398	370,419
Village of Tobaccoville	131,777	128,577	112,240	106,285	99,426	95,720	58,427	53,540	46,214	36,631
Town of Bethania	24,869	25,204	21,579	19,857	17,140	16,500	13,615	12,857	-	-
Fire Tax Districts:										
Piney Grove	417,068	411,554	366,292	357,742	345,906	336,260	276,187	260,816	244,425	235,244
Beesons Crossroads	340,562	312,104	292,645	364,347	369,439	355,560	280,545	284,808	266,584	260,968
Vienna	564,081	546,660	471,043	451,290	438,421	433,080	353,260	342,634	324,650	313,907
City View	101,569	100,027	85,584	84,922	81,834	77,840	63,274	96,071	91,767	88,616
King	377,881	376,888	373,219	374,055	379,062	417,140	443,962	480,844	523,620	563,518
Hornetown	146,995	142,180	118,059	120,266	117,830	112,650	91,652	89,563	88,097	87,452
Clemmons	1,567,871	1,495,554	1,277,798	1,245,158	1,170,155	1,116,760	868,541	795,014	734,948	702,735
Forest Hill	13,956	14,073	12,265	12,453	13,120	28,570	29,514	78,402	74,138	71,309
Gumtree	106,411	92,540	77,093	72,770	66,489	62,410	53,894	52,271	51,246	49,835
Mineral Springs	245,150	242,190	202,131	197,842	193,216	187,760	157,591	152,315	151,599	150,115
Rural Hall	351,467	353,665	333,714	372,955	315,690	319,220	280,384	303,836	304,216	310,150
Triangle	148,590	146,950	126,743	124,053	121,434	115,690	97,890	131,449	118,655	111,250
Union Cross	189,589	184,602	158,926	153,521	146,009	141,780	119,695	116,556	111,904	107,887
Talley's Crossing	148,510	145,654	128,292	125,272	217,048	209,560	178,029	173,683	166,973	161,675
Mount Tabor	120,346	111,127	92,074	79,720	67,384	61,780	46,940	57,752	55,209	53,516
Belews Creek	227,166	219,025	187,068	182,277	174,065	167,780	134,597	127,886	122,463	119,558
Salem Chapel	60,242	57,578	48,515	45,424	44,355	43,200	36,756	35,415	33,882	33,646
South Fork	39,059	31,870	16,577	13,903	13,732	14,080	18,762	118,754	116,085	111,956
Griffith	222,265	208,713	172,101	159,020	153,192	143,940	119,397	127,201	116,967	114,201
Northeast	274,258	268,757	225,145	220,280	210,470	197,450	161,762	160,443	150,309	149,409
Old Richmond	444,339	430,884	374,346	363,800	353,046	345,620	289,733	281,762	271,588	268,482
Lewisville	1,208,872	1,163,416	979,805	939,882	890,529	863,980	692,289	655,632	608,643	583,149
West Bend	41,860	41,173	34,573	32,499	31,029	30,550	25,475	-	-	-

**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA**

Table 7

FORSYTH COUNTY, NORTH CAROLINA
Last Ten Fiscal Years

Year Ended June 30,	Population (1)	Assessed Value (000,000's)	Gross Bonded Debt	Less Self-Supporting Debt	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1994	276,172	\$ 15,338	\$ 141,155,000	\$ 1,330,000	\$ 139,825,000	0.912%	\$ 506.30
1995	279,904	15,633	132,485,000	685,000	131,800,000	0.843%	470.88
1996	284,188	16,123	156,620,000	240,000	156,380,000	0.970%	550.27
1997	287,167	16,576	171,415,000	-	171,415,000	1.034%	596.92
1998	289,696	19,286	186,570,000	-	186,570,000	0.967%	644.02
1999	291,846	19,922	195,430,000	-	195,430,000	0.981%	669.63
2000	307,116	20,445	183,455,000	-	183,455,000	0.897%	597.35
2001	310,331	21,091	173,820,000	-	173,820,000	0.824%	560.11
2002	314,540	24,095	219,515,000	-	219,515,000	0.911%	697.89
2003	318,751	24,502	206,615,000	-	206,615,000	0.843%	648.20

(1) Office of Planning for the State of North Carolina.

COMPUTATION OF LEGAL DEBT MARGIN

Table 8

FORSYTH COUNTY, NORTH CAROLINA
June 30, 2003

ASSESSED VALUE OF TAXABLE PROPERTY	\$ 24,501,806,100
DEBT LIMIT - Eight percent (8%) of assessed value	\$ 1,960,144,488
AMOUNT OF DEBT APPLICABLE TO DEBT LIMIT:	
Gross bonded debt	\$ 206,615,000
Obligations under installment purchases and certificates of participation	<u>85,250,000</u>
Total amount of debt applicable to legal debt limit	<u>291,865,000</u>
LEGAL DEBT MARGIN	<u><u>\$ 1,668,279,488</u></u>

DIRECT AND UNDERLYING DEBT

Table 9

FORSYTH COUNTY, NORTH CAROLINA
June 30, 2003

	Percentage Applicable to Forsyth County	Amount Applicable to Forsyth County
Forsyth County General Obligation Debt	100.00%	\$ 206,615,000
Underlying Debt - City of Winston-Salem	100.00%	88,346,902
Underlying Debt - Town of Kernersville	100.00%	<u>70,000</u>
Total Direct and Underlying Debt		<u><u>\$ 295,031,902</u></u>

**RATIO OF ANNUAL DEBT SERVICE FOR GENERAL BONDED DEBT TO
TOTAL GENERAL GOVERNMENT EXPENDITURES**

Table 10

FORSYTH COUNTY, NORTH CAROLINA
Last Ten Fiscal Years

Year Ended June 30,	Principal	Interest and Fiscal Charges	Total Debt Service	General Government Expenditures	Ratio
1994	\$ 7,590,000	\$ 7,452,218	\$ 15,042,218	\$ 188,127,862	8.00%
1995	8,670,000	7,608,174	16,278,174	203,444,818	8.00%
1996	8,860,000	7,252,282	16,112,282	210,891,062	7.64%
1997	10,205,000	7,755,611	17,960,611	222,284,705	8.08%
1998	9,845,000	8,608,085	18,453,085	232,842,170	7.93%
1999	10,990,000	9,233,880	20,223,880	251,294,144	8.05%
2000	11,975,000	9,301,722	21,276,722	259,759,303	8.19%
2001	12,615,000	8,683,273	21,298,273	290,113,128	7.34%
2002	12,695,000	8,148,061	20,843,061	274,363,365	7.60%
2003	12,900,000	10,069,845	22,969,845	283,817,094	8.09%

Note: Includes General and annually budgeted Special Revenue funds.

DEMOGRAPHIC STATISTICS

Table 11

FORSYTH COUNTY, NORTH CAROLINA
Last Ten Fiscal Years

Year	Population (1)	Per Capita Income (2)	Median Age (3)	Public School Enrollment (4)	Unemployment Rate (5)
1993-94	276,172	\$ 24,785	34.8	38,526	4.2%
1994-95	279,904	26,887	35.1	39,226	4.1%
1995-96	284,188	27,271	35.3	40,758	3.8%
1996-97	287,167	28,199	35.5	42,020	3.4%
1997-98	289,696	29,859	35.7	42,012	2.6%
1998-99	291,846	30,203	35.9	42,623	2.1%
1999-2000	307,116	32,291	36.0	43,430	2.8%
2000-01	310,331	32,213	36.1	44,503	3.9%
2001-02	314,540	N/A	N/A	45,351	5.9%
2002-03	318,751	N/A	N/A	46,502	5.7%

Sources:

- (1) Office of Budget and Management for the State of North Carolina.
- (2) Bureau of Economic Analysis for the United States Department of Commerce-data for 2002 and 2003 not available.
- (3) Office of Budget and Management for the State of North Carolina-data for 2002 and 2003 not available.
- (4) Winston-Salem/Forsyth County Schools.
- (5) Employment Security Commission.

PROPERTY VALUE, CONSTRUCTION, AND DEPOSITS
 FORSYTH COUNTY, NORTH CAROLINA
 Last Ten Fiscal Years

Table 12

Year ended June 30,	(3) Property Value (Thousands)	(1) Construction	(2) Deposits (Thousands)
1994	\$ 15,338,384	\$ 392,261,283	\$ 6,363,675
1995	15,633,232	358,541,431	7,424,100
1996	16,123,341	330,718,654	8,420,709
1997	16,575,577	393,073,703	10,295,445
1998	19,286,028	442,173,408	10,261,301
1999	19,921,764	437,332,936	9,776,896
2000	20,444,937	489,691,438	10,563,849
2001	21,090,612	582,701,545	11,594,593
2002	24,094,598	517,671,936	10,901,654
2003	24,501,806	513,760,534	N/A

Notes:

- (1) Source - City of Winston-Salem, Inspections Division.
- (2) Deposits are time and demand per Commissioner of Banks for the State of North Carolina and the North Carolina Credit Union League. Data for 2003 not available.
- (3) Revaluation of taxable property, required by North Carolina State statutes at least every eight years, occurred at January 1, 1993, January 1, 1997 and January 1, 2001, and is reflected in the property values for the years ended June 30, 1994, June 30, 1998 and June 30, 2002, respectively.

PRINCIPAL TAXPAYERS
 FORSYTH COUNTY, NORTH CAROLINA
 Fiscal Year Ended June 30, 2003

Table 13

Taxpayer	Type of Business	2003 Assessed Valuation	Percentage of Total Assessed Valuation
R. J. Reynolds Industries, Inc.	Tobacco, Foods, Petroleum and Transportation	\$ 954,102,791	3.89%
Wachovia Bank & Trust	Banking	366,819,374	1.50%
Duke Energy Corporation	Electric Utility	230,144,981	0.94%
Sara Lee Corporation	Food and Textiles	212,343,970	0.87%
Highwoods/Forsyth Partners	Real Estate Management	169,875,188	0.69%
Winston-Salem Joint Ventures	Real Estate Management	153,000,000	0.62%
BellSouth Corporation	Communications Utility	147,820,065	0.60%
Piedmont Natural Gas	Natural Gas Utility	83,637,796	0.34%
Hubbard/Mareli Realty	Real Estate Management	66,143,545	0.27%
Wake Forest University	Education	64,863,437	0.26%
		\$ 2,448,751,147	9.98%

MISCELLANEOUS STATISTICS

FORSYTH COUNTY, NORTH CAROLINA

Fiscal Year Ended June 30, 2003

Table 14

Date of establishment by State	January 16, 1849
Form of government	Commission-Manager
Area (square miles)	419
Miles of streets (County-wide)	2,141
Number of street lights (County-wide)	32,682
Fire protection (excluding municipalities):	
Number of stations	1
Number of firemen and officers (exclusive of volunteer firemen)	28
Sheriff protection (excluding municipalities):	
Number of stations	1
Number of deputies and officers	465
Education (consolidated County-wide):	
Attendance centers	67
Number of classrooms	2,231
Number of teachers	2,852
Number of students	46,502
Municipal water department (consolidated with City of Winston-Salem):	
Number of consumers	109,892
Average daily consumption (millions of gallons)	39.5
Miles of water mains	1,905
Sewers (consolidated with City of Winston-Salem) -	
Miles of sanitary sewer lines	1,391
Building permits issued (County-wide)	5,865
Recreation and culture:	
Number of parks (County only)	10
Number of libraries (County-wide)	10
Number of volumes	617,936
Employees	2,029

COMPLIANCE SECTION



DIXON ODOM PLLC™

Certified Public Accountants and Consultants

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of County Commissioners
Forsyth County
Winston-Salem, North Carolina

We have audited the basic financial statements of Forsyth County, North Carolina, as of and for the year ended June 30, 2003, and have issued our report thereon dated September 23, 2003. 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.

Compliance

As part of obtaining reasonable assurance about whether Forsyth County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Forsyth County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of the Board of County Commissioners, 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.

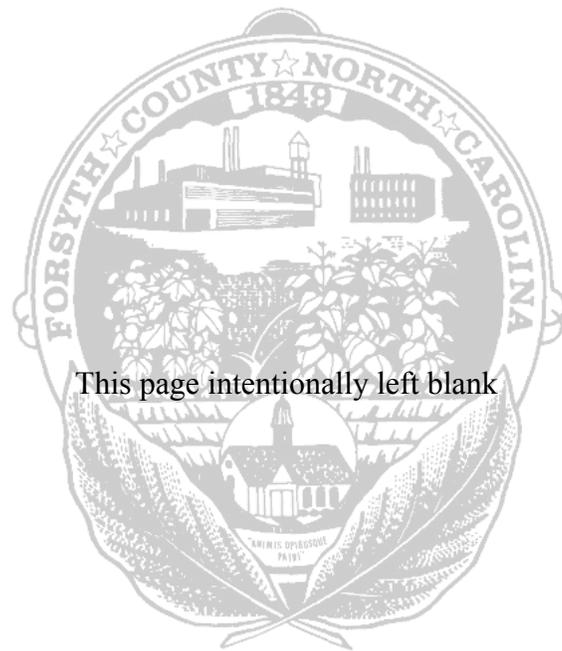
Dixon Odom PLLC

September 23, 2003

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR FEDERAL PROGRAM AND 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
Winston-Salem, North Carolina

Compliance

We have audited the compliance of Forsyth County, North Carolina 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, 2003. Forsyth 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 Forsyth County's management. Our responsibility is to express an opinion on Forsyth 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 Forsyth 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 on Forsyth County's compliance with those requirements.

In our opinion, Forsyth 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, 2003.

Internal Control Over Compliance

The management of Forsyth County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Forsyth County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Implementation Act.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Dixon Odum PLLC

September 23, 2003

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR STATE PROGRAM AND 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
Winston-Salem, North Carolina

Compliance

We have audited the compliance of Forsyth County, North Carolina 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, 2003. Forsyth 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 Forsyth County's management. Our responsibility is to express an opinion on Forsyth 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 Forsyth 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 on Forsyth County's compliance with those requirements.

In our opinion, Forsyth 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, 2003.

Internal Control Over Compliance

The management of Forsyth County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Forsyth County's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major state program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

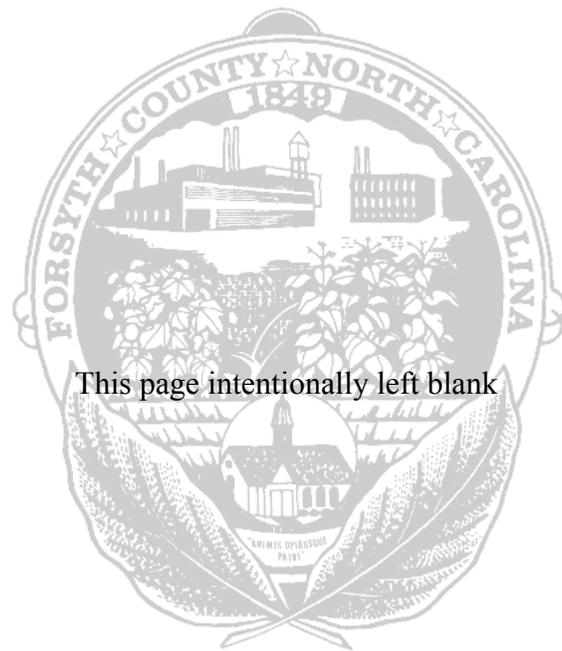
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Dixon Odom PLLC

September 23, 2003

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FORSYTH COUNTY, NORTH CAROLINA
Fiscal Year Ended June 30, 2003

No audit findings were noted in the prior year.



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SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FORSYTH COUNTY

For the Fiscal Year Ended June 30, 2003

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:				
(a) Temporary Assistance for Needy Families:				
TANF Administration	93.558	-	\$ 205,626	-
TANF Services/Domestic Violence	93.558	-	1,467,241	-
TANF Child Protective Services/Foster Care/Adoption	93.558	-	420,821	-
TANF Incentives	-	-	-	11,611
Direct Benefit Payments	93.558	-	5,552,425	(649)
Child Support Enforcement Administration	93.563	-	1,561,456	-
Refugee and Entrant Assistance - State Administered Programs - Direct Benefit Payments	93.566	-	2,227	-
Low Income Home Energy Assistance:				
Low Income Home Energy Assistance Administration	93.568	-	77,981	-
Low Income Home Energy Assistance Crisis Intervention	93.568	-	450,312	-
Direct Benefit Payments	93.568	-	274,815	-
Child Care and Development Fund Administration	93.596	-	222,620	-
Adoption Incentive Payments	93.603	-	3,391	-
(a) Child Welfare Services - State Grants:				
Child Welfare Services Permanency Planning	93.645	-	25,775	8,591
Child Welfare Services Special Permanency Planning	93.645	-	8,117	-
Child Welfare Services Adoption Assistance	93.645	-	-	103,892
Direct Benefit Payments	93.645	-	-	296,502
(a) <u>Foster Care and Adoption Cluster:</u>				
Title IV-E Foster Care Administration	93.658	-	632,460	-
Title IV-E Foster Care	93.658	-	311,345	84,698
Title IV-E Foster Care Waiver Program	93.658	-	438,604	219,302
Title IV-E Foster Care Child Protective Services	93.658	-	279,740	139,870
SACWIS Training and Equipment	93.658	-	4,707	-
Adoption Assistance	93.659	-	10,766	2,102
Adoption/Foster Care	93.658	-	12,781	-
Adoption Assistance - Direct Benefit Payments	93.659	-	857,617	260,486
Total Foster Care and Adoption Cluster			2,548,020	706,458
<u>Title IV-E Maximization and State Funds Cluster:</u>				
Title IV-E Maximization	93.658	-	845,031	-
Maximization of State Funds	-	-	-	31,518
Total Title IV-E Maximization and State Funds Cluster			845,031	31,518
Social Services Block Grant:				
Social Services Block Grant Administration	93.667	-	727,509	120,239
Social Services Block Grant In Home Services	93.667	-	377,695	-
Social Services Block Grant Adult Day Care	93.667	-	77,984	28,573
Chafee Foster Care - Independent Living	93.674	-	90,211	22,553
Division of Child Development:				
(a) <u>Subsidized Child Care Cluster:</u>				
Temporary Assistance for Needy Families	93.558	-	1,430,571	-
Child Care and Development Fund - Discretionary	93.575	-	5,928,611	-
Child Care and Development Fund - Mandatory	93.596	-	2,955,611	-
Child Care and Development Fund - Match	93.596	-	1,581,241	-
Social Services Block Grant	93.667	-	76,550	-
Smart Start	-	-	-	634,631
State Appropriations	-	-	-	976,504
TANF-Maintenance of Effort	-	-	-	2,072,879
Total Subsidized Child Care Cluster			11,972,584	3,684,014

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, 2003

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</u>				
<u>Centers for Medicare and Medicaid Services</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Social Services:				
(a) State Children's Insurance Program	93.767	-	189,074	16,549
(a) Medical Assistance Program:				
Medical Assistance Administration	93.778	-	1,575,075	-
Medical Assistance Expansion/De-Linking	93.778	-	367,611	51,899
Adult Home Specialist	93.778	-	129,193	64,065
Adult Care Home Case Management	93.778	-	54,342	27,171
Medical Assistance Transportation Administration	93.778	-	94,886	46,417
(a) Division of Medical Assistance:				
Medical Assistance Program:				
Medical Assistance Transportation Vendor Payments	93.778	-	190,490	96,244
Direct Benefit Payments	93.778	05-9705NC5028	126,008,293	64,488,000
<u>Administration on Aging</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Aging:				
Passed-through Northwest Piedmont Council of Governments:				
Special Programs for the Aging - Title III, Part B	93.044	-	69,858	-
<u>Centers for Disease Control and Prevention</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Public Health:				
Project Grants and Cooperative Agreements for				
Tuberculosis Control Programs	93.116	-	44,167	-
Immunization Grants	93.268	-	82,651	-
Consolidate Knowledge Devel & Application	93.283	-	5,000	-
Cooperative Agreements for State-Based Comprehensive				
Breast and Cervical Cancer Early Detection Programs	93.919	-	75,766	-
HIV Prevention Activities - Health Department Based	93.940	-	72,167	-
Preventive Health and Health Services Block Grant	93.991	-	28,784	-
Preventive Health Services - Sexually Transmitted Diseases				
Control Grants	93.977	-	171,567	-
Bioterrorism Communications	93.283	-	4,300	-
Bioterrorism Preparedness	93.283	-	3,000	-
PH Preparedness and Response Teams	93.283	-	51,087	-
Refugee Health Assessment	93.576	-	19,950	-
<u>Health Resources and Services Administration</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Public Health:				
Healthy Start Initiative	93.926	-	184,356	-
High Risk Maternity Clinics	93.994	-	24,011	-
Targeted Infant Mortality Rate	93.994	-	31,312	-
Minority Infant Mortality Rate	93.994	-	28,294	-
Maternal and Child Health Services Block Grant to the States	93.994	-	504,742	-
Total U.S. Dept. of Health and Human Services			156,921,817	69,803,647
<u>U.S. Dept. of Transportation</u>				
<u>National Highway Traffic Safety Administration</u>				
Passed-through N.C. Department of Transportation:				
Alcohol Traffic Safety and Drunk Driving Prevention				
Incentive Grants	20.601	J8-02-03-07	155,987	-
Total U. S. Dept. of Transportation			155,987	-

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, 2003

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	-	\$ 37,723	-
<u>U. S. Dept. of Housing and Urban Development</u>				
<u>Community Planning and Development</u>				
Passed through N. C. Department of Commerce:				
Division of Community Assistance:				
Community Development Block Grants - State's Program	14.228	02-P-1017	80,000	-
	14.228	97-C-0402	9,565	-
Passed-through N.C. Housing Finance Agency:				
HOME Investment Partnerships Program	14.239	SFR0009	110,568	-
Passed through City of Winston-Salem:				
HOME Investment Partnerships Program:				
1998 Winston-Salem/Forsyth County HOME Consortium	14.239	M98-DC-37-0204	5,350	-
1999 Winston-Salem/Forsyth County HOME Consortium	14.239	M99-DC-37-0204	86,323	-
2000 Winston-Salem/Forsyth County HOME Consortium	14.239	M00-DC-37-0204	93,090	-
2001 Winston-Salem/Forsyth County HOME Consortium	14.239	M01-DC-37-0204	139,410	-
Total U. S. Dept. of Housing and Urban Development			524,306	-
<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:				
(a) <u>Food Stamp Cluster:</u>				
State Administrative Matching Grants:				
Food Stamp Administration	10.561	-	912,651	-
Food Stamp Fraud Administration	10.561	-	39,983	-
Food Stamp Incentives	10.561	-	8,174	-
Food Stamp Employment and Training	10.561	-	4,537	-
Food Stamp Program - Noncash	10.551	-	19,187,609	-
Total Food Stamp Cluster			20,152,954	-
BeHealthy School Kids Nutrition Education Plan	10.561	00086-01	69,106	-
(a) Division of Public Health:				
Special Supplemental Nutrition Program for				
Women, Infants, & Children:				
Administration	10.557	015400624	833,830	-
Direct Benefits	10.557	-	4,601,492	-
Summer Food Service Program for Children	10.559	0257670034	784	-
Total U. S. Dept. of Agriculture			25,658,166	-
<u>Environmental Protection Agency</u>				
Direct Programs:				
Surveys, Studies, Investigations and Special Purpose Grants	66.606	PM984363-98	110,955	-
<u>Office of Air and Radiation</u>				
Air Pollution Control Program Support	66.001	A004067	296,388	-
<u>Office of Solid Waste and Emergency Response</u>				
CEPP Technical Assistance Grants Program	66.810	CA97402100	4,232	-
Total Environmental Protection Agency			411,575	-
<u>US Department of Homeland Security</u>				
<u>Federal Emergency Management Agency</u>				
Passed through NC Department of Crime Control:				
Division of Emergency Management				
Public Assistance Grant	97.036	067-99067-00	44,885	14,961

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, 2003

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>				
<u>Office of Community Oriented Policing Services</u>				
Direct Programs:				
Public Safety Partnership and Community Policing Grants	16.710	1999SHWX0660	\$ 18,588	-
<u>Office of Justice Programs</u>				
Direct Programs:				
Local Law Enforcement Block Grants Program	16.592	2000-LB-BX-2789	6,113	-
Local Law Enforcement Block Grants Program	16.592	2002-LB-BX-2806	56,557	-
Passed-through N.C. Dept. of Crime Control and Public Safety:				
Crime Victim Assistance:				
Forsyth County Domestic Violence Unit	16.575	34-1-02-2VA-W-301	92,431	-
Total U.S. Dept. of Justice			<u>173,689</u>	<u>-</u>
<u>Other Federal Assistance</u>				
U. S. Dept. of Justice Federal Equitable Sharing	16.000	ORI NC034-000	7,198	-
Total federal awards			<u>183,935,345</u>	<u>69,818,608</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		-	-	55,315
Special Child Adoption Fund		-	-	157,725
Adoption/Foster Care		-	-	148,466
(a) State/County Special Assistance for Adults -				
Direct Benefit Payments		-	-	2,399,741
Division of Child Development:				
Passed-through Forsyth Early Childhood Partnership:				
Early Childhood Initiatives - Smart Start		-	-	152,660
Division of Public Health:				
General Health Administration		024110034	-	277,178
Maternal Health		025101034	-	109,185
Child Health		025351034	-	73,644
AIDS		024536034	-	22,638
Tuberculosis		024551034	-	50,012
Tuberculosis Medical Services		024554034	-	-
Communicable Disease		024510034	-	33,366
CSHS Orthopedic		025323034	-	1,588
CSHS Speech and Hearing		025324034	-	83,143
Renal Disease		025552034	-	9,290
Minority Infant Mortality Reduction		025116034	-	21,294
Targeted Infant Mortality Reduction		025108034	-	23,487
Family Planning		025151034	-	104,930
Child Svc Coordination		-	-	24,769
High Risk Maternity Unit		025746034	-	18,010
Division of Aging:				
Passed-through Northwest Piedmont Council of Governments:				
Home and Community Care		-	-	187,776
Total N.C. Dept. of Health and Human Services			<u>-</u>	<u>4,131,507</u>

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

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FORSYTH COUNTY

For the Fiscal Year Ended June 30, 2003

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 Cultural Resources</u>				
Division of State Library:				
State Aid to Libraries		-	\$ -	274,369
<u>N.C. Dept. of Environment and Natural Resources</u>				
Parks and Recreation Trust Fund		2001-187	-	8,381
Triad Air Awareness Ozone Reduction		EA01015	-	62,451
Food and Lodging Permit Distribution		024752034	-	13,285
Environmental Health		024751034	-	5,790
Childhood Lead Poisoning Prevention		024754/63034	-	11,420
Total N.C. Dept. of Health and Human Services			-	101,327
<u>N. C. Dept. of Juvenile Justice and Delinquency Prevention</u>				
(a) Juvenile Crime Prevention		-	-	756,305
<u>N.C. Dept. of Correction</u>				
Criminal Justice Partnership Program		-	-	213,918
<u>Office of the Governor</u>				
(a) Public School Building Capital Fund		0-002-933	-	1,706,706
<u>State Board of Elections</u>				
One Stop Voting Sites		-	-	32,000
<u>N.C. Dept. of Public Instruction</u>				
(a) Public School Building Bond Fund		340	-	1,265,808
<u>N.C. Dept. of Transportation</u>				
Rural Operating Assistance Program:				
Work First Transitional/Employment Transportation Assistance		9.9051570	-	30,596
Elderly and Disabled Transportation Assistance		9.9050716	-	119,007
Total N.C. Dept. of Transportation			-	149,603
Total state awards			-	8,631,543
Total awards			\$ 183,935,345	78,450,151

(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

Fiscal Year Ended June 30, 2003

(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. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements. Benefit payments are paid directly to recipients and are not included in the County's general purpose 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>
Juvenile Crime Prevention:				
Catholic Social Services - Host Homes Counseling	-	-	-	60,950
Forsyth Court Volunteers - Teen Court/Work and Earn It	-	-	-	147,242
Youth Opportunities Inc. - Shelter Care/Multisystemic Therapy	-	-	-	133,394
CenterPoint Human Services - Juvenile Day Reporting Center/ Juvenile Psychological Services	-	-	-	59,687
VisionsWork Youth Services- Visions After School/ Alternative Day/Opportunity Home	-	-	-	261,206
YWCA - Practice to Save Life	-	-	-	50,108
Step One - Parents and Adolescents Counseling Together	-	-	-	33,405
Forsyth County Juvenile Justice Council - Juvenile Crime Prevention Council	-	-	-	10,311
Public School Building Capital Fund:				
Winston-Salem/Forsyth County Schools	-	0-002-933	-	1,706,706
Public School Building Bond Fund:				
Winston-Salem/Forsyth County Schools	-	LEA 340	-	1,265,808
Rural Operating Assistance Program:				
City of Winston-Salem - Elderly and Disabled Transportation Assistance	-	-	-	30,596