

2007
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Forsyth County, North Carolina



Comprehensive Annual Financial Report
Fiscal year ended June 30, 2007

Forsyth County,
North Carolina

Comprehensive Annual Financial Report

Year Ended June 30, 2007

Prepared by the Forsyth County Finance Department:

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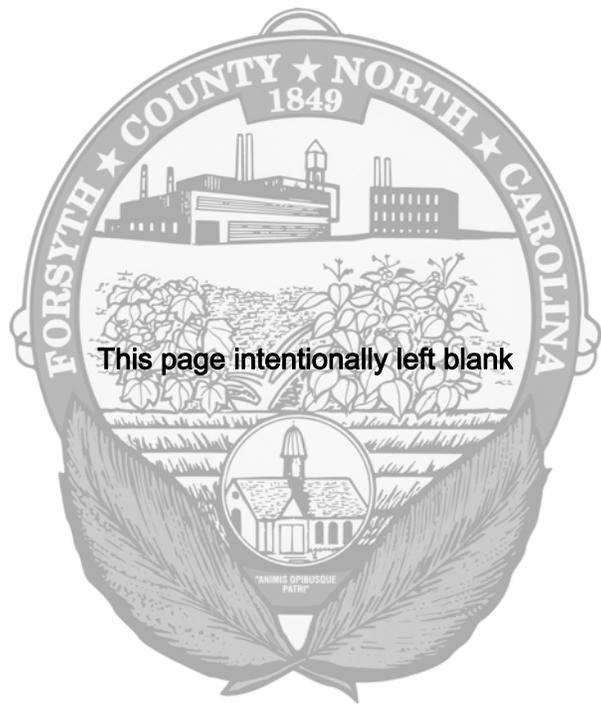
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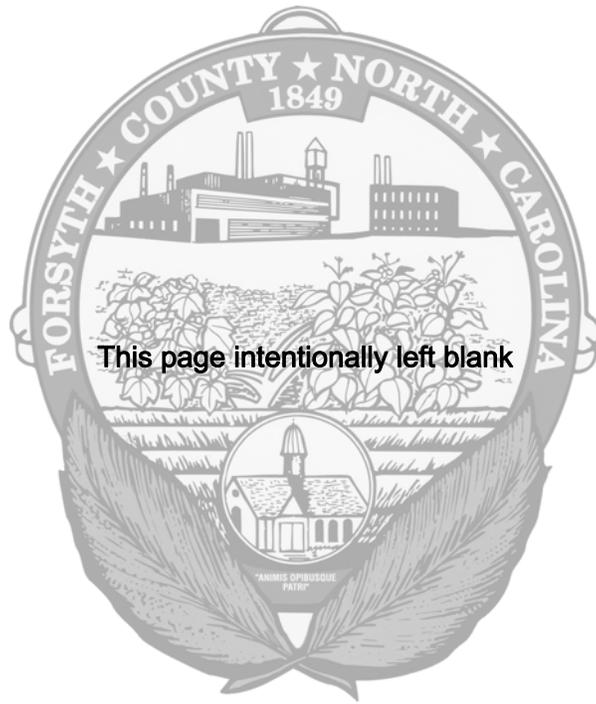
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FINANCE DEPARTMENT

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CHIEF FINANCIAL OFFICER

Maribeth W. Weinman
DEPUTY CHIEF FINANCIAL OFFICER



Terri L. Goodman, CPA
TREASURER

Teresa G. Everhart, CISR
RISK MANAGER

Judy F. Kirk, CIA
INTERNAL AUDIT MANAGER

October 31, 2007

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, 2007.

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 Hughes 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, 2007, 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, 2007, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Forsyth County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the compliance section of this report.

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

Profile of the Government

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

Forsyth County provides a broad range of services that include public safety, environmental protection, health and social services, cultural and recreational programs, community and economic development, and education. This report encompasses the County's activities in maintaining these services and includes its financial support to certain separate agencies, boards, and commissions to assist their efforts in serving citizens. Among these are the Winston-Salem/Forsyth County Schools, Forsyth Technical Community College, and CenterPoint Human Services.

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

The annual budget serves as the foundation for Forsyth County's financial planning and control. Each year all County departments are required to submit requests for appropriations to the County Manager, who then compiles a proposed budget and presents it to the Board of Commissioners for review. The Board is required to hold public hearings on the proposed budget and to adopt a final budget by July 1 of the fiscal year, or the Board must adopt an interim budget that covers that time until the annual ordinance can be adopted. The annual ordinance includes appropriations for the General Fund and four annually budgeted special revenue funds. Note 1c provides additional information on budgetary data. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on page 19 as part of the basic financial statements for the governmental funds and, in greater detail, on pages 51-53 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 55. Also included in the governmental fund subsection are project-length budget-to-actual comparisons for each nonmajor governmental fund for which a project-length budget has been adopted (i.e., grant project special revenue funds and capital project funds).

Factors Affecting Financial Condition

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

Local economy. Located midway between Washington, D.C. and Atlanta, Georgia, Forsyth County is in the heart of the state's Piedmont Triad region, a 12-county area with 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. 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 331,289 and a workforce of 168,549, plays a vital role in the Triad's economic growth. The strength of the County's economy is a diverse economic base including major growth areas of health services and related professions, higher education, financial services, professional and business services, construction, and hospitality.

Economic resilience and employment stability have formed the foundation for strong local consumer and commercial markets. Personal income levels remain consistently higher than state and national figures. The County's per capita income is \$34,973, seventh highest among counties in the state. Capital investment, as measured by the value of new residential and commercial building permits issued during the year, totaled \$606.9 million during the year ended June 30, 2007.

Long-term financial planning. The County's Capital Improvement Program (CIP) through the year 2018 as of June 2007 consists of \$495.2 million for proposed projects. General obligation bonds of \$271.3 million will fund \$210.7 million in projects for the public schools, \$47.0 million in community college projects, and \$13.6 million for the Central Library. Installment purchase financings totaling \$156.2 million are planned for the following projects: public safety training facility, \$8.2 million; additional detention facility, \$21.8 million; justice system facilities, \$100.0 million; and new administrative space for the Sheriff, \$26.2 million. Capital maintenance of \$22.8 million for County and community college facilities, \$9.2 million for justice system facilities, and \$10.6 million for Tanglewood and Triad Park development and capital maintenance are included as annual appropriations in the plan, as are short term financings for information systems and jail technology upgrades of \$11.4 million. Total project costs include an additional \$13.7 million in private funding for the Central Library.

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, 2007 for all funds except some bond proceeds and proceeds of certificates of participation in certain capital project funds is \$107.2 million. The average yield on investments was 5.13 percent, exclusive of fair value appreciation. Reported investment income includes decreases in the fair value of investments. Losses in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it necessarily a certainty that such losses will be realized, especially in the case of temporary changes in the fair value of investments that the County intends to hold to maturity.

In addition to its investment portfolio, the County has invested bond and certificates of participation proceeds at the North Carolina Capital Management Trust and proceeds of installment financing agreements at Branch Banking and Trust Company. 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,

2007, the County had 15 such accounts totaling \$84.3 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, 2007. The County used this study to quantify its long-term liability for claims and judgments. The actuarially determined liability is \$2,021,114, with an estimated current portion of \$1,021,362. 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 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 16.8 percent of the present value of the projected benefits earned by employees as of December 31, 2006, the actuarial valuation date, and the remaining unfunded amount is being systematically funded over 24 years as part of the annual required contribution calculated by the actuary.

Forsyth County also provides post-retirement health care benefits for certain retirees and their dependents. As of June 30, 2007, there were 278 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 of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Forsyth County for its comprehensive annual financial report for the fiscal year ended June 30, 2006. This was the twenty-third 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. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

GFOA also presented the County with a Distinguished Budget Presentation Award for the County's fiscal year 2007 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 2008 budget continues to conform to program requirements, and we are submitting it to GFOA to determine eligibility for another award.

Acknowledgements. The preparation of the annual financial report was made possible by the dedicated service of the entire staff of the Finance Department. The year-end closing of the accounting system and report preparation was effectively managed by Maribeth Weinman, Deputy Chief Financial Officer. Also providing substantial support in report preparation and related accounting activities were: Terri L. Goodman, Treasurer; Teresa Everhart, Risk Management Analyst; Michael Phelps, Accounting and Systems Manager; Gloria Turowski, Grants Analyst; and Susan O'Brien, Investment Analyst.

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

Sincerely,

J. Dudley Watts, Jr., County Manager

Paul L. Fulton, Jr., Chief Financial Officer



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Forsyth County Board of Commissioners



Gloria D. Whisenhunt
Chair



Debra Conrad
Vice-Chair



Beaufort O. Bailey



Ted Kaplan



Richard V. Linville



Walter Marshall



Bill Whiteheart

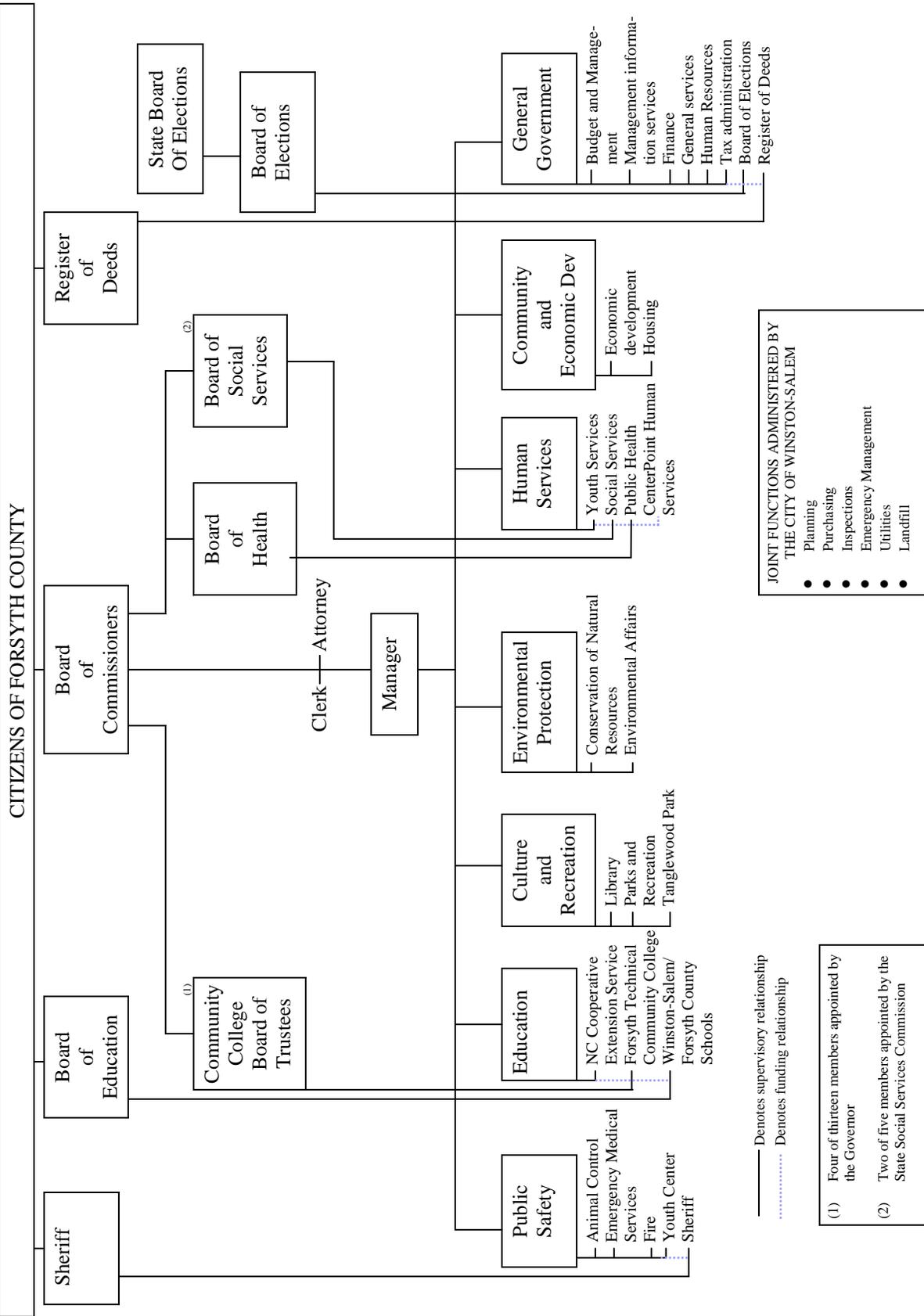
County Officials



J. Dudley Watts, Jr.
County Manager



Paul L. Fulton, Jr.
Chief Financial Officer



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Forsyth County
North Carolina

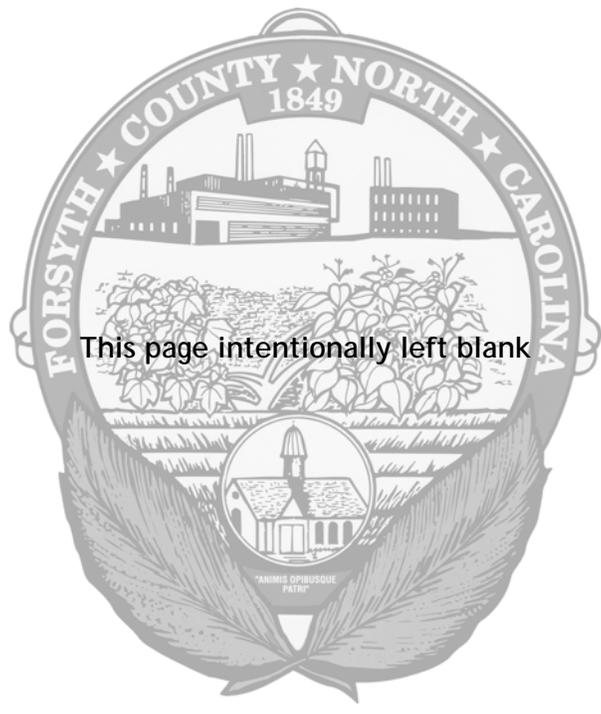
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

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



President

Executive Director



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INDEPENDENT AUDITORS' REPORT

To the Board of County Commissioners
Forsyth County
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, 2007, 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 opinions 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 opinions.

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, 2007, and the respective changes in financial position, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2007 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 grant agreements and other matters. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages i through iv and the schedules of funding progress, employer contributions and the notes to the required schedules for the Law Enforcement Officers' Special Separation Allowance on page 47 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 the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of Forsyth County, North Carolina. The introductory information, budgetary comparison schedules - major governmental funds, combining and individual fund financial statements and schedules, other schedules, and the statistical tables, as well as the accompanying schedule of expenditures of federal and state awards as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary comparison schedules - major governmental funds, combining and individual fund financial statements and schedules, other schedules, and the accompanying schedules of expenditures of federal and state awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory information and statistical tables have not been audited by us and, accordingly, we do not express an opinion on them.

Dixon Hughes PLLC

October 26, 2007

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, 2007. We encourage readers to read the information presented here in conjunction with the transmittal letter at the front of this report and the County's financial statements, which follow this narrative.

Financial Highlights

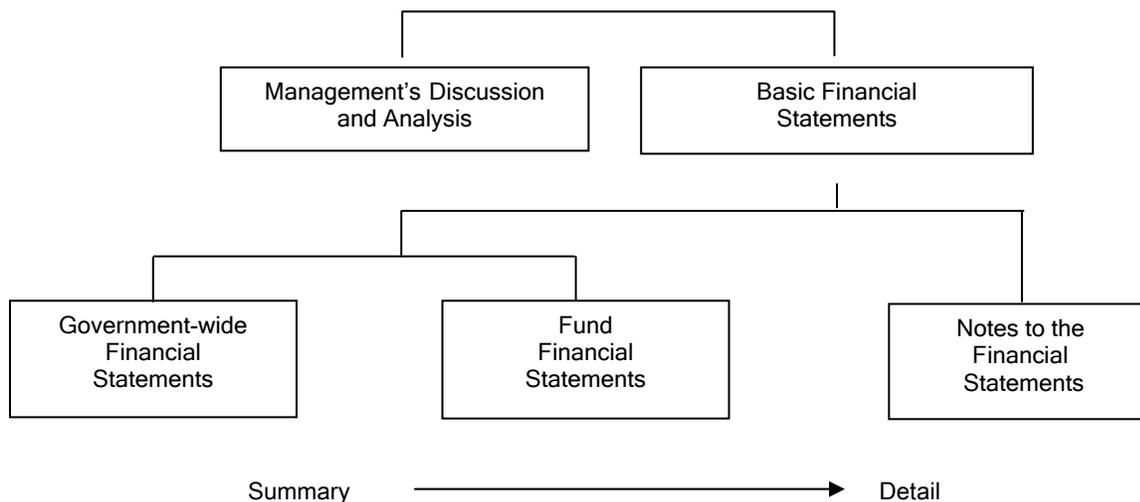
- The assets of Forsyth County were lower than its liabilities at the close of the fiscal year by \$62.7 million (*net assets*). The deficit in total net assets is a result of the County issuing debt as provided for in State law for the acquisition, renovation and construction of public school and community college facilities that are not reported as assets of the County. Had this debt (net of unspent proceeds) not been reported as a reduction of net assets, total net assets would be \$171.1 million.
- The government's total net assets increased by \$4.7 million from net assets of the prior period. This increase was 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 \$208.2 million, an increase of \$59.8 million in comparison with the prior year. Approximately 82.9% of this total amount, or \$172.5 million, 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 \$10.2 million to \$79.8 million, or 23.4% of total general fund expenditures for the fiscal year.
- Forsyth County's total debt increased by a net of \$54.7 million (or 15.0%) during the past fiscal year. New debt issued included general obligation bonds totaling \$60.0 million for school capital needs and \$12.5 million for community college facilities. Principal payments totaled \$21.7 million.
- Forsyth County maintained its Aaa bond rating from Moody's Investors Service and AAA rating from Fitch Ratings and Standard & Poor's Corporation for the 12th consecutive year.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

Government-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Forsyth County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Forsyth County can be divided into 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-six governmental funds for the year ended June 30, 2007. 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 one capital project fund, the 2007 School Facilities fund, which are considered to be major funds. Data for the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds are provided in the form of combining statements elsewhere in this report.

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

actual resources and charges. A more detailed budgetary comparison schedule elsewhere in this report is presented at the legal level of budgetary control.

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

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 23 - 43 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 47 of this report.

Budgetary comparison schedules for major funds are presented following the required supplementary information on pensions. The combining statements referred to earlier in connection with nonmajor governmental funds and individual fund statements and schedules can be found on pages 57 – 84 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 \$62,704,982 as of June 30, 2007. The deficit in total net assets is a result of the County issuing debt for the acquisition and construction of capital assets that are not reported as assets of the County. This debt has been issued for the construction, renovation, or acquisition of public school and community college facilities. State statutes do not permit public schools and community colleges to issue debt for the acquisition and construction of facilities; responsibility for providing these facilities lies with the County. The titles to these assets are held by the Winston-Salem/Forsyth County Board of Education or Forsyth Technical Community College, and the assets are reported on their financial statements, as applicable. These debt issues were necessary to provide for the education of the citizens of the County. The outstanding amount of this debt, net of unspent proceeds, is \$233,828,803 at year-end and is reported as a reduction of unrestricted net assets for governmental activities, resulting in a deficit balance of \$127,079,513 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 \$106,749,290 and total net assets would be \$171,123,821.

Forsyth County’s Net Assets

Figure 2

	Governmental Activities	
	2007	2006
Current and other assets	\$ 228,696,220	\$ 165,906,507
Capital assets	153,882,942	155,278,319
Total assets	382,579,162	321,184,826
Long-term liabilities outstanding	427,357,818	371,894,585
Other liabilities	17,926,326	16,703,179
Total liabilities	445,284,144	388,597,764
Net assets:		
Invested in capital assts, net of related debt	65,335,272	62,126,511
Restricted	4,328,645	3,877,017
Unrestricted deficit	(132,368,899)	(133,416,466)
Total net deficit	\$ (62,704,982)	\$ (67,412,938)

A major portion (\$65,335,272) 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, \$4,328,645, 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 \$4,707,956 for the fiscal year ended June 30, 2007. Retirement of debt related to capital assets was the main factor in an increase of \$3,208,761 in net assets invested in capital assets, net of related debt. Restricted net assets increased \$451,628. Assets restricted for public safety increased \$383,848 due to growth in fire tax district net assets. Tax rates for fire tax districts partially annexed by the City of Winston-Salem (the City) during the year were set at a level to provide funds to the volunteer fire departments on a prorated basis and funds to reimburse the City as required by State Statute. The reimbursement to the City was lower than anticipated.

The growth in restricted net assets and capital assets net of related debt was less than the total increase in net assets, resulting in a reduction of \$1,047,567 in the deficit in unrestricted net assets. The change in unrestricted net assets resulting from governmental activities is discussed in the following section.

Governmental activities. Since the County has no business-type activities, the total increase in net assets is a result of governmental activities.

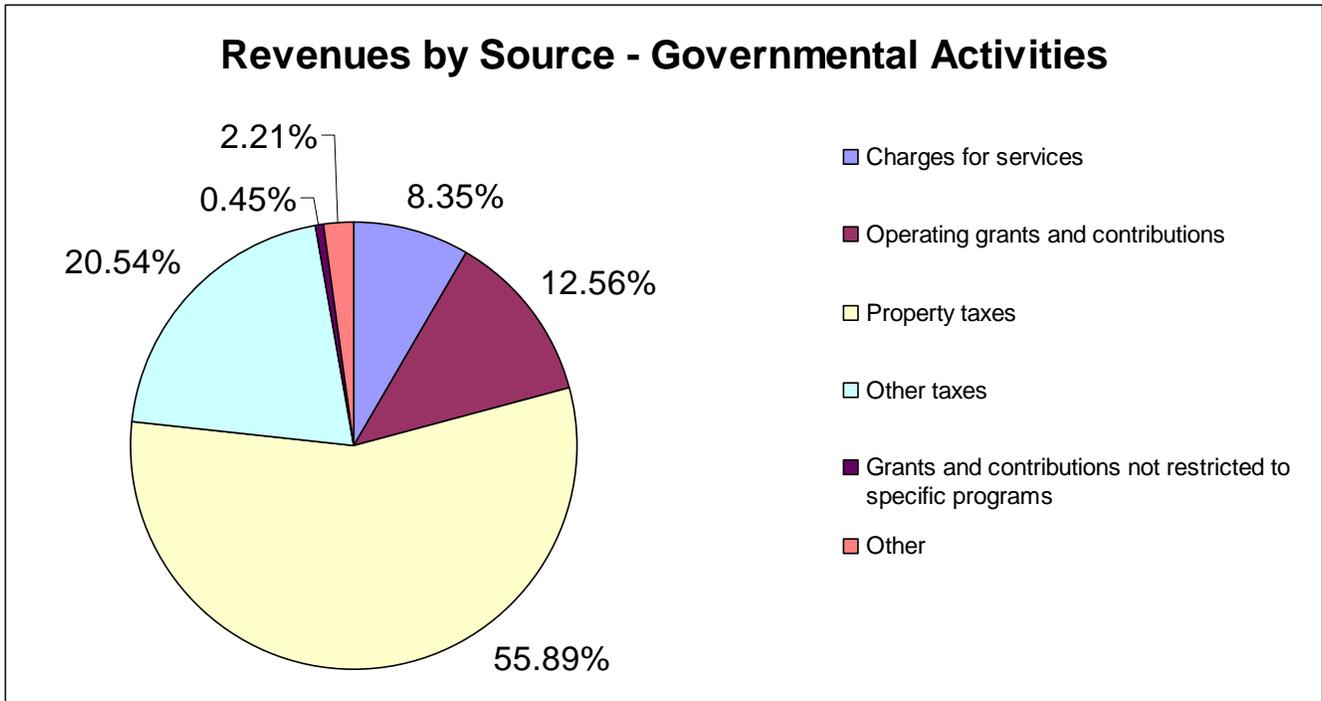
Forsyth County's Changes in Net Assets

Figure 3

	Governmental Activities	
	2007	2006
Revenues:		
Program revenues:		
Charges for services	\$ 30,434,274	\$ 27,878,530
Operating grants and contributions	45,760,319	47,198,522
General revenues:		
Property taxes	203,698,340	196,540,693
Other taxes	74,868,747	71,301,165
Grants and contributions not restricted to specific programs	1,635,293	2,672,986
Other	8,040,155	6,071,448
Total revenues	<u>364,437,128</u>	<u>351,663,344</u>
Expenses:		
General government	40,954,886	40,702,218
Public safety	60,563,286	56,416,719
Environmental protection	2,220,009	2,160,200
Human services	83,325,627	83,026,669
Culture and recreation	17,214,387	16,913,156
Community and economic development	1,722,356	4,622,179
Education	137,732,790	139,943,619
Interest on long-term debt	15,995,831	14,846,094
Total expenses	<u>359,729,172</u>	<u>358,630,854</u>
Increase (decrease) in net assets	4,707,956	(6,967,510)
Net assets, July 1	<u>(67,412,938)</u>	<u>(60,445,428)</u>
Net assets, June 30	<u>\$ (62,704,982)</u>	<u>\$ (67,412,938)</u>

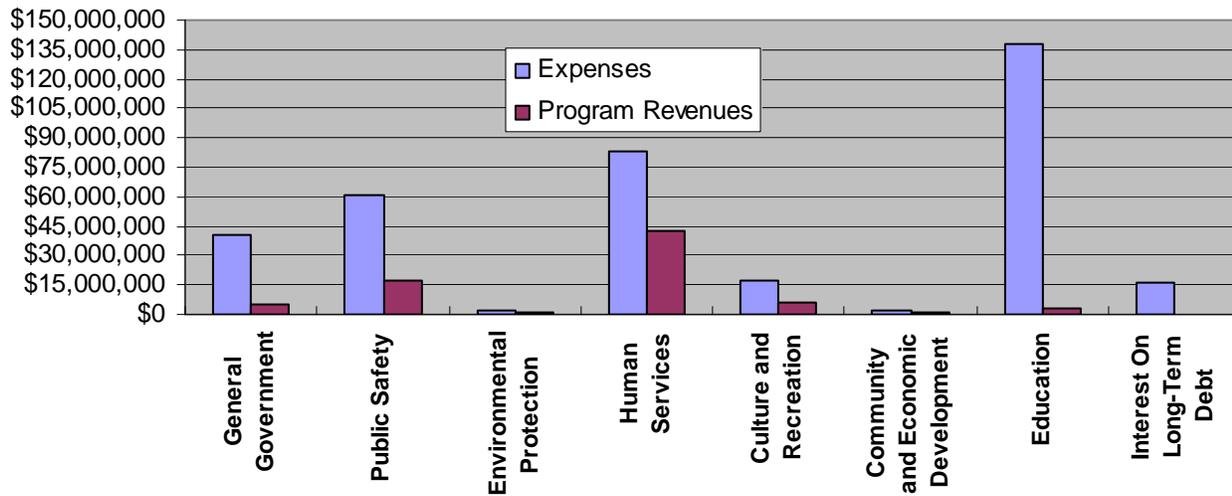
The following aspects of the County's financial operations contributed to the increase of \$4,707,956 in net assets:

- An increase of \$7.2 million in property tax revenues due to growth in the tax base and a high collection rate of 98.2%.
- Growth of 6.0% in sales and use tax revenue.
- An increase of \$2.2 million in investment earnings resulting from a larger average invested balance and higher average portfolio yield.
- Management of revenues and expenses throughout the operating cycle, including holding expenses to growth of only 0.3%.
- Continued low cost of debt due to the County's high bond ratings.



The County's revenues were \$364.4 million, of which fifty-six percent comes from property taxes and another twenty-one percent comes from other taxes. Program revenues comprise twenty-one percent of all revenues. Total expenses of \$359.7 million covered a range of services, with thirty-eight percent related to education, twenty-three percent to human services, and seventeen percent to public safety. Net cost of County programs, demonstrated in the chart below, is funded predominantly by County taxpayers.

Expenses and Program Revenues - Governmental Activities



Financial Analysis of the County's Funds

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

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

As of the end of the fiscal year, the County's governmental funds reported combined fund balances of \$208.2 million, an increase of \$59.8 million in comparison with the prior year. Approximately 82.9%, or \$172.5 million, of total combined fund balance constitutes *unreserved fund balance*, and \$64.8 million of this is *undesignated*, and, thus, available for spending at the County's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period (\$5.3 million) or reserved by state statute (\$29.2 million) or for other restricted purposes (\$1.1 million).

Growth in combined fund balances is attributable to several factors. General obligation bonds totaling \$60.0 million were issued in April 2007 to fund the 2007 School Facilities Fund, and unspent proceeds and related investment earnings resulted in an increase of \$61.1 million in its fund balance. Other governmental funds reported a decrease in fund balance of \$11.4 million. The modest increase of \$487,000 in combined fund balance of nonmajor special revenue funds was due mainly to unspent property tax revenues in fire tax districts partially annexed by the City of Winston-Salem. Expenditures of current and previously issued debt exceeded unspent proceeds of debt issued during the year in nonmajor capital project ordinances, which in aggregate had a net reduction in fund balance of \$11.9 million.

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 \$79.8 million, an increase of \$10.2 million from the previous year, while total fund balance reached \$111.5 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 23.4% of total General Fund expenditures, while total fund balance represents 32.8% of that same amount.

Key factors that resulted in growth of \$10.1 million in fund balance in the General Fund include:

- Total revenues increased \$12.4 million or 3.7%. The increase of \$5.9 million in property tax revenue was attributable to 4.0% growth in the tax base and maintaining a high collection rate of 98.2% for current year taxes. Sales tax revenue was higher by \$3.8 million, reflecting the sustained strength of the local and state economies. Investment earnings grew nearly \$1.4 million or 38.1% due to an average daily invested balance that was \$3.4 million higher for the year and an average portfolio yield that was 1.039 points higher than in the prior year. Revenue from charges for services improved \$1.5 million or 6.9% as a result of additional resources applied to the collection of ambulance charges.
- Total expenditures were \$9.6 million or 2.9% higher than in the prior year. Funding for the Winston-Salem/Forsyth County Schools increased \$5.8 million or 6.1% to meet ongoing school system needs. New Public Safety positions for Emergency Medical Services and Sheriff were the primary reason for \$2.9 million in higher costs for that function. A reduction of \$2.6 million in economic development expenditures offset increases in other areas.

General Fund Budgetary Highlights.

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

Amendments to the General Fund budget totaled \$3.3 million. Unanticipated state and federal grants totaling \$3.0 million were appropriated for child care subsidies administered by Social Services; services to Work First clients of Social Services; mobile data computers and automatic vehicle location systems for the Sheriff's Department; and other programs, primarily in Human Services and Public Safety.

Although \$8.5 million of fund balance was appropriated in the final budget, the net change in fund balance for the year was an increase of \$10.1 million. Total revenues exceeded estimates by \$3.1 million due to property tax revenue and sales tax proceeds surpassing estimates by \$2.3 million and \$0.8 million, respectively. Actual appraised value of property exceeded that on which the ad valorem tax estimate was based, and sales tax estimates were conservative. Charges for services were \$1.0 million more than budgeted as a result of higher trip volume and improved collections for ambulance services. These increases more than offset the \$1.4 million shortfall in estimated intergovernmental revenue, where state and federal funds for Social Services were \$1.4 million less than estimates.

Expenditure appropriations were under-spent by \$15.5 million. Significant under-expenditures were in Human Services, General Government and Public Safety. In Human Services, much of the savings continues to be in personal services, reflecting the challenge of finding and keeping qualified personnel in this function. Curtailed spending in support and assistance was necessary when intergovernmental funding for Social Services was lower than anticipated. Other savings were widely distributed and noteworthy only in the aggregate.

Capital Assets and Debt Administration

Capital assets. Forsyth County's investment in capital assets for its governmental activities as of June 30, 2007, totals \$153,882,942 (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:

- Purchase of \$2.3 million in emergency vehicles including specialized equipment for Emergency Management, Sheriff vehicles, and ambulances.
- Expenditures of \$419,536 to substantially complete the new \$4.1 million animal shelter.
- Construction costs of \$1.8 million for the Lewisville Library as it neared completion.
- Outlays of \$413,892 to complete renovations to an existing building to house a satellite EMS station.
- Construction costs of \$653,216 for renovations to the Public Health facility to upgrade space for the WIC program.

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

Figure 4

	Governmental Activities	
	2007	2006
Land	\$ 12,547,780	\$ 12,387,859
Art collections	264,367	264,367
Construction in progress	2,775,433	4,115,515
Buildings	115,158,626	114,296,357
Improvements other than buildings	6,316,305	6,624,289
Equipment	16,820,431	17,589,932
Total	\$ 153,882,942	\$ 155,278,319

Additional information on the County's capital assets can be found in note 4e on page 33 of the Basic Financial Statements.

Long-term Debt. During the fiscal year ended June 30, 2007, Forsyth County issued \$72,500,000 in general obligation bonds to meet school and community college capital needs. At the end of the current fiscal year, Forsyth County had total bonded debt outstanding of \$332,090,000, all of which is backed by the full faith and credit of the County. Other long-term debt represents obligations secured solely by specified property. The County's total liability for bonded debt, certificates of participation, and other installment financing agreements was \$414,845,393, an increase of \$52,667,003, the amount by which new issues exceeded principal repayments of \$21,746,497.

Forsyth County's Outstanding Debt

Figure 5

	Governmental Activities	
	2007	2006
General obligation bonds	\$ 332,090,000	\$ 276,360,000
Installment purchase obligations	2,135,393	293,390
Certificates of participation	80,620,000	85,525,000
Total	\$ 414,845,393	\$ 362,178,390

As mentioned in the financial highlights section of this document, Forsyth County maintained for the 12th consecutive year its Aaa bond rating from Moody's Investors Service and AAA rating from Standard and Poor's Corporation and Fitch Ratings. This bond rating is a clear indication of the sound financial condition of Forsyth County. Forsyth County is one of the few counties in the country that maintains the highest financial rating from all three major rating agencies. This achievement is a primary factor in keeping interest costs on the County's outstanding debt low.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The current debt limitation for Forsyth County is \$2,367,215,484.

Additional information regarding Forsyth County's long-term debt can be found in note 4i on pages 35 - 38 of the Basic Financial Statements.

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

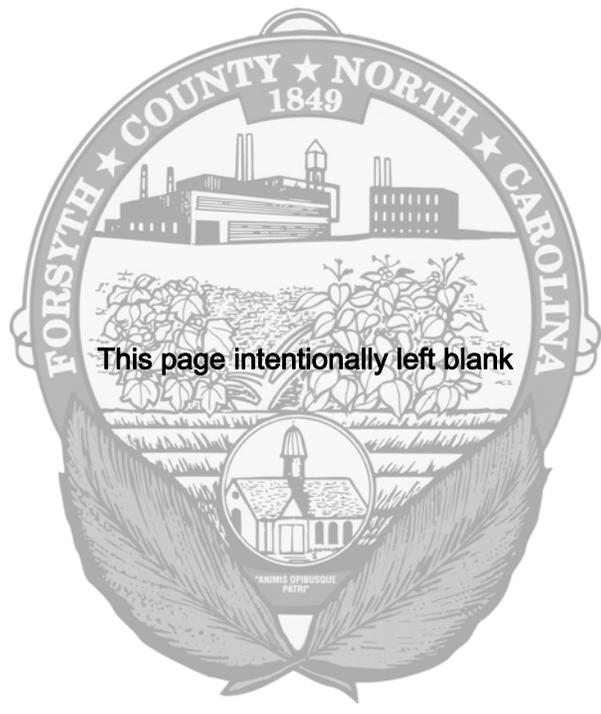
Significant factors considered in the preparation of the fiscal year 2008 County budget include:

- Tax base growth of 4.2% is expected to generate \$8.3 million in additional revenue.
- An increase of three cents in the ad valorem tax rate is estimated to generate \$9.0 million for the Education Debt Leveling Plan.
- Sales taxes, the County's second-largest source of revenue, are projected to increase 3.2% from actual 2007 revenue. Modest economic growth is expected to support this increase.
- Relief from the State is anticipated in the area of Medicaid costs. As a result, the County share of Medicaid is budgeted at a level only 6.1% higher than the previous year.
- Debt service costs increase \$4.7 million, of which \$2.8 million related to school debt will be offset by lottery proceeds.

The County has adopted a General Fund budget for the fiscal year ending June 30, 2008 in the amount of \$385.5 million, an increase of \$29.4 million or 8.3% from the final 2007 budget of \$356.0 million. The property tax rate increased three cents from \$0.6660 to \$0.6960 per hundred dollars assessed value. Additionally, \$9.8 million of fund balance was appropriated, of which \$1.8 million was for the reappropriation of prior year encumbrances. Unreserved fund balance of \$79.9 million net of \$8.0 million of appropriated fund balance is 18.6% of 2008 budgeted expenditures. In accordance with a new fund balance policy, \$10.1 million of unreserved fund balance has been designated for subsequent year's capital expenditures. This is the amount by which unreserved fund balance exceeds 16% of the subsequent year's budgeted expenditures.

Requests for Information

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



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Basic Financial Statements

FORSYTH COUNTY, NORTH CAROLINA

Exhibit 1

Statement of Net Assets

June 30, 2007

	Governmental
	<u>Activities</u>
ASSETS	
Cash and cash equivalents	\$ 187,815,210
Cash and investments held by fiscal agent	4,525,903
Taxes receivable (net)	3,544,147
Accounts receivable (net)	3,020,478
Accrued interest on investments	554,009
Due from other governments	26,378,898
Prepaid items	212,882
Deferred charges	2,644,693
Capital assets:	
Land, collections, and construction-in-progress	15,587,580
Other capital assets, net of depreciation	<u>138,295,362</u>
Total capital assets	<u>153,882,942</u>
Total assets	<u>382,579,162</u>
LIABILITIES	
Accounts payable and accrued liabilities	8,685,449
Unearned revenue	566,428
Accrued interest payable	4,941,957
Due to other governments	3,732,492
Long-term liabilities:	
Due within one year	29,654,844
Due in more than one year	<u>397,702,974</u>
Total liabilities	<u>445,284,144</u>
NET ASSETS	
Invested in capital assets, net of related debt	65,335,272
Restricted for:	
Public safety	3,063,007
Human services	291,470
Community and economic development	419,419
Other purposes	554,749
Unrestricted deficit	<u>(132,368,899)</u>
Total net deficit	<u>\$ (62,704,982)</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, 2007

Exhibit 2

Functions	<u>Expenses</u>	<u>Program Revenues</u>		<u>Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental:				
General government	\$ 40,954,886	4,320,684	1,116,784	(35,517,418)
Public safety	60,563,286	13,569,309	3,390,604	(43,603,373)
Environmental protection	2,220,009	348,683	843,363	(1,027,963)
Human services	83,325,627	6,781,195	35,702,370	(40,842,062)
Culture and recreation	17,214,387	5,265,639	856,098	(11,092,650)
Community and economic development	1,722,356	115,432	391,429	(1,215,495)
Education	137,732,790	33,332	3,459,671	(134,239,787)
Interest on long-term debt	15,995,831	-	-	(15,995,831)
Total governmental activities	\$ <u>359,729,172</u>	<u>30,434,274</u>	<u>45,760,319</u>	<u>(283,534,579)</u>
General revenues:				
Taxes:				
Property taxes, levied for general purposes				203,698,340
Local option sales tax				71,068,173
Occupancy taxes, levied for economic development				539,027
Other taxes and licenses				3,261,547
Grants and contributions not restricted to specific programs				1,635,293
Investment earnings, unrestricted				7,680,796
Miscellaneous, unrestricted				359,359
Total general revenues				<u>288,242,535</u>
Change in net assets				4,707,956
Net deficit - beginning				(67,412,938)
Net deficit - ending				\$ <u>(62,704,982)</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, 2007

	<u>General</u>	<u>Capital Projects Fund 2007 School Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 94,685,973	61,105,701	32,023,536	187,815,210
Cash and investments held by fiscal agent	586,401	-	3,939,502	4,525,903
Receivables (net):				
Property taxes	2,956,641	-	77,014	3,033,655
Occupancy taxes	52,534	-	-	52,534
Other taxes	19,420	-	26,457	45,877
Accounts	3,020,478	-	-	3,020,478
Accrued interest	483,880	-	70,129	554,009
Due from other governments	25,614,501	-	764,397	26,378,898
Due from other funds	389,779	-	-	389,779
Prepaid items	70,302	-	-	70,302
Total assets	\$ 127,879,909	61,105,701	36,901,035	225,886,645
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 7,976,195	32,409	676,845	8,685,449
Due to other governments	3,732,492	-	-	3,732,492
Due to other funds	-	-	389,779	389,779
Unearned revenue	409,858	-	156,570	566,428
Deferred revenue	4,237,680	-	77,846	4,315,526
Total liabilities	<u>16,356,225</u>	<u>32,409</u>	<u>1,301,040</u>	<u>17,689,674</u>
Fund balances:				
Reserved for:				
Encumbrances	2,214,106	-	3,071,165	5,285,271
State statute	28,369,855	-	860,151	29,230,006
Register of Deeds	554,749	-	-	554,749
Capital outlay	585,661	-	-	585,661
Unreserved	79,799,313	61,073,292	-	140,872,605
Unreserved, reported in nonmajor:				
Special revenue funds	-	-	2,649,533	2,649,533
Capital projects funds	-	-	29,019,146	29,019,146
Total fund balances	<u>111,523,684</u>	<u>61,073,292</u>	<u>35,599,995</u>	<u>208,196,971</u>
Total liabilities and fund balances	\$ 127,879,909	61,105,701	36,901,035	

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.	153,882,942
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	142,580
Earned revenue that is not available to pay current period expenditures is deferred in the funds.	4,727,607
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(429,655,082)</u>
Net assets of governmental activities	\$ <u>(62,704,982)</u>

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, 2007

Exhibit 4

	<u>General</u>	<u>Capital Projects Fund 2007 School Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 197,203,309	-	5,598,804	202,802,113
Occupancy taxes	539,027	-	-	539,027
Local option sales taxes	69,207,773	-	1,860,400	71,068,173
Other taxes	204,047	-	301,990	506,037
Licenses and permits	1,215,187	-	-	1,215,187
Intergovernmental	43,621,541	-	4,311,595	47,933,136
Charges for services	23,207,853	-	-	23,207,853
Investment earnings	5,139,824	630,217	2,004,117	7,774,158
Other	7,895,749	-	115,433	8,011,182
Total revenues	348,234,310	630,217	14,192,339	363,056,866
Expenditures:				
Current:				
General government	39,330,481	-	-	39,330,481
Public safety	51,346,918	-	5,402,238	56,749,156
Environmental protection	2,188,457	-	-	2,188,457
Human services	76,762,305	-	-	76,762,305
Culture and recreation	16,099,900	-	-	16,099,900
Community and economic development	1,219,393	-	496,108	1,715,501
Education	635,338	-	-	635,338
Intergovernmental:				
Human services	5,898,652	-	-	5,898,652
Education	109,287,906	608,353	27,174,389	137,070,648
Debt service:				
Principal retirement	21,746,497	-	-	21,746,497
Interest and other charges	15,938,278	527,027	86,519	16,551,824
Capital outlay	-	-	5,165,134	5,165,134
Total expenditures	340,454,125	1,135,380	38,324,388	379,913,893
Excess (deficiency) of revenues over expenditures	7,780,185	(505,163)	(24,132,049)	(16,857,027)
Other financing sources (uses):				
Installment purchases	-	-	1,913,500	1,913,500
General obligation bonds issued	-	60,000,000	12,500,000	72,500,000
Premium on general obligation bonds	-	1,578,455	683,979	2,262,434
Transfers in	2,448,318	-	470,184	2,918,502
Transfers out	(106,850)	-	(2,811,652)	(2,918,502)
Total other financing sources (uses)	2,341,468	61,578,455	12,756,011	76,675,934
Net change in fund balances	10,121,653	61,073,292	(11,376,038)	59,818,907
Fund balance - June 30, 2006	101,402,031	-	46,976,033	148,378,064
Fund balance - June 30, 2007	\$ 111,523,684	61,073,292	35,599,995	208,196,971

(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, 2007

Exhibit 4.1

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

Net change in fund balances - total governmental funds \$ 59,818,907

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. (1,265,248)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. (130,129)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 1,404,160

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. (54,315,891)

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. (803,843)

Change in net assets of governmental activities \$ 4,707,956

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

FORSYTH COUNTY, NORTH CAROLINA

Exhibit 5

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

General Fund

For the Fiscal Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 194,856,802	194,856,802	197,203,309	2,346,507
Occupancy taxes	450,000	450,000	539,027	89,027
Local option sales taxes	68,390,723	68,390,723	69,207,773	817,050
Other taxes	150,000	150,000	204,047	54,047
Total taxes	<u>263,847,525</u>	<u>263,847,525</u>	<u>267,154,156</u>	<u>3,306,631</u>
Licenses and permits	1,437,090	1,437,090	1,215,187	(221,903)
Intergovernmental	41,924,240	44,999,576	43,621,541	(1,378,035)
Charges for services	22,150,444	22,186,339	23,207,853	1,021,514
Investment earnings	4,656,207	4,656,207	5,139,824	483,617
Other	7,904,095	7,997,264	7,895,749	(101,515)
Total revenues	<u>341,919,601</u>	<u>345,124,001</u>	<u>348,234,310</u>	<u>3,110,309</u>
Expenditures:				
Current:				
General government	45,125,706	44,310,527	39,330,481	4,980,046
Public safety	53,458,831	54,012,937	51,346,918	2,666,019
Environmental protection	2,235,097	2,263,654	2,188,457	75,197
Human services	79,055,461	81,974,302	76,762,305	5,211,997
Culture and recreation	16,850,642	17,178,864	16,099,900	1,078,964
Community and economic development	1,418,349	1,616,500	1,219,393	397,107
Education	664,797	716,499	635,338	81,161
Intergovernmental:				
Human services	6,403,044	6,403,044	5,898,652	504,392
Education	109,288,906	109,288,906	109,287,906	1,000
Debt service:				
Principal retirement	21,746,498	21,746,498	21,746,497	1
Interest and other charges	16,426,213	16,426,213	15,938,278	487,935
Total expenditures	<u>352,673,544</u>	<u>355,937,944</u>	<u>340,454,125</u>	<u>15,483,819</u>
Excess (deficiency) of revenues over expenditures	<u>(10,753,943)</u>	<u>(10,813,943)</u>	<u>7,780,185</u>	<u>18,594,128</u>
Other financing sources (uses):				
Transfers in	2,394,211	2,454,211	2,448,318	(5,893)
Transfers out	<u>(40,268)</u>	<u>(106,850)</u>	<u>(106,850)</u>	<u>-</u>
Total other financing sources (uses)	<u>2,353,943</u>	<u>2,347,361</u>	<u>2,341,468</u>	<u>(5,893)</u>
Net change in fund balance	<u>(8,400,000)</u>	<u>(8,466,582)</u>	<u>10,121,653</u>	<u>18,588,235</u>
Fund balance - June 30, 2006	101,402,031	101,402,031	101,402,031	-
Fund balance - June 30, 2007	<u>\$ 93,002,031</u>	<u>92,935,449</u>	<u>111,523,684</u>	<u>18,588,235</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, 2007

	<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	\$ 630,679	671,863
Receivables:		
Property taxes	-	4,369,167
Occupancy taxes	-	304,975
Accrued interest	6,259	1,088
Total assets	<u>636,938</u>	<u>5,347,093</u>
LIABILITIES		
Due to other governments	13,131	5,236,290
Other liabilities	-	110,803
Total liabilities	<u>13,131</u>	<u>5,347,093</u>
NET ASSETS		
Held in trust for pension benefits	<u>\$ 623,807</u>	<u>-</u>

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

FORSYTH COUNTY, NORTH CAROLINA

Exhibit 7

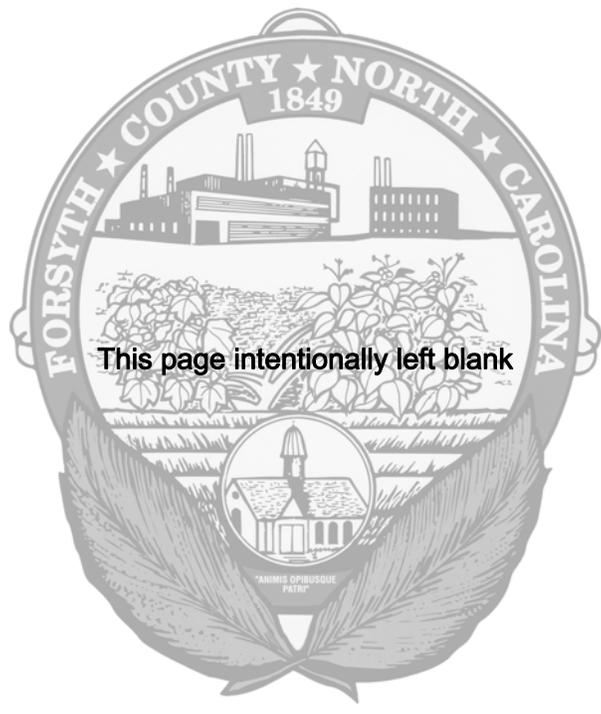
Statement of Changes in Fiduciary Net Assets

Fiduciary Funds

For the Fiscal Year Ended June 30, 2007

	<u>Pension Trust</u> <u>Law Enforcement</u> <u>Officers' Special</u> <u>Separation</u> <u>Allowance</u>
ADDITIONS	
Employer contributions	\$ 357,329
Net investment income	<u>38,362</u>
Total additions	395,691
DEDUCTIONS	
Benefits	<u>622,509</u>
Change in net assets	(226,818)
Net assets - beginning	<u>850,625</u>
Net assets - ending	<u><u>\$ 623,807</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, 2007

1. Summary of Significant Accounting Policies

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

a. Reporting Entity

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

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

b. Basis of Presentation, Basis of Accounting

Basis of Presentation *Government-wide Statements:* The statement of net assets and the statement of activities report information on all of the 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.

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

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 the County and other governments and the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles.

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

Government-wide 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 and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within ninety days after year-end, except for property taxes. Property taxes are not recognized as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance operations of the current year. Property taxes receivable are recorded net of an allowance for estimated uncollectible delinquent taxes, with the net receivable recorded as deferred revenue until collected. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles. For those motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due.

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

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

c. **Budgetary Data**

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and for four special revenue funds: the Fire Tax Districts Fund, Law Enforcement Equitable Distribution Fund, Emergency Telephone System Fund, and Moser Bequest for Care of Elderly Fund. All annual appropriations lapse at fiscal year end. The State Public School Building Capital Fund, the 2004, 2005, 2006, 2007, and 2008 Housing Funds, and the 2005 Justice Assistance 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 at the fire tax district level. The Law Enforcement Equitable Distribution Fund and the Emergency Telephone System Fund are controlled by an appropriation for a transfer to the General Fund. The Moser Bequest for Care of Elderly Fund has legal appropriation control at the program level. Amendments are required for revisions to appropriations at the legal level of control in annually budgeted funds, and these amendments may be approved by the County Manager and reported to the Board of Commissioners as long as they do not alter total expenditures of the fund. Amendments that alter total expenditures of any fund must be approved by the Board of Commissioners. During the year, Board amendments to the original budget included several for unanticipated intergovernmental and private grant funding that totaled \$3.2 million. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers the period until the annual ordinance can be adopted.

d. Assets, Liabilities, and Fund Equity

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

The securities of the NCCMT Cash Portfolio, an SEC-registered money market mutual fund, are valued at fair value, which is the NCCMT's share price. Money market investments and investments that have a remaining maturity at the time of purchase of one year or less are reported at cost or amortized cost. The County's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices.

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

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, 2006.

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

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

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

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

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

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

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

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

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

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

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

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

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

Restricted for Community and Economic Development This portion of net assets represents net assets of the 2004, 2005, 2006, and 2007 Housing special revenue funds.

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

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

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

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

The governmental fund types classify fund balances as follows:

Reserved

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

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

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

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

Unreserved

Designated for Subsequent Year's Expenditures

Budget In the annually budgeted governmental funds, a portion of fund balance available for appropriation is designated for appropriation in the adopted 2007-2008 Budget Ordinance. In grant project and capital project funds, the unspent appropriations comprise designated fund balance.

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

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 \$(270,901,953) consists of several elements detailed in the following table.

(continued on next page)

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.		\$ 153,882,942
Pension assets resulting from contributions in excess of the annual required contribution are not financial resources and therefore are not reported in the funds.		142,580
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	\$ 3,445,736	
Grants	17,801	
Interest earnings	133,070	
Fees and miscellaneous	1,131,000	4,727,607
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	(4,941,957)	
Bonds, installment purchases, and certificates of participation	(414,845,393)	
Compensated absences	(6,362,569)	
Claims and judgments	(2,320,602)	
Deferred charge on refundings	4,692,212	
Deferred charge for issuance costs	2,644,693	
Unamortized issuance premiums	(8,521,466)	(429,655,082)
Total adjustment		\$ (270,901,953)

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total governmental funds* and *change in net assets of governmental activities* as reported in the government-wide statement of activities. Additional detail on the elements that comprise the total adjustment of \$(55,110,951) is given in the table that follows.

(continued on next page)

Description	Detail	Net Adjustment
Capital outlay expenditures are recorded in the fund statements but are capitalized as assets in the statement of activities.	\$ 8,875,244	
Depreciation expense, the allocation of capital assets over their useful lives, is recorded on the statement of activities but not in the fund statements.	(10,140,492)	\$ (1,265,248)
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 net cost of the capital assets sold.	(14,148)	
The statement of activities reports <i>losses</i> arising from the trade-in, sale, or disposal of existing capital assets. Conversely, governmental funds do not report any loss on such transactions, but report the sale proceeds. Eliminating sale proceeds and reporting losses decreases net assets.	(115,981)	(130,129)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Reverse deferred revenue recorded at July 1, 2006:		
Property taxes and accrued interest on property taxes	(2,549,509)	
Grants	(89,390)	
Interest earnings	(57,933)	
Fees and miscellaneous	(626,615)	
Record revenue deferred in the fund statements at June 30, 2007:		
Property taxes and accrued interest on property taxes	3,445,736	
Grants	17,801	
Interest earnings	133,070	
Fees and miscellaneous	1,131,000	1,404,160
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	(76,675,934)	
Principal payments on debt	21,746,497	
Issuance and other costs	613,546	(54,315,891)
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	(413,018)	
Claims and judgments	(309,618)	
Prepaid pension benefit obligation	(6,362)	
Accrued interest	53,095	
Amortized deferred charge on refundings	(897,397)	
Amortized deferred charge for issuance costs	(316,780)	
Amortized debt premiums	1,086,237	(803,843)
Total adjustments		\$ (55,110,951)

3. Stewardship, Compliance, and Accountability

Excess of Expenditures over Appropriations

Debt service expenditures for issuance costs exceeded budget by \$277,027 in the 2007 School Facilities Fund and \$61,519 in the 2007 Forsyth Technical Community College Fund. Both overages resulted from recording underwriter fees for debt issued in Fiscal Year 2007; appropriations had been based on direct issuance costs only. The budgets for these project ordinances will be amended in the subsequent fiscal year to bring the funds into legal budgetary compliance.

Transfers to the General Fund in the 2001 2/3rds Bonds Fund and the 2006 Voting Equipment Fund exceeded appropriations by \$65,582 and \$5,326, respectively, as a result of transferring residual equity to the General Fund when the funds were closed. These budget variances are not in noncompliance with legal budgetary control.

4. Detailed Notes on All Funds

a. Deposits

In accordance with the County's investment policy, all the deposits of the County are either insured or collateralized by using the pooling method. Under the pooling method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by the County's agent in the County's name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the pooling method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or with the escrow agent. Due to the inability to measure the exact amounts of collateral pledged for the County under the pooling method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the pooling method.

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

At June 30, 2007, the demand deposit portion of the County's cash and investment pool was \$2,081,002. The bank balances totaled \$5,305,623, of which \$100,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. Cash held by banking institutions as fiscal agent at June 30, 2007 totaled \$851,284, of which \$100,000 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling method. At June 30, 2007, the County's petty cash funds totaled \$19,575.

b. Investments

As of June 30, 2007, the County had the following investments:

<u>Investment Type</u>	<u>Reported Value</u>	<u>Fair Value</u>	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>More than 2 years</u>	<u>WAM (Years)</u>
NCCMT	\$ 93,893,354	93,893,354	93,893,354	-	-	0.001
Commercial Paper	23,185,999	23,183,239	23,183,239	-	-	0.019
Bankers Acceptance	7,160,511	7,160,322	7,160,322	-	-	0.004
Agency Securities	46,351,930	46,343,202	36,892,600	3,994,140	5,456,462	0.225
NC Education Assistance Authority Bonds	20,100,000	20,100,000	20,100,000	-	-	0.005
Total Portfolio	\$ 190,691,794	190,680,117	181,229,515	3,994,140	5,456,462	

Portfolio weighted average maturity 0.254 years

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy gives consideration to shortening maturities during periods of rising interest rates. The County manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. To further reduce its exposure to interest rate risk, the County invests in multi-step coupon securities for some of its longer term maturities. As of June 30, 2007, \$4,458,332, or eighty-two percent, of the County's investments with maturities beyond two years were either multi-step or variable interest rate securities. Information about the sensitivity of the fair values of the County's investments to market interest rate fluctuations is provided by the above table that shows the distribution by maturity and the weighted average maturity of the County's investment holdings as of June 30, 2007. Because the North Carolina State Education Assistance Authority bonds have a seven or twenty-eight day auction cycle, they are considered to mature on their next auction date. The County's \$15,109,778 in callable agency securities are assumed to be held until maturity.

Credit Risk. In accordance with the County's investment policy, the County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law and the County's investment policy limit investments in commercial paper to those issuers carrying the highest ratings issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2007, the County's investments in commercial paper were rated A1 by Standard & Poor's, P1 by Moody's Investors Service, and/or F1 by Fitch Ratings. The County's investments in the bonds of U.S. Agencies and the North Carolina State Education Assistance Authority were rated with one or more of the following ratings: AAA by Standard & Poor's, AAA by Fitch Ratings, Aaa by Moody's Investors Service. The County's investment in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2007.

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

Concentration of Credit Risk. The County places no limit on the amount that may be invested in any one issuer. Five percent (5%) or more of the County's investments are in bonds issued by the Federal Home Loan Bank (12.7%), the North Carolina State Education Assistance Authority (10.5%), and the Federal National Mortgage Association (5.2%).

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
2004	\$ 1,681,675	550,749	2,232,424
2005	1,720,558	408,632	2,129,190
2006	1,618,491	238,727	1,857,218
2007	1,618,491	93,063	1,711,554
Totals	\$ 6,639,215	1,291,172	7,930,386

d. Receivables

Receivables at June 30, 2007 for the County's individual major funds and nonmajor governmental funds in the aggregate are net of applicable allowances for uncollectible accounts as follows:

Description	Gross Receivable	Allowance for Uncollectible Accounts	Net Receivable
Property taxes			
General fund	\$ 6,843,021	(3,886,380)	2,956,641
Other governmental funds	158,491	(81,477)	77,014
Occupancy taxes			
General fund	52,534	-	52,534
Other taxes			
General fund	19,420	-	19,420
Other governmental funds	26,457	-	26,457
Accounts			
General fund	29,384,013	(26,363,535)	3,020,478
Accrued interest			
General fund	483,880	-	483,880
Other governmental funds	70,129	-	70,129
Total receivables	\$ 37,037,945	(30,331,392)	6,706,553

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, 2007, the various components of *deferred revenue* and *unearned revenue* were as follows:

Description	Deferred (Unavailable)	Unearned
Delinquent property taxes receivable		
General fund	\$ 2,956,641	-
Other governmental funds	77,014	-
Intergovernmental and private grants		
General fund	16,969	13,329
Other governmental funds	832	156,570
Fees and other – General fund	1,131,000	396,529
Investment earnings – General fund	133,070	-
Total deferred / unearned revenue for governmental funds	\$ 4,315,526	566,428

e. Capital Assets

Capital asset activity for the year ended June 30, 2007, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 12,387,859	159,921	--	12,547,780
Art collections	264,367	--	--	264,367
Construction-in-progress	4,115,515	3,599,735	(4,939,817)	2,775,433
Total capital assets not being depreciated	16,767,741	3,759,656	(4,939,817)	15,587,580
Capital assets being depreciated:				
Buildings	161,747,032	5,096,174	--	166,843,206
Improvements other than buildings	12,089,456	314,201	--	12,403,657
Equipment	54,612,231	4,645,030	(1,593,255)	57,664,006
Total capital assets being depreciated	228,448,719	10,055,405	(1,593,255)	236,910,869
Less accumulated depreciation for:				
Buildings	47,450,675	4,233,905	--	51,684,580
Improvements other than buildings	5,465,167	622,185	--	6,087,352
Equipment	37,022,299	5,284,402	(1,463,126)	40,843,575
Total accumulated depreciation	89,938,141	10,140,492	(1,463,126)	98,615,507
Total capital assets being depreciated, net	138,510,578	(85,087)	(130,129)	138,295,362
Capital assets, net	\$155,278,319	3,674,569	(5,069,946)	153,882,942

Depreciation expense charged to functions for the year ended June 30, 2007, was as follows:

Function	Depreciation Expense
General government	\$ 4,331,358
Public safety	3,872,078
Environmental protection	31,435
Human services	563,854
Culture and recreation	1,314,535
Community and economic development	5,587
Education	21,645
Total	\$ 10,140,492

Construction Commitments

The new maintenance facility at Tanglewood Park is a \$4.0 million project that is still in the planning phase. Progress was made during the year on the Lewisville Branch Library, which is projected to cost \$3.4 million. New projects for renovating space in the Government Center for the Register of Deeds and Public Health Facility renovations were initiated. At June 30, 2007, commitments with contractors on these projects are as follows:

Project	Spent-to-Date	Remaining Commitment
Tanglewood Park Maintenance Facility	\$ 62,349	286,365
Lewisville Branch Library	2,009,687	563,821
Government Center Renovation	172,241	570,590
Public Health Facility Renovation	661,126	174,420
Totals	\$ 2,905,403	1,595,196

f. Interfund Receivables, Payables, and Transfers

Several capital projects funds funded by certificates of participation or installment purchases initially pay fund obligations with monies from the County’s cash and investment pool. Drawdowns of proceeds from the escrow accounts are made within ninety days of the expenditure. Additionally, monies from the cash and investment pool are used for grant-funded expenditures in capital projects funds and grant project ordinances; these outlays are subsequently reimbursed by grantors. At June 30, 2007, the amounts advanced from the cash and investment pool for these purposes comprised due to and due from other funds as follows:

Payable Fund	Receivable Fund - General Fund
Nonmajor governmental funds:	
2006 Housing Fund	\$ 16,118
2005 Schools Facilities Fund	136,337
2006 Information Systems Fund	9,286
2007 Information Systems Fund	228,038
Total	\$ 389,779

The following is a summary of interfund transfers for the year ended June 30, 2007:

Transfers out:	Transfers in:		
	General Fund	Nonmajor Governmental Funds	Total
General Fund	\$ -	106,850	106,850
Nonmajor governmental funds	2,448,318	363,334	2,811,652
Totals	\$ 2,448,318	470,184	2,918,502

General Fund transfers to nonmajor governmental funds comprised \$66,582 in Housing program revenues and \$40,268 in local matching funds transferred to the 2007 Housing grant project fund. Transfers between nonmajor governmental funds were bond proceeds from the 2002 Schools Fund transferred to the State Public School Building Capital Fund to provide the local match. Transfers to the General Fund in the amount of \$2,277 from nonmajor governmental funds were to fund interest payments on debt, as permitted in the applicable financings. Other transfers to the General Fund from nonmajor governmental funds included \$70,908 residual equity from funds that were closed; \$1,812,552 from the Fire Tax Districts special revenue fund to support the County fire department; \$165,981 from the Law Enforcement Equitable Distribution special revenue fund for law enforcement programs; and \$396,600 from the Emergency Telephone System fund for public safety communications costs.

g. Payables

Payables at June 30, 2007, were as follows:

Description	General Fund	2007 School Facilities Fund	Nonmajor Governmental Funds	Total
Vendors	\$ 4,372,411	32,409	676,845	5,081,665
Salaries and benefits	3,603,784	-	-	3,603,784
Totals	\$ 7,976,195	32,409	676,845	8,685,449

h. Leases

Operating Leases The County leases buildings, office facilities, and equipment under non-cancelable operating leases. Total costs for such leases were \$928,155 for the year ended June 30, 2007. 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
2008	\$ 811,485
2009	432,825
2010	310,789
2011	219,720
2012	145,473
2013 - 2017	287,667
2018 - 2022	333,049
2023 - 2027	385,594
2028 - 2032	446,433
2033 - 2034	87,580
Total minimum lease payments	\$ 3,460,615

The total rental expenditures for all operating leases were \$1,706,374 for the year ended June 30, 2007.

i. Long-term obligations

Long-term obligation activity

Changes in long-term obligations during the year ended June 30, 2007, were as follows:

	Balance June 30, 2006	Additions	Reductions	Balance June 30, 2007	Due Within One Year
Governmental activities:					
Compensated absences	\$ 5,949,551	8,049,636	7,636,618	6,362,569	4,708,966
General obligation bonds	276,360,000	72,500,000	16,770,000	332,090,000	18,470,000
Deferred loss on refunding	(2,828,856)	-	(663,548)	(2,165,308)	-
Unamortized premiums	3,878,522	2,262,434	785,073	5,355,883	-
Installment purchase obligations	293,390	1,913,500	71,497	2,135,393	429,516
Certificates of participation	85,525,000	-	4,905,000	80,620,000	5,025,000
Deferred loss on refunding	(2,760,753)	-	(233,849)	(2,526,904)	-
Unamortized premiums	3,466,747	-	301,164	3,165,583	-
Claims and judgments	2,010,984	1,344,089	1,034,471	2,320,602	1,021,362
Total general long-term obligations	\$ 371,894,585	86,069,659	30,606,426	427,357,818	29,654,844

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

Arbitrage In accordance with Section 148 of the Internal Revenue Code of 1986, as amended, and Sections 1.103-13 to 1.103-15 of the related Treasury Regulations, the County must rebate to the federal government “arbitrage profits” earned on governmental bonds issued after August 31, 1986. Arbitrage profits are the excess of the amount earned on investments over the interest paid on the borrowings. At June 30, 2007, a liability for \$299,488 is included in claims and judgments and reported in long-term liabilities on the Statement of Net Assets.

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

On June 24, 2004, the County sold two \$15,000,000 issues of general obligation School bonds that initially bear interest at a weekly variable rate. The County has the option to convert to a flexible term rate, a medium-term rate, or a fixed rate by written notice at least 25 days in advance of the proposed conversion date. The current variable rate is determined weekly based on the lowest interest rate necessary to enable the remarketing of the bonds at par plus accrued interest, as determined by the remarketing agent, and shall not exceed an annual rate of 12%. At June 30, 2007 the rates of interest were 3.72% and 3.74%.

The County issued \$30,000,000 general obligation School bonds on April 19, 2007, that initially bear interest at a weekly variable rate. The County has the option to convert to a flexible term rate, a medium-term rate, or a fixed rate by written notice at least 25 days in advance of the proposed conversion date. The current variable rate is determined weekly based on the lowest interest rate necessary to enable the remarketing of the bonds at par plus accrued interest, as determined by the remarketing agent, and shall not exceed an annual rate of 12%. At June 30, 2007 the rate of interest was 3.72%

A summary of outstanding general obligation bonds follows:

Purpose of Issue	Date of Issue	Effective Interest Rate	Amount Issued	Principal Outstanding June 30, 2007
<u>Governmental Activities</u>				
School Building	02-01-97	5.0697 %	\$ 25,000,000	900,000
	02-01-98	4.5774	25,000,000	17,400,000
	02-01-99	4.3001	19,000,000	14,275,000
	09-01-03	4.1925	3,750,000	1,500,000
	06-24-04	Var Rate	15,000,000	14,000,000
	06-24-04	Var Rate	15,000,000	14,000,000
	02-01-06	4.0735	22,500,000	22,500,000
	04-01-07	3.9543	30,000,000	30,000,000
	04-19-07	Var Rate	30,000,000	30,000,000
Community College	04-01-07	3.9543	12,500,000	12,500,000
Parks and Recreation	06-01-01	4.7373	2,980,000	2,355,000
Public Improvement	03-01-02	4.4913	6,420,000	5,800,000
	03-01-02	4.4913	51,900,000	45,900,000
	09-01-03	4.1925	3,950,000	2,000,000
	09-01-03	4.1925	48,850,000	45,250,000
	02-01-06	4.0735	10,185,000	10,185,000
Public Improvement Refunding	02-01-99	4.3001	16,480,000	9,550,000
	09-01-03	4.1925	8,785,000	5,770,000
	12-01-03	2.3916	16,105,000	7,610,000
	02-01-04	3.0633	30,855,000	30,640,000
	03-01-05	3.5954	15,630,000	9,955,000
Totals			\$409,890,000	332,090,000

Of the \$121,305,000 public improvement bonds issued, \$20,055,000 were issued to fund County facilities, \$94,250,000 for School facilities, and \$7,000,000 for Community College facilities.

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

June 30	Principal	Interest	Total
2008	\$ 18,470,000	13,738,343	32,208,343
2009	20,495,000	13,408,441	33,903,441
2010	20,590,000	12,548,649	33,138,649
2011	19,445,000	11,640,011	31,085,011
2012	20,435,000	10,757,446	31,192,446
2013 - 2017	106,070,000	39,601,714	145,671,714
2018 - 2022	79,650,000	18,689,400	98,339,400
2023 - 2027	46,935,000	4,399,336	51,334,336
Totals	\$332,090,000	124,783,340	456,873,340

There are \$202,500,000 in authorized but unissued general obligation bonds at June 30, 2007.

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, 2007, there were four series of industrial revenue bonds outstanding, with an aggregate principal amount payable of \$25,500,000.

Certificates of Participation Outstanding certificates of participation are as follows:

Purpose of Issue	Principal Outstanding June 30, 2007
<u>Governmental Activities</u>	
Issued August 9, 2005 to finance renovation of an elementary school and a middle school; interest varies from 3.00% to 5.00%	\$ 12,350,000
Issued May 5, 2005 to advance refund portions of three previous issues; interest varies from 2.60% to 5.00%	40,800,000
Issued December 1, 2002 to provide funds for County facility renovation and construction; interest varies from 2.50% to 4.125%	2,210,000
Issued October 8, 2002 to finance a telephone system and emergency communications system for the County; variable rate for which the rate at June 30, 2007 was 3.77%	8,820,000
Issued April 1, 2001 to finance County facility renovation and construction and for a current refunding of previously issued certificates of participation; interest varies from 4.00% to 5.00%	11,910,000
Issued September 1, 1998 to provide funds for site acquisition, equipment, facility renovation and park improvements for the County; interest varies from 4.25% to 5.00%	4,530,000
Total	\$ 80,620,000

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

Year ending June 30	Principal	Interest	Total
2008	\$ 5,025,000	3,678,144	8,703,144
2009	5,160,000	3,470,541	8,630,541
2010	5,315,000	3,248,006	8,563,006
2011	5,460,000	3,012,228	8,472,228
2012	5,620,000	2,771,377	8,391,377
2013 - 2017	23,255,000	10,437,128	33,692,128
2018 - 2022	23,845,000	4,688,625	28,533,625
2023 - 2026	6,940,000	433,500	7,373,500
Total	\$ 80,620,000	31,739,549	112,359,549

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

In prior years, the County defeased certain certificates of participation by placing the proceeds of new certificates in an irrevocable trust to provide for all future debt service payments on the old certificates. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. On June 30, 2007, \$41,030,000 of outstanding certificates of participation are considered defeased.

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

Purpose of Issue	Date of Issue	Interest Rate	Amount Issued	Principal Outstanding June 30, 2007
<u>Governmental Activities</u>				
Computer equipment and software	05-01-04	3.0600 %	\$ 363,810	221,893
	07-28-06	4.5900	1,125,000	1,125,000
	06-28-07	4.3400	788,500	788,500
Totals			\$ 2,277,310	2,135,393

Annual maturities are as follows:

Year ending June 30	Principal	Interest	Total
2008	\$ 429,516	110,874	540,390
2009	545,994	69,255	615,249
2010	414,723	47,397	462,120
2011	573,406	31,237	604,643
2012	171,754	5,320	177,074
Total	\$ 2,135,393	264,083	2,399,476

As of June 30, 2007, the County's legal debt limit was \$2,367,215,484 computed at 8% of the total appraised property valuation of \$29,590,193,547. With \$332,090,000 in County, School, and Community College bonds outstanding at June 30, 2007 and \$82,755,393 committed under certificates of participation and installment purchases, the County could issue additional bonds up to \$1,952,370,091 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		Undesignated	Total
	Budget	Capital		
General Fund	\$ 7,985,000	10,090,274	61,724,039	79,799,313
2007 School Facilities Fund	61,073,292	-	-	61,073,292
Other governmental funds:				
Special revenue funds	1,336,950	-	1,312,583	2,649,533
Capital projects funds	27,223,561	-	1,795,585	29,019,146
Totals	\$ 97,618,803	10,090,274	64,832,207	172,541,284

5. Other Information

a. Pension Costs

North Carolina Local Governmental Employees' Retirement System

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

Funding Policy Plan members are required to contribute 6.0% of their annual covered salary. The County is required to contribute at an actuarially determined rate. The current rate for employees not engaged in law enforcement and for law enforcement officers is 4.80% and 4.78%, 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, 2007, 2006, and 2005 were \$3,694,493, \$4,653,134, and \$4,795,713, respectively. The contributions made by the County equaled the required contributions for each year.

Law Enforcement Officers' Special Separation Allowance

Plan Description Forsyth County administers a public employee retirement system (the Separation Allowance), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Separation Allowance is reported in the County's report as a pension trust fund, and no stand-alone financial report is issued for the plan.

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

At December 31, 2006, the Separation Allowance's membership consisted of:

Retirees currently receiving benefits	46
Active plan members	220
Total	266

Summary of Significant Accounting Policies

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

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

Funding Policy The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. For the current year, the County contributed \$357,329, or 3.88% 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	\$ 365,576
Interest on net pension obligation	(10,798)
Adjustment to annual required contribution	8,913
Annual pension cost	363,691
Contributions made	357,329
Increase in net pension obligation	6,362
Net pension obligation beginning of year	(148,942)
Net pension obligation end of year	\$(142,580)

The annual required contribution for the fiscal year ended June 30, 2007 was determined as part of the December 31, 2005 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return and (b) projected salary increases of 4.5% to 12.3% per year. Item (b) included an inflation component of 3.75%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2005 was 25 years.

Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2005	\$ 346,191	106.74%	\$(127,930)
6/30/2006	\$ 385,062	105.46%	\$(148,942)
6/30/2007	\$ 363,691	98.25%	\$(142,580)

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 5.0% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. The County's contributions for the year ended June 30, 2007 were \$463,471, 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 1 of G.S. Chapter 161. Immediately following January 1 of each year, the Department of State Treasurer divides 93% of the amount in the Fund at the end of the preceding calendar

year into equal shares, up to the statutory maximum, to be disbursed as monthly benefits. The remaining 7% of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2007, the County's required and actual contributions were \$114,873.

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, 2007, there were 278 retirees receiving this benefit. Retiree family members who meet plan eligibility requirements may participate in the County's group health plan with the County contributing between 51% and 55% of the premium and the participant family paying the remaining 45% to 49% of the premium. Dependents of retirees become ineligible for this benefit when the retiree turns age sixty-five or otherwise becomes eligible for Medicare, or dies. At June 30, 2007, coverage was provided for 122 retiree dependents. The cost of retiree health care benefits is recognized as an expenditure when the premiums are paid. For the fiscal year ended June 30, 2007, \$1,780,630, inclusive of \$259,419 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, 2007 there were 444 retirees eligible for this benefit. The cost of death benefits is recognized as an expenditure when paid, and death benefits in the amount of \$12,000 were paid by the County for the fiscal year ended June 30, 2007. 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, 2007, the County paid \$6,528 for this benefit. At year end 115 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 \$350,000 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.

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

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, which does not include non-incremental claims adjustment expenses, is \$2,021,114 at June 30, 2007. It is reported on the Statement of Net Assets as a long-term liability, and \$1,021,362 is considered due within one year.

Changes in the claims liability amount in fiscal 2006 and fiscal 2007 were as follows:

	Beginning Balance	Current-Year Claims and Changes in Estimates	Claims Payments	Ending Balance
2005-2006	\$1,998,498	1,300,188	(1,287,702)	2,010,984
2006-2007	2,010,984	1,044,601	(1,034,471)	2,021,114

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. Contingent Liabilities

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

The County is involved in several other claims and lawsuits, which it intends to defend vigorously. The County's legal counsel estimates that any possible liability to the County resulting from such litigation and not covered by insurance would not have a material adverse effect on the financial position of the County at June 30, 2007.

e. Related Organization

The County's governing board is responsible for a majority of the board appointments of the Airport Commission of Forsyth County, but the County's accountability for this organization does not extend beyond making these appointments. The Airport Commission was established by state statute for the purpose of operating an airport on land owned by the County, and it is funded primarily by airport revenue and federal grants. In fiscal year 2007, Forsyth County provided risk management services totaling \$5,500 to the Airport Commission, and \$1,375 of this amount comprised a receivable at year-end.

f. Joint Ventures

The County, in conjunction with the State of North Carolina and the Winston-Salem/Forsyth County Board of Education, participates in a joint venture to operate Forsyth Technical Community College. Each of the three participants appoints four members of the thirteen-member board of trustees of the community college. The president of the community college's student government serves as an ex officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds or certificates of participation to provide financing for new facilities. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$5,858,302 and \$1,643,110 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2007. In addition, the County made debt service payments of \$1,156,864 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, 2007. 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 \$5,898,652 for CenterPoint operations for the fiscal year ended June 30, 2007. Additionally, the County provided services to CenterPoint during the year for which it invoiced \$1,736,730, of which \$315,072 was outstanding at year-end. The participating governments do not have an equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2007. Complete financial statements for CenterPoint may be obtained from its administrative offices at 725 N. Highland Avenue, Winston-Salem, North Carolina, 27101.

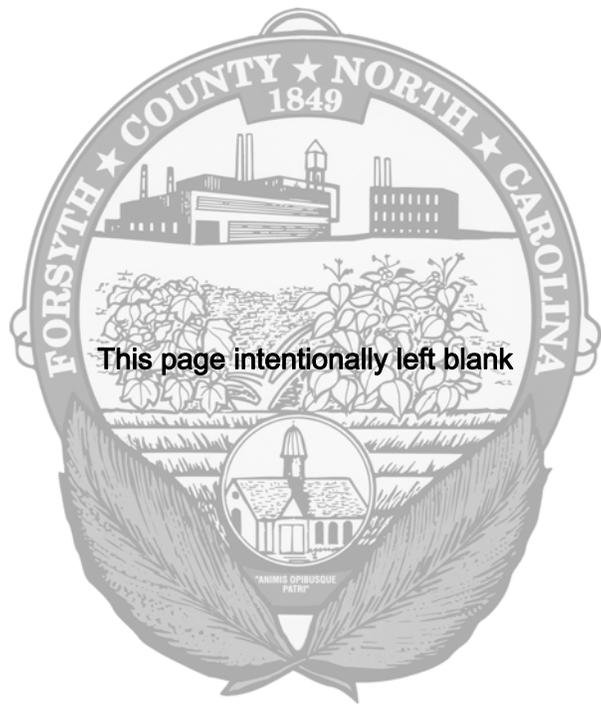
In conjunction with the City of Winston-Salem and the Greater Winston-Salem Chamber of Commerce, Inc., the County takes part in a joint venture to operate the Forsyth County Tourism Development Authority, which was established by state statute to further the development of travel, tourism, and conventions 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 61.0% of room occupancy taxes which are levied and collected by the County. For the year ended June 30, 2007, occupancy taxes totaling \$2,395,674 were distributed to the Authority. The County also provided \$14,770 in financial services to the Authority during fiscal year 2007. 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, 2007. Complete financial statements for the Authority can be obtained from the Authority's finance officer at Forsyth County Government Center, 201 N. Chestnut Street, Winston-Salem, North Carolina 27101.

g. Jointly Governed Organizations

The County, in conjunction with 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 \$99,437 to the Council during the fiscal year ended June 30, 2007.

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, 2007.

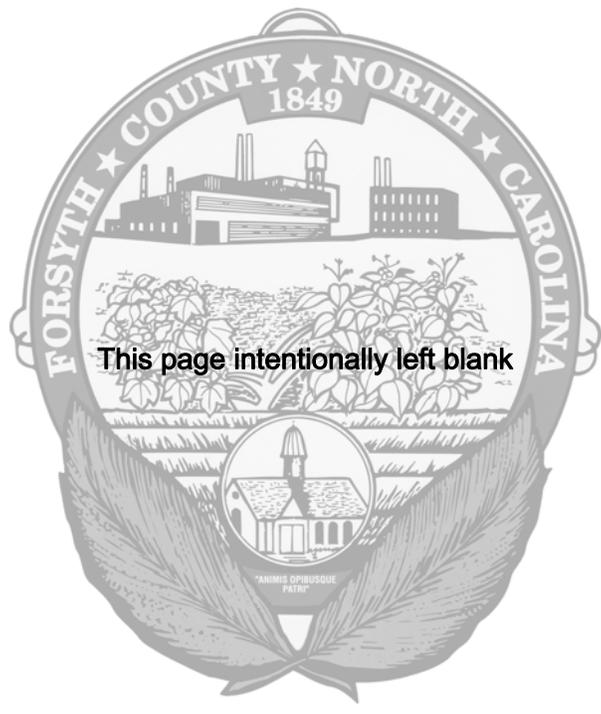


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Required Supplementary Schedules

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	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
		Liability (AAL) - Projected Unit Credit (b)				
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
31-Dec-03	1,223,836	4,514,489	3,290,653	27.11	7,997,734	41.14
31-Dec-04	1,048,797	4,783,417	3,734,620	21.93	8,498,129	43.95
31-Dec-05	924,989	4,438,017	3,513,028	20.84	9,092,712	38.64
31-Dec-06	742,951	4,414,409	3,671,458	16.83	8,980,782	40.88

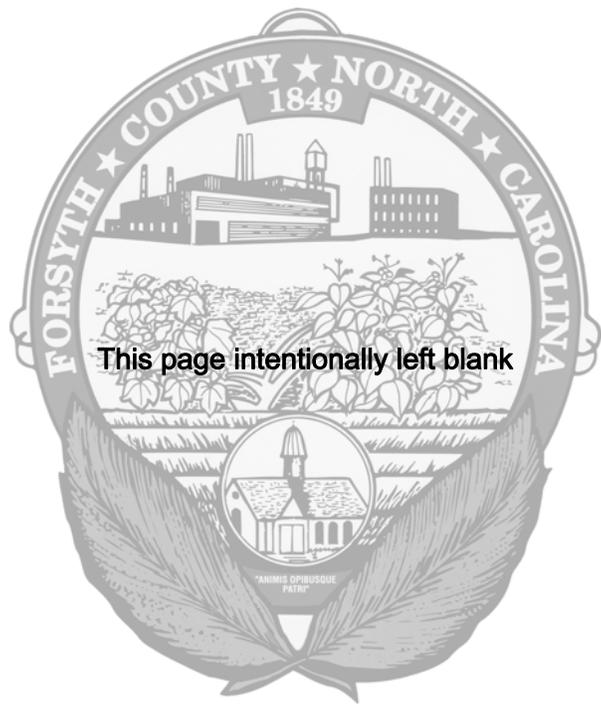
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FORSYTH COUNTY, NORTH CAROLINA

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2002	\$ 305,131	101.12 %
2003	317,304	95.64
2004	329,094	109.98
2005	347,907	106.21
2006	386,989	104.93
2007	365,576	97.74

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	12/31/2006
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	24
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	4.5% to 12.3%
*Includes inflation at	3.75%
Cost-of-living adjustments	None



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Major Governmental Funds

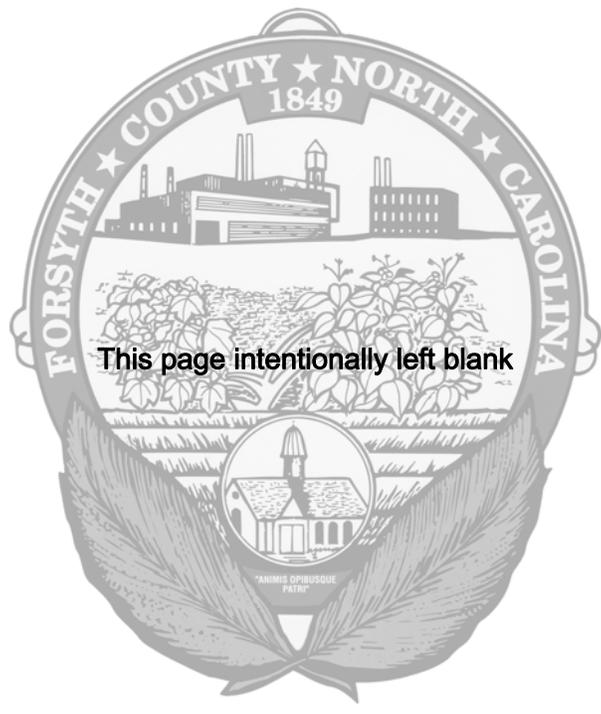
Budgetary Comparison Schedules

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 Fund

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



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

A-1

FORSYTH COUNTY, NORTH CAROLINA

For the Fiscal Year Ended June 30, 2007

Page 1 of 3

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property:				
Current year	\$ 191,006,802	191,006,802	193,601,887	2,595,085
Prior years	3,000,000	3,000,000	2,762,987	(237,013)
Interest	850,000	850,000	838,435	(11,565)
Total property	<u>194,856,802</u>	<u>194,856,802</u>	<u>197,203,309</u>	<u>2,346,507</u>
Occupancy taxes	<u>450,000</u>	<u>450,000</u>	<u>539,027</u>	<u>89,027</u>
Local option sales:				
Article 39 one cent	32,940,990	32,940,990	31,156,093	(1,784,897)
Article 40 one-half cent	11,510,176	11,510,176	12,782,399	1,272,223
Article 42 one-half cent	11,392,908	11,392,908	12,644,745	1,251,837
Article 44 one-half cent	12,546,649	12,546,649	12,624,536	77,887
Total sales	<u>68,390,723</u>	<u>68,390,723</u>	<u>69,207,773</u>	<u>817,050</u>
Other taxes	<u>150,000</u>	<u>150,000</u>	<u>204,047</u>	<u>54,047</u>
Total taxes	<u>263,847,525</u>	<u>263,847,525</u>	<u>267,154,156</u>	<u>3,306,631</u>
Licenses and permits	1,437,090	1,437,090	1,215,187	(221,903)
Intergovernmental	41,924,240	44,999,576	43,621,541	(1,378,035)
Charges for services	22,150,444	22,186,339	23,207,853	1,021,514
Investment earnings	4,656,207	4,656,207	5,139,824	483,617
Other	7,904,095	7,997,264	7,895,749	(101,515)
Total revenues	<u>341,919,601</u>	<u>345,124,001</u>	<u>348,234,310</u>	<u>3,110,309</u>
Expenditures:				
Current:				
General government:				
Budget and management	480,152	487,457	453,466	33,991
Management information services	8,884,142	8,868,539	8,232,452	636,087
Finance	1,936,866	2,052,585	1,786,754	265,831
General services	14,696,625	15,793,394	13,840,798	1,952,596
Human resources	961,303	964,906	876,911	87,995
Planning	1,333,240	1,333,240	1,271,013	62,227
Purchasing	141,930	141,930	133,622	8,308
Attorney	1,069,810	1,131,761	1,086,326	45,435
Board of elections	955,893	1,199,622	567,930	631,692
County commissioners and manager	1,091,603	1,184,000	1,153,008	30,992
Register of deeds	2,121,390	2,131,374	1,723,474	407,900
Tax administration	6,208,796	6,148,254	5,628,715	519,539
Non-departmental:				
Contingency	885,000	161,261	-	161,261
County-wide salary savings	(1,500,000)	(1,500,000)	-	(1,500,000)
Other services and adjustments	4,058,956	4,053,286	2,576,012	1,477,274
Prior year encumbrances	1,800,000	158,918	-	158,918
Total general government	<u>45,125,706</u>	<u>44,310,527</u>	<u>39,330,481</u>	<u>4,980,046</u>

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

A-1

FORSYTH COUNTY, NORTH CAROLINA

For the Fiscal Year Ended June 30, 2007

Page 2 of 3

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Public safety:				
Animal control	\$ 1,872,975	1,930,239	1,735,861	194,378
Emergency management	356,895	458,373	443,332	15,041
Interagency communications	543,549	544,744	406,366	138,378
Emergency medical service	8,654,627	8,684,695	8,531,195	153,500
Fire protection	3,970,114	3,999,714	3,726,996	272,718
Sheriff	36,215,099	36,499,147	34,851,323	1,647,824
Court services	381,439	392,896	309,767	83,129
Medical examiner	240,000	240,000	178,500	61,500
Youth center	1,224,133	1,263,129	1,163,578	99,551
Total public safety	<u>53,458,831</u>	<u>54,012,937</u>	<u>51,346,918</u>	<u>2,666,019</u>
Environmental protection:				
Conservation of natural resources	152,011	148,875	114,461	34,414
Environmental affairs	1,731,246	1,762,939	1,732,429	30,510
Inspections	351,840	351,840	341,567	10,273
Total environmental protection	<u>2,235,097</u>	<u>2,263,654</u>	<u>2,188,457</u>	<u>75,197</u>
Human services:				
Public health	19,523,194	19,653,155	17,385,437	2,267,718
Social services	58,730,920	61,505,155	58,580,045	2,925,110
Youth services	801,347	815,992	796,823	19,169
Total human services	<u>79,055,461</u>	<u>81,974,302</u>	<u>76,762,305</u>	<u>5,211,997</u>
Culture and recreation:				
Library	7,354,683	7,547,333	7,250,075	297,258
Parks and recreation	2,527,599	2,642,702	2,301,276	341,426
Tanglewood park	6,968,360	6,988,829	6,548,549	440,280
Total culture and recreation	<u>16,850,642</u>	<u>17,178,864</u>	<u>16,099,900</u>	<u>1,078,964</u>
Community and economic development :				
Economic development	1,154,006	1,354,006	974,311	379,695
Housing	264,343	262,494	245,082	17,412
Total community and economic development	<u>1,418,349</u>	<u>1,616,500</u>	<u>1,219,393</u>	<u>397,107</u>
Education:				
NC cooperative extension service	664,797	716,499	635,338	81,161
Intergovernmental:				
Human services:				
CenterPoint Human Services	6,403,044	6,403,044	5,898,652	504,392
Education:				
Forsyth Technical Community College:				
Current expense	5,859,302	5,859,302	5,858,302	1,000
Capital outlay	1,560,700	1,560,700	1,560,700	-
Total Forsyth Technical Community College	<u>7,420,002</u>	<u>7,420,002</u>	<u>7,419,002</u>	<u>1,000</u>
Winston-Salem/Forsyth County Schools:				
Instructional programs	56,173,498	56,173,498	56,173,498	-
Support services	39,139,681	39,139,681	39,139,681	-
Charter schools	2,850,000	2,850,000	2,850,000	-
Capital outlay	3,705,725	3,705,725	3,705,725	-
Total Winston-Salem/Forsyth County Schools	<u>101,868,904</u>	<u>101,868,904</u>	<u>101,868,904</u>	<u>-</u>
Total education	<u>109,288,906</u>	<u>109,288,906</u>	<u>109,287,906</u>	<u>1,000</u>

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

A-1

FORSYTH COUNTY, NORTH CAROLINA
 For the Fiscal Year Ended June 30, 2007

Page 3 of 3

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Debt service:				
General obligation bonds:				
Principal	\$ 16,770,000	16,770,000	16,770,000	-
Interest and other charges	12,342,089	12,342,089	12,026,993	315,096
Capital leases, installment purchases and certificates of participation:				
Principal	4,976,498	4,976,498	4,976,497	1
Interest and other charges	4,084,124	4,084,124	3,911,285	172,839
Total debt service	<u>38,172,711</u>	<u>38,172,711</u>	<u>37,684,775</u>	<u>487,936</u>
Total expenditures	<u>352,673,544</u>	<u>355,937,944</u>	<u>340,454,125</u>	<u>15,483,819</u>
Excess (deficiency) of revenues over expenditures	<u>(10,753,943)</u>	<u>(10,813,943)</u>	<u>7,780,185</u>	<u>18,594,128</u>
Other financing sources (uses):				
Transfers in:				
Fire Tax Districts Fund	1,829,211	1,829,211	1,812,552	(16,659)
Law Enforcement Equitable Distribution Fund	135,000	195,000	165,981	(29,019)
Emergency Telephone System Fund	430,000	430,000	396,600	(33,400)
General Services Complex Fund	-	-	2,088	2,088
Reynolds Health Center Renovation/Adaptive Reuse Fund	-	-	189	189
2001 2/3rds Bonds Fund	-	-	65,582	65,582
2006 Voting Equipment Fund	-	-	5,326	5,326
Total transfers in	<u>2,394,211</u>	<u>2,454,211</u>	<u>2,448,318</u>	<u>(5,893)</u>
Transfers out - 2007 Housing Fund	<u>(40,268)</u>	<u>(106,850)</u>	<u>(106,850)</u>	<u>-</u>
Total other financing sources (uses)	<u>2,353,943</u>	<u>2,347,361</u>	<u>2,341,468</u>	<u>(5,893)</u>
Net change in fund balance	<u>(8,400,000)</u>	<u>(8,466,582)</u>	<u>10,121,653</u>	<u>18,588,235</u>
Fund balances - June 30, 2006	101,402,031	101,402,031	101,402,031	-
Fund balances - June 30, 2007	<u>\$ 93,002,031</u>	<u>92,935,449</u>	<u>111,523,684</u>	<u>18,588,235</u>

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

A-2

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2007

	<u>Budget</u>	<u>Cumulative Total to June 30, 2007</u>	<u>Activity Year Ended June 30, 2007</u>	<u>Cumulative Total to June 30, 2006</u>
Revenues - investment earnings	\$ 250,000	630,217	630,217	-
Expenditures:				
Current - intergovernmental - education	250,000,000	608,353	608,353	-
Debt service - interest and other charges	250,000	527,027	527,027	-
Total expenditures	<u>250,250,000</u>	<u>1,135,380</u>	<u>1,135,380</u>	<u>-</u>
Deficiency of revenues over expenditures	<u>(250,000,000)</u>	<u>(505,163)</u>	<u>(505,163)</u>	<u>-</u>
Other financing sources:				
General obligation bonds issued	250,000,000	60,000,000	60,000,000	-
Premium on general obligation bonds	-	1,578,455	1,578,455	-
Total other financing sources	<u>250,000,000</u>	<u>61,578,455</u>	<u>61,578,455</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>61,073,292</u>	<u>61,073,292</u>	<u>-</u>
Fund balance - June 30, 2006			<u>-</u>	
Fund balance - June 30, 2007			<u><u>61,073,292</u></u>	

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

Emergency Telephone System Fund – This fund accounts for the 911 charges imposed by the Board of County Commissioners to fund the 911 emergency system. Charges are collected from subscribers and remitted to the County by the local telephone companies.

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

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

2004 Housing Grant Project Fund – This fund accounts for the use of state and federal grants initiated in fiscal year 2004 for rehabilitation and reconstruction of substandard dwellings in Forsyth County, down-payment assistance for Forsyth County citizens who meet eligibility requirements, and other housing rehabilitation and first-time home buyer related purposes.

2005 Housing Grant Project Fund – This fund accounts for the use of state and federal grants initiated in fiscal year 2005 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.

2006 Housing Grant Project Fund – This fund accounts for the use of state and federal grants initiated in fiscal year 2006 for rehabilitation and reconstruction of substandard dwellings in Forsyth County, down-payment assistance for Forsyth County citizens who meet eligibility requirements, and other housing rehabilitation and first-time home buyer related purposes.

2007 Housing Grant Project Fund – This fund accounts for the use of state and federal grants initiated in fiscal year 2007 for rehabilitation and reconstruction of substandard dwellings in Forsyth County, down-payment assistance for Forsyth County citizens who meet eligibility requirements, and other housing rehabilitation and first-time home buyer related purposes.

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

2008 Housing Grant Project Fund – This fund accounts for the use of state and federal grants initiated in fiscal year 2008 for rehabilitation and reconstruction of substandard dwellings in Forsyth County, down-payment assistance for Forsyth County citizens who meet eligibility requirements, and other housing rehabilitation and first-time home buyer related purposes.

Capital Projects Funds

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

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 2/3rds Bonds Fund – Proceeds of the 2001 Parks and Recreational Facilities Bonds financed capital renovations, equipment and the purchase of land for various county parks. All projects were complete, and the fund was closed at June 30, 2007.

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.

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.

2003 2/3rds Bonds Fund – General obligation two-thirds bonds accounted for in this fund finance projects for public safety computers, software, and radios; park projects; computer hardware to replace obsolete computers and for a redundant back-up system; and furniture for the public school system.

2005 Schools Facilities Fund – Proceeds of certificates of participation are accounted for in this fund as they are used to renovate an education complex comprising an elementary and a middle school on a common parcel of land.

2006 Forsyth Technical Community College Fund – This fund was established to account for grants from local medical centers that were to be used for construction or repair work, renovations, and materials and equipment acquisition for the health technologies facility at the Community College. It was subsequently determined that the grants would not flow through the County, so the fund was closed at June 30, 2007.

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

2006 Voting Equipment Fund – This fund accounted for the acquisition of voting equipment and software funded by federal grant funds. Equipment acquisition was complete, and the fund was closed at June 30, 2007.

2006 Information Systems Fund – Installment purchase proceeds for the acquisition of computer hardware and software for General Government and Public Safety are accounted for in this fund.

2007 Information Systems Fund – This fund accounts for installment purchase proceeds used for the acquisition of computer hardware and software and uninterruptible power supply for Tax Assessor/Collector data management solutions and at the disaster recovery site, and digital in-car video hardware and software for Sheriff vehicles.

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

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

B-1

FORSYTH COUNTY, NORTH CAROLINA

June 30, 2007

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 3,236,391	28,787,145	32,023,536
Cash and investments held by fiscal agent	-	3,939,502	3,939,502
Receivables (net):			
Property taxes	77,014	-	77,014
Other taxes	26,457	-	26,457
Accrued interest	32,807	37,322	70,129
Due from other governments	712,831	51,566	764,397
Total assets	\$ 4,085,500	32,815,535	36,901,035
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 138,916	537,929	676,845
Due to other funds	16,118	373,661	389,779
Unearned revenue	156,570	-	156,570
Deferred revenue	77,846	-	77,846
Total liabilities	389,450	911,590	1,301,040
Fund balances:			
Reserved for encumbrances	275,254	2,795,911	3,071,165
Reserved by state statute	771,263	88,888	860,151
Unreserved:			
Designated for subsequent year's expenditures	1,336,950	27,223,561	28,560,511
Undesignated	1,312,583	1,795,585	3,108,168
Total fund balances	3,696,050	31,903,945	35,599,995
Total liabilities and fund balances	\$ 4,085,500	32,815,535	36,901,035

**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, 2007

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues:			
Taxes:			
Property	\$ 5,598,804	-	5,598,804
Sales	1,860,400	-	1,860,400
Other	301,990	-	301,990
Total taxes	<u>7,761,194</u>	<u>-</u>	<u>7,761,194</u>
Intergovernmental	3,927,512	384,083	4,311,595
Investment earnings	186,976	1,817,141	2,004,117
Other	115,433	-	115,433
Total revenues	<u>11,991,115</u>	<u>2,201,224</u>	<u>14,192,339</u>
Expenditures:			
Current:			
Public safety	5,402,238	-	5,402,238
Community and economic development	496,108	-	496,108
Intergovernmental - education	3,700,765	23,473,624	27,174,389
Debt service - interest and other charges	-	86,519	86,519
Capital outlay	-	5,165,134	5,165,134
Total expenditures	<u>9,599,111</u>	<u>28,725,277</u>	<u>38,324,388</u>
Excess (deficiency) of revenues over expenditures	<u>2,392,004</u>	<u>(26,524,053)</u>	<u>(24,132,049)</u>
Other financing sources (uses):			
Installment purchases	-	1,913,500	1,913,500
General obligation bonds issued	-	12,500,000	12,500,000
Premium on general obligation bonds	-	683,979	683,979
Transfers in	470,184	-	470,184
Transfers out	<u>(2,375,133)</u>	<u>(436,519)</u>	<u>(2,811,652)</u>
Total other financing sources (uses)	<u>(1,904,949)</u>	<u>14,660,960</u>	<u>12,756,011</u>
Net change in fund balances	487,055	(11,863,093)	(11,376,038)
Fund balance - June 30, 2006	<u>3,208,995</u>	<u>43,767,038</u>	<u>46,976,033</u>
Fund balance - June 30, 2007	<u>\$ 3,696,050</u>	<u>31,903,945</u>	<u>35,599,995</u>

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS**

C-1

FORSYTH COUNTY, NORTH CAROLINA

June 30, 2007

	<u>Fire Tax Districts</u>	<u>Law Enforcement Equitable Distribution</u>	<u>Emergency Telephone System</u>	<u>Moser Bequest for Care of Elderly</u>	<u>2004 Housing</u>	<u>2005 Housing</u>	<u>2006 Housing</u>	<u>2007 Housing</u>	<u>2005 Justice Assistance</u>	<u>Total</u>
ASSETS										
Cash and cash equivalents	\$ 1,268,726	1,129,843	80,801	288,769	57,940	162,893	-	51,291	196,128	3,236,391
Receivables (net):										
Property taxes	77,014	-	-	-	-	-	-	-	-	77,014
Other taxes	-	-	26,457	-	-	-	-	-	-	26,457
Accrued interest	13,124	11,402	1,005	2,701	556	1,434	-	747	1,838	32,807
Due from other governments	465,624	68,906	-	-	10,750	20,886	31,117	115,548	-	712,831
Total assets	<u>\$ 1,824,488</u>	<u>1,210,151</u>	<u>108,263</u>	<u>291,470</u>	<u>69,246</u>	<u>185,213</u>	<u>31,117</u>	<u>167,586</u>	<u>197,966</u>	<u>4,085,500</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable and accrued liabilities	-	-	100,215	-	-	120	8,439	9,066	21,076	138,916
Due to other funds - General Fund	-	-	-	-	-	-	16,118	-	-	16,118
Unearned revenue	-	-	-	-	-	-	-	-	156,570	156,570
Deferred revenue	77,014	-	-	-	-	-	832	-	-	77,846
Total liabilities	<u>77,014</u>	<u>-</u>	<u>100,215</u>	<u>-</u>	<u>-</u>	<u>120</u>	<u>25,389</u>	<u>9,066</u>	<u>177,646</u>	<u>389,450</u>
Fund balances:										
Reserved for encumbrances	-	-	-	-	-	5,685	49,491	63,511	156,567	275,254
Reserved by state statute	478,748	80,308	27,462	2,701	11,306	22,320	30,285	116,295	1,838	771,263
Unreserved:										
Designated for subsequent year's expenditures	389,800	732,122	-	-	57,940	157,088	-	-	-	1,336,950
Undesignated	878,926	397,721	(19,414)	288,769	-	-	(74,048)	(21,286)	(138,085)	1,312,583
Total fund balances	<u>1,747,474</u>	<u>1,210,151</u>	<u>8,048</u>	<u>291,470</u>	<u>69,246</u>	<u>185,093</u>	<u>5,728</u>	<u>158,520</u>	<u>20,320</u>	<u>3,696,050</u>
Total liabilities and fund balances	<u>\$ 1,824,488</u>	<u>1,210,151</u>	<u>108,263</u>	<u>291,470</u>	<u>69,246</u>	<u>185,213</u>	<u>31,117</u>	<u>167,586</u>	<u>197,966</u>	<u>4,085,500</u>

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

NONMAJOR SPECIAL REVENUE FUNDS

FORSYTH COUNTY, NORTH CAROLINA

For the Fiscal Year Ended June 30, 2007

	<u>Fire Tax Districts</u>	<u>Law Enforcement Equitable Distribution</u>	<u>Emergency Telephone System</u>	<u>Moser Bequest for Care of Elderly</u>	<u>State Public School Building Capital</u>	<u>2004 Housing</u>	<u>2005 Housing</u>	<u>2006 Housing</u>	<u>2007 Housing</u>	<u>2005 Justice Assistance</u>	<u>Total</u>
Revenues:											
Taxes											
Property	\$ 5,598,804	-	-	-	-	-	-	-	-	-	5,598,804
Sales	1,860,400	-	-	-	-	-	-	-	-	-	1,860,400
Other taxes	-	-	301,990	-	-	-	-	-	-	-	301,990
Intergovernmental	-	133,723	-	-	3,337,431	48,745	66,915	90,599	164,838	85,261	3,927,512
Investment earnings	80,639	59,798	2,822	14,443	-	3,747	8,823	93	5,156	11,455	186,976
Other	-	-	-	-	-	-	16,362	-	99,071	-	115,433
Total revenues	<u>7,539,843</u>	<u>193,521</u>	<u>304,812</u>	<u>14,443</u>	<u>3,337,431</u>	<u>52,492</u>	<u>92,100</u>	<u>90,692</u>	<u>269,065</u>	<u>96,716</u>	<u>11,991,115</u>
Expenditures:											
Current:											
Public safety	5,316,977	-	-	-	-	-	-	-	-	85,261	5,402,238
Community and economic development	-	-	-	-	-	92,691	86,346	99,676	217,395	-	496,108
Intergovernmental - education	-	-	-	-	3,700,765	-	-	-	-	-	3,700,765
Total expenditures	<u>5,316,977</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,700,765</u>	<u>92,691</u>	<u>86,346</u>	<u>99,676</u>	<u>217,395</u>	<u>85,261</u>	<u>9,599,111</u>
Excess (deficiency) of revenues over expenditures	<u>2,222,866</u>	<u>193,521</u>	<u>304,812</u>	<u>14,443</u>	<u>(363,334)</u>	<u>(40,199)</u>	<u>5,754</u>	<u>(8,984)</u>	<u>51,670</u>	<u>11,455</u>	<u>2,392,004</u>
Other financing sources (uses):											
Transfers in:											
General Fund	-	-	-	-	-	-	-	-	106,850	-	106,850
2002 Schools Fund	-	-	-	-	363,334	-	-	-	-	-	363,334
Transfers out - General Fund	(1,812,552)	(165,981)	(396,600)	-	-	-	-	-	-	-	(2,375,133)
Total other financing sources (uses)	<u>(1,812,552)</u>	<u>(165,981)</u>	<u>(396,600)</u>	<u>-</u>	<u>363,334</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,850</u>	<u>-</u>	<u>(1,904,949)</u>
Net change in fund balances	410,314	27,540	(91,788)	14,443	-	(40,199)	5,754	(8,984)	158,520	11,455	487,055
Fund balance - June 30, 2006	1,337,160	1,182,611	99,836	277,027	-	109,445	179,339	14,712	-	8,865	3,208,995
Fund balance - June 30, 2007	<u>\$ 1,747,474</u>	<u>1,210,151</u>	<u>8,048</u>	<u>291,470</u>	<u>-</u>	<u>69,246</u>	<u>185,093</u>	<u>5,728</u>	<u>158,520</u>	<u>20,320</u>	<u>3,696,050</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property	\$ 4,679,885	5,036,589	5,598,804	562,215
Sales	1,842,948	1,842,948	1,860,400	17,452
Total taxes	<u>6,522,833</u>	<u>6,879,537</u>	<u>7,459,204</u>	<u>579,667</u>
Investment earnings	-	-	80,639	80,639
Total revenues	<u>6,522,833</u>	<u>6,879,537</u>	<u>7,539,843</u>	<u>660,306</u>
Expenditures - current - public safety:				
Beeson Cross Roads	206,600	254,802	254,802	-
Belews Creek	161,950	161,950	161,950	-
City View	30,510	59,387	59,387	-
Clemmons	1,054,240	1,058,414	1,058,413	1
Forest Hill	7,350	7,350	6,685	665
Griffith	97,480	117,463	117,462	1
Gumtree	53,740	81,839	81,839	-
Hornetown	183,210	183,210	183,210	-
King of Forsyth County	234,210	234,210	234,210	-
Lewisville	830,790	868,321	868,321	-
Mineral Springs	99,350	122,104	122,103	1
Mineral Springs Service	3,540	3,540	3,540	-
Mt. Tabor	58,500	90,971	90,971	-
Old Richmond	258,205	296,472	296,472	-
Piney Grove	390,690	390,690	390,690	-
Rural Hall	213,270	213,270	213,270	-
Salem Chapel	44,420	44,420	44,420	-
South Fork	7,660	22,115	22,114	1
Talley's Crossing	131,910	131,910	131,243	667
Triangle	81,130	81,130	81,130	-
Union Cross	131,520	159,323	159,322	1
Vienna	427,000	481,088	481,087	1
Walkertown	230,770	230,770	230,096	674
West Bend	24,240	24,240	24,240	-
Total expenditures	<u>4,962,285</u>	<u>5,318,989</u>	<u>5,316,977</u>	<u>2,012</u>
Excess of revenues over expenditures	<u>1,560,548</u>	<u>1,560,548</u>	<u>2,222,866</u>	<u>662,318</u>

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

C-3

FORSYTH COUNTY, NORTH CAROLINA

For the Fiscal Year Ended June 30, 2007

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	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Other financing uses - transfers out -				
General Fund:				
Beeson Cross Roads	(107,326)	(107,326)	(105,209)	2,117
Belews Creek	(43,982)	(43,982)	(43,337)	645
City View	(30,733)	(30,733)	(30,363)	370
Clemmons	(339,833)	(339,433)	(334,891)	4,542
Forest Hill	(2,680)	(2,680)	(2,675)	5
Griffith	(58,646)	(58,646)	(56,811)	1,835
Gumtree	(33,867)	(33,867)	(33,345)	522
Hornetown	(65,507)	(65,507)	(64,300)	1,207
King of Forsyth County	(85,905)	(86,305)	(86,268)	37
Lewisville	(259,952)	(259,952)	(256,640)	3,312
Mineral Springs	(40,060)	(40,060)	(39,381)	679
Mineral Springs Service	(992)	(992)	(960)	32
Mt. Tabor	(35,558)	(35,558)	(34,901)	657
Old Richmond	(111,101)	(111,101)	(109,598)	1,503
Piney Grove	(135,832)	(135,832)	(134,437)	1,395
Rural Hall	(81,844)	(81,844)	(80,240)	1,604
Salem Chapel	(16,059)	(16,059)	(15,733)	326
South Fork	(9,652)	(9,652)	(9,410)	242
Talley's Crossing	(47,918)	(47,918)	(47,133)	785
Triangle	(37,059)	(37,059)	(33,826)	3,233
Union Cross	(58,659)	(58,659)	(57,338)	1,321
Vienna	(161,336)	(161,336)	(158,551)	2,785
Walkertown	(69,661)	(69,661)	(68,551)	1,110
West Bend	(8,786)	(8,786)	(8,654)	132
Total other financing uses	<u>(1,842,948)</u>	<u>(1,842,948)</u>	<u>(1,812,552)</u>	<u>30,396</u>
Net change in fund balance	(282,400)	(282,400)	410,314	692,714
Fund balance - June 30, 2006	<u>1,337,160</u>	<u>1,337,160</u>	<u>1,337,160</u>	-
Fund balance - June 30, 2007	\$ <u>1,054,760</u>	<u>1,054,760</u>	<u>1,747,474</u>	<u>692,714</u>

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

C-4

FORSYTH COUNTY, NORTH CAROLINA
For the Fiscal Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	-	133,723	133,723
Investment earnings	-	-	59,798	59,798
Total revenues	<u>-</u>	<u>-</u>	<u>193,521</u>	<u>193,521</u>
Other financing uses - transfers out:				
General Fund	<u>(135,000)</u>	<u>(195,000)</u>	<u>(165,981)</u>	<u>29,019</u>
Net change in fund balance	(135,000)	(195,000)	27,540	222,540
Fund balance - June 30, 2006	<u>1,182,611</u>	<u>1,182,611</u>	<u>1,182,611</u>	<u>-</u>
Fund balance - June 30, 2007	\$ <u>1,047,611</u>	<u>987,611</u>	<u>1,210,151</u>	<u>222,540</u>

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

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FORSYTH COUNTY, NORTH CAROLINA
For the Fiscal Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes - other taxes - 911 Surcharges	\$ 430,000	430,000	301,990	(128,010)
Investment earnings	-	-	2,822	2,822
Total revenues	<u>430,000</u>	<u>430,000</u>	<u>304,812</u>	<u>(125,188)</u>
Other financing uses - transfers out:				
General Fund	<u>(430,000)</u>	<u>(430,000)</u>	<u>(396,600)</u>	<u>33,400</u>
Net change in fund balance	-	-	(91,788)	(91,788)
Fund balance - June 30, 2006	<u>99,836</u>	<u>99,836</u>	<u>99,836</u>	<u>-</u>
Fund balance - June 30, 2007	\$ <u>99,836</u>	<u>99,836</u>	<u>8,048</u>	<u>(91,788)</u>

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

C-6

FORSYTH COUNTY, NORTH CAROLINA

For the Fiscal Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ 15,723	15,723	14,443	(1,280)
Other revenues	269,277	269,277	-	(269,277)
Total revenues	<u>285,000</u>	<u>285,000</u>	14,443	(270,557)
Expenditures - Human Services	<u>285,000</u>	<u>285,000</u>	-	285,000
Net change in fund balance	-	-	14,443	14,443
Fund balance - June 30, 2006	<u>277,027</u>	<u>277,027</u>	277,027	-
Fund balance - June 30, 2007	<u><u>\$ 277,027</u></u>	<u><u>277,027</u></u>	<u><u>291,470</u></u>	<u><u>14,443</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, 2007

	<u>Budget</u>	<u>Cumulative Total to June 30, 2007</u>	<u>Activity Year Ended June 30, 2007</u>	<u>Cumulative Total to June 30, 2006</u>
Revenues:				
Intergovernmental	\$ 33,353,098	31,829,488	3,337,431	28,492,057
Investment earnings	162,074	162,074	-	162,074
Total revenues	<u>33,515,172</u>	<u>31,991,562</u>	<u>3,337,431</u>	<u>28,654,131</u>
Expenditures - current - intergovernmental - education				
	<u>44,167,992</u>	<u>42,505,879</u>	<u>3,700,765</u>	<u>38,805,114</u>
Deficiency of revenues over expenditures	<u>(10,652,820)</u>	<u>(10,514,317)</u>	<u>(363,334)</u>	<u>(10,150,983)</u>
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	1,933,499	-	1,933,499
2002 Schools Fund	3,153,834	3,015,334	363,334	2,652,000
Total other financing sources	<u>9,322,670</u>	<u>10,514,317</u>	<u>363,334</u>	<u>10,150,983</u>
Net change in fund balance	<u>\$ (1,330,150)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2006			-	
Fund balance - June 30, 2007			<u>\$ -</u>	

2004 HOUSING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

C-8

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2007

	<u>Budget</u>	<u>Cumulative Total to June 30, 2007</u>	<u>Activity Year Ended June 30, 2007</u>	<u>Cumulative Total to June 30, 2006</u>
Revenues:				
Intergovernmental:				
CDBG - Scattered Site 03-C-1115	\$ 400,000	380,577	-	380,577
WSFC HOME Consortium	551,460	467,851	42,745	425,106
HOME - Single Family Rehabilitation	234,113	194,711	-	194,711
Assets for Independence	124,780	59,959	6,000	53,959
NCHFA Duke Power HELP	65,030	51,496	-	51,496
Other State revenue	-	6,884	-	6,884
Local government grants	12,000	12,000	-	12,000
Total intergovernmental	<u>1,387,383</u>	<u>1,173,478</u>	<u>48,745</u>	<u>1,124,733</u>
Investment earnings	-	8,535	3,747	4,788
Other	70,565	52,721	-	52,721
Total revenues	<u>1,457,948</u>	<u>1,234,734</u>	<u>52,492</u>	<u>1,182,242</u>
Expenditures - current - community and economic development:				
CDBG - Scattered Site 03-C-1115	400,000	380,577	-	380,577
CDBG-IDA local match	16,347	14,562	14,562	-
1999 WSFC HOME Consortium	19,512	-	-	-
1999 WSFC HOME Consortium - local match	5,817	720	-	720
2000 WSFC HOME Consortium	9,109	8,964	-	8,964
2000 WSFC HOME Consortium - local match	41,973	39,815	3,794	36,021
2001 WSFC HOME Consortium	45,919	22,511	-	22,511
2001 WSFC HOME Consortium - local match	52,500	52,500	10,037	42,463
2002 WSFC HOME Consortium	225,875	189,285	27,013	162,272
2002 WSFC HOME Consortium - local match	33,857	33,857	8,452	25,405
2003 WSFC HOME Consortium	252,029	245,789	15,733	230,056
2003 WSFC HOME Consortium - local match	12,000	11,600	100	11,500
2000 Assets for Independence	49,593	33,868	-	33,868
2002 Assets for Independence	75,073	19,075	6,000	13,075
2000 HOME Single Family Rehabilitation	234,113	167,918	-	167,918
1999 Bank IDA	17,413	17,000	-	17,000
1999 Forsyth County IDA	9,000	5,000	-	5,000
2000 Forsyth County IDA	50,212	50,000	7,000	43,000
NCHFA Duke Power HELP	64,160	50,595	-	50,595
HOME mortgage repayments program	105,985	59,494	-	59,494
Total expenditures	<u>1,720,487</u>	<u>1,403,130</u>	<u>92,691</u>	<u>1,310,439</u>
Deficiency of revenues over expenditures	(262,539)	(168,396)	(40,199)	(128,197)
Other financing sources - transfer				
from General Fund	262,539	237,642	-	237,642
Net change in fund balance	<u>\$ -</u>	<u>69,246</u>	<u>(40,199)</u>	<u>109,445</u>
Fund balance - June 30, 2006			109,445	
Fund balance - June 30, 2007			<u>\$ 69,246</u>	

2005 HOUSING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FORSYTH COUNTY, NORTH CAROLINA
 From Project Inception and for the Year Ended June 30, 2007

	<u>Budget</u>	<u>Cumulative Total to June 30, 2007</u>	<u>Activity Year Ended June 30, 2007</u>	<u>Cumulative Total to June 30, 2006</u>
Revenues:				
Intergovernmental:				
CDBG IDA	\$ 50,000	45,602	27,312	18,290
NCHFA New Home	570,000	617,240	-	617,240
2004 WSFC HOME Consortium	283,866	283,865	39,603	244,262
NCHFA Duke Power HELP	100,000	78,300	-	78,300
Local government grants	12,000	12,000	-	12,000
Total intergovernmental	<u>1,015,866</u>	<u>1,037,007</u>	<u>66,915</u>	<u>970,092</u>
Investment earnings	-	11,577	8,823	2,754
Charges for services	36,000	-	-	-
Other	146,189	146,189	16,362	129,827
Total revenues	<u>1,198,055</u>	<u>1,194,773</u>	<u>92,100</u>	<u>1,102,673</u>
Expenditures - current - community and economic development:				
2004 WSFC HOME Consortium	340,116	325,708	52,631	273,077
CDBG IDA	50,000	45,602	26,027	19,575
NCHFA New Home	570,000	544,335	7,688	536,647
NCHFA Duke Power HELP	100,000	78,285	-	78,285
Program income reinvestment	146,189	60,000	-	60,000
Real estate brokerage fees	36,000	-	-	-
Total expenditures	<u>1,242,305</u>	<u>1,053,930</u>	<u>86,346</u>	<u>967,584</u>
Excess (deficiency) of revenues over expenditures	(44,250)	140,843	5,754	135,089
Other financing sources - transfer from General Fund				
	<u>44,250</u>	<u>44,250</u>	<u>-</u>	<u>44,250</u>
Net change in fund balance	<u>\$ -</u>	<u>185,093</u>	<u>5,754</u>	<u>179,339</u>
Fund balance - June 30, 2006			<u>179,339</u>	
Fund balance - June 30, 2007			<u>\$ 185,093</u>	

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

C-10

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2007

	<u>Budget</u>	<u>Cumulative Total to June 30, 2007</u>	<u>Activity Year Ended June 30, 2007</u>	<u>Cumulative Total to June 30, 2006</u>
Revenues:				
Intergovernmental:				
2005 WSFC HOME Consortium	\$ 250,450	188,084	66,973	121,111
2005 HOME Single Family Rehabilitation	400,000	15,305	15,305	-
2005 NCHFA Urgent Repair Program	70,000	-	-	-
NCHFA Duke Power HELP	100,000	8,321	8,321	-
Local government grants	12,000	12,000	-	12,000
Total intergovernmental	<u>832,450</u>	<u>223,710</u>	<u>90,599</u>	<u>133,111</u>
Investment earnings	-	417	93	324
Total revenues	<u>832,450</u>	<u>224,127</u>	<u>90,692</u>	<u>133,435</u>
Expenditures - current - community and economic development:				
2005 WSFC HOME Consortium	304,450	235,941	75,218	160,723
2005 HOME Single Family Rehabilitation	400,000	15,305	15,305	-
2005 NCHFA Urgent Repair Program	70,000	-	-	-
NCHFA Duke Power HELP	100,000	9,153	9,153	-
Total expenditures	<u>874,450</u>	<u>260,399</u>	<u>99,676</u>	<u>160,723</u>
Deficiency of revenues over expenditures	(42,000)	(36,272)	(8,984)	(27,288)
Other financing sources - transfer				
from General Fund	42,000	42,000	-	42,000
Net change in fund balance	<u>\$ -</u>	<u>5,728</u>	(8,984)	<u>14,712</u>
Fund balance - June 30, 2006			14,712	
Fund balance - June 30, 2007			<u>\$ 5,728</u>	

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

C-11

FORSYTH COUNTY, NORTH CAROLINA
 From Project Inception and for the Year Ended June 30, 2007

	<u>Budget</u>	<u>Cumulative Total to June 30, 2007</u>	<u>Activity Year Ended June 30, 2007</u>	<u>Cumulative Total to June 30, 2006</u>
Revenues:				
Intergovernmental:				
CDBG - Scattered Site 06-C-1526	\$ 400,000	63,247	63,247	-
2006 WSFC HOME Consortium	237,660	53,591	53,591	-
NCHFA New Home	250,000	36,000	36,000	-
Local government grants	12,000	12,000	12,000	-
Total intergovernmental	<u>899,660</u>	<u>164,838</u>	<u>164,838</u>	<u>-</u>
Investment earnings	-	5,156	5,156	-
Other	100,000	99,071	99,071	-
Total revenues	<u>999,660</u>	<u>269,065</u>	<u>269,065</u>	<u>-</u>
Expenditures - current - community and economic development:				
CDBG - Scattered Site 06-C-1526	400,000	63,247	63,247	-
2006 WSFC HOME Consortium	289,928	53,591	53,591	-
Forsyth County IDA	66,582	-	-	-
NCHFA New Home	250,000	23,708	23,708	-
HOME mortgage repayments program	100,000	76,849	76,849	-
Total expenditures	<u>1,106,510</u>	<u>217,395</u>	<u>217,395</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(106,850)	51,670	51,670	-
Other financing sources - transfer from General Fund	<u>106,850</u>	<u>106,850</u>	<u>106,850</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>158,520</u>	<u>158,520</u>	<u>-</u>
Fund balance - June 30, 2006			-	
Fund balance - June 30, 2007			<u>\$ 158,520</u>	

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

C-12

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2007

	<u>Budget</u>	<u>Cumulative Total to June 30, 2007</u>	<u>Activity Year Ended June 30, 2007</u>	<u>Cumulative Total to June 30, 2006</u>
Revenues:				
Intergovernmental - Edward Byrne Memorial				
Justice Assistance	\$ 300,125	143,555	85,261	58,294
Investment earnings	-	20,320	11,455	8,865
Total revenues	<u>300,125</u>	<u>163,875</u>	<u>96,716</u>	<u>67,159</u>
Expenditures - current -				
public safety:				
Sheriff	150,063	38,692	-	38,692
City of Winston-Salem police	150,062	104,863	85,261	19,602
Total expenditures	<u>300,125</u>	<u>143,555</u>	<u>85,261</u>	<u>58,294</u>
Net change in fund balance	\$ -	<u>20,320</u>	11,455	<u>8,865</u>
Fund balance - June 30, 2006			8,865	
Fund balance - June 30, 2007			\$ <u>20,320</u>	

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

C-13

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2007

	<u>Budget</u>	<u>Cumulative Total to June 30, 2007</u>	<u>Activity Year Ended June 30, 2007</u>	<u>Cumulative Total to June 30, 2006</u>
Revenues:				
Intergovernmental:				
2007 WSFC HOME Consortium	231,200	-	-	-
2006 WSFC HOME ADDI	5,365	-	-	-
2007 NCHFA Urgent Repair Program	75,000	-	-	-
Local government grants	12,000	-	-	-
Total intergovernmental	<u>323,565</u>	-	-	-
Other	150,000	-	-	-
Total revenues	<u>473,565</u>	-	-	-
Expenditures - current - community and economic development:				
2007 WSFC HOME Consortium	231,200	-	-	-
2007 WSFC HOME Consortium - local match	52,020	-	-	-
2006 WSFC HOME ADDI	5,365	-	-	-
2007 NCHFA Urgent Repair Program	75,000	-	-	-
CDBG mortgage repayments program	50,000	-	-	-
HOME mortgage repayments program	100,000	-	-	-
Total expenditures	<u>513,585</u>	-	-	-
Deficiency of revenues over expenditures	(40,020)	-	-	-
Other financing sources - transfer from General Fund				
	<u>40,020</u>	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2006			-	
Fund balance - June 30, 2007			<u>\$ -</u>	

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS**

FORSYTH COUNTY, NORTH CAROLINA

June 30, 2007

	General Services Complex	Reynolds Health Center Renovation/ Adaptive Reuse	2002 2/3rds Bonds	2002 Schools	2003 2/3rds Bonds	2005 Schools Facilities	2006 2/3rds Bonds	2006 Information Systems	2007 Information Systems	2007 Forsyth Technical Community College	Total
ASSETS											
Cash and cash equivalents	\$ 1,662	2,755	411,160	7,737,471	86,752	-	7,397,345	-	-	13,150,000	28,787,145
Cash and investments held by fiscal agent	749,593	366,488	-	-	-	1,972,137	-	62,646	788,638	-	3,939,502
Receivables - accrued interest	-	-	2,761	8,834	-	-	25,727	-	-	-	37,322
Due from other governments	-	-	18,282	-	17,567	-	15,717	-	-	-	51,566
Total assets	\$ 751,255	369,243	432,203	7,746,305	104,319	1,972,137	7,438,789	62,646	788,638	13,150,000	32,815,535
LIABILITIES AND FUND BALANCES											
72 Liabilities:											
Accounts payable and accrued liabilities	\$ -	-	95,000	-	-	-	442,929	-	-	-	537,929
Due to other funds - General Fund	-	-	-	-	-	136,337	-	9,286	228,038	-	373,661
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	95,000	-	-	136,337	442,929	9,286	228,038	-	911,590
Fund balances:											
Reserved for encumbrances	348,637	-	6,124	-	7,945	-	1,862,784	20,547	549,874	-	2,795,911
Reserved by state statute	-	-	21,043	8,834	17,567	-	41,444	-	-	-	88,888
Unreserved:											
Designated for subsequent year's expenditures	402,618	369,243	310,036	6,714,519	78,807	1,181,935	4,972,864	32,813	10,726	13,150,000	27,223,561
Undesignated	-	-	-	1,022,952	-	653,865	118,768	-	-	-	1,795,585
Total fund balances	751,255	369,243	337,203	7,746,305	104,319	1,835,800	6,995,860	53,360	560,600	13,150,000	31,903,945
Total liabilities and fund balances	\$ 751,255	369,243	432,203	7,746,305	104,319	1,972,137	7,438,789	62,646	788,638	13,150,000	32,815,535

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

FORSYTH COUNTY, NORTH CAROLINA

For the Fiscal Year Ended June 30, 2007

	General Services Complex	Reynolds Health Center Renovation/ Adaptive Reuse	2001 2/3rds Bonds	2002 2/3rds Bonds	2002 Schools	2003 2/3rds Bonds	2005 Schools Facilities	2006 2/3rds Bonds	2006 Voting Equipment	2006 Information Systems	2007 Information Systems	2007 Forsyth Technical Community College	Total
Revenues:													
Intergovernmental	\$ -	-	26,043	-	-	16,918	-	-	341,122	-	-	-	384,083
Investment earnings	40,925	18,505	2,261	35,183	843,394	3,515	225,776	473,360	-	39,134	138	134,950	1,817,141
Total revenues	<u>40,925</u>	<u>18,505</u>	<u>28,304</u>	<u>35,183</u>	<u>843,394</u>	<u>20,433</u>	<u>225,776</u>	<u>473,360</u>	<u>341,122</u>	<u>39,134</u>	<u>138</u>	<u>134,950</u>	<u>2,201,224</u>
Expenditures:													
Current:													
Intergovernmental - education	-	-	-	-	17,166,598	-	6,224,616	-	-	-	-	82,410	23,473,624
Debt service - interest and other charges	-	-	-	-	-	-	-	-	-	-	-	86,519	86,519
Capital outlay:													
General government	7,184	-	-	-	-	-	-	217,007	341,245	186,376	228,038	-	979,850
Public safety	-	-	-	454,894	-	108,204	-	486,728	-	309,480	-	-	1,359,306
Human services	-	-	-	-	-	-	-	807,247	-	-	-	-	807,247
Culture and recreation	-	-	52,086	-	-	33,836	-	1,932,809	-	-	-	-	2,018,731
Total expenditures	<u>7,184</u>	<u>-</u>	<u>52,086</u>	<u>454,894</u>	<u>17,166,598</u>	<u>142,040</u>	<u>6,224,616</u>	<u>3,443,791</u>	<u>341,245</u>	<u>495,856</u>	<u>228,038</u>	<u>168,929</u>	<u>28,725,277</u>
Excess (deficiency) of revenues over expenditures	<u>33,741</u>	<u>18,505</u>	<u>(23,782)</u>	<u>(419,711)</u>	<u>(16,323,204)</u>	<u>(121,607)</u>	<u>(5,998,840)</u>	<u>(2,970,431)</u>	<u>(123)</u>	<u>(456,722)</u>	<u>(227,900)</u>	<u>(33,979)</u>	<u>(26,524,053)</u>
Other financing sources (uses):													
Installment purchases	-	-	-	-	-	-	-	-	-	1,125,000	788,500	-	1,913,500
General obligation bonds issued	-	-	-	-	-	-	-	-	-	-	-	12,500,000	12,500,000
Premium on general obligation bonds	-	-	-	-	-	-	-	-	-	-	-	683,979	683,979
Transfers out:													
General Fund	(2,088)	(189)	(65,582)	-	-	-	-	-	(5,326)	-	-	-	(73,185)
State Public School Building Capital Fund	-	-	-	-	(363,334)	-	-	-	-	-	-	-	(363,334)
Total other financing sources (uses)	<u>(2,088)</u>	<u>(189)</u>	<u>(65,582)</u>	<u>-</u>	<u>(363,334)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,326)</u>	<u>1,125,000</u>	<u>788,500</u>	<u>13,183,979</u>	<u>14,660,960</u>
Net change in fund balances	<u>31,653</u>	<u>18,316</u>	<u>(89,364)</u>	<u>(419,711)</u>	<u>(16,686,538)</u>	<u>(121,607)</u>	<u>(5,998,840)</u>	<u>(2,970,431)</u>	<u>(5,449)</u>	<u>668,278</u>	<u>560,600</u>	<u>13,150,000</u>	<u>(11,863,093)</u>
Fund balance - June 30, 2006	719,602	350,927	89,364	756,914	24,432,843	225,926	7,834,640	9,966,291	5,449	(614,918)	-	-	43,767,038
Fund balance - June 30, 2007	<u>\$ 751,255</u>	<u>369,243</u>	<u>-</u>	<u>337,203</u>	<u>7,746,305</u>	<u>104,319</u>	<u>1,835,800</u>	<u>6,995,860</u>	<u>-</u>	<u>53,360</u>	<u>560,600</u>	<u>13,150,000</u>	<u>31,903,945</u>

**GENERAL SERVICES COMPLEX 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, 2007

	<u>Budget</u>	<u>Cumulative Total to June 30, 2007</u>	<u>Activity Year Ended June 30, 2007</u>	<u>Cumulative Total to June 30, 2006</u>
Revenues - investment earnings	\$ 429,225	436,701	40,925	395,776
Expenditures - capital outlay - general government	6,842,051	5,952,770	7,184	5,945,586
Excess (deficiency) of revenues over expenditures	<u>(6,412,826)</u>	<u>(5,516,069)</u>	<u>33,741</u>	<u>(5,549,810)</u>
Other financing sources (uses):				
Certificates of participation issued	7,050,247	6,479,887	-	6,479,887
Transfers from General Fund	1,151,000	1,151,000	-	1,151,000
Transfers to General Fund	<u>(1,788,421)</u>	<u>(1,363,563)</u>	<u>(2,088)</u>	<u>(1,361,475)</u>
Total other financing sources (uses)	<u>6,412,826</u>	<u>6,267,324</u>	<u>(2,088)</u>	<u>6,269,412</u>
Net change in fund balance	<u>\$ -</u>	<u>751,255</u>	<u>31,653</u>	<u>719,602</u>
Fund balance - June 30, 2006			719,602	
Fund balance - June 30, 2007			<u><u>751,255</u></u>	

**REYNOLDS HEALTH CENTER RENOVATION / ADAPTIVE REUSE 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, 2007

	<u>Budget</u>	<u>Cumulative Total to June 30, 2007</u>	<u>Activity Year Ended June 30, 2007</u>	<u>Cumulative Total to June 30, 2006</u>
Revenues:				
Investment earnings	\$ 671,903	675,038	18,505	656,533
Other	-	10,104	-	10,104
Total revenues	<u>671,903</u>	<u>685,142</u>	<u>18,505</u>	<u>666,637</u>
Expenditures:				
Capital outlay - human services	14,024,668	13,946,622	-	13,946,622
Debt service - interest and other charges	225,396	198,943	-	198,943
Total expenditures	<u>14,250,064</u>	<u>14,145,565</u>	<u>-</u>	<u>14,145,565</u>
Excess (deficiency) of revenues over expenditures	<u>(13,578,161)</u>	<u>(13,460,423)</u>	<u>18,505</u>	<u>(13,478,928)</u>
Other financing sources (uses):				
Certificates of participation issued	14,728,565	14,332,616	-	14,332,616
Premium on certificates of participation	-	175,599	-	175,599
Transfers to General Fund	<u>(1,150,404)</u>	<u>(678,549)</u>	<u>(189)</u>	<u>(678,360)</u>
Total other financing sources (uses)	<u>13,578,161</u>	<u>13,829,666</u>	<u>(189)</u>	<u>13,829,855</u>
Net change in fund balance	<u>\$ -</u>	<u>369,243</u>	<u>18,316</u>	<u>350,927</u>
Fund balance - June 30, 2006			350,927	
Fund balance - June 30, 2007			<u><u>\$ 369,243</u></u>	

2001 2/3rds BONDS 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, 2007

	<u>Budget</u>	<u>Cumulative Total to June 30, 2007</u>	<u>Activity Year Ended June 30, 2007</u>	<u>Cumulative Total to June 30, 2006</u>
Revenues:				
Intergovernmental	\$ 1,050,000	1,051,751	26,043	1,025,708
Investment earnings	100,000	90,032	2,261	87,771
Total revenues	<u>1,150,000</u>	<u>1,141,783</u>	<u>28,304</u>	<u>1,113,479</u>
Expenditures - capital outlay - culture and recreation				
	<u>3,404,000</u>	<u>3,330,824</u>	<u>52,086</u>	<u>3,278,738</u>
Deficiency of revenues over expenditures	<u>(2,254,000)</u>	<u>(2,189,041)</u>	<u>(23,782)</u>	<u>(2,165,259)</u>
Other financing sources (uses):				
General obligation bonds issued	2,980,000	2,980,000	-	2,980,000
Transfers to General Fund	-	(65,582)	(65,582)	-
Transfers to 2001 Tanglewood Park Fund	(726,000)	(725,377)	-	(725,377)
Total other financing sources (uses)	<u>2,254,000</u>	<u>2,189,041</u>	<u>(65,582)</u>	<u>2,254,623</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>(89,364)</u>	<u>89,364</u>
Fund balance - June 30, 2006			89,364	
Fund balance - June 30, 2007			<u>\$ -</u>	

2002 2/3rds BONDS 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, 2007

	<u>Budget</u>	<u>Cumulative Total to June 30, 2007</u>	<u>Activity Year Ended June 30, 2007</u>	<u>Cumulative Total to June 30, 2006</u>
Revenues - investment earnings	\$ <u>357,000</u>	<u>363,536</u>	<u>35,183</u>	<u>328,353</u>
Expenditures:				
Capital outlay:				
Public safety	4,869,628	4,671,410	454,894	4,216,516
Culture and recreation	1,890,480	1,880,857	-	1,880,857
Debt service - interest and other charges	167,174	167,174	-	167,174
Total expenditures	<u>6,927,282</u>	<u>6,719,441</u>	<u>454,894</u>	<u>6,264,547</u>
Deficiency of revenues over expenditures	<u>(6,570,282)</u>	<u>(6,355,905)</u>	<u>(419,711)</u>	<u>(5,936,194)</u>
Other financing sources (uses):				
General obligation bonds issued	6,467,628	6,420,000	-	6,420,000
Premium on general obligation bonds	47,174	47,628	-	47,628
Transfers from General Fund	270,480	270,480	-	270,480
Transfers to General Fund	(215,000)	(45,000)	-	(45,000)
Total other financing sources (uses)	<u>6,570,282</u>	<u>6,693,108</u>	<u>-</u>	<u>6,693,108</u>
Net change in fund balance	<u>\$ -</u>	<u>337,203</u>	<u>(419,711)</u>	<u>756,914</u>
Fund balance - June 30, 2006			756,914	
Fund balance - June 30, 2007			<u>\$ 337,203</u>	

2002 SCHOOLS 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, 2007

	<u>Budget</u>	<u>Cumulative Total to June 30, 2007</u>	<u>Activity Year Ended June 30, 2007</u>	<u>Cumulative Total to June 30, 2006</u>
Revenues - investment earnings	\$ 3,225,000	3,938,122	843,394	3,094,728
Expenditures:				
Current - intergovernmental - education	148,046,166	141,970,161	17,166,598	124,803,563
Debt service - interest and other charges	1,231,919	1,231,905	-	1,231,905
Total expenditures	149,278,085	143,202,066	17,166,598	126,035,468
Deficiency of revenues over expenditures	(146,053,085)	(139,263,944)	(16,323,204)	(122,940,740)
Other financing sources (uses):				
General obligation bonds issued	150,171,500	150,000,000	-	150,000,000
Premium on general obligation bonds	660,419	1,150,583	-	1,150,583
Transfers to General Fund	(1,625,000)	(1,125,000)	-	(1,125,000)
Transfers to State Public School Building Capital Fund	(3,153,834)	(3,015,334)	(363,334)	(2,652,000)
Total other financing sources (uses)	146,053,085	147,010,249	(363,334)	147,373,583
Net change in fund balance	\$ -	7,746,305	(16,686,538)	24,432,843
Fund balance - June 30, 2006			24,432,843	
Fund balance - June 30, 2007			7,746,305	

2003 2/3rds BONDS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

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FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2007

	<u>Budget</u>	<u>Cumulative Total to June 30, 2007</u>	<u>Activity Year Ended June 30, 2007</u>	<u>Cumulative Total to June 30, 2006</u>
Revenues:				
Intergovernmental	\$ 800,000	795,519	16,918	778,601
Investment earnings	75,000	75,520	3,515	72,005
Total revenues	875,000	871,039	20,433	850,606
Expenditures:				
Current - intergovernmental - education	500,000	499,673	-	499,673
Capital outlay:				
General government	1,050,000	1,048,213	-	1,048,213
Public safety	1,596,220	1,558,369	108,204	1,450,165
Culture and recreation	1,600,000	1,591,037	33,836	1,557,201
Debt service - interest and other charges	31,420	31,419	-	31,419
Total expenditures	4,777,640	4,728,711	142,040	4,586,671
Deficiency of revenues over expenditures	(3,902,640)	(3,857,672)	(121,607)	(3,736,065)
Other financing sources (uses):				
General obligation bonds issued	3,946,220	3,950,000	-	3,950,000
Premium on general obligation bonds	11,420	11,991	-	11,991
Transfers to General Fund	(55,000)	-	-	-
Total other financing sources (uses)	3,902,640	3,961,991	-	3,961,991
Net change in fund balance	\$ -	104,319	(121,607)	225,926
Fund balance - June 30, 2006			225,926	
Fund balance - June 30, 2007			104,319	

**2005 SCHOOLS FACILITIES 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, 2007

	<u>Budget</u>	<u>Cumulative Total to June 30, 2007</u>	<u>Activity Year Ended June 30, 2007</u>	<u>Cumulative Total to June 30, 2006</u>
Revenues - investment earnings	\$ -	632,047	225,776	406,271
Expenditures:				
Current:				
Education	10,950	10,950	-	10,950
Intergovernmental - education	12,989,050	11,807,215	6,224,616	5,582,599
Debt service - interest and other charges	241,100	241,000	-	241,000
Total expenditures	<u>13,241,100</u>	<u>12,059,165</u>	<u>6,224,616</u>	<u>5,834,549</u>
Deficiency of revenues over expenditures	(13,241,100)	(11,427,118)	(5,998,840)	(5,428,278)
Other financing sources:				
Certificates of participation issued	13,000,000	13,000,000	-	13,000,000
Premium on certificates of participation	241,100	262,918	-	262,918
Total other financing sources	<u>13,241,100</u>	<u>13,262,918</u>	<u>-</u>	<u>13,262,918</u>
Net change in fund balance	<u>\$ -</u>	<u>1,835,800</u>	<u>(5,998,840)</u>	<u>7,834,640</u>
Fund balance - June 30, 2006			7,834,640	
Fund balance - June 30, 2007			<u>\$ 1,835,800</u>	

**2006 FORSYTH TECHNICAL COMMUNITY COLLEGE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

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FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2007

	<u>Budget</u>	<u>Cumulative Total to June 30, 2007</u>	<u>Activity Year Ended June 30, 2007</u>	<u>Cumulative Total to June 30, 2006</u>
Revenues - other	\$ 3,500,000	-	-	-
Expenditures - current - intergovernmental - education	<u>3,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2006			-	
Fund balance - June 30, 2007			<u>\$ -</u>	

2006 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, 2007

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	<u>Budget</u>	<u>Cumulative Total to June 30, 2007</u>	<u>Activity Year Ended June 30, 2007</u>	<u>Cumulative Total to June 30, 2006</u>
Revenues - investment earnings	\$ 570,000	645,681	473,360	172,321
Expenditures:				
Debt service - interest and other charges	101,250	101,250	-	101,250
Capital outlay:				
General government	1,020,000	362,824	217,007	145,817
Public safety	552,000	517,056	486,728	30,328
Human services	1,252,000	807,247	807,247	-
Culture and recreation - Tanglewood	4,000,000	118,079	88,451	29,628
Culture and recreation - Library	3,361,000	2,012,896	1,844,358	168,538
Total expenditures	<u>10,286,250</u>	<u>3,919,352</u>	<u>3,443,791</u>	<u>475,561</u>
Deficiency of revenues over expenditures	<u>(9,716,250)</u>	<u>(3,273,671)</u>	<u>(2,970,431)</u>	<u>(303,240)</u>
Other financing sources (uses):				
General obligation bonds issued	10,185,000	10,185,000	-	10,185,000
Premium on general obligation bonds	-	84,531	-	84,531
Transfers from General Fund	210,000	210,000	-	210,000
Transfers to General Fund	(678,750)	(210,000)	-	(210,000)
Total other financing sources (uses)	<u>9,716,250</u>	<u>10,269,531</u>	<u>-</u>	<u>10,269,531</u>
Net change in fund balance	<u>\$ -</u>	<u>6,995,860</u>	<u>(2,970,431)</u>	<u>9,966,291</u>
Fund balance - June 30, 2006			9,966,291	
Fund balance - June 30, 2007			<u>\$ 6,995,860</u>	

2006 VOTING EQUIPMENT 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, 2007

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	<u>Budget</u>	<u>Cumulative Total to June 30, 2007</u>	<u>Activity Year Ended June 30, 2007</u>	<u>Cumulative Total to June 30, 2006</u>
Revenues:				
Intergovernmental	\$ 1,646,414	1,733,609	341,122	1,392,487
Investment earnings	-	5,560	-	5,560
Total revenues	<u>1,646,414</u>	<u>1,739,169</u>	<u>341,122</u>	<u>1,398,047</u>
Expenditures - capital outlay -				
general government	<u>4,000,000</u>	<u>1,733,843</u>	<u>341,245</u>	<u>1,392,598</u>
Excess (deficiency) of revenues over expenditures	<u>(2,353,586)</u>	<u>5,326</u>	<u>(123)</u>	<u>5,449</u>
Other financing sources (uses):				
Installment purchases	2,353,586	-	-	-
Transfers to General Fund	-	(5,326)	(5,326)	-
Total other financing sources (uses)	<u>2,353,586</u>	<u>(5,326)</u>	<u>(5,326)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>(5,449)</u>	<u>5,449</u>
Fund balance - June 30, 2006			5,449	
Fund balance - June 30, 2007			<u>\$ -</u>	

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

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FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2007

	<u>Budget</u>	<u>Cumulative Total to June 30, 2007</u>	<u>Activity Year Ended June 30, 2007</u>	<u>Cumulative Total to June 30, 2006</u>
Revenues - investment earnings	\$ -	39,134	39,134	-
Expenditures - capital outlay:				
General government	320,000	305,964	186,376	119,588
Public safety	903,945	804,810	309,480	495,330
Total expenditures	<u>1,223,945</u>	<u>1,110,774</u>	<u>495,856</u>	<u>614,918</u>
Deficiency of revenues over expenditures	(1,223,945)	(1,071,640)	(456,722)	(614,918)
Other financing sources - installment purchases	<u>1,223,945</u>	<u>1,125,000</u>	<u>1,125,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>53,360</u>	668,278	<u>(614,918)</u>
Fund balance - June 30, 2006			(614,918)	
Fund balance - June 30, 2007			<u>\$ 53,360</u>	

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

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FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2007

	<u>Budget</u>	<u>Cumulative Total to June 30, 2007</u>	<u>Activity Year Ended June 30, 2007</u>	<u>Cumulative Total to June 30, 2006</u>
Revenues - investment earnings	\$ -	138	138	-
Expenditures - capital outlay:				
General government	229,000	228,038	228,038	-
Public safety	560,000	-	-	-
Total expenditures	<u>789,000</u>	<u>228,038</u>	<u>228,038</u>	<u>-</u>
Deficiency of revenues over expenditures	(789,000)	(227,900)	(227,900)	-
Other financing sources - installment purchases	<u>789,000</u>	<u>788,500</u>	<u>788,500</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>560,600</u>	560,600	<u>-</u>
Fund balance - June 30, 2006			-	
Fund balance - June 30, 2007			<u>\$ 560,600</u>	

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

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FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2007

	<u>Budget</u>	<u>Cumulative Total to June 30, 2007</u>	<u>Activity Year Ended June 30, 2007</u>	<u>Cumulative Total to June 30, 2006</u>
Revenues - investment earnings	\$ 475,000	134,950	134,950	-
Expenditures:				
Current - intergovernmental - education	25,000,000	82,410	82,410	-
Debt service - interest and other charges	25,000	86,519	86,519	-
Total expenditures	<u>25,025,000</u>	<u>168,929</u>	<u>168,929</u>	<u>-</u>
Deficiency of revenues over expenditures	(24,550,000)	(33,979)	(33,979)	-
Other financing sources (uses):				
General obligation bonds issued	25,000,000	12,500,000	12,500,000	-
Premium on general obligation bonds	-	683,979	683,979	-
Transfers to General Fund	(450,000)	-	-	-
Total other financing sources (uses)	<u>24,550,000</u>	<u>13,183,979</u>	<u>13,183,979</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>13,150,000</u>	<u>13,150,000</u>	<u>-</u>
Fund balance - June 30, 2006			-	
Fund balance - June 30, 2007			<u>\$ 13,150,000</u>	

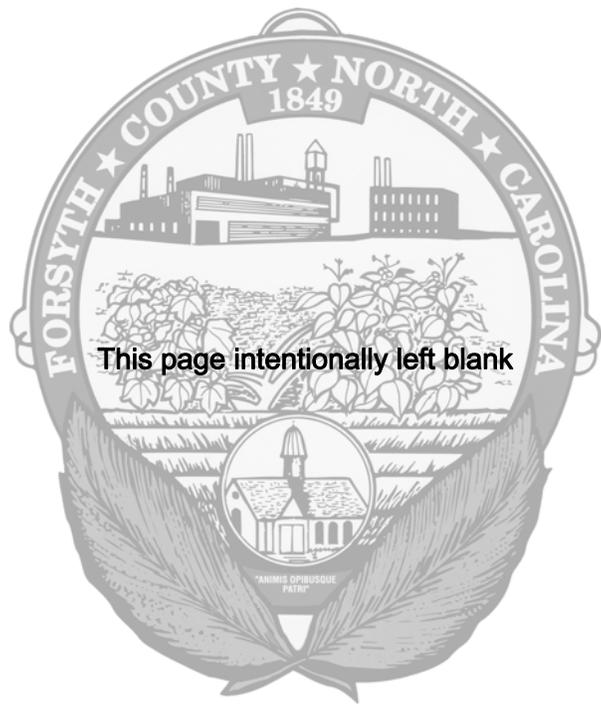
Fiduciary Funds – Agency Funds

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 that 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, 2007

	<u>Tax</u>	<u>Fines and Forfeitures</u>	<u>Protective Payee</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 552,859	8,242	110,762	671,863
Receivables:				
Property taxes	4,369,167	-	-	4,369,167
Occupancy taxes	304,975	-	-	304,975
Accrued interest	-	-	1,088	1,088
Total assets	<u>5,227,001</u>	<u>8,242</u>	<u>111,850</u>	<u>5,347,093</u>
LIABILITIES				
Due to other governments	5,227,001	8,242	1,047	5,236,290
Other liabilities	-	-	110,803	110,803
Total liabilities	<u>5,227,001</u>	<u>8,242</u>	<u>111,850</u>	<u>5,347,093</u>
NET ASSETS	<u>\$ -</u>	<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, 2007

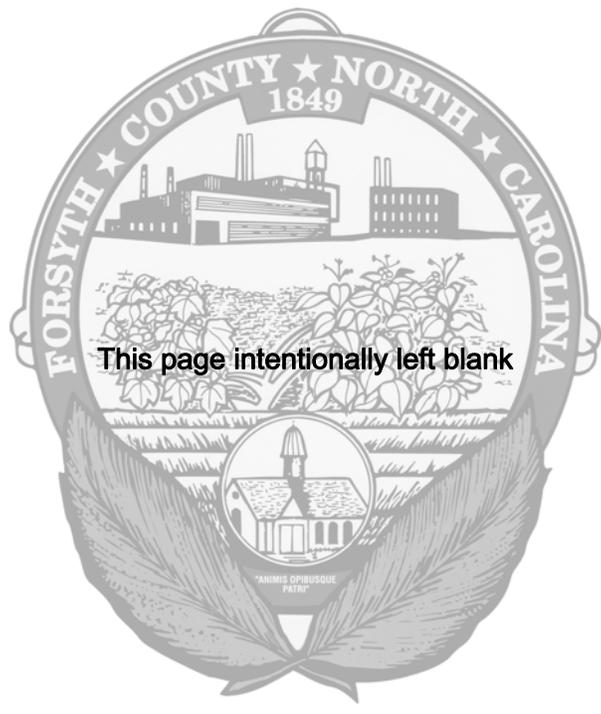
	<u>June 30, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2007</u>
<u>TAX AGENCY</u>				
ASSETS				
Cash and cash equivalents	\$ 334,737	626,036,644	625,818,522	552,859
Receivables:				
Property taxes	4,023,589	308,999,341	308,653,763	4,369,167
Occupancy taxes	257,695	380,063	332,783	304,975
Total assets	\$ 4,616,021	935,416,048	934,805,068	5,227,001
LIABILITIES				
Due to other governments	\$ 4,616,021	939,371,036	938,760,056	5,227,001
<u>FINES AND FORFEITURES</u>				
ASSETS				
Cash and cash equivalents	\$ -	2,448,129	2,439,887	8,242
LIABILITIES				
Due to other governments	\$ -	2,448,129	2,439,887	8,242
<u>PROTECTIVE PAYEE</u>				
ASSETS				
Cash and cash equivalents	\$ 142,086	387,584	418,908	110,762
Receivables - accrued interest	1,847	6,804	7,563	1,088
Total assets	\$ 143,933	394,388	426,471	111,850
LIABILITIES				
Due to other governments	\$ -	1,047	-	1,047
Other liabilities	143,933	386,825	419,955	110,803
Total liabilities	\$ 143,933	387,872	419,955	111,850
<u>TOTAL - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 476,823	628,872,357	628,677,317	671,863
Receivables:				
Property taxes	4,023,589	308,999,341	308,653,763	4,369,167
Occupancy taxes	257,695	380,063	332,783	304,975
Accrued interest	1,847	6,804	7,563	1,088
Total assets	\$ 4,759,954	938,258,565	937,671,426	5,347,093
LIABILITIES				
Due to other governments	\$ 4,616,021	941,820,212	941,199,943	5,236,290
Other liabilities	143,933	386,825	419,955	110,803
Total liabilities	\$ 4,759,954	942,207,037	941,619,898	5,347,093

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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SCHEDULE OF AD VALOREM TAXES RECEIVABLE
GENERAL FUND
 FORSYTH COUNTY, NORTH CAROLINA
 June 30, 2007

F-1

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2006</u>	<u>Additions Net of Releases</u>	<u>Collections And Credits</u>	<u>Writeoffs</u>	<u>Uncollected Balance June 30, 2007</u>
2006 - 2007	\$ -	197,416,909	193,927,020	-	3,489,889
2005 - 2006	3,300,227	(39,470)	2,187,033	-	1,073,724
2004 - 2005	1,200,520	(10,674)	292,853	-	896,993
2003 - 2004	723,278	(5,551)	129,820	303,764	284,143
2002 - 2003	483,987	(4,131)	61,312	-	418,544
2001 - 2002	284,122	(2,123)	27,529	-	254,470
2000 - 2001	189,943	(724)	15,457	-	173,762
1999 - 2000	153,828	(485)	11,796	-	141,547
1998 - 1999	107,501	(575)	9,183	-	97,743
1997 - 1998	142,326	(290)	7,774	134,262	-
	<u>\$ 6,585,732</u>	<u>197,352,886</u>	<u>196,669,777</u>	<u>438,026</u>	<u>6,830,815</u>
Plus: dog taxes included in taxes receivable: General Fund					12,206
Less: allowance for uncollectible accounts: General Fund					<u>(3,886,380)</u>
Ad valorem taxes receivable - net: General Fund					\$ <u>2,956,641</u>
<u>Reconciliation with revenues:</u>					
Property taxes - General Fund					\$ 197,203,309
Penalties collected on ad valorem taxes - Fines and Forfeitures Fund					140,821
Reconciling items:					
Interest collected					\$ (838,435)
Back years collection of dog taxes					(915)
Refunds					194,270
Collection of taxes previously written off					<u>(29,273)</u>
Total reconciling items					<u>(674,353)</u>
Total collections and credits					\$ <u>196,669,777</u>

**ANALYSIS OF CURRENT TAX LEVY
COUNTYWIDE LEVY**
FORSYTH COUNTY, NORTH CAROLINA
 For the Year Ended June 30, 2007

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	\$ 28,706,809,657	\$.6660	\$ 192,094,083	\$ 181,405,382	\$ 10,688,700
Motor vehicles taxed at prior year's rate: FY 04-05	244,160	.7080	1,729	-	1,729
FY 05-06	883,139,730	.6660	5,886,854	-	5,886,854
Penalties	-		195,516	195,516	-
Total	<u>29,590,193,547</u>		<u>198,178,181</u>	<u>181,600,898</u>	<u>16,577,283</u>
Releases	(114,305,105)		(761,272)	(552,590)	(208,682)
Total property valuation	<u>\$ 29,475,888,442</u>				
Net levy			197,416,909	181,048,308	16,368,601
Uncollected taxes at June 30, 2007			3,489,889	1,944,370	1,545,519
Current year's taxes collected			<u>\$ 193,927,020</u>	<u>\$ 179,103,938</u>	<u>\$ 14,823,082</u>
Current levy collection percentage			<u>98.23%</u>	<u>98.93%</u>	<u>90.56%</u>

Secondary Market Disclosures:

Assessed Valuation:

Assessment Ratio (1)	100%
Real Property	\$ 23,565,365,700
Personal Property	5,437,452,750
Public Service Companies (2)	587,375,097
Total Assessed Valuation	<u>29,590,193,547</u>
Tax Rate per \$100	<u>0.666</u>
Levy (includes discoveries, releases and abatements)	<u>\$ 197,416,909</u>

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

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

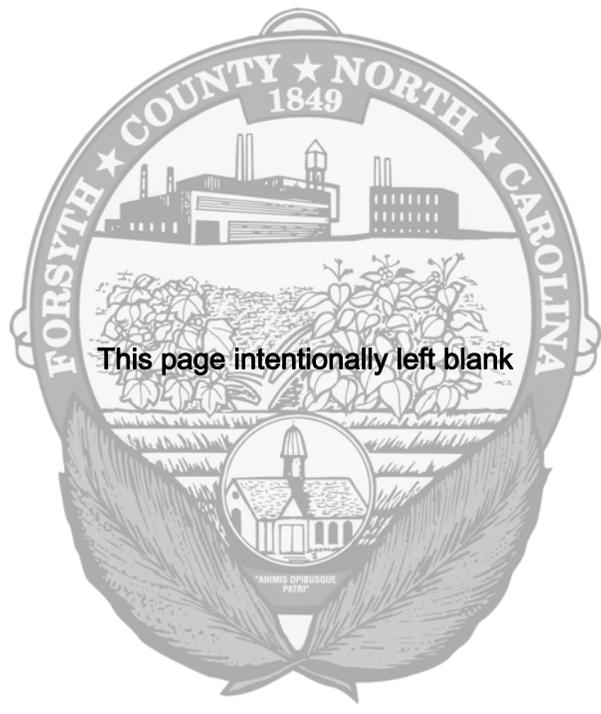
TEN LARGEST TAXPAYERS

F-3

FORSYTH COUNTY, NORTH CAROLINA

Fiscal Year Ended June 30, 2007

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2007 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
R. J. Reynolds Industries, Inc.	Tobacco, Foods, Petroleum and Transportation	\$ 994,617,187	3.36%
Duke Energy Corporation	Electric Utility	262,879,331	0.89%
Wachovia Bank & Trust	Banking	245,880,891	0.83%
Sara Lee Corporation	Food and Textiles	180,267,060	0.61%
JG Winston-Salem	Real Estate Management	173,667,199	0.59%
Lowes Home Center	Retail	170,022,469	0.57%
Highwoods/Forsyth Partners	Real Estate Management	155,586,587	0.53%
BellSouth Corporation	Communications Utility	128,266,346	0.43%
First States Investors	Real Estate Management	102,428,400	0.35%
Dell	Computer Manufacturer	101,003,630	0.34%
		<u>\$ 2,514,619,100</u>	<u>8.50%</u>



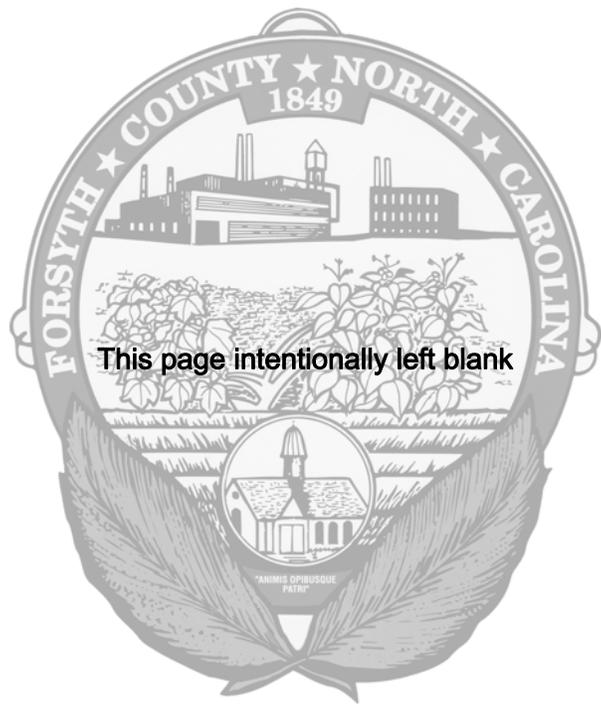
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This part of the Forsyth County comprehensive annual financial report presents detail information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the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

Contents

Financial Trends – These schedules contain trend information to help the reader understand how the County’s financial performance and well-being have changed over time.	93
Revenue Capacity – These schedules contain information to help the reader assess the factors affecting the County’s ability to generate its property taxes.	97
Debt Capacity – These schedules present information to help the reader assess the affordability of the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future.	102
Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the County’s financial activities take place and to help make comparisons over time and with other governments.	105
Operating Information – These schedules contain information about the County’s operations and resources to help the reader understand how the County’s financial information relates to the services the County provides and the activities it performs.	107

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



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NET ASSETS BY COMPONENT
FORSYTH COUNTY, NORTH CAROLINA

Last Six Fiscal Years

(accrual basis of accounting)

Schedule 1

	Fiscal Year					
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities:						
Invested in capital assets, net of related debt	\$ 50,832,801	53,327,610	54,929,158	58,050,620	62,126,511	65,335,272
Restricted	1,811,767	1,905,959	2,153,517	2,477,719	3,877,017	4,328,645
Unrestricted	<u>(69,838,879)</u>	<u>(66,742,250)</u>	<u>(89,720,953)</u>	<u>(120,973,768)</u>	<u>(133,416,466)</u>	<u>(132,368,899)</u>
Total governmental activities net assets (deficit)	<u>\$ (17,194,311)</u>	<u>(11,508,681)</u>	<u>(32,638,278)</u>	<u>(60,445,429)</u>	<u>(67,412,938)</u>	<u>(62,704,982)</u>

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

CHANGES IN NET ASSETS

FORSYTH COUNTY, NORTH CAROLINA

Last Six Fiscal Years

(accrual basis of accounting)

Schedule 2

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Expenses						
Governmental activities:						
General government	\$ 33,504,313	32,511,954	37,176,344	38,054,338	40,702,218	40,954,886
Public safety	43,226,614	44,319,571	50,956,682	53,265,074	56,416,719	60,563,286
Environmental protection	2,110,570	2,124,756	2,287,496	2,171,643	2,160,200	2,220,009
Human services	72,919,088	75,664,303	79,377,848	81,602,908	83,026,669	83,325,627
Culture and recreation	14,694,632	14,489,189	15,056,770	15,209,100	16,913,156	17,214,387
Community and economic development	1,312,589	1,254,450	1,523,798	5,175,040	4,622,179	1,722,356
Education	102,127,242	106,056,362	138,342,793	145,267,123	139,943,619	137,732,790
Interest on long-term debt	12,149,584	13,664,297	14,426,316	14,567,408	14,846,094	15,995,831
Total expenses	<u>282,044,632</u>	<u>290,084,882</u>	<u>339,148,047</u>	<u>355,312,634</u>	<u>358,630,854</u>	<u>359,729,172</u>
Program revenues						
Governmental activities:						
Charges for services						
General government	4,907,678	4,903,787	4,698,238	4,444,744	4,335,314	4,320,684
Public safety	6,707,367	7,246,355	8,457,575	8,993,671	10,668,381	13,569,309
Environmental protection	805,406	963,314	1,103,027	933,971	785,380	348,683
Human services	4,207,333	5,456,001	6,322,469	7,227,474	6,686,842	6,781,195
Culture and recreation	4,480,311	3,961,475	4,262,167	4,648,633	5,291,419	5,265,639
Community and economic development	137,239	27,493	52,681	118,587	77,862	115,432
Education	29,330	29,410	29,410	33,469	33,332	33,332
Operating grants and contributions						
General government	336,313	759,242	489,337	648,613	2,048,882	1,116,784
Public safety	2,759,794	2,027,799	3,063,893	3,800,634	3,989,961	3,390,604
Environmental protection	723,770	743,973	888,024	661,559	747,313	843,363
Human services	32,996,444	34,681,881	35,011,146	34,162,314	35,684,538	35,702,370
Culture and recreation	797,131	860,806	985,400	896,886	1,617,563	856,098
Community and economic development	560,069	594,285	623,320	873,626	716,889	391,429
Education	4,163,828	3,202,900	1,405,681	1,090,700	2,393,376	3,459,671
Capital grants and contributions						
Culture and recreation	15,107	8,381	226,512	-	-	-
Total program revenues	<u>63,627,120</u>	<u>65,467,102</u>	<u>67,618,880</u>	<u>68,534,881</u>	<u>75,077,052</u>	<u>76,194,593</u>
Net expense	<u>(218,417,512)</u>	<u>(224,617,780)</u>	<u>(271,529,167)</u>	<u>(286,777,753)</u>	<u>(283,553,802)</u>	<u>(283,534,579)</u>
General revenues and other changes in net assets						
Governmental activities:						
Taxes:						
Property taxes	157,969,588	172,788,517	177,109,769	184,460,184	196,540,693	203,698,340
Local option sales taxes	45,621,446	50,456,088	62,472,610	62,106,774	67,056,056	71,068,173
Occupancy taxes	431,537	451,374	449,042	441,234	493,107	539,027
Other taxes and licenses	2,652,281	2,930,050	3,427,625	3,656,571	3,752,002	3,261,547
Grants and contributions not restricted to specific programs	11,168,242	997,904	4,422,507	3,603,013	2,672,986	1,635,293
Investment earnings	3,453,547	2,352,281	2,161,094	3,939,095	5,473,968	7,680,796
Miscellaneous	562,996	291,949	392,170	763,732	597,480	359,359
Total general revenues	<u>221,859,637</u>	<u>230,268,163</u>	<u>250,434,817</u>	<u>258,970,603</u>	<u>276,586,292</u>	<u>288,242,535</u>
Change in net assets - governmental activities	\$ <u>3,442,125</u>	<u>5,650,383</u>	<u>(21,094,350)</u>	<u>(27,807,150)</u>	<u>(6,967,510)</u>	<u>4,707,956</u>

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

FUND BALANCES OF GOVERNMENTAL FUNDS

Schedule 3

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund										
Reserved	\$ 12,530,915	11,797,767	12,948,590	21,396,794	20,920,273	25,862,905	28,663,332	30,421,518	31,829,460	31,724,371
Unreserved	32,220,753	29,054,050	25,138,439	43,054,407	48,841,807	52,712,200	62,744,745	63,826,353	69,572,571	79,799,313
Total General Fund	<u>\$ 44,751,668</u>	<u>40,851,817</u>	<u>38,087,029</u>	<u>64,451,201</u>	<u>69,762,080</u>	<u>78,575,105</u>	<u>91,408,077</u>	<u>94,247,871</u>	<u>101,402,031</u>	<u>111,523,684</u>
All other governmental funds										
Reserved	\$ 3,845,622	2,987,072	5,728,638	27,702,013	19,786,503	14,474,673	5,717,155	7,461,248	6,378,241	3,931,316
Unreserved, reported in:										
Special revenue funds	12,288,972	13,630,373	11,599,554	1,006,710	1,219,277	1,097,229	1,096,217	1,047,406	2,633,267	2,649,533
Capital projects funds	17,747,478	19,648,207	23,867,033	21,604,456	58,209,778	47,329,968	82,857,433	29,421,813	37,964,525	90,092,438
Total all other governmental funds	<u>\$ 33,882,072</u>	<u>36,265,652</u>	<u>41,195,225</u>	<u>50,313,179</u>	<u>79,215,558</u>	<u>62,901,870</u>	<u>89,670,805</u>	<u>37,930,467</u>	<u>46,976,033</u>	<u>96,673,287</u>

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Schedule 4

FORSYTH COUNTY, NORTH CAROLINA

Last Six Fiscal Years

(modified accrual basis of accounting)

	2002	2003	2004	2005	2006	2007
Revenues						
Property taxes	\$ 157,643,248	172,522,283	176,937,963	184,168,720	196,470,273	202,802,113
Occupancy taxes	431,537	451,374	449,042	441,234	493,107	539,027
Local option sales tax	45,621,446	50,456,088	62,472,610	62,106,774	67,056,056	71,068,173
Other taxes	188,583	474,123	656,801	600,303	667,463	506,037
Licenses and permits	2,163,592	2,099,216	2,091,175	1,867,850	1,704,474	1,215,187
Intergovernmental	52,583,805	43,867,904	47,470,956	46,013,245	50,024,208	47,933,136
Charges for services	15,411,300	18,047,774	20,436,933	20,869,798	21,707,464	23,207,853
Investment earnings	3,468,009	2,365,499	2,171,427	3,964,492	5,530,265	7,774,158
Other	5,824,459	5,812,209	6,095,875	7,168,741	7,633,841	8,011,182
Total revenues	<u>283,335,979</u>	<u>296,096,470</u>	<u>318,782,782</u>	<u>327,201,157</u>	<u>351,287,151</u>	<u>363,056,866</u>
Expenditures						
Current:						
General government	30,237,478	29,708,735	33,831,181	33,521,119	36,363,475	36,184,725
Public safety	40,394,553	41,457,874	47,162,153	49,355,750	52,911,994	56,417,332
Environmental protection	2,077,701	2,090,623	2,246,042	2,147,781	2,122,814	2,188,457
Human services	66,890,595	69,649,946	72,759,964	74,294,247	76,279,429	76,741,426
Culture and recreation	13,877,845	13,608,497	14,215,329	14,274,677	16,291,544	15,888,248
Community and economic development	1,310,043	1,252,937	1,520,985	5,175,387	4,618,272	1,715,501
Education	580,424	598,136	635,088	578,341	620,556	635,338
Intergovernmental:						
Human services	5,546,049	5,631,153	6,026,136	6,418,360	6,013,611	5,898,652
Education	101,524,083	105,735,273	137,687,638	144,663,575	139,301,345	137,070,648
Debt service:						
Principal retirement	13,335,000	15,075,000	18,700,000	21,345,000	22,545,420	21,746,497
Interest and other charges	11,840,153	13,770,153	15,271,861	15,821,967	15,066,260	16,551,824
Capital outlay	20,833,361	28,689,406	17,007,430	9,112,386	9,263,608	8,875,245
Total expenditures	<u>308,447,285</u>	<u>327,267,733</u>	<u>367,063,807</u>	<u>376,708,590</u>	<u>381,398,328</u>	<u>379,913,893</u>
Deficiency of revenues over expenditures	<u>(25,111,306)</u>	<u>(31,171,263)</u>	<u>(48,281,025)</u>	<u>(49,507,433)</u>	<u>(30,111,177)</u>	<u>(16,857,027)</u>
Other financing sources (uses):						
Installment purchases	505,000	-	363,810	-	-	1,913,500
Refunding bonds issued	12,135,830	-	55,745,000	15,630,000	-	-
Premium on refunding bonds	-	-	3,675,841	621,449	-	-
General obligation bonds issued	58,752,659	-	86,550,000	-	32,685,000	72,500,000
Premium on general obligation bonds	-	-	563,580	-	362,985	2,262,434
Certificates of participation issued	-	23,495,000	-	40,985,000	13,000,000	-
Premium on certificates of participation	-	175,600	-	3,499,599	262,918	-
Transfers in	5,550,213	3,443,367	3,574,026	3,411,778	4,549,889	2,918,502
Transfers out	(5,550,213)	(3,443,367)	(3,574,026)	(3,411,778)	(4,549,889)	(2,918,502)
Payment to refunded bond escrow agent	(12,068,925)	-	(59,015,299)	(16,080,775)	-	-
Payment to refunded certificates of participation escrow agent	-	-	-	(44,048,384)	-	-
Total other financing sources (uses)	<u>59,324,564</u>	<u>23,670,600</u>	<u>87,882,932</u>	<u>606,889</u>	<u>46,310,903</u>	<u>76,675,934</u>
Net change in fund balances	<u>\$ 34,213,258</u>	<u>(7,500,663)</u>	<u>39,601,907</u>	<u>(48,900,544)</u>	<u>16,199,726</u>	<u>59,818,907</u>
Debt service as a percentage of noncapital expenditures						
	<u>8.8%</u>	<u>9.7%</u>	<u>9.7%</u>	<u>10.1%</u>	<u>10.1%</u>	<u>10.3%</u>

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

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Schedule 5

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

Fiscal Year Ended	(1) Tax Year Ended	Real Property	Personal Property	Registered Vehicles	Corporate Excess	Total	(2) Ratio of	(3) Total
							Assessed Value to Estimated Actual Value	Direct Tax Rate
1998	1997	\$ 14,313,557,300	\$ 2,454,379,930	\$ 1,994,307,580	\$ 523,783,680	\$ 19,286,028,490	100%	0.6515
1999	1998	14,654,166,210	2,521,325,000	2,197,293,980	548,979,050	19,921,764,240	100%	0.6515
2000	1999	15,119,898,200	2,532,151,500	2,226,660,700	566,226,500	20,444,936,900	100%	0.6625
2001	2000	15,566,482,900	2,596,212,430	2,362,187,180	565,729,780	21,090,612,290	100%	0.6745
2002	2001	18,442,926,970	2,660,635,120	2,392,973,460	598,062,441	24,094,597,991	100%	0.6400
2003	2002	18,896,765,850	2,618,193,840	2,398,999,140	587,847,270	24,501,806,100	100%	0.6920
2004	2003	19,337,891,860	2,559,667,220	2,419,787,980	565,630,120	24,882,977,180	100%	0.6920
2005	2004	19,804,667,720	2,641,658,675	2,409,184,030	560,644,886	25,416,155,311	100%	0.7080
2006	2005	22,750,577,790	2,680,281,760	2,461,340,630	569,872,978	28,462,073,158	100%	0.6660
2007	2006	23,565,365,700	2,957,709,010	2,479,743,740	587,375,097	29,590,193,547	100%	0.6660

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 1997, 2001, and 2005. As of January 1, 1993, assessed value for registered vehicles is established monthly. Assessed value for all other property is established annually.

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

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Schedule 6

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

Page 1 of 2

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

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Forsyth County	\$ 0.666	\$ 0.666	\$ 0.708	\$ 0.692	\$ 0.692	\$ 0.6400	\$ 0.6745	\$ 0.6625	\$ 0.6515	\$ 0.6515
Municipalities: (1)										
City of Winston-Salem	0.485	0.485	0.525	0.495	0.495	0.4600	0.497	0.500	0.510	0.525
Combined Rate	1.151	1.151	1.233	1.187	1.187	1.100	1.171	1.163	1.162	1.177
Town of Bethania	0.3	0.300	0.250	0.250	0.250	0.180	0.180	0.180	0.180	0.200
Combined Rate	0.966	0.966	0.958	0.942	0.942	0.820	0.855	0.843	0.832	0.852
Village of Clemmons	0.0985	0.090	0.090	0.090	0.090	0.090	0.090	0.090	0.090	0.090
Combined Rate	0.7645	0.756	0.798	0.782	0.782	0.730	0.765	0.753	0.742	0.742
Town of Kernersville	0.55	0.525	0.525	0.495	0.495	0.470	0.540	0.520	0.520	0.520
Combined Rate	1.216	1.191	1.233	1.187	1.187	1.110	1.215	1.183	1.172	1.172
Town of Lewisville	0.177	0.177	0.195	0.195	0.195	0.110	0.110	0.062	0.062	0.062
Combined Rate	0.843	0.843	0.903	0.887	0.887	0.750	0.785	0.725	0.714	0.714
Town of Rural Hall	0.23	0.230	0.240	0.220	0.220	0.220	0.230	0.230	0.230	0.230
Combined Rate	0.896	0.896	0.948	0.912	0.912	0.860	0.905	0.893	0.882	0.882
Village of Tobaccoville	0.05	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Combined Rate	0.716	0.716	0.758	0.742	0.742	0.690	0.725	0.713	0.702	0.702
Town of Walkertown	0.2	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200
Combined Rate	0.866	0.866	0.908	0.892	0.892	0.840	0.875	0.863	0.852	0.852
Fire Tax Districts: (2)										
Beesons Crossroads	0.07	0.070	0.070	0.070	0.070	0.070	0.070	0.060	0.060	0.060
Combined Direct Rate	0.736	0.736	0.778	0.762	0.762	0.710	0.745	0.723	0.712	0.712
Belews Creek	0.055	0.045	0.045	0.045	0.045	0.045	0.045	0.045	0.045	0.045
Combined Direct Rate	0.721	0.711	0.753	0.737	0.737	0.685	0.720	0.708	0.697	0.697
City View	0.08	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080
Combined Direct Rate	0.746	0.746	0.788	0.772	0.772	0.720	0.755	0.743	0.732	0.732
Clemmons	0.05	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Combined Direct Rate	0.716	0.716	0.758	0.742	0.742	0.690	0.725	0.713	0.702	0.702
Forest Hill	0.05	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.060
Combined Direct Rate	0.716	0.716	0.758	0.742	0.742	0.690	0.725	0.713	0.702	0.712
Griffith	0.055	0.055	0.055	0.055	0.055	0.045	0.045	0.045	0.045	0.040
Combined Direct Rate	0.721	0.721	0.763	0.747	0.747	0.685	0.720	0.708	0.697	0.692
Gumtree	0.085	0.085	0.085	0.085	0.070	0.070	0.070	0.070	0.070	0.070
Combined Direct Rate	0.751	0.751	0.793	0.777	0.762	0.710	0.745	0.733	0.722	0.722

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Schedule 6

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

Page 2 of 2

	Tax Rates per \$100 Valuation, Year Ended June 30,									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Fire Tax Districts (cont.): (2)										
King	\$ 0.055	\$ 0.055	\$ 0.055	\$ 0.045	\$ 0.045	\$ 0.040	\$ 0.038	\$ 0.038	\$ 0.030	\$ 0.020
Combined Direct Rate	0.721	0.721	0.763	0.737	0.737	0.680	0.713	0.701	0.682	0.672
Lewisville	0.06	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Combined Direct Rate	0.726	0.716	0.758	0.742	0.742	0.690	0.725	0.713	0.702	0.702
Mineral Springs	0.05	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040
Combined Direct Rate	0.716	0.706	0.748	0.732	0.732	0.680	0.715	0.703	0.692	0.692
Mineral Springs Service	0.05	0.040	0.040	-	-	-	-	-	-	-
Combined Direct Rate	0.716	0.706	0.748	-	-	-	-	-	-	-
Mount Tabor	0.075	0.065	0.065	0.065	0.065	0.065	0.065	0.065	0.065	0.060
Combined Direct Rate	0.741	0.731	0.773	0.757	0.757	0.705	0.740	0.728	0.717	0.712
Old Richmond	0.06	0.060	0.060	0.060	0.060	0.060	0.040	0.040	0.040	0.040
Combined Direct Rate	0.726	0.726	0.768	0.752	0.752	0.700	0.715	0.703	0.692	0.692
Piney Grove	0.08	0.080	0.080	0.075	0.070	0.070	0.070	0.070	0.070	0.070
Combined Direct Rate	0.746	0.746	0.788	0.767	0.762	0.710	0.745	0.733	0.722	0.722
Salem Chapel	0.06	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060
Combined Direct Rate	0.726	0.726	0.768	0.752	0.752	0.700	0.735	0.723	0.712	0.712
South Fork	0.05	0.050	0.050	0.050	0.050	0.050	0.050	0.060	0.060	0.060
Combined Direct Rate	0.716	0.716	0.758	0.742	0.742	0.690	0.725	0.723	0.712	0.712
Suburban (Rural Hall)	0.055	0.055	0.055	0.035	0.035	0.035	0.035	0.035	0.035	0.035
Combined Direct Rate	0.721	0.721	0.763	0.727	0.727	0.675	0.710	0.698	0.687	0.687
Talley's Crossing	0.08	0.080	0.080	0.065	0.065	0.065	0.065	0.065	0.065	0.065
Combined Direct Rate	0.746	0.746	0.788	0.757	0.757	0.705	0.740	0.728	0.717	0.717
Triangle	0.07	0.050	0.035	0.035	0.035	0.035	0.035	0.035	0.035	0.035
Combined Direct Rate	0.736	0.716	0.743	0.727	0.727	0.675	0.710	0.698	0.687	0.687
Union Cross	0.07	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070
Combined Direct Rate	0.736	0.736	0.778	0.762	0.762	0.710	0.745	0.733	0.722	0.722
Vienna	0.075	0.065	0.065	0.065	0.065	0.065	0.065	0.065	0.065	0.055
Combined Direct Rate	0.741	0.731	0.773	0.757	0.757	0.705	0.740	0.728	0.717	0.707
Walkertown (Northeast)	0.07	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060
Combined Direct Rate	0.736	0.726	0.768	0.752	0.752	0.700	0.735	0.723	0.712	0.712
West Bend	0.05	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Combined Direct Rate	0.716	0.716	0.758	0.742	0.742	0.690	0.725	0.713	0.702	0.702

Note: (1) Municipalities set their own direct rate. This rate combined with the County Rate and any applicable Fire Tax District Rate, is the total Overlapping Tax Rate.
 (2) The Forsyth County Board of Commissioners sets each Fire Tax District Rate.

PRINCIPAL PROPERTY TAX PAYERS

FORSYTH COUNTY, NORTH CAROLINA

Current Year and Nine Years Ago

Schedule 7

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2007 Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>	<u>1998 Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
R. J. Reynolds Industries, Inc.	Tobacco, Foods, Petroleum and Transportation	\$ 994,617,187	1	3.36%	\$ 1,170,062,800	1	6.07%
Duke Energy Corporation	Electric Utility	262,879,331	2	0.89%	216,582,546	2	1.12%
Wachovia Bank & Trust	Banking	245,880,891	3	0.83%	180,387,562	4	0.94%
Sara Lee Corporation	Food and Textiles	180,267,060	4	0.61%	200,981,268	3	1.04%
JG Winston-Salem	Real Estate Management	173,667,199	5	0.59%	-		-
Lowes Home Center	Retail	170,022,469	6	0.57%	-		-
Highwoods/Forsyth Partners	Real Estate Management	155,586,587	7	0.53%	68,380,888	10	0.35%
BellSouth Corporation	Communications Utility	128,266,346	8	0.43%	144,928,542	6	0.75%
First States Investors	Real Estate Management	102,428,400	9	0.35%	-		-
Dell	Computer Manufacturer	101,003,630	10	0.34%	-		-
Winston-Salem Joint Ventures	Real Estate Management	-		-	167,854,420	5	0.87%
U.S. Air Group	Transportation	-		-	74,106,810	7	0.38%
CPC International, Inc.	Food Processing	-		-	71,162,550	8	0.37%
Shelton Companies	Real Estate Management	-		-	70,643,490	9	0.37%
		<u>\$ 2,514,619,100</u>		<u>8.50%</u>	<u>\$ 2,365,090,876</u>		<u>12.26%</u>

PROPERTY TAX LEVIES AND COLLECTIONS

Schedule 8

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

Fiscal Year Ended <u>June 30</u>	Total Tax Levy for <u>Fiscal Year</u>	Collected within the		Collections in Subsequent <u>Years</u>	<u>Total Collections to Date</u>	
		<u>Fiscal Year of the Levy</u>	Percentage		<u>Amount</u>	Percentage
		<u>Amount</u>	<u>of Levy</u>		<u>Amount</u>	<u>of Levy</u>
1998	\$ 126,563,076	\$ 124,023,291	97.99%	\$ 2,007,977	\$ 126,031,268	99.58%
1999	129,855,167	127,674,508	98.32%	1,747,215	129,421,723	99.67%
2000	135,678,826	133,340,440	98.28%	1,870,379	135,210,819	99.66%
2001	142,338,005	139,483,266	97.99%	2,306,905	141,790,171	99.62%
2002	154,336,281	151,228,987	97.99%	2,472,539	153,701,526	99.59%
2003	169,219,186	165,481,873	97.79%	2,976,179	168,458,052	99.55%
2004	172,272,301	169,019,917	98.11%	2,581,031	171,600,948	99.61%
2005	179,925,473	176,332,367	98.00%	2,628,225	178,960,592	99.46%
2006	189,902,610	186,602,383	98.26%	2,187,033	188,789,416	99.41%
2007	197,416,909	193,927,020	98.23%	-	193,927,020	98.23%

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

Schedule 9

Fiscal Year	General Obligation Bonds	Bonded Debt as a Percentage of Actual Taxable Value of Property ^a		Total Bonded Debt Per Capita ^b
1998	\$ 186,570,000	0.97%	\$	622.63
1999	195,430,000	0.98%		645.16
2000	183,455,000	0.90%		599.40
2001	173,820,000	0.82%		559.33
2002	219,515,000	0.91%		698.68
2003	206,615,000	0.84%		650.74
2004	279,050,000	1.12%		870.22
2005	261,620,000	1.03%		801.68
2006	276,360,000	0.97%		846.85
2007	332,090,000	1.12%		1,002.42

Governmental Activities

Fiscal Year	General Obligation Bonds	Certificates of Participation	Installment Purchase Obligations	Total Primary Government	Percentage of Personal Income ^b	Total Debt Per Capita ^b
1998	\$ 186,570,000	\$ 3,085,000	\$ 5,269,978	\$ 194,924,978	2.37%	\$ 650.51
1999	195,430,000	15,815,000	671,714	211,916,714	2.42%	699.59
2000	183,455,000	36,325,000	343,012	220,123,012	2.46%	719.21
2001	173,820,000	64,070,000	-	237,890,000	2.50%	765.50
2002	219,515,000	63,430,000	500,000	283,445,000	2.94%	902.16
2003	206,615,000	84,850,000	400,000	291,865,000	2.96%	919.23
2004	279,050,000	80,935,000	663,810	360,648,810	3.57%	1,124.69
2005	261,620,000	76,855,000	563,810	339,038,810	3.15%	1,038.91
2006	276,360,000	85,525,000	293,390	362,178,390	3.18%	1,109.82
2007	332,090,000	80,620,000	2,135,393	414,845,393	3.64%	1,252.22

- Notes:**
1. Details regarding the County's outstanding debt can be found in the notes to the financial statements.
 2. The County issued \$72,500,000 in new general obligation bonds and entered into installment financing agreements totaling \$1,913,500 in 2007.

^a See Schedule 5 for property value data.

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

**DIRECT AND OVERLAPPING GOVERNMENTAL
ACTIVITIES DEBT**

Schedule 10

FORSYTH COUNTY, NORTH CAROLINA

As of June 30, 2007

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to Forsyth County ^a</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
City of Winston-Salem	\$ 243,790,331	100.0%	\$ 243,790,331
Town of Kernersville	11,816,524	100.0%	11,816,524
Other debt			
City of Winston-Salem	294,365,000	100.0%	<u>294,365,000</u>
Subtotal, overlapping debt			549,971,855
County direct debt			<u>414,845,393</u>
Total direct and overlapping debt			<u><u>\$ 964,817,248</u></u>

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

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

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

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

LEGAL DEBT MARGIN INFORMATION

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

(dollars in thousands)

Schedule 11

Legal Debt Margin Calculation for Fiscal Year 2007

Assessed Value of Taxable Property	\$ 29,590,194
Debt Limit - Eight percent (8%) of assessed value	2,367,215
Debt applicable to limit:	
General obligation bonds	332,090
Certificates of participation	80,620
Installment purchase obligations	2,135
Total debt applicable to legal debt limit	<u>414,845</u>
Legal debt margin	<u>\$ 1,952,370</u>

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	<u>Fiscal Year</u>									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt Limit	\$ 1,542,882	1,593,741	1,635,595	1,687,249	1,927,568	1,960,144	1,990,638	2,033,292	2,276,966	2,367,215
Total net debt applicable to limit	194,925	211,917	220,123	237,890	283,445	291,865	360,649	339,039	362,178	414,845
Legal debt margin	\$ 1,347,957	1,381,824	1,415,472	1,449,359	1,644,123	1,668,279	1,629,989	1,694,254	1,914,788	1,952,370
Total net debt applicable to the limit as a percentage of debt limit	12.6%	13.3%	13.5%	14.1%	14.7%	14.9%	18.1%	16.7%	15.9%	17.5%

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

DEMOGRAPHIC AND ECONOMIC STATISTICS

Schedule 12

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Calendar Years

<u>Calendar Year</u> ^b	<u>Population</u> ¹	<u>Personal Income (000's)</u> ¹	<u>Per Capita Personal Income</u> ¹	<u>Median Age</u> ¹	<u>Dropout Rates for Grades 9-12</u> ²	<u>Public School Enrollment</u> ³	<u>Private School Enrollment</u> ^{4, a}	<u>Unemployment Rate</u> ⁵
1997	295,803	\$ 8,227,199	\$ 27,623	35.5	N/A	42,012	5,641	2.9%
1998	299,649	8,749,109	29,051	35.7	N/A	42,623	5,613	2.7%
1999	302,915	8,939,917	29,443	35.9	7.2%	43,430	5,489	2.4%
2000	306,063	9,518,933	31,014	36.0	6.4%	44,503	5,213	3.2%
2001	310,766	9,626,784	30,977	36.2	5.5%	46,351	5,570	4.7%
2002	314,184	9,847,688	31,333	36.2	5.8%	46,502	5,755	5.7%
2003	317,509	10,088,416	31,829	36.3	5.3%	47,478	5,885	5.6%
2004	320,666	10,769,516	33,625	36.3	5.2%	48,155	5,467	5.0%
2005	326,340	11,391,607	34,973	36.5	5.0%	49,599	5,454	4.7%
2006	331,289	n/a	n/a	36.6	5.7%	50,294	5,455	4.3%

Sources: ¹ Office of State Budget and Management

² North Carolina Department of Public Instruction

³ Winston-Salem/Forsyth County School System

⁴ State of North Carolina Division of Non-Public Education

⁵ The Employment Security Commission of North Carolina

Notes:

^a Private School Enrollment does not include special schools or home schools

^b Calendar Year 2006 is the most recent data available.

PRINCIPAL EMPLOYERS
FORSYTH COUNTY, NORTH CAROLINA
 Current Year and Nine Years Ago

Schedule 13

<u>Employer</u>	<u>2007</u>			<u>1998</u>		
	<u>Number of</u>		<u>Percentage of</u>	<u>Number of</u>		<u>Percentage of</u>
	<u>Employees</u>	<u>Rank</u>	<u>Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Total County Employment</u>
Novant Health and Affiliates	8,145	1	4.7%	5,271	4	3.4%
Wake Forest University Baptist Medical Center ^a	7,170	2	4.1%	5,544	3	3.5%
Winston-Salem/Forsyth County School System	6,692	3	3.9%	4,510	7	2.9%
Wake Forest University	5,929	4	3.4%	5,055	5	3.2%
Sara Lee Personal Products	5,200	5	3.0%	6,600	2	4.2%
National Textiles	4,325	6	2.5%	-	-	-
Wachovia Corporation	3,970	7	2.3%	4,600	6	2.9%
Reynolds American ^b	3,800	8	2.2%	7,500	1	4.8%
City of Winston-Salem	2,336	9	1.3%	2,600	8	1.7%
BB&T Corporation	2,259	10	1.3%	500	10	0.3%
USAirways	-	-	-	2,229	9	1.4%
Total	49,826		28.8%	44,409		28.4%

^a formerly North Carolina Baptist Hospitals, Inc.

^b formerly RJR Nabisco, Inc.

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

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

Schedule 14

FORSYTH COUNTY, NORTH CAROLINA

Last Six Fiscal Years

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

Source: Forsyth County Finance Department

Notes: The County has full-time employees scheduled to work 40-hour (2,080 hours per year),

42-hour (2,184 hour per year), 42.75-hour (2,223 hours per year) or 56-hour (2,912 hours per year) work weeks.

Full-time-equivalent employment is calculated by dividing total labor hours employed by the standard scheduled hours.

OPERATING INDICATORS BY FUNCTION

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

Schedule 15

Page 1 of 2

<u>Function</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General government										
General services										
Number of facilities	60	61	65	65	65	65	65	66	67	68
Square footage - active	2,520,000	2,595,000	2,600,000	2,480,000	2,510,000	2,510,000	2,510,000	2,877,698	2,898,258	2,917,181
Assigned fleet vehicles	460	473	473	508	538	588	570	574	584	589
Register of deeds										
Deeds recorded	11,816	13,249	14,254	13,917	13,587	13,884	14,873	16,414	17,594	17,737
Real estate copies	301,887	287,287	349,071	308,187	338,669	378,884	446,530	233,882	40,984	39,427
Birth certificates	4,713	5,234	5,850	5,725	5,330	5,008	5,722	7,959	8,247	8,538
Marriage certificates	2,470	2,414	2,413	2,436	2,306	2,222	2,142	2,027	2,193	2,233
Vital records copies	N/A	56,809	56,370	60,114	59,730	54,921	47,927	52,527	55,787	55,967
Tax administration										
Audits	214	258	275	292	323	327	328	334	335	343
Current year levy collection percentage	98.24%	97.99%	98.32%	98.28%	97.99%	97.99%	97.79%	98.11%	98.00%	98.26%
Public safety										
Animal control										
Animals sheltered	8,785	8,273	7,051	8,045	7,770	7,497	7,773	7,862	7,403	8,471
Animals adopted	461	398	284	432	348	430	542	1,024	1,024	1,386
Emergency management										
Responders receiving specialized training	N/A	N/A	84	92	110	175	475	475	620	612
Emergency medical services										
Emergency dispatches	14,948	15,625	16,923	17,560	19,558	18,971	20,146	22,052	23,096	23,724
Non-emergency dispatches	8,000	8,310	9,410	10,037	9,626	9,608	8,062	8,894	9,378	8,254
Fire										
Fire alarms (total dispatches)	2,361	2,631	2,548	3,723	4,309	4,294	3,975	3,751	3,953	4,140
Volunteer rescue squad response	14,341	15,564	16,426	16,004	17,739	18,688	20,227	20,194	21,331	22,445
911 calls received	43,769	42,858	46,527	57,367	75,036	79,458	78,250	75,205	77,414	N/A
Telephone calls processed	N/A	179,324								
Sheriff										
Patrol service calls	21,961	30,765	31,205	39,463	42,000	34,000	51,067	56,427	27,390	38,011
Detention - avg. daily inmate population	667	711	710	728	760	788	815	850	847	869
Detention - avg. length of stay (in days)	N/A	N/A	N/A	N/A	N/A	24	24	25	23	26
Court - inmates / defendants processed	N/A	N/A	N/A	N/A	N/A	12,638	1,790	10,196	11,721	21,646
Youth services										
Youth receiving drug assessments	81	80	120	95	88	85	116	82	82	107
Youth receiving individual counseling	175	180	144	163	149	154	52	113	113	101
Avg daily population: in-county / out-of-county	14.5/0	12.5/1.0	14.11/.66	15.3/.3	15.4/.30	14.25/.16	11.71/.08	7.33/.12	7.33/.12	13/.26

OPERATING INDICATORS BY FUNCTION

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

Schedule 15

Page 2 of 2

Function	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Human services										
Public health										
Wait time on improvement permits	N/A	N/A	3.5 weeks	4.5 weeks	3.5 weeks	3.5 weeks	6 weeks	6 weeks	3 weeks	3 weeks
Children Immunized by 23 months of age	N/A	N/A	29%	44%	41%	60%	64%	71%	91%	91%
Social services										
Average number of public assistance cases	3,766	3,298	2,520	2,273	2,340	2,300	2,214	1,950	1,950	1,562
Children in foster care returned to homes	N/A	N/A	25%	33%	33%	30%	32%	36%	36%	47%
Environmental protection										
Conservation of natural resources										
Number of clients served	N/A	178	226	761	872	480	264	281	247	575
Number of acres treated	N/A	1,524	1,074	1,351	804	765	355	640	800	203
Environmental affairs										
Permits processed within prescribed timeframe	N/A	N/A	N/A	100%	95%	100%	100%	100%	100%	99%
Correct air quality forecasting	N/A	N/A	N/A	72%	75%	78%	78%	78%	75%	80%
Economic development										
Housing										
Homes rehabilitated	24	12	25	21	22	18	18	22	20	19
First time home buyers & IDA	7	2	5	10	10	17	31	64	126	96
Culture and recreation										
NC cooperative extension service										
Telephone requests for information	N/A	N/A	N/A	N/A	36,406	39,133	38,122	35,493	27,200	22,328
Educational meetings conducted	4,737	4,148	5,346	55,320	2,529	1,872	1,872	2,057	1,743	1,460
Educational meetings attendees	30,438	38,740	39,494	42,504	48,261	34,543	34,543	34,405	36,181	34,844
Library										
Number of libraries	10	11	11	11	11	10	10	10	10	10
Program Attendance	94,364	93,034	117,718	73,627	139,476	146,911	152,973	142,827	143,553	78,815
Materials Circulated	2,020,864	1,909,672	1,816,029	1,779,898	1,761,480	1,819,344	1,938,191	1,811,398	1,717,875	1,734,473
Recreation and parks										
Number of parks	11	11	11	10	10	11	11	11	11	11
Park visitors	163,113	1,891,046	1,966,590	2,029,459	2,231,717	2,674,331	2,504,392	2,823,704	2,742,368	2,267,209
Golf rounds played	N/A	N/A	N/A	N/A	N/A	70,584	53,380	72,461	66,000	66,190
Festival of lights - visitors	N/A	N/A	N/A	N/A	N/A	288,414	237,000	257,784	281,082	244,750
Education										
Winston-Salem/Forsyth County Schools										
Number of schools	59	59	65	66	67	67	67	68	70	70
Number of classrooms	2,054	2,072	2,113	2,161	2,183	2,202	2,231	2,301	2,364	2,364
Number of teachers	2,575	2,597	2,654	2,703	2,756	2,812	46,502	2,914	2,968	2,968
Forsyth Technical Community College										
Enrollment	5,000	5,000	5,000	5,260	6,283	6,246	7,215	6,977	7,001	7,200

Note: Fiscal Year 2006 is the most recent data available.

CAPITAL ASSET STATISTICS BY FUNCTION

Schedule 16

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

<u>Function</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>(1) 2007</u>
General government										
General services										
Number of facilities	61	65	65	65	65	65	66	67	68	68
Square footage - active	2,595,000	2,600,000	2,480,000	2,510,000	2,510,000	2,510,000	2,877,698	2,898,258	2,917,181	2,881,478
Fleet vehicles	473	473	508	538	588	570	574	584	589	595
Public safety (2)										
Emergency medical services										
Assigned vehicles	10	16	21	23	31	30	33	31	30	29
Fire										
Assigned vehicles	7	8	9	10	9	10	10	14	12	13
Sheriff										
Assigned vehicles	103	169	206	238	255	256	247	249	235	233

Note: (1) General services square footage is estimated.

(2) Public safety vehicles listed are included in the general services fleet vehicles.

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

Forsyth County
Winston-Salem, North Carolina

We have audited the financial statements of the governmental activities, each major fund, the budget to actual comparison for the General Fund, and the aggregate remaining fund information of Forsyth County, as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 31, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

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

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

Compliance and Other Matters

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

This report is intended solely for the information and use of the 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 Hughes PLLC

October 31, 2007

**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**

Forsyth County
Winston-Salem, North Carolina

Compliance

We have audited the compliance of Forsyth County with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2007. 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; and 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, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and the State Single Audit Implementation Act and which are described in the accompanying schedule of findings and questioned costs as items 2007-1 through 2007-4.

Internal Control Over Compliance

The management of Forsyth County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered 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 an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of a compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2007-1 through 2007-4 to be significant deficiencies.

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

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

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 Hughes PLLC

October 31, 2007

**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**

Forsyth County
Winston-Salem, North Carolina

Compliance

We have audited the compliance of Forsyth County with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major state programs for the year ended June 30, 2007. 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, 2007.

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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

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

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 Hughes PLLC

October 31, 2007

**FORSYTH COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2007**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? Yes No
- Control deficiencies identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? Yes No
- Control deficiencies identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to federal awards? Yes No

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
10.551	Food Stamp Program
93.568	Low-Income Home Energy Assistance
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement Administration
93.658	Foster Care and Adoption Cluster
93.659	Title IV-E Foster Care
93.767	Adoption Assistance
93.778	State Children's Insurance Program
10.557	Medical Assistance Program Title XIX - Medicaid
	Special Supplemental Nutrition Program for Women, Infants and Children

**FORSYTH COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2007**

Section I - Summary of Auditors' Results

Federal Awards (Continued)

Dollar threshold used to distinguish between Type A
and Type B Programs:

\$ 3,000,000

Auditee qualified as low-risk auditee?

X Yes No

State Awards

Internal control over major state programs:

• Material weaknesses identified?

 Yes X No

• Control deficiencies identified that are not
considered to be material weaknesses?

 Yes X None reported

Noncompliance material to state awards?

 Yes X No

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

Unqualified

Any findings disclosed that are required to be reported
in accordance with the State Single Audit
Implementation Act?

 Yes X No

Identification of major state programs:

Program Name

None

Section II - Financial Statement Findings

There were no financial statement findings for the fiscal year ended June 30, 2007.

Section III - Federal Award Findings and Questioned Costs

U. S. Department of Health and Human Services

Passed through the North Carolina Department of Health and Human Services, Division of Social Services

Finding 2007-1

Program Name: Child Support Enforcement Administration

Significant Deficiency

Criteria: Eligible recipients are those applying for or receiving Temporary Assistance for Needy Families (TANF), Medicaid, or Title IV-E Foster Care Assistance for whom an assignment of child support rights has been made to the State, or former TANF recipients and other individuals needing such services who have applied to a state child support enforcement agency. (42 CFR 433.146, 45 CFR 302.32(a), and 302.33(a), 42 USC 608(a)(3)). In addition, the State Plan authorizes certain fees to be collected from those individuals that do not receive public assistance and have applied to a state child support enforcement agency.

Condition: Of 38 client records tested, two non-public assistance clients did not have an application on file and there was no evidence in the client records that the required fee was collected from two of these non-public assistance clients.

Effect: Clients received services from program personnel without the appropriate application completed and fees collected.

Questioned Cost: None. Finding is an administrative finding that does not result in a questioned cost. All funding is for administrative support only.

Cause: Child support enforcement personnel were unable to locate physical files where the application was filed.

Recommendation: Management should implement procedures to ensure that applications are kept on file and the authorized fees collected from non-public assistance clients.

Management Response: Management recognizes the reported finding referred to above and has outlined its response and corrective action on page 125.

Section III - Federal Award Findings and Questioned Costs (Continued)

Finding 2007-2

Program Name: Child Support Enforcement Administration

Significant Deficiency

Criteria: The County must attempt to enforce all child support obligations by identifying and contacting obligors and enforcing delinquent obligations. (45 CFR 303.6, 303.7).

Condition: Of 38 client records tested, the County has not attempted to enforce the child support obligations of ten clients that are delinquent.

Effect: County has not complied with requirement to attempt to enforce delinquent obligations.

Questioned Cost: None. Finding is an administrative finding that does not result in a questioned cost. All funding is for administrative support only.

Cause: Child support enforcement personnel indicated that due to case load they have been unable to attempt to enforce the obligation in a timely manner.

Recommendation: Management should evaluate the workload of child support enforcement personnel in order to determine if the client caseload can be effectively and efficiently administered.

Management Response: Management recognizes the reported finding referred to above and has outlined its response and corrective action on page 125.

Section III - Federal Award Findings and Questioned Costs (Continued)

Finding 2007-3

Program Name: Temporary Assistance for Needy Families

Significant Deficiency

Criteria: According to eligibility rules, countable assets can not exceed \$3,000. The County should perform a verification of countable assets as part of the eligibility determination process.

Condition: Of 29 client records tested, one client record did not have verification of countable assets documented in the record.

Effect: The client received benefits without all eligibility requirements being met.

Questioned Cost: \$181, which represents the monthly benefit received by the client in the month selected for testing.

Population and Sample Size:

Population	\$ 5,710,645
Sample	6,207
Not in compliance	181

Cause: Verification of countable assets was not on file in the client record.

Recommendation: Management should establish procedures to ensure that all client records contain verification of countable assets.

Management Response: Management recognizes the reported finding referred to above and has outlined its response and corrective action on page 125.

Section III - Federal Award Findings and Questioned Costs (Continued)

Finding 2007-4

Program Name: Medical Assistance Program Title XIX - Medicaid

Significant Deficiency

Criteria: Proper documentation to substantiate Enterprise Program Integrity Control System claims is required to be maintained.

Condition: One client record tested was unable to be located.

Effect: Sufficient backup information does not exist to support the EPICS claim.

Questioned Cost: None. Finding is an administrative finding that does not result in a questioned cost.

Cause: Medicaid Assistance Program personnel were unable to locate the physical file.

Recommendation: Management should establish procedures to ensure that all client records are able to be located.

Management Response: Management recognizes the reported finding referred to above and has outlined its response and corrective action on page 126.

FORSYTH COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2007

Section IV - State Award Findings and Questioned Costs

There were no findings related to state awards for the fiscal year ended June 30, 2007.

**FORSYTH COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
Fiscal Year Ended June 30, 2007**

Findings: 2006-1, 2006-2

Status: Additional child support positions have been added. Compliance with enforcement requirements and document retention policies has not improved.

Finding: 2006-3

Status: Supervisors and staff have continued to complete 2nd party reviews of WFFA applications, however; proper documentation of required screenings has not improved.

**FORSYTH COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
Fiscal Year Ended June 30, 2007**

Finding 2007-1

Name of contact person: Beverly Sulecki

Corrective action: All staff participated in a training that highlighted single audit finding. A document retention memo (dated 08/05) was reissued that clarifies the records to be maintained in each child support case. Staff was cautioned about "over-purging".

Proposed completion date: Complete

Finding 2007-2

Name of contact person: Beverly Sulecki

Corrective action: All child support agents participated in self-assessment training sessions on 8/22, 8/24, and 8/29. These cases were reviewed with the responsible agent. Program meeting on 07/09/07 addressed the importance of reacting to the delinquency work list item and initiating action within 30 days. All agents were instructed that if the whereabouts of the non-custodial parent is unknown, the case must be moved into locate processing status which stops the time frame for processing delinquent cases.

Proposed completion date: Complete

Finding 2007-3

Name of contact person: Melinda Hartley

Corrective action: All TANF/Work First applications and approvals, effective immediately, will be subject to second party internal "audit".

Proposed completion date: Complete

**FORSYTH COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
Fiscal Year Ended June 30, 2007**

Finding 2007-4

Name of contact person: Melinda Hartley

Corrective action: All EPICS files are stored in a central location. An inventory of existing EPICS cases will be done, the list will be updated as new cases are created. In addition, current cases in the EPICS system will be compared to those that are shelved to determine if there are any other cases that are unaccounted for at this time. Attempt to locate any missing cases will be made and/or recreation of files if/when possible. A determination whether Food Stamps and Work First/Family & Children's Medicaid EPICS cases need to be categorized will be made by program and adjustments to the current storage system will be made as needed.

*Proposed completion
date:*

January 31, 2008

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FORSYTH COUNTY

For the Fiscal Year Ended June 30, 2007

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	-	\$ 251,055	-
TANF Services/Domestic Violence	93.558	-	1,659,840	-
TANF Child Protective Services/Foster Care/Adoption	93.558	-	104,732	111,471
TANF Demonstration	93.558	-	142,922	-
TANF Incentives	-	-	-	4,423
Direct Benefit Payments	93.558	-	3,552,096	41
(a) Child Support Enforcement Administration	93.563	-	2,216,400	-
(a) Low Income Home Energy Assistance:				
Low Income Home Energy Assistance Administration	93.568	-	53,944	-
Low Income Home Energy Assistance Crisis Intervention	93.568	-	524,256	-
Direct Benefit Payments	93.568	-	810,758	-
Child Welfare Services - State Grants:				
Child Welfare Services Permanency Planning	93.645	-	162,768	54,256
Child Welfare Services Special Permanency Planning	93.645	-	47,022	-
Child Welfare Services Adoption Assistance	-	-	-	179,710
Direct Benefit Payments	-	-	-	558,198
(a) <u>Foster Care and Adoption Cluster:</u>				
Title IV-E Foster Care Administration	93.658	-	930,918	-
Title IV-E Foster Care	93.658	-	387,625	111,046
Title IV-E Waiver Program	93.658	-	464,387	215,887
Title IV-E Foster Care Child Protective Services	93.658	-	132,841	66,420
Title IV-E Maximization	93.658	-	119,209	-
Maximization of State Funds	-	-	-	20,117
CPS Expansion	93.658	-	2,030	2,030
Adoption Assistance	93.659	-	3,449	1,725
Adoption Assistance - Direct Benefit Payments	93.659	-	1,158,199	322,835
Total Foster Care and Adoption Cluster			3,198,658	740,060
Social Services Block Grant:				
Social Services Block Grant Administration	93.667	-	1,119,484	145,492
Social Services Block Grant In Home Services	93.667	-	362,775	-
Social Services Block Grant Adult Day Care	93.667	-	74,420	61,163
Chafee Foster Care - Independent Living	93.674	-	89,450	10,405
Independent Living - Direct Benefit Payments	93.674	-	44,478	3,354
<u>Subsidized Child Care</u>				
<u>Child Care and Development Fund Cluster:</u>				
Division of Social Services:				
Child Care and Development Fund Administration	93.596	-	531,815	-
Division of Child Development:				
Child Care and Development Fund - Discretionary	93.575	-	5,689,114	-
Child Care and Development Fund - Mandatory	93.596	-	2,386,897	-
Child Care and Development Fund - Match	93.596	-	678,705	-
Total Child Care Fund Cluster			9,286,531	-
Social Services Block Grant	93.667	-	90,488	-
Temporary Assistance for Needy Families	93.558	-	2,213,223	-
Smart Start	-	-	-	375,856
State Appropriations	-	-	-	905,574
TANF-Maintenance of Effort	-	-	-	1,629,548
Total Subsidized Child Care			11,590,242	2,910,978

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, 2007

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Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal/State Pass-Through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures
<u>U.S. Dept. of Health and Human Services (continued)</u>				
<u>Centers for Medicare and Medicaid Services</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Social Services:				
(a) State Children's Insurance Program	93.767	-	73,487	14,707
(a) Medical Assistance Program:				
Medical Assistance Administration	93.778	-	2,747,158	-
Medical Assistance Expansion/De-Linking	93.778	-	(28,297)	(28,297)
Adult Home Specialist	93.778	-	119,785	58,351
Adult Care Home Case Management	93.778	-	84,051	42,026
Medical Assistance Transportation Administration	93.778	-	167,042	74,974
Division of Medical Assistance:				
(a) Medical Assistance Program:				
Medical Assistance Transportation Vendor Payments	93.778	-	333,307	164,166
Direct Benefit Payments	93.778	-	196,299,277	96,050,803
<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	-	51,616	-
<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	-	40,234	-
Immunization Grants	93.268	-	69,439	-
Consolidation Knowledge Development Grant	93.283	-	83,633	-
Cooperative Agreements for State-Based Comprehensive				
Comp Breast Cancer Screen	93.283	-	70,314	-
BCCP Wise Woman's Project	93.919	-	35,278	-
HIV Prevention Activities - Health Department Based	93.940	-	26,585	-
Preventive Health and Health Services Block Grant	93.991	-	12,142	-
Sexually Transmitted Diseases Control Grant	93.977	-	146,557	-
Preparedness and Response Team	93.283	-	97,175	-
Healthy Carolinas	93.945	-	492	-
<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	-	237,427	-
School Nurse Funding	93.994	-	51,542	-
Minority Infant Mortality Rate	93.994	-	26,124	-
Maternal and Child Health Services Block Grant to the States	93.994	-	160,496	-
Women's Preventive Health	93.558	-	42,422	-
Family Planning Title X	93.217	-	152,267	-
<u>Federal Human Resources and Services Administration</u>				
Passed-through N.C. Office of Emergency Medical Services:				
NC Hospital Bioterrorism Preparedness Grant	93.889	-	27,780	-
Total U.S. Dept. of Health and Human Services			227,132,633	101,156,281

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, 2007

Page 3 of 5

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal/State Pass-Through Grantor's Number	Fed. (Direct & Pass-Through) Expenditures	State Expenditures
<u>U.S. Dept. of Transportation</u>				
<u>National Highway Traffic Safety Administration</u>				
Passed-through N.C. Department of Transportation: Governor's Highway Safety Program	20.601	J8-06-03-42	\$ 25,007	-
<u>Institute of Museum and Library Services</u>				
Congressional Direct Award	45.312	CL-00-04-0007-04	8,643	-
<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	-	41,027	-
<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 - SS	14.228	06-C-1526	63,247	-
Community Development Block Grants - IDA	14.228	04-C-1291	27,312	-
Passed through N. C. Department of Labor:				
2002 Assets of Independence	14.239	-	6,000	-
Passed-through N.C. Housing Finance Agency:				
2005 HOME Single Family Rehabilitation	14.239	-	15,305	-
NCHFA Duke Power HELP	-	-	-	8,321
NCHFA New Home	14.239	-	36,000	-
Passed through City of Winston-Salem:				
HOME Investment Partnerships Program:				
2004 Winston-Salem/Forsyth County HOME ADDI	14.239	-	16,866	-
2005 Winston-Salem/Forsyth County HOME ADDI	14.239	-	5,810	-
2002 Winston-Salem/Forsyth County HOME Consortium	14.239	M02-DC-37-0204	27,012	-
2003 Winston-Salem/Forsyth County HOME Consortium	14.239	M03-DC-37-0204	15,733	-
2004 Winston-Salem/Forsyth County HOME Consortium	14.239	M04-DC-37-0204	22,737	-
2005 Winston-Salem/Forsyth County HOME Consortium	14.239	M05-DC-37-0204	61,163	-
2006 Winston-Salem/Forsyth County HOME Consortium	14.239	M06-DC-37-0204	53,591	-
Total U. S. Dept. of Housing and Urban Development			350,776	8,321
<u>U.S. Dept. of Agriculture</u>				
<u>Food and Nutrition Service</u>				
Passed-through the N.C. Dept. of Health and Human Services: Division of Social Services:				
<u>Food Stamp Cluster:</u>				
State Administrative Matching Grants:				
(a) Food Stamp Administration	10.561	-	1,154,436	-
Food Stamp Incentives	10.561	-	5,523	-
Food Stamp Employment and Training	10.561	-	37,663	-
Food Stamp Program - Noncash	10.551	-	34,695,986	-
Total Food Stamp Cluster			35,893,608	-
BeHealthy School Kids Nutrition Education Plan	10.561	-	90,865	-
Preschool Nutrition Education	10.561	-	10,021	-
Division of Public Health:				
(a) Special Supplemental Nutrition Program for Women, Infants, & Children:				
Administration	10.557	-	1,156,250	-
Direct Benefits	10.557	-	6,855,069	-
Total U. S. Dept. of Agriculture			44,005,813	-

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, 2007

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Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal/State Pass-Through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures
<u>Environmental Protection Agency</u>				
Direct Programs:				
Surveys, Studies, Investigations and Special Purpose Grants	66.034	-	\$ 163,268	-
<u>Office of Air and Radiation</u>				
Air Pollution Control Program Support	66.001	-	388,679	-
Passed-through Washington State University:				
MESA Air Pollution Project	66.509	-	6,796	-
Total Environmental Protection Agency			558,743	-
<u>Elections Assistance Commission</u>				
Passed-through N.C. Dept. of Administration:				
State Board of Elections Help America Vote Act Grant	90.401	-	377,806	-
<u>Department of Homeland Security</u>				
Passed-through N.C. Dept. of Crime Control and Public Safety:				
Homeland Preparedness Grant				
FY 2004 State Citizens Corps Grant	97.004	2004-GE-T4-0014-3044	9,600	-
Homeland Preparedness Grant				
FY 2004 State Homeland Security Grant Program	97.004	2004-GE-T4-0014-1034	18,515	-
Homeland Preparedness Grant				
Buffer Zone Protection Program	97.078	2005-GR-T5-0021-5034	93,370	-
Total Department of Homeland Security			121,485	-
<u>U.S. Dept. of Justice</u>				
Direct programs:				
<u>Office of Community Oriented Policing Services</u>				
2006 Technology Grant	16.710	2006-CK-WX-0284	202,376	-
<u>Office of Justice Programs</u>				
Bureau of Justice Assistance				
2005 Justice Assistance Grant Program	16.738	2005-DJ-BX-0486	85,260	-
2006 BJA Congressionally Mandated Award	16.579	2006-DD-BX-0477	61,441	-
Mobile Field Reporting Wireless Technology				
Forsyth Unified Domestic Violence Center	16.588	2005-WE-AX-0036	136,762	-
Passed-through N.C. Dept. of Crime Control and Public Safety:				
Governor's Crime Commission:				
Over Representation of Minority Youth	16.540	034-1-05-010-AJ-037	48,367	-
Total U.S. Dept. of Justice			534,206	-
<u>Other Federal Assistance</u>				
U. S. Dept. of Justice Federal Equitable Sharing	16.000	-	116,799	-
Total federal awards			273,272,938	101,164,602
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		-	-	49,605
Adoption/Foster Care		-	-	102,867
CPS Expansion		-	-	341,382
CIP State		-	-	12,460
State/County Special Assistance for Adults -				
Direct Benefit Payments		-	-	2,577,388
Division of Child Development:				
Passed-through Forsyth Early Childhood Partnership:				
Early Childhood Initiatives - Smart Start		-	-	196,953

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, 2007

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal/State Pass-Through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures
<u>N.C. Dept. of Health and Human Services (continued)</u>				
Division of Public Health:				
General Health Administration		-	-	152,999
Child Health		-	-	50,142
AIDS		-	-	26,061
HIV Prevention Activities - Health Department Based		-	-	62,070
Tuberculosis		-	-	47,526
Communicable Disease		-	-	17,760
CSHS Speech and Hearing		-	-	84,365
Minority Infant Mortality Reduction		-	-	19,595
Targeted Infant Mortality Reduction		-	-	47,049
Health Promotion		-	-	23,411
Maternal and Child Health Services Block Grant		-	-	50,962
Women's Preventive Health		-	-	3,115
Child Svc Coordination		-	-	19,284
High Risk Maternity Unit		-	-	74,709
School Nurse Funding		-	-	38,661
Mosquito Control		-	-	8,804
AHEC - NC preceptor payments		-	-	2,239
Division of Aging:				
Passed-through Northwest Piedmont Council of Governments:				
Home and Community Care		-	-	266,214
Total N.C. Dept. of Health and Human Services			-	4,452,911
<u>N.C. Dept. of Cultural Resources</u>				
Division of State Library:				
State Aid to Libraries		-	-	334,404
<u>N.C. Dept. of Environment and Natural Resources</u>				
Triad Air Awareness Ozone Reduction		-	-	22,110
Air Quality Mobile Source Program		-	-	197,517
Food and Lodging Permit Distribution		-	-	16,196
Environmental Health		-	-	6,000
Childhood Lead Poisoning Prevention		-	-	45,444
SWC - Agricultural Cost Share Program		-	-	25,042
SWC - Administration and Technical Assistance		-	-	17,800
Total N.C. Dept. of Environment and Natural Resources			-	330,109
<u>N. C. Dept. of Juvenile Justice and Delinquency Prevention</u>				
Juvenile Crime Prevention		-	-	726,035
<u>N.C. Dept. of Correction</u>				
Criminal Justice Partnership Program		-	-	250,859
<u>Office of the Governor</u>				
Public School Building Capital Fund		0-002-933	-	3,337,431
<u>N.C. Dept. of Transportation</u>				
Rural Operating Assistance Program:				
Work First Transitional/Employment Transportation Assistance		9.9051570	-	33,602
Elderly and Disabled Transportation Assistance		9.9050716	-	161,049
Total N.C. Dept. of Transportation			-	194,651
Total state awards			-	9,626,400
Total awards			\$ 273,272,938	110,791,002

(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, 2007

(1) Basis of Presentation

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

(2) Subrecipients

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

<u>Program Title/Subrecipient</u>	<u>Federal CFDA Number</u>	<u>Federal/State Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
U.S. Department of Justice N.C. Department of Crime Control and Public Safety Governor's Crime Commission - Juvenile Crime Prevention Council: Over Representation of Minority Youth	16.540	034-1-05-010-AJ-037	\$ 48,367	\$ -
N.C. Department of Juvenile Justice and Delinquency Prevention - Juvenile Crime Prevention: Adolescent Anger Management	-	-	-	13,060
Forsyth County JCPC	-	-	-	15,500
Host Homes Counseling	-	-	-	104,300
Teen Court	-	-	-	35,330
Monetary Restitution	-	-	-	110,279
Opportunity House -Shelter	-	-	-	212,512
YWCA Practice to Save Life	-	-	-	76,000
Juvenile Psychological Services	-	-	-	66,054
YWCA Make a Difference Day	-	-	-	58,000
Winston-Salem Streetworkers	-	-	-	35,000
Public School Building Capital Fund: Winston-Salem/Forsyth County Schools	-	0-002-933	-	3,337,431
Rural Operating Assistance Program: City of Winston-Salem - Elderly and Disabled Transportation Assistance	-	9.9050716	-	161,049

ACKNOWLEDGEMENTS

The preparation of the annual financial report was made possible by the dedicated service of the entire staff of the Finance Department. The year-end closing of the accounting system and report preparation was effectively managed by *Maribeth Weinman*, Deputy Chief Financial Officer.

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

Terri L. Goodman, Treasurer

Teresa G. Everhart, Risk Manager

Michael J. Phelps, Accounting and Systems Manager

Gloria M. Turowski, Fiscal Analyst



Forsyth County, North Carolina
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