

Forsyth County, North Carolina



Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2008

Forsyth County,
North Carolina

Comprehensive Annual Financial Report

Year Ended June 30, 2008

Prepared by the Forsyth County Finance Department:

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

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

Terri L. Goodman, CPA, *Treasurer*

Teresa G. Everhart, CISR, *Risk Manager*

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

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

Gloria M. Turowski, *Fiscal Analyst*

Merry A. Thomas, *Fiscal Analyst*

Tamika R. Moore, *Fiscal Analyst*

Courtney D. Anderson, *Risk Management Analyst*

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

Cynthia R. Cobb, *Fiscal Supervisor*

Daphne Avery, *Fiscal Supervisor*

Bonita J. Gray, *Fiscal Technician*

Linda T. Bowles, *Fiscal Technician*

Michelle A. Barker, *Fiscal Technician*

Margaret A. Burchette, *Fiscal Technician*

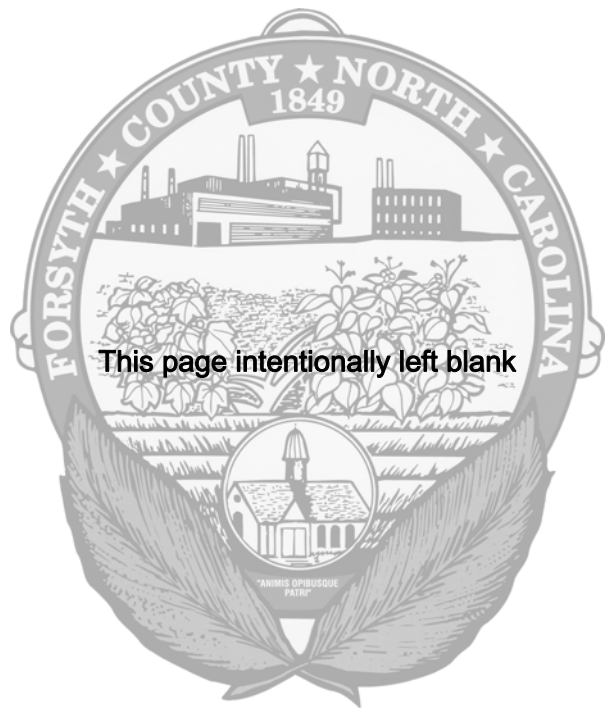
Regina G. Ireland, *Fiscal Technician*

Mary Elizabeth (Beth) Godwin, *Fiscal Technician*

Beverly W. Smith, *Fiscal Technician*

Cheryl L. Malcolm, *Senior Office Assistant*

Miranda D. Cole, *Senior Office Assistant*



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Forsyth County, North Carolina

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

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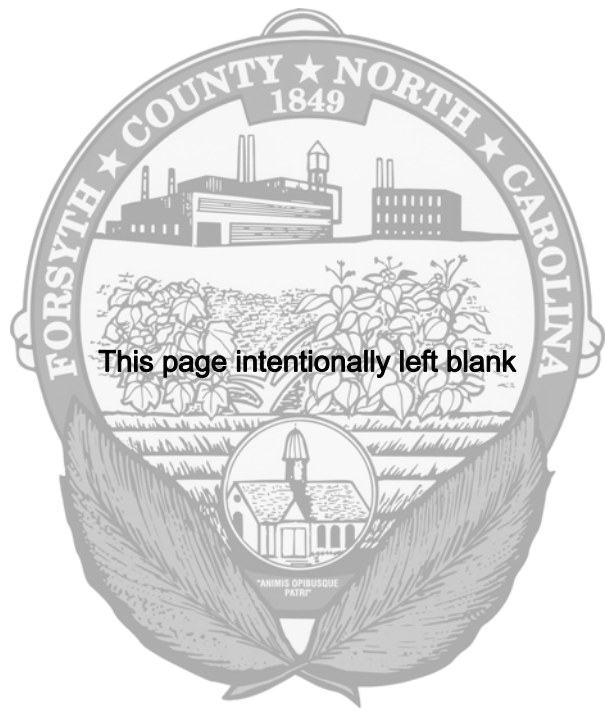
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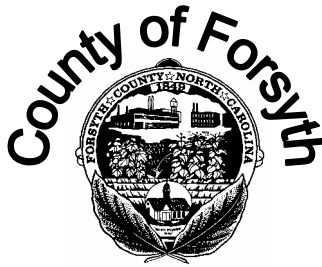


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FINANCE DEPARTMENT

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

Maribeth W. Weinman
DEPUTY CHIEF FINANCIAL OFFICER



Terri L. Goodman, CPA
TREASURER

Teresa G. Everhart, CISR
RISK MANAGER

Judy F. Kirk, CIA
INTERNAL AUDIT MANAGER

October 17, 2008

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, 2008.

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, 2008, 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, 2008, 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 53-55 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 57. Also included in the governmental fund subsection are project-length budget-to-actual comparisons for each nonmajor governmental fund for which a project-length budget has been adopted (i.e., grant project special revenue funds and capital project funds).

Factors Affecting Financial Condition

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

Local economy. Located midway between Washington, D.C. and Atlanta, Georgia, Forsyth County is in the heart of the state's Piedmont Triad region, a 12-county area with more than 1.5 million people. Three cities comprise the Triad: Winston-Salem, Greensboro and High Point. 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 338,679 and a workforce of 171,607, 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 \$36,402, 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 \$465.6 million during the year ended June 30, 2008.

Long-term financial planning. The County's Capital Improvements Program (CIP) through the year 2018 as of June 2008 consists of \$511.5 million for proposed projects. General obligation bonds of \$326.7 million will fund \$249.3 million in projects for the public schools, \$23.5 million in community college projects, \$28.4 million for the Central Library and two branch libraries, and \$25.5 million for other projects. Installment purchase financings totaling \$157.2 million are planned for the following projects: combined facility for Sheriff administration and additional detention space, \$41.0 million; justice system facilities, \$100.0 million; a new facility for Emergency Medical Services, \$11.5 million; and a replacement building for the Youth Detention Center, \$4.7 million. Outlays of \$1.2 million for Triad Park development are included as annual appropriations in the plan, and short term financings for information systems upgrades of \$3.4 million also are planned. Total project costs include an additional \$16.0 million in private funding for the Central Library and \$4.7 million in State funds for the Youth Detention Center.

In order to level the effects of issuing the \$250 million schools and \$25 million community college bonds authorized in the November 2006 referendum, the County has dedicated proceeds from the state education lottery and from a 3-cent property tax increase to debt service on these bonds. Each year lottery funds will be applied first, and the balance of applicable debt service will be paid from fund balance designated from the 3-cent levy plus any interest on that designated fund balance. No additional tax increases are anticipated to pay this debt service.

Cash management policies and practices. Under the authority of North Carolina General Statute 159-30, the County invests in obligations of the United States Treasury and several of its agencies and instrumentalities, high-grade commercial paper, and participating shares in a Local Government Commission certified mutual fund for local government investment. The objectives of the County's investment program are safety, liquidity and yield, in that order. Investment vehicles are chosen with the greatest emphasis placed on credit quality and maturity. The cash and investment portfolio balance for the fiscal year ended June 30, 2008 for all funds except some bond proceeds and proceeds of certificates of participation is \$114.8 million. The average yield on investments was 4.67%, exclusive of fair value appreciation. Reported investment income includes increases in the fair value of investments. Gains in fair value during the current year, however, do not necessarily represent trends that will

continue; nor is it necessarily a certainty that such gains will be realized, especially in the case of temporary changes in the fair value of investments that the County intends to hold to maturity.

In addition to its investment portfolio, the County has invested bond and certificates of participation proceeds at the North Carolina Capital Management Trust. These separate investment accounts are used as a means to maximize investment yield while segregating investment earnings on financing proceeds for federal arbitrage purposes. At June 30, 2008, the County had 14 such accounts totaling \$72.5 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, 2008. The County used this study to quantify the applicable portion of its long-term liability for claims and judgments. The actuarially determined liability is \$2,561,135, with an estimated current portion of \$1,299,173. 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 10.0% of the present value of the projected benefits earned by employees as of December 31, 2007, the actuarial valuation date, and the remaining unfunded amount is being systematically funded over 23 years as part of the annual required contribution calculated by the actuary.

Forsyth County also provides post-retirement health care benefits for certain retirees and their dependents, and life insurance or death benefits for eligible retirees. As of June 30, 2008, there were 610 retired employees receiving some or all these benefits, which are financed on a pay-as-you-go basis. According to an independent actuarial evaluation as of December 31, 2006, the annual other post employment benefit (OPEB) cost for fiscal year 2008 was \$5.8 million; the County's OPEB payments during the fiscal year were 29.3% of the annual cost.

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

Awards and Acknowledgements

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Forsyth County for its comprehensive annual financial report for the fiscal year ended June 30, 2007. This was the twenty-fourth consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the County must

publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

GFOA also presented the County with a Distinguished Budget Presentation Award for the County's fiscal year 2008 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 2009 budget continues to conform to program requirements, and we are submitting it to GFOA to determine eligibility for another award.

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

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

Sincerely,

J. Dudley Watts, Jr., County Manager

Paul L. Fulton, Jr., Chief Financial Officer



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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

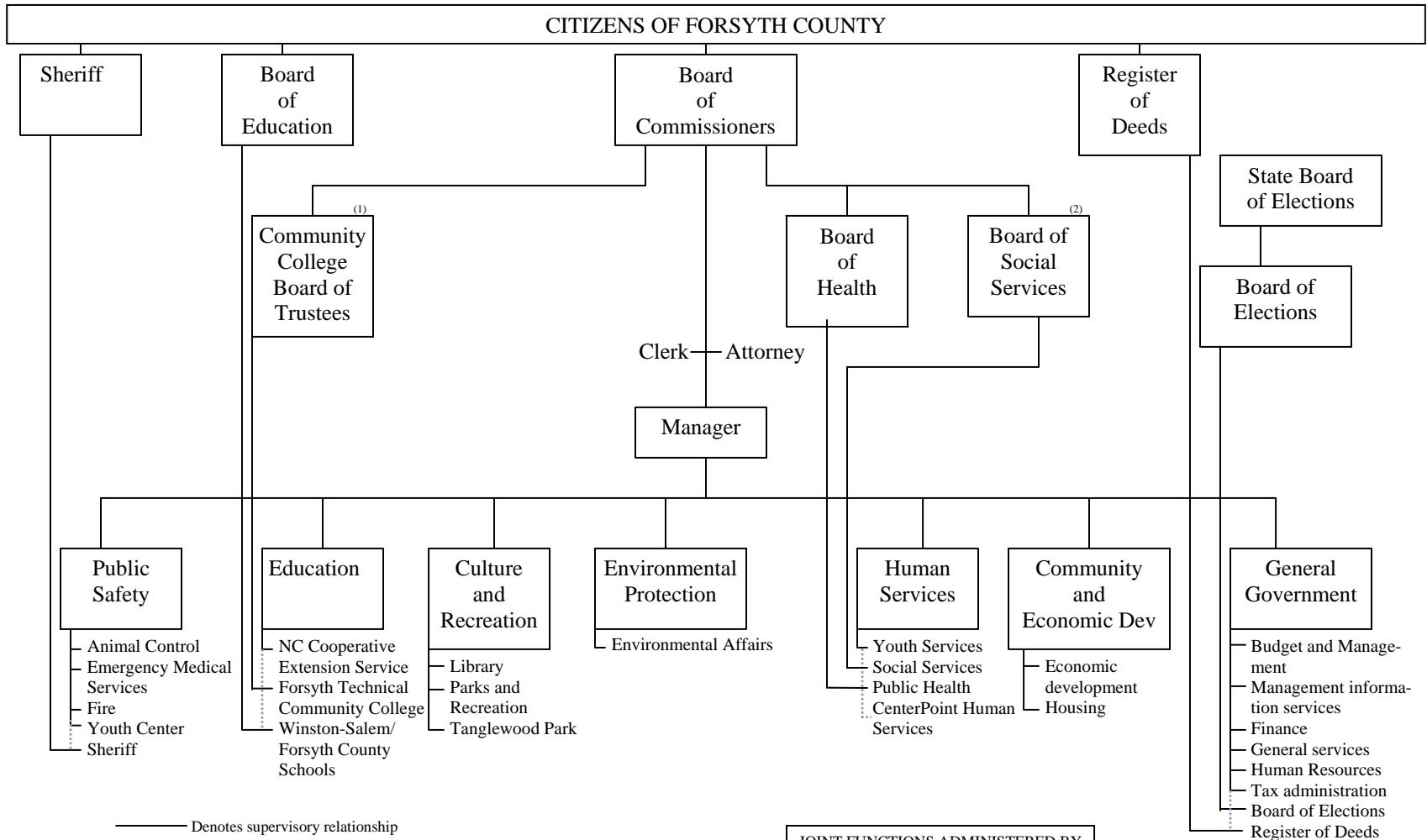
County Officials



Dudley Watts
County Manager



Paul L. Fulton, Jr.
Chief Financial Officer



— Denotes supervisory relationship
 Denotes funding relationship

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

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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Forsyth County
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

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.

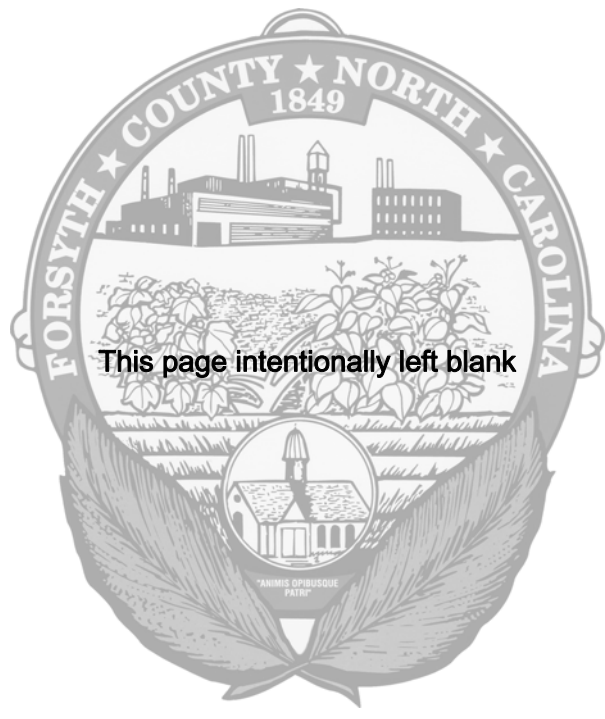


Charles S. Cox

President

Jeffrey R. Emer

Executive Director



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DIXON HUGHES PLLC

Certified Public Accountants and Advisors

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, 2008, 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, 2008, 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 31, 2008 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 3 through 11 and the schedules of funding progress, employer contributions and the notes to the required schedules for the Law Enforcement Officers' Special Separation Allowance and the Healthcare Plan on pages 47 through 50 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 31, 2008

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, 2008. 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

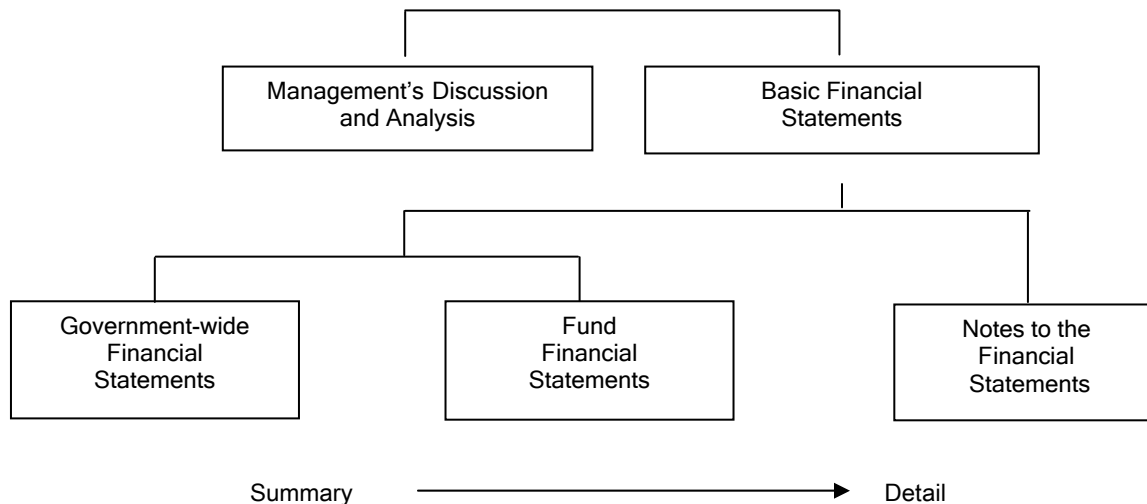
- The assets of Forsyth County were lower than its liabilities at the close of the fiscal year by \$50.0 million (*net assets*). The deficit in total net assets is a result of the County issuing debt as provided for in State law for the acquisition, renovation and construction of public school and community 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 \$186.5 million.
- The government's total net assets increased by \$12.7 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 \$205.1 million, a decrease of \$3.1 million in comparison with the prior year. Approximately 82.6% of this total amount, or \$169.3 million, is available for spending at the government's discretion (*unreserved fund balance*). A large part of this amount is either designated or appropriated for continuing activities and capital expenditures of the County.
- At the end of the current fiscal year, unreserved fund balance for the General Fund increased \$6.9 million to \$86.7 million, or 24.2% of total general fund expenditures for the fiscal year.
- Forsyth County's total debt decreased by a net of \$24.3 million (or 5.8%) during the past fiscal year. Principal payments totaled \$23.9 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 13th 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 thirty governmental funds for the year ended June 30, 2008. 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 - 45 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Forsyth County’s progress in funding its obligation to provide pension benefits and other post employment benefits (OPEB) to certain employees. Required supplementary information can be found on pages 49 - 50 of this report.

Budgetary comparison schedules for major funds are presented following the required supplementary information on pensions and OPEB. The combining statements referred to earlier in connection with nonmajor governmental funds and individual fund statements and schedules can be found on pages 60 – 90 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as one useful indicator of a government’s financial condition. The assets of Forsyth County were lower than liabilities by \$49,977,835 as of June 30, 2008. 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 \$236,512,044 at year-end and is reported as a reduction of unrestricted net assets for governmental activities, resulting in a deficit balance of \$120,384,798 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 \$116,127,246 and total net assets would be \$186,534,209.

Forsyth County’s Net Assets

Figure 2

	Governmental Activities	
	2008	2007
Current and other assets	\$ 228,220,602	\$ 228,696,220
Capital assets	149,561,695	153,882,942
Total assets	377,782,297	382,579,162
Long-term liabilities outstanding	409,062,508	427,357,818
Other liabilities	18,697,624	17,926,326
Total liabilities	427,760,132	445,284,144
Net assets:		
Invested in capital assts, net of related debt	66,426,734	65,335,272
Restricted	3,980,229	4,328,645
Unrestricted deficit	(120,384,798)	(132,368,899)
Total net deficit	\$ (49,977,835)	\$ (62,704,982)

A major portion (\$66,426,734) of net assets reflects the County's investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt still outstanding that was issued to acquire those items. Forsyth County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Forsyth County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Forsyth County's net assets, \$3,980,229, 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 \$12,727,147 for the fiscal year ended June 30, 2008. Retirement of debt related to capital assets was the main factor in an increase of \$1,091,462 in net assets invested in capital assets, net of related debt. Restricted net assets decreased \$348,416. Assets restricted for public safety decreased \$160,767 as amounts in excess of current year resources were expended by Fire Tax Districts and from law enforcement equitable distribution funds. Completion of projects resulted in closing two housing funds, which was the main reason assets restricted for community and economic development decreased \$187,477.

Most of the increase in net assets impacted unrestricted net assets, reducing the deficit in this category by \$11,984,101. 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.

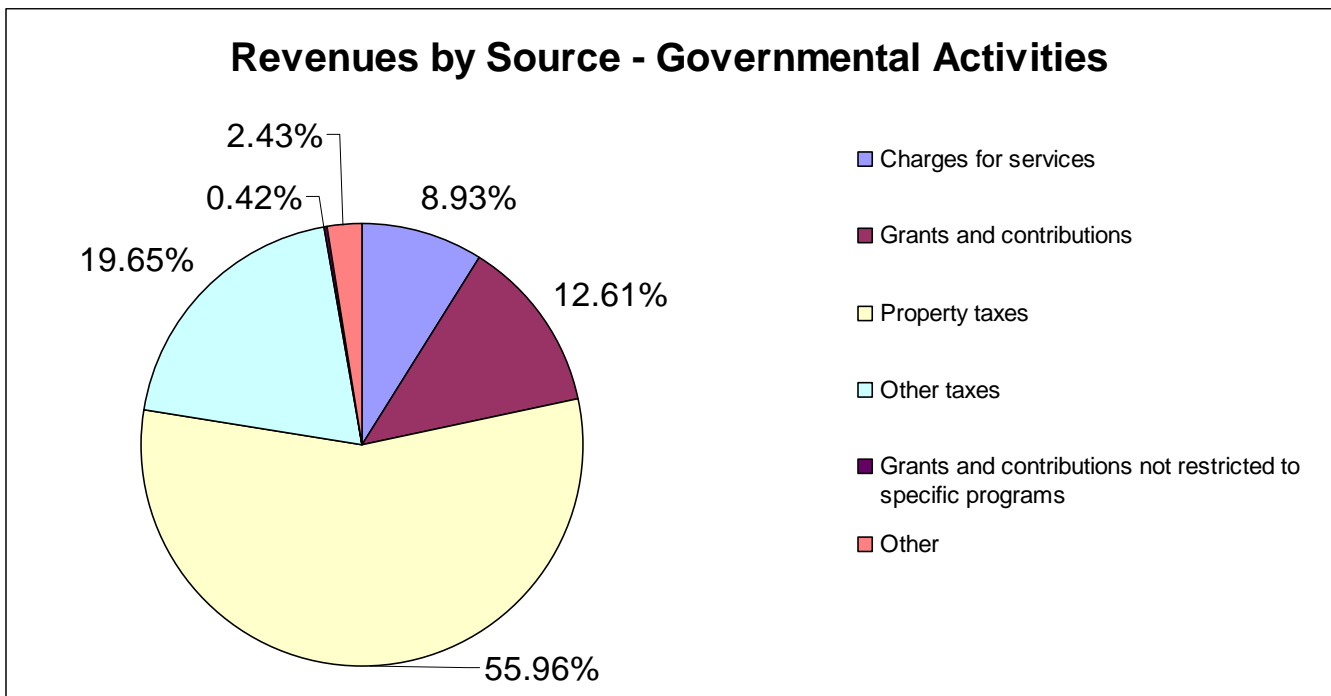
Forsyth County's Changes in Net Assets

Figure 3

	Governmental Activities	
	2008	2007
Revenues:		
Program revenues:		
Charges for services	\$ 34,835,331	\$ 30,434,274
Operating grants and contributions	49,130,647	45,760,319
Capital grants and contributions	25,975	-
General revenues:		
Property taxes	218,253,781	203,698,340
Other taxes	76,645,727	74,868,747
Grants and contributions not restricted to specific programs	1,630,835	1,635,293
Other	9,488,108	8,040,155
Total revenues	<u>390,010,404</u>	<u>364,437,128</u>
Expenses:		
General government	42,473,984	40,954,886
Public safety	67,092,138	60,563,286
Environmental protection	2,521,035	2,220,009
Human services	85,670,069	83,325,627
Culture and recreation	17,401,634	17,214,387
Community and economic development	2,998,916	1,722,356
Education	140,624,177	137,732,790
Interest on long-term debt	18,501,304	15,995,831
Total expenses	<u>377,283,257</u>	<u>359,729,172</u>
Increase (decrease) in net assets	12,727,147	4,707,956
Net assets, July 1	<u>(62,704,982)</u>	<u>(67,412,938)</u>
Net assets, June 30	<u>\$ (49,977,835)</u>	<u>\$ (62,704,982)</u>

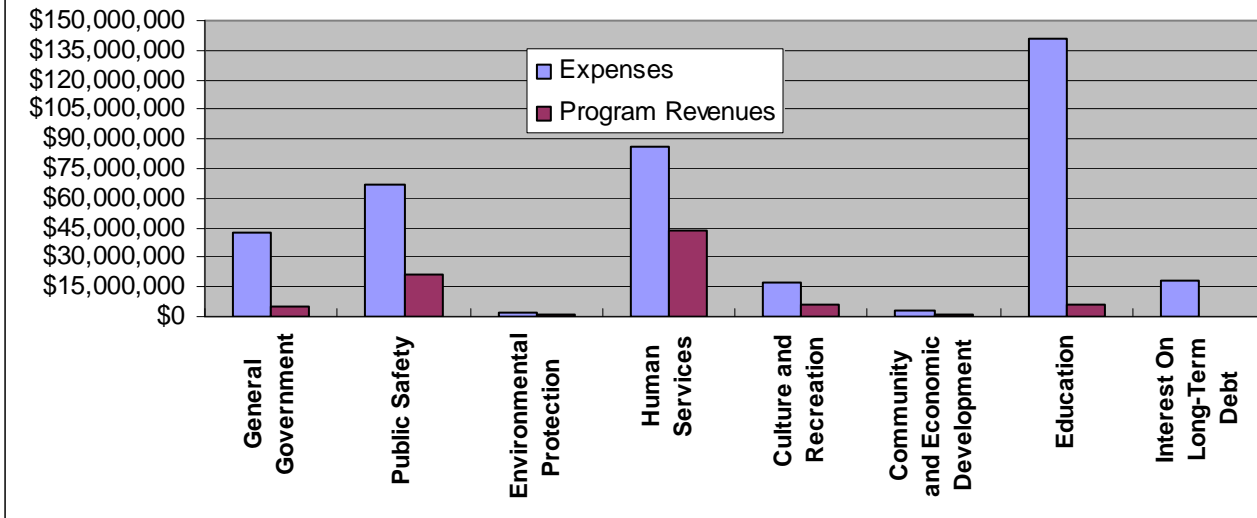
The following aspects of the County's financial operations contributed to the increase of \$12,727,147 in net assets:

- An increase of \$14.6 million in property tax revenues due to an increase of three cents in the tax rate, 3.6% growth in the tax base, and a high collection rate of 98.2%. Funds generated by the increase in the tax rate are designated for the Education Debt Leveling Plan, which applies these revenues to debt service on education debt authorized by the November 2006 referendum over the life of the bonds.
- Growth of 3.4% in sales and use tax revenue.
- An increase of \$4.4 million in charges for services resulting primarily from increased revenue from fees for emergency medical services and law enforcement.
- Management of revenues and expenses throughout the operating cycle, resulting in revenue growth of 7.0% while growth in expenses was held to 4.9%.
- Continued low cost of debt due to the County's high bond ratings.



The County's revenues were \$390.0 million, of which fifty-six percent comes from property taxes and another twenty percent comes from other taxes. Program revenues comprise twenty-two percent of all revenues. Total expenses of \$377.3 million covered a range of services, with thirty-seven percent related to education, twenty-three percent to human services, and eighteen percent to public safety. Net cost of County programs, demonstrated in the following chart, is funded predominantly by County taxpayers.

Expenses and Program Revenues - Governmental Activities



Financial Analysis of the County's Funds

As noted earlier, Forsyth County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. For the fiscal year ended June 30, 2008, 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 \$205.1 million, a decrease of \$3.1 million in comparison with the prior year. Approximately 82.6%, or \$169.3 million, of total combined fund balance constitutes *unreserved fund balance*, and \$64.6 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 (\$4.0 million) or reserved by state statute (\$30.8 million) or for other restricted purposes (\$969,000).

The decrease in combined fund balances is attributable to several factors. Progress on projects in the 2007 School Facilities Fund resulted in expenditures of \$11.5 million from proceeds of bonds issued in the prior year, causing a \$9.1 million reduction in fund balance for that fund. Other governmental funds reported a decrease in fund balances of \$3.0 million. The modest decrease of \$342,000 in combined fund balances of nonmajor special revenue funds was due primarily to use of appropriated fund balance for fire tax district operations and transfers to the General Fund of residual equity of two Housing funds that were closed. Nonmajor capital projects funds in aggregate had a net reduction in fund balances of \$2.7 million. The fund balances of the 2008 Pay-Go Fund and the 2008 School Facilities Fund established with \$7.6 million and \$1.6 million transfers from the General Fund, respectively, were offset by reductions in fund balances as proceeds of previously issued debt were spent in other capital projects funds.

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 \$86.7 million, an increase of \$6.9 million from the previous year, while total fund balance reached \$120.4 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 24.2% of total General Fund expenditures, while total fund balance represents 33.6% of that same amount.

Key factors that resulted in growth of \$8.9 million in fund balance in the General Fund include:

- Total revenues increased \$20.9 million or 6.0%. Property tax revenue increased \$15.8 million. An increase of three cents in the tax rate generated \$9.0 million, designated for the retirement of education debt authorized by the November 2006 referendum. Other factors contributing to higher property tax revenue were 3.6% growth in the tax base and maintaining a high collection rate of 98.2% for current year taxes. Sales tax revenue was higher by \$2.3 million, reflecting the sustained strength of the local and state economies. Revenue from charges for services improved \$1.4 million or 6.1% primarily as a result of higher charges for the provision of school resource officer services.
- Total expenditures were \$18.2 million or 5.3% higher than in the prior year. Personal services costs rose \$5.5 million, or 5.3%, reflecting average merit increases of 2.5%, health insurance costs 9.7% higher, and approval of thirty-seven additional full-time positions. Funding for the Winston-Salem/Forsyth County Schools increased \$7.1 million or 7.0% to meet ongoing school system needs, including higher costs for school resource officers noted in the above revenue discussion. The effect on fund balance of the \$3.5 million increase in debt service payments was mitigated by applying to debt service transfers to the General Fund of \$2.2 million in unspent interest on applicable debt proceeds and \$2.0 million in lottery proceeds.

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 \$11.0 million. Unanticipated state and federal grants totaling \$2.0 million were appropriated for child care subsidies administered by Social Services; elderly and disabled transportation assistance; the Governor's Highway Safety program administered by the Sheriff's Department; domestic violence grant program; and other programs, primarily in Human Services. Additional appropriations of \$8.7 million were made from fund balance, including \$7.6 million to establish the Pay-go capital project fund, using funds designated by the Board of Commissioners for this purpose.

Although \$18.4 million of fund balance was appropriated in the final budget, the net change in fund balance for the year was an increase of \$8.9 million. Total revenues fell short of estimates by \$3.2 million due to the under-realization of intergovernmental revenues. Under-realized state and federal funding of \$1.7 million for Social Services was offset by spending less than authorized in the budget. Lottery proceeds of \$2.8 million were estimated in the General Fund budget, but the \$2.0 million from this source applied to debt service was an interfund transfer to the General Fund.

Expenditure appropriations were under-spent by \$28.3 million. In General Government, an amount (\$9.0 million) estimated to equal the three-cent increase in the ad valorem tax rate was appropriated as a contingency for the Education Debt Leveling Plan. No expenditures were made against this appropriation. Also in that function, General Services had budgetary savings of \$2.6 million, mainly due to cancelled and unfinished capital maintenance contracts and outstanding purchase orders for vehicles; \$1.3 million of that amount was reappropriated in the subsequent year. Appropriations for interest on variable rate bond debt were under-spent by \$1.5 million as a result of low rates. Other significant under-expenditures were in Human Services and Public Safety. In Human Services, much of the savings was in personal services (\$2.2 million), reflecting the challenge of finding and keeping qualified personnel in this function. Spending for support and assistance was \$3.6 million less than budgeted, with \$2.1 million of the savings in Medicaid as the State assumed more of the cost in this area. In Public Safety, the Sheriff's department had salary and benefits savings of \$1.2 million.

Capital Assets and Debt Administration

Capital assets. Forsyth County's investment in capital assets for its governmental activities as of June 30, 2008, totals \$149,561,695 (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 \$1.5 million in emergency vehicles, including an ambulance and two ambulance chassis remounts, thirty-three patrol vehicles, and a fire truck remount.
- Expenditures of \$429,000 to substantially complete the new \$2.4 million Lewisville Library.
- Outlays of \$529,000 to finish renovations to the Government Center for the Register of Deeds office.
- Completion of 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	
	2008	2007
Land	\$ 12,547,780	\$ 12,547,780
Art collections	270,707	264,367
Construction-in-progress	257,052	2,775,433
Buildings	115,018,947	115,158,626
Improvements other than buildings	5,972,127	6,316,305
Equipment	15,495,082	16,820,431
Total	\$ 149,561,695	\$ 153,882,942

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. At June 30, 2008, Forsyth County had total bonded debt outstanding of \$313,620,000, 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 \$390,920,877, a decrease of \$23,924,516, the amount total principal retirement during the year.

Forsyth County's Outstanding Debt

Figure 5

	Governmental Activities	
	2008	2007
General obligation bonds	\$ 313,620,000	\$ 332,090,000
Installment purchase obligations	1,705,877	2,135,393
Certificates of participation	75,595,000	80,620,000
Total	\$ 390,920,877	\$ 414,845,393

As mentioned in the financial highlights section of this document, Forsyth County maintained for the 13th 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 \$2,451,563,046.

Additional information regarding Forsyth County's long-term debt can be found in Note 4i on pages 36 - 39 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 2009 County budget include:

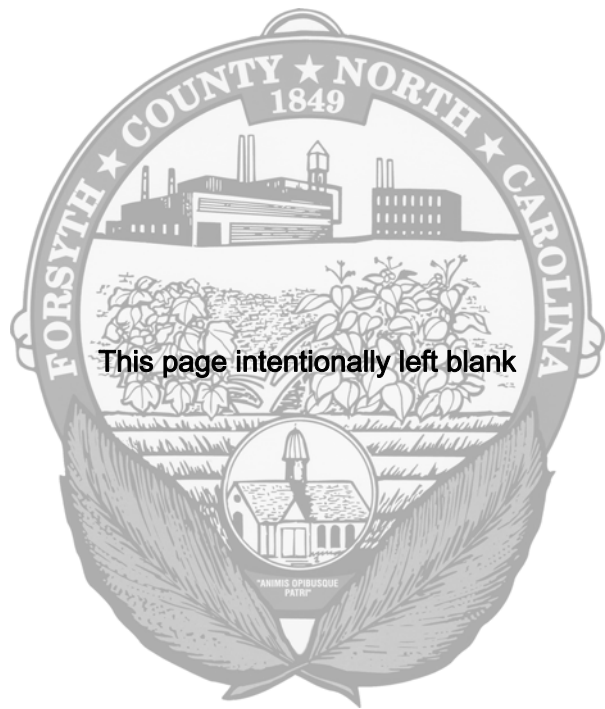
- Tax base growth of 2.2% is expected to generate \$4.5 million in additional revenue.
- Modest growth is projected for sales taxes generated in the County; however, changes legislated by the State as part of Medicaid reform and annexations by the City of Winston-Salem together are projected to result in a revenue decrease of \$5.8 million or 8.1% from actual 2008 sales tax revenue.
- As the State assumes a greater share of Medicaid cost under Medicaid reform legislation, County cost for Medicaid is expected to decrease \$6.8 million from the previous year.
- Debt service costs increase \$5.4 million over prior year actual, and \$6.6 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, 2009 in the amount of \$391.7 million, a decrease of \$4.7 million or 1.2% from the final 2008 budget of \$396.5 million. The property tax rate of \$0.6960 per hundred dollars assessed value is unchanged. Additionally, \$10.9 million of fund balance was appropriated, of which \$1.8 million was for the reappropriation of prior year encumbrances. Unreserved fund balance of \$86.7 million net of \$9.1 million of appropriated fund balance is 19.8% of 2009 budgeted expenditures. In accordance with the County's fund balance policy, the following designations of unreserved fund balance have been made:

- The unspent balance of proceeds from three cents on the ad valorem tax rate and interest earned thereon totaled \$9.1 million and has been designated for the retirement of education debt authorized in the November 2006 referendum. This designation is a key component of the Education Debt Leveling Plan.
- The amount by which unreserved, undesignated fund balance exceeds 16% of the subsequent year's budgeted expenditures totaled \$6.0 million, and of this, \$2.1 million has been designated for capital maintenance and \$3.9 million has been designated for capital outlay in the subsequent year.

Requests for Information

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



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Basic Financial Statements

FORSYTH COUNTY, NORTH CAROLINA

Exhibit 1

Statement of Net Assets

June 30, 2008

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 186,445,745
Cash and investments held by fiscal agent	1,422,587
Taxes receivable (net)	3,787,886
Accounts receivable (net)	5,997,085
Accrued interest on investments	99,746
Due from other governments	27,940,359
Prepaid items	226,458
Deferred charges	2,300,736
Capital assets:	
Land, collections, and construction-in-progress	13,075,539
Other capital assets, net of depreciation	<u>136,486,156</u>
Total capital assets	<u>149,561,695</u>
Total assets	<u><u>377,782,297</u></u>
LIABILITIES	
Accounts payable and accrued liabilities	9,385,538
Unearned revenue	694,113
Accrued interest payable	5,549,596
Due to other governments	3,068,377
Long-term liabilities:	
Due within one year	32,350,655
Due in more than one year	<u>376,711,853</u>
Total liabilities	<u><u>427,760,132</u></u>
NET ASSETS	
Invested in capital assets, net of related debt	66,426,734
Restricted for:	
Public safety	2,902,240
Human services	301,970
Community and economic development	231,942
Other purposes	544,077
Unrestricted deficit	<u>(120,384,798)</u>
Total net deficit	<u><u>\$ (49,977,835)</u></u>

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

FORSYTH COUNTY, NORTH CAROLINA
Statement of Activities
For the Fiscal Year Ended June 30, 2008

Exhibit 2

Functions	Expenses	Program Revenues			Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental:					
General government	\$ 42,473,984	4,163,440	753,817	25,975	(37,530,752)
Public safety	67,092,138	17,465,407	3,698,500	-	(45,928,231)
Environmental protection	2,521,035	266,457	880,434	-	(1,374,144)
Human services	85,670,069	7,752,966	36,224,878	-	(41,692,225)
Culture and recreation	17,401,634	5,098,137	822,806	-	(11,480,691)
Community and economic development	2,998,916	55,552	959,624	-	(1,983,740)
Education	140,624,177	33,372	5,790,588	-	(134,800,217)
Interest on long-term debt	18,501,304	-	-	-	(18,501,304)
Total governmental activities	\$ <u>377,283,257</u>	<u>34,835,331</u>	<u>49,130,647</u>	<u>25,975</u>	<u>(293,291,304)</u>
General revenues:					
Taxes:					
Property taxes, levied for general purposes					218,253,781
Local option sales tax					73,496,042
Occupancy taxes, levied for economic development					562,018
Other taxes and licenses					2,587,667
Grants and contributions not restricted to specific programs					1,630,835
Investment earnings, unrestricted					9,025,373
Miscellaneous, unrestricted					462,735
Total general revenues					<u>306,018,451</u>
Change in net assets					12,727,147
Net deficit - beginning					<u>(62,704,982)</u>
Net deficit - ending					\$ <u>(49,977,835)</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, 2008

	<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	\$ 103,421,606	51,763,751	31,260,388	186,445,745
Cash and investments held by fiscal agent	458,747	-	963,840	1,422,587
Receivables (net):				
Property taxes	3,161,578	-	82,348	3,243,926
Occupancy taxes	48,844	-	-	48,844
Other taxes	18,345	-	2	18,347
Accounts	5,997,085	-	-	5,997,085
Accrued interest	89,736	-	10,010	99,746
Due from other governments	26,555,517	251,989	1,132,853	27,940,359
Due from other funds	460,522	-	-	460,522
Prepaid items	64,642	-	-	64,642
Total assets	\$ 140,276,622	52,015,740	33,449,441	225,741,803
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 9,338,186	-	47,352	9,385,538
Due to other governments	3,031,030	-	37,347	3,068,377
Due to other funds	-	-	460,522	460,522
Unearned revenue	473,948	-	220,165	694,113
Deferred revenue	6,990,786	-	82,348	7,073,134
Total liabilities	19,833,950	-	847,734	20,681,684
Fund balances:				
Reserved for:				
Encumbrances	3,352,934	-	659,163	4,012,097
State statute	29,405,483	251,989	1,142,865	30,800,337
Register of Deeds	544,077	-	-	544,077
Capital outlay	424,738	-	-	424,738
Unreserved	86,715,440	51,763,751	-	138,479,191
Unreserved, reported in nonmajor:				
Special revenue funds	-	-	2,103,908	2,103,908
Capital projects funds	-	-	28,695,771	28,695,771
Total fund balances	120,442,672	52,015,740	32,601,707	205,060,119
Total liabilities and fund balances	\$ 140,276,622	52,015,740	33,449,441	
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.				149,561,695
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.				161,816
Earned revenue that is not available to pay current period expenditures is deferred in the funds.				7,549,903
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.				(412,311,368)
Net assets of governmental activities				\$ (49,977,835)

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, 2008

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	\$ 213,003,136	-	4,975,686	217,978,822
Occupancy taxes	562,018	-	-	562,018
Local option sales taxes	71,461,523	-	2,034,519	73,496,042
Other taxes	203,494	-	174,343	377,837
Licenses and permits	922,548	-	-	922,548
Intergovernmental	44,143,699	-	7,095,575	51,239,274
Charges for services	24,621,408	-	-	24,621,408
Investment earnings	5,394,146	2,494,337	1,233,797	9,122,280
Other	8,848,802	-	55,552	8,904,354
Total revenues	<u>369,160,774</u>	<u>2,494,337</u>	<u>15,569,472</u>	<u>387,224,583</u>
Expenditures:				
Current:				
General government	39,615,168	-	-	39,615,168
Public safety	56,415,374	-	5,380,472	61,795,846
Environmental protection	2,414,429	-	-	2,414,429
Human services	77,388,616	-	3,141	77,391,757
Culture and recreation	16,062,799	-	-	16,062,799
Community and economic development	1,959,891	-	1,018,001	2,977,892
Education	895,261	-	-	895,261
Intergovernmental:				
Human services	6,181,990	-	-	6,181,990
Education	116,505,970	11,453,676	11,721,778	139,681,424
Debt service:				
Principal retirement	23,924,516	-	-	23,924,516
Interest and other charges	17,246,714	-	-	17,246,714
Capital outlay	-	-	2,173,639	2,173,639
Total expenditures	<u>358,610,728</u>	<u>11,453,676</u>	<u>20,297,031</u>	<u>390,361,435</u>
Excess (deficiency) of revenues over expenditures	<u>10,550,046</u>	<u>(8,959,339)</u>	<u>(4,727,559)</u>	<u>(3,136,852)</u>
Other financing sources (uses):				
Transfers in	7,696,402	-	10,612,249	18,308,651
Transfers out	<u>(9,327,460)</u>	<u>(98,213)</u>	<u>(8,882,978)</u>	<u>(18,308,651)</u>
Total other financing sources (uses)	<u>(1,631,058)</u>	<u>(98,213)</u>	<u>1,729,271</u>	<u>-</u>
Net change in fund balances	<u>8,918,988</u>	<u>(9,057,552)</u>	<u>(2,998,288)</u>	<u>(3,136,852)</u>
Fund balance - June 30, 2007	111,523,684	61,073,292	35,599,995	208,196,971
Fund balance - June 30, 2008	<u><u>\$ 120,442,672</u></u>	<u><u>52,015,740</u></u>	<u><u>32,601,707</u></u>	<u><u>205,060,119</u></u>

(continued)

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

FORSYTH COUNTY, NORTH CAROLINA
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2008

Exhibit 4.1

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

Net change in fund balances - total governmental funds	\$ (3,136,852)
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.	(4,223,169)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.	(98,078)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	2,822,296
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.	23,924,516
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(6,561,566)</u>
Change in net assets of governmental activities	<u>\$ 12,727,147</u>

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

FORSYTH COUNTY, NORTH CAROLINA

Exhibit 5

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

General Fund

For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 212,128,577	212,128,577	213,003,136	874,559
Occupancy taxes	525,107	525,107	562,018	36,911
Local option sales taxes	71,425,164	71,425,164	71,461,523	36,359
Other taxes	150,000	150,000	203,494	53,494
Total taxes	<u>284,228,848</u>	<u>284,228,848</u>	<u>285,230,171</u>	<u>1,001,323</u>
Licenses and permits	1,450,520	1,450,520	922,548	(527,972)
Intergovernmental	46,812,508	48,928,956	44,143,699	(4,785,257)
Charges for services	25,334,074	25,334,074	24,621,408	(712,666)
Investment earnings	4,570,234	4,570,234	5,394,146	823,912
Other	7,844,029	7,896,029	8,848,802	952,773
Total revenues	<u>370,240,213</u>	<u>372,408,661</u>	<u>369,160,774</u>	<u>(3,247,887)</u>
Expenditures:				
Current:				
General government	55,785,835	52,036,418	39,615,168	12,421,250
Public safety	57,313,701	60,674,820	56,415,374	4,259,446
Environmental protection	2,336,924	2,364,610	2,414,429	(49,819)
Human services	83,987,916	84,688,886	77,388,616	7,300,270
Culture and recreation	16,888,443	17,277,824	16,062,799	1,215,025
Community and economic development	2,203,349	2,445,865	1,959,891	485,974
Education	1,603,892	1,626,461	895,261	731,200
Intergovernmental:				
Human services	6,404,751	6,404,751	6,181,990	222,761
Education	116,001,970	116,506,970	116,505,970	1,000
Debt service:				
Principal retirement	23,937,713	23,937,713	23,924,516	13,197
Interest and other charges	18,948,562	18,948,562	17,246,714	1,701,848
Total expenditures	<u>385,413,056</u>	<u>386,912,880</u>	<u>358,610,728</u>	<u>28,302,152</u>
Excess (deficiency) of revenues over expenditures				
	<u>(15,172,843)</u>	<u>(14,504,219)</u>	<u>10,550,046</u>	<u>25,054,265</u>
Other financing sources (uses):				
Transfers in	5,426,963	5,619,963	7,696,402	2,076,439
Transfers out	(40,020)	(9,562,881)	(9,327,460)	235,421
Total other financing sources (uses)	<u>5,386,943</u>	<u>(3,942,918)</u>	<u>(1,631,058)</u>	<u>2,311,860</u>
Net change in fund balance				
	<u>(9,785,900)</u>	<u>(18,447,137)</u>	<u>8,918,988</u>	<u>27,366,125</u>
Fund balance - June 30, 2007	111,523,684	111,523,684	111,523,684	-
Fund balance - June 30, 2008	\$ <u>101,737,784</u>	<u>93,076,547</u>	<u>120,442,672</u>	<u>27,366,125</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, 2008

	<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	\$ 384,298	763,026
Receivables:		
Property taxes	-	4,836,056
Accrued interest	1,126	376
Total assets	<u>385,424</u>	<u>5,599,458</u>
LIABILITIES		
Due to other governments	-	5,489,350
Other liabilities	-	110,108
Total liabilities	<u>-</u>	<u>5,599,458</u>
NET ASSETS		
Held in trust for pension benefits	<u>\$ 385,424</u>	<u>-</u>

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

FORSYTH COUNTY, NORTH CAROLINA

Exhibit 7

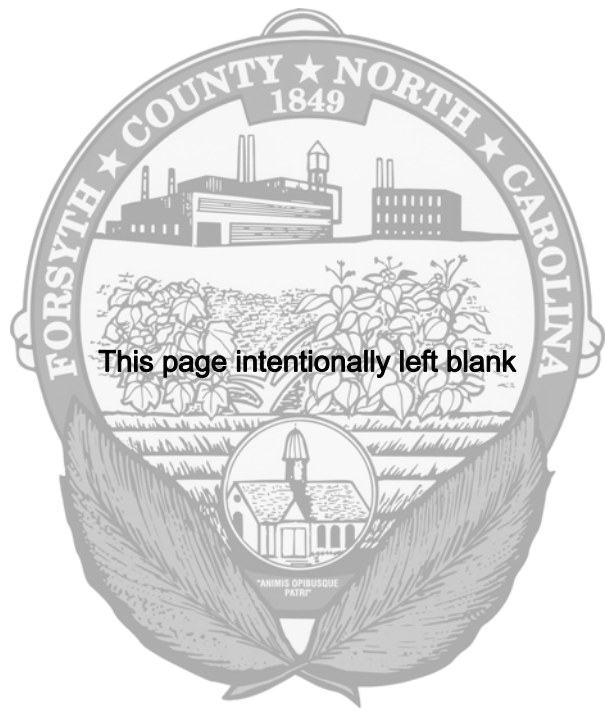
Statement of Changes in Fiduciary Net Assets

Fiduciary Funds

For the Fiscal Year Ended June 30, 2008

	<u>Pension Trust</u> <u>Law Enforcement</u> <u>Officers' Special</u> <u>Separation</u> <u>Allowance</u>
ADDITIONS	
Employer contributions	\$ 397,172
Net investment income	<u>22,991</u>
Total additions	420,163
DEDUCTIONS	
Benefits	<u>658,546</u>
Change in net assets	(238,383)
Net assets - beginning	<u>623,807</u>
Net assets - ending	<u><u>\$ 385,424</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, 2008

1. Summary of Significant Accounting Policies

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

a. Reporting Entity

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

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

b. Basis of Presentation, Basis of Accounting

Basis of Presentation *Government-wide Statements:* The statement of net assets and the statement of activities report information on all of the 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. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category – *governmental* 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.

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

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, 2008, and 2009 Housing Funds, and the 2005 and 2007 Justice Assistance Funds, which are special revenue funds, and all capital projects funds are budgeted under project ordinances. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for the General Fund, except for Nondepartmental and intergovernmental education expenditures. Certain Nondepartmental appropriations are not expended until they are transferred to a specific department, so they are set apart from other Nondepartmental appropriations. Budgetary control for intergovernmental education expenditures is for current expense and capital outlay for each entity. The legal level of control varies for annually budgeted special revenue funds. Appropriations in the Fire Tax Districts Fund are controlled at the fire tax district level. The Law Enforcement Equitable Distribution Fund and the Emergency Telephone System Fund are controlled by an appropriation for a transfer to the General Fund. The Moser Bequest for Care of Elderly Fund has legal appropriation control at the program level. Amendments are required for revisions to appropriations at the legal level of control in annually budgeted funds, and these amendments may be approved by the County Manager and reported to the Board of Commissioners as long as they do not alter total expenditures of the fund. Amendments that alter total expenditures of any fund must be approved by the Board of Commissioners. During the year, Board amendments to the original budget included several for unanticipated intergovernmental and private grant funding that totaled \$2.2 million and appropriations of fund balance totaling \$8.7 million. The latter included the appropriation of \$7.6 million to fund the Pay-Go Capital Project Fund. 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, 2007.

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

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

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

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

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

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

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

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

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

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

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

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

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

Restricted for Public Safety. This portion of net assets represents the aggregate of net assets for five special revenue funds: the Fire Tax Districts Fund; the Law Enforcement Equitable Distribution Fund; the Emergency Telephone System Fund; and the 2005 and 2007 Justice Assistance Funds.

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

Restricted for Community and Economic Development. This portion of net assets represents net assets of the 2006, 2007, 2008, and 2009 Housing special revenue funds.

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

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

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

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

The governmental fund types classify fund balances as follows:

Reserved.

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

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

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

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

Unreserved.

Designated for Subsequent Years' Expenditures.

Budget. In the annually budgeted governmental funds, a portion of fund balance available for appropriation is designated for appropriation in the adopted 2008-2009 Budget Ordinance. In grant project and capital project funds, the unspent appropriations comprise designated fund balance.

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

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

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

2. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. The net adjustment of \$(255,037,954) 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.		\$ 149,561,695
Pension assets resulting from contributions in excess of the annual required contribution are not financial resources and therefore are not reported in the funds.		161,816
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	\$ 3,720,695	
Grants	129,246	
Interest earnings	4,900	
Fees and miscellaneous	3,695,062	7,549,903
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period. Thus, they do not require current resources to pay and, accordingly, are not reported in the fund statements.		
Accrued interest payable	(5,549,596)	
Bonds, installment purchases, and certificates of participation	(390,920,877)	
Compensated absences	(6,675,830)	
Claims and judgments	(3,843,359)	
Net OPEB obligation	(4,128,973)	
Deferred charge on refundings	3,889,486	
Deferred charge for issuance costs	2,300,736	
Unamortized issuance premiums	(7,382,955)	(412,311,368)
Total adjustment		\$ (255,037,954)

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 \$15,863,999 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.	\$ 5,360,224	
Depreciation expense, the allocation of capital assets over their useful lives, is recorded on the statement of activities but not in the fund statements.	(9,583,393)	\$ (4,223,169)
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 by the net cost of capital assets sold.		(98,078)
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, 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)	
Record revenue deferred in the fund statements at June 30, 2008:		
Property taxes and accrued interest on property taxes	3,720,695	
Grants	129,246	
Interest earnings	4,900	
Fees and miscellaneous	3,695,062	2,822,296
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.		
Principal payments on debt		23,924,516
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	(313,261)	
Claims and judgments	(1,522,757)	
Prepaid pension benefit obligation	19,236	
Net OPEB obligation	(4,128,973)	
Accrued interest	(607,639)	
Amortized deferred charge on refundings	(802,726)	
Amortized deferred charge for issuance costs	(343,957)	
Amortized debt premiums	1,138,511	(6,561,566)
Total adjustments		\$ 15,863,999

3. Stewardship, Compliance, and Accountability

Excess of Expenditures over Appropriations

Expenditures for the Inspections Department exceeded budget by \$164,888. Inspections is a consolidated City - County department administered by the City of Winston-Salem. In accordance with the interlocal agreement, the City notified the County that shared costs would exceed budget due to a decline in offsetting revenue generated by building activity. The General Fund budget was not amended, however, and final costs were invoiced after the end of the budget year. Procedures are in place to assure that a budget amendment is initiated at the time of notification of the need for an appropriation increase, which will preclude noncompliance with legal budgetary control in future years. County costs for another City-administered department, Purchasing, exceeded appropriations by \$908, which was within mutually agreed parameters. Communication with the City during the fourth quarter each year regarding operations of consolidated departments will enable timely budget amendments as needed.

Transfers of residual fund equity from six funds that were closed during the fiscal year exceeded appropriations in those funds. Residual equity that represented unspent program revenue in the 2004 and 2005 Housing funds was transferred to the 2009 Housing fund, and all other residual equity in the closed Housing funds was transferred to the General Fund. These budget variances are not in noncompliance with legal budgetary control: 2004 Housing fund, \$71,951; 2005 Housing fund, \$130,820; General Services Complex fund, \$339,446; 2002 2/3rds Bonds fund, \$179,624; 2003 2/3rds Bonds fund, \$51,632; and 2006 Information Systems fund, \$53,075.

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, 2008, the demand deposit portion of the County's cash and investment pool was \$1,760,509. The bank balances totaled \$1,342,401, 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 a banking institution as fiscal agent at June 30, 2008 totaled \$87,791, all of which was covered by federal depository insurance. At June 30, 2008, the County's petty cash funds totaled \$18,071.

b. Investments

As of June 30, 2008, the County had the following investments:

<u>Investment Type</u>	<u>Reported</u>		<u>Less than</u>		<u>More than</u>	<u>WAM</u> <u>(Years)</u>
	<u>Value</u>	<u>Fair Value</u>	<u>1 year</u>	<u>1-2 years</u>	<u>2 years</u>	
NCCMT	\$ 88,143,184	88,143,184	88,143,184	-	-	0.001
Commercial Paper	36,896,011	36,878,800	36,878,800	-	-	0.023
Bankers Acceptance	2,997,125	2,997,840	2,997,840	-	-	0.001
Agency Securities	21,312,965	21,323,102	19,805,648	-	1,517,454	0.087
NC State Education Assistance Authority Bonds	37,800,000	37,800,000	37,800,000	-	-	0.011
Total Portfolio	\$187,149,285	187,142,926	185,625,472	-	1,517,454	

Portfolio weighted average maturity 0.123 years

The North Carolina State Education Assistance Authority (NCSEAA) instruments in the portfolio are auction rate securities. Historically, these instruments could be redeemed at par and the interest rate reset every 7 or 28 days, making the effective maturity date the next reset date. In February 2008, the auctions for these securities began failing. At that time, the instruments became illiquid and there was no secondary market. In response to the failed auctions, the NCSEAA issued calls for all of the instruments held by the County at June 30, 2008. The call dates range from July 9, 2008 to July 29, 2008. Because calls have been issued for all the NCSEAA bonds held by the County at June 30, 2008, these securities are shown as maturing in less than one year in the above table. The County's remaining \$2,250,788 in callable agency securities are assumed to be held until maturity.

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, 2008, all of the County's investments with maturities beyond two years were either multi-step or variable interest rate securities. Information about the sensitivity of the fair values of the County's investments to market interest rate fluctuations is provided by the above table that shows the distribution by maturity and the weighted average maturity of the County's investment holdings as of June 30, 2008.

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, 2008, 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, 2008.

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 North Carolina State Education Assistance Authority (20.2%) and the Federal Home Loan Bank (9.5%), and commercial paper issued by JP Morgan Chase and Company (7.5%), American Express Credit Corporation (5.3%), and General Electric Capital Corporation (5.3%).

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
2005	\$ 1,679,834	550,146	2,229,980
2006	1,580,183	375,293	1,955,476
2007	1,580,183	233,077	1,813,260
2008	1,651,362	94,953	1,746,315
Totals	\$ 6,491,562	1,253,469	7,745,031

d. Receivables

Receivables at June 30, 2008 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	\$ 7,453,036	(4,291,458)	3,161,578
Other governmental funds	169,944	(87,596)	82,348
Occupancy taxes			
General fund	48,844	-	48,844
Other taxes			
General fund	18,345	-	18,345
Other governmental funds	2	-	2
Accounts			
General fund	31,842,650	(25,845,565)	5,997,085
Accrued interest			
General fund	89,736	-	89,736
Other governmental funds	10,010	-	10,010
Total receivables	\$ 39,632,567	(30,224,619)	9,407,948

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, 2008, the various components of *deferred revenue* and *unearned revenue* were as follows:

Description	Deferred (Unavailable)	Unearned
Delinquent property taxes receivable		
General fund	\$ 3,161,578	-
Other governmental funds	82,348	-
Intergovernmental and private grants		
General fund	129,246	26,654
Other governmental funds	--	220,165
Fees and other – General fund	3,695,062	447,294
Investment earnings – General fund	4,900	-
Total deferred / unearned revenue for governmental funds	\$ 7,073,134	694,113

e. Capital Assets

Capital asset activity for the year ended June 30, 2008, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 12,547,780	--	--	12,547,780
Art collections	264,367	6,340	--	270,707
Construction-in-progress	2,775,433	729,419	(3,247,800)	257,052
Total capital assets not being depreciated	15,587,580	735,759	(3,247,800)	13,075,539
Capital assets being depreciated:				
Buildings	166,843,206	3,971,268	(23,100)	170,791,374
Improvements other than buildings	12,403,657	126,543	--	12,530,200
Equipment	57,664,006	3,774,454	(1,343,665)	60,094,795
Total capital assets being depreciated	236,910,869	7,872,265	(1,366,765)	243,416,369
Less accumulated depreciation for:				
Buildings	51,684,580	4,088,136	(289)	55,772,427
Improvements other than buildings	6,087,352	470,721	--	6,558,073
Equipment	40,843,575	5,024,536	(1,268,398)	44,599,713
Total accumulated depreciation	98,615,507	9,583,393	(1,268,687)	106,930,213
Total capital assets being depreciated, net	138,295,362	(1,711,128)	(98,078)	136,486,156
Capital assets, net	\$153,882,942	(975,369)	(3,345,878)	149,561,695

Depreciation expense charged to functions for the year ended June 30, 2008, was as follows:

Function	Depreciation Expense
General government	\$ 4,093,513
Public safety	3,841,625
Environmental protection	27,761
Human services	599,221
Culture and recreation	994,041
Community and economic development	5,587
Education	21,645
Total	\$ 9,583,393

Construction Commitments

The new maintenance facility at Tanglewood Park is a \$4.0 million project that is still in the design phase as a result of changes to the initial plans for the facility. Initial commitments have been made for renovations to the Social Services facility, for which \$1.7 million has been allocated, and a \$3.1 million project to upgrade technology at the Detention Center has been authorized. At June 30, 2008, commitments with contractors on these projects are as follows:

Project	Spent-to-Date	Remaining Commitment
Tanglewood Park maintenance facility	\$ 65,261	71,600
Social Services facility renovation	-	74,150
Jail technology project	-	263,796
Totals	\$ 65,261	409,546

f. Interfund Receivables, Payables, and Transfers

Certain special revenue funds account for revenues that are used to reimburse eligible expenditures in the General Fund. Accrual of these revenues at year-end results in interfund receivables and payables at June 30. Amounts advanced from the cash and investment pool are also included in due to and due from other funds. 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, 2008, interfund receivables and payables are as follows:

Payable Fund	Receivable Fund - General Fund
Nonmajor governmental funds:	
Emergency Telephone System Fund – 911 Fund revenues for eligible expenditures	\$ 129,500
State Public School Building Capital Fund – lottery proceeds for debt service	80,973
2006 Housing Fund – advance from cash and investment pool	95,417
2007 Housing Fund – advance from cash and investment pool	18,296
2005 Schools Facilities Fund – advance from cash and investment pool	136,336
Total	\$ 460,522

The following is a summary of interfund transfers for the year ended June 30, 2008:

Transfers out:	Transfers in:		
	General Fund	Nonmajor Governmental Funds	Total
General Fund	\$ -	9,327,460	9,327,460
2007 School Facilities	-	98,213	98,213
Nonmajor governmental funds	7,696,402	1,186,576	8,882,978
Totals	\$ 7,696,402	10,612,249	18,308,651

General Fund transfers to nonmajor governmental funds comprised \$40,020 in local matching funds transferred to the 2008 Housing grant project fund; \$7,600,000 funding for the 2008 Pay-Go capital project fund; \$1,587,440 transferred to the 2008 School Facilities fund to hold the school system harmless for funding reductions that were part of State legislation to reduce County cost for Medicaid; and \$100,000 transferred to the 2008 2/3rds Bonds fund to finance a capital project feasibility study.

Transfers from the 2007 School Facilities fund were bond proceeds for local match in the State Public School Building Capital fund, as were \$1,146,500 in transfers between nonmajor governmental funds; the 2002 Schools fund provided the nonmajor governmental fund transfer. The balance of transfers between nonmajor governmental funds consisted of unspent housing program revenues of \$40,076 transferred from Housing funds that were closed to the 2009 Housing fund.

Transfers to the General Fund in the amount of \$4,182,333 from nonmajor governmental funds were to fund debt service, as permitted in the applicable financings. Other transfers to the General Fund from nonmajor governmental funds included \$821,874 residual equity from funds that were closed; \$1,988,348 from the Fire Tax Districts special revenue fund to support the County fire department; \$173,351 from the Law Enforcement Equitable Distribution special revenue fund for law enforcement programs; \$301,609 from the Emergency Telephone System fund for public safety communications costs and \$184,119 for the remaining fund balance of the local wireless 911 tax; and \$44,768 from Housing grant funds for administrative support costs.

g. Payables

Payables at June 30, 2008, were as follows:

Description	General Fund	Nonmajor Governmental Funds	Total
Vendors	\$ 5,536,581	47,352	5,583,933
Salaries and benefits	3,801,605	--	3,801,605
Totals	\$ 9,338,186	47,352	9,385,538

h. Leases

Operating Leases The County leases buildings, office facilities, and equipment under non-cancelable operating leases. Total costs for such leases were \$940,401 for the year ended June 30, 2008. 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
2009	\$ 671,003
2010	607,706
2011	474,670
2012	281,343
2013	148,557
2014 - 2018	296,223
2019 – 2023	342,955
2024 – 2028	397,064
2029 – 2033	439,735
2034	10,114
Total minimum lease payments	\$ 3,669,370

The total rental expenditures for all operating leases were \$1,660,516 for the year ended June 30, 2008.

i. Long-term obligations

Long-term obligation activity

Changes in long-term obligations during the year ended June 30, 2008, were as follows:

	Balance June 30, 2007	Additions	Reductions	Balance June 30, 2008	Due Within One Year
Governmental activities:					
Compensated absences	\$ 6,362,569	8,227,884	7,914,623	6,675,830	4,850,488
General obligation bonds	332,090,000	--	18,470,000	313,620,000	20,495,000
Deferred loss on refunding	(2,165,308)	--	(568,877)	(1,596,431)	--
Unamortized premiums	5,355,883	--	839,241	4,516,642	--
Installment purchase obligations	2,135,393	--	429,516	1,705,877	545,994
Certificates of participation	80,620,000	--	5,025,000	75,595,000	5,160,000
Deferred loss on refunding	(2,526,904)	--	(233,849)	(2,293,055)	--
Unamortized premiums	3,165,583	--	299,270	2,866,313	--
Net OPEB obligation	--	5,840,379	1,711,406	4,128,973	--
Claims and judgments	2,320,602	3,296,006	1,773,249	3,843,359	1,299,173
Total general long-term obligations	\$ 427,357,818	17,364,269	35,659,579	409,062,508	32,350,655

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, 2008, a liability for \$1,282,224 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, 2008 the rates of interest were 1.45% and 1.56%.

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, 2008 the rate of interest was 1.45%

A summary of outstanding general obligation bonds follows:

Purpose of Issue	Date of Issue	Effective Interest Rate	Amount Issued	Principal Outstanding June 30, 2008	
<u>Governmental Activities</u>					
School Building	02-01-98	4.5774 %	\$ 25,000,000	16,450,000	
	02-01-99	4.3001	19,000,000	13,600,000	
	09-01-03	4.1925	3,750,000	750,000	
	06-24-04	Var Rate	15,000,000	13,500,000	
	06-24-04	Var Rate	15,000,000	13,500,000	
	02-01-06	4.0735	22,500,000	22,100,000	
	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	2,230,000
Public Improvement	03-01-02	4.4913	6,420,000	5,450,000	
	03-01-02	4.4913	51,900,000	44,400,000	
	09-01-03	4.1925	3,950,000	1,350,000	
	09-01-03	4.1925	48,850,000	44,050,000	
	02-01-06	4.0735	10,185,000	9,985,000	
	Public Improvement Refunding	02-01-99	4.3001	16,480,000	8,335,000
	09-01-03	4.1925	8,785,000	4,955,000	
	12-01-03	2.3916	16,105,000	4,935,000	
	02-01-04	3.0633	30,855,000	29,610,000	
	03-01-05	3.5954	15,630,000	5,920,000	
Totals			\$384,890,000	313,620,000	

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
2009	\$ 20,495,000	12,146,332	32,641,332
2010	20,590,000	11,328,085	31,918,085
2011	19,445,000	10,460,992	29,905,992
2012	20,435,000	9,619,972	30,054,972
2013	21,440,000	8,697,597	30,137,597
2014 – 2018	103,080,000	30,332,125	133,412,125
2019 - 2023	74,000,000	12,310,787	86,310,787
2024 - 2027	34,135,000	1,939,798	36,074,798
Totals	\$313,620,000	96,835,688	410,455,688

There are \$202,500,000 in authorized but unissued general obligation bonds at June 30, 2008.

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, 2008, there were three series of industrial revenue bonds outstanding, with an aggregate principal amount payable of \$24,881,250.

Certificates of Participation Outstanding certificates of participation are as follows:

Purpose of Issue	Principal Outstanding June 30, 2008
<u>Governmental Activities</u>	
Issued August 9, 2005 to finance renovation of an elementary school and a middle school; interest varies from 3.00% to 5.00%	\$ 11,700,000
Issued May 5, 2005 to advance refund portions of three previous issues; interest varies from 2.60% to 5.00%	40,800,000
Issued December 1, 2002 to provide funds for County facility renovation and construction; interest varies from 2.50% to 4.125%	1,875,000
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, 2008 was 1.61%	7,350,000
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%	10,160,000
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%	3,710,000
Total	\$ 75,595,000

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

Year Ending June 30	Principal	Interest	Total
2009	\$ 5,160,000	3,323,712	8,483,712
2010	5,315,000	3,132,930	8,447,930
2011	5,460,000	2,928,903	8,388,903
2012	5,620,000	2,719,805	8,339,805
2013	5,470,000	2,511,308	7,981,308
2014 - 2018	22,730,000	9,312,690	32,042,690
2019 - 2023	23,890,000	3,520,439	27,410,439
2024 - 2026	1,950,000	195,000	2,145,000
Total	\$ 75,595,000	27,644,787	103,239,787

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

In prior years, the County defeased certain certificates of participation by placing the proceeds of new certificates in an irrevocable trust to provide for all future debt service payments on the old certificates. Accordingly, the trust account assets and the liability for the defeased certificates are not included in the County's financial statements. On June 30, 2008, \$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, 2008
<u>Governmental Activities</u>				
Computer equipment and software	05-01-04	3.0600 %	\$ 363,810	149,202
	07-28-06	4.5900	1,125,000	912,478
	06-28-07	4.3400	788,500	644,097
Totals			\$ 2,277,310	1,705,877

Annual maturities are as follows:

Year Ending June 30	Principal	Interest	Total
2009	\$ 545,994	69,255	615,249
2010	414,723	47,397	462,120
2011	573,407	31,236	604,643
2012	171,753	5,320	177,073
Total	\$ 1,705,877	153,208	1,859,085

As of June 30, 2008, the County's legal debt limit was \$2,451,563,046, computed at 8% of the total appraised property valuation of \$30,644,538,070. With \$313,620,000 in County, School, and Community College bonds outstanding at June 30, 2008 and \$77,300,877 committed under certificates of participation and installment purchases, the County could issue additional bonds up to \$2,060,642,169 if authorized.

j. Fund Balances

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

	Designated For				Total
	Subsequent Year's Expenditures				
	Budget	Education Debt	Capital	Undesignated	
General Fund	\$ 9,086,400	9,057,350	5,956,630	62,615,060	86,715,440
2007 School Facilities Fund	51,763,751	--	--	--	51,763,751
Other governmental funds:					
Special revenue funds	1,103,127	--	--	1,000,781	2,103,908
Capital projects funds	27,685,154	--	--	1,010,617	28,695,771
Totals	\$ 89,638,432	9,057,350	5,956,630	64,626,458	169,278,870

5. Other Information

a. Pension Costs

North Carolina Local Governmental Employees' Retirement System

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

Funding Policy. Plan members are required to contribute 6.0% of their annual covered salary. The County is required to contribute at an actuarially determined rate. The current rate for employees not engaged in law enforcement and for law enforcement officers is 4.80% and 4.86%, respectively, of annual covered payroll. The contribution requirements of members and of Forsyth County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2008, 2007, and 2006 were \$3,866,762, \$3,694,493, and \$4,653,134, 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, 2007, the Separation Allowance's membership consisted of:

Retirees currently receiving benefits	49
Active plan members	222
Total	271

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 \$397,172, or 4.07% of annual covered payroll. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings.

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

Annual required contribution	\$ 379,512
Interest on net pension obligation	(10,337)
Adjustment to annual required contribution	8,761
Annual pension cost	377,936
Contributions made	(397,172)
Increase in net pension asset	(19,236)
Net pension asset, beginning of year	(142,580)
Net pension asset, end of year	\$ (161,816)

The annual required contribution for the fiscal year ended June 30, 2008 was determined as part of the December 31, 2006 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, 2006 was 24 years.

Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension (Asset) Obligation
6/30/2006	\$ 385,062	105.46%	\$(148,942)
6/30/2007	\$ 363,691	98.25%	\$(142,580)
6/30/2008	\$ 377,936	105.09%	\$(161,816)

Funded Status and Funding Progress. As of December 31, 2007, the most recent actuarial valuation date, the plan was 10.0% funded. The actuarial accrued liability for benefits was \$4,942,272, and the actuarial value of assets was \$494,627, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,447,645. The covered payroll (annual payroll of active employees covered by the plan) was \$9,481,989, and the ratio of the UAAL to the covered payroll was 46.9%. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires that the County contribute each month an amount equal to 5.0% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. The County's contributions for the year ended June 30, 2008 were \$488,053, exclusive of voluntary employee contributions.

Register of Deeds' Supplemental Pension Fund

Plan Description. The County contributes to the Register of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Governmental Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Registers of Deeds Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to 1.5% of the monthly receipts collected pursuant to Article 1 of G.S. Chapter 161. Immediately following January 1 of each year, the Department of State Treasurer divides 93% of the amount in the Fund at the end of the preceding calendar year into equal shares, up to the statutory maximum, to be disbursed as monthly benefits. The remaining 7% of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2008, the County's required and actual contributions were \$33,691.

b. Other Post-employment Benefits (OPEB)

Healthcare, Life Insurance, and Death Benefits

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

As of July 1, 2007, the Plan provides postemployment healthcare benefits to retirees of the County until they reach age 65 or are eligible for Medicare, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and (1) have at least 5 years of creditable service with the County if employed prior to July 1, 2007; (2) have at least twenty years of creditable service with the County if employed on or after July 1, 2007. Coverage on eligible dependents that are on the retiree's policy the day before retirement may be continued until eligibility ceases. Based on level of coverage, the County pays between 68.2% and 90.2% of the private insurer premium cost, and the retiree pays the same premium as active employees.

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

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

A separate report was not issued for the Plan.

Membership of the Plan consisted of the following at December 31, 2007, the date of the latest actuarial valuation:

Retirees currently receiving benefits	610
Active plan members:	
General employees	1,760
Law enforcement officers	217
Total	2,587

Funding policy. The contribution requirements of plan members and the County are established and may be amended by the Board of County Commissioners, and the Board has chosen to fund the benefits on a pay as you go basis. The County pays the full costs of retiree death benefits and life insurance for disability retirees, which were \$12,000 and \$6,796, respectively, for fiscal year 2008. The monthly cost of healthcare benefits is shared by the County and covered retirees, respectively, as follows: retiree-only coverage, \$447 and \$49; retiree and one dependent, \$557 and \$137; and retiree and more than one dependent, \$778 and \$363. Retiree Plan members contributed \$321,794 for fiscal year 2008.

The current ARC rate is 7.73% of annual covered payroll. For the current year, the County contributed \$1,711,406 or 2.27% of annual covered payroll. The County obtains healthcare and life insurance coverage through private insurers. The County's required contribution, set by the Board of County Commissioners, is the same for all employees and represented 2.27% of covered payroll.

Summary of Significant Accounting Policies. Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the County's net OPEB obligation for the Plan benefits:

Annual required contribution – annual OPEB cost	\$5,840,379
Contributions made	(1,711,406)
Increase in net pension obligation	4,128,973
Net pension obligation, beginning of year	--
Net OPEB obligation, end of year	\$4,128,973

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2008	\$ 5,840,379	29.3%	\$ 4,128,973

Funded Status and Funding Progress. As of December 31, 2007, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$65,181,263. The covered payroll (annual payroll of active employees covered by the plan) was \$76,036,540, and the ratio of the UAAL to the covered payroll was 85.7%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the December 31, 2007 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return, which is the expected long-term investment return on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 11.00% to 5.00% annually. The investment rate of return included a 3.75% inflation assumption. The UAAL is being amortized as a level percentage of pay on an open basis. The remaining amortization period at December 31, 2007, was 30 years.

c. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees on the job; 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.

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

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 \$2,561,136 at June 30, 2008. It is reported on the Statement of Net Assets as a long-term liability, and \$1,299,173 is considered due within one year.

Changes in the claims liability amount in fiscal 2007 and fiscal 2008 were as follows:

	Beginning Balance	Current-Year Claims and Changes in Estimates	Claims Payments	Ending Balance
2006-2007	\$2,010,984	1,044,601	(1,034,471)	2,021,114
2007-2008	2,021,114	2,313,270	(1,773,249)	2,561,135

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

d. Subsequent events

Bond issuance. On September 16, 2008, the County issued \$11,120,000 general obligation public improvement bonds to fund the construction and equipping of schools, parks and recreational facilities, court facilities, and public health facilities, and on September 17, 2008, the County issued \$80,000,000 general obligation school bonds. On both issues, the interest rates range from 3.00 to 5.00 percent, and the final maturity is May 1, 2027.

Also on September 17, 2008, the County issued \$28,885,000 general obligation refunding bonds to advance refund \$28,425,000 outstanding general obligation school bonds resulting in net present value savings of \$1,337,612. These bonds have a final maturity of August 1, 2016.

Investments. The North Carolina State Education Assistance Authority instruments in the County's investment portfolio at June 30, 2008 have been called in their entirety effective July 29, 2008, resolving the matter of illiquid investments for the County.

e. Contingent Liabilities

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

The County is involved in several other claims and lawsuits, which it intends to defend vigorously. The County's legal counsel estimates that any possible liability to the County resulting from such litigation and not covered by insurance would not have a material adverse effect on the financial position of the County at June 30, 2008.

f. Related Organization

The County's governing board is responsible for a majority of the board appointments of the Airport Commission of Forsyth County, but the County's accountability for this organization does not extend beyond making these appointments. The Airport Commission was established by state statute for the purpose of operating an airport on land

owned by the County, and it is funded primarily by airport revenue and federal grants. In fiscal year 2008, Forsyth County provided risk management services totaling \$5,500 to the Airport Commission, and \$1,375 of this amount comprised a receivable at year-end.

g. Joint Ventures

The County, in conjunction with the State of North Carolina and the Winston-Salem/Forsyth County Board of Education, participates in a joint venture to operate Forsyth Technical Community College. Each of the three participants appoints four members of the thirteen-member board of trustees of the community college. The president of the community college's student government serves as an ex officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds or certificates of participation to provide financing for new facilities. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$6,220,037 and \$3,601,537 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2008. In addition, the County made debt service payments of \$1,559,867 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, 2008. Complete financial statements for the community college may be obtained from the community college's administrative offices at 2100 Silas Creek Parkway, Winston-Salem, North Carolina, 27103.

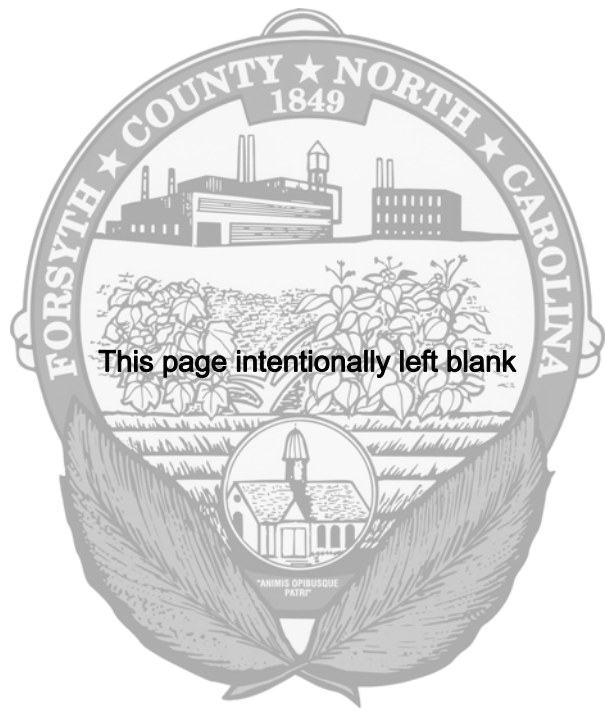
The County participates with Stokes County and Davie County, North Carolina in CenterPoint Human Services to provide services for general mental health, mental disorder, developmental disabilities, substance abuse and mental health education in Forsyth, Stokes, and Davie Counties. CenterPoint's board is composed of nineteen members, three of whom are County Commissioners, one from Forsyth County, one from Stokes County, and one from Davie County, appointed by the respective governing board of each county to serve as ex-officio members of the board. The sixteen additional members are appointed by the three Commissioner members of the board. The County has an ongoing financial responsibility for CenterPoint because it provides funding for a substantial portion of its annual budget. The County contributed \$6,181,990 for CenterPoint operations for the fiscal year ended June 30, 2008. Additionally, the County provided services to CenterPoint during the year for which it invoiced \$2,020,068, of which \$368,047 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, 2008. Complete financial statements for CenterPoint may be obtained from its administrative offices at 4045 University Parkway, Winston-Salem, North Carolina, 27106.

In conjunction with the City of Winston-Salem and the Greater Winston-Salem Chamber of Commerce, Inc., the County takes part in a joint venture to operate the Forsyth County Tourism Development Authority, which was established by state statute to further the development of travel, tourism, and conventions in the County. The Authority board is comprised of thirteen members of which the County and the City of Winston-Salem each appoint four, the Chamber appoints one, and these nine appoint the remaining four members. The Authority receives approximately 61.0% of room occupancy taxes which are levied and collected by the County. For the year ended June 30, 2008, occupancy taxes totaling \$2,497,858 were distributed to the Authority. The County also provided \$17,121 in financial services to the Authority during fiscal year 2008. 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, 2008. Complete financial statements for the Authority can be obtained from the Authority's finance officer at Forsyth County Government Center, 201 N. Chestnut Street, Winston-Salem, North Carolina 27101.

h. Jointly Governed Organizations

The County, in conjunction with five other counties and twenty-one municipalities, formed the Northwest Piedmont Council of Governments to enhance and promote the potential of the region and to coordinate funding from federal and state agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$101,165 to the Council during the fiscal year ended June 30, 2008.

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, 2008.

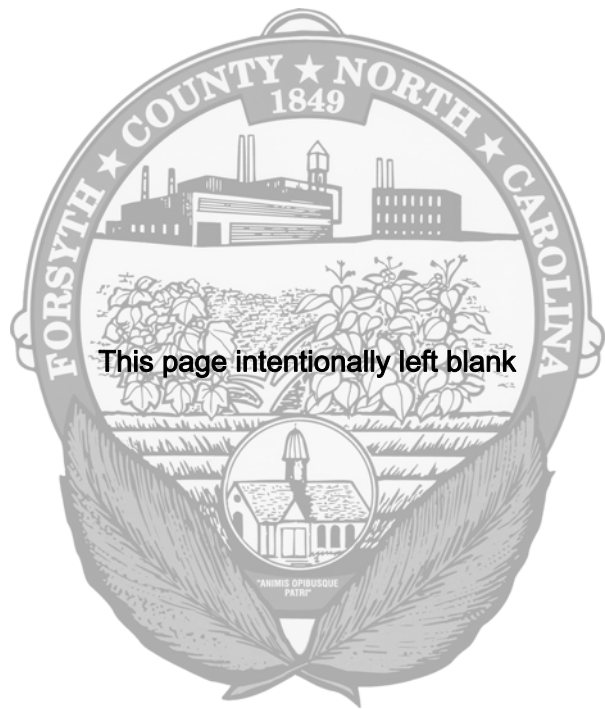


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Required Supplementary Schedules

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

Law Enforcement Officers' Special Separation Allowance – Schedule of Funding Progress
Law Enforcement Officers' Special Separation Allowance – Schedule of Employer Contributions
Law Enforcement Officers' Special Separation Allowance – Notes to the Required Schedules
Healthcare Plan – Schedule of Funding Progress
Healthcare Plan – Schedule of Employer Contributions
Healthcare Plan – Notes to the Required Schedules



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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued		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-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	
31-Dec-07	494,627	4,942,272	4,447,645	10.01	9,481,989	46.91	

**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
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
2008	379,512	104.65

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	12/31/2007
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, closed
Remaining amortization period	23 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	4.5% to 12.3%
*Includes inflation at	3.75%
Cost-of-living adjustments	None

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
31-Dec-07	\$ -	\$ 65,181,263	\$ 65,181,263	0.00 %	\$ 76,036,540	85.72 %

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

Year Ended <u>June 30</u>	Annual Required Contribution	Percentage Contributed
2008	\$ 5,840,379	29.30 %

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	12/31/2007
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical cost trend rate	11.00% - 5.00%
Year of ultimate trend rate	2016
*Includes inflation at	3.75%

Major Governmental Funds

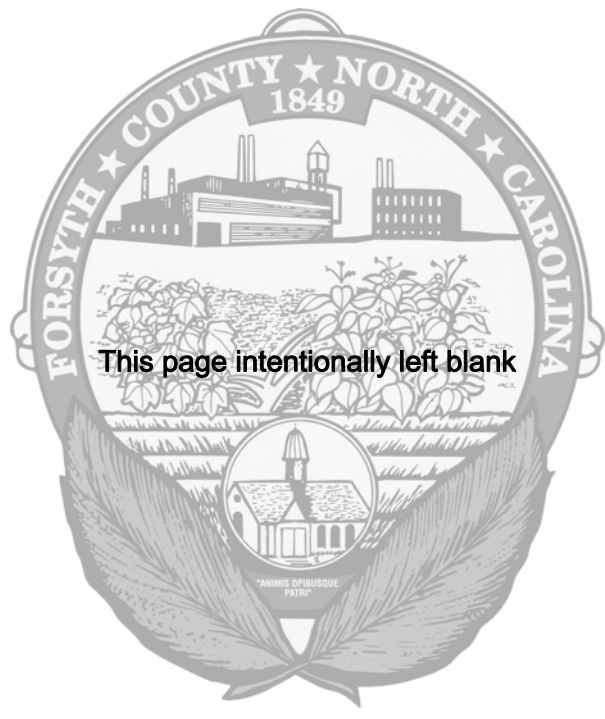
Budgetary Comparison Schedules

General Fund

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

Major Capital Projects Fund

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



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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, 2008

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	\$ 208,278,577	208,278,577	209,333,925	1,055,348
Prior years	3,000,000	3,000,000	2,785,485	(214,515)
Interest	850,000	850,000	883,726	33,726
Total property	<u>212,128,577</u>	<u>212,128,577</u>	<u>213,003,136</u>	<u>874,559</u>
Occupancy taxes	<u>525,107</u>	<u>525,107</u>	<u>562,018</u>	<u>36,911</u>
Local option sales:				
Article 39 one cent	33,271,755	33,271,755	32,672,567	(599,188)
Article 40 one-half cent	12,708,893	12,708,893	12,971,821	262,928
Article 42 one-half cent	12,574,932	12,574,932	12,823,701	248,769
Article 44 one-half cent	12,869,584	12,869,584	12,993,434	123,850
Total sales	<u>71,425,164</u>	<u>71,425,164</u>	<u>71,461,523</u>	<u>36,359</u>
Other taxes	<u>150,000</u>	<u>150,000</u>	<u>203,494</u>	<u>53,494</u>
Total taxes	<u>284,228,848</u>	<u>284,228,848</u>	<u>285,230,171</u>	<u>1,001,323</u>
Licenses and permits	1,450,520	1,450,520	922,548	(527,972)
Intergovernmental	46,812,508	48,928,956	44,143,699	(4,785,257)
Charges for services	25,334,074	25,334,074	24,621,408	(712,666)
Investment earnings	4,570,234	4,570,234	5,394,146	823,912
Other	7,844,029	7,896,029	8,848,802	952,773
Total revenues	<u>370,240,213</u>	<u>372,408,661</u>	<u>369,160,774</u>	<u>(3,247,887)</u>
Expenditures:				
Current:				
General government:				
Budget and management	486,425	500,763	497,481	3,282
Management information services	8,829,886	8,990,056	8,386,642	603,414
Finance	2,087,182	2,170,680	1,930,383	240,297
General services	14,790,186	16,198,314	13,565,964	2,632,350
Human resources	991,735	1,008,112	968,414	39,698
Planning	1,445,860	1,445,860	1,436,364	9,496
Purchasing	138,320	138,320	139,228	(908)
Attorney	1,131,593	1,180,962	1,134,358	46,604
Board of elections	872,419	1,024,623	1,012,135	12,488
County commissioners and manager	1,152,429	1,176,100	1,079,414	96,686
Register of deeds	1,982,831	1,993,120	1,602,519	390,601
Tax administration	5,578,763	5,689,218	5,064,651	624,567
Non-departmental:				
Contingency	714,771	-	-	-
County-wide salary savings	(1,900,000)	(1,900,000)	-	(1,900,000)
Market based adjustment	2,024,100	4	-	4
Other services and adjustments	3,359,520	3,229,788	2,705,129	524,659
Designated for Education Debt Leveling Plan	8,977,525	8,977,525	-	8,977,525
Merit adjustment	1,282,140	107,287	-	107,287
Prior year encumbrances	1,800,000	13,200	-	13,200
Special appropriations	40,150	92,486	92,486	-
Total general government	<u>55,785,835</u>	<u>52,036,418</u>	<u>39,615,168</u>	<u>12,421,250</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, 2008

Page 2 of 3

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>with Final</u> <u>Budget</u>
Public safety:				
Animal control	\$ 1,938,686	1,962,669	1,769,814	192,855
Emergency management	321,400	321,400	316,019	5,381
Interagency communications	1,043,169	1,010,382	874,066	136,316
Emergency medical service	8,982,468	9,443,897	9,162,472	281,425
Fire protection	4,156,540	4,408,252	4,053,027	355,225
Sheriff	38,749,812	41,269,673	38,497,398	2,772,275
Court services	722,997	841,978	392,057	449,921
Medical examiner	190,000	190,000	169,500	20,500
Youth center	1,208,629	1,226,569	1,181,021	45,548
Total public safety	<u>57,313,701</u>	<u>60,674,820</u>	<u>56,415,374</u>	<u>4,259,446</u>
Environmental protection:				
Cooperative extension service - conservation of natural resources	158,014	170,103	110,999	59,104
Environmental affairs	1,812,910	1,828,507	1,772,542	55,965
Inspections	366,000	366,000	530,888	(164,888)
Total environmental protection	<u>2,336,924</u>	<u>2,364,610</u>	<u>2,414,429</u>	<u>(49,819)</u>
Human services:				
Public health	19,906,943	20,529,115	18,469,269	2,059,846
Social services	62,662,964	62,622,326	57,504,782	5,117,544
Special appropriations	1,418,009	1,537,445	1,414,565	122,880
Total human services	<u>83,987,916</u>	<u>84,688,886</u>	<u>77,388,616</u>	<u>7,300,270</u>
Culture and recreation:				
Library	7,664,501	7,958,779	7,309,610	649,169
Parks and recreation	2,256,921	2,240,284	1,953,231	287,053
Tanglewood park	6,528,772	6,640,512	6,365,166	275,346
Special appropriations	438,249	438,249	434,792	3,457
Total culture and recreation	<u>16,888,443</u>	<u>17,277,824</u>	<u>16,062,799</u>	<u>1,215,025</u>
Community and economic development:				
Economic development	1,938,982	2,138,982	1,674,567	464,415
Housing	264,367	306,883	285,324	21,559
Total community and economic development	<u>2,203,349</u>	<u>2,445,865</u>	<u>1,959,891</u>	<u>485,974</u>
Education:				
NC cooperative extension service	728,892	751,461	678,261	73,200
Special appropriations	875,000	875,000	217,000	658,000
	<u>1,603,892</u>	<u>1,626,461</u>	<u>895,261</u>	<u>731,200</u>
Intergovernmental:				
Human services:				
CenterPoint Human Services	6,404,751	6,404,751	6,181,990	222,761
Education:				
Forsyth Technical Community College:				
Current expense	6,221,037	6,221,037	6,220,037	1,000
Capital outlay	1,318,000	1,318,000	1,318,000	-
Total Forsyth Technical Community College	<u>7,539,037</u>	<u>7,539,037</u>	<u>7,538,037</u>	<u>1,000</u>
Winston-Salem/Forsyth County Schools:				
Instructional programs	64,953,274	65,458,274	65,458,274	-
Support services	34,109,822	34,109,822	34,109,822	-
Charter schools	3,450,000	3,450,000	3,450,000	-
Contingency	2,720,000	2,720,000	2,720,000	-
Capital outlay	3,229,837	3,229,837	3,229,837	-
Total Winston-Salem/Forsyth County Schools	<u>108,462,933</u>	<u>108,967,933</u>	<u>108,967,933</u>	<u>-</u>
Total education	<u>116,001,970</u>	<u>116,506,970</u>	<u>116,505,970</u>	<u>1,000</u>

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

FORSYTH COUNTY, NORTH CAROLINA
 For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>with Final Budget</u>
Debt service:				
General obligation bonds:				
Principal	\$ 18,470,000	18,470,000	18,470,000	-
Interest and other charges	14,954,218	14,954,218	13,468,432	1,485,786
Capital leases, installment purchases and certificates of participation:				
Principal	5,467,713	5,467,713	5,454,516	13,197
Interest and other charges	3,994,344	3,994,344	3,778,282	216,062
Total debt service	<u>42,886,275</u>	<u>42,886,275</u>	<u>41,171,230</u>	<u>1,715,045</u>
Total expenditures	<u>385,413,056</u>	<u>386,912,880</u>	<u>358,610,728</u>	<u>28,302,152</u>
Excess (deficiency) of revenues over expenditures	<u>(15,172,843)</u>	<u>(14,504,219)</u>	<u>10,550,046</u>	<u>25,054,265</u>
Other financing sources (uses):				
Transfers in:				
Fire Tax Districts Fund	1,993,476	1,993,476	1,988,348	(5,128)
Law Enforcement Equitable Distribution Fund	732,122	732,122	173,351	(558,771)
Emergency Telephone System Fund	529,720	622,720	485,728	(136,992)
State Public School Building Capital Fund	-	-	2,004,884	2,004,884
2004 Housing Fund	-	-	68,241	68,241
2005 Housing Fund	-	-	94,454	94,454
2006 Housing Fund	-	-	44,768	44,768
General Services Complex Fund	391,066	391,066	764,304	373,238
Reynolds Health Center Renovation/Adaptive Reuse Fund	361,829	361,829	369,243	7,414
2002 2/3rds Bonds Fund	170,000	170,000	349,624	179,624
2002 Schools Fund	500,000	500,000	500,000	-
2003 2/3rds Bonds Fund	55,000	55,000	106,632	51,632
2006 2/3rds Bonds Fund	468,750	468,750	468,750	-
2006 Information Systems Fund	-	-	53,075	53,075
2007 Forsyth Technical Community College Fund	225,000	225,000	225,000	-
2008 2/3rds Bonds Fund	-	100,000	-	(100,000)
Total transfers in	<u>5,426,963</u>	<u>5,619,963</u>	<u>7,696,402</u>	<u>2,076,439</u>
Transfers out:				
2008 Housing Fund	(40,020)	(40,020)	(40,020)	-
2008 Pay-Go Fund	-	(7,600,000)	(7,600,000)	-
2008 2/3rds Bonds Fund	-	(100,000)	(100,000)	-
2008 School Facilities Fund	-	(1,822,861)	(1,587,440)	235,421
Total transfers out	<u>(40,020)</u>	<u>(9,562,881)</u>	<u>(9,327,460)</u>	<u>235,421</u>
Total other financing sources (uses)	<u>5,386,943</u>	<u>(3,942,918)</u>	<u>(1,631,058)</u>	<u>2,311,860</u>
Net change in fund balance	<u>(9,785,900)</u>	<u>(18,447,137)</u>	<u>8,918,988</u>	<u>27,366,125</u>
Fund balances - June 30, 2007	111,523,684	111,523,684	111,523,684	-
Fund balances - June 30, 2008	<u>\$ 101,737,784</u>	<u>93,076,547</u>	<u>120,442,672</u>	<u>27,366,125</u>

**2007 SCHOOL FACILITIES 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, 2008

	<u>Budget</u>	<u>Cumulative Total to June 30, 2008</u>	<u>Activity Year Ended June 30, 2008</u>	<u>Cumulative Total to June 30, 2007</u>
Revenues - investment earnings	\$ 2,929,705	3,124,554	2,494,337	630,217
Expenditures:				
Current - intergovernmental - education	249,750,000	12,062,029	11,453,676	608,353
Debt service - interest and other charges	529,705	527,027	-	527,027
Total expenditures	<u>250,279,705</u>	<u>12,589,056</u>	<u>11,453,676</u>	<u>1,135,380</u>
Deficiency of revenues over expenditures	<u>(247,350,000)</u>	<u>(9,464,502)</u>	<u>(8,959,339)</u>	<u>(505,163)</u>
Other financing sources (uses):				
General obligation bonds issued	250,000,000	60,000,000	-	60,000,000
Premium on general obligation bonds	-	1,578,455	-	1,578,455
Transfers to General Fund	(2,400,000)	-	-	-
Transfers to State Public School Building Capital Fund	<u>(250,000)</u>	<u>(98,213)</u>	<u>(98,213)</u>	<u>-</u>
Total other financing sources (uses)	<u>247,350,000</u>	<u>61,480,242</u>	<u>(98,213)</u>	<u>61,578,455</u>
Net change in fund balance	<u>\$ -</u>	<u>52,015,740</u>	<u>(9,057,552)</u>	<u>61,073,292</u>
Fund balance - June 30, 2007			<u>61,073,292</u>	
Fund balance - June 30, 2008			<u>\$ 52,015,740</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 – In the first half of the year, this fund accounted for the 911 charges imposed by the Board of County Commissioners to fund the 911 emergency system. As specified in State legislation effective January 1, 2008, the balance of locally imposed wireline 911 charges was transferred to the General Fund. The Emergency Telephone System Fund now accounts for distributions to the County from the 911 Fund administered by the State 911 Board. Use of the funds is restricted to allowable expenditures in support of the County 911 system, as specified by State statute.

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

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

2004 Housing Grant Project Fund – This fund accounted 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. At June 30, 2008, the grant projects were complete, and the fund was closed.

2005 Housing Grant Project Fund – This fund accounted 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. At June 30, 2008, the grant projects were complete, and the fund was closed.

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.

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

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

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 was 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 funded this project, which was completed and closed at June 30, 2008.

Reynolds Health Center Renovation/Adaptive Reuse Fund – This fund was used to account for the renovation of Reynolds Health Center for use by the Department of Social Services. Certificates of participation provided funding for the project, which was completed during fiscal year 2008, and the fund was closed.

2002 2/3rds Bonds Fund – This fund was 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 were funded by general obligation bonds. All projects were complete, and the fund was closed at June 30, 2008.

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 financed 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. All projects were complete, and the fund was closed at June 30, 2008.

2005 Schools 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 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 Information Systems Fund – Installment purchase proceeds for the acquisition of computer hardware and software for General Government and Public Safety were accounted for in this fund. Acquisitions were complete, and the fund was closed at June 30, 2008.

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.

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

2008 2/3rds Bonds Fund – Initial funding is provided by transfers from the General Fund for good faith funds for the potential acquisition of real property and related studies regarding the feasibility of certain uses of the property.

2008 Information Systems Fund – This fund accounts for installment purchase proceeds used for the acquisition of enterprise network switches to support enterprise-wide area network management and a tape media backup device and related software.

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

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

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

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FORSYTH COUNTY, NORTH CAROLINA

June 30, 2008

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 2,955,357	28,305,031	31,260,388
Cash and investments held by fiscal agent	-	963,840	963,840
Receivables (net):			
Property taxes	82,348	-	82,348
Other taxes	2	-	2
Accrued interest	9,900	110	10,010
Due from other governments	1,017,595	115,258	1,132,853
Total assets	<u>\$ 4,065,202</u>	<u>29,384,239</u>	<u>33,449,441</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 47,352	-	47,352
Due to other governments	37,347	-	37,347
Due to other funds	324,186	136,336	460,522
Unearned revenue	220,165	-	220,165
Deferred revenue	82,348	-	82,348
Total liabilities	<u>711,398</u>	<u>136,336</u>	<u>847,734</u>
 Fund balances:			
Reserved for encumbrances	222,399	436,764	659,163
Reserved by state statute	1,027,497	115,368	1,142,865
Unreserved:			
Designated for subsequent year's expenditures	1,103,127	27,685,154	28,788,281
Undesignated	1,000,781	1,010,617	2,011,398
Total fund balances	<u>3,353,804</u>	<u>29,247,903</u>	<u>32,601,707</u>
 Total liabilities and fund balances	 <u>\$ 4,065,202</u>	 <u>29,384,239</u>	 <u>33,449,441</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**
FORSYTH COUNTY, NORTH CAROLINA
For the Fiscal Year Ended June 30, 2008

B-2

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues:			
Taxes:			
Property	\$ 4,975,686	-	4,975,686
Sales	2,034,519	-	2,034,519
Other	174,343	-	174,343
Total taxes	<u>7,184,548</u>	-	<u>7,184,548</u>
Intergovernmental	7,095,575	-	7,095,575
Investment earnings	182,311	1,051,486	1,233,797
Other	55,552	-	55,552
Total revenues	<u>14,517,986</u>	<u>1,051,486</u>	<u>15,569,472</u>
Expenditures:			
Current:			
Public safety	5,380,472	-	5,380,472
Human services	3,141	-	3,141
Community and economic development	1,018,001	-	1,018,001
Intergovernmental - education	4,883,577	6,838,201	11,721,778
Capital outlay	-	2,173,639	2,173,639
Total expenditures	<u>11,285,191</u>	<u>9,011,840</u>	<u>20,297,031</u>
Excess (deficiency) of revenues over expenditures	<u>3,232,795</u>	<u>(7,960,354)</u>	<u>(4,727,559)</u>
Other financing sources (uses):			
Transfers in	1,324,809	9,287,440	10,612,249
Transfers out	<u>(4,899,850)</u>	<u>(3,983,128)</u>	<u>(8,882,978)</u>
Total other financing sources (uses)	<u>(3,575,041)</u>	<u>5,304,312</u>	<u>1,729,271</u>
Net change in fund balances	(342,246)	(2,656,042)	(2,998,288)
Fund balance - June 30, 2007	3,696,050	31,903,945	35,599,995
Fund balance - June 30, 2008	<u>\$ 3,353,804</u>	<u>29,247,903</u>	<u>32,601,707</u>

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS**

FORSYTH COUNTY, NORTH CAROLINA

June 30, 2008

	Fire Tax Districts	Law Enforcement Equitable Distribution	Emergency Telephone System	Moser Bequest for Care of Elderly	State Public School Building Capital	2006 Housing	2007 Housing	2005 Justice Assistance	2008 Housing	2007 Justice Assistance	2009 Housing	Total
ASSETS												
Cash and cash equivalents	\$ 1,119,350	1,147,102	-	301,075	-	-	-	174,174	60,835	112,745	40,076	2,955,357
Receivables (net):												
Property taxes	82,348	-	-	-	-	-	-	-	-	-	-	82,348
Other taxes	-	-	2	-	-	-	-	-	-	-	-	2
Accrued interest	3,590	3,792	413	895	-	-	154	564	198	294	-	9,900
Due from other governments	511,795	-	129,085	-	80,973	101,978	179,766	-	10,000	3,998	-	1,017,595
Total assets	\$ 1,717,083	1,150,894	129,500	301,970	80,973	101,978	179,920	174,738	71,033	117,037	40,076	4,065,202
LIABILITIES AND FUND BALANCES												
Liabilities:												
Accounts payable and accrued liabilities	-	-	-	-	-	-	35,995	-	11,357	-	-	47,352
Due to other governments	-	-	-	-	-	-	-	37,347	-	-	-	37,347
Due to other funds - General Fund	-	-	129,500	-	80,973	95,417	18,296	-	-	-	-	324,186
Unearned revenue	-	-	-	-	-	-	-	108,635	-	111,530	-	220,165
Deferred revenue	82,348	-	-	-	-	-	-	-	-	-	-	82,348
Total liabilities	82,348	-	129,500	-	80,973	95,417	54,291	145,982	11,357	111,530	-	711,398
Fund balances:												
Reserved for encumbrances	-	-	-	-	-	-	2,000	129,724	5,675	85,000	-	222,399
Reserved by state statute	515,385	3,792	129,500	895	80,973	101,978	179,920	564	10,198	4,292	-	1,027,497
Unreserved:												
Designated for subsequent year's expenditures	377,300	622,748	-	19,200	-	-	-	-	43,803	-	40,076	1,103,127
Undesignated	742,050	524,354	(129,500)	281,875	(80,973)	(95,417)	(56,291)	(101,532)	-	(83,785)	-	1,000,781
Total fund balances	1,634,735	1,150,894	-	301,970	-	6,561	125,629	28,756	59,676	5,507	40,076	3,353,804
Total liabilities and fund balances	\$ 1,717,083	1,150,894	129,500	301,970	80,973	101,978	179,920	174,738	71,033	117,037	40,076	4,065,202

**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, 2008**

	Fire Tax Districts	Law Enforcement Equitable Distribution	Emergency Telephone System	Moser Bequest for Care of Elderly	State Public School Building Capital	2004 Housing	2005 Housing	2006 Housing	2007 Housing	2005 Justice Assistance	2008 Housing	2007 Justice Assistance	2009 Housing	Total
Revenues:														
Taxes														
Property	\$ 4,975,686	-	-	-	-	-	-	-	-	-	-	-	-	4,975,686
Sales	2,034,519	-	-	-	-	-	-	-	-	-	-	-	-	2,034,519
Other taxes	-	-	174,343	-	-	-	-	-	-	-	-	-	-	174,343
Intergovernmental	-	56,885	300,692	-	5,643,748	5,000	4,398	482,488	413,195	47,935	22,000	119,234	-	7,095,575
Investment earnings	78,707	57,209	2,645	13,641	-	3,101	7,338	-	3,886	8,436	1,841	5,507	-	182,311
Other	-	-	-	-	-	-	-	-	1,004	-	54,548	-	-	55,552
Total revenues	<u>7,088,912</u>	<u>114,094</u>	<u>477,680</u>	<u>13,641</u>	<u>5,643,748</u>	<u>8,101</u>	<u>11,736</u>	<u>482,488</u>	<u>418,085</u>	<u>56,371</u>	<u>78,389</u>	<u>124,741</u>	<u>-</u>	<u>14,517,986</u>
Expenditures:														
Current:														
Public safety	5,213,303	-	-	-	-	-	-	-	-	47,935	-	119,234	-	5,380,472
Human Services	-	-	-	3,141	-	-	-	-	-	-	-	-	-	3,141
Community and economic development	-	-	-	-	-	5,396	66,009	436,887	450,976	-	58,733	-	-	1,018,001
Intergovernmental - education	-	-	-	-	4,883,577	-	-	-	-	-	-	-	-	4,883,577
Total expenditures	<u>5,213,303</u>	<u>-</u>	<u>-</u>	<u>3,141</u>	<u>4,883,577</u>	<u>5,396</u>	<u>66,009</u>	<u>436,887</u>	<u>450,976</u>	<u>47,935</u>	<u>58,733</u>	<u>119,234</u>	<u>-</u>	<u>11,285,191</u>
Excess (deficiency) of revenues over expenditures	<u>1,875,609</u>	<u>114,094</u>	<u>477,680</u>	<u>10,500</u>	<u>760,171</u>	<u>2,705</u>	<u>(54,273)</u>	<u>45,601</u>	<u>(32,891)</u>	<u>8,436</u>	<u>19,656</u>	<u>5,507</u>	<u>-</u>	<u>3,232,795</u>
Other financing sources (uses):														
Transfers in:														
General Fund	-	-	-	-	-	-	-	-	-	-	40,020	-	-	40,020
2002 Schools Fund	-	-	-	-	1,146,500	-	-	-	-	-	-	-	-	1,146,500
2007 School Facilities Fund	-	-	-	-	98,213	-	-	-	-	-	-	-	-	98,213
2004 Housing Fund	-	-	-	-	-	-	-	-	-	-	-	-	3,710	3,710
2005 Housing Fund	-	-	-	-	-	-	-	-	-	-	-	-	36,366	36,366
Transfers out:														
General Fund	(1,988,348)	(173,351)	(485,728)	-	(2,004,884)	(68,241)	(94,454)	(44,768)	-	-	-	-	-	(4,859,774)
2009 Housing Fund	-	-	-	-	-	(3,710)	(36,366)	-	-	-	-	-	-	(40,076)
Total other financing sources (uses)	<u>(1,988,348)</u>	<u>(173,351)</u>	<u>(485,728)</u>	<u>-</u>	<u>(760,171)</u>	<u>(71,951)</u>	<u>(130,820)</u>	<u>(44,768)</u>	<u>-</u>	<u>-</u>	<u>40,020</u>	<u>-</u>	<u>40,076</u>	<u>(3,575,041)</u>
Net change in fund balances	(112,739)	(59,257)	(8,048)	10,500	-	(69,246)	(185,093)	833	(32,891)	8,436	59,676	5,507	40,076	(342,246)
Fund balance - June 30, 2007	1,747,474	1,210,151	8,048	291,470	-	69,246	185,093	5,728	158,520	20,320	-	-	-	3,696,050
Fund balance - June 30, 2008	<u>\$ 1,634,735</u>	<u>1,150,894</u>	<u>-</u>	<u>301,970</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,561</u>	<u>125,629</u>	<u>28,756</u>	<u>59,676</u>	<u>5,507</u>	<u>40,076</u>	<u>3,353,804</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property	\$ 4,831,430	4,831,430	4,975,686	144,256
Sales	1,993,476	2,024,376	2,034,519	10,143
Total taxes	<u>6,824,906</u>	<u>6,855,806</u>	<u>7,010,205</u>	<u>154,399</u>
Investment earnings	-	-	78,707	78,707
Total revenues	<u>6,824,906</u>	<u>6,855,806</u>	<u>7,088,912</u>	<u>233,106</u>
Expenditures - current - public safety:				
Beeson Cross Roads	250,000	250,000	250,000	-
Belews Creek	213,540	213,540	213,540	-
City View	30,490	30,490	29,866	624
Clemmons	1,051,670	1,051,670	1,051,670	-
Forest Hill	7,000	7,000	7,000	-
Griffith	110,520	110,520	109,335	1,185
Gumtree	60,730	60,730	60,730	-
Hornetown	190,860	190,860	190,860	-
King of Forsyth County	244,330	244,330	244,330	-
Lewisville	862,880	862,880	862,880	-
Mineral Springs	98,320	98,320	97,186	1,134
Mineral Springs Service	3,860	3,860	3,860	-
Mt. Tabor	71,500	71,500	69,334	2,166
Old Richmond	261,380	261,380	261,380	-
Piney Grove	447,380	447,380	446,410	970
Rural Hall	220,420	220,420	220,420	-
Salem Chapel	46,570	46,570	46,570	-
South Fork	8,130	8,130	7,761	369
Talley's Crossing	133,500	133,500	133,500	-
Triangle	81,350	81,350	79,871	1,479
Union Cross	140,840	140,840	140,840	-
Vienna	420,500	420,500	420,500	-
Walkertown	240,380	240,380	240,380	-
West Bend	25,080	25,080	25,080	-
Total expenditures	<u>5,221,230</u>	<u>5,221,230</u>	<u>5,213,303</u>	<u>7,927</u>
Excess of revenues over expenditures	<u>1,603,676</u>	<u>1,634,576</u>	<u>1,875,609</u>	<u>241,033</u>

**FIRE TAX DISTRICTS 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, 2008

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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	(111,226)	(113,526)	(112,042)	1,484
Belews Creek	(53,354)	(53,354)	(51,874)	1,480
City View	(30,656)	(31,656)	(31,198)	458
Clemmons	(350,233)	(357,833)	(353,362)	4,471
Forest Hill	(2,422)	(2,622)	(2,548)	74
Griffith	(60,217)	(61,617)	(60,804)	813
Gumtree	(33,419)	(34,519)	(34,081)	438
Hornetown	(65,766)	(67,666)	(66,772)	894
King of Forsyth County	(87,393)	(89,593)	(88,482)	1,111
Lewisville	(312,401)	(312,401)	(304,300)	8,101
Mineral Springs	(48,876)	(48,876)	(47,473)	1,403
Mineral Springs Service	(1,253)	(1,253)	(1,187)	66
Mt. Tabor	(40,408)	(40,408)	(39,845)	563
Old Richmond	(112,595)	(115,595)	(114,101)	1,494
Piney Grove	(137,855)	(141,355)	(139,603)	1,752
Rural Hall	(82,100)	(84,500)	(83,386)	1,114
Salem Chapel	(15,671)	(16,271)	(16,048)	223
South Fork	(9,256)	(9,656)	(9,536)	120
Talley's Crossing	(48,091)	(49,491)	(48,853)	638
Triangle	(55,948)	(55,948)	(52,103)	3,845
Union Cross	(59,298)	(60,898)	(60,091)	807
Vienna	(185,824)	(185,824)	(182,682)	3,142
Walkertown	(80,240)	(80,240)	(78,880)	1,360
West Bend	(8,974)	(9,274)	(9,097)	177
Total other financing uses	<u>(1,993,476)</u>	<u>(2,024,376)</u>	<u>(1,988,348)</u>	<u>36,028</u>
Net change in fund balance	(389,800)	(389,800)	(112,739)	277,061
Fund balance - June 30, 2007	<u>1,747,474</u>	<u>1,747,474</u>	<u>1,747,474</u>	-
Fund balance - June 30, 2008	\$ <u>1,357,674</u>	<u>1,357,674</u>	<u>1,634,735</u>	<u>277,061</u>

**LAW ENFORCEMENT EQUITABLE DISTRIBUTION 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, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	-	56,885	56,885
Investment earnings	-	-	57,209	57,209
Total revenues	<u>-</u>	<u>-</u>	<u>114,094</u>	<u>114,094</u>
Other financing uses - transfers out:				
General Fund	<u>(732,122)</u>	<u>(732,122)</u>	<u>(173,351)</u>	<u>558,771</u>
Net change in fund balance	(732,122)	(732,122)	(59,257)	672,865
Fund balance - June 30, 2007	<u>1,210,151</u>	<u>1,210,151</u>	<u>1,210,151</u>	<u>-</u>
Fund balance - June 30, 2008	\$ <u>478,029</u>	<u>478,029</u>	<u>1,150,894</u>	<u>672,865</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, 2008

	<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	\$ 450,000	450,000	174,343	(275,657)
Intergovernmental	-	93,000	300,692	207,692
Investment earnings	-	-	2,645	2,645
Total revenues	<u>450,000</u>	<u>543,000</u>	<u>477,680</u>	<u>(65,320)</u>
Other financing uses - transfers out:				
General Fund	<u>(529,720)</u>	<u>(543,000)</u>	<u>(485,728)</u>	<u>57,272</u>
Net change in fund balance	(79,720)	-	(8,048)	(8,048)
Fund balance - June 30, 2007	<u>8,048</u>	<u>8,048</u>	<u>8,048</u>	<u>-</u>
Fund balance - June 30, 2008	\$ <u>(71,672)</u>	<u>8,048</u>	<u>-</u>	<u>(8,048)</u>

**MOSER BEQUEST FOR CARE OF ELDERLY 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, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ 800	800	13,641	12,841
Other revenues	19,200	19,200	-	(19,200)
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>13,641</u>	<u>(6,359)</u>
Expenditures - Human Services	<u>20,000</u>	<u>20,000</u>	<u>3,141</u>	<u>16,859</u>
Net change in fund balance	-	-	10,500	10,500
Fund balance - June 30, 2007	291,470	291,470	291,470	-
Fund balance - June 30, 2008	<u><u>\$ 291,470</u></u>	<u><u>291,470</u></u>	<u><u>301,970</u></u>	<u><u>10,500</u></u>

**STATE PUBLIC SCHOOL BUILDING CAPITAL 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, 2008

	<u>Budget</u>	<u>Cumulative Total to June 30, 2008</u>	<u>Activity Year Ended June 30, 2008</u>	<u>Cumulative Total to June 30, 2007</u>
Revenues:				
Intergovernmental	\$ 40,187,379	37,473,236	5,643,748	31,829,488
Investment earnings	162,074	162,074	-	162,074
Total revenues	<u>40,349,453</u>	<u>37,635,310</u>	<u>5,643,748</u>	<u>31,991,562</u>
Expenditures - current - intergovernmental - education				
	<u>49,469,992</u>	<u>47,389,456</u>	<u>4,883,577</u>	<u>42,505,879</u>
Excess (deficiency) of revenues over expenditures	<u>(9,120,539)</u>	<u>(9,754,146)</u>	<u>760,171</u>	<u>(10,514,317)</u>
Other financing sources (uses):				
Transfers in:				
Schools Fund	-	1,330,321	-	1,330,321
1990 Schools Facilities Fund	4,170,049	4,169,875	-	4,169,875
1995 School Facilities Fund	65,288	65,288	-	65,288
1996 Schools Facilities Fund	1,933,499	1,933,499	-	1,933,499
2002 Schools Fund	4,161,834	4,161,834	1,146,500	3,015,334
2007 School Facilities Fund	250,000	98,213	98,213	-
Transfers out - General Fund	<u>(2,790,281)</u>	<u>(2,004,884)</u>	<u>(2,004,884)</u>	<u>-</u>
Total other financing sources (uses)	<u>7,790,389</u>	<u>9,754,146</u>	<u>(760,171)</u>	<u>10,514,317</u>
Net change in fund balance	<u>\$ (1,330,150)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2007			<u>-</u>	
Fund balance - June 30, 2008			<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, 2008

	<u>Budget</u>	<u>Cumulative Total to June 30, 2008</u>	<u>Activity Year Ended June 30, 2008</u>	<u>Cumulative Total to June 30, 2007</u>
Revenues:				
Intergovernmental:				
CDBG - Scattered Site 03-C-1115	\$ 400,000	380,577	-	380,577
WSFC HOME Consortium	551,460	467,851	-	467,851
HOME - Single Family Rehabilitation	234,113	194,711	-	194,711
Assets for Independence	124,780	64,959	5,000	59,959
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>1,178,478</u>	<u>5,000</u>	<u>1,173,478</u>
Investment earnings	-	11,636	3,101	8,535
Other	70,565	52,721	-	52,721
Total revenues	<u>1,457,948</u>	<u>1,242,835</u>	<u>8,101</u>	<u>1,234,734</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	16,346	1,784	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	-	39,815
2001 WSFC HOME Consortium	45,919	22,511	-	22,511
2001 WSFC HOME Consortium - local match	52,500	52,500	-	52,500
2002 WSFC HOME Consortium	225,875	189,285	-	189,285
2002 WSFC HOME Consortium - local match	33,857	33,857	-	33,857
2003 WSFC HOME Consortium	252,029	245,789	-	245,789
2003 WSFC HOME Consortium - local match	12,000	12,000	400	11,600
2000 Assets for Independence	49,593	33,868	-	33,868
2002 Assets for Independence	75,073	22,075	3,000	19,075
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	50,212	212	50,000
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>1,408,526</u>	<u>5,396</u>	<u>1,403,130</u>
Excess (deficiency) of revenues over expenditures	<u>(262,539)</u>	<u>(165,691)</u>	<u>2,705</u>	<u>(168,396)</u>
Other financing sources (uses)				
Transfers in - General Fund	262,539	237,642	-	237,642
Transfers out:				
General Fund	-	(68,241)	(68,241)	-
2009 Housing Fund	-	(3,710)	(3,710)	-
Total other financing sources (uses)	<u>262,539</u>	<u>165,691</u>	<u>(71,951)</u>	<u>237,642</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>(69,246)</u>	<u>69,246</u>
Fund balance - June 30, 2007			<u>69,246</u>	
Fund balance - June 30, 2008			<u>\$ -</u>	

**2005 HOUSING 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, 2008

	<u>Budget</u>	<u>Cumulative Total to June 30, 2008</u>	<u>Activity Year Ended June 30, 2008</u>	<u>Cumulative Total to June 30, 2007</u>
Revenues:				
Intergovernmental:				
CDBG IDA	\$ 50,000	50,000	4,398	45,602
NCHFA New Home	570,000	617,240	-	617,240
2004 WSFC HOME Consortium	283,866	283,865	-	283,865
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>1,041,405</u>	<u>4,398</u>	<u>1,037,007</u>
Investment earnings	-	18,915	7,338	11,577
Charges for services	36,000	-	-	-
Other	146,189	146,189	-	146,189
Total revenues	<u>1,198,055</u>	<u>1,206,509</u>	<u>11,736</u>	<u>1,194,773</u>
Expenditures - current - community and economic development:				
2004 WSFC HOME Consortium	340,116	337,496	11,788	325,708
CDBG IDA	50,000	50,000	4,398	45,602
NCHFA New Home	570,000	544,335	-	544,335
NCHFA Duke Power HELP	100,000	78,285	-	78,285
Program income reinvestment	146,189	109,823	49,823	60,000
Real estate brokerage fees	36,000	-	-	-
Total expenditures	<u>1,242,305</u>	<u>1,119,939</u>	<u>66,009</u>	<u>1,053,930</u>
Excess (deficiency) of revenues over expenditures	<u>(44,250)</u>	<u>86,570</u>	<u>(54,273)</u>	<u>140,843</u>
Other financing sources (uses)				
Transfers in - General Fund	44,250	44,250	-	44,250
Transfers out:				
General Fund	-	(94,454)	(94,454)	-
2009 Housing Fund	-	(36,366)	(36,366)	-
Total other financing sources (uses)	<u>44,250</u>	<u>(86,570)</u>	<u>(130,820)</u>	<u>44,250</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>(185,093)</u>	<u>185,093</u>
Fund balance - June 30, 2007			185,093	
Fund balance - June 30, 2008			<u>\$ -</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, 2008

	<u>Budget</u>	<u>Cumulative Total to June 30, 2008</u>	<u>Activity Year Ended June 30, 2008</u>	<u>Cumulative Total to June 30, 2007</u>
Revenues:				
Intergovernmental:				
2005 WSFC HOME Consortium	\$ 250,450	188,084	-	188,084
2005 HOME Single Family Rehabilitation	400,000	396,482	381,177	15,305
2005 NCHFA Urgent Repair Program	70,000	-	-	-
NCHFA Duke Power HELP	250,000	109,632	101,311	8,321
Local government grants	12,000	12,000	-	12,000
Total intergovernmental	<u>982,450</u>	<u>706,198</u>	<u>482,488</u>	<u>223,710</u>
Investment earnings	-	417	-	417
Total revenues	<u>982,450</u>	<u>706,615</u>	<u>482,488</u>	<u>224,127</u>
Expenditures - current - community and economic development:				
2005 WSFC HOME Consortium	254,918	235,941	-	235,941
2005 HOME Single Family Rehabilitation	355,232	351,713	336,408	15,305
2005 NCHFA Urgent Repair Program	70,000	-	-	-
NCHFA Duke Power HELP	243,513	109,632	100,479	9,153
Total expenditures	<u>923,663</u>	<u>697,286</u>	<u>436,887</u>	<u>260,399</u>
Excess (deficiency) of revenues over expenditures	<u>58,787</u>	<u>9,329</u>	<u>45,601</u>	<u>(36,272)</u>
Other financing sources (uses)				
Transfers in - General Fund	42,000	42,000	-	42,000
Transfers out - General Fund:				
2005 WSFC HOME Consortium	(49,532)	-	-	-
2005 WSFC HOME Single Family Rehabilitation	(44,768)	(44,768)	(44,768)	-
NCHFA Duke Power HELP	(6,487)	-	-	-
Total other financing sources (uses)	<u>(58,787)</u>	<u>(2,768)</u>	<u>(44,768)</u>	<u>42,000</u>
Net change in fund balance	<u>\$ -</u>	<u>6,561</u>	<u>833</u>	<u>5,728</u>
Fund balance - June 30, 2007			<u>5,728</u>	
Fund balance - June 30, 2008			<u>\$ <u>6,561</u></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, 2008

	<u>Budget</u>	<u>Cumulative Total to June 30, 2008</u>	<u>Activity Year Ended June 30, 2008</u>	<u>Cumulative Total to June 30, 2007</u>
Revenues:				
Intergovernmental:				
CDBG - Scattered Site 06-C-1526	\$ 400,000	293,025	229,778	63,247
2006 WSFC HOME Consortium	350,590	237,008	183,417	53,591
NCHFA New Home	250,000	36,000	-	36,000
Local government grants	12,000	12,000	-	12,000
Total intergovernmental	<u>1,012,590</u>	<u>578,033</u>	<u>413,195</u>	<u>164,838</u>
Investment earnings	-	9,042	3,886	5,156
Other	100,000	100,075	1,004	99,071
Total revenues	<u>1,112,590</u>	<u>687,150</u>	<u>418,085</u>	<u>269,065</u>
Expenditures - current - community and economic development:				
CDBG - Scattered Site 06-C-1526	365,332	293,025	229,778	63,247
2006 WSFC HOME Consortium	329,859	250,632	197,041	53,591
Forsyth County IDA	66,582	4,000	4,000	-
NCHFA New Home	240,138	23,708	-	23,708
HOME mortgage repayments program	100,000	97,006	20,157	76,849
Total expenditures	<u>1,101,911</u>	<u>668,371</u>	<u>450,976</u>	<u>217,395</u>
Excess (deficiency) of revenues over expenditures	<u>10,679</u>	<u>18,779</u>	<u>(32,891)</u>	<u>51,670</u>
Other financing sources (uses)				
Transfers in - General Fund	106,850	106,850	-	106,850
Transfers out - General Fund:				
CDBG - Scattered Site 06-C-1526	(34,668)	-	-	-
2006 WSFC HOME Consortium	(72,999)	-	-	-
NCHFA New Home	(9,862)	-	-	-
Total other financing sources (uses)	<u>(10,679)</u>	<u>106,850</u>	<u>-</u>	<u>106,850</u>
Net change in fund balance	<u>\$ -</u>	<u>125,629</u>	<u>(32,891)</u>	<u>158,520</u>
Fund balance - June 30, 2007			158,520	
Fund balance - June 30, 2008			<u>\$ 125,629</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, 2008

	<u>Budget</u>	<u>Cumulative Total to June 30, 2008</u>	<u>Activity Year Ended June 30, 2008</u>	<u>Cumulative Total to June 30, 2007</u>
Revenues:				
Intergovernmental - Edward Byrne Memorial				
Justice Assistance	\$ 300,125	191,490	47,935	143,555
Investment earnings	21,093	28,756	8,436	20,320
Total revenues	<u>321,218</u>	<u>220,246</u>	<u>56,371</u>	<u>163,875</u>
Expenditures - current -				
public safety:				
Sheriff	160,849	49,280	10,588	38,692
City of Winston-Salem police	160,369	142,210	37,347	104,863
Total expenditures	<u>321,218</u>	<u>191,490</u>	<u>47,935</u>	<u>143,555</u>
Net change in fund balance	\$ -	28,756	8,436	20,320
Fund balance - June 30, 2007			20,320	
Fund balance - June 30, 2008			\$ <u>28,756</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, 2008

	<u>Budget</u>	<u>Cumulative Total to June 30, 2008</u>	<u>Activity Year Ended June 30, 2008</u>	<u>Cumulative Total to June 30, 2007</u>
Revenues:				
Intergovernmental:				
2007 WSFC HOME Consortium	\$ 231,200	-	-	-
2007 WSFC HOME ADDI	5,365	-	-	-
2007 NCHFA Urgent Repair Program	75,000	10,000	10,000	-
Local government grants	12,000	12,000	12,000	-
Total intergovernmental	<u>323,565</u>	<u>22,000</u>	<u>22,000</u>	<u>-</u>
Investment earnings	-	1,841	1,841	-
Other	150,000	54,548	54,548	-
Total revenues	<u>473,565</u>	<u>78,389</u>	<u>78,389</u>	<u>-</u>
Expenditures - current - community and economic development:				
2007 WSFC HOME Consortium	231,200	-	-	-
2007 WSFC HOME Consortium - local match	52,020	-	-	-
2007 WSFC HOME ADDI	5,365	-	-	-
2007 NCHFA Urgent Repair Program	75,000	10,000	10,000	-
CDBG mortgage repayments program	50,000	-	-	-
HOME mortgage repayments program	100,000	48,733	48,733	-
Total expenditures	<u>513,585</u>	<u>58,733</u>	<u>58,733</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(40,020)	19,656	19,656	-
Other financing sources - transfers in - General Fund				
	40,020	40,020	40,020	-
Net change in fund balance	<u>\$ -</u>	<u>59,676</u>	<u>59,676</u>	<u>-</u>
Fund balance - June 30, 2007			-	
Fund balance - June 30, 2008			<u>\$ 59,676</u>	

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

C-14

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2008

	<u>Budget</u>	<u>Cumulative Total to June 30, 2008</u>	<u>Activity Year Ended June 30, 2008</u>	<u>Cumulative Total to June 30, 2007</u>
Revenues:				
Intergovernmental - Edward Byrne Memorial Justice Assistance	\$ 230,764	119,234	119,234	-
Investment earnings	-	5,507	5,507	-
Total revenues	<u>230,764</u>	<u>124,741</u>	<u>124,741</u>	<u>-</u>
Expenditures - current - public safety:				
Sheriff and City of Winston-Salem police - storage area network expansion	60,764	59,234	59,234	-
Sheriff:				
Interview/interrogation DVR equipment	60,000	60,000	60,000	-
Prosecutor case management software	25,000	-	-	-
City of Winston-Salem police:				
Network infrastructure equipment upgrades	10,000	-	-	-
In-car digital camera equipment	75,000	-	-	-
Total expenditures	<u>230,764</u>	<u>119,234</u>	<u>119,234</u>	<u>-</u>
Net change in fund balance	\$ -	<u>5,507</u>	5,507	-
Fund balance - June 30, 2007			<u>-</u>	
Fund balance - June 30, 2008			\$ <u>5,507</u>	

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

C-15

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2008

	<u>Budget</u>	<u>Cumulative Total to June 30, 2008</u>	<u>Activity Year Ended June 30, 2008</u>	<u>Cumulative Total to June 30, 2007</u>
Revenues:				
Intergovernmental:				
CDBG IDA	\$ 70,000	-	-	-
2008 WSFC HOME Consortium	231,000	-	-	-
2008 WSFC HOME ADDI	2,175	-	-	-
Local government grants	12,000	-	-	-
Total intergovernmental	<u>315,175</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other	117,500	-	-	-
Total revenues	<u>432,675</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures - current - community and economic development:				
CDBG IDA	40,000	-	-	-
2008 WSFC HOME Consortium	208,000	-	-	-
2008 WSFC HOME Consortium - local match	52,000	-	-	-
2008 WSFC HOME ADDI	2,175	-	-	-
CDBG mortgage repayments program	50,000	-	-	-
HOME mortgage repayments program	102,710	-	-	-
Total expenditures	<u>454,885</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deficiency of revenues over expenditures	(22,210)	-	-	-
Other financing sources (uses):				
Transfers in:				
General Fund	40,000	-	-	-
2004 Housing Fund	3,710	3,710	3,710	-
2005 Housing Fund	36,500	36,366	36,366	-
Transfers out - General Fund:				
CDBG IDA	(30,000)	-	-	-
2008 WSFC HOME Consortium	(23,000)	-	-	-
HOME mortgage repayments program	(5,000)	-	-	-
Total other financing sources (uses)	<u>22,210</u>	<u>40,076</u>	<u>40,076</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>40,076</u>	<u>40,076</u>	<u>-</u>
Fund balance - June 30, 2007			-	
Fund balance - June 30, 2008			<u>\$ 40,076</u>	

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS**

D-1

FORSYTH COUNTY, NORTH CAROLINA

June 30, 2008

	2002 Schools	2005 Schools	2006 2/3rds Bonds	2007 Information Systems	2007 Forsyth Technical Community College	2008 Pay-Go	2008 2/3rds Bonds	2008 School Facilities	Total
ASSETS									
Cash and cash equivalents	\$ 2,769,995	-	5,158,786	-	11,154,584	7,600,000	34,226	1,587,440	28,305,031
Cash and investments held by fiscal agent	-	929,123	-	34,717	-	-	-	-	963,840
Receivables - accrued interest	-	-	-	-	-	-	110	-	110
Due from other governments	61,132	2,081	52,045	-	-	-	-	-	115,258
Total assets	\$ 2,831,127	931,204	5,210,831	34,717	11,154,584	7,600,000	34,336	1,587,440	29,384,239
LIABILITIES AND FUND BALANCES									
Liabilities - due to other funds -									
General Fund	\$ -	136,336	-	-	-	-	-	-	136,336
Fund balances:									
Reserved for encumbrances	-	-	75,972	9,100	-	337,946	13,746	-	436,764
Reserved by state statute	61,132	2,081	52,045	-	-	-	110	-	115,368
Unreserved:									
Designated for subsequent year's									
expenditures	2,506,709	88,580	5,054,219	11,088	11,154,584	7,262,054	20,480	1,587,440	27,685,154
Undesignated	263,286	704,207	28,595	14,529	-	-	-	-	1,010,617
Total fund balances	2,831,127	794,868	5,210,831	34,717	11,154,584	7,600,000	34,336	1,587,440	29,247,903
Total liabilities and fund balances	\$ 2,831,127	931,204	5,210,831	34,717	11,154,584	7,600,000	34,336	1,587,440	29,384,239

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

D-2

FORSYTH COUNTY, NORTH CAROLINA

For the Fiscal Year Ended June 30, 2008

	General Services Complex	Reynolds Health Center Renovation/ Adaptive Reuse	2002 2/3rds Bonds	2002 Schools	2003 2/3rds Bonds	2005 Schools	2006 2/3rds Bonds	2006 Information Systems	2007 Information Systems	2007 Forsyth Technical Community College	2008 Pay-Go	2008 2/3rds Bonds	2008 School Facilities	Total
Revenues - investment earnings	\$ 15,369	-	12,421	192,632	2,313	52,422	245,428	1,859	14,891	513,121	-	1,030	-	1,051,486
Expenditures:														
Current:														
Intergovernmental - education	-	-	-	3,461,310	-	1,093,354	-	-	-	2,283,537	-	-	-	6,838,201
Capital outlay:														
General government	2,320	-	-	-	-	-	563,860	2,144	-	-	-	-	-	568,324
Public safety	-	-	-	-	-	-	7,565	-	540,774	-	-	66,694	-	615,033
Human services	-	-	-	-	-	-	160,638	-	-	-	-	-	-	160,638
Culture and recreation	-	-	-	-	-	-	829,644	-	-	-	-	-	-	829,644
Total expenditures	2,320	-	-	3,461,310	-	1,093,354	1,561,707	2,144	540,774	2,283,537	-	66,694	-	9,011,840
Excess (deficiency) of revenues over expenditures	13,049	-	12,421	(3,268,678)	2,313	(1,040,932)	(1,316,279)	(285)	(525,883)	(1,770,416)	-	(65,664)	-	(7,960,354)
Other financing sources (uses):														
Transfers in - General Fund	-	-	-	-	-	-	-	-	-	-	7,600,000	100,000	1,587,440	9,287,440
Transfers out:														
General Fund	(764,304)	(369,243)	(349,624)	(500,000)	(106,632)	-	(468,750)	(53,075)	-	(225,000)	-	-	-	(2,836,628)
State Public School Building Capital Fund	-	-	-	(1,146,500)	-	-	-	-	-	-	-	-	-	(1,146,500)
Total other financing sources (uses)	(764,304)	(369,243)	(349,624)	(1,646,500)	(106,632)	-	(468,750)	(53,075)	-	(225,000)	7,600,000	100,000	1,587,440	5,304,312
Net change in fund balances	(751,255)	(369,243)	(337,203)	(4,915,178)	(104,319)	(1,040,932)	(1,785,029)	(53,360)	(525,883)	(1,995,416)	7,600,000	34,336	1,587,440	(2,656,042)
Fund balance - June 30, 2007	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
Fund balance - June 30, 2008	\$ -	-	-	2,831,127	-	794,868	5,210,831	-	34,717	11,154,584	7,600,000	34,336	1,587,440	29,247,903

**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, 2008

	<u>Budget</u>	<u>Cumulative Total to June 30, 2008</u>	<u>Activity Year Ended June 30, 2008</u>	<u>Cumulative Total to June 30, 2007</u>
Revenues - investment earnings	\$ 429,225	452,070	15,369	436,701
Expenditures - capital outlay - general government	6,842,051	5,955,090	2,320	5,952,770
Excess (deficiency) of revenues over expenditures	(6,412,826)	(5,503,020)	13,049	(5,516,069)
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	(1,788,421)	(2,127,867)	(764,304)	(1,363,563)
Total other financing sources (uses)	6,412,826	5,503,020	(764,304)	6,267,324
Net change in fund balance	\$ -	-	(751,255)	751,255
Fund balance - June 30, 2007			751,255	
Fund balance - June 30, 2008			\$ -	

**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, 2008

	<u>Budget</u>	<u>Cumulative Total to June 30, 2008</u>	<u>Activity Year Ended June 30, 2008</u>	<u>Cumulative Total to June 30, 2007</u>
Revenues:				
Investment earnings	\$ 671,903	675,038	-	675,038
Other	-	10,104	-	10,104
Total revenues	671,903	685,142	-	685,142
Expenditures:				
Debt service - interest and other charges	225,396	198,943	-	198,943
Capital outlay - human services	14,024,668	13,946,622	-	13,946,622
Total expenditures	14,250,064	14,145,565	-	14,145,565
Deficiency of revenues over expenditures	(13,578,161)	(13,460,423)	-	(13,460,423)
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	(1,150,404)	(1,047,792)	(369,243)	(678,549)
Total other financing sources (uses)	13,578,161	13,460,423	(369,243)	13,829,666
Net change in fund balance	\$ -	-	(369,243)	369,243
Fund balance - June 30, 2007			369,243	
Fund balance - June 30, 2008			\$ -	

2002 2/3rds BONDS FUND

D-5

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2008

	<u>Budget</u>	<u>Cumulative Total to June 30, 2008</u>	<u>Activity Year Ended June 30, 2008</u>	<u>Cumulative Total to June 30, 2007</u>
Revenues - investment earnings	\$ 357,000	375,957	12,421	363,536
Expenditures:				
Debt service - interest and other charges	167,174	167,174	-	167,174
Capital outlay:				
Public safety	4,869,628	4,671,410	-	4,671,410
Culture and recreation	1,890,480	1,880,857	-	1,880,857
Total expenditures	<u>6,927,282</u>	<u>6,719,441</u>	<u>-</u>	<u>6,719,441</u>
Excess (deficiency) of revenues over expenditures	<u>(6,570,282)</u>	<u>(6,343,484)</u>	<u>12,421</u>	<u>(6,355,905)</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	<u>(215,000)</u>	<u>(394,624)</u>	<u>(349,624)</u>	<u>(45,000)</u>
Total other financing sources (uses)	<u>6,570,282</u>	<u>6,343,484</u>	<u>(349,624)</u>	<u>6,693,108</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>(337,203)</u>	<u>337,203</u>
Fund balance - June 30, 2007			337,203	
Fund balance - June 30, 2008			<u>\$ -</u>	

2002 SCHOOLS FUND

D-6

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2008

	<u>Budget</u>	<u>Cumulative Total to June 30, 2008</u>	<u>Activity Year Ended June 30, 2008</u>	<u>Cumulative Total to June 30, 2007</u>
Revenues - investment earnings	\$ 4,125,000	4,130,754	192,632	3,938,122
Expenditures:				
Current - intergovernmental - education	147,038,166	145,431,471	3,461,310	141,970,161
Debt service - interest and other charges	1,231,919	1,231,905	-	1,231,905
Total expenditures	<u>148,270,085</u>	<u>146,663,376</u>	<u>3,461,310</u>	<u>143,202,066</u>
Deficiency of revenues over expenditures	<u>(144,145,085)</u>	<u>(142,532,622)</u>	<u>(3,268,678)</u>	<u>(139,263,944)</u>
Other financing sources (uses):				
General obligation bonds issued	150,171,500	150,000,000	-	150,000,000
Premium on general obligation bonds	660,419	1,150,583	-	1,150,583
Transfers to General Fund	(2,525,000)	(1,625,000)	(500,000)	(1,125,000)
Transfers to State Public School Building Capital Fund	<u>(4,161,834)</u>	<u>(4,161,834)</u>	<u>(1,146,500)</u>	<u>(3,015,334)</u>
Total other financing sources (uses)	<u>144,145,085</u>	<u>145,363,749</u>	<u>(1,646,500)</u>	<u>147,010,249</u>
Net change in fund balance	<u>\$ -</u>	<u>2,831,127</u>	<u>(4,915,178)</u>	<u>7,746,305</u>
Fund balance - June 30, 2007			7,746,305	
Fund balance - June 30, 2008			<u>\$ 2,831,127</u>	

2003 2/3rds BONDS 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, 2008

	<u>Budget</u>	<u>Cumulative Total to June 30, 2008</u>	<u>Activity Year Ended June 30, 2008</u>	<u>Cumulative Total to June 30, 2007</u>
Revenues:				
Intergovernmental	\$ 800,000	795,519	-	795,519
Investment earnings	75,000	77,833	2,313	75,520
Total revenues	<u>875,000</u>	<u>873,352</u>	<u>2,313</u>	<u>871,039</u>
Expenditures:				
Current - intergovernmental - education	500,000	499,673	-	499,673
Debt service - interest and other charges	31,420	31,419	-	31,419
Capital outlay:				
General government	1,050,000	1,048,213	-	1,048,213
Public safety	1,596,220	1,558,369	-	1,558,369
Culture and recreation	1,600,000	1,591,037	-	1,591,037
Total expenditures	<u>4,777,640</u>	<u>4,728,711</u>	<u>-</u>	<u>4,728,711</u>
Excess (deficiency) of revenues over expenditures	<u>(3,902,640)</u>	<u>(3,855,359)</u>	<u>2,313</u>	<u>(3,857,672)</u>
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)	(106,632)	(106,632)	-
Total other financing sources (uses)	<u>3,902,640</u>	<u>3,855,359</u>	<u>(106,632)</u>	<u>3,961,991</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>(104,319)</u>	<u>104,319</u>
Fund balance - June 30, 2007			104,319	
Fund balance - June 30, 2008			<u>\$ -</u>	

2005 SCHOOLS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

D-8

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2008

	<u>Budget</u>	<u>Cumulative Total to June 30, 2008</u>	<u>Activity Year Ended June 30, 2008</u>	<u>Cumulative Total to June 30, 2007</u>
Revenues - investment earnings	\$ -	684,469	52,422	632,047
Expenditures:				
Current:				
Education	10,950	10,950	-	10,950
Intergovernmental - education	12,989,050	12,900,569	1,093,354	11,807,215
Debt service - interest and other charges	241,100	241,000	-	241,000
Total expenditures	<u>13,241,100</u>	<u>13,152,519</u>	<u>1,093,354</u>	<u>12,059,165</u>
Deficiency of revenues over expenditures	<u>(13,241,100)</u>	<u>(12,468,050)</u>	<u>(1,040,932)</u>	<u>(11,427,118)</u>
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>794,868</u>	<u>(1,040,932)</u>	<u>1,835,800</u>
Fund balance - June 30, 2007			1,835,800	
Fund balance - June 30, 2008			<u>\$ 794,868</u>	

2006 2/3rds BONDS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

D-9

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2008

	<u>Budget</u>	<u>Cumulative Total to June 30, 2008</u>	<u>Activity Year Ended June 30, 2008</u>	<u>Cumulative Total to June 30, 2007</u>
Revenues - investment earnings	\$ 895,000	891,109	245,428	645,681
Expenditures:				
Debt service - interest and other charges	101,250	101,250	-	101,250
Capital outlay:				
General government	1,020,000	926,684	563,860	362,824
Public safety	552,000	524,621	7,565	517,056
Human services	1,252,000	967,885	160,638	807,247
Culture and recreation - Tanglewood	4,000,000	120,991	2,912	118,079
Culture and recreation - Library	3,361,000	2,839,628	826,732	2,012,896
Total expenditures	<u>10,286,250</u>	<u>5,481,059</u>	<u>1,561,707</u>	<u>3,919,352</u>
Deficiency of revenues over expenditures	<u>(9,391,250)</u>	<u>(4,589,950)</u>	<u>(1,316,279)</u>	<u>(3,273,671)</u>
Other financing sources (uses):				
General obligation bonds issued	10,185,000	10,185,000	-	10,185,000
Premium on general obligation bonds	-	84,531	-	84,531
Transfers from General Fund	210,000	210,000	-	210,000
Transfers to General Fund	(1,003,750)	(678,750)	(468,750)	(210,000)
Total other financing sources (uses)	<u>9,391,250</u>	<u>9,800,781</u>	<u>(468,750)</u>	<u>10,269,531</u>
Net change in fund balance	<u>\$ -</u>	<u>5,210,831</u>	<u>(1,785,029)</u>	<u>6,995,860</u>
Fund balance - June 30, 2007			6,995,860	
Fund balance - June 30, 2008			<u>\$ 5,210,831</u>	

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

D-10

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2008

	<u>Budget</u>	<u>Cumulative Total to June 30, 2008</u>	<u>Activity Year Ended June 30, 2008</u>	<u>Cumulative Total to June 30, 2007</u>
Revenues - investment earnings	\$ -	40,993	1,859	39,134
Expenditures - capital outlay:				
General government	320,000	308,108	2,144	305,964
Public safety	903,945	804,810	-	804,810
Total expenditures	<u>1,223,945</u>	<u>1,112,918</u>	<u>2,144</u>	<u>1,110,774</u>
Deficiency of revenues over expenditures	<u>(1,223,945)</u>	<u>(1,071,925)</u>	<u>(285)</u>	<u>(1,071,640)</u>
Other financing sources (uses):				
Installment purchases	1,223,945	1,125,000	-	1,125,000
Transfers to General Fund	-	(53,075)	(53,075)	-
Total other financing sources (uses)	<u>1,223,945</u>	<u>1,071,925</u>	<u>(53,075)</u>	<u>1,125,000</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>(53,360)</u>	<u>53,360</u>
Fund balance - June 30, 2007			53,360	
Fund balance - June 30, 2008			<u>\$ -</u>	

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

D-11

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2008

	<u>Budget</u>	<u>Cumulative Total to June 30, 2008</u>	<u>Activity Year Ended June 30, 2008</u>	<u>Cumulative Total to June 30, 2007</u>
Revenues - investment earnings	\$ -	15,029	14,891	138
Expenditures - capital outlay:				
General government	229,000	228,038	-	228,038
Public safety	560,000	540,774	540,774	-
Total expenditures	<u>789,000</u>	<u>768,812</u>	<u>540,774</u>	<u>228,038</u>
Deficiency of revenues over expenditures	(789,000)	(753,783)	(525,883)	(227,900)
Other financing sources - installment purchases	<u>789,000</u>	<u>788,500</u>	-	<u>788,500</u>
Net change in fund balance	<u>\$ -</u>	<u>34,717</u>	(525,883)	<u>560,600</u>
Fund balance - June 30, 2007			560,600	
Fund balance - June 30, 2008			<u>\$ 34,717</u>	

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

D-12

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2008

	<u>Budget</u>	<u>Cumulative Total to June 30, 2008</u>	<u>Activity Year Ended June 30, 2008</u>	<u>Cumulative Total to June 30, 2007</u>
Revenues - investment earnings	\$ 537,375	648,071	513,121	134,950
Expenditures:				
Current - intergovernmental - education	25,000,000	2,365,947	2,283,537	82,410
Debt service - interest and other charges	87,375	86,519	-	86,519
Total expenditures	<u>25,087,375</u>	<u>2,452,466</u>	<u>2,283,537</u>	<u>168,929</u>
Deficiency of revenues over expenditures	(24,550,000)	(1,804,395)	(1,770,416)	(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)	(225,000)	(225,000)	-
Total other financing sources (uses)	<u>24,550,000</u>	<u>12,958,979</u>	<u>(225,000)</u>	<u>13,183,979</u>
Net change in fund balance	<u>\$ -</u>	<u>11,154,584</u>	(1,995,416)	<u>13,150,000</u>
Fund balance - June 30, 2007			13,150,000	
Fund balance - June 30, 2008			<u>\$ 11,154,584</u>	

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

D-13

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2008

	<u>Budget</u>	<u>Cumulative Total to June 30, 2008</u>	<u>Activity Year Ended June 30, 2008</u>	<u>Cumulative Total to June 30, 2007</u>
Expenditures:				
Current - intergovernmental - education - School POD purchases	\$ 1,700,000	-	-	-
Capital outlay:				
General government - financial system upgrade	800,000	-	-	-
Public safety - jail technology	3,100,000	-	-	-
Human services - Social Services renovations	1,700,000	-	-	-
Culture and recreation - Tanglewood Park campground	300,000	-	-	-
Total expenditures	<u>7,600,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources - transfers from				
General Fund	<u>7,600,000</u>	<u>7,600,000</u>	<u>7,600,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>7,600,000</u>	<u>7,600,000</u>	<u>-</u>
Fund balance - June 30, 2007			<u>-</u>	
Fund balance - June 30, 2008			<u>\$ 7,600,000</u>	

2008 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, 2008

	<u>Budget</u>	<u>Cumulative Total to June 30, 2008</u>	<u>Activity Year Ended June 30, 2008</u>	<u>Cumulative Total to June 30, 2007</u>
Revenues - investment earnings	\$ -	1,030	1,030	-
Expenditures - capital outlay -				
public safety	<u>100,000</u>	<u>66,694</u>	<u>66,694</u>	<u>-</u>
Deficiency of revenues over expenditures	<u>(100,000)</u>	<u>(65,664)</u>	<u>(65,664)</u>	<u>-</u>
Other financing sources (uses):				
General obligation bonds issued	100,000	-	-	-
Transfers from General Fund	100,000	100,000	100,000	-
Transfers to General Fund	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>34,336</u>	<u>34,336</u>	<u>-</u>
Fund balance - June 30, 2007			<u>-</u>	
Fund balance - June 30, 2008			<u>\$ 34,336</u>	

**2008 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, 2008

	<u>Budget</u>	<u>Cumulative Total to June 30, 2008</u>	<u>Activity Year Ended June 30, 2008</u>	<u>Cumulative Total to June 30, 2007</u>
Expenditures :				
Capital outlay - general government:				
Enterprise network switches	\$ 235,000	-	-	-
Tape media backup	65,000	-	-	-
Total expenditures	<u>300,000</u>	-	-	-
Other financing sources - installment purchase proceeds	<u>300,000</u>	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2007			-	
Fund balance - June 30, 2008			<u>\$ -</u>	

**2009 2/3rds BONDS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

D-16

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2008

	<u>Budget</u>	<u>Cumulative Total to June 30, 2008</u>	<u>Activity Year Ended June 30, 2008</u>	<u>Cumulative Total to June 30, 2007</u>
Revenues:				
Intergovernmental	\$ 1,200,000	-	-	-
Investment earnings	100,000	-	-	-
Total revenues	<u>1,300,000</u>	-	-	-
Expenditures:				
Intergovernmental - education	7,300,000	-	-	-
Debt service - interest and other charges	100,000	-	-	-
Capital outlay:				
General government - Hall of Justice replacements	1,200,000	-	-	-
Human services - pharmacy renovations	220,000	-	-	-
Culture and recreation:				
Tanglewood Park shelter replacements	1,200,000	-	-	-
Triad Park development	2,400,000	-	-	-
Total expenditures	<u>12,420,000</u>	-	-	-
Deficiency of revenues over expenditures	(11,120,000)	-	-	-
Other financing sources - general obligation bonds issued	<u>11,120,000</u>	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2007			-	
Fund balance - June 30, 2008			<u>\$ -</u>	

**2008 SCHOOL FACILITIES 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, 2008

	<u>Budget</u>	<u>Cumulative Total to June 30, 2008</u>	<u>Activity Year Ended June 30, 2008</u>	<u>Cumulative Total to June 30, 2007</u>
Expenditures - current - intergovernmental - education	\$ 1,822,861	-	-	-
Other financing sources - transfers from General Fund	<u>1,822,861</u>	<u>1,587,440</u>	<u>1,587,440</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>1,587,440</u>	<u>1,587,440</u>	<u>-</u>
Fund balance - June 30, 2007			<u>-</u>	
Fund balance - June 30, 2008			<u>\$ 1,587,440</u>	

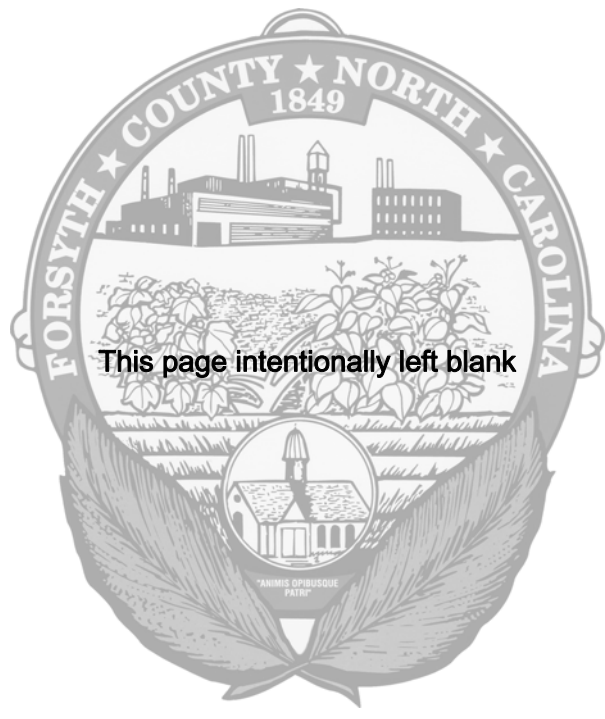
Fiduciary Funds – Agency Funds

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 and the 3% interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles.

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

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



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

E-1

FORSYTH COUNTY, NORTH CAROLINA

June 30, 2008

	<u>Tax</u>	<u>Fines and Forfeitures</u>	<u>Protective Payee</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 641,926	11,368	109,732	763,026
Receivables:				
Property taxes	4,836,056	-	-	4,836,056
Accrued interest	-	-	376	376
Total assets	<u>5,477,982</u>	<u>11,368</u>	<u>110,108</u>	<u>5,599,458</u>
LIABILITIES				
Due to other governments	5,477,982	11,368	-	5,489,350
Other liabilities	-	-	110,108	110,108
Total liabilities	<u>5,477,982</u>	<u>11,368</u>	<u>110,108</u>	<u>5,599,458</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, 2008

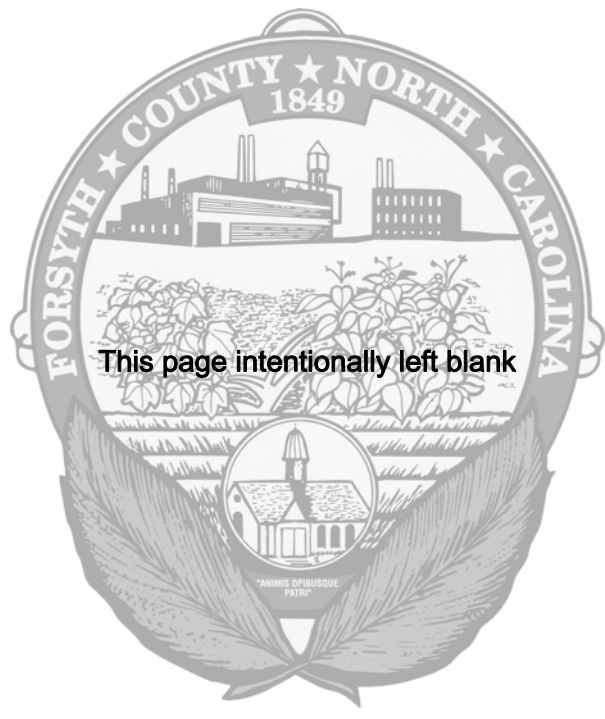
	<u>June 30, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2008</u>
<u>TAX AGENCY</u>				
ASSETS				
Cash and cash equivalents	\$ 552,859	688,411,184	688,322,117	641,926
Receivables:				
Property taxes	4,369,167	340,230,231	339,763,342	4,836,056
Occupancy taxes	304,975	-	304,975	-
Total assets	\$ 5,227,001	1,028,641,415	1,028,390,434	5,477,982
LIABILITIES				
Due to other governments	\$ 5,227,001	1,032,486,518	1,032,235,537	5,477,982
<u>FINES AND FORFEITURES</u>				
ASSETS				
Cash and cash equivalents	\$ 8,242	2,855,699	2,852,573	11,368
LIABILITIES				
Due to other governments	\$ 8,242	2,855,699	2,852,573	11,368
<u>PROTECTIVE PAYEE</u>				
ASSETS				
Cash and cash equivalents	\$ 110,762	441,459	442,489	109,732
Receivables - accrued interest	1,088	5,496	6,208	376
Total assets	\$ 111,850	446,955	448,697	110,108
LIABILITIES				
Due to other governments	\$ 1,047	3,664	4,711	-
Other liabilities	110,803	440,747	441,442	110,108
Total liabilities	\$ 111,850	444,411	446,153	110,108
<u>TOTAL - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 671,863	691,708,342	691,617,179	763,026
Receivables:				
Property taxes	4,369,167	340,230,231	339,763,342	4,836,056
Occupancy taxes	304,975	-	304,975	-
Accrued interest	1,088	5,496	6,208	376
Total assets	\$ 5,347,093	1,031,944,069	1,031,691,704	5,599,458
LIABILITIES				
Due to other governments	\$ 5,236,290	1,035,345,881	1,035,092,821	5,489,350
Other liabilities	110,803	440,747	441,442	110,108
Total liabilities	\$ 5,347,093	1,035,786,628	1,035,534,263	5,599,458

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, 2008

F-1

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2007</u>	<u>Additions Net of Releases</u>	<u>Collections And Credits</u>	<u>Writeoffs</u>	<u>Uncollected Balance June 30, 2008</u>
2007 - 2008	\$ -	213,402,003	209,512,061	-	3,889,942
2006 - 2007	3,489,889	(36,642)	2,284,505	-	1,168,742
2005 - 2006	1,073,724	(9,251)	294,207	-	770,266
2004 - 2005	896,993	(3,979)	122,280	317,454	453,280
2003 - 2004	284,143	(2,417)	46,373	-	235,353
2002 - 2003	418,544	(2,045)	24,957	-	391,542
2001 - 2002	254,470	(1,852)	17,163	-	235,455
2000 - 2001	173,762	(1,013)	9,103	-	163,646
1999 - 2000	141,547	(680)	6,338	-	134,529
1998 - 1999	97,743	(535)	4,885	92,323	-
	<u>\$ 6,830,815</u>	<u>213,343,589</u>	<u>212,321,872</u>	<u>409,777</u>	<u>7,442,755</u>
Plus: dog taxes included in taxes receivable: General Fund					10,281
Less: allowance for uncollectible accounts: General Fund					<u>(4,291,458)</u>
Ad valorem taxes receivable - net: General Fund					<u>\$ 3,161,578</u>
 <u>Reconciliation with revenues:</u>					
Property taxes - General Fund					\$ 213,003,136
Penalties collected on ad valorem taxes - Fines and Forfeitures Fund					131,512
Reconciling items:					
Interest collected					\$ (883,726)
Back years collection of dog taxes					(749)
Refunds					94,075
Collection of taxes previously written off					<u>(22,376)</u>
Total reconciling items					<u>(812,776)</u>
Total collections and credits					<u>\$ 212,321,872</u>

**ANALYSIS OF CURRENT TAX LEVY
COUNTYWIDE LEVY**
FORSYTH COUNTY, NORTH CAROLINA
For the Year Ended June 30, 2008

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	\$ 29,693,372,500	\$.6960	\$ 207,601,058	\$ 196,435,164	\$ 11,165,894
Motor vehicles taxed at prior year's rate: FY 05-06	44,600	.6660	308	-	308
FY 06-07	951,120,970	.6660	6,330,081	-	6,330,081
Penalties	-		247,766	247,766	-
Total	30,644,538,070		214,179,213	196,682,930	17,496,283
Releases	(111,668,103)		(777,210)	(561,017)	(216,193)
Total property valuation	\$ 30,532,869,967				
Net levy			213,402,003	196,121,913	17,280,090
Uncollected taxes at June 30, 2008			3,889,942	2,030,967	1,858,975
Current year's taxes collected			\$ 209,512,061	\$ 194,090,946	\$ 15,421,115
Current levy collection percentage			98.18%	98.96%	89.24%

Secondary Market Disclosures:

Assessed Valuation:

Assessment Ratio (1)	100%
Real Property	\$ 24,382,286,380
Personal Property	5,653,529,540
Public Service Companies (2)	608,722,150
Total Assessed Valuation	30,644,538,070
Tax Rate per \$100	0.696
Levy (includes discoveries, releases and abatements)	\$ 213,402,003

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

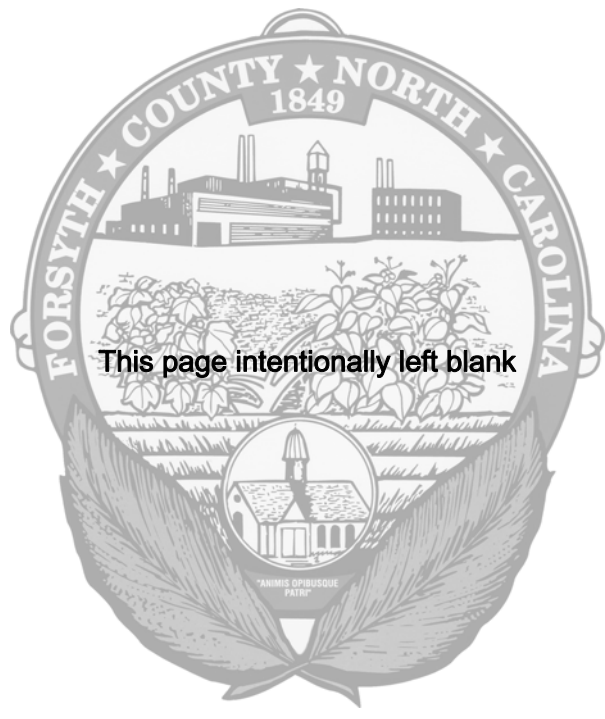
(2) Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Property Tax Commission.

TEN LARGEST TAXPAYERS

FORSYTH COUNTY, NORTH CAROLINA

Fiscal Year Ended June 30, 2008

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2008 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
R. J. Reynolds Industries, Inc.	Electric Utility Tobacco, Foods, Petroleum and Transportation	\$ 1,051,976,630	3.43%
Wachovia Bank & Trust	Banking	333,528,540	1.09%
Duke Energy Corporation	Electric Utility	272,178,722	0.89%
Lowes Home Center	Retail	245,477,800	0.80%
JG Winston-Salem	Real Estate Management	178,849,000	0.58%
Hanesbrands Inc.	Textiles	177,385,310	0.58%
Highwoods/Forsyth Partners	Real Estate Management	141,736,700	0.46%
BellSouth Corporation	Communications Utility	122,318,655	0.40%
Dell Inc.	Computer Manufacturer	114,252,900	0.37%
Wake Forest University	Education / Health Care	106,654,147	0.35%
		<u>\$ 2,744,358,404</u>	<u>8.95%</u>



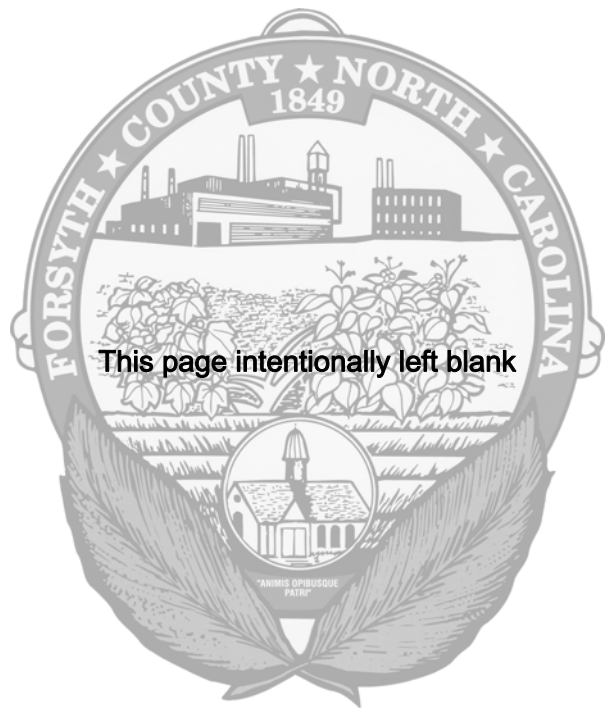
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This part of the Forsyth County comprehensive annual financial report presents detail information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the 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.	99
Revenue Capacity – These schedules contain information to help the reader assess the factors affecting the County’s ability to generate its property taxes.	103
Debt Capacity – These schedules present information to help the reader assess the affordability of the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future.	108
Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the County’s financial activities take place and to help make comparisons over time and with other governments.	111
Operating Information – These schedules contain information about the County’s operations and resources to help the reader understand how the County’s financial information relates to the services the County provides and the activities it performs.	113

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



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NET ASSETS BY COMPONENT
FORSYTH COUNTY, NORTH CAROLINA
 Last Seven Fiscal Years
(accrual basis of accounting)

Schedule 1

	Fiscal Year						
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities:							
Invested in capital assets, net of related debt	\$ 50,832,801	53,327,610	54,929,158	58,050,620	62,126,511	65,335,272	66,426,734
Restricted	1,811,767	1,905,959	2,153,517	2,477,719	3,877,017	4,328,645	3,980,229
Unrestricted	(69,838,879)	(66,742,250)	(89,720,953)	(120,973,768)	(133,416,466)	(132,368,899)	(120,384,798)
Total governmental activities net 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>	<u>(49,977,835)</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 Seven Fiscal Years
(accrual basis of accounting)

Schedule 2

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Expenses							
Governmental activities:							
General government	\$ 33,504,313	32,511,954	37,176,344	38,054,338	40,702,218	40,954,886	42,473,984
Public safety	43,226,614	44,319,571	50,956,682	53,265,074	56,416,719	60,563,286	67,092,138
Environmental protection	2,110,570	2,124,756	2,287,496	2,171,643	2,160,200	2,220,009	2,521,035
Human services	72,919,088	75,664,303	79,377,848	81,602,908	83,026,669	83,325,627	85,670,069
Culture and recreation	14,694,632	14,489,189	15,056,770	15,209,100	16,913,156	17,214,387	17,401,634
Community and economic development	1,312,589	1,254,450	1,523,798	5,175,040	4,622,179	1,722,356	2,998,916
Education	102,127,242	106,056,362	138,342,793	145,267,123	139,943,619	137,732,790	140,624,177
Interest on long-term debt	12,149,584	13,664,297	14,426,316	14,567,408	14,846,094	15,995,831	18,501,304
Total expenses	<u>282,044,632</u>	<u>290,084,882</u>	<u>339,148,047</u>	<u>355,312,634</u>	<u>358,630,854</u>	<u>359,729,172</u>	<u>377,283,257</u>
Program revenues							
Governmental activities:							
Charges for services							
General government	4,907,678	4,903,787	4,698,238	4,444,744	4,335,314	4,320,684	4,163,440
Public safety	6,707,367	7,246,355	8,457,575	8,993,671	10,668,381	13,569,309	17,465,407
Environmental protection	805,406	963,314	1,103,027	933,971	785,380	348,683	266,457
Human services	4,207,333	5,456,001	6,322,469	7,227,474	6,686,842	6,781,195	7,752,966
Culture and recreation	4,480,311	3,961,475	4,262,167	4,648,633	5,291,419	5,265,639	5,098,137
Community and economic development	137,239	27,493	52,681	118,587	77,862	115,432	55,552
Education	29,330	29,410	29,410	33,469	33,332	33,332	33,372
Operating grants and contributions							
General government	336,313	759,242	489,337	648,613	2,048,882	1,116,784	753,817
Public safety	2,759,794	2,027,799	3,063,893	3,800,634	3,989,961	3,390,604	3,698,500
Environmental protection	723,770	743,973	888,024	661,559	747,313	843,363	880,434
Human services	32,996,444	34,681,881	35,011,146	34,162,314	35,684,538	35,702,370	36,224,878
Culture and recreation	797,131	860,806	985,400	896,886	1,617,563	856,098	822,806
Community and economic development	560,069	594,285	623,320	873,626	716,889	391,429	959,624
Education	4,163,828	3,202,900	1,405,681	1,090,700	2,393,376	3,459,671	5,790,588
Capital grants and contributions							
General government	-	-	-	-	-	-	25,975
Culture and recreation	15,107	8,381	226,512	-	-	-	-
Total program revenues	<u>63,627,120</u>	<u>65,467,102</u>	<u>67,618,880</u>	<u>68,534,881</u>	<u>75,077,052</u>	<u>76,194,593</u>	<u>83,991,953</u>
Net expense	<u>(218,417,512)</u>	<u>(224,617,780)</u>	<u>(271,529,167)</u>	<u>(286,777,753)</u>	<u>(283,553,802)</u>	<u>(283,534,579)</u>	<u>(293,291,304)</u>
General revenues and other changes in net assets							
Governmental activities:							
Taxes:							
Property taxes	157,969,588	172,788,517	177,109,769	184,460,184	196,540,693	203,698,340	218,253,781
Local option sales taxes	45,621,446	50,456,088	62,472,610	62,106,774	67,056,056	71,068,173	73,496,042
Occupancy taxes	431,537	451,374	449,042	441,234	493,107	539,027	562,018
Other taxes and licenses	2,652,281	2,930,050	3,427,625	3,656,571	3,752,002	3,261,547	2,587,667
Grants and contributions not restricted							
to specific programs	11,168,242	997,904	4,422,507	3,603,013	2,672,986	1,635,293	1,630,835
Investment earnings	3,453,547	2,352,281	2,161,094	3,939,095	5,473,968	7,680,796	9,025,373
Miscellaneous	562,996	291,949	392,170	763,732	597,480	359,359	462,735
Total general revenues	<u>221,859,637</u>	<u>230,268,163</u>	<u>250,434,817</u>	<u>258,970,603</u>	<u>276,586,292</u>	<u>288,242,535</u>	<u>306,018,451</u>
Change in net assets - governmental activities	<u>\$ 3,442,125</u>	<u>5,650,383</u>	<u>(21,094,350)</u>	<u>(27,807,150)</u>	<u>(6,967,510)</u>	<u>4,707,956</u>	<u>12,727,147</u>

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									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund										
Reserved	\$ 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	33,727,232
Unreserved	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	86,715,440
Total General Fund	<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>	<u>120,442,672</u>
All other governmental funds										
Reserved	\$ 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	2,054,017
Unreserved, reported in:										
Special revenue funds	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	2,103,908
Capital projects funds	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	80,459,522
Total all other governmental funds	<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>	<u>84,617,447</u>

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Schedule 4

FORSYTH COUNTY, NORTH CAROLINA

Last Seven Fiscal Years

(modified accrual basis of accounting)

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

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
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
2008	2007	24,382,286,380	3,109,875,910	2,543,653,630	608,722,150	30,644,538,070	100%	0.6960

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,									
		2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Forsyth County	\$	0.696	\$ 0.666	\$ 0.666	\$ 0.708	\$ 0.692	\$ 0.6920	\$ 0.6400	\$ 0.6745	\$ 0.6625	\$ 0.6515
Municipalities: (1)											
City of Winston-Salem		0.49	0.485	0.485	0.525	0.495	0.4950	0.460	0.497	0.500	0.510
Combined Rate		1.186	1.151	1.151	1.233	1.187	1.187	1.100	1.171	1.163	1.162
Town of Bethania		0.35	0.300	0.300	0.250	0.250	0.250	0.180	0.180	0.180	0.180
Combined Rate		1.046	0.966	0.966	0.958	0.942	0.942	0.820	0.855	0.843	0.832
Village of Clemmons		0.0985	0.099	0.090	0.090	0.090	0.090	0.090	0.090	0.090	0.090
Combined Rate		0.7945	0.765	0.756	0.798	0.782	0.782	0.730	0.765	0.753	0.742
Town of Kernersville		0.55	0.550	0.525	0.525	0.495	0.495	0.470	0.540	0.520	0.520
Combined Rate		1.246	1.216	1.191	1.233	1.187	1.187	1.110	1.215	1.183	1.172
Town of Lewisville		0.177	0.177	0.177	0.195	0.195	0.195	0.110	0.110	0.062	0.062
Combined Rate		0.873	0.843	0.843	0.903	0.887	0.887	0.750	0.785	0.725	0.714
Town of Rural Hall		0.23	0.230	0.230	0.240	0.220	0.220	0.220	0.230	0.230	0.230
Combined Rate		0.926	0.896	0.896	0.948	0.912	0.912	0.860	0.905	0.893	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		0.746	0.716	0.716	0.758	0.742	0.742	0.690	0.725	0.713	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		0.896	0.866	0.866	0.908	0.892	0.892	0.840	0.875	0.863	0.852
Fire Tax Districts: (2)											
Beesons Crossroads		0.07	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.060	0.060
Combined Direct Rate		0.766	0.736	0.736	0.778	0.762	0.762	0.710	0.745	0.723	0.712
Belews Creek		0.055	0.055	0.045	0.045	0.045	0.045	0.045	0.045	0.045	0.045
Combined Direct Rate		0.751	0.721	0.711	0.753	0.737	0.737	0.685	0.720	0.708	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		0.776	0.746	0.746	0.788	0.772	0.772	0.720	0.755	0.743	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		0.746	0.716	0.716	0.758	0.742	0.742	0.690	0.725	0.713	0.702
Forest Hill		0.05	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Combined Direct Rate		0.746	0.716	0.716	0.758	0.742	0.742	0.690	0.725	0.713	0.702
Griffith		0.055	0.055	0.055	0.055	0.055	0.055	0.045	0.045	0.045	0.045
Combined Direct Rate		0.751	0.721	0.721	0.763	0.747	0.747	0.685	0.720	0.708	0.697
Gumtree		0.085	0.085	0.085	0.085	0.085	0.070	0.070	0.070	0.070	0.070
Combined Direct Rate		0.781	0.751	0.751	0.793	0.777	0.762	0.710	0.745	0.733	0.722
Horneytown		0.1	0.100	0.100	0.100	0.100	0.100	0.070	0.070	0.060	0.060
Combined Direct Rate		0.796	0.766	0.766	0.808	0.792	0.792	0.710	0.745	0.723	0.712

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,									
		2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Fire Tax Districts (cont.): (2)											
King	\$	0.055	\$ 0.055	\$ 0.055	\$ 0.055	\$ 0.045	\$ 0.045	\$ 0.040	\$ 0.038	\$ 0.038	\$ 0.030
Combined Direct Rate		0.751	0.721	0.721	0.763	0.737	0.737	0.680	0.713	0.701	0.682
Lewisville		0.06	0.060	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Combined Direct Rate		0.756	0.726	0.716	0.758	0.742	0.742	0.690	0.725	0.713	0.702
Mineral Springs		0.05	0.050	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040
Combined Direct Rate		0.746	0.716	0.706	0.748	0.732	0.732	0.680	0.715	0.703	0.692
Mineral Springs Service		0.05	0.050	0.040	0.040	-	-	-	-	-	-
Combined Direct Rate		0.746	0.716	0.706	0.748	-	-	-	-	-	-
Mount Tabor		0.075	0.075	0.065	0.065	0.065	0.065	0.065	0.065	0.065	0.065
Combined Direct Rate		0.771	0.741	0.731	0.773	0.757	0.757	0.705	0.740	0.728	0.717
Old Richmond		0.06	0.060	0.060	0.060	0.060	0.060	0.060	0.040	0.040	0.040
Combined Direct Rate		0.756	0.726	0.726	0.768	0.752	0.752	0.700	0.715	0.703	0.692
Piney Grove		0.09	0.080	0.080	0.080	0.075	0.070	0.070	0.070	0.070	0.070
Combined Direct Rate		0.786	0.746	0.746	0.788	0.767	0.762	0.710	0.745	0.733	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		0.756	0.726	0.726	0.768	0.752	0.752	0.700	0.735	0.723	0.712
South Fork		0.05	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.060	0.060
Combined Direct Rate		0.746	0.716	0.716	0.758	0.742	0.742	0.690	0.725	0.723	0.712
Suburban (Rural Hall)		0.055	0.055	0.055	0.055	0.035	0.035	0.035	0.035	0.035	0.035
Combined Direct Rate		0.751	0.721	0.721	0.763	0.727	0.727	0.675	0.710	0.698	0.687
Talley's Crossing		0.08	0.080	0.080	0.080	0.065	0.065	0.065	0.065	0.065	0.065
Combined Direct Rate		0.776	0.746	0.746	0.788	0.757	0.757	0.705	0.740	0.728	0.717
Triangle		0.07	0.070	0.050	0.035	0.035	0.035	0.035	0.035	0.035	0.035
Combined Direct Rate		0.766	0.736	0.716	0.743	0.727	0.727	0.675	0.710	0.698	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		0.766	0.736	0.736	0.778	0.762	0.762	0.710	0.745	0.733	0.722
Vienna		0.075	0.075	0.065	0.065	0.065	0.065	0.065	0.065	0.065	0.065
Combined Direct Rate		0.771	0.741	0.731	0.773	0.757	0.757	0.705	0.740	0.728	0.717
Walkertown (Northeast)		0.07	0.070	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060
Combined Direct Rate		0.766	0.736	0.726	0.768	0.752	0.752	0.700	0.735	0.723	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		0.746	0.716	0.716	0.758	0.742	0.742	0.690	0.725	0.713	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 Commisioners 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>2008 Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>	<u>1999 Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
R. J. Reynolds Industries, Inc.	Tobacco, Foods, Petroleum and Transportation	\$ 1,051,976,630	1	3.43%	\$ 1,125,027,340	1	5.65%
Wachovia Bank & Trust	Banking	333,528,540	2	1.09%	330,817,906	2	1.66%
Duke Energy Corporation	Electric Utility	272,178,722	3	0.89%	222,765,079	3	1.12%
Lowe's Home Center	Retail	245,477,800	4	0.80%	-	-	-
JG Winston-Salem	Real Estate Management	178,849,000	5	0.58%	-	-	-
Hanesbrands Inc.	Textiles	177,385,310	6	0.58%	-	-	-
Highwoods/Forsyth Partners	Real Estate Management	141,736,700	7	0.46%	106,397,790	7	0.53%
BellSouth Corporation	Communications Utility	122,318,655	8	0.40%	161,240,067	6	0.81%
Dell Inc.	Computer Manufacturer	114,252,900	9	0.37%	-	-	-
Wake Forest University	Education / Health Care	106,654,147	10	0.35%	64,890,870	10	0.33%
Sara Lee Corporation	Food and Textiles	-	-	-	192,027,080	4	0.96%
Winston-Salem Joint Ventures	Real Estate Management	-	-	-	167,854,420	5	0.84%
Piedmont Natural Gas	Utility	-	-	-	69,724,356	8	0.35%
CPC International, Inc.	Food Processing	-	-	-	67,966,110	9	0.34%
		<u>\$ 2,744,358,404</u>		<u>8.95%</u>	<u>\$ 2,508,711,018</u>		<u>12.59%</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>
1999	\$ 129,855,167	\$ 127,674,508	98.32%	\$ 2,007,977	\$ 129,682,485	99.87%
2000	135,678,826	133,340,440	98.28%	1,747,215	135,087,655	99.56%
2001	142,338,005	139,483,266	97.99%	1,870,379	141,353,645	99.31%
2002	154,336,281	151,228,987	97.99%	2,306,905	153,535,892	99.48%
2003	169,219,186	165,481,873	97.79%	2,472,539	167,954,412	99.25%
2004	172,272,301	169,019,917	98.11%	2,976,179	171,996,096	99.84%
2005	179,925,473	176,332,367	98.00%	2,581,031	178,913,398	99.44%
2006	189,902,610	186,602,383	98.26%	2,628,225	189,230,608	99.65%
2007	197,416,909	193,927,020	98.23%	2,481,240	196,408,260	99.49%
2008	213,402,003	209,512,061	98.18%	-	209,512,061	98.18%

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
1999	\$ 195,430,000	0.98%	\$	652.20
2000	183,455,000	0.90%	\$	605.63
2001	173,820,000	0.82%	\$	565.95
2002	219,515,000	0.91%	\$	706.32
2003	206,615,000	0.84%	\$	657.53
2004	279,050,000	1.12%	\$	880.05
2005	261,620,000	1.03%	\$	817.07
2006	276,360,000	0.97%	\$	848.76
2007	332,090,000	1.12%	\$	1,000.70
2008	313,620,000	1.02%	\$	926.01

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
1999	\$ 195,430,000	\$ 15,815,000	\$ 671,714	\$ 211,916,714	2.42%	\$ 707.22
2000	183,455,000	36,325,000	343,012	220,123,012	2.46%	726.68
2001	173,820,000	64,070,000	-	237,890,000	2.50%	774.56
2002	219,515,000	63,430,000	500,000	283,445,000	2.94%	912.02
2003	206,615,000	84,850,000	400,000	291,865,000	2.96%	928.82
2004	279,050,000	80,935,000	663,810	360,648,810	3.57%	1,137.38
2005	261,620,000	76,855,000	563,810	339,038,810	3.12%	1,058.86
2006	276,360,000	85,525,000	293,390	362,178,390	3.21%	1,112.33
2007	332,090,000	80,620,000	2,135,393	414,845,393	3.43%	1,250.07
2008	313,620,000	75,595,000	1,705,877	390,920,877	3.23%	1,154.25

- Notes:**
1. Details regarding the County's outstanding debt can be found in the notes to the financial statements.
 2. The County issued no new debt in 2008.

^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, 2008

<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	\$ 225,794,999	100.0%	\$ 225,794,999
Town of Kernersville	10,883,147	100.0%	10,883,147
Other debt			
City of Winston-Salem	5,790,000	100.0%	<u>5,790,000</u>
Subtotal, overlapping debt			242,468,146
County direct debt			<u>390,920,877</u>
Total direct and overlapping debt			<u><u>\$ 633,389,023</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 with 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 2008

Assessed Value of Taxable Property	\$ 30,644,538
Debt Limit - Eight percent (8%) of assessed value	2,451,563
Debt applicable to limit:	
General obligation bonds	313,620
Certificates of participation	75,595
Installment purchase obligations	1,706
Total debt applicable to legal debt limit	390,921
Legal debt margin	\$ 2,060,642

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	Fiscal Year									
	<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>	<u>2008</u>
Debt Limit	\$ 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	2,451,563
Total net debt applicable to limit	211,917	220,123	237,890	283,445	291,865	360,649	339,039	362,178	414,845	390,921
Legal debt margin	\$ 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	2,060,642
Total net debt applicable to the limit as a percentage of debt limit	13.3%	13.5%	14.1%	14.7%	14.9%	18.1%	16.7%	15.9%	17.5%	15.9%

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

DEMOGRAPHIC AND ECONOMIC STATISTICS

Schedule 12

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Calendar Years

Calendar Year ^b	Population ¹	Personal Income (000's) ¹	Per Capita Personal Income ¹	Median Age ¹	Dropout Rates for Grades 9-12 ²	Public School Enrollment ³	Private School Enrollment ^{4, a}	Unemployment Rate ⁵
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	307,129	9,518,933	31,014	36.0	6.4%	44,503	5,213	3.2%
2001	310,788	9,626,784	30,977	36.2	5.5%	46,351	5,570	4.7%
2002	314,231	9,847,688	31,333	36.2	5.8%	46,502	5,755	5.7%
2003	317,086	10,088,416	31,829	36.3	5.3%	47,478	5,885	5.6%
2004	320,191	10,877,453	33,981	36.3	5.2%	48,155	5,467	5.0%
2005	325,604	11,287,790	34,709	36.5	5.0%	49,599	5,454	4.7%
2006	331,859	12,084,116	36,402	36.6	5.7%	50,294	5,455	4.3%
2007	338,679	n/a	n/a	36.6	6.4%	51,504	5,441	4.4%

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 2007 is the most recent data available.

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

Schedule 13

<u>Employer</u>	<u>2008 ¹</u>			<u>1999</u>		
	<u>Number of</u>	<u>Rank</u>	<u>Percentage of</u>	<u>Number of</u>	<u>Rank</u>	<u>Percentage of</u>
	<u>Employees</u>		<u>Total County</u>	<u>Employees</u>		<u>Total County</u>
			<u>Employment</u>			<u>Employment</u>
Wake Forest University Baptist Medical Center ^a	13,000	1	7.9%	6,121	2	4.0%
Novant Health and Affiliates	8,145	2	5.0%	6,000	4	3.9%
Winston-Salem/Forsyth County School System	6,692	3	4.1%	4,700	7	3.1%
HanesBrands, Inc. ^b	5,200	4	3.2%	6,600	1	4.3%
Reynolds American ^c	4,100	5	2.5%	6,085	3	4.0%
Wachovia Bank, N.A. ^d	3,970	6	2.4%	5,333	6	3.5%
City of Winston-Salem	2,660	7	1.6%	2,600	9	1.7%
BB&T Corporation	2,259	8	1.4%	N/A	-	-
Forsyth County	2,029	9	1.2%	1,859	-	-
Wake Forest University	1,680	10	1.0%	5,381	5	3.5%
Forsyth Technical Community College	1,298	11	0.8%	N/A	-	-
GMAC Insurance	1,250	12	0.8%	1,200	-	-
Dell, Inc.	1,100	13	0.7%	N/A	-	-
US Airways	1,000	14	0.6%	2,180	10	1.4%
Budd Services, Inc.	N/A		-	2,800	8	1.8%
Total	54,383		31.7%	50,859		32.4%

¹ estimates as of September 2007

^a formerly North Carolina Baptist Hospitals, Inc.

^b formerly Sara Lee Personal Products

^c formerly RJR Nabisco, Inc.

^d formerly Wachovia Corporation

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

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

Schedule 14

FORSYTH COUNTY, NORTH CAROLINA

Last Seven Fiscal Years ^a

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

^a Data for 1999, 2000, 2001 is not available.

Source: Forsyth County Finance Department

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

OPERATING INDICATORS BY FUNCTION

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

Schedule 15

Page 1 of 2

<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>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
Assigned fleet vehicles	473	473	508	538	588	570	574	584	589	597
Register of deeds										
Deeds recorded	13,249	14,254	13,917	13,587	13,884	14,873	16,414	17,594	17,737	16,572
Real estate copies	287,287	349,071	308,187	338,669	378,884	446,530	233,882	40,984	39,427	30,056
Birth certificates	5,234	5,850	5,725	5,330	5,008	5,722	7,959	8,247	8,538	8,216
Marriage certificates	2,414	2,413	2,436	2,306	2,222	2,142	2,027	2,193	2,233	2,113
Vital records copies	56,809	56,370	60,114	59,730	54,921	47,927	52,527	55,787	55,967	60,673
Tax administration										
Audits	258	275	292	323	327	328	334	335	343	351
Current year levy collection percentage	97.99%	98.32%	98.28%	97.99%	97.99%	97.79%	98.11%	98.00%	98.26%	98.93%
Public safety										
Animal control										
Animals sheltered	8,273	7,051	8,045	7,770	7,497	7,773	7,862	7,403	8,471	8,086
Animals adopted	398	284	432	348	430	542	1,024	1,024	1,386	1,326
Emergency management										
Responders receiving specialized training	N/A	84	92	110	175	475	475	620	612	101
Emergency medical services										
Emergency dispatches	15,625	16,923	17,560	19,558	18,971	20,146	22,052	23,096	23,724	23,533
Non-emergency dispatches	8,310	9,410	10,037	9,626	9,608	8,062	8,894	9,378	8,254	12,480
Fire										
Fire alarms (total dispatches)	2,631	2,548	3,723	4,309	4,294	3,975	3,751	3,953	4,140	4,330
Volunteer rescue squad response	15,564	16,426	16,004	17,739	18,688	20,227	20,194	21,331	22,445	23,719
911 calls received	42,858	46,527	57,367	75,036	79,458	78,250	75,205	77,414	N/A	N/A
Telephone calls processed	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	179,324	172,928
Sheriff										
Patrol service calls	30,765	31,205	39,463	42,000	34,000	51,067	56,427	27,390	38,011	27,837
Detention - avg. daily inmate population	711	710	728	760	788	815	850	847	869	897
Detention - avg. length of stay (in days)	N/A	N/A	N/A	N/A	24	24	25	23	26	26
Court - inmates / defendants processed	N/A	N/A	N/A	N/A	12,638	1,790	10,196	11,721	21,646	14,135
Youth services										
Youth receiving drug assessments	80	120	95	88	85	116	82	82	107	74
Youth receiving individual counseling	180	144	163	149	154	52	113	113	101	133
Avg daily population: in-county / out-of-county	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	12.7/0.4

OPERATING INDICATORS BY FUNCTION

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

Schedule 15

Page 2 of 2

Function	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Human services										
Public health										
Wait time on improvement permits	N/A	3.5 weeks	4.5 weeks	3.5 weeks	3.5 weeks	6 weeks	6 weeks	3 weeks	3 weeks	20 days
Children Immunized by 23 months of age	N/A	29%	44%	41%	60%	64%	71%	91%	91%	83%
Social services										
Average number of public assistance cases	3,298	2,520	2,273	2,340	2,300	2,214	1,950	1,950	1,562	1,250
Children in foster care returned to homes	N/A	25%	33%	33%	30%	32%	36%	36%	47%	30%
Environmental protection										
Conservation of natural resources										
Number of clients served	178	226	761	872	480	264	281	247	575	225
Number of acres treated	1,524	1,074	1,351	804	765	355	640	800	203	3,000
Environmental affairs										
Permits processed within prescribed timeframe	N/A	N/A	100%	95%	100%	100%	100%	100%	99%	99%
Correct air quality forecasting	N/A	N/A	72%	75%	78%	78%	78%	75%	80%	80%
Economic development										
Housing										
Homes rehabilitated	12	25	21	22	18	18	22	20	19	12
First time home buyers & IDA	2	5	10	10	17	31	64	126	96	76
Culture and recreation										
NC cooperative extension service										
Telephone requests for information	N/A	N/A	N/A	36,406	39,133	38,122	35,493	27,200	22,328	23,912
Educational meetings conducted	4,148	5,346	55,320	2,529	1,872	1,872	2,057	1,743	1,460	2,645
Educational meetings attendees	38,740	39,494	42,504	48,261	34,543	34,543	34,405	36,181	34,844	27,369
Library										
Number of libraries	11	11	11	11	10	10	10	10	10	10
Program Attendance	93,034	117,718	73,627	139,476	146,911	152,973	142,827	143,553	78,815	89,743
Materials Circulated	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	1,806,564
Recreation and parks										
Number of parks	11	11	10	10	11	11	11	11	11	11
Park visitors	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	2,317,301
Golf rounds played	N/A	N/A	N/A	N/A	70,584	53,380	72,461	66,000	66,190	67,400
Festival of lights - visitors	N/A	N/A	N/A	N/A	288,414	237,000	257,784	281,082	244,750	274,530
Education										
Winston-Salem/Forsyth County Schools										
Number of schools	59	65	66	67	67	67	68	70	70	72
Number of classrooms	2,072	2,113	2,161	2,183	2,202	2,231	2,301	2,364	2,364	2,416
Number of teachers	2,597	2,654	2,703	2,756	2,812	46,502	2,914	2,968	2,968	3,020
Forsyth Technical Community College										
Enrollment	5,000	5,000	5,260	6,283	6,246	7,215	6,977	7,001	7,200	7,203

Source: Forsyth County Budget Office. Fiscal Year 2007 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>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>	<u>(1) 2008</u>
General government										
General services										
Number of facilities	65	65	65	65	65	66	67	68	68	70
Square footage - active	2,600,000	2,480,000	2,510,000	2,510,000	2,510,000	2,877,698	2,898,258	2,917,181	2,881,478	2,917,478
Fleet vehicles (2)	473	508	538	588	570	574	584	589	595	613
Public safety (2)										
Emergency medical services										
Assigned vehicles	16	21	23	31	30	33	31	30	29	29
Fire										
Assigned vehicles	8	9	10	9	10	10	14	12	13	13
Sheriff										
Assigned vehicles	169	206	238	255	256	247	249	235	233	255

Note: (1) Square footage is estimated based on general services building records.

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



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**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, 2008, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 31, 2008. 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 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 Forsyth County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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

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

Our consideration of 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, 2008



DIXON HUGHES PLLC

Certified Public Accountants and Advisors

**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, 2008. 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, 2008. 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 2008-1 and 2008-2.

1829 Eastchester Drive, PO Box 2646

High Point, NC 27261-2646

Ph. 336.889.5156 Fx. 336.889.6168

www.dixon-hughes.com

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 2008-1 and 2008-2 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, 2008



DIXON HUGHES PLLC

Certified Public Accountants and Advisors

**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, 2008. 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, 2008.

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, 2008

**FORSYTH COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2008**

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>
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement Administration
	Subsidized Child Care Cluster
93.575	Child Care and Development Fund – Discretionary
93.596	Child Care and Development Fund – Mandatory
93.667	Social Services Block Grant
93.558	Temporary Assistance for Needy Families
93.778	Medical Assistance Program Title XIX - Medicaid
10.557	Special Supplemental Nutrition Program for Women, Infants and Children

FORSYTH COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2008

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

State Aid to Libraries

Section II - Financial Statement Findings

There were no financial statement findings for the fiscal year ended June 30, 2008.

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 2008-1

Program Name: Special Supplemental Nutrition Program for Women, Infants and Children

Significant Deficiency

Criteria: Applicants must provide proof of identity, proof that they reside in North Carolina, proof of income or participation in the adjunctive eligibility programs and have a demonstrated nutrition risk (7 CFR sections 246.7(c), (d), (e), and (g)).

Condition: Of 55 client records tested, one client record did not have a signed income signature card in the record and one client record could not be located.

Effect: The County has not complied with administrative requirements to maintain documentation.

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

Cause: County personnel were unable to locate required documentation.

Recommendation: Management should establish procedures to ensure that all client records contain required documentation.

Management Response: Management recognizes the reported finding referred to above and has outlined its response and corrective action on page 129.

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

Finding 2008-2

Program Name: Temporary Assistance for Needy Families

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: Temporary Assistance for Needy Families 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 129.

Section IV - State Award Findings and Questioned Costs

There were no findings related to state awards for the fiscal year ended June 30, 2008.

**FORSYTH COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
Fiscal Year Ended June 30, 2008**

Findings: 2006-1, 2006-2, 2001-1, 2007-2

Status: Additional emphasis has been placed on document retention and management and on compliance with enforcement requirements. It appears that compliance has improved.

Finding: 2006-3, 2007-3

Status: Supervisors and staff have continued to complete 2nd party reviews of WFFA applications. Proper documentation of required screenings appears to have improved.

Finding: 2007-4

Status: Record management of EPICS files has not improved.

FORSYTH COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
Fiscal Year Ended June 30, 2008

Finding 2008-1

Name of contact person: Mayte Grundseth

Corrective action: In order to avoid this situation the office assistant fills the income card completely and turns it in immediately to the nutritionist to be placed in the medical record before the chart goes to the medical records room. The income card is secured in a pocket on the left side of the record. This procedure has helped us to eliminate having loose income cards falling from the charts. Also, on staff meeting days the WIC Director always reviews and reminds all staff to keep up with the income cards.

In addition, all employees are reminded of being careful about placing completed clients' charts immediately in the medical records room. Nutritionists are no longer allowed to keep records in their offices longer than Fridays of each week.

Proposed completion date: Immediately

Finding 2008-2

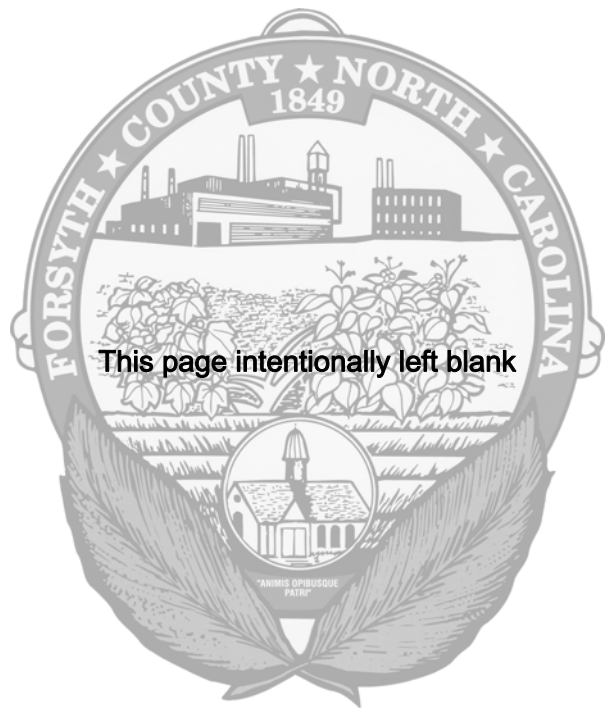
Name of contact person: Kim Collie

Corrective action: (1) Complete an inventory of all case on our active case listing against all the case records we have.

(2) Identify cases where the record cannot be located.

(3) Close out all cases in EPICS with missing files to ensure that the client will not be subject to tax intercept as a means to repay the claim. This will ensure that we do not collect monies from a client when we do not have the paperwork to substantiate our claim.

Proposed completion date: October 20, 2008



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SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FORSYTH COUNTY

For the Fiscal Year Ended June 30, 2008

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	-	\$ 267,456	-
TANF Services/Domestic Violence	93.558	-	1,742,937	-
TANF Child Protective Services/Foster Care/Adoption	93.558	-	229,442	202,719
TANF Demonstration	93.558	-	306,318	-
TANF Incentives	-	-	-	4,457
Direct Benefit Payments	93.558	-	3,196,536	(56)
(a) Child Support Enforcement Administration	93.563	-	2,346,800	-
Child Support Incentive	93.563	-	399,886	-
Child Support Reimbursement	93.563	-	21,829	-
TANF IV-D Collections	93.563	-	173,267	-
Refugee Assistance Direct Benefits Payment	93.566	-	2,941	-
Low Income Home Energy Assistance:				
Low Income Home Energy Assistance Administration	93.568	-	61,151	-
Low Income Home Energy Assistance Crisis Intervention	93.568	-	742,425	-
Direct Benefit Payments	93.568	-	520,406	-
Child Welfare Services - State Grants:				
Child Welfare Services Permanency Planning	93.645	-	(14,850)	(4,950)
Child Welfare Services Adoption Assistance	-	-	-	223,176
Direct Benefit Payments	-	-	-	572,701
<u>Foster Care and Adoption Cluster: (Note 1)</u>				
Title IV-E Foster Care Administration	93.658	-	899,233	-
Title IV-E Foster Care	93.658	-	214,310	64,734
Title IV-E Foster Care Child Protective Services	93.658	-	151,971	67,561
Title IV-E Maximization	93.658	-	44,318	-
Maximization of State Funds	-	-	-	38,713
Foster Care Caseworker Visit	93.556	-	35,267	-
Adoption Assistance	93.659	-	8,303	4,151
Adoption Assistance - Direct Benefit Payments	93.659	-	1,202,642	337,419
Total Foster Care and Adoption Cluster (Note 1)			2,556,044	512,578
Social Services Block Grant:				
Social Services Block Grant Administration	93.667	-	1,087,268	118,163
Social Services Block Grant In Home Services	93.667	-	219,065	-
Social Services Block Grant Adult Day Care	93.667	-	74,941	67,802
Chafee Foster Care - Independent Living	93.674	-	55,271	8,048
Independent Living - Direct Benefit Payments	93.674	-	22,380	699
(a) <u>Subsidized Child Care</u>				
<u>Child Care and Development Fund Cluster: (Note 1)</u>				
Division of Social Services:				
Child Care and Development Fund Administration	93.596	-	561,278	-
Division of Child Development:				
Child Care and Development Fund - Discretionary	93.575	-	5,323,094	-
Child Care and Development Fund - Mandatory	93.596	-	2,099,572	-
Child Care and Development Fund - Match	93.596	-	953,560	-
Total Child Care Fund Cluster			8,937,504	-
Social Services Block Grant	93.667	-	89,235	-
Temporary Assistance for Needy Families	93.558	-	2,001,163	-
Smart Start	-	-	-	532,784
State Appropriations	-	-	-	1,097,186
TANF-Maintenance of Effort	-	-	-	2,072,726
Total Subsidized Child Care (Note 1)			11,027,902	3,702,696

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, 2008

Page 2 of 5

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal/State Pass-Through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures
<u>U.S. Dept. of Health and Human Services (continued)</u>				
<u>Centers for Medicare and Medicaid Services</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Social Services:				
(a) State Children's Insurance Program	93.767	-	35,711	8,905
Medical Assistance Program:				
Medical Assistance Administration	93.778	-	2,869,538	-
Medical Assistance Expansion/De-Linking	93.778	-	30,940	30,940
Adult Home Specialist	93.778	-	77,085	49,164
Adult Care Home Case Management	93.778	-	68,282	34,141
Medical Assistance Transportation Administration	93.778	-	182,568	63,043
(a) Division of Medical Assistance:				
Medical Assistance Program:				
Medical Assistance Transportation Vendor Payments	93.778	-	402,469	198,231
Direct Benefit Payments	93.778	-	194,984,445	98,159,382
<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	-	96,860	-
<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	-	52,341	-
Immunization Grants	93.268	-	68,253	-
Consolidation Knowledge Development Grant	93.283	-	49,924	-
Cooperative Agreements for State-Based Comprehensive				
Comp Breast Cancer Screen	93.283	-	43,836	-
BCCP Wise Woman's Project	93.919	-	14,378	-
HIV Prevention Activities - Health Department Based	93.940	-	28,154	-
Jail Screening Program	93.940	-	12,084	-
Preventive Health and Health Services Block Grant	93.991	-	8,921	-
Sexually Transmitted Diseases Control Grant	93.977	-	84,269	-
Preparedness and Response Team	93.283	-	84,132	-
Eat Smart Move More	93.283	-	4,702	-
<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	-	272,066	-
School Nurse Funding	93.994	-	31,980	-
Minority Infant Mortality Rate	93.994	-	31,485	-
Maternal and Child Health Services Block Grant to the States	93.994	-	298,379	-
Women's Preventive Health	93.558	-	42,422	-
Family Planning Title X	93.217	-	153,724	-
Total U.S. Dept. of Health and Human Services			<u>225,068,363</u>	<u>103,951,839</u>
<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	<u>127,046</u>	<u>-</u>

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

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FORSYTH COUNTY

For the Fiscal Year Ended June 30, 2008

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal/State Pass-Through Grantor's Number	Fed. (Direct & Pass-Through) Expenditures	State Expenditures
<u>National Foundation on the Arts and the Humanities</u>				
<u>Office of Library Services</u>				
Passed-through N.C. Department of Cultural Resources:				
Division of State Library:				
State Library Program	45.310	-	\$ 54,561	-
<u>U. S. Dept. of Housing and Urban Development</u>				
<u>Community Planning and Development</u>				
HUD FY2006 EDI Special Project Grant	14.251	B-06-NC-0595	29,500	-
Passed through N. C. Department of Commerce:				
Division of Community Assistance:				
Community Development Block Grants - SS	14.228	06-C-1526	229,778	-
Community Development Block Grants - IDA	14.228	04-C-1291	4,398	-
Passed through N. C. Department of Labor:				
2002 Assets of Independence	14.239	-	5,000	-
Passed-through N.C. Housing Finance Agency:				
2005 HOME Single Family Rehabilitation	14.239	-	381,177	-
NCHFA Duke Power HELP	-	-	-	101,311
NCHFA New Homes	14.239	-	33,000	-
NCHFA URP	14.239	-	10,000	-
Passed through City of Winston-Salem:				
HOME Investment Partnerships Program:				
2006 Winston-Salem/Forsyth County HOME Consortium	14.239	M06-DC-37-0204	183,417	-
2007 Winston-Salem/Forsyth County HOME Consortium	14.239	M07-DC-37-0204	52,020	-
Total U. S. Dept. of Housing and Urban Development			928,290	101,311
<u>U.S. Dept. of Agriculture</u>				
<u>Food and Nutrition Service</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Social Services:				
<u>Food Stamp Cluster:</u>				
State Administrative Matching Grants:				
Food Stamp Administration	10.561	-	1,198,872	-
Food Stamp Incentives	10.561	-	4,571	-
Food Stamp Employment and Training	10.561	-	59,049	-
Food Stamp Program - Noncash	10.551	-	36,964,359	-
Total Food Stamp Cluster			38,226,851	-
BeHealthy School Kids Nutrition Education Plan	10.561	-	74,961	-
Preschool Nutrition Education	10.561	-	43,436	-
Division of Public Health:				
(a) Special Supplemental Nutrition Program for Women, Infants, & Children:				
Administration	10.557	-	1,357,812	-
Direct Benefits	10.557	-	8,040,196	-
Total U. S. Dept. of Agriculture			47,743,256	-
<u>Environmental Protection Agency</u>				
Direct Programs:				
Surveys, Studies, Investigations and Special Purpose Grants	66.034	-	179,712	-
<u>Office of Air and Radiation</u>				
Air Pollution Control Program Support	66.001	-	262,862	-
Passed-through Washington State University:				
MESA Air Pollution Project	66.509	-	612	-
Total Environmental Protection Agency			443,186	-

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, 2008

Page 4 of 5

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal/State Pass-Through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures
<u>Elections Assistance Commission</u>				
Passed-through N.C. Dept. of Administration:				
State Board of Elections HAVA One Stop Voting	90.401	-	\$ 160,092	-
<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	4,815	-
<u>Office of Justice Programs</u>				
Bureau of Justice Assistance				
2005 Justice Assistance Grant Program	16.738	2005-DJ-BX-0486	47,936	-
2007 Justice Assistance Grant Program	16.738	2007-DJ-BX-0290	119,234	-
<u>Office of Violence Against Women</u>				
Forsyth Unified Domestic Violence Center	16.588	2005-WE-AX-0036	139,660	-
Passed-through N.C. Dept. of Crime Control and Public Safety:				
Governor's Crime Commission:				
Safe on Seven Domestic Violence Grant	16.588	034-1-07-3VA-AW-833	99,626	-
Advocate for Children in Domestic Violence	16.540	034-1-07-019-AJ-910	52,336	-
Total U.S. Dept. of Justice			463,607	-
Total federal awards			274,988,401	104,053,150
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		-	-	51,068
Adoption/Foster Care		-	-	188,139
Special Child Adoption Fund		-	-	141,000
Share the Warmth		-	-	8,700
CPS Expansion		-	-	257,565
State/County Special Assistance for Adults - Direct Benefit Payments		-	-	2,732,915
Division of Child Development:				
Passed-through Forsyth Early Childhood Partnership:				
Early Childhood Initiatives - Smart Start		-	-	163,142
General Health Administration		-	-	230,858
Child Health		-	-	51,109
AIDS		-	-	19,779
HIV Prevention Activities - Health Department Based		-	-	81,354
Tuberculosis		-	-	39,992
Communicable Disease		-	-	17,760
CSHS Speech and Hearing		-	-	42,229
Minority Infant Mortality Reduction		-	-	23,616
Targeted Infant Mortality Reduction		-	-	48,888
Health Promotion		-	-	6,692
Maternal and Child Health Services Block Grant		-	-	144,874
Women's Preventive Health		-	-	14,925
Child Svc Coordination		-	-	19,257
High Risk Maternity Unit		-	-	93,787
School Nurse Funding		-	-	23,988
Mosquito control		-	-	5,171
AHEC NC Preceptor Payments		-	-	1,500
Healthy Carolinas		-	-	12,048

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, 2008

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:				
Division of Aging:				
Passed-through Northwest Piedmont Council of Governments:				
Home and Community Care		-	-	198,715
Total N.C. Dept. of Health and Human Services			-	4,796,361
<u>N.C. Dept. of Cultural Resources</u>				
(a) Division of State Library:				
State Aid to Libraries		-	-	327,884
<u>N.C. Dept. of Environment and Natural Resources</u>				
Triad Air Awareness Ozone Reduction		-	-	7,018
Air Quality Mobile Source Program		-	-	241,441
Food and Lodging Permit Distribution		-	-	17,117
Environmental Health		-	-	6,000
Childhood Lead Poisoning Prevention		-	-	37,526
NC A&T University Position Reimbursement				36,592
SWC - Agricultural Cost Share Program		-	-	24,830
SWC - Administration and Technical Assistance		-	-	4,500
Total N.C. Dept. of Environment and Natural Resources			-	375,024
<u>N. C. Dept. of Juvenile Justice and Delinquency Prevention</u>				
Juvenile Crime Prevention		-	-	750,488
<u>N.C. Dept. of Correction</u>				
Criminal Justice Partnership Program		-	-	223,739
<u>Office of the Governor</u>				
Public School Building Capital Fund		0-002-933	-	3,638,864
<u>N.C. Dept. of Transportation</u>				
Rural Operating Assistance Program:				
Work First Transitional/Employment Transportation Assistance		9.9051570	-	48,868
Elderly and Disabled Transportation Assistance		9.9050716	-	221,893
Total N.C. Dept. of Transportation			-	270,761
Total state awards			-	10,383,121
Total awards			\$ 274,988,401	114,436,271

(a) Major federal and / or state award program.

Notes to the Schedule of Expenditures of Federal and State Financial Awards

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

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, 2008

(1) Basis of Presentation

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

(2) Subrecipients

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

<u>Program Title/Subrecipient</u>	<u>Federal CFDA Number</u>	<u>Federal/State Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
U.S. Department of Justice				
N.C. Department of Crime Control and Public Safety				
Governor's Crime Commission - Juvenile Crime Prevention Council:				
Safe on Seven Domestic Violence Grant	16.588	034-1-07-3VA-AW-833	\$ 99,626	\$ -
Advocates for Children in Domestic Violence	16.540	034-1-07-019-AJ-910	52,336	-
N.C. Department of Juvenile Justice and Delinquency				
Prevention - Juvenile Crime Prevention:				
Adolescent Anger Management	-	-	-	13,663
Forsyth County JCPC	-	-	-	15,500
Host Homes Counseling	-	-	-	103,750
Teen Court	-	-	-	36,390
Monetary Restitution	-	-	-	113,455
Opportunity House -Shelter	-	-	-	118,696
YWCA Practice to Save Life	-	-	-	78,000
Juvenile Psychological Services	-	-	-	68,500
Parent Services	-	-	-	14,324
Gray Cottage	-	-	-	128,210
YWCA Make A Difference Day	-	-	-	60,000
Public School Building Capital Fund:				
Winston-Salem/Forsyth County Schools	-	0-002-933	-	3,638,864
Rural Operating Assistance Program:				
City of Winston-Salem - Elderly and Disabled Transportation Assistance	-	9.9050716	-	221,893

ACKNOWLEDGEMENTS

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

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

Terri L. Goodman, Treasurer
Teresa G. Everhart, Risk Manager
Michael J. Phelps, Accounting and Systems Manager
Gloria M. Turowski, Fiscal Analyst

Cover Art: Reynolda Gardens
by **Judith Todd**
Layout & Design: **Joan Hicks**



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