

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2007



Brenda Jones Fox, CPA
Finance Director

W. David McNeill, Jr.
County Manager

*Prepared by
Guilford County Finance Department*

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INTRODUCTORY



SECTION

Letter of Transmittal



Guilford County

December 7, 2007

The Board of County Commissioners
and Mr. W. David McNeill, Jr., County Manager
Guilford County, North Carolina

The Comprehensive Annual Financial Report (CAFR) of Guilford County, North Carolina, for the fiscal year ended June 30, 2007, is hereby submitted. This report was prepared by the County's Finance Department and consists of management's representations concerning the finances of Guilford County. Responsibility for the reliability, completeness, and fairness of the presentation of all of the information presented in this report rests with the County. In order to provide a reasonable basis for making these representations, management of Guilford 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 Guilford County's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal controls should not outweigh their benefits, Guilford 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. I believe this financial report is complete and reliable in all material respects.

This report is divided into three sections:

The **Introduction** includes this letter of transmittal, Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting, a list of the County's principal officials, and an organization chart of Guilford County government.

The **Financial Section** contains the independent auditor's report, Management's Discussion and Analysis, and the basic financial statements including the accompanying notes to the financial statements. In addition, there is required supplementary information presenting certain disclosures, combining and individual fund financial statements and schedules, and additional financial data.

The **Statistical Section** provides selected financial trends; revenue and debt capacity; and demographic, economic and operating information for the past ten years. This section reflects changes related to the implementation of Governmental Accounting Standards Board Statement No. 44, *Economic Condition Reporting: The Statistical Section* first effective in the fiscal year ended 2006.

North Carolina General Statutes Chapter 15, the Local Government Budget and Fiscal Control Act, requires that units of local governments have an audit of their accounts including a complete set of financial statements presented in conformity with GAAP as soon as possible after the close of each fiscal year by a certified public accountant. The audited financial report is submitted to the Local Government Commission (LGC), which is established by statute to oversee local government financial affairs. The Commission is authorized to issue rules and regulations regarding such audits. The LGC approves all audit contracts for audits of units of local government. LGC policy requires audited financial reports to be submitted within four months of the end of the fiscal year. If the audited financial report is submitted later than five months after the end of the fiscal year the audit contract must be amended and that amendment approved by the LGC before final payment is made to the auditor.

Letter of Transmittal

Cherry, Bekaert, & Holland, L.L.P., a firm of licensed certified public accountants, has audited Guilford County's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of Guilford County for the fiscal year ended June 30, 2007, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Guilford County's financial statements for the fiscal year ended June 30, 2007, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report. The independent audit of the financial statements of Guilford County was part of a broader, Federal and State of North Carolina mandated "Single Audit" designed to meet the special needs of Federal and State 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 and State awards. These reports are available in Guilford County's separately issued Single Audit Report.

As required by GAAP this CAFR includes all of the funds of the County and its component units, legally separate entities for which the County is financially accountable. Greensboro/Guilford County Tourism Development Authority is a discretely presented component unit, which is reported separately within Guilford County's financial statements to emphasize it is legally separate from the primary government. Additional information on the Authority can be found in Note I. A. in the notes to the financial statements.

GAAP requires 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. Guilford County MD&A can be found immediately following the report of the independent auditors.

County Government Profile

In January of 1771, the North Carolina General Assembly passed an act creating Guilford County. The new county was named after Francis North, first Earl of Guilford, whose son Frederick was Prime Minister of Great Britain at the time of the county's creation. In 1779, the southern portion of Guilford was taken to form Randolph County, and six years later the northern part was cut off to create Rockingham County, leaving Guilford with its present dimensions. Guilford County, with a population of 456,757, is the most populous county of the Piedmont Triad region. The Piedmont Triad is a twelve county area with a population in excess of 1.5 million located in the north central portion of North Carolina between the Blue Ridge Mountains and the coastal plains. A moderate year-round climate enhances the life-style of the area. The County's 651 square miles contain ten municipalities including two of the state's eight largest cities.

The Board of County Commissioners is the chief administrative and policymaking body of Guilford County government, and consists of eleven members, nine of whom are elected from districts and two of whom are elected at-large. Board members serve four-year staggered terms. The Board chooses a Chairman and Vice Chairman from among its membership during its first meeting in December.

Major duties of the Board of County Commissioners include:

- 1) Adoption of an annual budget.
- 2) Establishment of an annual property tax rate for the County.
- 3) Appointment of various officials and the following County employees - County Manager, County Attorney, Finance Director, Tax Director and Clerk to the Board.
- 4) Regulation of land use and zoning outside the jurisdiction of incorporated municipalities.
- 5) Enactment of local ordinances.
- 6) Enactment of policies concerning the operation of the County.
- 7) Planning for County needs.

The Board of County Commissioners does not have complete authority over all the services provided by the County. Many County activities are administered by boards with varying degrees of autonomy and by elected officials who receive their instructions from laws passed by the General Assembly. Some examples are the boards of education, social services, health, mental health, elections, register of deeds, and sheriff. State law requires the Commissioners to appropriate funds in the areas of health, mental health, social services, and public schools. They must also provide for the operation of the offices of the Register of Deeds, Elections and the Sheriff, and are required to allocate funds for the building and maintenance of courtrooms and facilities to house county departments. In addition Guilford County provides services in the areas of emergency services, juvenile detention, planning and zoning, building inspections, animal control, and parks and recreation.

Guilford County was a pioneer among North Carolina counties when it adopted the county manager form of government in 1928. The County Manager is responsible to the Board for carrying out its policies and ordinances, administration of county affairs, and supervising and coordinating the activities of county departments.

Guilford County continues to have an excellent financial reputation receiving a AAA bond rating from Standard & Poors Corporation, a Aa1 from Moodys, and a AA+ from Fitch IBCA on all of its nonrefunded outstanding debt.

County Budget

The North Carolina Local Government Budget and Fiscal Control Act governs all local governments and their agencies in North Carolina. All moneys received or spent by local governments must be budgeted, disbursed and accounted for in accordance with this act. The annual budget serves as the foundation for Guilford County's financial planning and control. All departments and agencies of Guilford County are required to submit requests for appropriation to the Office of Budget and Management. The offices of Budget and Management and County Manager use these requests as the starting point for developing a proposed budget. The County Manager presents the proposed budget to the Board of County Commissioners by June 1. The Board of County Commissioners is required to hold a public hearing on the proposed budget and to adopt the budget ordinance making appropriations and setting the tax rate no later than July 1, the first day of Guilford County's fiscal year.

Appropriations in the various funds are formally budgeted on a departmental basis except for the Rural Fire District Fund appropriations, which are by rural fire tax district; and the Room Occupancy/Tourism Tax Fund and Emergency Telephone Fund appropriations, which are on a fund basis. The County Manager is authorized by the budget ordinance to make intrafund transfers of appropriations up to \$30,000 for each transaction, except that funds transferred cannot be used to create unauthorized positions or raise salaries. Each such transfer must be reported to the Board of Commissioners at its next regular meeting. Any revisions that alter total appropriations of any fund must be approved by the Board. All annual appropriations lapse at year-end and open encumbrances must be reappropriated in the following fiscal year's budget. Concurrent with the adoption of the annual budget ordinance the County approves a balanced financial plan for the Internal Service Fund. Any change in the financial plan during the year must be approved by the Board of County Commissioners. Guilford County appropriates funds for most capital projects and some grants through project and grant ordinances. This process is authorized under North Carolina law as an alternative to budgeting capital projects and grants in the annual budget ordinance. Under this process a project or grant ordinance is in effect as a legal appropriation until the project or grant is completed.

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 11 as part of the basic financial statements for the governmental funds. For other governmental funds with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 50. Also included in the governmental fund subsection are project-length budget-to-actual comparisons for each governmental fund for which a

Letter of Transmittal

project-length budget has been adopted and a more detailed comparison of general fund expenditures by department, the legally adopted control level.

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 Guilford County operates.

Local economy. Guilford County enjoys a favorable economic environment, which has enjoyed consistent stable growth. State sales tax collections are the only comparable figures available to measure retail sales growth. Due to the national streamlined sales tax initiative, taxable sales are reported beginning in fiscal year 2006 rather than gross retail sales. While the taxable collections growth is not identical to either taxable sales growth or gross retail sales growth, it is a reasonable proxy. State sales tax collections for Guilford County grew by 5.6% in fiscal year 2007 after growing by 1.9% and 8.3% respectively, in the two previous fiscal years. Taxable sales are \$5.99 billion for fiscal year 2006-07 as compared to \$5.67 billion in fiscal year 2005-06. Guilford County has a labor force of approximately 247,000. During the recent economic downturn, the Piedmont Triad region was affected more strongly than in the past due to the strong negative impact on traditional manufacturing industries. Guilford County's unemployment rate has historically been below both state and national averages, however, during 2001 this changed as the unemployment rate began to exceed the national average. During 2004 the County's unemployment rate improved and once again was below the national average. The unemployment rate for Guilford County was 5.1% for 2005 and 4.7% for 2006: the U.S. unemployment rate was 5.1% for 2005 and 4.6% for 2006. Guilford County's unemployment rate of 4.8% for the first six months of 2007 is slightly above the U.S. rate of 4.5% and North Carolina rate of 4.7%.

Guilford County's economy has continued to change and diversify, improving its overall strength. In 2005, manufacturing accounted for 39,208 of the County's 271,859 jobs or just 14.4% as compared to 61,327 or 28.6% of the County's 214,346 jobs in 1980. Manufacturing jobs have declined significantly in furniture and textiles but have shown growth in computer and electronic products, electrical equipment and transportation equipment. Major employers with headquarters or divisions within Guilford County include semiconductor, communications, chemical, bus, truck, pharmaceutical, insurance, aircraft maintenance, healthcare, real estate development, and distribution services. The County is home to two state universities, five private colleges and a community college with a total enrollment exceeding 37,000 students.

Construction on the fifth national Federal Express hub at the Piedmont Triad International Airport (PTIA) continues with an initial investment estimated at \$300 million in facilities and equipment. The one million square foot hub is scheduled to begin operations in 2009 creating approximately 1,500 jobs and drawing other economic development.

Honda Aircraft Company announced in February 2007 that it will locate its world headquarters and production facility at PTIA investing \$60 million in facilities and eventually employing over 300 workers.

The revitalization of downtown Greensboro continues with further development of housing, retail, restaurants and entertainment venues. The redevelopment of a vacant 17-story office tower to include over 100 condominium units, one floor of office space, retail shops and a restaurant is underway with completion scheduled for the first quarter of 2008. Elon University School of Law opened for its initial class in August 2006 in the former downtown library building which was renovated at a cost of \$8 million. The new Center City Park, a 2.2 acre \$12 million urban park, was completed in December 2006.

High Point is also experiencing healthy development with thirteen companies deciding to expand in High Point during the past year adding 837 jobs. Six companies decided to relocate to High Point with plans to invest more than \$76.2 million. High Point University is undergoing a \$100 million upgrade of its campus and programs over a five-year period.

High Performance Coating, Inc. selected eastern Guilford County for the home of its new east coast location, employing over 200. HPC is a revolutionary company that has introduced heat resistant space age coatings to the motors sports, industrial, food processing, aerospace, and OEM automotive and trucking industries.

Long-term financial planning. In November 2003 the voters authorized \$300 million in general obligation debt for school facilities and in November 2004, the voters authorized \$47 million in general obligation debt for community college facilities and \$20 million for parks and recreation facilities. The County made its second issuance against these authorizations in March of 2007 selling \$150 million for schools to finish out that authorization, \$20 million for community college facilities and \$2.5 million for parks and recreation facilities. In addition, \$12.4 million two-thirds bonds were issued for jail and other public building facilities purposes. The County is in the planning stages to build a new jail to address overcrowding. The County has selected an architect who has begun work and provided preliminary planning and cost estimates for a 500-600 bed jail which is estimated to exceed \$100 million. Financing options are under consideration which include general obligation bonds, installment financing or a short term sales tax increase. The County plans to put a referendum on the ballot in May of 2008 for additional bond authorization. The current estimate is to issue an additional \$440 million for school, \$45 million for community college and \$20 million for park facilities.

On the technology front, the planning and inspection system was implemented in March of 2006 and the Register of Deeds system was operational in July 2006. The County entered into contracts with Lawson Software Inc. and Sunguard Treasury in February 2006 for implementation of new ERP financial and human resources software with an overall budget of \$4.8 million including related hardware and other costs. The system will be implemented in phases from the latter part of 2006 through early 2008.

The unreserved, undesignated fund balance of the general fund at fiscal year end stood at 9% of the subsequent year's budget which exceeds the minimum of 8% set as a policy guideline by the Board of County Commissioners.

Cash management policies and practices

Cash temporarily idle during the year was invested in fully insured or collateralized certificates of deposit, obligations of the U.S. Treasury and various Federal and N.C. State Agencies, prime quality commercial paper and bankers' acceptances, and demand deposits in a State authorized money-market mutual fund whose portfolio consists of the types of instruments noted above. Investment income includes changes in the fair value of investments year-over-year. Changes in fair value during the current year, however, do not necessarily represent trends; nor are such amounts usually realized, especially in the case of temporary changes in the fair value of investments that Guilford County intends to hold to maturity. Interest earnings on investments only for the fiscal year ended June 30, 2007 were \$16.9 million on an average invested balance of \$322.7 million.

Risk management

The County protects itself from the potential financial losses from the various risks it is exposed to using a combination of risk financing methods, which are accounted for in an Internal Service Fund. The County's insurance program consists of liability, property, workers compensation, and employee healthcare coverage. The program consists of a combination of County funding, insurance and participation in Local Government Excess Liability Fund Inc. and the Local Government Property Insurance Deductible Fund, Inc. Additional information on Guilford County's risk management activity can be found in Note IV. D. of the notes to the financial statements.

Letter of Transmittal

Pension and other post employment benefits

Guilford County provides pension benefits for its employees through the statewide North Carolina Local Governmental Employees' Retirement System (LGERS). LGERS is a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. Guilford County has no obligation in connection with employee benefits offered through this plan beyond making the required contributions as set by the North Carolina General Assembly. The contribution rate is currently 4.87% of salary for general employees and 4.86% for Law Enforcement employees.

Guilford County administers a public employee retirement plan, the Law Enforcement Officers' Special Separation Allowance, a single-employer defined benefit pension plan that provides benefits to the County's qualified sworn law enforcement officers. The County is required to provide these benefits by the North Carolina General Statutes (Statutes).

The County contributes to the Supplemental Retirement Income Plan of North Carolina, a defined contribution pension plan administered by the North Carolina Department of State Treasurer and a Board of Trustees. All employees, who are currently members of a state-administered retirement plan, are eligible to participate from their date of employment. The authority to establish and amend benefits rests with the North Carolina General Assembly. The Statutes require that the County contribute monthly 5% of each law enforcement officer's qualified salary. The County has also elected to contribute this amount for all other eligible employees. Employees may also make additional contributions to the plan in accordance with Internal Revenue Service Code Section 401k.

Guilford County also contributes to the Registers of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution pension plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental benefits to any county Register of Deeds who is retired under the Local Governmental Employees' Retirement System or an equivalent locally sponsored plan. The authority to establish and amend benefits rests with the North Carolina General Assembly. The County is required to remit 1.5% of certain statutory fees collected by the Register of Deeds monthly to the Fund beginning July 1, 2007—a decrease from the earlier rate of 4.5%.

Guilford County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. All assets and income of the plan are in a trust for the exclusive benefit of the participants and their beneficiaries.

Guilford County also provides post-retirement healthcare benefits through its healthcare plan to retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System and their dependents. The benefit premium charged is the same as for current employees. The County's contribution toward the employer's portion of the premium is determined by the number of years of creditable service. Retirees with less than 25 years creditable service must pay the entire employer's share of the premium in addition to the employee's share. The County pays 75% of the employer's premium for retirees with more than 25 years of service but less than 30 years and 100% of the employer's premium for retirees with 30 or more years of service and former Commissioners. All but 5 years of creditable service must be with Guilford County. As of the end of the current fiscal year, there were 520 retired employees and 201 dependents eligible to receive these benefits, which are financed on a pay-as-you-go basis. Currently, GAAP does not require government to report the full cost and obligation in its financial statements related to the provision of these post employment benefits. Governmental Accounting Standards Board (GASB) Statement 45 issued in August 2004 requires that state and local governmental employers account for and report the annual cost of other post employment benefits (OPEB) and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. This reporting requirement will take effect for the fiscal year ending June 30, 2008 for Guilford County, which is a tier one government.

Additional information on Guilford County's pension arrangements and post employment benefits can be found in Notes IV A.-C. in the notes to the financial statements.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Guilford County for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2006. This was the twenty-sixth consecutive year that Guilford County has received this prestigious award. In order to be awarded a Certificate of Achievement a governmental unit must publish an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR 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.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. I would like to express my appreciation to all members of the department who assisted and contributed to the preparation of this report. I would also like to thank the members of the Board of County Commissioners and County Management for their interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

Respectfully submitted,

Brenda Jones Fox, CPA
Finance Director



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Guilford County
North Carolina

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

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



A handwritten signature in black ink, appearing to read "Thomas J. Blain".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

Principal Officials

Board of County Commissioners

Paul Gibson
Chairman

Melvin L. (Skip) Alston
Vice Chairman

Stephen G. Arnold

Carolyn Q. Coleman

Kay Cashion

Bruce Davis

Kirk Perkins

Linda O. Shaw

John Parks

Mike Winstead, Jr.

Billy Yow

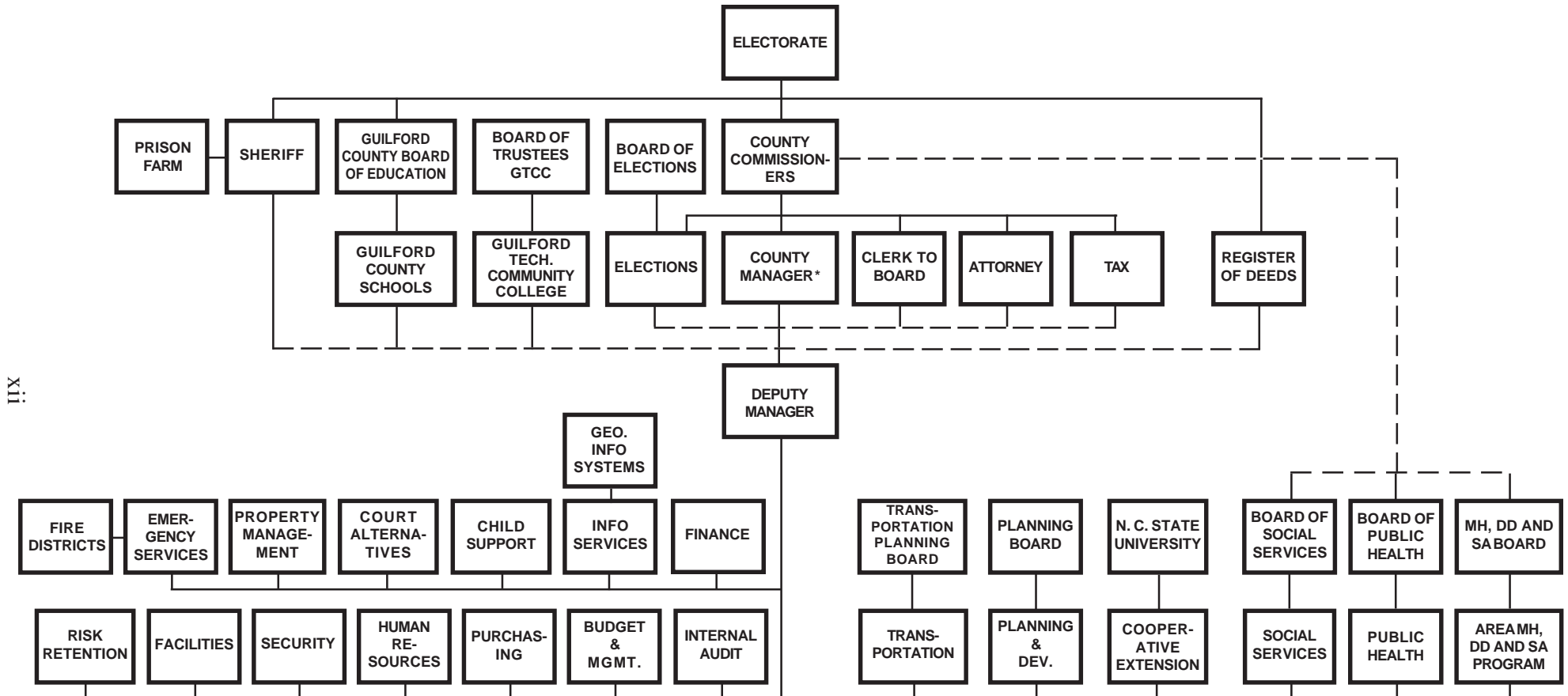
County Manager

W. David McNeill, Jr.

Finance Director

Brenda Jones Fox, CPA

2006-07 ORGANIZATIONAL CHART GUILFORD COUNTY, NORTH CAROLINA



IX

* Information from any source for the Board of Commissioners regarding County policy and substantial fiscal matters is generally through the County Manager, the chief administrative officer of the County on behalf of the Board.

NOTE: Dotted line denotes substantial fiscal and/or appointive control. As shown above, the Deputy County Manager serves in a coordinative capacity regarding the activities of the agencies shown beneath.

FINANCIAL



SECTION



Independent Auditors' Report

The Board of County Commissioners
Guilford County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Guilford County, North Carolina (the "County"), as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Greensboro/Guilford County Tourism Development Authority were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of June 30, 2007, and the respective changes in financial position and cash flows, 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 December 7, 2007 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and the Required Supplementary Information as listed in the Table of Contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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 opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and schedules, and the additional financial data as listed in the accompanying Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Introductory and Statistical Sections, as listed in the accompanying Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

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

Asheboro, North Carolina
December 7, 2007



Management's Discussion and Analysis

As management of Guilford County, we are presenting to the readers of Guilford County's financial statements this narrative overview and analysis of the financial activities of Guilford County for the fiscal year ended June 30, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the Introductory Section of this report on pages i - vii.

Financial Highlights

Government-Wide

- The liabilities of Guilford County exceeded its assets at the close of the most recent fiscal year by \$101.6 million (*net assets*).
- The County's total net assets decreased by \$91.9 million compared to the prior year. This decrease is attributable to spending on education capital projects. The County issues general obligation debt to fund school and community college construction and for which it remains responsible until the bonds are paid. The County School system and community college (separate entities) are the owners of the facilities (assets) that are renovated or constructed from the proceeds. Because the County has no corresponding asset to offset the liability it has incurred, the County's net assets are reduced.
- The County's decrease in net assets was substantially less than the \$128.1 million spent on Education capital assets net of dedicated revenues which indicates that the remainder of the County's activities generated offsetting increases in net assets of approximately \$36.2 million.
- The County's outstanding debt increased by \$165.9 million to \$587.7 million during the fiscal year while its investment in capital assets increased by \$5.5 million to \$135.9 million.

The County's Funds

- At the fiscal year end, Guilford County's governmental funds reported a combined fund balance of \$328.4 million, an increase of \$67.5 million from the previous fiscal year end. The major increases occurred in the School Capital Outlay Fund and County Building Construction Fund as a result of the issuance of bonds during the current fiscal year.
- The fund balance of the County's General Fund increased by \$6.2 million as revenue exceeded expenditures by \$4.9 million and other financing sources and uses contributed \$1.3 million.
- The unreserved fund balance for the General Fund (the County's major operating fund) increased by \$1.7 million to \$75 million at fiscal year end equaling 14.9% of the total General Fund expenditures for the year.

Guilford County maintained its AAA rating from Standard and Poors Corporation and its Aa1 rating from Moodys Investors Service and AA+ rating from Fitch IBCA.

Management's Discussion and Analysis

Overview of the Financial Report

This section, *management's discussion and analysis* along with the transmittal letter is intended to serve as an introduction to Guilford County's basic financial statements. Guilford County's basic financial statements contain three parts - two kinds of statements that provide two different views of the County, 1) government-wide financial statements and 2) fund financial statements, along with 3) the notes to the financial statements. The report also contains other supplementary information.

Government-wide financial statements. The two *government-wide financial statements* are designed to provide readers with a broad overview of Guilford County's finances as a whole, using accounting methods that are similar to private-sector businesses.

- 1) The *statement of net assets* presents information on all of Guilford 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 indicator of whether the financial position of Guilford County is improving or deteriorating.
- 2) The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. This statement accounts for all of the year's revenues and expenses without regard as to when cash is received or paid. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements are divided into three categories: governmental activities, business-type activities and component units.

Governmental activities - Governmental activities are those functions of the County that are principally supported by taxes and intergovernmental revenues. The governmental activities of Guilford County include general government, human services, public safety, environmental protection, culture - recreation, urban redevelopment and housing, economic development and assistance, education, and interest on long-term debt.

Business-type activities - Business-type activities are intended to recover all or a significant portion of their costs through user fees and charges. Guilford County has no business-type activities to report.

Component Units - The government-wide financial statements include not only Guilford County (*known as the primary government*), but also Greensboro/Guilford County Tourism Development Authority, a legally separate entity for which Guilford County is financially accountable. Financial information for this *component unit* is reported separately within the government-wide financial statements from the financial information presented for the primary government.

The government-wide financial statements can be found on pages 5 and 6 of this report.

Fund financial statements. 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. Guilford County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Guilford County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The fund financial statements provide more detailed information about the County's most significant funds.

Management's Discussion and Analysis

Governmental funds. *Governmental funds* are used to account for essentially the same 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 *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Guilford County maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and three capital projects fund types—the County Building Construction Fund, Water and Sewer Construction Fund, and School Capital Outlay Fund—all of which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation under other governmental funds.

Guilford County adopts an annual appropriated budget for most of its governmental funds. A budgetary comparison statement with expenditures presented at the functional level has been provided for the General Fund on page 11 as part of the basic financial statements.

The basic governmental fund financial statements can be found on pages 7-11 of this report.

Proprietary funds. There are two different types of proprietary funds. *Enterprise funds* are used to report those functions that are presented as business-type activities in the government-wide financial statements. Guilford County has no enterprise funds. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among Guilford County's various functions. Guilford County uses an internal service fund to account for its risk management services. Because this service only benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

The internal service fund is presented in the proprietary fund financial statements which can be found on pages 12-14 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 Guilford County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Guilford County has two types of fiduciary funds—one pension trust fund and four agency funds.

The basic fiduciary fund financial statements can be found on pages 15 and 16 of this report.

Management's Discussion and Analysis

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 can be found on pages 17-46 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding Guilford County's progress in funding its obligation to provide certain pension benefits to its qualified sworn law enforcement officers. This supplementary information is required by generally accepted accounting principles and can be found on page 49 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Guilford County, net assets are negatively impacted by the fact that the County issues debt to fund the construction of capital assets that become the assets of other governmental entities upon completion. The County issues general obligation debt to fund the majority of the cost of constructing these assets. Liabilities exceeded assets by \$101.6 million at the close of the most recent fiscal year (*net assets*). Comparative information for net assets for the primary government is shown below in summarized form (see Table A-1).

	Governmental Activities	
	2007	2006
Current and other assets	\$ 405,529,446	341,053,118
Capital Assets	135,931,719	130,402,195
Total assets	541,461,165	471,455,313
Long-term liabilities outstanding	600,822,285	432,672,096
Other liabilities	42,286,258	48,493,393
Total liabilities	643,108,543	481,165,489
Net assets:		
Invested in capital assets, net of related debt	116,246,292	115,542,072
Restricted	30,720,400	27,765,244
Unrestricted	(248,614,070)	(153,017,492)
Total net assets (liabilities)	\$ (101,647,378)	(9,710,176)

The largest portion of Guilford County's net assets reflects its investment in capital assets (e.g., land, buildings, improvements, machinery and equipment, and vehicles), less any related outstanding debt used to acquire those assets. Guilford County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

Although Guilford County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Management's Discussion and Analysis

Guilford County, along with many other counties in North Carolina, issues debt to fund school facilities that become assets of the school district and community college facilities that become property of the community college. In addition, Guilford County issues debt to fund water and sewer lines that become assets of various municipalities. General obligation bonds have been issued by the County to fund the majority of the cost of these assets. The County's liabilities at June 30, 2007 include outstanding general obligation debt of \$539.4 million related to funding these non-county assets. This represents 92.2% of the County's outstanding general obligation debt. Because the County does not retain the related assets, this debt liability (less any unspent proceeds) reduces the County's total net assets and presents a less favorable picture as compared to governments that do not extensively fund the capital assets of other governmental entities. Comparative information for changes in net assets for the primary government is shown below (see Table A-2).

Table A-2
Changes In GUILFORD COUNTY'S Net Assets
 (Primary Government)

	Governmental Activities	
	2007	2006
Revenues		
Program revenues		
Charges for services	\$ 45,160,885	49,456,771
Operating grants and contributions	101,203,809	91,420,298
Capital grants and contributions	1,130,075	569,962
General revenues		
Taxes:		
Property taxes for general purposes	277,256,954	258,436,562
Property taxes for fire districts	9,313,995	8,759,407
Sales taxes for general purposes	72,239,096	67,561,489
Sales taxes for fire districts	2,877,306	2,683,532
Sales taxes for school capital/debt	13,722,636	12,316,865
Occupancy taxes for tourism development	4,419,986	4,485,837
Other taxes	5,254,967	5,588,946
Grants and contributions not restricted	1,060,902	1,347,053
Unrestricted investment earnings	17,075,971	15,391,864
Other	2,019,617	313,562
Total revenues	552,736,199	518,332,148
Expenses		
General government ⁽¹⁾	41,915,381	43,691,593
Human services	167,658,603	170,986,656
Public safety ⁽¹⁾	90,576,330	83,334,706
Environmental protection	1,194,998	1,127,138
Culture and recreation	6,244,857	4,790,197
Economic development/urban redevelopment	7,126,828	9,838,296
Education	311,169,199	258,171,386
Interest on long term debt	18,787,205	15,477,774
Total expenses	644,673,401	587,417,746
Changes in net assets	(91,937,202)	(69,085,598)
Net assets (liabilities) at beginning of year	(9,710,176)	59,375,422
Net assets (liabilities) at end of year	\$ (101,647,378)	(9,710,176)

(1) The 2006 amounts have been reclassified for comparative purposes.

Management's Discussion and Analysis

As noted in the highlights Guilford County's net assets decreased \$91.9 million during the current fiscal year primarily as a result of providing funding for school and community college facilities from bond proceeds and other sources. The expenses under the education activity include \$144.7 million in capital spending with \$142.1 million going for school facilities and the remainder for community college facilities.

Aspects of the County's financial operations that influenced the change in the County's net assets include:

- Guilford County's activities would increase net assets if the expenses related to capital funding provided to outside entities and debt and restricted revenue supporting these expenses were eliminated.
- Program revenues covered 22.9% of program expenses, declining from 24.1% last year.
- Program revenues totaled \$147.5 million increasing by \$6 million from the previous year. Operating grants from the State and Federal government increased \$9.8 million to \$101.2 million. Charges for Services decreased by \$4.3 million to \$45.2 million and capital grants and contributions were up \$.6 million.
- General revenues totaled \$405.2 million increasing by \$28.4 million from the previous year. Property tax revenue increased to \$286.6 million, up \$19.4 million or 7.3%, due to increases in the County-wide tax rate and assessed values. Sales tax revenue increased to \$88.8 million, up \$6.3 million or 7.6% from the previous year due to increased taxable retail sales. The remaining general revenues increased \$2.7 million, primarily from investment earnings due to increased yields which more than offset lower average invested balances.
- Expenses increased 9.7% or \$57.3 million to \$644.7 million. Education expenses were up \$53 million or 20.5% due to a \$15.7 million increase in operating funds and a \$37.3 million increase in capital funds provided to the schools and community college.
- Net assets decreased \$91.9 million, down \$22.9 million or 33.1%, due to the increase in capital funding provided to outside entities. The increase in general revenues helped to buffer this decrease from being even greater.

Figure A-1

**Guilford County
Sources of Revenue
Fiscal Year 2007**

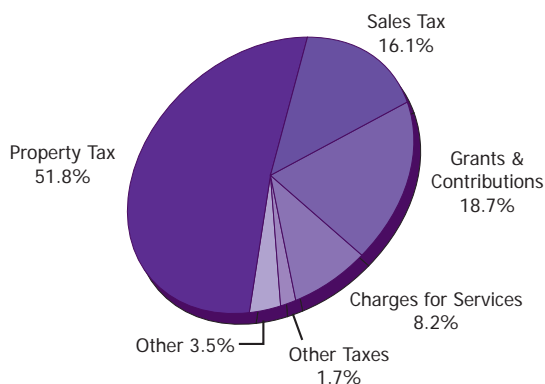
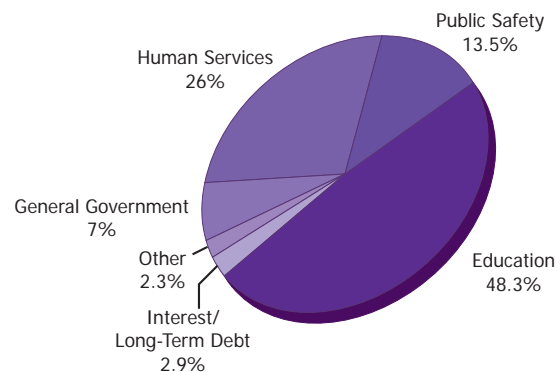


Figure A-2

**Guilford County
Functional Expenses
Fiscal Year 2007**



Financial Analysis of the Government's Funds

As noted earlier, Guilford County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Guilford County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Guilford County's financing requirements. In particular, *unreserved fund balance* may serve as 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 current fiscal year, Guilford County's governmental funds reported combined ending fund balances of \$328.4 million, an increase of \$67.5 million in comparison with the prior year. The increase is attributable to the issuance of bonds for school and other capital projects. The *unreserved fund balance*, which is not reserved for specific purposes makes up 82.1 percent of the total or \$269.5 million. The remainder of fund balance is *reserved* to indicate that it is not available for general purposes because it is legally restricted or has been contractually committed: (1) to liquidate contracts and purchase orders of the prior period (\$13.2 million), (2) reserved under state statutory requirements (\$43.4 million), or (3) other restricted purposes (\$2.4 million). Approximately \$183.6 million of the unreserved fund balance has been *designated* by actions of the Board of County Commissioners for a specific purpose: (1) for subsequent years expenditures (\$26.8 million) (2) for capital project ordinances (\$156.3 million) or (3) for other specific purposes (\$.5 million). The *undesignated fund balance* (that not reserved or designated) totals \$85.9 million.

The General Fund is the chief operating fund of Guilford County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$75 million, while total fund balance reached \$123.4 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 14.9 percent of total General Fund expenditures, while total fund balance represents 24.5 percent of that same amount. The Local Government Commission (LGC), which is established by statute to oversee local government financial affairs, has recommended that the General Fund undesignated fund balance be maintained at a minimum level of eight percent of the subsequent year's budget. The undesignated fund balance of \$49.3 million is equal to 8.98 percent of the fiscal year 2007-08 General Fund budget.

The fund balance of Guilford County's General Fund increased by \$6.2 million during the current fiscal year. Revenues of \$509.6 million exceeded expenditures by \$4.9 million and other financing sources and uses added \$1.3 million. Revenue increased by \$17.3 million, a 3.5% increase over last fiscal year. General Fund revenue activities are as follows:

- Property tax revenue increased to \$276.6 million, going up \$17.9 million or 6.9% due to an increase in the County-wide tax rate from \$.6428 to \$.6615 per hundred of assessed value and an increase in assessed values from \$40.7 to \$42.3 billion.
- Sales tax revenue in the General Fund increased by \$6.1 million or 7.6%.
- Other revenues increased \$2.3 million, up 44.7%. Of this amount, \$1.2 million are refunds for Emergency Services employee and other costs related to a new Metro 911 Center operated by the City of Greensboro effective July 1, 2006.

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- Investment income for the General Fund increased by \$.9 million as increased yields more than offset lower average invested balances.
- Charges for services decreased \$5.1 million, down 13.1%. The most significant drop was in Mental Health for \$4.7 million as the department has reduced significantly the Medicaid billings for services provided by outside contract agencies. Many of these agencies are now able to bill directly to Medicaid for these services so that these funds are no longer "passed through" the County as a revenue and expenditure. The Register of Deeds charges dropped by \$.7 million reflecting slowdowns in the real estate market.
- Intergovernmental revenue decreased \$3.4 million, down 3.9%. Of this amount, \$2.2 million is related to a one-time voting machine grant in the Elections department in the prior year. Emergency Services Homeland Security grants decreased \$1 million and Medicaid transportation revenue decreased \$.5 million.
- Licenses and permits revenue decreased \$1.1 million, down 30.3% mainly due to building permits and further reflecting slowdowns in the real estate market.

General Fund expenditures were \$504.7 million, increasing \$12.9 million or 2.6% from last year. Highlights of significant areas of change include:

- Education expenditures increased \$13.2 million or 8.2% mainly due to additional Guilford County Schools allocation.
- Public Safety expenditures increased \$4.3 million to \$76 million, a 6% increase. Law Enforcement expenditures were up \$2.4 million or 5.5%. The increase was primarily due to an addition of 26 positions during the prior year as a measure to combat jail overcrowding and increased inmate medical costs offset by decreased vehicle purchases. Emergency Services increased \$1.5 million or 7.9% primarily as a result of expenditures related to the new Metro 911 Center contract with the City of Greensboro. These costs are significantly offset by increased other revenues as previously noted.
- Debt service costs increased \$1.8 million or 4.9%.
- Expenditures increased over \$1.5 million in all departments with personnel in order to cover the increased cost of employee healthcare benefits.
- Human Services expenditures decreased \$3.2 million, down 1.9%. Mental Health expenditures were down \$5.3 million or 13% due mainly to similar reductions in Medicaid revenues as previously noted which have historically been passed through the County to contract agencies. The related revenues and costs are expected to continue to decline as more of these agencies are allowed to report these services directly to receive payment. Transportation expenditures increased \$.7 million and Public Health increased \$.5 million to partly offset the Mental Health decrease.
- General Government expenditures decreased \$2.5 million, down 5.9%. Elections expenditures were down \$2.7 million related to the replacement of all voting machines in the prior year. Information Services expenditures were up \$.5 million

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primarily related to salaries and benefits. Human Resources expenditures were again up \$.6 million related to increased contributions for retiree health care.

- Economic Development and Assistance expenditures were down \$1.6 million which fluctuates from year to year depending on the economic incentives approved and subsequently earned by those businesses that have applied.

The other major governmental funds are the following three capital outlay funds: County Building Construction, which primarily handles capital projects in which the assets are retained entirely or in part by the County; Water and Sewer Construction Fund, which funds the construction of water and sewer lines and facilities which are transferred to the cities and towns upon completion; and School Capital Outlay Fund which funds the construction of school buildings and facilities for the Guilford County Board of Education and Guilford Technical Community College.

The County Building Construction Fund fund balance increased \$8.9 million. Revenue and other sources included \$1.8 million from interest, \$14.8 million from the issuance of bonds, \$1.9 million from the sale of buildings and land in downtown Greensboro, and \$1 million transferred from the General Fund. Expenditures of \$10.6 million included \$4.1 million for the Northeast Park project plus \$1.3 million for other park projects; \$2 million for the New Financial Reporting System project; \$1.4 million for renovations to the Independence Building project, a downtown Greensboro office building purchased last year; and \$1.4 million for various public safety projects including the Greensboro Detention Center and EMS Base Stations.

The Water and Sewer Construction Fund fund balance increased \$2 million as revenues of \$2.8 million from fees designed to sustain future projects and a bond issue of \$.7 million exceeded project expenditures of \$1.5 million.

The School Capital Outlay Fund fund balance increased \$50.4 million. Intergovernmental revenues of \$16.6 million included State grants totaling \$8.6 million plus \$8 million from Guilford County Schools as part of an insurance settlement on the Eastern Guilford High School that burned during the year. Other sources include \$170 million in bonds issued, \$150 for Guilford County School projects, and \$20 million for Guilford Technical Community College, as well as \$.5 million transfer from the General Fund reallocated from the school's capital outlay allocation. Expenditures of \$136.7 million consisted of \$135.5 million and \$1.2 million for Guilford County Schools and Guilford Technical Community College projects, respectively.

Proprietary funds. Guilford County's only proprietary fund is its Internal Service Fund. Because the operations of this fund are consolidated with governmental activities, information concerning Guilford County's proprietary funds are found only in the fund financial statements.

Operating revenue of internal service operations exceeded operating expenses by \$2.1 million. Non-operating revenue (interest income) added \$1.6 million resulting in an overall gain of \$3.7 million. The sole purpose of the fund is the operation of the County's risk management programs. The operating gain was spread across all programs.

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General Fund Budgetary Highlights

The final General Fund budget for fiscal year 2006-07 was \$533.4 million, an increase of \$12.7 million from the original budget of \$520.7 million which is a 2.4% increase.

Table A-3
Summary of GUILFORD COUNTY'S Additional Appropriations
 (General Fund)

	<u>Sources</u>		<u>Uses</u>
Fund Balance	\$ 6,100,773	Social Services	\$ 2,508,120
Intergovernmental Revenue	5,193,379	Law Enforcement	2,366,516
Capital Related Debt Issued	485,187	Emergency Services	2,328,990
Sale of Capital Assets	244,540	Mental Health	1,478,811
Other Sources	687,523	Information Services	1,448,747
		Economic Development & Assistance	1,186,714
		Other Uses	1,393,504
	<u>\$ 12,711,402</u>		<u>\$ 12,711,402</u>

Guilford County typically increases its budget appropriation as a result of additional State and Federal funding received during the fiscal year. These grant funds provide funding for Economic Development, various human services programs of the Social Services, Mental Health, and Health Departments and the public safety programs of the Law Enforcement Department, Emergency Services, and other public safety departments. The increase in this type of funding shown under intergovernmental revenues accounts for 40.9% of the increase in budget. The County also amends its budget each year to carryforward outstanding encumbrances from the prior year utilizing fund balance. The carryforward budget amendment for the fiscal year ending June 30, 2007 was \$4.9 million for all General Fund departments. In addition, fund balance was appropriated during the year from reserved and designated fund balances in Law Enforcement for most of the remaining \$1.2 million. These appropriations addressed various Law Enforcement and inmate needs as well as Pre-Trial Release and Mental Health Court Programs.

The final General Fund budget for fiscal year 2006-07 was \$533.4 million, increasing by \$10.2 million over the previous year's budget. This fiscal year's final budget is an increase of only 1.9% from last year's final budget. General Fund expenditures for the 2007 fiscal year were 94.9% of the final budget.

The resulting \$27.2 million variance in the actual expenditures from the final budget is in the typical range. The variance results from conservative budget practices such as, budgeting fully for positions in most departments; the need to allow for fluctuation in Public Assistance, grant programs and management of the large number of service contracts in the Human Services area; capital purchases which are not completed at year end; and budgeting conservatively for interest on variable-rate bonds.

Capital Asset and Debt Administration

Capital assets. Guilford County's investment in capital assets for its governmental activities as of June 30, 2007, amounts to \$135.9 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, and vehicles. Infrastructure capital assets at the County's park facilities, and watershed facilities have been included under improvements since the amounts are relatively insignificant. Guilford County's net increase in its investment in capital assets was \$6.3 million during the current fiscal year.

Construction in progress increased \$4.3 million, mainly in the Northeast Park facilities. Machinery and equipment increased by \$3.7 million, \$2 million of which was for the County's New Financial Reporting System project, while vehicles increased \$1.7 million, all before depreciation. Buildings increased \$1.9 million before depreciation; \$1.1 million towards renovations to the Independence Center in downtown Greensboro which houses the Tax and Planning Departments, freeing Court space with these moves; and \$.7 million from the donation of the Chandler Dental Clinic to the Public Health Department by Dr. and Mrs. John E. Chandler, III. Land increased \$1.2 million with \$.3 million, a part of the over \$1 million Chandler donation. Land for the EMS Base Station project and future parks made up the \$.9 million difference. Improvements other than buildings increased \$1.3 million, \$1.1 million for the Northeast Park project and the remainder mainly at other parks.

Additional information on Guilford County's capital assets can be found in Note III. C. on pages 29 and 30 of this report.

Table A-4
GUILFORD COUNTY'S Capital Assets
(Net of Accumulated Depreciation)

	Governmental Activities	
	2007	2006
Land	\$ 29,961,322	28,932,033
Buildings	75,016,972	76,444,475
Improvements other than buildings	9,441,382	8,898,889
Machinery and equipment	11,531,738	9,418,113
Vehicles	4,499,533	5,537,936
Construction in progress	5,480,772	1,170,749
Total	\$ 135,931,719	130,402,195

Debt Administration. At the end of the current fiscal year, Guilford County had total bonded debt outstanding of \$585.1 million all of which were general obligation bonds, backed by the full faith and credit of the County. In addition there were \$6.9 million in unamortized bond issuance/put bond premiums and \$.6 million of obligations under capital leases and installment financings all net of unamortized bond refunding charges of \$4.9 million. Guilford County's total debt increased by \$165.9 million during the fiscal year. The County issued on March 29, 2007 a total of \$185.44 million in general obligation debt consisting of \$145 million variable rate and \$40.44 million fixed rate bonds, with the fixed rate at a \$1.9 million

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premium. The new debt consisted of \$150 million for schools, \$20 million for community college facilities, \$10.5 million for public buildings, \$2.5 million for parks and recreation facilities, and \$1.765 and \$.675 million for specific law enforcement facilities and related water and sewer lines, respectively.

A forward-starting floating to fixed interest rate exchange entered into September 2005 with Bank of America on \$100 million on the variable rate debt issued March 2007 and maturing in annual installments through April 2023 became effective April 1, 2007. This interest rate exchange has an intended synthetic rate of 3.945% to maturity. The County entered into two forward-starting floating to fixed interest rate exchange agreements in November 2006. One agreement is effective October 1, 2007 on \$30 million of variable rate debt issued October 2000 and maturing in annual installments from October 2016-2020 and an intended synthetic rate of 3.865% to maturity. The other agreement is effective February 1, 2008 on \$30 million of variable rate debt issued February 2005 and maturing in annual installments from March 2016-2020 and an intended synthetic rate of 3.220% to maturity.

Guilford County maintains a "AAA" rating from Standard & Poor's Corporation on all of its outstanding bonded debt. Moody's has assigned a Aaa rating to the 1988 and 1991 issues which were refunded February 1, 1998 and Moody's has assigned a Aa1 to all other bonded debt. Fitch IBCA has assigned a "AA+" to all issues.

State statutes limit the amount of general obligation debt a governmental entity may issue to eight percent of its total assessed valuation. The current debt limitation for Guilford County is \$3.4 billion, which is significantly in excess of Guilford County's outstanding and unissued general obligation debt.

Additional information on Guilford County's long-term debt can be found in Note III. F. on pages 33-37 of this report.

Table A-5
GUILFORD COUNTY'S Outstanding Debt

	Governmental Activities	
	2007	2006
General obligation bonds	\$ 585,120,000	419,470,000
Plus bond issuance/put bond premiums	6,916,829	7,388,183
Less bond refunding charges	(4,908,412)	(5,486,221)
Capital leases and purchase money installment contracts	571,479	423,913
Total	\$ 587,699,896	421,795,875

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

- The County's fiscal 2008 General Fund budget has increased by \$28.6 million from the fiscal year 2007 original budget to \$549.3 million, a 5.5% increase.
- The General Fund tax rate levied for fiscal year 2008 is \$.6914 per \$100 valuation, an increase of \$.0299. The rate increase combined with a 2.5% growth in the

Management's Discussion and Analysis

County's tax base to \$42.7 billion will provide an additional \$20 million in tax revenue, a 7.4% increase from the previous year.

- Estimated sales tax revenue of \$85.3 million for the fiscal year 2008 is \$4 million more than last year's original General Fund budget. Other significant changes in revenue include intergovernmental revenue which increased by \$8.7 million and investment income which decreased \$4.8 million.
- The General Fund budget categories with the most significant increases are Guilford County Schools current expense up \$8.5 million or 5.4% to \$165.2 million, Debt Service up \$11 million to \$52.3 or 26.7%, Law Enforcement up \$1.8 million or 3.8% to \$49.2 million, Social Services up \$1.7 million or 2.6% to \$68.7 million, Emergency Services up \$1.6 million or 7.6% to \$21.9 million, Medical Assistance up \$1.4 million or 6.2% to \$23.5 million, Public Health up \$1.3 million or 3.6% to \$37.3 million and Guilford Technical Community College current expense up \$1 million or 10.6% to \$10.8 million.

Requests for Information

This financial report is designed to provide a general overview of Guilford County's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Brenda Jones Fox, Finance Director, Guilford County Finance Department, P. O. Box 3427, Greensboro, NC 27402.



Basic Financial Statements

The Basic Financial Statements consist of the government-wide financial statements which display all the financial activities except fiduciary activities of the County and its discretely presented component units; the fund financial statements which provide information about the County's funds, including its fiduciary funds; and the notes to the financial statements. They present the financial position of Guilford County, North Carolina as of June 30, 2007, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

GUILFORD COUNTY, NORTH CAROLINA
Statement of Net Assets
June 30, 2007

Exhibit 1

	Primary Government	Component Unit
	Governmental Activities	Greensboro/Guilford County Tourism Development Authority
Assets		
Current assets:		
Cash and cash equivalents/investments	\$ 344,341,080	1,723,631
Receivables:		
Property taxes (net)	3,888,316	-
Accrued interest on property taxes (net)	275,000	-
Other taxes	552,041	-
Due from governmental units and agencies	38,118,130	63,244
Due from primary government	-	268,731
Service fees (net)	2,965,961	-
Special assessments	559,687	-
Accrued interest on investments	2,592,762	11,677
Other	4,353	5,060
Total receivables	48,956,250	348,712
Deposits and other assets	8,783,991	30,227
Deferred charges	1,614,740	-
Total current assets	403,696,061	2,102,570
Noncurrent assets:		
Due from governmental units and agencies	1,833,385	-
Non-depreciable capital assets	35,442,094	-
Depreciable capital assets (net)	100,489,625	40,528
Total noncurrent assets	137,765,104	40,528
Total assets	541,461,165	2,143,098
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	39,547,015	759,946
Due to component unit	268,731	-
Unearned revenue	1,762,055	-
Deposits	708,457	-
Current portion of long-term liabilities	32,378,090	-
Total current liabilities	74,664,348	759,946
Noncurrent liabilities:		
Noncurrent portion of long-term liabilities	568,444,195	-
Total liabilities	643,108,543	759,946
Net Assets		
Invested in capital assets, net of related debt	116,246,292	40,528
Restricted for:		
Capital projects	24,795,340	-
Other purposes	5,925,060	-
Unrestricted	(248,614,070)	1,342,624
Total net assets (liabilities)	\$ (101,647,378)	1,383,152

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

GUILFORD COUNTY, NORTH CAROLINA
Statement of Activities
For the fiscal year ended June 30, 2007

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
					Governmental Activities	Greensboro/Guilford County Tourism Development Authority
Primary Government:						
Governmental activities:						
General government	\$ 41,915,381	7,908,972	73,388	-	(33,933,021)	-
Human services	167,658,603	16,414,577	81,501,929	1,107,265	(68,634,832)	-
Public safety	90,576,330	17,901,405	2,086,924	22,810	(70,565,191)	-
Environmental protection	1,194,998	22,974	781,686	-	(390,338)	-
Culture - recreation	6,244,857	6,300	-	-	(6,238,557)	-
Urban redevelopment and housing	165,681	-	165,681	-	-	-
Economic development and assistance	6,961,147	2,796,826	-	-	(4,164,321)	-
Education	311,169,199	-	16,594,201	-	(294,574,998)	-
Interest on long-term debt	18,787,205	109,831	-	-	(18,677,374)	-
Total primary government	<u>\$ 644,673,401</u>	<u>45,160,885</u>	<u>101,203,809</u>	<u>1,130,075</u>	<u>(497,178,632)</u>	<u>-</u>
Component Unit:						
Greensboro/Guilford Co Tourism Dev Authority:						
Tourism promotion and development	\$ 4,340,060	22,277	3,813,519	-	-	(504,264)
General revenues:						
Taxes:						
Property taxes, levied for general purposes					277,256,954	-
Property taxes, levied for fire districts					9,313,995	-
Sales taxes, levied for general purposes					72,239,096	-
Sales taxes, levied for fire districts					2,877,306	-
Sales taxes, levied for school capital and/or debt					13,722,636	-
Occupancy taxes, levied for tourism development					4,419,986	-
Excise tax					3,268,199	-
911 charges, levied for 911 system					788,590	-
Local gross receipts and franchise taxes					1,198,178	-
Grants and contributions not restricted to specific programs					1,060,902	-
Unrestricted investment earnings					17,075,971	75,962
Other					2,019,617	-
Total general revenues					<u>405,241,430</u>	<u>75,962</u>
Change in net assets					(91,937,202)	(428,302)
Net assets (liabilities) at beginning of year					(9,710,176)	1,811,454
Net assets (liabilities) at end of year					<u>\$ (101,647,378)</u>	<u>1,383,152</u>

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

GUILFORD COUNTY, NORTH CAROLINA
Balance Sheet
Governmental Funds
June 30, 2007

Exhibit 3

	General	County Building Construction	Water and Sewer Construction	School Capital Outlay	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents/investments	\$ 105,923,669	42,441,347	33,701,590	135,490,894	1,869,881	319,427,381
Receivables:						
Property taxes (net)	3,783,333	-	-	-	104,983	3,888,316
Accrued interest on property taxes (net)	275,000	-	-	-	-	275,000
Other taxes	97,433	-	-	-	454,608	552,041
Due from governmental units and agencies	37,168,475	105,607	621,828	1,294,794	741,667	39,932,371
Service fees (net)	2,921,250	-	-	-	-	2,921,250
Special assessments	-	-	559,687	-	-	559,687
Accrued interest on investments	2,108,941	301,838	-	-	7,922	2,418,701
Other	4,353	-	-	-	-	4,353
Total receivables	46,358,785	407,445	1,181,515	1,294,794	1,309,180	50,551,719
Deposits and other assets	7,110	-	-	-	-	7,110
Total assets	\$ <u>152,289,564</u>	<u>42,848,792</u>	<u>34,883,105</u>	<u>136,785,688</u>	<u>3,179,061</u>	<u>369,986,210</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	\$ 19,934,289	816,602	1,042,454	9,473,899	328,047	31,595,291
Due to component unit	-	-	-	-	268,731	268,731
Deferred revenue	8,218,988	-	587,705	-	162,474	8,969,167
Deposits	708,457	-	-	-	-	708,457
Total liabilities	<u>28,861,734</u>	<u>816,602</u>	<u>1,630,159</u>	<u>9,473,899</u>	<u>759,252</u>	<u>41,541,646</u>
Fund balances:						
Reserved for:						
Encumbrances	6,154,718	5,184,418	1,818,660	-	-	13,157,796
State statute	39,823,454	407,445	621,828	1,294,794	1,204,196	43,351,717
Restricted funding sources	2,408,386	-	-	-	-	2,408,386
Unreserved:						
Designated for subsequent year's expenditures reported in:						
General fund	25,264,042	-	-	-	-	25,264,042
Special revenue funds	-	-	-	-	421,500	421,500
Capital projects funds	-	1,115,000	-	-	-	1,115,000
Designated for capital project ordinances reported in capital projects funds	-	25,232,973	5,130,921	125,957,935	-	156,321,829
Designated for specific purposes reported in general fund	463,631	-	-	-	-	463,631
Undesignated reported in:						
General fund	49,313,599	-	-	-	-	49,313,599
Special revenue funds	-	-	-	-	794,113	794,113
Capital projects funds	-	10,092,354	25,681,537	59,060	-	35,832,951
Total fund balances	<u>123,427,830</u>	<u>42,032,190</u>	<u>33,252,946</u>	<u>127,311,789</u>	<u>2,419,809</u>	<u>328,444,564</u>
Total liabilities and fund balances	\$ <u>152,289,564</u>	<u>42,848,792</u>	<u>34,883,105</u>	<u>136,785,688</u>	<u>3,179,061</u>	<u>369,986,210</u>

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

GUILFORD COUNTY, NORTH CAROLINA
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2007

Exhibit 4

Total fund balances - total governmental funds (Exhibit 3)	\$	328,444,564
<p>Amounts reported for governmental activities in the statement of net assets are different because (see also Note II.A.):</p>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		135,931,719
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. (Note II.A.1.)		7,207,112
Prepaid expenses (assets) consumed in governmental activities are not financial resources when reported as expenditures in the funds using the purchases method. (Note II.A.2.)		1,988,350
The Internal Service Fund is used by management to charge the costs of risk management and insurance to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the statement of net assets. (See Exhibit 8)		27,599,359
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (Note II.A.3.)		<u>(602,818,482)</u>
Total net assets (liabilities) of governmental activities (Exhibit 1)	\$	<u><u>(101,647,378)</u></u>

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

GUILFORD COUNTY, NORTH CAROLINA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the fiscal year ended June 30, 2007

Exhibit 5

	General	County Building Construction	Water and Sewer Construction	School Capital Outlay	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes:						
Property taxes	\$ 276,611,349	-	-	-	9,302,769	285,914,118
Sales tax	85,961,732	-	-	-	2,877,306	88,839,038
Occupancy taxes	-	-	-	-	4,419,986	4,419,986
Excise tax	3,268,199	-	-	-	-	3,268,199
911 charges	-	-	-	-	788,590	788,590
Local gross receipts tax	736,098	-	-	-	-	736,098
Franchise taxes	462,080	-	-	-	-	462,080
Licenses and permits	2,420,370	-	-	-	-	2,420,370
Intergovernmental	84,569,792	-	-	16,594,201	165,681	101,329,674
Charges for services	34,304,946	-	2,811,543	-	-	37,116,489
Investment earnings	13,661,793	1,811,086	-	-	132,438	15,605,317
Other	7,591,805	-	39,362	-	-	7,631,167
Total revenues	<u>509,588,164</u>	<u>1,811,086</u>	<u>2,850,905</u>	<u>16,594,201</u>	<u>17,686,770</u>	<u>548,531,126</u>
Expenditures						
Current:						
General government	40,509,958	-	-	-	-	40,509,958
Human services	167,594,028	-	-	-	-	167,594,028
Public safety	75,952,154	-	-	-	13,032,573	88,984,727
Environmental protection	1,237,988	-	-	-	-	1,237,988
Culture - recreation	4,979,283	-	-	-	-	4,979,283
Urban redevelopment and housing	-	-	-	-	165,681	165,681
Economic development and assistance	1,001,087	-	-	-	4,419,986	5,421,073
Intergovernmental:						
Education	174,451,550	-	-	136,717,649	-	311,169,199
Capital outlay	-	10,618,652	1,540,074	-	-	12,158,726
Debt service:						
Principal retirement	19,790,000	-	-	-	-	19,790,000
Interest and fiscal charges	18,641,722	-	-	-	-	18,641,722
Bond issuance costs	542,749	-	-	-	-	542,749
Total expenditures	<u>504,700,519</u>	<u>10,618,652</u>	<u>1,540,074</u>	<u>136,717,649</u>	<u>17,618,240</u>	<u>671,195,134</u>
Excess (deficiency) of revenues over expenditures	<u>4,887,645</u>	<u>(8,807,566)</u>	<u>1,310,831</u>	<u>(120,123,448)</u>	<u>68,530</u>	<u>(122,664,008)</u>
Other Financing Sources (Uses)						
General obligation bonds issued	-	14,765,000	675,000	170,000,000	-	185,440,000
Capital-related debt issued	485,187	-	-	-	-	485,187
Premiums on refunding bonds issued	1,879,435	-	-	-	-	1,879,435
Transfers in	-	1,020,418	-	474,311	-	1,494,729
Transfers out	(1,494,729)	-	-	-	-	(1,494,729)
Sale of capital assets	417,975	1,899,999	-	-	-	2,317,974
Total other financing sources	<u>1,287,868</u>	<u>17,685,417</u>	<u>675,000</u>	<u>170,474,311</u>	<u>-</u>	<u>190,122,596</u>
Net changes in fund balances	6,175,513	8,877,851	1,985,831	50,350,863	68,530	67,458,588
Fund balances at beginning of year	<u>117,252,317</u>	<u>33,154,339</u>	<u>31,267,115</u>	<u>76,960,926</u>	<u>2,351,279</u>	<u>260,985,976</u>
Fund balances at end of year	<u>\$ 123,427,830</u>	<u>42,032,190</u>	<u>33,252,946</u>	<u>127,311,789</u>	<u>2,419,809</u>	<u>328,444,564</u>

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

GUILFORD COUNTY, NORTH CAROLINA
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the fiscal year ended June 30, 2007

Exhibit 6

Net changes in fund balances - total governmental funds (Exhibit 5) \$ 67,458,588

Amounts reported for governmental activities in the statement of activities are different because (see also Note II.B.):

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. (Note II.B.1.) 5,259,475

The net effect of various miscellaneous transactions involving capital assets (ie., sales, trade-ins and donations) is to increase net assets. (Note II.B.2.) 270,049

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds until they are available. (Note II.B.3.) (37,572)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal consumes the current financial resources. Neither transaction, however, 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. (Note II.B.4.) (167,134,252)

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 the governmental funds. Some expenditures reported in the governmental funds do require the use of current financial resources because items are prepaid using the payments method and, therefore, are not reported as expenses in the statement of activities. (Note II.B.5.) (1,425,835)

The Internal Service Fund is used by management to charge the costs of risk management and insurance to individual funds. The net revenue of the Internal Service Fund is reported with governmental activities. (See Exhibit 9) 3,672,345

Change in net assets of governmental activities (Exhibit 2) \$ (91,937,202)

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

GUILFORD COUNTY, NORTH CAROLINA

General Fund

Exhibit 7

**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the fiscal year ended June 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary and GAAP Basis</u>	<u>Final Budget Positive (Negative)</u>
Revenues				
Taxes:				
Property taxes	\$ 269,174,461	269,174,461	275,825,182	6,650,721
Penalties and interest on delinquent property taxes	915,000	915,000	786,167	(128,833)
Total property taxes	270,089,461	270,089,461	276,611,349	6,521,888
Sales tax	81,300,000	81,303,090	85,961,732	4,658,642
Excise tax	2,916,092	2,916,092	3,268,199	352,107
Local gross receipts tax	800,000	800,000	736,098	(63,902)
Franchise taxes	520,000	520,000	462,080	(57,920)
Licenses and permits	2,976,498	2,976,498	2,420,370	(556,128)
Intergovernmental	81,875,896	87,069,275	84,569,792	(2,499,483)
Charges for services	31,981,685	32,067,193	34,304,946	2,237,753
Investment earnings	16,710,392	16,710,392	13,661,793	(3,048,599)
Other	5,640,985	6,239,910	7,591,805	1,351,895
Total revenues	<u>494,811,009</u>	<u>500,691,911</u>	<u>509,588,164</u>	<u>8,896,253</u>
Expenditures				
Current:				
General government	42,736,438	44,660,185	40,509,958	4,150,227
Human services	175,140,610	179,845,198	167,594,028	12,251,170
Public safety	76,932,241	82,282,776	75,952,154	6,330,622
Environmental protection	1,390,906	1,507,393	1,237,988	269,405
Culture - recreation	5,290,753	5,365,084	4,979,283	385,801
Economic development and assistance	1,288,287	2,475,001	1,001,087	1,473,914
Intergovernmental:				
Education	174,925,861	174,451,550	174,451,550	-
Capital outlay	700,000	-	-	-
Debt service:				
Principal retirement	19,790,000	19,790,000	19,790,000	-
Interest and fiscal charges	21,500,560	20,950,560	18,641,722	2,308,838
Bond issuance costs	-	550,000	542,749	7,251
Total expenditures	<u>519,695,656</u>	<u>531,877,747</u>	<u>504,700,519</u>	<u>27,177,228</u>
Excess (deficiency) of revenues over expenditures	<u>(24,884,647)</u>	<u>(31,185,836)</u>	<u>4,887,645</u>	<u>36,073,481</u>
Other Financing Sources (Uses)				
Capital-related debt issued	-	485,187	485,187	-
Premiums on general obligation bonds issued	-	-	1,879,435	1,879,435
Transfers out	(965,418)	(1,494,729)	(1,494,729)	-
Sale of capital assets	69,200	313,740	417,975	104,235
Total other financing sources (uses)	<u>(896,218)</u>	<u>(695,802)</u>	<u>1,287,868</u>	<u>1,983,670</u>
Net change in fund balances	<u>(25,780,865)</u>	<u>(31,881,638)</u>	<u>6,175,513</u>	<u>38,057,151</u>
Fund balances at beginning of year	<u>117,252,317</u>	<u>117,252,317</u>	<u>117,252,317</u>	<u>-</u>
Fund balances at end of year	\$ <u>91,471,452</u>	<u>85,370,679</u>	<u>123,427,830</u>	<u>38,057,151</u>

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

GUILFORD COUNTY, NORTH CAROLINA
Statement of Net Assets
Proprietary Funds - Internal Service Fund
June 30, 2007

Exhibit 8

		<u>Governmental Activities</u>
Assets		
Current assets:		
Cash and cash equivalents/investments	\$	24,913,699
Receivables:		
Due from governmental units and agencies		19,144
Service fees (net)		44,711
Accrued interest on investments		<u>174,061</u>
Total receivables		237,916
Deposits and other assets		<u>8,452,848</u>
Total assets		<u>33,604,463</u>
 Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities		3,852,214
Unearned revenue		2,116,046
Compensated absences		<u>15,714</u>
Total current liabilities		5,983,974
Noncurrent liabilities:		
Compensated absences		<u>21,130</u>
Total liabilities		<u>6,005,104</u>
 Net Assets		
Unrestricted		<u>27,599,359</u>
Total net assets	\$	<u>27,599,359</u>

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

GUILFORD COUNTY, NORTH CAROLINA
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds - Internal Service Fund
For the fiscal year ended June 30, 2007

Exhibit 9

	Governmental Activities
Operating revenues:	
Charges for services	\$ <u>30,116,598</u>
Operating expenses:	
Personal services	330,840
Other direct service costs	398,200
Professional services	1,470,091
Claims, premiums and bonding	<u>25,820,848</u>
Total operating expenses	<u>28,019,979</u>
Operating gain	2,096,619
Nonoperating revenues:	
Interest income	<u>1,575,726</u>
Change in net assets	3,672,345
Total net assets at beginning of year	<u>23,927,014</u>
Total net assets at end of year	\$ <u>27,599,359</u>

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

GUILFORD COUNTY, NORTH CAROLINA
Statement of Cash Flows
Proprietary Funds - Internal Service Fund
For the fiscal year ended June 30, 2007

Exhibit 10

	Governmental Activities
Increase (decrease) in cash and cash equivalents:	
Cash flows from operating activities:	
Cash received from user departments and participants	\$ 30,068,456
Cash paid to employees for services	(318,484)
Cash paid to suppliers, participants and others	<u>(28,236,608)</u>
Net cash provided by operating activities	<u>1,513,364</u>
Cash flows from investing activities:	
Interest and dividends on investments	<u>1,197,369</u>
Net increase in cash and cash equivalents	2,710,733
Cash and cash equivalents at beginning of year	<u>22,202,966</u>
Cash and cash equivalents at end of year	<u>\$ 24,913,699</u>
 Reconciliation of operating gain to net cash provided by operating activities:	
Operating gain	\$ <u>2,096,619</u>
Adjustments to reconcile operating gain to net cash provided by operating activities:	
Change in assets and liabilities:	
Increase in accounts receivable	(21,327)
Increase in deposits and other assets	(6,675)
Decrease in accounts payable	(527,273)
Decrease in unearned revenue	(40,336)
Increase in accrued vacation and compensatory benefits	<u>12,356</u>
Total adjustments	<u>(583,255)</u>
Net cash provided by operating activities	<u>\$ 1,513,364</u>

Non-cash investing, capital and financing activities:

During the year, deposits and other assets also increased by interest income of \$375,467 from a fund in the risk pool in which the County participates where the risk of loss is retained.

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

GUILFORD COUNTY, NORTH CAROLINA
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2007

Exhibit 11

	Pension Trust Fund Law Enforcement Officers' Special Separation Allowance	Agency Funds
Assets		
Cash and cash equivalents/investments	\$ 1,617,654	\$ 1,959,420
Receivables:		
Accrued interest on investments	11,402	-
Total assets	1,629,056	\$ 1,959,420
Liabilities		
Accounts payable and accrued liabilities	4,021	\$ 524,311
Representative payee clients payable	-	372,124
Due to other taxing units	-	1,062,985
Total liabilities	4,021	\$ 1,959,420
Net Assets		
Held in trust for pension benefits	\$ 1,625,035	

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

GUILFORD COUNTY, NORTH CAROLINA
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds - Pension Trust Fund
For the fiscal year ended June 30, 2007

Exhibit 12

		Law Enforcement Officers' Special Separation Allowance
Additions		
Employer contributions	\$	391,297
Interest		81,649
Total additions		472,946
Deductions		
Benefits		563,111
Administrative expenses		621
Total deductions		563,732
Change in net assets		(90,786)
Net assets at beginning of year		1,715,821
Net assets at end of year	\$	1,625,035

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

GUILFORD COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Guilford County and its component units conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

Guilford County, North Carolina (the County) is governed by an elected Board of Commissioners with eleven members. The accompanying financial statements present the County and its component units, legally separate entities for which the County is considered to be financially accountable. The County has no component units which are required to be blended with data of the primary government. The discretely presented component unit presented below is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the County.

Discretely presented component units.

Greensboro/Guilford County Tourism Development Authority

The Greensboro/Guilford County Tourism Development Authority (the Authority) is a public authority under the North Carolina General Statutes, created to promote activities and programs which encourage travel and tourism to the area. The County is financially accountable for the Authority because it levies the occupancy tax which is the major source of the Authority's revenues and has final approval over the annual budget. The Authority, which has a June 30 year end, is presented as a governmental fund type. Of the \$4,419,986 County levied occupancy taxes earned and included as an economic development and assistance expense of the County, \$3,093,990 is reported as part of the Authority's operating grants and contributions program revenue along with \$719,529 from a separate City of Greensboro levy. The complete financial statements of the Authority may be obtained from its administrative office at Greensboro/Guilford County Tourism Development Authority, 317 South Greene Street, Greensboro, North Carolina 27401.

Guilford County Industrial Facility and Pollution Control Financing Authority

Guilford County Industrial Facility and Pollution Control Financing Authority (the Authority) exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority is governed by a seven-member board of commissioners, all of whom are appointed by the county commissioners. The County can remove any commissioner of the Authority with or without cause. The Authority has no financial transactions or account balances; therefore, it is not presented in the government-wide financial statements. The Authority does not issue separate financial statements.

B. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government (the County) and its component unit (the Authority). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements report the County's *governmental activities* which generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. The County has no business-type activities, financed in whole or in part by fees charged to external parties, to report.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities and for the Authority. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. No indirect expense allocations have been made in the funds which require reversal for the statement of activities. Program revenues include (a) fees 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.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

Fund Financial Statements: The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of the County's governmental 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 has no enterprise funds on which to report.

Proprietary funds distinguish *operating* from *nonoperating* revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating revenues, mainly charges for services and materials, result from exchange transactions associated with the principal activities of the fund where each party receives and gives up essentially equal values. Operating expenses include professional and other services costs; claims, premiums and bonding; and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The County reports the following major governmental funds:

The *General Fund* 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.

The *County Building Construction Fund*, a capital projects fund type, accounts for the financing and construction of various capital assets and improvements thereto of the County. Financing is provided principally by operating transfers from the General Fund, interest on investments, and proceeds of general obligation bonds when issued.

The *Water and Sewer Construction Fund*, a capital projects fund type, accounts for the financing and construction of various water and sewer construction projects through joint agreements with various municipalities (see Note IV. F.). The primary revenue sources are acreage user fees, joint operation fees, and assessments with additional financing provided principally by the proceeds of general obligation bonds when issued.

The *School Capital Outlay Fund*, a capital projects fund type, accounts for the County's portion of the financing of school capital assets for the Guilford County Public School System and Guilford Technical Community College. Financing is provided principally by operating transfers from the General Fund, the North Carolina Public School Building Capital Fund, the North Carolina Public School Building Bond Fund, and proceeds of general obligation bonds when issued by Guilford County.

The County also reports *Other Governmental Funds*, which are individually nonmajor, in total. The Rural Fire Districts, Room Occupancy/Tourism Developmental Tax, Emergency Telephone System, and Community Development Funds are all special revenue fund types. They are used to account for the proceeds of specific revenue sources, other than major capital projects, that are legally restricted to expenditures for specific purposes.

Additionally, the County reports the following fund types:

Proprietary fund:

The *Internal Service Fund* accounts for risk retention services provided to other departments of the County on a cost reimbursement basis.

Fiduciary funds:

The *Pension Trust Fund*, the Law Enforcement Officers' Special Separation Allowance Fund, accounts for the activities of a single employer, public employee retirement system, which accumulates resources for pension benefit payments to qualified law enforcement officers.

Agency Funds are used to account for assets held by the County on behalf of others. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The County maintains the following agency funds: the Tax Collection Fund, which accounts for property, occupancy, and/or privilege taxes collected by the County Tax Collector in his capacity as agent for various municipalities, a special district, and an authority; the Fines and Forfeitures Fund, which accounts for fines and forfeitures collected by the County that are required to be remitted to the

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

Guilford County Board of Education; the Representative Payee Fund, which accounts for funds deposited with the Mental Health and Social Services Departments for the benefit of specified clients being served by the County; and the N.C. Treasurer's Vehicle Interest Fund which accounts for three percent additional interest collected on the first month's interest assessed on delinquent registered motor vehicle property taxes as per House Bill 1779. The additional interest is remitted to the N.C. Department of State Treasurer monthly and will be used by the Division of Motor Vehicles to create a combined motor vehicle registration renewal and property tax collection system.

C. Measurement Focus, Basis of Accounting

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

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for the agency funds which have no measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange 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.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

The government-wide (governmental activities) financial statements of the County follow Financial Accounting Standards Board Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with or contradict guidance of the Governmental Accounting Standards Board.

Governmental Fund Financial Statements. Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. 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. For this purpose, the government considers revenues, except for property taxes, to be available if they are collected within 90 days of the end of the current fiscal period. 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.

Ad valorem property taxes are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, property taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. See also Note I.E.2 for additional explanation. Those revenues susceptible to accrual are sales taxes, collected and held by the State at year end on behalf of the County, certain intergovernmental revenues and charges for services, and interest on investments. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amount will be reimbursed to the County; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met. Some types of charges for services are susceptible to accrual. Human Services Departments' client and contract fees and Emergency Services Department ambulance fees net of an adjustment for estimated uncollectible fees are recognized when earned because they are considered both

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

measurable and available. All other charges for services as well as licenses and permits and other revenues are not susceptible to accrual because, generally, they are not measurable until received in cash.

D. Budgetary Control

In compliance with the North Carolina Local Government Budget and Fiscal Control Act, the County adopts an annual budget ordinance for all funds except the projects within the Community Development Special Revenue Fund authorized by grant ordinance; certain projects within the County Building Construction, Water and Sewer Construction, and School Capital Outlay Capital Projects Funds authorized by project ordinance; the Internal Service Fund and Trust and Agency Funds. The budget ordinance must be adopted by July 1 of the fiscal year or the Board of County Commissioners must adopt an interim budget that covers that time until the annual ordinance can be adopted.

The appropriations in the General Fund and annually budgeted projects in the Capital Projects Funds are formally budgeted and legally controlled on a departmental basis. Projects in the Capital Projects Funds with project-length budgets are controlled by project. The legal level of control varies for the Special Revenue Funds. Appropriations in the Rural Fire District Fund are by rural fire tax district; the appropriations in the Room Occupancy/Tourism Development Tax Fund and the Emergency Telephone System Fund are on a fund basis. Appropriations in the Community Development Fund are controlled by project. The annual budget is prepared on the modified accrual basis of accounting as required by North Carolina law and consistent with generally accepted accounting principles. It is amended for supplemental appropriations during the fiscal year by the Board of County Commissioners. The County Manager is authorized by the budget ordinance to make intrafund transfers of appropriations up to \$30,000 for each transaction, except that funds transferred cannot be used to create unauthorized positions or to raise salaries and that funds appropriated for merit raises can be used solely for that purpose. Each such transfer shall be reported to the Board of Commissioners at its next regular meeting. Any revisions that alter total appropriations of any fund must be approved by the Board. All annual appropriations lapse at each fiscal year end and open encumbrances must be reappropriated in the following fiscal year's budget.

Concurrent with the adoption of the annual budget ordinance, the County approves a balanced financial plan for the Internal Service Fund. A financial plan is balanced when estimated expenses do not exceed estimated revenues. Any change in the financial plan during the year must be approved by the Board of County Commissioners.

E. Assets, Liabilities and Equity

1. Cash and Cash Equivalents/Investments

The County has pooled the cash resources of its funds in order to maximize investment opportunities. Each fund's portion of total cash and investments is reported as cash and cash equivalents/investments by the County's individual major funds, Internal Service Fund and Pension Trust Fund and in the aggregate for non-major and agency funds. The Greensboro/Guilford County Tourism Development Authority (Authority) uses the County's pool for its investment purposes. Interest earned is distributed quarterly to the various funds based on each fund's proportionate equity in the cash and investments pool. For purposes of the statement of cash flows, all cash and investments of the proprietary fund are considered to be cash equivalents, since they are available on demand from the cash and investments pool.

All deposits of the County and Authority are made in board-designated official depositories and are secured as required by General Statute 159-31. The County and Authority may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County and Authority may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

Investments with remaining maturities at the time of purchase of one year or less are stated at amortized cost which approximates fair value. Investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The securities of the North Carolina Capital Management Trust (NCCMT) Cash Portfolio, an SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

Portfolio's securities are valued at fair value. In accordance with State law, the County has invested in securities which are callable and may provide for periodic interest rate increases in specific increments until maturity; these and all other investments are stated at fair value.

2. *Property Taxes Receivable*

The County's property tax is levied each July 1 on the assessed value as of the prior January 1, for all taxable real and personal property (except registered motor vehicles) located in the County. Property taxes attach as an enforceable lien on real property as of the listing date. Assessed personal property values are established annually at estimated market value. A revaluation of all real property is required to be performed no less than every eight years, with the one affecting the fiscal year 2006 levy completed as of January 1, 2005. North Carolina General Statutes require that property taxes levied as of the beginning of the fiscal year are due September 1. Taxes are collected net of a 1% discount during July and August, in full from September 1 through January 5 and with additional penalties and interest accrued beginning January 6.

As of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles. As part of this change, Guilford County is responsible for billing and collecting these property taxes on behalf of all municipalities and special tax districts in the County. These vehicles are registered with the State's Division of Motor Vehicles under a staggered system. Property taxes are due the first day of the fourth month after registration. Since billed taxes are applicable to the year in which they become due, taxes for vehicles registered from March 2006 through February 2007 apply to the fiscal year ended June 30, 2007. The uncollected portion of these taxes is included in property taxes receivable on the financial statements. Those taxes for vehicles registered from March 2007 through June 2007 apply to fiscal year 2008 and are therefore not included in property taxes receivable at June 30, 2007.

Property taxes receivable in the governmental fund financial statements are not recognized as revenue because the amount is not susceptible to accrual. At June 30, 2007, property taxes receivable are materially past due and, consequently, cannot be considered an available resource with which to pay liabilities of the current period, although the amount due is measurable. Therefore, all property taxes receivable are recorded net of an allowance for estimated uncollectible delinquent taxes, with the net receivable recorded as deferred revenue.

3. *Allowances for Doubtful Accounts*

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. Allowances are based on collection experience and management's evaluation of the current status of existing receivables.

4. *Capital Assets*

Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated life in excess of two years. Such assets are recorded at historical cost or at estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation. Public domain (infrastructure) capital assets consisting of certain improvements, including roads, bridges, curbs and gutters, water and sewer systems, school improvements, streets and sidewalks, drainage systems, and lighting systems, either have not been capitalized because the County does not own them or are included under improvements due to relatively insignificant amounts.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

Property, plant, and equipment of the primary government as well as the component unit is depreciated using the straight-line method over the following estimated useful lives:

<u>Primary Government</u>		<u>Authority</u>	
Buildings	45 years	Furniture and fixtures	7 years
Improvements other than buildings	20 years	Equipment	5 years
Machinery and equipment	10 years	Vehicles	5 years
Vehicles	3 years		

5. *Vacation, Compensatory and Sick Leave Benefits*

The County's vacation policy allows full time and fractional (but no part-time) employees to accumulate a maximum of thirty (30) days leave which, if not used, will be paid to employees upon separation from County service at the rates of pay then in effect. Any excess over the 30 days is transferred annually to sick leave as of the end of the leave accrual year.

According to the provisions of the Fair Labor Standards Act, nonexempt employees may earn compensatory time at the rate of one and one-half hours for each hour worked in excess of specified limits and may accrue a limited amount of earned compensatory benefits, which if not used, will be paid to employees upon separation from County service at the rates of pay then in effect. In addition, County policy allows exempt employees except the County Manager, Assistant Managers and Department Directors to earn compensatory time on an hour-for-hour basis and to accrue, based on years of service, a limited amount of earned compensatory benefits, which if not taken, is also payable upon separation from County service.

Accumulated vacation and compensatory benefits are accrued when incurred in the government-wide and proprietary fund financial statements. Benefits are considered to be taken on a first in, first out basis for determining the current portion of the liability. A liability for those amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

The County's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the County has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave is made.

6. *Long-term Obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or propriety fund type statement of net assets.

7. *Net Assets/Fund Balances*

Net Assets

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. 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.

Fund Balances

The governmental fund financial statements report reservations of fund balance for amounts that are not available for appropriation or are legally reserved by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

The governmental fund types classify fund balances as follows:

- Reserved for encumbrances - represents commitments for the expenditure of funds under outstanding purchase orders and contracts.
- Reserved for State statute - represents the amount of fund balance at June 30, 2007, which is not available for appropriation under provisions of the North Carolina General Statutes.
- Reserved for restricted funding sources - represents the amount of fund balance that must legally be segregated for specific future uses in accordance with requirements from the funding sources and/or applicable laws. The fund balance is adjusted for amounts already included in reserved for encumbrances/State statute or designated for subsequent year's expenditures.
- Unreserved - Designated for subsequent year's expenditures - represents the amount of fund balance appropriated to the 2007-2008 budget per the adopted budget ordinance.
- Unreserved - Designated for capital project ordinances - represents the amount of fund balance appropriated for capital projects with a project-length budgetary basis and adjusted for to date project activity and amounts already included in reserved for encumbrances and reserved for State statute.
- Unreserved - Designated for specific purposes - represents the amount of fund balance designated by the Board of Commissioners for specific future use by the Mental Health, Public Health, and Law Enforcement departments. The fund balance is adjusted for amounts already included in reserved for encumbrances/State statute or designated for subsequent year's expenditures.
- Unreserved - Undesignated - represents the amount of fund balance which is available for future appropriations.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

II. Reconciliation of government-wide and fund financial statements

A. 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 total *fund balances*—*total governmental funds* and *net assets of governmental activities* as reported in the government-wide statement of net assets. The details of selected elements of that reconciliation are further explained as follows:

1. "Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds."

Property taxes receivable (net)	\$	3,888,316
Accrued interest on property taxes receivable (net)		275,000
Due from governmental units (cities) for reimbursement by contract of County watershed bonded debt		2,484,109
Special assessments receivable		<u>559,687</u>
Net adjustment to increase total fund balances - total governmental funds to arrive at net assets of governmental activities	\$	<u><u>7,207,112</u></u>

2. "Prepaid expenses (assets) consumed in governmental activities are not financial resources when reported as expenditures in the funds using the purchases method."

Prepaid expenses for:		
Employer and employee healthcare benefits prepaid for July (eliminated against unearned revenue in the Internal Service Fund)	\$	2,113,377
Less: Employee portion withheld in June, reclassified to current liabilities		(451,729)
Net pension asset for excess contributions to the Pension Trust Fund		<u>326,702</u>
Net adjustment to increase total fund balances - total governmental funds to arrive at net assets of governmental activities	\$	<u><u>1,988,350</u></u>

3. "Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds."

General obligation bonds payable	\$	585,120,000
Less: Deferred charge on refunding (to be amortized as interest expense)		(4,908,412)
Less: Deferred charge for issuance/put bond costs (to be amortized over life of debt)		(1,614,740)
Plus: Issuance/put bond premiums (to be amortized against interest expense)		6,916,829
Accrued interest payable		3,647,781
Accrued arbitrage rebate payable		1,633,183
Capital leases and installment financings payable		571,479
Accrued compensated absences payable		<u>11,489,206</u>
Subtotal		602,855,326
Less: Accrued compensated absences payable of the Internal Service Fund		<u>(36,844)</u>
Net adjustment to decrease total fund balances - total governmental funds to arrive at net assets of governmental activities	\$	<u><u>602,818,482</u></u>

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances—total governmental funds* and *change in net assets of governmental activities* as reported in the government-wide statement of activities. The details of selected elements of that reconciliation are further explained as follows:

1. "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period."					
Capital outlay (net of Internal Service Fund amount of \$-0-)		\$	12,952,579		
Less: depreciation expense (net of Internal Service Fund amount of \$-0-)			<u>(7,693,104)</u>		
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at change in net assets of governmental activities		\$	<u>5,259,475</u>		
2. "The net effect of various miscellaneous transactions involving capital assets (ie., sales, trade-ins and donations) is to increase net assets."					
In the statement of activities, only the gain or loss on the disposal of capital assets is reported. However, in the governmental funds, only the proceeds from a sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost net of accumulated depreciation of the capital assets disposed.		\$	(768,061)		
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.			<u>1,038,110</u>		
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at change in net assets of governmental activities		\$	<u>270,049</u>		
3. "Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds until they are available."					
Property taxes receivable (net)		\$	656,830		
Due from governmental units (cities) for reimbursement by contract of County watershed bonded debt			(640,323)		
Special assessments receivable			<u>(54,079)</u>		
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at change in net assets of governmental activities		\$	<u>(37,572)</u>		

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

4. "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal consumes the current financial resources. Neither transaction, however, 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."

Debt issued or incurred:	
Issuance of general obligation bonds	\$ (185,440,000)
Capital leases and installment financings	(485,187)
Less: premiums on bonds issued	(1,879,435)
Plus: bond issuance costs	542,749
Principal repayments:	
General obligation bonds	19,790,000
Capital leases and installment financings	<u>337,621</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at change in net assets of governmental activities	\$ <u><u>(167,134,252)</u></u>

5. "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 the governmental funds. Some expenditures reported in the governmental funds do require the use of current financial resources because items are prepaid using the payments method and, therefore, are not reported as expenses in the statement of activities."

Accrued interest	\$ (739,118)
Accrued arbitrage rebate	(1,633,183)
Compensated absences	(600,629)
Amortization of issuance and put bond costs	(189,399)
Amortization of deferred charge on refunding	(577,809)
Amortization of bond premiums and premium on put bond	2,350,789
Employer portion of healthcare benefits prepaid for July	(40,569)
Net pension asset for excess contributions to the Pension Trust Fund	<u>4,083</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at change in net assets of governmental activities	\$ <u><u>(1,425,835)</u></u>

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Cash and Cash Equivalents/Investments

As previously discussed, cash for all County funds is pooled for investment purposes. With the exception of a separate checking account, the Greensboro/Guilford County Tourism Development Authority (Authority) uses the County's pool for its investment purposes. At June 30, 2007, the cash and investments included the following:

Account Balances		Ownership of Funds	
Petty cash/cash on hand	\$ 41,672	Primary Government - Guilford County	
Demand deposits	(192,423)	Governmental Funds	\$ 319,427,381
Certificates of deposit	75,047,588	Internal Service Fund	<u>24,913,699</u>
Investments	274,744,948	Total Governmental Activities	344,341,080
		Pension Trust Fund	1,617,654
		Agency Funds	<u>1,959,420</u>
			347,918,154
		Component Unit - Authority	<u>1,723,631</u>
	<u>\$ 349,641,785</u>		<u>\$ 349,641,785</u>

Deposits

The deposits of the County's pool are governed by North Carolina General Statutes which allow depositories to collateralize excess deposits above Federal depository insurance coverage by one of two methods. Under the Dedicated Method, all deposits exceeding the Federal depository insurance coverage are collateralized with securities held by the County's agent in the County's name. 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. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County does not have a policy regarding custodial risk for deposits.

At year-end, the deposit portion of pooled cash and investments had a carrying amount of \$74,837,081 and a bank balance of \$79,770,839. Of the bank balance, \$700,021 was covered by Federal depository insurance, and \$4,623,230 in non-interest-bearing deposits and \$74,447,588 in interest-bearing deposits were covered by collateral held under the Pooling Method.

Deposits of the Authority not included with the pool had a carrying amount of \$18,084 and a bank balance of \$69,636, which was fully covered by Federal depository insurance.

Investments

North Carolina General Statute 159-30(c) authorizes the County and Authority 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 nonguaranteed Federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

At June 30, 2007, the County's pooled investment balances were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Months)
U.S. Treasury Securities	\$ 10,950,000	2.30
U.S. Government Agencies	58,965,643	17.76
N.C. State Agencies	11,000,000	0.56
Commercial Paper and Bankers' Acceptances	<u>25,944,318</u>	0.51
	106,859,961	10.23
N.C. Capital Management Trust	<u>167,884,987</u>	Demand
Total Pooled Investments	<u>\$ 274,744,948</u>	

The North Carolina (N.C.) State Agency instruments in the County's portfolio have final stated maturities ranging from 2015 to 2036; however, they may be redeemed at par at any time and the interest rate resets every 28 days. Effective maturity is deemed to be the next interest reset date.

Interest Rate Risk. In accordance with its investment policy, the County manages its exposure to declines in fair value by limiting investments with maturities beyond one year to 50% of the portfolio. No investment may be purchased with a maturity greater than five years from date of purchase.

Credit Risk. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2007, the County's investments in commercial paper were rated P1 by Standard & Poor's, F1 by Fitch Ratings, and/or A1 by Moody's Investors Service. The County's investments in the NCCMT Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2007. The County's investment in the NCCMT Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, obligations of the State of North Carolina, bonds and notes of North Carolina local governments/public authorities and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended. The County's investments in U.S. Agencies (Federal Home Loan Bank, Federal National Mortgage Association, and Federal Home Loan Mortgage Corporation) are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. The County's investments in N.C. State Agencies (State Education Assistance Authority) are rated Aaa by Moody's Investors Service and AAA by Fitch Ratings.

Custodial Credit Risk. Custodial credit risk is risk that the County will not be able to recover the value of its investments that are in the possession of its safekeeping custodian. To minimize this risk, the County's investment policy requires that all negotiable instruments shall be held in safekeeping in the trust department of a bank. The County's investments are held in the County's name by a safekeeping agent that is independent of all counterparties.

Concentration of Credit Risk. The County's investment policy limits investment in any one commercial paper issuer to no more than 15% of the total portfolio, which is defined by the County's investment policy to include interest-bearing bank deposits. No single commercial paper issuer accounted for more than 5% of the County's investments at June 30, 2007. The following State and Federal agencies comprise more than 5% of the County's investments, which exclude bank deposits for purposes of this disclosure: Federal Home Loan Bank, 11.66%; and Federal National Mortgage Association, 5.81%.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

B. Receivables

Receivables are recorded net of an allowance for estimated uncollectible accounts at June 30, 2007 in the County's individual funds as follows:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds	Internal Service Fund
Allowance for uncollectible accounts on:				
Property taxes	\$ 4,863,767	89,919	4,953,686	-
Accrued interest on property taxes	1,770,309	-	1,770,309	-
Service fees	<u>8,402,499</u>	<u>-</u>	<u>8,402,499</u>	<u>14,250</u>
	<u>\$ 15,036,575</u>	<u>89,919</u>	<u>15,126,494</u>	<u>14,250</u>

C. Capital Assets

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

Primary Government – Governmental Activities

A summary of changes in capital assets, net of accumulated depreciation, for the fiscal year ended June 30, 2007 follows:

	Balance July 1, 2006	Increases	Decreases	Transfers	Balance June 30, 2007
Non-depreciable capital assets:					
Land	\$ 28,932,033	1,170,475	(141,186)	-	29,961,322
Construction in progress	<u>1,170,749</u>	<u>4,310,023</u>	<u>-</u>	<u>-</u>	<u>5,480,772</u>
Total non-depreciable capital assets	<u>30,102,782</u>	<u>5,480,498</u>	<u>(141,186)</u>	<u>-</u>	<u>35,442,094</u>
Depreciable capital assets:					
Buildings	120,699,844	1,862,438	(1,116,609)	-	121,445,673
Improvements other than buildings	13,952,194	1,276,950	-	-	15,229,144
Machinery and equipment	26,046,306	3,680,767	(603,354)	-	29,123,719
Vehicles	<u>18,155,230</u>	<u>1,690,036</u>	<u>(1,323,310)</u>	<u>-</u>	<u>18,521,956</u>
Total depreciable capital assets	178,853,574	8,510,191	(3,043,273)	-	184,320,492
Less accumulated depreciation for:					
Buildings	(44,255,369)	(2,866,878)	693,546	-	(46,428,701)
Improvements other than buildings	(5,053,305)	(734,457)	-	-	(5,787,762)
Machinery and equipment	(16,628,193)	(1,499,802)	536,014	-	(17,591,981)
Vehicles	<u>(12,617,294)</u>	<u>(2,591,967)</u>	<u>1,186,838</u>	<u>-</u>	<u>(14,022,423)</u>
Total accumulated depreciation	<u>(78,554,161)</u>	<u>(7,693,104)</u>	<u>2,416,398</u>	<u>-</u>	<u>(83,830,867)</u>
Total depreciable capital assets (net)	<u>100,299,413</u>	<u>817,087</u>	<u>(626,875)</u>	<u>-</u>	<u>100,489,625</u>
Governmental activities capital assets (net)	<u>\$ 130,402,195</u>	<u>6,297,585</u>	<u>(768,061)</u>	<u>-</u>	<u>135,931,719</u>

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

Depreciation expense was charged to the primary government governmental activities as follows:

Function / Program	
General government	\$ 2,141,092
Human services	992,870
Public safety	3,763,042
Environmental protection	72,310
Culture - recreation	<u>723,790</u>
Total governmental activities depreciation expense	<u>\$ 7,693,104</u>

Guilford County's construction in progress at June 30, 2007 is composed of the following:

Project Name	Project Authorization ⁽¹⁾	Expended to June 30, 2007	Estimated Costs to Complete	Required Future Financing
Mental Health Renovations	\$ 642,923	513,955	128,968	-
Kendall Center Renovation	767,000	31,350	735,650	-
EMS Base Station	525,832	497,822	28,010	-
Scrap Tire / White Goods Facility	445,750	444,290	1,460	-
Northeast Park	3,404,406	3,244,510	159,896	2,520,260
EMS Base Station - Rock Creek	2,199,000	-	2,199,000	-
Design Phase - GC Detention Center	4,465,678	599,395	3,866,283	-
GSO Courthouse Renovation	5,300,000	149,450	5,150,550	-
New DSS Facility - High Point	5,400,000	-	5,400,000	-
Prison Farm Improvements and Design	725,000	-	725,000	-
Northwest EMS Base Station	<u>1,500,000</u>	<u>-</u>	<u>1,500,000</u>	<u>-</u>
	<u>\$ 25,375,589</u>	<u>5,480,772</u>	<u>19,894,817</u>	<u>2,520,260</u>

(1) Project Authorization and costs exclude amounts associated with land, land improvements, purchased buildings, and non-capital costs.

Discretely Presented Component Unit – Greensboro/Guilford County Tourism Development Authority

A summary of changes in capital assets, net of accumulated depreciation, for the fiscal year ended June 30, 2007 follows:

	Balance July 1, 2006	Increases	Decreases	Balance June 30, 2007
Depreciable capital assets:				
Furniture, fixtures and equipment	\$ 319,325	19,487	(21,823)	316,989
Less accumulated depreciation	<u>(282,391)</u>	<u>(15,893)</u>	<u>21,823</u>	<u>(276,461)</u>
Tourism Authority capital assets, net	<u>\$ 36,934</u>	<u>3,594</u>	<u>-</u>	<u>40,528</u>

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

D. Accounts Payable and Accrued Liabilities
Primary Government – Governmental Activities

Accounts payable and accrued liabilities at June 30, 2007 includes the following balances:

	<u>Vendors</u>	<u>Salaries, Benefits Accrued & Withheld</u>	<u>Accrued Interest</u>	<u>Due to Gov. Units, Districts & Agencies</u>	<u>Other</u>	<u>Total</u>
Major Governmental Funds:						
General (1)	\$ 9,942,867	5,000,213	-	2,365,389	2,625,820	19,934,289
County Building Construction	816,602	-	-	-	-	816,602
Water and Sewer Construction	1,042,454	-	-	-	-	1,042,454
School Capital Outlay (2)	-	-	-	9,473,899	-	9,473,899
Nonmajor Governmental Funds	-	-	-	328,047	-	328,047
Internal Service Fund (3)	7,609	3,505	-	-	3,841,100	3,852,214
Reconciliation of balances in fund financial statements to government-wide financial statements	<u>-</u>	<u>451,729</u>	<u>3,647,781</u>	<u>-</u>	<u>-</u>	<u>4,099,510</u>
Total - Governmental Activities	<u>\$ 11,809,532</u>	<u>5,455,447</u>	<u>3,647,781</u>	<u>12,167,335</u>	<u>6,466,920</u>	<u>39,547,015</u>

(1) Other payable includes \$2,402,198 refundable taxes.

(2) Capital funding due to Guilford Technical Community College and Guilford County Schools.

(3) Other payable is County's insurance claims liability, all due within one year, of \$3,841,100. See Note IV. D. 4.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

E. Deferred/Unearned Revenue

The Government-wide financial statements, like the Governmental Funds and the Internal Service Fund, defer revenue recognition in connection with resources that have been received, but not yet earned. Governmental funds also report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

Deferred/unearned revenue at June 30, 2007 is composed of the following unearned and unavailable revenues:

	Major Governmental			Total
	General Fund	Water and Sewer Construction Fund	Nonmajor Governmental and Other Funds	
Governmental Funds:				
Unearned:				
Property tax collections not yet earned	\$ 1,521,500	-	57,491	1,578,991
Prepaid special assessments not yet billed or earned	-	28,018	-	28,018
Federal, State and private foundation grants received in advance	155,046	-	-	155,046
Total unearned - Governmental Activities	1,676,546	28,018	57,491	1,762,055
Unavailable:				
Property taxes receivable (net)	3,783,333	-	104,983	3,888,316
Accrued interest on property taxes receivable (net)	275,000	-	-	275,000
Due from governmental units (cities) for reimbursement by contract of County watershed bonded debt	2,484,109	-	-	2,484,109
Special assessments receivable	-	559,687	-	559,687
Total unavailable	6,542,442	559,687	104,983	7,207,112
Total deferred revenue - Governmental Funds	\$ 8,218,988	587,705	162,474	8,969,167
Internal Service Fund:				
Unearned:				
Service fees collected in advance			\$ 2,116,046	2,116,046

The Internal Service Fund service fees collected in advance are eliminated or reclassified when combined with the Governmental Funds to report the Primary Government's Governmental Activities.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

F. Long-term Liabilities

Primary Government – Governmental Activities

A summary of changes in long-term liabilities for the fiscal year ended June 30, 2007 follows:

	Balance July 1, 2006	Additions	Reductions	Balance June 30, 2007	Current Portion of Balance
Bonds payable:					
General obligation bonds	\$ 419,470,000	185,440,000	(19,790,000)	585,120,000	27,715,000
Plus bond issuance/put bond premiums	7,388,183	1,879,435	(2,350,789)	6,916,829	-
Less bond refunding charges	<u>(5,486,221)</u>	<u>-</u>	<u>577,809</u>	<u>(4,908,412)</u>	<u>-</u>
Total bonds payable	421,371,962	187,319,435	(21,562,980)	587,128,417	27,715,000
Capital leases and installment financings	423,913	485,187	(337,621)	571,479	251,115
Accrued arbitrage rebate	-	1,633,183	-	1,633,183	-
Compensated absences	<u>10,876,221</u>	<u>6,911,391</u>	<u>(6,298,406)</u>	<u>11,489,206</u>	<u>4,411,975</u>
Total	<u>\$ 432,672,096</u>	<u>196,349,196</u>	<u>(28,199,007)</u>	<u>600,822,285</u>	<u>32,378,090</u>

The County issues general obligation bonds to provide funds for the acquisition, development, and construction of major capital facilities and to provide funding for Guilford County Schools and Guilford Technical Community College facilities, for watershed protection and for new water and sewer lines that under contract are owned by participating municipalities upon completion. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the County and principal and interest requirements are appropriated in the General Fund when due. The remaining long-term liabilities of the governmental activities are generally liquidated by the General Fund also. The Internal Service Fund predominantly serves the governmental funds, therefore, any long-term liabilities are included as part of the above totals for governmental activities. At year end this amounted to \$36,844 of the compensated absences balance. Any capital leases that finance equipment used in Internal Service Fund operations are reported as long-term debt in the Fund when issued and are retired by its resources.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

Long-term liabilities outstanding as of June 30, 2007 include the following:

General Obligation Bonds:

1998 Water and Sewer serial bonds due in annual installments of \$290,000 to \$300,000 through February 1, 2018; interest at 4.50% to 4.60%.	\$ 3,290,000
1998 Public Improvement serial bonds due in annual installments of \$315,000 to \$325,000 through February 1, 2018; interest at 4.50% to 4.60%.	3,565,000
1998 General Obligation Refunding bonds due in annual installments of \$130,000 through February 1, 2008; interest at 4.10%.	130,000
2000 Water and Sewer serial bonds due in annual installments of \$325,000 to \$520,000 through October 2010; interest at 5.00%.	1,625,000
2000 Public Improvement serial bonds due in annual installments of \$4,675,000 to \$7,480,000 through October 2010; interest at 5.00%.	23,375,000
2000 Public Improvement serial bonds due in annual installments of \$1,380,000 to \$8,000,000 from October 2016 through 2020; interest fixed at 4.00% effective January 2004 through October 2007; then reverting to variable rate debt synthetically fixed at 3.865%.	30,000,000
2002 Water and Sewer serial bonds due in annual installments of \$260,000 to \$520,000 through October 2016; interest at 3.50% to 4.00%.	5,205,000
2002 Public Improvement serial bonds due in annual installments of \$3,830,000 to \$3,835,000 through October 2017; interest at 2.50% to 4.00%.	42,160,000
2002 Public Improvement serial bonds due in annual installments of \$12,000,000 from October 2018 through 2022. Interest fixed at 4.00% effective January 2004 through October 2007; then reverting to variable rate debt synthetically fixed at 3.25% on \$36,000,000 and 3.505% on \$24,000,000.	60,000,000
2002 General Obligation Refunding bonds due in annual installments of \$500,000 to \$2,735,000 through October 2010; interest at 3.00% to 3.25%.	5,885,000
2005 Public Improvement serial bonds due in annual installments of \$610,000 to \$615,000 through October 2020; variable rate interest synthetically fixed at 3.22% upon issuance due monthly.	7,990,000
2005 Public Improvement serial bonds due in annual installments of \$5,385,000 to \$5,390,000 through October 2020; variable rate interest synthetically fixed at 3.22% upon issuance due monthly.	70,010,000
2005 Public Improvement serial bonds due in annual installments of \$2,000,000 to \$18,645,000 through October 2025; interest due monthly at variable rates.	93,220,000
2005 General Obligation Refunding bonds due in annual installments of \$1,130,000 to \$9,125,000 through October 2016; interest at 3.00% to 5.00%.	53,225,000
2007 Public Improvement serial bonds due in annual installments of \$6,250,000 through April 2023; variable rate interest synthetically fixed at 3.945% upon issuance due monthly.	100,000,000
2007 Public Improvement serial bonds due in annual installments of \$11,250,000 from April 2023 through 2027; interest due monthly at variable rates.	45,000,000
2007 Public Improvement serial bonds due in annual installments of \$1,750,000 to \$8,000,000 through April 2018; interest at 4.00% to 5.00%.	40,440,000
Total general obligation bonds	<u>\$585,120,000</u>

Obligations under capital leases and installment financings:

For \$253,812 imaging equipment obligation due in monthly installments of \$7,057 through July 2008; interest at .65%.	\$ 91,706
For \$158,845 computer equipment obligation due in monthly installments of \$4,695 through May 2008; interest at 4.07%.	50,606
For \$485,187 computer equipment obligation due in monthly installments of \$11,057 through December 2010; interest at 4.47%.	429,167
Total obligations under capital leases and installment financings	<u>\$ 571,479</u>

GUILFORD COUNTY, NORTH CAROLINA
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The County has remarketing and standby purchase agreements with banks which provide for remarketing of certain variable-rate bonds when payment is demanded or the bank will purchase the bonds. The agreements have a maximum interest rate of 12%. The agreements covering \$171.22 million of the County's outstanding 2005 variable rate bonds expires on February 15, 2010 with provision for extension. The standby purchase agreement on the County's \$145 million outstanding 2007 variable rate bonds expires March 29, 2014, with provision for extensions; the remarketing agreement expires with final repayment of the bonds. The County paid \$392,251 in fiscal year 2007 pursuant to these agreements.

Interest rate swaps

Objective of the interest rate swaps. As a means to lower its borrowing costs the County entered into interest rate swaps in connection with its variable-rate general obligation bonds. The intention of the swaps was to effectively change the County's variable interest rate on the bonds to a synthetic fixed rate. The County's interest rate swaps are summarized in the table as follows. Bond amounts and swap notional amounts are as of June 30, 2007.

Date of contract	07/2002	07/2003	03/2004	09/2004	09/2005	11/2006	11/2006
Effective Date	07/2002	07/2003	1/1/2005	2/3/2005	4/1/2007	10/1/2007	2/1/2008
Type of transaction	Interest rate swap	Interest rate swap	Forward interest rate swap	Forward interest rate swap	Forward interest rate swap	Forward interest rate swap	Forward interest rate swap
Bonds:							
Amount	\$30 million	\$36 million	\$24 million	\$78 million	\$100 million	\$30 million	\$30 million
Description	2000 Series C	2002 Series C	2002 Series C	2005 Series A & B	2007 Series A & B	2000 Series C	2005 Series A & B
Maturity	10/1/2007	10/1/2020	10/1/2022	2/1/2020	4/1/2023	10/1/2020	3/1/2020
Principal payments							
begin		10/1/2018	10/1/2021	3/1/2006	4/1/2008	10/1/2016	3/1/2016
Rate	variable	variable	variable	variable	variable	variable	variable
Rate basis	SIFMA	SIFMA	SIFMA	SIFMA	SIFMA	SIFMA	SIFMA
Swap:							
Notional amount	\$30 million	\$36 million	\$24 million	\$78 million	\$100 million	\$30 million	\$30 million
Maturity	10/1/2020	10/1/2020	10/1/2022	2/1/2020	4/1/2023	10/1/2020	2/1/2020
Notional value							
declines begin	10/1/2016	10/1/2018	10/1/2021	3/1/2006	4/1/2008	10/1/2016	2/1/2016
Rate County pays	3.865%	3.250%	3.505%	3.220%	3.945%	3.865%	3.220%
Rate County receives	variable	variable	variable	variable	variable	variable	variable
Rate basis received	67% of 30-day LIBOR	59% of 30-day LIBOR	59% of 30-day LIBOR	67% of 30-day LIBOR	SIFMA	60.4% of 5-year ISDA swap	60.4% of 5-year ISDA swap
Spread	None	+ 35 basis points	+ 35 basis points	None	None	None	None
June 30, 2007 information:							
Fair value of swap	(\$413,633)	\$1,171,642	\$366,978	\$659,928	\$77,013	(\$621,376)	\$1,804,434
Intended synthetic rate	3.865%	3.250%	3.505%	3.220%	3.945%	3.865%	3.220%
Synthetic rate	3.927%	3.396%	3.647%	3.045%	3.977%	N/A	N/A
SIFMA rate	3.730%	3.730%	3.730%	3.730%	3.700%	3.730%	3.730%
LIBOR based rate	3.564%	3.489%	3.489%	3.564%	N/A	3.314%	3.314%

Terms. The notional amounts of the swaps match the principal amounts of the associated debt. Scheduled reductions in the notional amounts match principal retirement of the related bonds. Under the swaps associated with the variable-rate general obligation bonds, except for the forward swap execution in 2005, the County pays the counterparty a fixed payment and receives a variable payment computed as a percent of the 30-day London Interbank Offered Rate (LIBOR) or the 5-year International Swaps and Derivatives Association (ISDA) swap as adjusted by a spread factor. On the forward swap executed in 2005, the variable payment received by the County is based on Securities Industry and Financial Markets Association Municipal Swap Index™ (SIFMA). Conversely, the bonds' variable-rate coupons are based on SIFMA.

Fair value. The change in interest rates since the execution of the swaps produced fluctuation in fair values, as indicated in the table. The decline in the value of the swaps reflected in the table with a negative fair value at June 30, 2007 may be countered by a reduction in total interest payments required under the variable-rate bonds, creating a lower synthetic interest rate. Because the coupons on the County's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair values in the table were estimated using the market value method. This method calculates the net present value of cash flows to maturity for payments at the prevailing market rate versus the executed swap rate.

Credit risk. As of June 30, 2007, the County was exposed to credit risk to the extent of the net positive fair value of the swaps as indicated in the table. According to the set-off provision in the master swap agreement, should the counterparty fail to perform according to the terms of the swap agreements, the County faced a maximum possible loss equivalent to the swaps' \$3,044,986 net fair value. As of June 30, 2007, the counterparty was rated

GUILFORD COUNTY, NORTH CAROLINA
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Aaa by Moody's Investor Service, AA+ by Standard and Poors and AA by Fitch Ratings. To mitigate credit risk on the September 2005 and November 2006 forward swaps, if the counterparty's credit quality falls to below A3 by Moody's or A- by Standard and Poors and Fitch, or shall fail to be rated by at least one rating agency, the County shall have the option to terminate the swap at market value.

Basis risk. Except for the September 2005 contract, which is based on SIFMA, the swaps expose the County to basis risk should the relationship between LIBOR and SIFMA converge, changing the synthetic rate on the bonds. The effect of this difference in basis is indicated in the table by the difference between the intended synthetic rate and the synthetic rate as of June 30, 2007. Depending on the relationship between LIBOR and SIFMA, the expected cost savings may not be realized.

Termination risk. The County or the counterparty may terminate the swap(s) if the other party fails to perform under the terms of the contract(s). If the swap(s) is (are) terminated, the variable-rate bonds would no longer carry a synthetic interest rate. Also, if at the time of termination the swap(s) has (have) a negative fair value, the County would be liable to the counterparty for a payment equal to the fair value(s) of the swap(s).

Swap payments and associated debt. Using rates as of June 30, 2007, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable-Rate Bonds		Interest Rate Swaps, Net	Total
	Principal	Interest		
2008	\$ 12,250,000	9,024,269	(42,003)	21,232,266
2009	12,250,000	9,406,594	(34,777)	21,621,817
2010	12,250,000	8,949,669	(27,550)	21,172,119
2011	12,250,000	8,492,744	(20,324)	20,722,420
2012	12,250,000	8,035,819	(13,097)	20,272,722
2013-2017	62,630,000	33,286,613	39,799	95,956,412
2018-2022	125,870,000	14,330,753	108,502	140,309,255
2023	18,250,000	286,744	10,564	18,547,308
Total	\$ 268,000,000	91,813,205	21,114	359,834,319

Conversion/swap transaction

Objective of the conversion/swap transaction. The conversion/swap transaction was intended to take advantage of the spread between bond yields in the traditional, tax-exempt, fixed rate bond market versus synthetic fixed rates in the SIFMA swap market to generate savings over a four year period. In January 2004, the County's variable rate debt was converted to a fixed-rate put bond, with the structure generating a net premium of \$6,165,842 that was required to be used for the same purpose, school construction projects, as the variable-rate general obligation bonds. At the same time, the County entered into a swap transaction to pay interest at floating rates and receive a fixed-rate payment in exchange.

Terms. The County's \$90 million in variable rate debt was converted to a fixed-rate put bond bearing interest at 4.00%. The County simultaneously entered into a swap contract to pay interest on an equal notional amount of \$90 million at SIFMA and receive payment at a fixed rate of 2.21%. At June 30, 2007, SIFMA was 3.73%. The \$90 million fixed-rate bond and the swap both mature on October 1, 2007, then reverting to variable rate debt with synthetically fixed rates as previously disclosed.

Fair Value. At June 30, 2007, the swap had a negative fair value of \$106,575. The fair value was estimated using the market value method. This method calculates the net present value of cash flows to maturity for payments at the prevailing market rate versus the executed swap rate.

Credit risk. As of June 30, 2007, the County was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the County would be exposed to credit risk in the amount of the derivative's fair value.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

Interest Rate Risk. The swap increases the County's exposure to interest rate risk. As SIFMA increases, the net amount the County receives on the swap decreases and at some point could become negative, as is the case at June 30, 2007, per the debt service requirements schedule below.

Termination risk. The County or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. Also, if at the time of termination the swap has a negative fair value, the County would be liable to the counterparty for a payment equal to the fair value of the swap.

Swap payments and associated debt. Using rates as of June 30, 2007, debt service requirements of the fixed-rate debt and net swap receipts, assuming current interest rates remain the same for their term, were as follows. Net swap receipts will vary with changing rates.

Fiscal Year Ending June 30	Put Bond Fixed-Rate Interest	Interest Rate Swap, Net	Total
2008	\$ 1,800,000	(162,000)	1,638,000

The annual requirements to amortize all long-term liabilities outstanding, other than compensated absences payable, as of June 30, 2007 including interest payments of \$219,719,772 are as follows:

Ending June 30	General Obligation Bonds		Capital Leases and Installment Financings		Total
	Principal	Interest	Principal	Interest	
2008	\$ 27,715,000	22,881,680	251,115	17,899	50,865,694
2009	27,650,000	21,033,956	128,202	11,544	48,823,702
2010	27,475,000	19,944,506	126,674	6,015	47,552,195
2011	27,945,000	18,844,130	65,488	856	46,855,474
2012	28,040,000	17,722,442	-	-	45,762,442
2013-2017	150,590,000	71,397,567	-	-	221,987,567
2018-2022	176,525,000	38,681,058	-	-	215,206,058
2023-2027	119,180,000	9,178,119	-	-	128,358,119
	\$ 585,120,000	219,683,458	571,479	36,314	805,411,251

The County is subject to the Local Government Bond Act of North Carolina which limits the amount of net debt, exclusive of funding and refunding bonds, bonds issued for water, gas, or electric power purposes, and bonds issued for certain other specified purposes. The County may have outstanding and unissued an amount not to exceed 8% of the appraised value of property subject to taxation. At June 30, 2007, such statutory limit for the County was \$3,382,094,077 providing a debt margin of approximately \$2.78 billion.

Bonds authorized and unissued at June 30, 2007 are as follows:

For Additions and/or Improvements To	Date Approved	Amount
Community College	11/02/2004	\$ 15,500,000
Parks and Recreation	11/02/2004	10,000,000
		\$ 25,500,000

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

G. Unrestricted Net Assets

The following is a summary of unrestricted net assets for Guilford County as of June 30, 2007:

Unrestricted net assets (liabilities)	Amount
Water and sewer	\$ (9,385,343)
Guilford County Schools	(367,563,423)
Guilford Technical Community College	(26,600,814)
Other	<u>154,935,510</u>
Unrestricted net assets	<u>\$ (248,614,070)</u>

Guilford County’s unrestricted net assets include several categories which do not create capital assets owned by the County and therefore are individually unrestricted net liabilities as follows:

- The County has entered into contracts with certain municipalities for the joint financing of new water and sewer lines in areas adjacent to the municipalities. All water and sewer line expenses incurred by the County are owned by the participating municipalities upon completion. The related unspent debt proceeds net of bonds payable are reported separately above.
- All Guilford County Schools and Guilford Technical Community College capital projects expenses incurred by the County fund capital assets owned by the respective schools. Their shares of unspent County designated funding as well as remaining County issued debt proceeds net of bonds payable are reported as part of unrestricted net assets above.

H. Interfund Transfers

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

Transfers In	Transfers Out Major Governmental Funds
	General
Major Governmental Funds:	
County Building Construction	\$1,020,418
School Capital Outlay	<u>474,311</u>
Total	<u>\$1,494,729</u>

Transfers from the General Fund to the County Building Construction Fund are for funding general government construction projects per the Guilford County Capital Improvement Plan. The New Financial Reporting System Project was specifically allocated \$55,000 of the total amount.

Transfers from the General Fund to the School Capital Outlay Fund are for additional funding to the Guilford County School’s Smith High School Academy project. These funds were taken from the annual capital appropriation per the school’s request.

There were no interfund receivables or payables at June 30, 2007.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

IV. OTHER INFORMATION

A. Employees Retirement Systems and Plans

Primary Government

1. North Carolina Local Governmental Employees' Retirement System

Plan Description

Guilford County contributes to the statewide North Carolina Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. The LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of General Statute Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The LGERS 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 LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy

Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.80% and 4.64%, respectively, of annual covered payroll. The contribution requirements of members and of Guilford County are established and may be amended by the North Carolina General Assembly. The County's contributions to the LGERS for the years ended June 30, 2007, 2006, and 2005 were \$5,573,611, \$5,538,024, and \$5,300,602, respectively. The contributions made by the County equaled the required contributions for each year.

2. Law Enforcement Officers' Special Separation Allowance

Plan Description

Guilford County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of General Statute Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The plan does not issue a separate stand-alone financial report. The Separation Allowance is included in the County's Comprehensive Annual Financial Report as a pension trust fund.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2006, the Separation Allowance's membership consisted of:

Retirees receiving benefits	34
Active plan members	<u>243</u>
Total	<u>277</u>

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.

GUILFORD COUNTY, NORTH CAROLINA
Notes to the Financial Statements

Method Used to Value Investments - Investments are reported at fair value

Contributions

The County is required by Article 12D of General Statute 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 \$391,297 or 3.1% 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.

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

Annual Pension Cost and Net Pension Obligation (Asset)

The County's annual pension cost and net pension obligation (asset) of the Separation Allowance for the current year were as follows:

Annual required contribution	\$	391,297
Interest on net pension obligation		(23,390)
Adjustment to annual required contribution		<u>19,307</u>
Annual pension cost		387,214
Contributions made		<u>391,297</u>
Increase in net pension asset		(4,083)
Net pension obligation (asset) beginning of year		<u>(322,619)</u>
Net pension obligation (asset) end of year	\$	<u>(326,702)</u>

Three Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
6/30/2005	344,006	101.5	(316,965)
6/30/2006	404,251	101.4	(322,619)
6/30/2007	387,214	101.1	(326,702)

3. Supplemental Retirement Income Plan

Plan Description

The County contributes to the Supplemental Retirement Income Plan of North Carolina (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. All law enforcement officers and any other employees, who are currently members of a state-administered retirement plan, are eligible to participate from the date of employment. Article 5 of General Statute 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

GUILFORD COUNTY, NORTH CAROLINA
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Funding Policy

Article 12E of General Statute Chapter 143 requires that the County contribute each month an amount equal to 5% of each law enforcement officer's qualified salary. During the year ended June 30, 2007, the County also elected to contribute 5% of qualified salaries for all other eligible employees. All covered employees may make voluntary contributions to the Plan. All contributions and investment earnings allocated to the employees' accounts are fully vested immediately. County contributions for the year ended June 30, 2007, to law enforcement officers' accounts and other employees' accounts were \$613,409 and \$5,106,381, respectively. Voluntary contributions to the Plan were \$3,110,650.

4. Registers of Deeds' Supplemental Pension Fund

Plan Description

Guilford County also contributes to the Registers of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution pension plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any county register of deeds who is retired under the Local Governmental Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of General Statute Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy

On a monthly basis, the County remits to the Department of State Treasurer an amount equal to four and one-half percent (4.5%) of the monthly receipts collected pursuant to Article 1 of General Statute 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2007, the County's required and actual contributions were \$157,075 and \$157,153, respectively.

B. Deferred Compensation Plans

Guilford County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. All assets and income of the plan are in a trust for the exclusive benefit of the participants and their beneficiaries and therefore are not a part of the County's financial statements. The compensation deferred for the fiscal year ended June 30, 2007 was \$51,556.

Discretely Presented Component Unit

Greensboro Area Convention and Visitors Bureau Deferred Compensation Plan

The Authority offers its employees a Deferred Compensation Plan (Plan) created in accordance with Internal Revenue Code 457. The Plan, available to all full-time employees who have completed one year of service and are at least 21 years old, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement or death. The Authority has complied with changes in the laws that govern deferred compensation plans, requiring all assets of the plan to be held in trust for the exclusive benefit of the participants and their beneficiaries.

The Authority makes a matching contribution in an amount equal to the employees deferred contribution up to a maximum of 6 percent. All employees may defer amounts up to the maximum allowed by the Internal Revenue Service each year. Employees' contributions vest immediately. The Authority's contributions are fully vested after five years of continuous service. The employee receives credit for his contribution as well as the Authority's, and benefits are based on the total assets owned in the employee's individual accounts. Authority and employee contributions for the fiscal year ended June 30, 2007 were \$52,007 and \$60,053, respectively.

GUILFORD COUNTY, NORTH CAROLINA
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C. Post-Employment Benefits

In addition to providing pension benefits, Guilford County has elected to provide health care benefits to retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (System). The County's contribution is determined by the number of years of creditable service prior to retirement. Non-Medicare eligible retirees with at least thirty years of creditable service and their dependents may participate with the County contributing the normal employer share of the premium and the retiree paying the normal employee share of the premium. Non-Medicare eligible retirees with at least twenty-five years of creditable service and their dependents may participate with the County contributing seventy-five percent of the employer's share and the retiree paying the balance of the employer's share of the premium as well as the normal employee share of the premium. Medicare - eligible retirees who are enrolled in both Medicare Parts A and B are eligible to participate with the County contributing a flat amount for retirees with thirty years of creditable service and seventy-five percent of that rate for retirees with at least twenty-five years of creditable service. Medicare eligible participants receive secondary coverage. Eligible retirees after age sixty-five who do not opt to participate in the Plan may participate in a Medicare supplement plan. The service requirements are the same for the Medicare supplement plan as noted above for the health care benefit. The County contributes up to \$40 per month for each retiree with at least thirty years of creditable service and seventy-five percent of that amount for each retiree with at least twenty-five years of creditable service. The cost of retiree health care benefits and Medicare supplement benefits is recognized as an expenditure when the premiums are paid. Currently, 520 retirees and 201 dependents are eligible for post-retirement health benefits. Of that total, 179 retirees and 29 dependents are Medicare eligible participants. For the fiscal year ended June 30, 2007, \$4,003,404, inclusive of \$1,111,873 in retiree contributions, was paid by the County for these benefits. Currently 7 Medicare-eligible retirees who did not opt to participate in the Plan, participate in the Medicare supplement benefit. For the fiscal year ended June 30, 2007, the County paid \$5,480 for Medicare supplement coverage.

The County has elected to provide death benefits to employees through the Death Benefit Plan for Members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer State-administered cost-sharing plan funded on a one-year term cost basis. Lump sum death benefits are provided to beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The benefit payment is equal to the employee's 12 highest months salary in a row during the 24 months prior to his/her death, but the benefit must be between \$25,000 and \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. For the fiscal year ended June 30, 2007, the County made contributions to the State for death benefits of \$90,328. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .07 percent and .14 percent of covered payroll, respectively. The contributions to the Death Trust are not separated between the post-employment benefit amount and the other benefit amount, as the amounts cannot be reasonably estimated.

D. 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; and natural disasters. The County protects itself from potential loss using a combination of risk financing methods, which are accounted for in the Internal Service Fund. The County's insurance programs consist of liability, property, workers' compensation, and employee health care insurance.

All operating funds of the County participate in the risk management program and make payments to the program department based on the insured departments' exposure factors. Payments are for prior and current year claims and to establish adequate reserves for catastrophic losses. Amounts are recorded as quasi-external interfund transactions.

Claims liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but are not reported

GUILFORD COUNTY, NORTH CAROLINA
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(IBNRs), based on actuarial computations. Settled claims have not exceeded self-retained or purchased insurance coverage in any of the past three fiscal years.

1. Liability and Property Insurance

The liability program is financed using a combination of self-funding and participation in the Local Government Excess Liability Fund, Inc., a public entity risk pool (Liability Pool). The program was restructured during fiscal year 2001 to shift the funding for claims liability from risk sharing pools to banking pools where funds are made available to members in the event of a loss, on a loan basis. Primary Coverage Revolving Fund B, a banking pool, covers claims in excess of \$100,000 up to \$4,000,000. The County retains the first \$100,000 in liability claims and the claims in excess of the \$4,000,000 per occurrence. Liability Pool Fund G (banking pool) was established as a transitional fund to pay claims not covered by Fund B and other self-funded related expenses. As of June 30, 2007, the County's balances in Funds B and G were \$7,160,919 and \$80,358, respectively, which were recorded in the Internal Service Fund as a deposit. A pooled amount remains in Excess Liability Fund A, a member sharing pool, until all pending lawsuits against that fund have been resolved. The County's allocable interest and the total retained earnings of Fund A at June 30, 2007 are \$700,544 and \$3,101,830, respectively.

The property insurance program is financed using a combination of self-funding, participation in the Local Government Property Insurance Deductible Fund, Inc., a public entity risk pool (Property Pool) and purchased insurance. The Property Pool was restructured during 2004 to shift the funding for property claims from risk sharing pools to banking pools where funds are made available to members in the event of loss, on a loan basis. The Property Pool pays property losses up to \$100,000 after application of a \$10,000 deductible requirement of the County for each occurrence. Guilford County purchases an insurance policy to provide coverage above the \$100,000 loss amount up to a 100% replacement cost but limited to \$250 million in any one occurrence. As of June 30, 2007, the County's balance in the Property Pool of \$193,129 was recorded in the Internal Service Fund as a deposit.

The County has the right to withdraw its interest in the Funds of the Local Government Excess Liability Fund, Inc. and the Local Government Property Insurance Deductible Fund, Inc. when all claims against the pools have been settled and all legal obligations have been paid.

2. Workers' Compensation Insurance

The workers compensation program is financed using a combination of self-funding, participation in the Liability Pool and purchased insurance. The County is self-insured for the first \$100,000 coverage per accident. Claims from \$100,000 to \$500,000 are covered by the Revolving Fund-Employers' Liability/Workers Compensation (Fund E). Claims above \$500,000 are covered by a purchased insurance policy with an unlimited indemnity for workers compensation losses and employers' liability. Amounts paid by Fund E are repaid in subsequent years by the governmental unit incurring the loss, thus, no risk of loss has been transferred by the County to the Liability Pool Fund E which is a banking pool. Annual deposits by members are actuarially determined. As of June 30, 2007, the County's balance in Fund E of \$621,771 was recorded in the Internal Service Fund as a deposit.

3. Employee Health Care Insurance

The employee health care program is financed using an entirely self-funded plan. Two optional health care plans are available to employees, retirees, covered dependents, and eligible former employees. The County administers both healthcare plans through a self-funded program, supplemented by employee contributions, to pay claims administration and medical claims of the employees and their covered dependents. Specific stop-loss insurance with a deductible level of \$250,000 per member for all occurrences and a lifetime maximum of \$750,000 per member is purchased to limit the County's losses for the overall program. The County provides a basic dental plan and an enhanced dental plan for employees and covered dependents, supplemented by employee contributions, which are also accounted for in the self-funded program.

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4. Reconciliation of Claims Liability

Changes in the County's claims liability balance are as follows:

	Fiscal Year 2006 - 2007					Fiscal Year 2005-06 Total
	Liability	Property	Workers' Compensation	Employee Health Care	Total	
Balance Beginning of Year	\$ 151,494	12,359	1,725,214	2,429,577	4,318,644	4,164,431
Incurred Claims (Including IBNRs) and Changes in Estimates	219,956	376,478	386,047	24,335,886	25,318,367	25,143,068
Less Claims Payments	<u>202,955</u>	<u>388,617</u>	<u>733,098</u>	<u>24,471,241</u>	<u>25,795,911</u>	<u>24,988,855</u>
Balance End of Year	\$ <u>168,495</u>	<u>220</u>	<u>1,378,163</u>	<u>2,294,222</u>	<u>3,841,100</u>	<u>4,318,644</u>

E. Benefit Payments Issued by the State

The State, on behalf of the County, makes benefit payments from Federal and State monies directly to recipients. County personnel are involved with certain functions, primarily eligibility determinations that cause these payments to be issued. The following amounts, which disclose the additional aid to County recipients, do not appear in the basic financial statements because they are not revenues and expenditures of the County.

Program Title	Federal	State
Aid to the Blind	\$ 100,460	24,645
Aid to Families with Dependent Children	(13,765)	(3,773)
SC/SA Domiciliary Care	-	3,342,283
SC/SA Certain Disabled	-	762
Refugee Assistance	47,065	-
Low Income Energy Assistance	1,088,634	-
Adoption Assistance - CWS	322,988	854,460
Adoption Assistance - IV-E	2,372,838	659,661
Adoption Guardianship - IV-E	10,045	2,802
Medical Assistance	222,901,314	110,151,125
Women, Infants and Children	7,665,495	-
Food Stamp Program	53,937,134	-
Temporary Assistance for Needy Families	<u>6,370,824</u>	<u>(442)</u>
Total benefit payments issued by the State	\$ <u>294,803,032</u>	<u>115,031,523</u>

F. Commitments and Contingencies

The County leases certain equipment under long-term lease agreements. At June 30, 2007, such arrangements with initial or remaining noncancellable terms in excess of one year are as follows:

Year Ending June 30	Capital Leases and Installment Financings	Operating Leases
2008	\$ 269,014	285,062
2009	139,746	170,165
2010	132,689	83,998
2011	<u>66,344</u>	<u>-</u>
Total minimum payments	607,793	<u>539,225</u>
Less amount representing interest	<u>36,314</u>	
Present value of net minimum payment	\$ <u>571,479</u>	

There were no contingent rentals or sublease rentals associated with leases in effect at June 30, 2007. The total rental expense amounted to \$1,286,060 for the fiscal year ended June 30, 2007.

The County has entered into contracts with the cities of Greensboro, High Point, and Archdale for the joint financing of new water and sewer lines in the respective areas of the County. Certain use and tap-on fees

GUILFORD COUNTY, NORTH CAROLINA
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collected by the governmental units are contributed to a Joint Water and Sewer Trust Fund for financing the construction costs. The construction of water and sewer lines under these agreements is accounted for in the Water and Sewer Construction Fund, a capital projects fund, which includes the accounts of the Joint Water and Sewer Trust Fund. The lines are owned by the cities upon completion.

Expenditures incurred for improvements to property of the Guilford County Board of Education and Guilford Technical Community College are reimbursed upon request. Because Guilford County is not a party to the contracts for school improvements, the unexecuted balances of such contracts are considered obligations of the applicable school systems. Further, additional payments, if any, to be made by Guilford County will be from future appropriations. For these reasons, the unexecuted balances of such contracts, aggregating approximately \$119.8 million at June 30, 2007, represent commitments.

The County participates in a number of Federal and State of North Carolina financial assistance programs. For the fiscal year ended June 30, 2007, these programs were subject to audit in accordance with generally accepted auditing standards, Government Auditing Standards, the provisions of OMB Circular A-133, and the State Single Audit Implementation Act. The amount, if any, of expenditures which may be disallowed by the granting agencies resulting from this and other audits cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

The County is involved in several pending lawsuits and claims, which it intends to defend vigorously. In the opinion of the County's attorney and management, the disposition of these matters is not expected to have a material effect on the County's financial position.

G. Conduit Debt Obligations

The Guilford County Industrial Facilities and Pollution Control Financing Authority (the 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 letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2007, there were eleven series of industrial revenue bonds outstanding with an aggregate principal amount payable of \$44,030,000.

In December 2003, Guilford County issued \$5,240,000 Multifamily Housing Revenue Bonds on behalf of Brentwood Crossing, LLC for the acquisition and rehabilitation of a low and moderate income multifamily rental housing development. These bonds are secured by rents from the property and a letter of credit. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for the repayment of these bonds. Accordingly, the outstanding bonds in the amount of \$5,025,000 at June 30, 2007 are not reported as liabilities in the accompanying financial statements.

In November 2005, Guilford County issued \$4,110,000 of Multifamily Housing Revenue Bonds on behalf of Lake Road II, L.P., for the construction and equipping of a low-to-moderate income family housing project. These bonds are secured by rents from the property, and neither the County, the State, nor any political subdivision thereof is obligated in any manner for the repayment of these bonds. Accordingly, the outstanding bonds in the amount of \$4,090,000 at June 30, 2007 are not reported as liabilities in the accompanying financial statements.

In March 2007, Guilford County issued \$2,600,000 of Multifamily Housing Revenue Bonds on behalf of Community Housing Concepts, Inc. for the acquisition and rehabilitation of a low-to-moderate income multifamily housing project. These bonds are secured by rents from the property, and neither the County, the State, nor any political subdivision thereof is obligated in any manner for the repayment of these bonds. Accordingly, the outstanding bonds in the amount of \$2,594,480 at June 30, 2007 are not reported as liabilities in the accompanying financial statements.

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H. Joint Venture

Guilford Technical Community College

The County, in conjunction with the State of North Carolina and Guilford County Board of Education, participates in a joint venture to operate the Guilford 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. 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 to provide financing for new and restructured facilities. Of the general obligation bond issues for this purpose, \$56,435,286 in debt is still outstanding. 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 \$9,760,430 and \$1,500,000 to the community college for operating and capital purposes, respectively, and issued \$20,000,000 of general obligation bonds for capital purposes, all during the fiscal year ended June 30, 2007. In addition, the County made debt service payments of \$4,211,141 during the fiscal year on general obligation bonds issued for community college capital facilities. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2007. Complete financial statements for the community college may be obtained from the community college's administrative offices at 601 High Point Road, Jamestown, North Carolina 27282.

I. Jointly Governed Organizations

Piedmont Triad Council of Governments

The County participates with six other counties and thirty-four municipalities in the Piedmont Triad Council of Governments (the Council). The Council was established to promote regional issues and cooperation among its members and to coordinate various funding received from Federal and State agencies. Each participating government appoints one member to the Council's governing board. The County paid membership dues of \$91,286 to the Council during the fiscal year ended June 30, 2007.

Piedmont International Airport Authority

The County, in conjunction with four other governmental entities, created the Piedmont International Airport Authority (the Authority) to establish policy for the development, operation, and maintenance of the Piedmont Triad International Airport. The County appoints three members of the seven-member governing board of the Authority.

High Point Convention and Visitors Bureau

The City of High Point created a High Point Convention and Visitors Bureau (the Bureau) to promote tourism and to solicit and encourage convention business in High Point. The County appoints five of the eleven voting members of the Bureau.

Piedmont Authority for Regional Transportation

The County participates with nine other counties in the Piedmont Authority for Regional Transportation (the Authority) as established by the Cities of Burlington, Greensboro, High Point and Winston-Salem for the purpose of coordinating regional transportation services, facilities and programs for the entire Piedmont Triad area. The County appoints one of the twenty voting members of the Authority.



Required Supplementary Information

The Required Supplementary Information schedules and notes contain additional information required by generally accepted accounting principles as follows:

Law Enforcement Officers' Special Separation Allowance:

Schedule of Funding Progress

Schedule of Employer Contributions

Notes to the Required Schedules

GUILFORD COUNTY, NORTH CAROLINA
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information

Schedule of Funding Progress

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 % of Covered Payroll ((b-a)/c)
12/31/01	\$ 1,726,681	3,754,551	2,027,870	46.0	9,510,987	21.3
12/31/02	1,784,464	4,056,804	2,272,340	44.0	9,883,894	23.0
12/31/03	1,846,493	4,380,231	2,533,738	42.2	10,384,692	24.4
12/31/04	1,810,744	5,100,430	3,289,686	35.5	11,121,820	29.6
12/31/05	1,727,284	5,113,293	3,386,009	33.8	11,581,612	29.2
12/31/06	1,671,258	5,147,929	3,476,671	32.5	12,479,184	27.9

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2002	\$ 273,019	100.0
2003	295,524	100.0
2004	322,215	100.0
2005	349,121	100.0
2006	409,026	100.2
2007	391,297	100.0

Notes to the Required Schedules

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

Valuation date	12/31/2006
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	24 years
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	From 4.5% to 12.3% per year
*Includes inflation at	3.75%
Cost of living adjustments	N/A

Major Governmental Funds

General Fund

The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

Capital Projects Funds

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

- *County Building Construction Fund* - Accounts for the financing and construction of various capital assets and improvements thereto of the County. Financing is provided principally by operating transfers from the General Fund, interest on investments and proceeds of general obligation bonds when issued.
- *Water and Sewer Construction Fund* - Accounts for the financing and construction of various water and sewer construction projects through joint agreements with various municipalities, including the cities of Greensboro, High Point, and Archdale. The primary revenue sources are acreage user fees, joint operation fees and assessments with additional financing provided principally by the proceeds of general obligation bonds when issued.
- *School Capital Outlay Fund* - Accounts for the County's portion of the financing of school capital assets for the Guilford County Public School System as well as Guilford Technical Community College. Financing may be provided from three principal sources: (1) County-wide funds, primarily operating transfers from the General Fund; (2) Revenue from the North Carolina Public School Building Capital Fund and the North Carolina Public School Building Bond Fund; and (3) Proceeds of general obligation bonds issued by Guilford County. Under North Carolina law, such bonds cannot be issued by the respective school.

**GUILFORD COUNTY, NORTH CAROLINA
General Fund**

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**Schedule of Expenditures - Budget and Actual
For the fiscal year ended June 30, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Budgetary and GAAP Basis	Positive (Negative)
Current:				
General government:				
County commissioners	\$ 417,582	442,969	436,074	6,895
Clerk to the board	226,858	228,490	185,945	42,545
County administration	1,486,317	1,409,484	771,157	638,327
County attorney	1,096,812	1,096,812	1,017,162	79,650
Human resources	4,091,552	4,353,899	4,247,527	106,372
Budget and management	534,458	534,458	498,495	35,963
Internal audit	358,527	358,527	354,558	3,969
Finance	2,410,988	2,489,678	2,425,607	64,071
Purchasing	482,318	484,446	415,228	69,218
Information services	8,412,679	9,861,426	9,157,807	703,619
Tax	6,095,797	6,097,977	5,927,597	170,380
Register of deeds	3,417,738	3,429,801	2,499,602	930,199
Elections	2,233,758	2,257,198	2,040,177	217,021
Planning and development	1,287,111	1,294,880	1,162,505	132,375
Community and economic development	606,126	622,656	589,328	33,328
Geographic information system	583,504	647,975	540,536	107,439
Facilities	4,862,922	4,896,427	4,422,930	473,497
Security	1,827,014	1,827,014	1,768,146	58,868
Property management / courts	1,627,764	1,636,455	1,526,644	109,811
Parking and fleet operator	676,613	689,613	522,933	166,680
Total general government	<u>42,736,438</u>	<u>44,660,185</u>	<u>40,509,958</u>	<u>4,150,227</u>
Human services:				
Public health	35,984,966	36,596,909	34,621,959	1,974,950
Mental health	37,274,920	38,753,731	35,701,349	3,052,382
Social services	66,946,978	69,455,098	64,321,390	5,133,708
Public assistance - adults, families, medic	25,441,248	25,046,248	23,597,754	1,448,494
Child support enforcement	5,629,433	5,629,433	5,349,728	279,705
Cooperative extension service	543,380	544,880	519,692	25,188
Coordinated services	1,206,161	1,284,941	1,045,956	238,985
Veteran services	101,409	101,409	94,950	6,459
Transportation	2,012,115	2,432,549	2,341,250	91,299
Total human services	<u>175,140,610</u>	<u>179,845,198</u>	<u>167,594,028</u>	<u>12,251,170</u>
Public safety:				
Law enforcement	47,386,516	49,753,032	46,201,154	3,551,878
Emergency services	20,385,672	22,714,662	20,616,198	2,098,464
Inspections	3,324,485	3,324,485	3,277,439	47,046
Court Alternatives	3,064,139	3,334,086	3,090,837	243,249
Animal services	2,345,599	2,371,681	2,316,807	54,874
Other protection	425,830	784,830	449,719	335,111
Total public safety	<u>76,932,241</u>	<u>82,282,776</u>	<u>75,952,154</u>	<u>6,330,622</u>
Environmental protection:				
Sanitation	1,144,022	1,246,021	1,018,303	227,718
Soil and water conservator	246,884	261,372	219,685	41,687
Total environmental protection	<u>1,390,906</u>	<u>1,507,393</u>	<u>1,237,988</u>	<u>269,405</u>
Culture - recreation	5,290,753	5,365,084	4,979,283	385,801
Economic development and assistance	1,288,287	2,475,001	1,001,087	1,473,914
Intergovernmental - Education:				
Guilford Technical Community College:				
Current Appropriation	9,760,340	9,760,340	9,760,340	-
Capital Appropriator	1,500,000	1,500,000	1,500,000	-
Guilford County Board of Education				
Current Appropriation	156,665,521	156,665,521	156,665,521	-
Capital Appropriator	7,000,000	6,525,689	6,525,689	-
Total education	<u>174,925,861</u>	<u>174,451,550</u>	<u>174,451,550</u>	<u>-</u>
Capital	700,000	-	-	-
Debt service:				
Principal retirement	19,790,000	19,790,000	19,790,000	-
Interest and fiscal charges	21,500,560	20,950,560	18,641,722	2,308,838
Bond issuance costs	-	550,000	542,749	7,251
Total debt service	<u>41,290,560</u>	<u>41,290,560</u>	<u>38,974,471</u>	<u>2,316,089</u>
Total expenditures	\$ <u>519,695,656</u>	<u>531,877,747</u>	<u>504,700,519</u>	<u>27,177,228</u>

GUILFORD COUNTY, NORTH CAROLINA
County Building Construction Capital Projects Fund
Combining Schedule of Revenues and Expenditures
For the fiscal year ended June 30, 2007

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	<u>Annually Budgeted Projects</u>	<u>Project- Length Budgets</u>	<u>Total</u>
Revenues			
Interest on investments	\$ 1,811,086	-	1,811,086
Expenditures			
Capital outlay	-	<u>10,618,652</u>	<u>10,618,652</u>
Excess (deficiency) of revenues over expenditures	<u>1,811,086</u>	<u>(10,618,652)</u>	<u>(8,807,566)</u>
Other Financing Sources			
General obligation bonds issued	-	14,765,000	14,765,000
Transfers in	965,418	55,000	1,020,418
Sale of capital assets	<u>1,899,999</u>	-	<u>1,899,999</u>
Total other financing sources	<u>2,865,417</u>	<u>14,820,000</u>	<u>17,685,417</u>
Excess of revenues and other sources over expenditures	<u>\$ 4,676,503</u>	<u>4,201,348</u>	<u>8,877,851</u>

GUILFORD COUNTY, NORTH CAROLINA
County Building Construction Capital Projects Fund
Schedule of Revenues and Expenditures -
Budget and Actual (Budgetary Basis - Annually Budgeted Projects)
For the fiscal year ended June 30, 2007

A-2a

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary and</u> <u>GAAP Basis</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues				
Interest on investments	\$ -	-	1,811,086	1,811,086
Expenditures				
Capital outlay:				
County building construction for future projects	965,418	965,418	-	965,418
Excess (deficiency) of revenues over expenditures	(965,418)	(965,418)	1,811,086	2,776,504
Other Financing Sources				
Transfers in	965,418	965,418	965,418	-
Sale of capital assets	-	-	1,899,999	1,899,999
Total other financing sources	965,418	965,418	2,865,417	1,899,999
Excess of revenues and other sources over expenditures	\$ -	-	4,676,503	4,676,503

GUILFORD COUNTY, NORTH CAROLINA
County Building Construction Capital Projects Fund
Schedule of Revenues and Expenditures -
Budget and Actual (Budgetary Basis - Project-Length Budgets)
From inception and for the fiscal year ended June 30, 2007

A-2b

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Intergovernmental	\$ 2,022,543	2,096,410	-	2,096,410
Expenditures				
Capital outlay:				
General Government Projects:				
Independence Building	6,319,090	4,302,017	1,447,489	5,749,506
New Financial Reporting System	4,959,636	1,553,749	1,974,864	3,528,613
Greensboro Courthouse Renovations	5,300,000	-	149,450	149,450
Human Services Projects:				
High Point Health Department Renovations	550,000	509,716	-	509,716
Mental Health Renovations	692,923	432,047	134,271	566,318
Kendall Center Renovation	767,000	31,350	-	31,350
New DSS Facility - High Point	5,400,000	-	-	-
Public Safety Projects:				
Design Phase - GC Detention Center	4,465,678	-	599,395	599,395
Prison Farm Infrastructure Improve & Design	725,000	-	-	-
800 Mhz Radio System Upgrade	2,500,000	2,230,835	75,125	2,305,960
EMS Base Station - High Point	525,832	26,169	471,653	497,822
EMS Base Station - Rock Creek	2,500,000	2,600	297,449	300,049
Northwest EMS Base Station	1,500,000	-	-	-
Environmental Protection Projects:				
Sanitation:				
Scrap Tire / White Goods Facility	1,598,679	1,573,334	(7,825)	1,565,509
Watershed:				
Greensboro Watershed	4,125,878	3,934,066	4,560	3,938,626
Southern & Southeast Guilford Schools Watershed Ponds	160,000	-	-	-
Culture-Recreation Projects:				
Open Space:				
Hunter Elementary School Park	300,000	10,000	216,029	226,029
Montlieu Elementary School Park	638,356	20,340	427,691	448,031
Oak Ridge Elementary School Park	100,000	-	-	-
Pleasant Garden Elementary School Park	100,000	10,045	-	10,045
Summerfield Elementary School Park	100,000	100,000	-	100,000
Bicentennial Greenway Trail Phase III	2,994,654	2,273,085	14,286	2,287,371
Triad Park	3,706,925	3,478,104	42,962	3,521,066
Bryan Park - Phase I	100,000	-	-	-
Bur Mil Park Improvements	2,765,226	2,737,709	(100)	2,737,609
Northeast Park	8,162,985	3,209,570	4,133,937	7,343,507
Open Space Acquisition	10,000,000	2,000	555,746	557,746
Southwest Park	3,000,000	16,534	81,670	98,204
Total expenditures	74,057,862	26,453,270	10,618,652	37,071,922
Deficiency of revenues over expenditures	(72,035,319)	(24,356,860)	(10,618,652)	(34,975,512)
Other Financing Sources				
General obligation bonds issued	46,324,019	25,956,603	14,765,000	40,721,603
Future borrowed financing proceeds	1,040,000	-	-	-
Transfers in	4,297,467	4,242,467	55,000	4,297,467
Appropriated fund balance	20,373,833	-	-	-
Total other financing sources	72,035,319	30,199,070	14,820,000	45,019,070
Excess of revenues and other sources over expenditures	\$ -	5,842,210	4,201,348	10,043,558

GUILFORD COUNTY, NORTH CAROLINA
Water and Sewer Construction Capital Projects Fund
Combining Schedule of Revenues and Expenditures
For the fiscal year ended June 30, 2007

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	<u>Annually Budgeted Projects</u>	<u>Project- Length Budgets</u>	<u>Total</u>
Revenues			
Charges for services	\$ 2,811,543	-	2,811,543
Other	39,362	-	39,362
Total revenues	<u>2,850,905</u>	-	<u>2,850,905</u>
Expenditures			
Capital outlay	<u>362,687</u>	<u>1,177,387</u>	<u>1,540,074</u>
Excess (deficiency) of revenues over expenditures	<u>2,488,218</u>	<u>(1,177,387)</u>	<u>1,310,831</u>
Other Financing Sources			
General obligation bonds issued	<u>-</u>	<u>675,000</u>	<u>675,000</u>
Total other financing sources	<u>-</u>	<u>675,000</u>	<u>675,000</u>
Excess (deficiency) of revenues and other sources over expenditures	<u>\$ 2,488,218</u>	<u>(502,387)</u>	<u>1,985,831</u>

GUILFORD COUNTY, NORTH CAROLINA
Water and Sewer Construction Capital Projects Fund
Schedule of Revenues and Expenditures -
Budget and Actual (Budgetary Basis - Annually Budgeted Projects)
For the fiscal year ended June 30, 2007

A-3a

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary and GAAP Basis</u>	<u>Final Budget Positive (Negative)</u>
Revenues				
Charges for services:				
Acreage user fees	\$ -	-	416,020	416,020
Assessments	-	-	145,961	145,961
Joint operation fees	-	-	<u>2,249,562</u>	<u>2,249,562</u>
Total charges for services	-	-	2,811,543	2,811,543
Other	-	-	<u>39,362</u>	<u>39,362</u>
Total revenues	-	-	<u>2,850,905</u>	<u>2,850,905</u>
Expenditures				
Capital outlay:				
Water	-	231,774	110,742	121,032
Greensboro water and sewer	-	631,297	258,405	372,892
High Point water and sewer	-	-	<u>(6,460)</u>	<u>6,460</u>
Total expenditures	-	<u>863,071</u>	<u>362,687</u>	<u>500,384</u>
Excess (deficiency) of revenues over expenditures	-	(863,071)	2,488,218	3,351,289
Other Financing Sources				
Appropriated fund balance	-	<u>863,071</u>	-	<u>(863,071)</u>
Excess of revenues and other sources over expenditures	\$ -	-	<u>2,488,218</u>	<u>2,488,218</u>

GUILFORD COUNTY, NORTH CAROLINA
Water and Sewer Construction Capital Projects Fund
Schedule of Revenues and Expenditures -
Budget and Actual (Budgetary Basis - Project-Length Budgets)
From inception and for the fiscal year ended June 30, 2007

A-3b

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Expenditures				
Capital outlay:				
Sanitary sewer:				
Northeast Guilford Middle and High Schools	\$ 444,195	415,798	(6,759)	409,039
Twilla Acres Subdivision	1,586,922	1,003,333	156,060	1,159,393
Forest Oaks Estates	730,656	-	62,600	62,600
Southern Guilford Elementary and High Schools	1,078,000	1,018,519	(338)	1,018,181
Sumner Elementary School	560,000	459,062	-	459,062
Coe Place Subdivision	268,975	239,582	-	239,582
McConnell Road Private Extension	455,231	-	-	-
Prison Farm Infrastructure Improve & Design	350,000	-	-	-
Clover Road Sewer	228,211	-	-	-
Water:				
Twilla Acres Subdivision	1,229,090	686,390	289,449	975,839
Forest Oaks Estates	688,638	-	62,600	62,600
Southwest Water Project	296,700	87,096	-	87,096
Coe Place Subdivision	190,000	166,312	-	166,312
McConnell Road Private Extension	89,232	-	-	-
Prison Farm Infrastructure Improve & Design	325,000	-	-	-
Sedgefield Water Replacement Lines	1,270,000	-	-	-
Greensboro water and sewer:				
Koury Development Water & Sewer Project	1,417,500	1,417,500	-	1,417,500
Huntington Run Private Extensions	110,460	-	-	-
Hines Chapel Road	1,000,000	-	-	-
Trosper Road	931,512	-	613,775	613,775
High Point water and sewer:				
Koury Development Water & Sewer Project	604,856	604,856	-	604,856
Total expenditures	<u>13,855,178</u>	<u>6,098,448</u>	<u>1,177,387</u>	<u>7,275,835</u>
Deficiency of revenues over expenditures	<u>(13,855,178)</u>	<u>(6,098,448)</u>	<u>(1,177,387)</u>	<u>(7,275,835)</u>
Other Financing Sources				
General obligation bonds issued	1,025,000	350,000	675,000	1,025,000
Appropriated fund balance	12,830,178	-	-	-
Total other financing sources	<u>13,855,178</u>	<u>350,000</u>	<u>675,000</u>	<u>1,025,000</u>
Deficiency of revenues and other sources over expenditures	\$ <u>-</u>	<u>(5,748,448)</u>	<u>(502,387)</u>	<u>(6,250,835)</u>

GUILFORD COUNTY, NORTH CAROLINA
School Capital Outlay Capital Projects Fund
Schedule of Revenues and Expenditures -
Budget and Actual (Budgetary Basis - Project-Length Budgets)
From inception and for the fiscal year ended June 30, 2007

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	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues				
Intergovernmental:				
State Lottery Funds	\$ 1,652,515	-	1,652,515	1,652,515
Public School Building Capital Fund	20,695,691	12,291,915	6,941,686	19,233,601
Public School Building Bond Fund	14,251,102	14,251,102	-	14,251,102
Guilford County Schools	<u>8,078,462</u>	<u>137,514</u>	<u>8,000,000</u>	<u>8,137,514</u>
Total revenues	<u>44,677,770</u>	<u>26,680,531</u>	<u>16,594,201</u>	<u>43,274,732</u>
Expenditures				
Intergovernmental:				
Education:				
Guilford Technical				
Community College	66,173,100	29,106,457	1,181,071	30,287,528
Guilford County Board of Education	<u>484,122,397</u>	<u>249,556,573</u>	<u>135,536,578</u>	<u>385,093,151</u>
Total expenditures	<u>550,295,497</u>	<u>278,663,030</u>	<u>136,717,649</u>	<u>415,380,679</u>
Deficiency of revenues over expenditures	<u>(505,617,727)</u>	<u>(251,982,499)</u>	<u>(120,123,448)</u>	<u>(372,105,947)</u>
Other Financing Sources				
General obligation bonds issued	449,752,318	273,552,324	170,000,000	443,552,324
Premium on put bonds	6,165,842	6,165,842	-	6,165,842
Transfers in	42,013,187	41,538,878	474,311	42,013,189
Appropriated fund balance	<u>7,686,380</u>	-	-	-
Total other financing sources	<u>505,617,727</u>	<u>321,257,044</u>	<u>170,474,311</u>	<u>491,731,355</u>
Excess of revenues and other sources over expenditures	\$ <u>-</u>	<u>69,274,545</u>	<u>50,350,863</u>	<u>119,625,408</u>

GUILFORD COUNTY, NORTH CAROLINA
School Capital Outlay Capital Projects Fund
Schedule of Expenditures - Guilford Technical Community College
Budget and Actual (Budgetary Basis - Project-Length Budgets)
From inception and for the fiscal year ended June 30, 2007

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<u>Project Name</u>	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Public Safety Training Grounds	\$ 2,520,000	2,462,814	52,933	2,515,747
Continuing Education Center	5,015,100	4,964,300	30,449	4,994,749
Greensboro Campus - Technical Education Center	14,438,000	14,363,133	74,867	14,438,000
Adult Education Center and Site Development	7,000,000	7,000,000	-	7,000,000
Health Technologies	8,000,000	119,566	806,274	925,840
Greensboro Classroom Building	8,000,000	196,644	216,548	413,192
Transportation Building	3,200,000	-	-	-
High Point Campus Expansion	8,000,000	-	-	-
Center for Business & Industry	10,000,000	-	-	-
Total expenditures	\$ <u>66,173,100</u>	<u>29,106,457</u>	<u>1,181,071</u>	<u>30,287,528</u>

GUILFORD COUNTY, NORTH CAROLINA
School Capital Outlay Capital Projects Fund
Schedule of Expenditures - Guilford County Board of Education
Budget and Actual (Budgetary Basis - Project-Length Budgets)
From inception and for the fiscal year ended June 30, 2007

A-4b

Project Name	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
System Wide Air Conditioning Renovation	\$ 21,139,311	20,578,363	383,498	20,961,861
Stokesdale Elementary School	9,439,006	5,036,356	3,667,863	8,704,219
Andrews High School	9,512,532	9,346,023	223	9,346,246
Dudley High School	32,334,301	31,792,236	344,915	32,137,151
Northwest High School	18,663,254	18,106,314	486,864	18,593,178
Smith High School Academy	5,747,246	2,350,725	1,651,810	4,002,535
Griffin Middle School	6,801,717	6,801,579	-	6,801,579
Brightwood Elementary School	9,809,293	9,728,349	-	9,728,349
Florence Elementary School	9,977,414	7,141,885	1,627,276	8,769,161
Grimsley High School	12,657,600	12,340,175	317,265	12,657,440
Lincoln Performing Arts (K-8)	1,752,329	1,459,048	-	1,459,048
Page High School	10,199,761	10,138,212	-	10,138,212
Sedalia Elementary School	7,542,395	6,342,221	75,408	6,417,629
Relocation of Mobile Classrooms	1,156,000	1,151,715	-	1,151,715
Oak Ridge Elementary School	13,000,000	12,360,906	366,127	12,727,033
Southern Middle School	27,511,710	9,767,463	14,390,636	24,158,099
Ferndale Middle School	4,818,062	678,953	3,313,870	3,992,823
Gateway Education Center West	9,455,625	71,389	553	71,942
Gibsonville Elementary School	12,950,004	7,887,185	4,570,263	12,457,448
Guilford Elementary School	18,258,573	4,014,598	10,349,134	14,363,732
Guilford Middle School	80,375	1,214	43	1,257
Irving Park Elementary School	3,151,875	2,213,893	268,934	2,482,827
Jamestown Middle School	3,271,574	2,625,818	13,425	2,639,243
Madison Elementary School	2,038,213	1,755,944	201,241	1,957,185
Morehead Elementary School	1,951,536	1,299,077	453,778	1,752,855
Northeast High School	11,625,166	6,459,191	4,323,393	10,782,584
Northeast Middle School	5,312,984	3,615,151	1,455,061	5,070,212
Northern Elementary School	16,519,996	948,542	5,100,228	6,048,770
Northern High School	53,334,387	8,598,584	26,021,237	34,619,821
Northern Middle School	27,236,507	19,357,876	7,299,269	26,657,145
Northwest Area Elementary School	17,211,754	2,154,981	12,483,186	14,638,167
Oak View Elementary School	4,785,664	1,267,433	3,034,440	4,301,873
Parkview Elementary School	7,326,356	479,912	2,509,784	2,989,696
Peck Elementary School	3,427,139	1,788,511	1,229,968	3,018,479
Peeler Elementary School	1,951,536	1,352,549	310,278	1,662,827
Pleasant Garden Elementary School	5,354,078	250,183	112,262	362,445
Ragsdale High School	481,287	11,264	260	11,524
Reedy Fork Area Elementary School	17,219,995	654,337	11,294,322	11,948,659
Southern High School	9,562,241	4,554,388	3,519,397	8,073,785
Southwest High School	8,197,763	4,993,607	2,820,291	7,813,898
Union Hill Elementary School	15,586,776	639,083	538,585	1,177,668
Subtotal expenditures	\$ 458,353,335	242,115,233	124,535,087	366,650,320

GUILFORD COUNTY, NORTH CAROLINA
School Capital Outlay Capital Projects Fund
Schedule of Expenditures - Guilford County Board of Education
Budget and Actual (Budgetary Basis - Project-Length Budgets)
From inception and for the fiscal year ended June 30, 2007

A-4b

<u>Project Name</u>	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Subtotal expenditures forward	\$ 458,353,335	242,115,233	124,535,087	366,650,320
Brown Summit College Prep Middle School	2,362,544	2,248,055	-	2,248,055
Southeast High School	2,669,325	227,974	621,603	849,577
McLeansville Elementary School	5,296,517	4,577,150	280,171	4,857,321
Aycock Middle School	388,161	388,161	-	388,161
Structural Enhancements at Eastern, Hairston, Kernodle Middle Schools	7,052,515	-	7,052,515	7,052,515
Eastern Guilford High School Replacement	8,000,000	-	3,047,202	3,047,202
Total expenditures	\$ <u>484,122,397</u>	<u>249,556,573</u>	<u>135,536,578</u>	<u>385,093,151</u>

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for specified purposes.

- *Rural Fire Districts Fund* - Accounts for voter-approved property taxes levied to provide fire protection services. In accordance with North Carolina General Statute Section 159-26(b)(2), separate accounts have been established for accounting purposes within the rural fire districts fund for each of the twenty-two fire protection districts.

- *Room Occupancy/Tourism Development Tax Fund* - Accounts for occupancy taxes collected from various hotels, motels and similar establishments in Guilford County. Under North Carolina General Statutes, Chapter 988, Guilford County levies a three percent occupancy tax. In accordance with Section 6 of the statute, the County remits seventy percent (70%) of the net proceeds to the Greensboro/Guilford County Tourism Development Authority (a component unit) and the remaining thirty percent (30%) to the City of High Point.

- *Emergency Telephone System Fund* - Accounts for 911 system subscriber fees and levies as provided for in North Carolina General Statute (NCGS) 159-26(b) (2). Under NCGS Chapter 62-A Guilford County imposes a monthly service charge (per wire access line) to cover the cost for implementing, operating, maintaining, and upgrading an Enhanced 911 emergency telecommunication wire line system. NCGS Chapter 62-B provides for the levy of a monthly service charge by the State for each wireless mobile connection unit to ensure the recovery of costs associated with developing and maintaining a wireless Enhanced 911 system.

- *Community Development Fund* - Accounts for projects financed primarily with Community Development Block Grant Funds for rehabilitation and new construction of housing for individuals with low to moderate income levels. Guilford County is a member of a housing consortium with four other local governments under the Home Investment in Affordable Housing Program created through Title II, Home Investment Partnership Act, of the Cranston-Gonzalez National Affordable Housing Act of 1990.

GUILFORD COUNTY, NORTH CAROLINA
Combining Balance Sheet
Nonmajor Governmental Funds -
Special Revenue Funds
June 30, 2007

B-1

	<u>Rural Fire Districts</u>	<u>Room Occupancy/ Tourism Development Tax</u>	<u>Emergency Telephone System</u>	<u>Community Development</u>	<u>Total Nonmajor Governmental Funds</u>
Assets					
Cash and cash equivalents/ investments	\$ 1,489,993	-	260,676	119,212	1,869,881
Receivables:					
Property taxes (net of allowance for estimated uncollectible delinquent taxes of \$89,919)	104,983	-	-	-	104,983
Other taxes	-	383,901	70,707	-	454,608
Due from governmental units and agencies	741,407	-	-	260	741,667
Accrued interest on investments	7,922	-	-	-	7,922
Total receivables	<u>854,312</u>	<u>383,901</u>	<u>70,707</u>	<u>260</u>	<u>1,309,180</u>
Total assets	\$ <u>2,344,305</u>	<u>383,901</u>	<u>331,383</u>	<u>119,472</u>	<u>3,179,061</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	115,170	212,877	-	328,047
Due to component unit	-	268,731	-	-	268,731
Deferred revenue	162,474	-	-	-	162,474
Total liabilities	<u>162,474</u>	<u>383,901</u>	<u>212,877</u>	<u>-</u>	<u>759,252</u>
Fund balances:					
Reserved for:					
State statute	749,328	383,901	70,707	260	1,204,196
Unreserved:					
Designated for subsequent year's expenditures	421,500	-	-	-	421,500
Undesignated	1,011,003	(383,901)	47,799	119,212	794,113
Total fund balances	<u>2,181,831</u>	<u>-</u>	<u>118,506</u>	<u>119,472</u>	<u>2,419,809</u>
Total liabilities and fund balances	\$ <u>2,344,305</u>	<u>383,901</u>	<u>331,383</u>	<u>119,472</u>	<u>3,179,061</u>

GUILFORD COUNTY, NORTH CAROLINA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds -
Special Revenue Funds
For the fiscal year ended June 30, 2007

B-2

	<u>Rural Fire Districts</u>	<u>Room Occupancy/ Tourism Development Tax</u>	<u>Emergency Telephone System</u>	<u>Community Development</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues					
Taxes:					
Property taxes	\$ 9,302,769	-	-	-	9,302,769
Sales tax	2,877,306	-	-	-	2,877,306
Occupancy taxes	-	4,419,986	-	-	4,419,986
911 charges	-	-	788,590	-	788,590
Intergovernmental	-	-	-	165,681	165,681
Interest on investments	132,438	-	-	-	132,438
Other	-	-	-	-	-
Total revenues	<u>12,312,513</u>	<u>4,419,986</u>	<u>788,590</u>	<u>165,681</u>	<u>17,686,770</u>
Expenditures					
Current:					
Public safety	11,865,407	-	1,167,166	-	13,032,573
Urban redevelopment and housing	-	-	-	165,681	165,681
Economic development and assistance	-	4,419,986	-	-	4,419,986
Total expenditures	<u>11,865,407</u>	<u>4,419,986</u>	<u>1,167,166</u>	<u>165,681</u>	<u>17,618,240</u>
Net changes in fund balances	447,106	-	(378,576)	-	68,530
Fund balances at beginning of year	<u>1,734,725</u>	<u>-</u>	<u>497,082</u>	<u>119,472</u>	<u>2,351,279</u>
Fund balances at end of year	<u>\$ 2,181,831</u>	<u>-</u>	<u>118,506</u>	<u>119,472</u>	<u>2,419,809</u>

GUILFORD COUNTY, NORTH CAROLINA
Rural Fire Districts Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
For the fiscal year ended June 30, 2007

B-3

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary and</u> <u>GAAP Basis</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues				
Taxes:				
Property taxes	\$ 8,979,680	8,979,680	9,275,175	295,495
Interest on delinquent taxes	-	-	27,594	27,594
Total property taxes	8,979,680	8,979,680	9,302,769	323,089
Sales tax	2,514,427	2,514,427	2,877,306	362,879
Interest on investments	42,800	42,800	132,438	89,638
Total revenues	<u>11,536,907</u>	<u>11,536,907</u>	<u>12,312,513</u>	<u>775,606</u>
Expenditures				
Current:				
Public safety:				
Alamance Community	865,104	865,104	865,104	-
Climax	97,981	97,981	97,981	-
Colfax	520,710	520,710	520,710	-
Deep River	206,555	206,555	206,555	-
Friedens Community	138,897	138,897	138,897	-
Gibsonville	9,263	9,263	9,263	-
Guilford College Community	1,045,005	1,045,005	1,045,005	-
Guil-Rand	140,835	140,835	140,835	-
Julian	78,960	78,960	78,960	-
Kimesville	97,601	97,601	97,601	-
McLeansville	623,836	623,836	623,836	-
Mount Hope Community	362,362	362,362	362,362	-
Northeast	589,509	589,509	589,509	-
Oak Ridge	943,299	943,299	943,299	-
Pinecroft-Sedgefield	1,785,303	1,785,303	1,785,303	-
Pleasant Garden	686,813	686,813	686,813	-
Rankin	850,563	850,563	850,563	-
Southeast	167,476	167,476	167,476	-
Stokesdale	435,830	435,830	435,830	-
Summerfield	1,654,373	1,654,373	1,654,373	-
Whitsett	327,439	327,439	327,439	-
No. 14	237,693	237,693	237,693	-
Total expenditures	<u>11,865,407</u>	<u>11,865,407</u>	<u>11,865,407</u>	<u>-</u>
Net change in fund balance	(328,500)	(328,500)	447,106	775,606
Fund balance at beginning of year	<u>1,734,725</u>	<u>1,734,725</u>	<u>1,734,725</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,406,225</u>	<u>1,406,225</u>	<u>2,181,831</u>	<u>775,606</u>

GUILFORD COUNTY, NORTH CAROLINA
Room Occupancy/Tourism Development Tax Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
For the fiscal year ended June 30, 2007

B-4

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary and</u> <u>GAAP Basis</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues				
Taxes:				
Occupancy	\$ 4,666,719	4,666,719	4,419,986	(246,733)
Expenditures				
Current:				
Economic development and assistance	<u>4,666,719</u>	<u>4,666,719</u>	<u>4,419,986</u>	<u>246,733</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

GUILFORD COUNTY, NORTH CAROLINA
Emergency Telephone System Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
For the fiscal year ended June 30, 2007

B-5

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary and</u> <u>GAAP Basis</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues				
Taxes:				
911 charges	\$ 770,000	770,000	788,590	18,590
Intergovernmental:				
Wireless 40% funds	<u>37,300</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>807,300</u>	<u>770,000</u>	<u>788,590</u>	<u>18,590</u>
Expenditures				
Current:				
Public safety:				
911 system subscriber fees	770,000	770,000	770,000	-
Wireless 40% funds	<u>37,300</u>	<u>397,166</u>	<u>397,166</u>	<u>-</u>
Total expenditures	<u>807,300</u>	<u>1,167,166</u>	<u>1,167,166</u>	<u>-</u>
Net change in fund balance	-	(397,166)	(378,576)	18,590
Fund balance at beginning of year	<u>497,082</u>	<u>497,082</u>	<u>497,082</u>	<u>-</u>
Fund balance at end of year	\$ <u>497,082</u>	<u>99,916</u>	<u>118,506</u>	<u>18,590</u>
Fund balance at end of year:				
911 charges			\$ 82,730	
Wireless 40% funds			<u>35,776</u>	
Total			\$ <u>118,506</u>	

GUILFORD COUNTY, NORTH CAROLINA
Community Development Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
(Budgetary Basis - Project-Length Budgets)
From inception and for the fiscal year ended June 30, 2007

B-6

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues				
Intergovernmental:				
HUD - Home Investment Program	\$ <u>1,082,079</u>	<u>449,447</u>	<u>165,681</u>	<u>615,128</u>
Expenditures				
Current:				
Urban redevelopment and housing:				
1999-2000 Affordable Housing Funds	173,264	109,545	-	109,545
2001-2002 Affordable Housing Funds	33,827	24,912	-	24,912
2002-2003 Affordable Housing Funds	190,289	145,241	-	145,241
2003-2004 Affordable Housing Funds	123,020	6,058	-	6,058
2004-2005 Affordable Housing Funds	124,881	-	-	-
2005-2006 Affordable Housing Funds	188,094	-	5,399	5,399
2004 Scattered Site Program	<u>400,000</u>	<u>195,515</u>	<u>160,282</u>	<u>355,797</u>
Total expenditures	<u>1,233,375</u>	<u>481,271</u>	<u>165,681</u>	<u>646,952</u>
Deficiency of revenues over expenditures	(151,296)	(31,824)	-	(31,824)
Other Financing Sources				
Transfers in	<u>151,296</u>	<u>151,296</u>	-	<u>151,296</u>
Net change in fund balance	\$ <u>-</u>	<u>119,472</u>	-	<u>119,472</u>
Fund balance at beginning of year			<u>119,472</u>	
Fund balance at end of year			\$ <u>119,472</u>	



Agency Funds

Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments and/or other funds.

Individual Fund Descriptions:

Agency Funds

- *Tax Collection Fund* - Accounts for occupancy and/or ad valorem property taxes collected by the County tax collector in his capacity as agent for the Cities of Archdale, Burlington, Greensboro, and High Point, the Towns of Gibsonville, Jamestown, Oak Ridge, Sedalia, and Summerfield and the Sedgefield Sanitary District. Also accounts for privilege taxes on the short-term lease or rental of vehicles which are collected by the County tax collector in his capacity as agent for the Piedmont Authority for Regional Transportation.
- *Fines and Forfeitures Fund* - Accounts for fines and forfeitures collected by the County that are required to be remitted to the Guilford County Board of Education.
- *Representative Payee Fund* - Accounts for funds deposited with the Mental Health and Social Services Departments for the benefit of specified clients being served by the County.
- *N.C. Treasurer's Vehicle Interest Fund* - Accounts for three percent additional interest collected on the first month's interest assessed on delinquent registered motor vehicle property taxes as per House Bill 1779. The additional interest is remitted to the N.C. Department of State Treasurer monthly and will be used by the Division of Motor Vehicles to create a combined motor vehicle registration renewal and property tax collection system.

GUILFORD COUNTY, NORTH CAROLINA

Agency Funds

C-1

Combining Balance Sheet

June 30, 2007

	Agency Funds				Total
	Tax Collection	Fines and Forfeitures	Representative Payee	NC Treasurer's Vehicle Interest	
Assets					
Cash and cash equivalents/investments	\$ 1,034,971	524,311	372,124	28,014	1,959,420
Total assets	\$ 1,034,971	524,311	372,124	28,014	1,959,420
Liabilities					
Accounts payable and accrued liabilities	\$ -	524,311	-	-	524,311
Representative payee clients payable	-	-	372,124	-	372,124
Due to other taxing units	1,034,971	-	-	28,014	1,062,985
Total liabilities	\$ 1,034,971	524,311	372,124	28,014	1,959,420

GUILFORD COUNTY, NORTH CAROLINA

Agency Funds

C-2

Combining Statement of Changes in Assets and Liabilities
For the fiscal year ended June 30, 2007

	<u>Balance 7/1/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/07</u>
<u>Tax Collection Fund</u>				
Assets				
Cash and cash equivalents/investments	\$ 834,925	198,528,435	198,328,389	1,034,971
Liabilities				
Due to other taxing units	\$ 834,925	198,528,435	198,328,389	1,034,971
<u>Fines and Forfeitures Fund</u>				
Assets				
Cash and cash equivalents/investments	\$ 501,109	3,171,545	3,148,343	524,311
Liabilities				
Accounts payable and accrued liabilities	\$ 501,109	3,171,545	3,148,343	524,311
<u>Representative Payee Fund</u>				
Assets				
Cash and cash equivalents/investments	\$ 400,614	2,292,392	2,320,882	372,124
Liabilities				
Representative payee clients payable	\$ 400,614	2,292,392	2,320,882	372,124
<u>NC Treasurer's Vehicle Interest Fund</u>				
Assets				
Cash and cash equivalents/investments	\$ 29,474	306,524	307,984	28,014
Liabilities				
Due to other taxing units	\$ 29,474	306,524	307,984	28,014
<u>Total Agency Funds</u>				
Assets				
Cash and cash equivalents/investments	\$ 1,766,122	204,298,896	204,105,598	1,959,420
Liabilities				
Accounts payable and accrued liabilities	\$ 501,109	3,171,545	3,148,343	524,311
Representative payee clients payable	400,614	2,292,392	2,320,882	372,124
Due to other taxing units	864,399	198,834,959	198,636,373	1,062,985
Total liabilities	\$ 1,766,122	204,298,896	204,105,598	1,959,420



Additional Financial Data

The Additional Financial Data schedules contain additional information on property taxes as follows:

Analysis of Current Tax Levy

Schedule of Property Taxes Receivable

Analysis of Current Tax Levy -
County-Wide Levy

Analysis of Current Tax Levy -
County-Wide Levy - General Information

General Obligation Debt Service Requirements
and Maturity Schedule

GUILFORD COUNTY, NORTH CAROLINA
Analysis of Current Tax Levy
For the fiscal year ended June 30, 2007

	<u>Assessed Value</u>	<u>Rate (1)</u>	<u>Amount of Levy (2)</u>
County-wide	\$ 42,276,175,963	0.6615	\$ <u>279,355,538</u>
Rural fire districts:			
Alamance Community	846,218,432	0.0819	693,057
Gibsonville	10,111,436	0.1000	10,112
Climax	84,984,327	0.0930	78,207
Colfax	404,503,309	0.1000	404,504
Deep River	202,387,436	0.0770	155,839
Friedens Community	121,139,659	0.0950	115,086
Guilford College Community	1,008,570,642	0.0800	804,057
Guil-Rand	120,400,999	0.1000	119,640
Julian	64,683,486	0.0910	58,862
Kimesville	73,840,122	0.1000	73,837
McLeansville	800,927,099	0.0600	480,556
Mount Hope Community	353,177,191	0.0800	282,542
Northeast	581,671,283	0.0800	465,337
Oak Ridge	906,768,439	0.0825	748,092
Pincroft-Sedgefield	1,637,011,242	0.0860	1,407,832
Pleasant Garden	537,081,398	0.0950	510,242
Rankin	673,987,572	0.1000	673,988
Southeast	128,688,535	0.1000	128,689
Stokesdale	454,459,675	0.0773	351,297
Summerfield	1,516,865,746	0.0875	1,327,273
Whitsett	422,398,555	0.0632	266,956
No. 14 (Franklin Blvd.)	203,626,324	0.1000	<u>201,000</u>
Total rural fire districts			<u>9,357,005</u>
Total entity-wide			\$ <u>288,712,543</u>

Percent of current year adjusted tax levy collected:

County-wide	<u>98.65</u> %
Rural fire districts	<u>98.80</u>
Entity-wide	<u>98.66</u>

Notes:

- (1) Per \$100 of assessed value.
- (2) Assessed value times rate will not equal amount of levy due to rounding differences, preferential rate treatments to certain properties and four months of motor vehicles levied at prior year tax rates in accordance with North Carolina General Statutes.

<u>Discoveries</u>	<u>Penalties</u>	<u>Discounts Allowed</u>	<u>Releases</u>	<u>Total Adjusted Tax Levy</u>	<u>Current Tax Collections</u>	<u>Uncollected at June 30, 2007</u>
1,574,836	273,153	(1,368,521)	(1,834,215)	278,000,791	(274,249,487)	3,751,304
1,524	126	(3,823)	(1,616)	689,268	(677,104)	12,164
-	-	(55)	-	10,057	(9,990)	67
149	21	(385)	(440)	77,552	(76,109)	1,443
6,466	199	(1,906)	(1,870)	407,393	(403,809)	3,584
114	48	(788)	(312)	154,901	(152,759)	2,142
1,059	20	(453)	(272)	115,440	(114,039)	1,401
14,253	2,101	(4,094)	(8,522)	807,795	(802,391)	5,404
328	11	(503)	(270)	119,206	(117,774)	1,432
396	25	(221)	(920)	58,142	(57,760)	382
80	17	(318)	(301)	73,315	(71,825)	1,490
1,556	103	(2,325)	(2,411)	477,479	(469,302)	8,177
2,670	56	(1,280)	(2,140)	281,848	(278,104)	3,744
4,434	221	(2,321)	(2,565)	465,106	(457,134)	7,972
4,822	63	(4,315)	(1,893)	746,769	(741,934)	4,835
6,025	625	(6,492)	(3,069)	1,404,921	(1,390,264)	14,657
11,992	970	(2,402)	(1,760)	519,042	(510,118)	8,924
2,729	268	(3,668)	(1,315)	672,002	(660,205)	11,797
582	28	(606)	(212)	128,481	(127,251)	1,230
653	75	(1,603)	(559)	349,863	(346,056)	3,807
2,909	257	(7,510)	(4,098)	1,318,831	(1,310,586)	8,245
3,780	456	(986)	(17,640)	252,566	(249,426)	3,140
3,964	389	(1,044)	(281)	204,028	(198,514)	5,514
70,485	6,079	(47,098)	(52,466)	9,334,005	(9,222,454)	111,551
1,645,321	279,232	(1,415,619)	(1,886,681)	287,334,796	(283,471,941)	3,862,855

GUILFORD COUNTY, NORTH CAROLINA
Schedule of Property Taxes Receivable
June 30, 2007

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Fiscal Year	Uncollected Balance June 30, 2006	Total Adjusted Tax Levy	Collections and Credits	Uncollected Balance June 30, 2007
2006-2007	\$ -	287,334,796	283,471,941	3,862,855
2005-2006	3,079,871	-	1,877,537	1,202,334
2004-2005	1,074,859	-	272,456	802,403
2003-2004	691,678	-	66,049	625,629
2002-2003	524,598	-	36,077	488,521
2001-2002	519,897	-	28,514	491,383
2000-2001	407,348	-	12,532	394,816
1999-2000	385,821	-	10,477	375,344
1998-1999	290,217	-	5,703	284,514
1997-1998	319,419	-	5,216	314,203
1996-1997	245,863	-	245,863	-
	\$ 7,539,571	287,334,796	286,032,365	8,842,002
Less allowance for estimated uncollectible delinquent taxes:				
General Fund			\$ (4,863,767)	
Rural Fire Districts Fund			(89,919)	(4,953,686)
Property taxes receivable (net)				\$ 3,888,316
Reconciliation with revenues:				
General Fund:				
Ad valorem taxes			\$ 275,825,182	
Interest on delinquent taxes			786,167	\$ 276,611,349
Rural Fire Districts Fund:				
Ad valorem taxes			9,275,175	
Interest on delinquent taxes			27,594	9,302,769
Plus collections and credits not included in revenues:				
Releases net of refunds on prior fiscal years			477,229	
Penalties on delinquent taxes			251,084	
Amounts written off for tax year 1996-1997 per statute of limitations			245,863	974,176
Subtotal				286,888,294
Less revenues not included in collections and credits:				
Collections on years prior to 1997-1998			(6,595)	
Payments in lieu of taxes			(35,573)	
Interest collected			(813,761)	(855,929)
Total collections and credits				\$ 286,032,365

GUILFORD COUNTY, NORTH CAROLINA
Analysis of Current Tax Levy
County-Wide Levy
For the fiscal year ended June 30, 2007

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	County-Wide		Total Levy		
	Assessed Value	Rate(1)	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate (2)	\$ 40,687,650,642	0.6615	269,148,809	253,308,229	15,840,580
Registered motor vehicles taxed at prior year's rate	<u>1,588,525,321</u>	0.6428	<u>10,206,729</u>	-	<u>10,206,729</u>
Total	<u>42,276,175,963</u>		<u>279,355,538</u>	<u>253,308,229</u>	<u>26,047,309</u>
Discoveries:					
Current year taxes	170,419,199	0.6615	1,127,323	1,127,323	-
Prior year taxes	-		<u>447,513</u>	<u>447,513</u>	-
Total	<u>170,419,199</u>		<u>1,574,836</u>	<u>1,574,836</u>	-
Penalties	-		<u>273,153</u>	<u>273,153</u>	-
Discounts allowed	-		<u>(1,368,521)</u>	<u>(1,368,521)</u>	-
Releases:					
Current year taxes	(245,154,951)	0.6615	(1,621,700)	(1,424,307)	(197,393)
Prior year taxes	-		<u>(212,515)</u>	<u>(9,860)</u>	<u>(202,655)</u>
Total	<u>(245,154,951)</u>		<u>(1,834,215)</u>	<u>(1,434,167)</u>	<u>(400,048)</u>
Total assessed value	\$ <u>42,201,440,211</u>				
Total adjusted tax levy			278,000,791	252,353,530	25,647,261
Uncollected taxes at June 30, 2007			<u>(3,751,304)</u>	<u>(1,901,583)</u>	<u>(1,849,721)</u>
Current year's taxes collected			\$ <u>274,249,487</u>	<u>250,451,947</u>	<u>23,797,540</u>
Current adjusted tax levy collection percentage			<u>98.65%</u>	<u>99.25%</u>	<u>92.79%</u>

Notes:

(1) Per \$100 of assessed value.

(2) Assessed value times rate will not equal amount of levy due to rounding differences and preferential rate treatments to certain properties.

GUILFORD COUNTY, NORTH CAROLINA
Analysis of Current Tax Levy
County-Wide Levy - General Information
For the fiscal year ended June 30, 2007

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Secondary Market Disclosures:

Assessed Valuation:	
Assessment Ratio (1)	100%
Real Property (2)	\$ 33,648,245,400
Personal Property	7,548,094,997
Public Service Companies (3)	<u>1,079,835,566</u>
Total Assessed Valuation	\$ <u>42,276,175,963</u>
Tax Rate per \$100 (4)	<u>0.6615</u>
Levy (5)	\$ <u>290,637,096</u>

Notes:

- (1) Percentage of appraised value has been established by State Statute.
- (2) Real property assessment is based on 2004 market values as established by the last revaluation. Pursuant to State law, revaluation is required to take place not less frequently than every eight years.
- (3) Valuation of railroads, telephone companies, and other utilities as determined by the North Carolina Property Tax Commission.
- (4) In addition to the County-wide rates shown, most property in the unincorporated areas was also subject to a special fire district tax.
- (5) Total levy including County-wide and special districts:

County-wide	\$ 281,203,527
Special Fire Districts	<u>9,433,569</u>
Total Levy	\$ <u>290,637,096</u>

The levy is adjusted to exclude rebates and discounts allowed of \$3,302,300.

GUILFORD COUNTY, NORTH CAROLINA
General Obligation Debt Service Requirements
and Maturity Schedule
As of June 30, 2007

D-5

Fiscal Year	UTILITY		OTHER		TOTAL	
	Existing Debt		Existing Debt		Existing Debt	
	Principal	Principal & Interest	Principal	Principal & Interest	Principal	Principal & Interest
2007-08	\$ 2,598,133	3,672,391	25,116,867	46,924,289	27,715,000	50,596,680
2008-09	2,600,226	3,578,212	25,049,774	45,105,744	27,650,000	48,683,956
2009-10	1,703,861	2,585,982	25,771,139	44,833,524	27,475,000	47,419,506
2010-11	1,525,377	2,336,971	26,419,623	44,452,159	27,945,000	46,789,130
2011-12	2,718,383	3,434,512	25,321,617	42,327,930	28,040,000	45,762,442
2012-13	2,782,392	3,370,820	25,317,608	41,315,909	28,100,000	44,686,729
2013-14	2,550,449	3,019,803	26,564,551	41,591,534	29,115,000	44,611,337
2014-15	2,544,502	2,900,079	27,600,498	41,587,910	30,145,000	44,487,989
2015-16	2,540,537	2,777,994	28,584,463	41,468,270	31,125,000	44,246,264
2016-17	2,262,998	2,389,374	29,842,002	41,565,874	32,105,000	43,955,248
2017-18	960,974	1,015,008	32,244,026	42,681,080	33,205,000	43,696,088
2018-19	452,253	468,329	34,207,747	43,094,050	34,660,000	43,562,379
2019-20	42,253	48,462	35,207,747	42,869,720	35,250,000	42,918,182
2020-21	42,253	46,795	36,472,747	42,915,549	36,515,000	42,962,344
2021-22	41,731	44,612	36,853,269	42,022,453	36,895,000	42,067,065
2022-23	41,731	42,966	36,853,269	40,661,477	36,895,000	40,704,443
2023-24	-	-	29,895,000	32,614,849	29,895,000	32,614,849
2024-25	-	-	29,890,000	31,498,201	29,890,000	31,498,201
2025-26	-	-	11,250,000	11,978,438	11,250,000	11,978,438
2026-27	-	-	11,250,000	11,562,188	11,250,000	11,562,188
	\$ <u>25,408,053</u>	<u>31,732,310</u>	<u>559,711,947</u>	<u>773,071,148</u>	<u>585,120,000</u>	<u>804,803,458</u>



STATISTICAL



SECTION

Statistical Section

This part of Guilford County's Comprehensive Annual Financial Report presents detailed 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

Tables

Financial Trends

1 - 2

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Capacity

3 - 6

These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property taxes.

Debt Capacity

7 - 9

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.

Demographic and Economic Information

10 - 11

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.

Operating Information

12 - 14

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.

Sources: *Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Reports for the relevant year. The County implemented Governmental Accounting Standards Board Statement No. 34 in 2002; schedules presenting government-wide information include information beginning in that year.*

Guilford County, North Carolina
Schedule of Changes in Net Assets / Net Assets by Component
Last Six Fiscal Years (1)
(full accrual basis of accounting)

Table 1

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Expenses						
Governmental activities:						
General government (2)	\$ 31,516,270	34,646,687	35,776,935	38,935,052	43,691,593	41,915,381
Human services	154,085,861	159,178,485	162,046,232	168,210,350	170,986,656	167,658,603
Public safety (2)	63,192,587	65,312,136	70,809,410	77,965,005	83,334,706	90,576,330
Environmental protection	1,988,716	1,007,132	1,174,894	1,682,060	1,127,138	1,194,998
Culture - recreation	2,022,230	1,816,420	2,754,118	3,824,634	4,790,197	6,244,857
Urban redevelopment and housing	4,056	311,888	259,242	152,052	158,816	165,681
Economic development and assistance	4,995,855	5,682,689	4,835,656	6,272,110	9,679,480	6,961,147
Education	222,698,036	198,557,002	189,254,201	210,740,935	258,171,386	311,169,199
Interest on long-term debt	7,873,266	9,782,009	10,599,222	11,468,056	15,477,774	18,787,205
Total primary government expenses	<u>488,376,877</u>	<u>476,294,448</u>	<u>477,509,910</u>	<u>519,250,254</u>	<u>587,417,746</u>	<u>644,673,401</u>
Program Revenues						
Governmental activities:						
Charges for services:						
General government	6,926,831	8,111,851	8,218,987	7,632,915	8,092,944	7,908,972
Human services	23,448,275	23,792,095	21,869,902	21,075,399	20,768,155	16,414,577
Public safety	11,700,199	13,471,224	14,259,539	16,056,217	17,697,563	17,901,405
Economic development and assistance	1,742,561	2,079,544	5,437,989	2,653,574	2,699,976	2,796,826
Other activities	327,482	353,284	226,224	278,833	198,133	139,105
Operating grants and contributions:						
Human services	71,548,917	74,484,319	74,736,210	80,870,482	80,654,657	81,501,929
Public safety	2,249,286	1,181,844	1,494,192	2,388,765	2,916,616	2,086,924
Education	9,064,542	2,650,322	299,783	4,968,633	4,165,991	16,594,201
Other activities	777,814	1,232,646	976,685	2,912,425	3,683,034	1,020,755
Capital grants and contributions:						
General government	9,500	-	505,100	-	6,000	-
Human services	12,675	117,517	91,287	84,778	5,518	1,107,265
Public safety	45,260	34,147	214,986	66,236	490,261	22,810
Culture - recreation	11,748	17,916	1,238,163	237,573	50,300	-
Other activities	39,507	2,472	-	9,759	17,883	-
Total primary government program revenues	<u>127,904,597</u>	<u>127,529,181</u>	<u>129,569,047</u>	<u>139,235,589</u>	<u>141,447,031</u>	<u>147,494,769</u>

Total primary government net expenses	<u>(360,472,280)</u>	<u>(348,765,267)</u>	<u>(347,940,863)</u>	<u>(380,014,665)</u>	<u>(445,970,715)</u>	<u>(497,178,632)</u>
General Revenues and Other						
Changes in Net Assets						
Governmental activities:						
Taxes:						
Property taxes	219,789,569	222,694,649	236,089,142	254,787,316	267,195,969	286,570,949
Sales taxes	53,789,277	58,779,530	74,631,354	79,845,527	82,561,886	88,839,038
Occupancy taxes	3,825,082	4,006,760	3,976,303	4,232,851	4,485,837	4,419,986
Excise taxes	2,057,359	1,949,926	2,680,418	2,935,945	3,399,037	3,268,199
911 charges	1,034,031	1,022,015	871,980	769,657	824,713	788,590
Local gross receipts taxes	799,508	775,777	721,737	789,591	746,443	736,098
Franchise taxes	590,491	413,145	506,089	520,014	618,753	462,080
Unrestricted grants and contributions	11,485,517	589,147	4,794,484	3,735,353	1,347,053	1,060,902
Unrestricted investment earnings	9,699,517	5,993,035	3,582,623	7,707,805	15,391,864	17,075,971
Other	264,431	114,304	162,985	222,293	313,562	2,019,617
Special items	-	-	3,159,900	-	-	-
Total primary government general revenues and other changes in net assets	<u>303,334,782</u>	<u>296,338,288</u>	<u>331,177,015</u>	<u>355,546,352</u>	<u>376,885,117</u>	<u>405,241,430</u>
Changes in Net Assets						
Governmental activities / primary government	<u>\$ (57,137,498)</u>	<u>(52,426,979)</u>	<u>(16,763,848)</u>	<u>(24,468,313)</u>	<u>(69,085,598)</u>	<u>(91,937,202)</u>
Net Assets by Component						
Governmental activities:	(Restated)	(Restated)				
Invested in capital assets, net of related debt	\$ 99,485,526	100,094,146	111,008,939	112,083,864	115,542,072	116,246,292
Restricted	16,547,207	19,657,963	23,362,147	25,288,493	27,765,244	30,720,400
Unrestricted	<u>37,001,829</u>	<u>(19,144,526)</u>	<u>(50,527,351)</u>	<u>(77,996,935)</u>	<u>(153,017,492)</u>	<u>(248,614,070)</u>
Governmental activities / primary government	<u>\$ 153,034,562</u>	<u>100,607,583</u>	<u>83,843,735</u>	<u>59,375,422</u>	<u>(9,710,176)</u>	<u>(101,647,378)</u>

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Note:

(1) Ten-year trend information is being developed in this table. Data is presented since implementation of Governmental Accounting Standards Board Statement No. 34.

(2) The 2006 amounts have been reclassified for comparative purposes.

Guilford County, North Carolina
Schedule of Changes in Fund Balances / Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Table 2

	<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>
Revenues						(Restated)				
Taxes:										
Property taxes	\$ 177,639,064	181,459,211	191,026,884	199,478,557	219,066,626	222,529,052	235,782,968	254,318,144	267,441,956	285,914,118
Sales taxes	48,594,303	53,498,154	54,695,595	56,326,992	53,789,277	62,861,654	74,631,354	79,845,527	82,561,886	88,839,038
Occupancy taxes	3,359,761	3,756,275	3,969,326	4,097,548	3,825,082	4,006,760	3,976,303	4,232,851	4,485,837	4,419,986
Excise taxes	1,811,585	2,015,067	2,051,417	1,933,722	2,057,359	1,949,926	2,680,418	2,935,945	3,399,037	3,268,199
911 charges	-	-	-	-	1,034,031	1,022,015	871,980	769,657	824,713	788,590
Local gross receipts taxes	-	-	-	825,466	799,508	775,777	721,737	789,591	746,443	736,098
Franchise taxes	-	-	-	-	590,491	413,145	506,089	520,014	618,753	462,080
Total taxes	231,404,713	240,728,707	251,743,222	262,662,285	281,162,374	293,558,329	319,170,849	343,411,729	360,078,625	384,428,109
Licenses and permits	1,585,731	1,901,813	1,967,745	1,908,456	2,093,241	2,646,591	2,991,576	3,387,258	3,470,989	2,420,370
Intergovernmental	98,005,501	97,709,747	102,240,203	107,086,375	94,911,830	79,806,114	83,470,521	94,419,673	92,559,452	101,329,674
Charges for services	33,161,974	27,301,215	30,321,735	30,212,354	37,835,744	40,826,767	42,020,340	40,891,308	42,299,395	37,116,489
Investment earnings	11,479,044	11,263,050	11,025,528	16,552,945	8,847,992	5,515,396	3,365,125	7,207,426	14,408,915	15,605,317
Other	3,313,793	4,393,011	4,217,953	4,923,322	5,381,366	5,566,681	5,124,932	5,344,140	5,309,364	7,631,167
Total revenues	378,950,756	383,297,543	401,516,386	423,345,737	430,232,547	427,919,878	456,143,343	494,661,534	518,126,740	548,531,126
Expenditures										
General government	20,626,001	21,527,611	23,536,671	32,348,856	30,313,342	33,445,902	34,160,259	37,795,664	43,048,897	40,509,958
Human services	131,407,741	136,103,386	146,041,352	148,581,337	152,663,170	157,893,840	161,072,839	168,618,392	170,804,456	167,594,028
Public safety	45,625,017	48,629,120	53,376,771	58,591,519	61,100,678	63,221,245	69,943,520	77,030,474	83,730,591	88,984,727
Environmental protection	551,864	618,995	746,662	679,512	974,932	1,027,260	1,138,238	1,125,296	1,086,756	1,237,988
Culture - recreation	1,530,701	1,557,478	1,446,372	1,417,582	1,641,649	1,459,007	2,336,710	3,247,907	4,230,945	4,979,283
Urban redevelopment & housing	2,500	745,097	22,842	23,145	4,056	311,888	259,242	152,052	158,816	165,681
Economic development & assistance (1)	3,500,011	3,756,275	4,139,326	4,267,548	4,549,424	4,746,102	4,477,063	5,375,881	7,046,010	5,421,073
Education (3)	97,260,532	99,880,380	110,140,688	114,237,651	122,720,100	124,913,318	133,434,005	138,892,306	150,696,921	166,425,861
Capital outlay - Education (3)	39,778,686	64,616,231	59,163,075	75,417,529	99,977,936	73,643,684	55,820,196	71,848,629	107,474,465	144,743,338
Capital outlay - Other	17,138,482	10,193,406	3,940,298	3,838,607	3,843,303	4,103,909	4,309,253	6,499,337	11,182,101	12,158,726
Debt service:										
Principal	8,840,000	9,240,000	8,805,000	7,925,000	9,865,000	9,865,000	13,830,000	13,810,000	19,410,000	19,790,000
Interest	4,365,710	4,152,985	3,721,060	6,121,878	7,903,473	9,354,570	10,801,897	12,916,990	17,228,026	18,171,528
Other fiscal charges	6,862	300	7,817	25,056	77,746	104,410	265,087	67,360	504,413	470,194
Bond issuance / put bond costs	111,438	-	-	297,304	-	542,893	343,858	825,559	-	542,749
Total expenditures	370,745,545	401,021,264	415,087,934	453,772,524	495,634,809	484,633,028	492,192,167	538,205,847	616,602,397	671,195,134
Excess (deficiency) of revenues over expenditures	8,205,211	(17,723,721)	(13,571,548)	(30,426,787)	(65,402,262)	(56,713,150)	(36,048,824)	(43,544,313)	(98,475,657)	(122,664,008)

**Other Financing Sources (Uses) &
Other Changes in Fund Balances**

Refunding bonds issued	13,760,000	-	-	-	-	16,015,000	-	54,380,000	-	-
General obligation bonds issued	12,480,000	-	-	120,620,000	-	123,355,000	-	183,220,000	-	185,440,000
Capital-related debt issued	-	-	-	1,901,560	-	320,000	417,391	158,845	253,812	485,187
Payment to bond refunding escrow agent	(13,683,958)	-	-	-	-	(16,153,861)	-	(60,717,190)	-	-
Premiums on bonds / put bonds issued	-	-	-	-	-	334,267	6,509,700	5,657,142	-	1,879,435
Transfers in	31,470,506	43,203,709	28,797,725	28,258,854	17,749,793	32,186,463	16,745,665	12,118,221	9,131,329	1,494,729
Transfers out (1)	(31,470,506)	(43,203,709)	(28,797,725)	(25,962,526)	(17,749,793)	(31,484,608)	(16,745,665)	(12,118,221)	(9,131,329)	(1,494,729)
Sale of capital assets	3,404,393	945,521	137	-	350,865	299,807	155,595	191,586	250,004	2,317,974
Special Items	-	-	-	-	-	-	(4,500,000)	-	-	-
Total other financing sources (uses) and other changes in fund balances	<u>15,960,435</u>	<u>945,521</u>	<u>137</u>	<u>124,817,888</u>	<u>350,865</u>	<u>124,872,068</u>	<u>2,582,686</u>	<u>182,890,383</u>	<u>503,816</u>	<u>190,122,596</u>

Changes in Fund Balances

Governmental funds	<u>\$ 24,165,646</u>	<u>(16,778,200)</u>	<u>(13,571,411)</u>	<u>94,391,101</u>	<u>(65,051,397)</u>	<u>68,158,918</u>	<u>(33,466,138)</u>	<u>139,346,070</u>	<u>(97,971,841)</u>	<u>67,458,588</u>
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Debt service as a percentage
of noncapital expenditures (4)

3.64%	3.40%	3.05%	3.13%	3.62%	4.02%	5.12%	5.04%	6.08%	5.77%
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Fund Balances

General fund:	(Restated)	(Restated)	(Restated)			(Restated)				
Reserved	\$ 30,174,671	32,649,719	34,379,190	28,347,418	29,393,205	35,833,092	37,807,777	44,883,408	43,905,906	48,386,558
Unreserved (2)	<u>71,806,180</u>	<u>57,254,677</u>	<u>47,152,390</u>	<u>61,206,684</u>	<u>57,994,642</u>	<u>61,188,365</u>	<u>66,940,342</u>	<u>69,579,976</u>	<u>73,346,411</u>	<u>75,041,272</u>
Total general fund	<u>\$ 101,980,851</u>	<u>89,904,396</u>	<u>81,531,580</u>	<u>89,554,102</u>	<u>87,387,847</u>	<u>97,021,457</u>	<u>104,748,119</u>	<u>114,463,384</u>	<u>117,252,317</u>	<u>123,427,830</u>

All other governmental funds:

Reserved	\$ 20,462,805	10,335,270	9,734,408	9,996,196	9,774,903	11,224,504	10,159,955	6,462,668	9,403,431	10,531,341
Unreserved, reported in:						(Restated)				
Special revenue funds	(476,224)	53,621	390,258	174,981	(69,911)	(184,893)	276,287	648,399	1,005,990	1,215,613
Capital projects funds	<u>63,961,442</u>	<u>68,857,387</u>	<u>63,923,017</u>	<u>150,245,085</u>	<u>87,826,128</u>	<u>145,016,817</u>	<u>104,427,386</u>	<u>237,383,366</u>	<u>133,324,238</u>	<u>193,269,780</u>
Total all other governmental funds	<u>\$ 83,948,023</u>	<u>79,246,278</u>	<u>74,047,683</u>	<u>160,416,262</u>	<u>97,531,120</u>	<u>156,056,428</u>	<u>114,863,628</u>	<u>244,494,433</u>	<u>143,733,659</u>	<u>205,016,734</u>

Notes:

- (1) For years 1998 - 2001, operating transfers out - component unit have been reclassified to economic development and assistance for comparative purposes under current GAAP.
- (2) The effect of a July 1, 2000 restatement of General Fund unreserved fund balance in the amount of \$4,749,135 has been adjusted back to all prior years' unreserved fund balance as the effect on expenditures each year due to the restatement is considered insignificant.
- (3) For years 2005 - 2007, annual capital appropriations to Guilford Technical Community College and Guilford County Board of Education from the General Fund are included in Capital outlay - Education as in the prior years when these appropriations were reported in the School Capital Outlay Fund.
- (4) Debt service as a percentage of noncapital expenditures has been changed from the prior year to reflect principal and interest only divided by the sum of total expenditures less capital expenditures in all functional categories but only to the extent capitalized as an asset by the County. Water and sewer and school capital expenditures in the Capital Projects Funds which are assets of the municipalities, Guilford County Schools and Guilford Technical Community College are now included in noncapital expenditures for the purposes of this calculation.

Table 3

**Guilford County, North Carolina
Assessed and Estimated Actual Value
of Taxable Property
Last Ten Fiscal Years**

Fiscal Year	Residential Property	Commercial Property	Industrial and Farm Property	Total Real Property (1)		Personal Property (2)	Public Service Companies' Property (2)	Total		Ratio of Total Assessed To Total Estimated Actual Taxable Value	Total Direct Tax Rate (4)
	Assessed Taxable Value	Assessed Taxable Value	Assessed Taxable Value	Assessed Taxable Value	Estimated Actual Taxable Value	Assessed Taxable Value	Assessed Taxable Value	Assessed Taxable Value	Estimated Actual Taxable Value		
1998	\$ 11,828,998,424	3,930,814,325	3,803,556,712	19,563,369,461	20,378,509,855	5,794,336,554	987,039,067	26,344,745,082	27,159,885,476	97.0 %	\$ 0.6767
1999	12,310,689,368	4,086,387,595	3,926,616,612	20,323,693,575	21,561,312,938	6,188,698,255	1,019,987,786	27,532,379,616	28,769,998,979	95.7	0.6571
2000	12,861,517,155	4,219,903,705	4,095,915,912	21,177,336,772	23,701,552,067	6,786,326,849	1,064,397,818	29,028,061,439	31,552,276,734	92.0	0.6572
2001	13,462,681,355	4,466,767,785	4,213,152,862	22,142,602,002	25,019,889,268	7,031,400,195	1,008,407,536	30,182,409,733	33,059,696,999	91.3	0.6603
2002	14,030,346,895	4,690,905,035	4,392,773,304	23,114,025,234	27,266,751,485	7,378,751,313	1,093,908,849	31,586,685,396	35,739,411,647	88.4	0.6959
2003	14,553,995,581	4,824,683,874	4,412,537,861	23,791,217,316	28,598,650,458	7,112,928,391	1,010,523,814	31,914,669,521	36,722,102,663	86.9	0.6983
2004	15,066,994,074	4,924,391,875	4,536,394,946	24,527,780,895	30,431,489,944	6,883,615,331	925,129,727	32,336,525,953	38,240,235,002	84.6	0.7310
2005 ⁽³⁾	19,562,056,478	6,843,652,613	5,924,674,769	32,330,383,860	32,541,906,251	6,854,211,987	1,051,999,690	40,236,595,537	40,448,117,928	99.5	0.6429
2006	20,205,010,087	6,706,281,210	5,767,806,773	32,679,098,070	33,112,876,755	7,016,390,035	1,047,823,964	40,743,312,069	41,177,090,754	98.9	0.6636
2007	21,108,316,400	6,696,626,439	5,843,302,561	33,648,245,400	35,006,497,503	7,548,094,997	1,079,835,566	42,276,175,963	43,634,428,066	96.9	0.6829

Notes:

- (1) Estimated actual taxable value of real property is calculated by dividing taxable assessed value by a real estate assessment sales ratio study percentage by county obtained from the North Carolina Department of Revenue Tax Research Division.
- (2) Personal property is appraised each year and assessed at 100% of appraised value. Public service companies' property includes real and personal property of utilities, railroads and airlines, etc. These assessments are made by the North Carolina Department of Revenue with no distinction between real and personal property.
- (3) A revaluation of real property is required by the North Carolina General Statutes at least every eight years. The latest revaluation is reflected in the increased real property values in fiscal year 2005.
- (4) Per \$100 of assessed value. See Table 4 for details of the County's total direct rate, a weighted average rate.

Guilford County, North Carolina
Property Tax Rates - Direct and Overlapping Governments
(Per \$100 of Assessed Value)
Last Ten Fiscal Years

	Fiscal Year Taxes Are Payable									
	<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>
County Direct Rates:										
General Levy (1):										
Property taxed at current year's rate	\$ 0.6253	0.6084	0.6079	0.6079	0.6420	0.6448	0.6813	0.5961	0.6191	0.6367
Registered motor vehicles at prior rate	<u>0.0319</u>	<u>0.0297</u>	<u>0.0293</u>	<u>0.0293</u>	<u>0.0304</u>	<u>0.0294</u>	<u>0.0304</u>	<u>0.0257</u>	<u>0.0228</u>	<u>0.0241</u>
Total general direct rate	0.6572	0.6381	0.6372	0.6372	0.6724	0.6742	0.7117	0.6218	0.6419	0.6608
Fire Protection Districts (2)	<u>0.0195</u>	<u>0.0190</u>	<u>0.0200</u>	<u>0.0231</u>	<u>0.0235</u>	<u>0.0241</u>	<u>0.0193</u>	<u>0.0211</u>	<u>0.0217</u>	<u>0.0221</u>
Total direct rate	\$ <u>0.6767</u>	<u>0.6571</u>	<u>0.6572</u>	<u>0.6603</u>	<u>0.6959</u>	<u>0.6983</u>	<u>0.7310</u>	<u>0.6429</u>	<u>0.6636</u>	<u>0.6829</u>
City Rates:										
Burlington (3)	\$ N/A	N/A	N/A	0.5000	0.4218	0.4971	0.5000	0.5545	0.5550	0.6247
Greensboro	0.6073	0.5839	0.5828	0.5828	0.5828	0.6163	0.6177	0.5717	0.5700	0.6158
High Point	0.5700	0.5940	0.5950	0.6209	0.6220	0.6220	0.6220	0.5424	0.5914	0.6075
Town Rates:										
Archdale (4)	\$ 0.2400	0.2400	0.2400	0.2400	0.2300	0.2300	0.2300	0.2600	0.2600	0.2600
Gibsonville (4)	0.5300	0.5300	0.5300	0.5300	0.5150	0.5150	0.5150	0.4950	0.5150	0.5150
Jamestown	0.3100	0.3100	0.3100	0.3100	0.3100	0.3386	0.3495	0.3500	0.3500	0.3500
Oak Ridge	None	None	None	None	None	None	None	0.0863	0.0863	0.0863
Pleasant Garden	None	None	None	None	None	None	None	None	0.0500	0.0500
Sedalia	None	None	None	None	None	None	0.2000	0.2000	0.2000	0.2000
Summerfield	None	None	None	None	None	None	None	0.1050	0.0523	0.0395
Sedgefield Sanitary District	\$ 0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0352	0.0398	0.0257

Notes:

- (1) All taxable property is subject to a county-wide tax. The general County direct rate differs from the county-wide rate approved by the Board of Commissioners each fiscal year because direct rates are a weighted average rate. The most significant differences are from certain registered motor vehicles levied at prior year tax rates in accordance with North Carolina General Statutes.
- (2) Most property in unincorporated areas is subject to one of twenty-two special fire district taxes. The fire protection districts' direct rate is a combined rate as the impact of each individual fire district is considered insignificant. The direct rate is much lower than the individual rates approved by the Board of Commissioners each fiscal year because direct rates are a weighted average rate and are impacted by assessed taxable values outside the fire protection
- (3) Burlington's total direct rate is computed only with regard to assessed taxable value in Guilford County.
- (4) The difference between the Archdale and Gibsonville total direct rates and the reported city-wide rates are considered insignificant.

**Guilford County, North Carolina
Principal Taxpayers
Current Year and Nine Years Ago**

Table 5

<u>Taxpayer</u>	<u>Fiscal Year 2007</u>		<u>Fiscal Year 1998</u>	
	<u>Assessed Value</u>	<u>Percentage of Total Assessed Value</u>	<u>Assessed Value</u>	<u>Percentage of Total Assessed Value</u>
Duke Energy Corporation (formerly Duke Power)	\$ 337,353,781	0.80	\$ 275,471,713	1.05
Lorillard Tobacco Company	272,938,416	0.65	172,848,277	0.66
Koury Corporation	249,093,944	0.59	280,911,508	1.07
International Home Furnishings Center (formerly Southern Furniture Exposition Building, Inc.)	182,030,139	0.43	133,198,109	0.50
RF Micro Devices, Inc.	181,864,823	0.43	-	-
BellSouth	175,604,569	0.41	192,858,407	0.73
Starmount Company	165,815,808	0.39	117,342,436	0.44
TYCO Electronics (AMP)	157,197,364	0.37	150,001,612	0.57
Highwoods / Forsyth Limited	154,942,200	0.37	-	-
Liberty Properties Limited Partnership	151,108,835	0.36	-	-
Procter & Gamble Manufacturing Company	-	-	155,043,930	0.59
Guilford Mills, Inc.	-	-	124,147,139	0.47
AT&T Corporation	-	-	109,539,884	0.42
	<u>\$ 2,027,949,879</u>	<u>4.80</u>	<u>\$ 1,711,363,015</u>	<u>6.50</u>

Source: Guilford County Tax Department.

**Guilford County, North Carolina
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year	(1) Taxes Levied for the Fiscal Year	Subsequent Years' Adjustments	Total Adjusted Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percent of Original Levy		Amount	Percent of Adjusted Tax Levy
1998	\$ 177,896,344	(139,180)	177,757,164	176,165,450	99.03	1,277,438	177,442,888	99.82
1999	181,418,234	(203,498)	181,214,736	179,596,143	99.00	1,334,992	180,931,135	99.84
2000	190,998,340	(177,994)	190,820,346	188,961,990	98.93	1,482,811	190,444,801	99.80
2001	199,064,756	(174,660)	198,890,096	197,132,452	99.03	1,368,165	198,500,617	99.80
2002	219,054,553	(224,699)	218,829,854	216,755,652	98.95	1,576,604	218,332,256	99.77
2003	222,664,562	(241,380)	222,423,182	220,251,203	98.92	1,687,836	221,939,039	99.78
2004	236,247,761	(185,514)	236,062,247	233,477,931	98.83	1,965,040	235,442,971	99.74
2005 ⁽²⁾	254,868,218	(1,525,004)	253,343,214	251,554,341	98.70	986,048	252,540,389	99.68
2006	268,492,562	(248,902)	268,243,660	265,412,691	98.85	1,614,326	267,027,017	99.55
2007	287,334,796	-	287,334,796	283,471,941	98.66	-	283,471,941	98.66

Note:

- (1) Original levy adjusted for discoveries, penalties, discounts allowed and releases as of fiscal year end of the levy.
- (2) A revaluation of real property is required by the North Carolina General Statutes at least every eight years. The latest revaluation is reflected in the increased real property values in fiscal year 2005 which generally result in appeals of these revalued amounts and thus, larger adjustments due to releases based on these appeals.

**Guilford County, North Carolina
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year	<u>General Bonded Debt Outstanding</u> General Obligation Bonds (1)	Percentage of Estimated Actual Taxable Value of Property (2)	Per Capita	<u>Other Governmental Activities Debt</u> Capital Leases and Installment Financings (1)	Total Primary Government (1)	Percentage of Personal Income (3)	Per Capita (3)
1998	\$ 85,065,000	0.31	208.71	1,258,381	86,323,381	0.77	211.80
1999	75,825,000	0.26	182.41	808,397	76,633,397	0.64	184.36
2000	67,020,000	0.21	158.79	338,899	67,358,899	0.54	159.59
2001	179,715,000	0.54	422.48	1,777,078	181,492,078	1.39	426.66
2002	169,850,000	0.48	396.99	1,255,693	171,105,693	1.29	399.93
2003	283,740,000	0.77	658.72	1,016,256	284,756,256	2.12	661.08
2004	269,910,000	0.71	622.19	862,328	270,772,328	1.98	624.18
2005	438,880,000	1.09	995.39	513,298	439,393,298	3.00	996.55
2006	419,470,000	1.02	934.08	423,913	419,893,913	2.70	935.03
2007	585,120,000	1.34	1,281.03	571,479	585,691,479	3.70	1,282.28

Notes:

- (1) Details regarding the County's outstanding debt can be found in the notes to the financial statements.
- (2) See Table 3 for estimated actual taxable value of property data.
- (3) See Table 10 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Guilford County, North Carolina
Direct and Overlapping Governmental Activities Debt
June 30, 2007

Table 8

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Guilford County	\$ 585,691,479	100.00	\$ <u>585,691,479</u>
City of Greensboro	208,570,219	100.00	208,570,219
City of High Point	57,763,964	96.30	55,626,697
Town of Gibsonville	434,413	53.67	233,149
City of Burlington	20,677,926	0.81	167,491
City of Archdale	547,031	2.62	14,332
Town of Kernersville	11,456,184	0.01	<u>1,146</u>
Total overlapping debt			<u>264,613,034</u>
Total direct and overlapping debt			\$ <u>850,304,513</u>

Notes:

(1) The percentage of overlap is based on assessed property values.

**Guilford County, North Carolina
Legal Debt Margin Information
Last Ten Fiscal Years (in thousands)**

Table 9

	Fiscal Year									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt limit	\$ 2,107,580	2,202,590	2,322,245	2,414,593	2,526,935	2,553,174	2,586,922	3,218,928	3,259,465	3,382,094
Total net debt applicable to limit	<u>81,667</u>	<u>72,399</u>	<u>298,578</u>	<u>296,112</u>	<u>289,866</u>	<u>280,849</u>	<u>567,245</u>	<u>629,005</u>	<u>610,091</u>	<u>603,424</u>
Legal debt margin	\$ <u>2,025,913</u>	<u>2,130,191</u>	<u>2,023,667</u>	<u>2,118,481</u>	<u>2,237,069</u>	<u>2,272,325</u>	<u>2,019,677</u>	<u>2,589,923</u>	<u>2,649,374</u>	<u>2,778,670</u>
Total net debt applicable to limit as a percentage of debt limit	3.87%	3.29%	12.86%	12.26%	11.47%	11.00%	21.93%	19.54%	18.72%	17.84%

Legal Debt Margin Calculation for Fiscal Year 2007

Assessed value of taxable property	\$ <u>42,276,175,963</u>
Debt limit (8% of total assessed value)	\$ <u>3,382,094,077</u>
Debt applicable to limit:	
Bonded debt	585,120,000
Bonds authorized, unissued	25,500,000
Obligations under capital leases and purchase money installment contracts	<u>571,479</u>
Gross debt	611,191,479
Less statutory deductions:	
Bonds issued and outstanding for water purposes	<u>7,767,967</u>
Net amount of debt applicable to debt limit	<u>603,423,512</u>
Legal debt margin	\$ <u>2,778,670,565</u>

**Guilford County, North Carolina
Demographic and Economic Statistics
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (2) (in thousands)</u>	<u>Per Capita Income (3)</u>	<u>Median Age (1)</u>	<u>Public School Enrollment (4)</u>	<u>Unemployment Rate (5)</u>
1998	407,571	\$ 11,142,176	\$ 27,338	34.58	59,120	2.7 %
1999	415,677	11,999,348	28,867	34.76	60,322	2.5
2000	422,065	12,403,646	29,388	34.91	61,190	3.3
2001	425,380	13,094,047	30,782	34.98	61,894	5.1
2002	427,841	13,287,458	31,057	35.05	62,767	6.3
2003	430,744	13,410,784	31,134	35.13	63,873	6.2
2004	433,808	13,689,679	31,557	35.24	65,199	5.4
2005	440,914	14,667,886	33,267	35.40	66,367	5.1
2006	449,071	15,539,653	34,604	35.56	68,118	4.7
2007	456,757	15,841,703	34,683	35.69	69,677	4.8

Sources:

- (1) 1998 through 2007 North Carolina Office of State Planning estimates.
- (2) Computed as a factor of population times per capita income.
- (3) Calendar years 1997 through 2005 Bureau of Economic Analysis, U.S. Department of Commerce.
 Calendar year 2006 Piedmont Triad Council of Governments estimate.
- (4) Average daily membership of Guilford County Schools as compiled by North Carolina Department of Public Instruction.
- (5) North Carolina Employment Security Commission - Calendar year annual average except for 2007 which is the average adjusted monthly rate for January through June.

**Guilford County, North Carolina
Principal Employers
Current Year and Nine Years Ago**

Table 11

<u>Employer</u>	<u>2007</u>		<u>1998</u>	
	<u>Employees</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Percentage of Total County Employment</u>
Guilford County School System	9,011	3.83	7,500	3.47
Moses H. Cone Health Systems	7,440	3.16	6,000	2.78
United States Postal Service	2,800	1.19	1,050	0.49
City of Greensboro	2,881	1.22	2,446	1.13
Guilford County Government	2,659	1.13	2,600	1.20
High Point Regional Health System	2,390	1.02	1,800	0.83
Bank of America (formerly Nationsbank, N.A.)	2,200	0.94	1,800	0.83
American Express Credit Card Services	2,100	0.89	2,800	1.30
United Parcel Service (UPS)	2,000	0.85	1,750	0.81
Lorillard Corporation (Division of Loews, Inc.)	1,800	0.77	2,095	0.97
RFMD	1,800	0.77		
Sears Roebuck & Co.			2,750	1.27
Cone Mills Corporation			2,037	0.94
Total County Employment	235,261		215,864	

Sources:

Principal employer data is for calendar years 1997 and 2006 from the Greensboro Chamber of Commerce and the individual local governments. Total County employment is for calendar years 1997 and 2006 from the North Carolina Employment Security Commission civilian labor force estimates.

Guilford County, North Carolina
Total County Government Employees by Function
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Total Number of Employees Paid as of June 30</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	385	391	400	457	472	395	401	394	462	380
Human services	1,972	1,545	1,544	1,572	1,528	1,445	1,451	1,462	1,460	1,376
Public safety	699	695	742	813	840	798	830	855	891	897
Environmental protection	-	-	-	1	1	-	1	3	6	6
Total	<u>3,056</u>	<u>2,631</u>	<u>2,686</u>	<u>2,843</u>	<u>2,841</u>	<u>2,638</u>	<u>2,683</u>	<u>2,714</u>	<u>2,819</u>	<u>2,659</u>

Source: Guilford County Payroll System

Note: Includes all employees paid as of June 30, including full-time, part-time or other.

**Guilford County, North Carolina
Operating Indicators by Function
Last Ten Fiscal Years**

Table 13

Function/Program	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General government: (2)										
Real estate documents processed	281,118	322,488	397,666	415,020	338,034	556,164	656,458	691,835	541,936	598,176
Vital records recorded and issued	59,272	62,566	63,928	65,628	68,018	74,332	59,058	61,126	63,240	64,870
Building permits issued	3,000	3,624	3,743	2,977	2,785	2,750	2,765	2,765	2,659	2,660
Bldg,plumb,mech & elec insp completed	78,000	79,000	80,778	79,230	51,678	51,000	51,500	51,500	56,881	56,880
Human Services:										
Laboratory tests performed (2)	173,000	184,216	197,446	212,842	157,204	148,421	136,802	142,046	165,916	175,743
Number of prescriptions filled (2)	77,341	75,000	75,000	83,000	85,000	48,215	85,284	66,413	89,393	81,831
Adoption assistance cases (2),(4)	289	300	350	254	600	715	715	875	1,100	1,117
Children in Social Services custody (2)	850	850	870	753	645	573	573	500	559	496
Schedule GTA SCAT trips (2)	N/A	N/A	72,000	107,500	114,400	119,600	149,500	157,500	160,000	N/A
Bus Service-Senior (2)	N/A	N/A	N/A	7,200	9,000	7,600	4,515	4,620	4,650	N/A
Bus Service-Medicaid (2)	N/A	N/A	N/A	5,800	9,780	13,100	21,900	22,550	22,550	N/A
Social Services paratransit (2)	N/A	18,250	70,760	99,800	98,220	112,600	110,659	113,979	114,000	N/A
Public Safety:										
911 calls received (1),(3)	130,000	135,000	140,000	155,000	106,000	112,000	116,000	118,000	121,709	117,180
Emergency HazMat responses (2)	40	45	50	50	52	150	100	100	95	90
Average daily population juvenile detention (2)	29	46	38	46	48	48	48	48	48	48
Average daily population adult jail (2)	646	667	734	678	735	781	825	855	875	885
Number of animals received (2)	14,500	13,000	11,345	10,173	12,112	14,341	16,000	15,325	14,938	15,100
Number of spay/neuter surgeries performed (2)	2,000	2,000	3,611	3,560	3,749	4,000	4,500	5,000	6,149	6,500
Environmental protection: (2)										
Number of scrap tires processed	537,000	574,000	574,000	565,000	594,000	625,000	650,000	650,000	1,000,000	1,000,000
Number of white goods disposed of(tons)	1,700	1,750	1,750	1,600	2,654	2,700	2,800	2,800	2,800	2,000
Culture and recreation: (2)										
Number of park and rec participants	540,000	570,000	590,000	645,000	675,100	1,130,000	1,373,100	1,590,600	1,815,100	1,825,100
Education: (5)										
Average daily membership	60,171	61,120	62,053	61,894	63,575	63,873	65,118	67,099	68,722	69,677
County appropriation per pupil	\$1,523.93	\$1,536.54	\$1,674.34	\$1,864.30	\$1,818.94	\$1,967.43	\$2,006.60	\$2,111.29	\$2,334.84	\$2,381.56

Note:

(1)Effective 2007, Guilford County and the City of Greensboro formed the combined Guilford-Metro 911 Emergency Communications Center.

Sources:

(2)Guilford County Annual Budget except for 2007 which uses the 2007-2008 Recommended Budget

(3)Guilford -Metro 911 Emergency Communications Center

(4)Guilford County Department of Social Services for 2006 and 2007

(5)North Carolina Department of Public Instruction

**Guilford County, North Carolina
Capital Asset Statistics by Function
Last Ten Fiscal Years**

Table 14

Function/Program	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Human Services: (2),(4)										
Public health occupied square footage	121,723	121,723	121,723	121,723	121,723	121,723	95,806	95,806	95,806	101,098
Mental health occupied square footage	193,037	193,037	193,037	193,037	193,037	193,037	203,515	203,515	203,515	176,673
Social services occupied square footage	141,979	156,328	156,328	156,328	156,328	156,328	148,262	148,262	148,262	148,262
Cooperative Extension occupied square footage	47,022	47,022	47,022	47,022	47,022	47,022	47,022	47,022	47,022	47,022
Child support occupied square footage	14,349	-	-	-	-	-	-	-	9,040	9,040
Public Safety:										
Number of law enforcement vehicles (3),(4)	244	247	260	260	270	305	304	304	319	344
Number of law enforcement centers (4)	2	2	2	2	2	2	2	2	2	2
Number of emergency medical vehicles (3),(4)	41	42	41	47	48	69	67	73	73	75
Number of emergency medical stations (4)	10	10	10	11	11	11	11	11	11	11
Number of fire marshall vehicles (3),(4)	11	10	10	10	10	17	16	15	16	23
Number of volunteer fire stations (5)	41	41	41	41	39	39	39	39	39	39
Number of volunteer firefighters (5)	1,100	1,100	1,100	1,100	1,100	1,100	1,100	800	800	691
Number of animal control vehicles (3),(4)	8	8	8	8	8	14	15	14	13	13
Culture-recreation:										
Parks (8)	200	200	204	205	205	256	257	257	257	266
Libraries (6)	12	12	12	12	10	10	10	10	10	10
Education: (1)										
Number of schools (7)	95	95	96	98	101	102	107	108	108	116

Notes:

(1) Includes Guilford County Schools only.

(2) Human service square footage is based on occupancy of County owned properties only and does not include data related to services moving to non-County owned properties.

Sources:

(3) Guilford County Risk Management

(4) Guilford County Fixed Assets System

(5) Guilford County Emergency Medical Services Department

(6) Cities of Greensboro, High Point, Gibsonville and Jamestown

(7) Guilford County Schools

(8) Guilford County Planning and Development

