

# Forsyth County, North Carolina

# 2005



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

year ended June 30, 2005

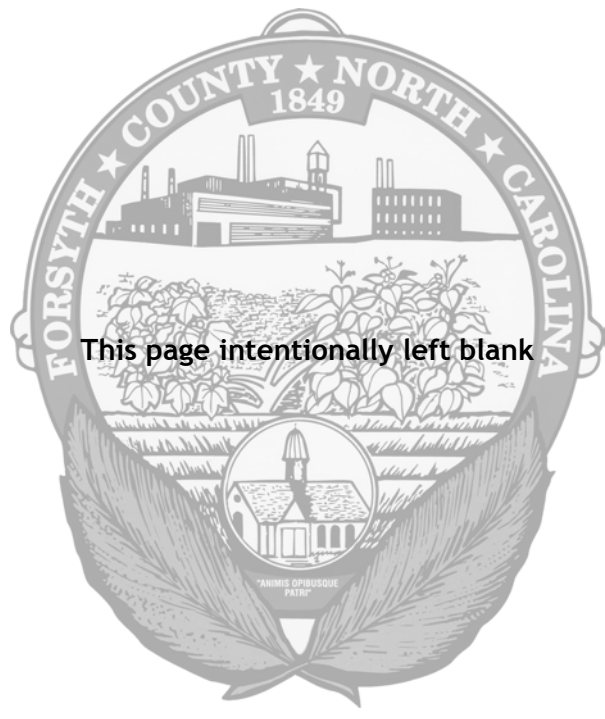
Forsyth County,  
North Carolina

Comprehensive Annual Financial Report  
Year Ended June 30, 2005

Prepared by the Forsyth County Finance Department:

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Maribeth W. Weinman, *Deputy Chief Financial Officer*  
Terri L. Goodman, CPA, *Treasurer*  
Brenda K. Gibson, *Risk Manager*  
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# Forsyth County, North Carolina

## Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2005

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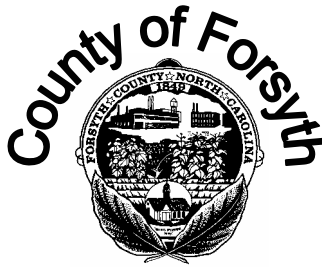
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## **FINANCE DEPARTMENT**

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

**Maribeth W. Weinman**  
DEPUTY CHIEF FINANCIAL OFFICER



**Terri L. Goodman, CPA**  
TREASURER

**Brenda K. Gibson**  
RISK MANAGER

**Judy F. Kirk, CIA**  
INTERNAL AUDIT MANAGER

September 30, 2005

Honorable Members of the Forsyth County Board of Commissioners  
and Citizens of Forsyth County, North Carolina:

State law requires that all local governments publish within four months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Forsyth County for the fiscal year ended June 30, 2005.

This report consists of management's representations concerning the finances of Forsyth County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of Forsyth County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Forsyth County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Forsyth County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Forsyth County's financial statements have been audited by Dixon Hughes PLLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Forsyth County for the fiscal year ended June 30, 2005, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Forsyth County's financial statements for the fiscal year ended June 30, 2005, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

## **Profile of the Government**

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

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

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

The annual budget serves as the foundation for Forsyth County's financial planning and control. Each year all County departments are required to submit requests for appropriations to the County Manager, who then compiles a proposed budget and presents it to the Board of Commissioners for review. The Board is required to hold public hearings on the proposed budget and to adopt a final budget by July 1 of the fiscal year, or the Board must adopt an interim budget that covers that time until the annual ordinance can be adopted. The annual ordinance includes appropriations for the General Fund and three annually budgeted special revenue funds. Note 1c provides additional information on budgetary data. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on page 17 as part of the basic financial statements for the governmental funds and, in greater detail, on pages 45 - 47 in the subsection for major fund budgetary comparison schedules. For annually budgeted special revenue funds, this comparison is presented in the nonmajor governmental fund subsection of this report, which starts on page 49. Also included in the governmental fund subsection are project-length budget-to-actual comparisons for each nonmajor governmental fund for which a project-length budget has been adopted (i.e., grant project special revenue funds and capital project funds).

## **Factors Affecting Financial Condition**

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

**Local economy.** Located midway between Washington, D.C. and Atlanta, Georgia, Forsyth County is in the heart of the state's Piedmont Triad region, a 12-county area with almost 1.4 million people. Three cities comprise the Triad: Winston-Salem, Greensboro and High Point. All three fuel the region's prosperity, and each enhances the success of the others. Of course, each city has its own character, its own heritage, and its own industrial base. Yet the area's commercial and cultural growth transcends geographic boundaries with the strengths of each city combining to form a vibrant economic hub.

Forsyth County, with an estimated population of 324,361 and a workforce of 172,036, plays a vital role in the Triad's economic growth. The strength of the County's economy is a diverse economic base including major growth areas of health services and related professions, higher education, financial services, professional and business services, construction, and hospitality.

Economic resilience and employment stability have formed the foundation for strong local consumer and commercial markets. Personal income levels remain consistently higher than state and national figures. The County's per capita income is \$32,067, sixth highest among counties in the state. Capital investment, as measured by the value of new residential and commercial building permits issued during the year, totaled \$667.9 million during the year ended June 30, 2005.

**Long-term financial planning.** The County's Capital Improvement Program (CIP) through the year 2015 as of June 2005 consists of \$239,465,000 for proposed projects. General obligation bonds of \$207.2 million will fund \$180.0 million in projects for the public schools, \$14.0 million in community college projects, and \$13.2 million for a public safety training facility. Installment purchase financings totaling \$26.6 million are planned for the following projects: schools, \$13.0 million; Hall of Justice renovations, \$6.0 million; voting equipment, \$4.0 million; and various other undertakings, \$3.6 million.

**Cash management policies and practices.** Under the authority of North Carolina General Statute 159-30, the County invests in obligations of the United States Treasury and several of its agencies and instrumentalities, high-grade commercial paper, and participating shares in a Local Government Commission certified mutual fund for local government investment. The objectives of the County's investment program are safety, liquidity and yield in that order. Investment vehicles are chosen with the greatest emphasis placed on credit quality and maturity. The cash and investment portfolio balance for the fiscal year ended June 30, 2005 for all funds except most bond proceeds and proceeds of certificates of participation in certain capital project funds is \$93.1 million. The average yield on investments was 2.87 percent, exclusive of fair value appreciation. Reported investment income includes decreases in the fair value of investments. Losses in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it necessarily a certainty that such losses will be realized, especially in the case of temporary changes in the fair value of investments that the County intends to hold to maturity.

In addition to its investment portfolio, the County has invested bond and certificates of participation proceeds at the North Carolina Capital Management Trust. These separate investment accounts are used as a means to maximize investment yield while segregating investment earnings on financing proceeds for federal arbitrage purposes. At June 30, 2005 the County had 12 such accounts totaling \$24.1 million in unexpended financing proceeds and accumulated interest earnings.

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



Jordan Actuarial Services performed an actuarial study of the County's self-funded liability and workers' compensation programs as of June 30, 2005. The County used this study to quantify its long-term liability for claims and judgments. The actuarially determined liability is \$1,998,498, with an estimated current portion of \$962,886. The annual budget ordinance provides General Fund appropriations for claims and judgments as they become due. Additional information on the County's risk financing may be found in note 5c.

The County continues numerous programs to reduce losses and to lessen the severity of those that occur. Current programs include a defensive driving course, a driver observation program, an accident review board, an employee wellness program, a return-to-work program, and numerous occupational safety and health programs for employees.

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

Forsyth County administers a single-employer defined benefit pension plan for its qualified sworn law enforcement officers. Each year, an independent actuary engaged by the pension plan calculates the amount of the annual contribution that Forsyth County must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, Forsyth County fully funds each year's annual required contribution to the pension plan as determined by the actuary. Forsyth County has funded 21.9 percent of the present value of the projected benefits earned by employees as of December 31, 2004, the actuarial valuation date, and the remaining unfunded amount is being systematically funded over 26 years as part of the annual required contribution calculated by the actuary.

Forsyth County also provides post-retirement health and dental care benefits for certain retirees and their dependents. As of June 30, 2005, there were 281 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. At this time GAAP do not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits.

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

### **Awards and Acknowledgements**

**Awards.** The Government Finance Officers Association ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2004. This is the twenty-first consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report. The report also must satisfy both generally accepted accounting principles and applicable legal requirements.

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

GFOA also presented the County with a Distinguished Budget Presentation Award for the County's fiscal year 2005 annual budget. To receive this award, a governmental unit must publish a budget document that meets program criteria. This award is valid for one year only. We believe the fiscal year 2006 budget continues to conform to program requirements and are submitting it to GFOA to determine eligibility for another award.

**Acknowledgements.** The preparation of the annual financial report was made possible by the dedicated service of the entire staff of the Finance Department. The year-end closing of the accounting system and report preparation

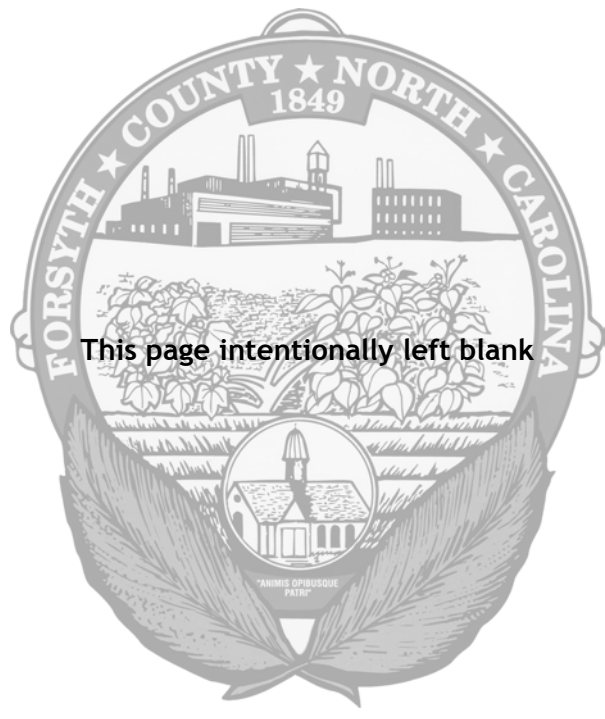
was effectively managed by Maribeth Weinman, Deputy Chief Financial Officer. Also providing substantial support in report preparation and related accounting activities were: Terri L. Goodman, Treasurer; Brenda K. Gibson, Risk Manager; Andy Anderson, Accountant; Gloria Turowski, Grants Analyst; and Michael Phelps, Financial Systems Analyst.

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

Sincerely,

Graham W. Pervier, County Manager

Paul L. Fulton, Jr., Chief Financial Officer



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Gloria D.  
Whisenhunt  
*Chair*



Debra Conrad-  
Shrader  
*Vice-Chair*



Beaufort O. Bailey



Bill Whiteheart

Forsyth County  
Board of  
Commissioners



Richard V. Linville



Walter Marshall



David R. Plyler



Graham W. Pervier  
*County Manager*

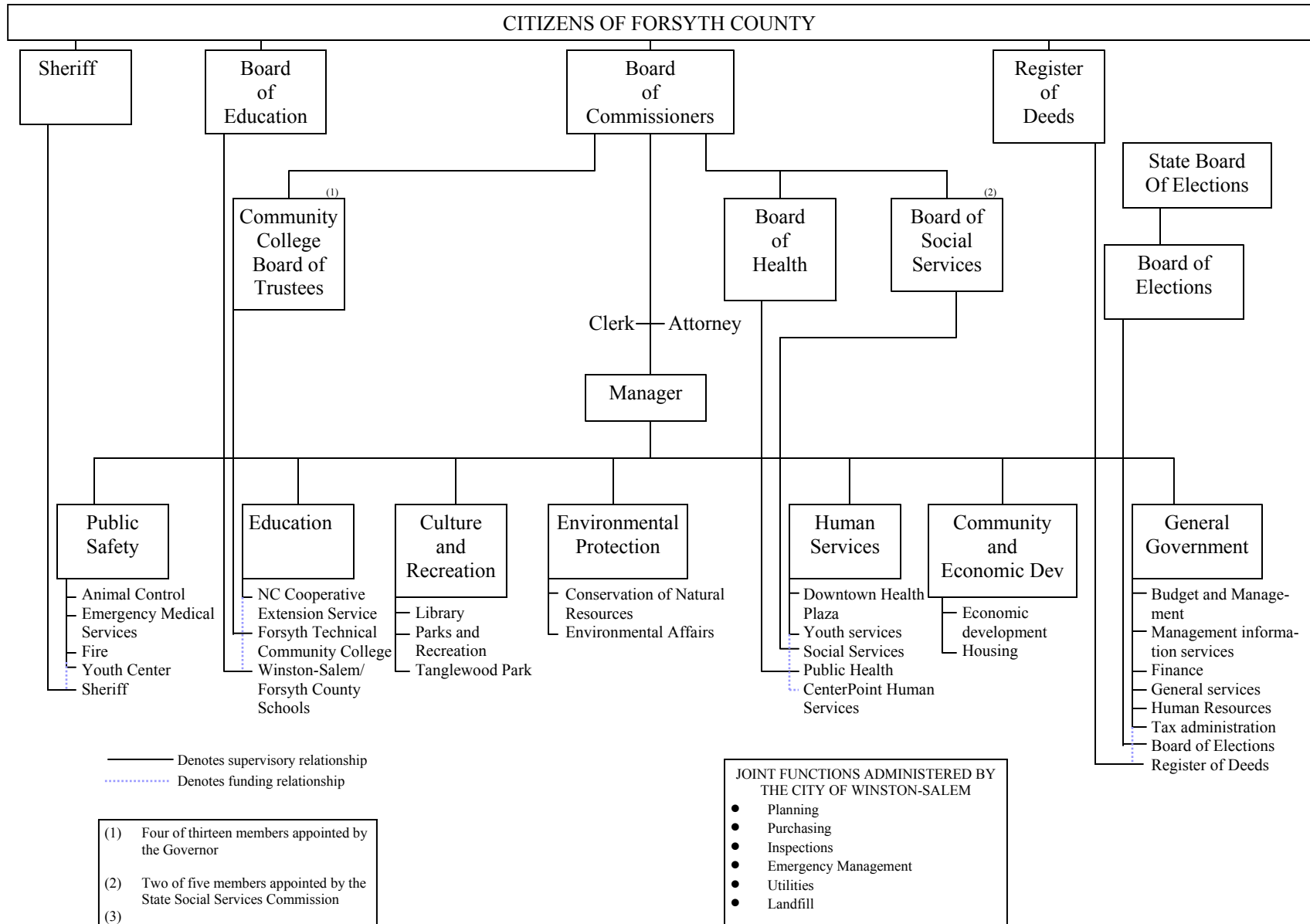
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County Officials



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



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Forsyth County,  
North Carolina

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2004

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.

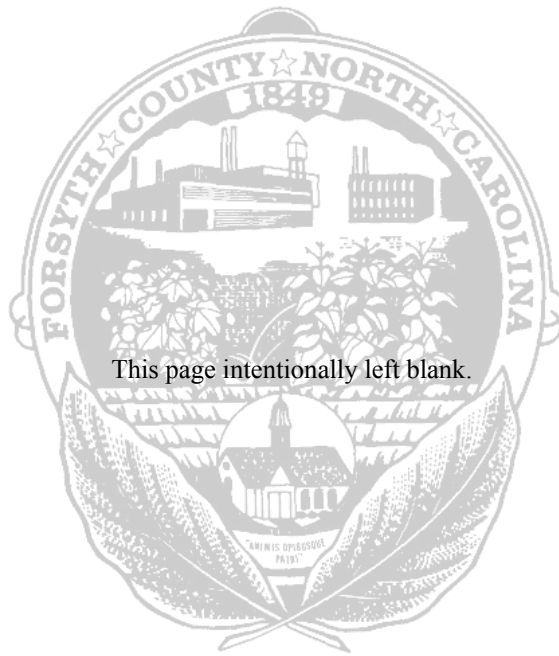


*Nancy L. Zjelle*

President

*Jeffrey R. Emer*

Executive Director



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**DIXON HUGHES** PLLC

Certified Public Accountants and Advisors

## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Forsyth County, North Carolina, as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Forsyth County's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Forsyth County, North Carolina as of June 30, 2005, and the respective changes in financial position, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.



In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2005 on our consideration of Forsyth County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 3 through 10 and the schedules of funding progress, employer contributions and the notes to the required schedules for the Law Enforcement Officers' Special Separation Allowance on page 41 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

*Dixon Hughes PLLC*

September 30, 2005

## MANAGEMENT’S DISCUSSION AND ANALYSIS

As management of Forsyth County, we offer readers of the County’s financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2005. We encourage readers to read the information presented here in conjunction with the transmittal letter at the front of this report and the County’s financial statements, which follow this narrative.

### Financial Highlights

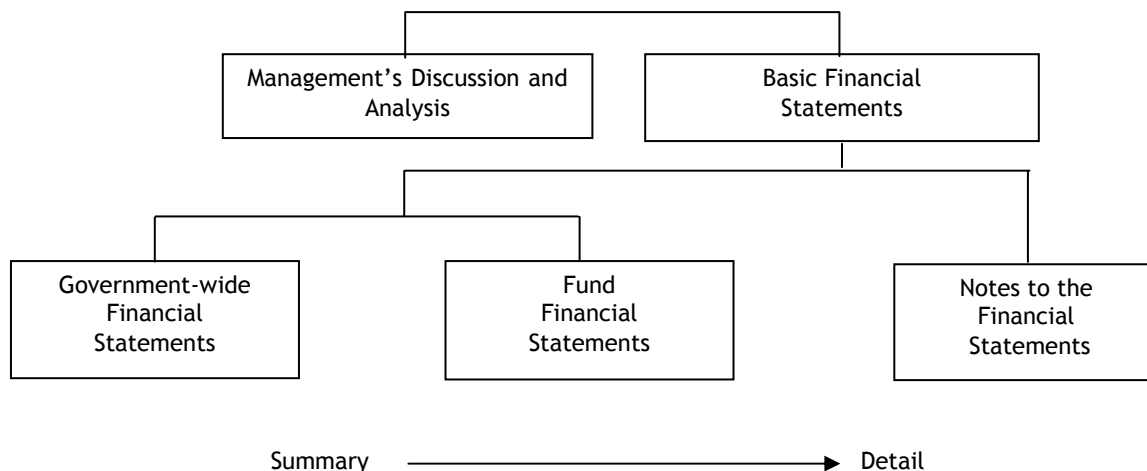
- The assets of Forsyth County were lower than its liabilities at the close of the fiscal year by \$58.0 million (*net assets*.) The deficit in total net assets is a result of the County issuing debt as provided for in State law for the acquisition, renovation and construction of public school and community college facilities that are not reported as assets of the County. Had this debt not been reported as a reduction of net assets, total net assets would be \$175.5 million.
- The government’s total net assets decreased by \$27.7 million, primarily due to the expenditure of \$46.9 million for new public school and community college facilities that are not reported as assets of the County. The debt that funded these expenditures was issued in prior fiscal years.
- As of the close of the current fiscal year, Forsyth County’s governmental funds reported combined ending fund balances of \$132.2 million, a decrease of \$48.9 million in comparison with the prior year. Approximately 71.3 percent of this total amount, or \$94.3 million, is available for spending at the government’s discretion (*unreserved fund balance*.)
- At the end of the current fiscal year, unreserved fund balance for the General Fund increased \$1.1 million to \$63.8 million, or 20.1 percent of total general fund expenditures for the fiscal year.
- Forsyth County’s total debt decreased by a net of \$21.6 million (or 6.0 percent) during the past fiscal year. New debt issued included general obligation refunding bonds totaling \$15.6 million and \$41.0 million in refunding certificates of participation. Principal payments and refunded debt together totaled \$78.2 million.
- Forsyth County maintained its Aaa bond rating from Moody’s Investors Service and AAA rating from Fitch Ratings and Standard & Poor’s Corporation for the 10th consecutive year.

### Overview of the Financial Statements

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

### Required Components of Annual Financial Report

*Figure 1*



## Basic Financial Statements

### Government-wide Financial Statements

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

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

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

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

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

### Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Forsyth County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Forsyth County can be divided into two categories: governmental funds and fiduciary funds.

**Governmental Funds** - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on quantifying monies remaining at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in reconciliations that are part of the fund financial statements.

All of the County's basic services were accounted for in twenty governmental funds for the year ended June 30, 2005. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and one capital project fund, the 2002 Schools fund, which are considered to be major funds. Data for the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds are provided in the form of combining statements elsewhere in this report.

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

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

**Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Forsyth County's own programs. One pension trust fund and three agency funds comprise the County's fiduciary funds. The basic fiduciary fund financial statements can be found on Exhibits 6 and 7.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 21 - 37 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Forsyth County's progress in funding its obligation to provide pension benefits to certain employees. Required supplementary information can be found on page 41 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 51 - 70 of this report.

**Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of Forsyth County were lower than liabilities by \$57,996,532 as of June 30, 2005. The deficit in total net assets is a result of the County issuing debt for the acquisition and construction of capital assets that are not reported as assets of the County. This debt has been issued for the construction, renovation, or acquisition of public school and community college facilities. State statutes do not permit public schools and community colleges to issue debt for the acquisition and construction of facilities; responsibility for providing these facilities lies with the County. The titles to these assets are held by the Winston-Salem/Forsyth County Board of Education or Forsyth Technical Community College, and the assets are reported on their financial statements, as applicable. These debt issues were necessary to provide for the education of the citizens of the County. The outstanding amount of this debt, \$233,539,729, has been reported as a reduction of unrestricted net assets for governmental activities, resulting in a deficit balance of \$120,973,768 for this category of net assets. Had this debt not been reported as a reduction of unrestricted net assets, the balance of unrestricted net assets for governmental activities would be \$112,565,961 and total net assets would be \$175,543,197.

**Forsyth County's Net Assets**  
*Figure 2*

	Governmental Activities	
	2005	2004
Current and other assets	\$ 150,280,751	\$ 199,643,105
Capital assets	157,454,013	157,595,369
Total assets	<u>307,734,764</u>	<u>357,238,474</u>
Long-term liabilities outstanding	348,375,353	368,816,841
Other liabilities	17,355,943	18,733,655
Total liabilities	<u>365,731,296</u>	<u>387,550,496</u>
Net assets:		
Invested in capital assets, net of related debt	60,499,517	57,255,414
Restricted	2,477,719	2,153,517
Unrestricted deficit	(120,973,768)	(89,720,953)
Total net deficit	<u>\$ (57,996,532)</u>	<u>\$ (30,312,022)</u>

A major portion (\$60,499,517) of net assets reflects the County's investment in capital assets (e.g. land, buildings, machinery, and equipment,) less any related debt still outstanding that was issued to acquire those items. Forsyth County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Forsyth County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Forsyth County's net assets, \$2,477,719, represents resources that are subject to

external restrictions on how they may be used. The balance of assets available to meet the government's ongoing obligations (i.e., unrestricted net assets) as noted above is obscured by debt issued to finance capital assets that are not reported as assets of the County.

The County's net assets decreased by \$27,684,510 for the fiscal year ended June 30, 2005. Education expenses totaling \$46.9 million represent debt-funded outlays for which the resulting capital assets are not reported as assets of the County; however, liability for the applicable debt is reported on the County's Statement of Net Assets. Retirement of debt related to capital assets resulted in an increase of \$3,244,103 in net assets invested in capital assets, net of related debt. Restricted net assets increased \$324,202. Unspent Housing program income restricted for community and economic development was \$77,615 more than in the prior year due to the sale of a house during the year. The increase of \$76,089 in assets restricted for public safety was attributable to unspent law enforcement equitable distribution funds and fire tax district taxes generating more income than had been appropriated. The Register of Deeds office expended \$170,498 less for computer and imaging technology than the revenues restricted to automation enhancement received during the year.

The deficit in unrestricted net assets grew by \$31,252,815. The change in unrestricted net assets resulting from governmental activities is discussed in the following section.

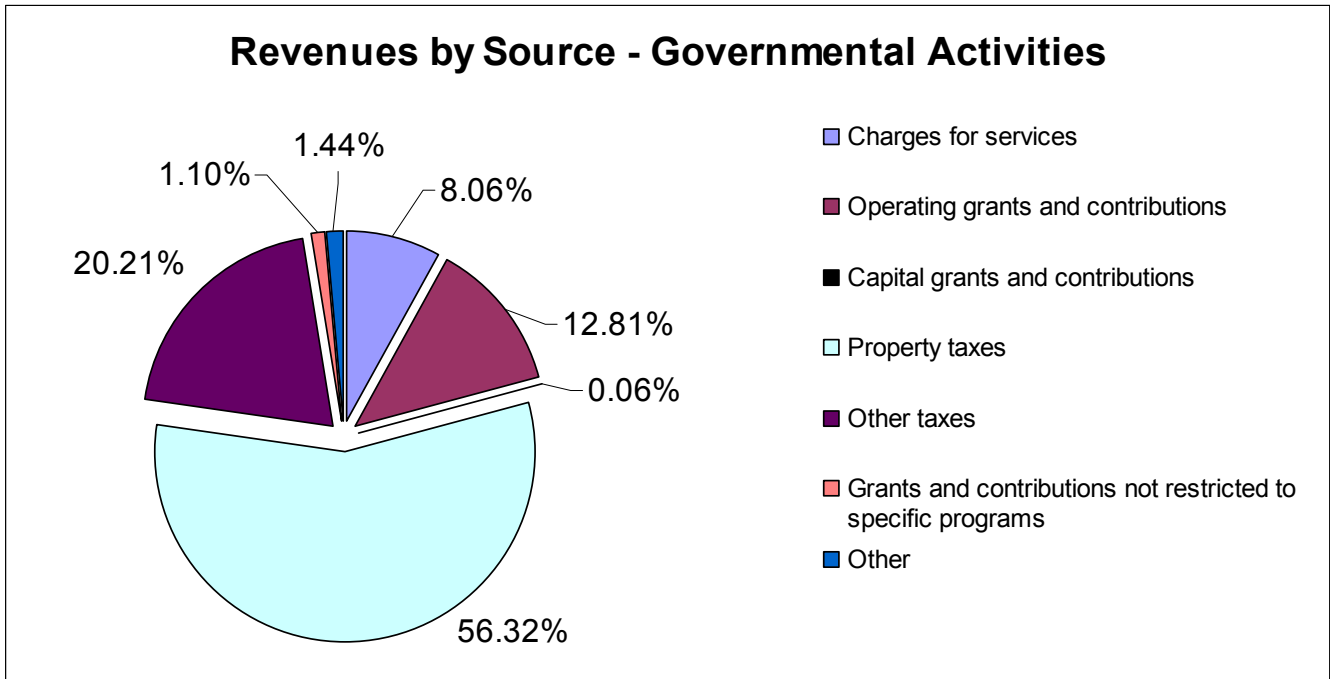
**Governmental activities.** Since the County has no business-type activities, the total decrease in net assets is a result of governmental activities.

**Forsyth County's Changes in Net Assets**  
*Figure 3*

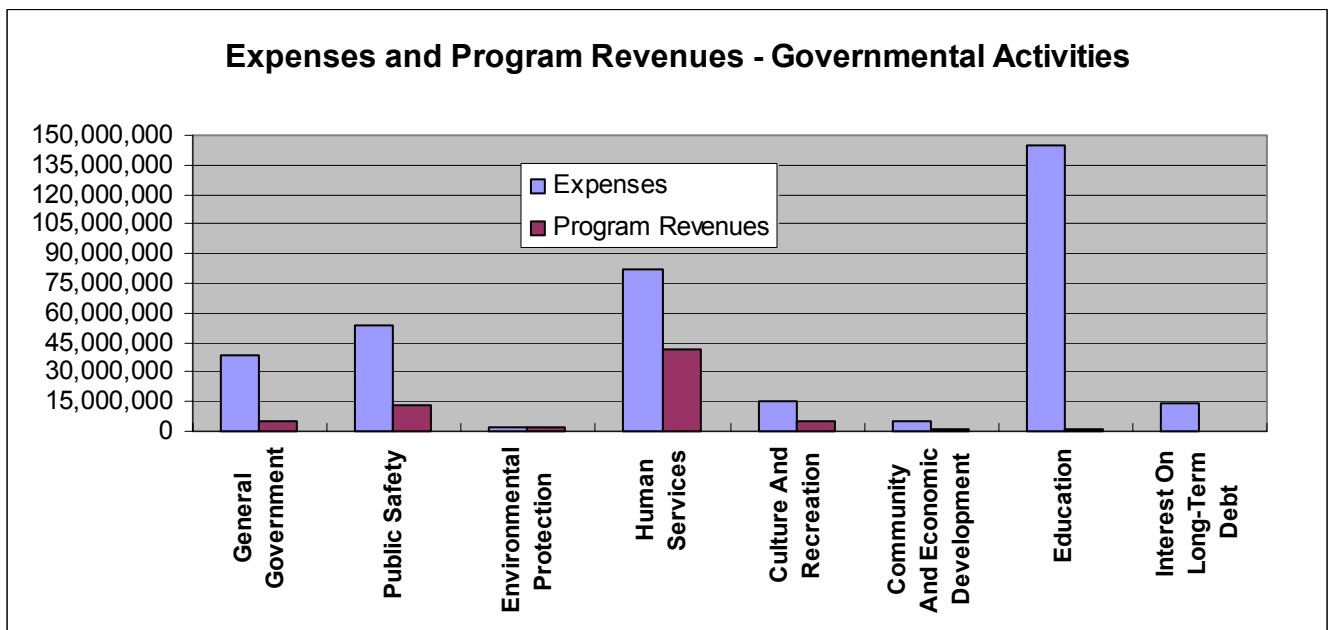
	Governmental Activities	Governmental Activities
	2005	2004
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 26,400,549	\$ 24,925,567
Operating grants and contributions	41,940,313	42,214,001
Capital grants and contributions	194,019	479,312
General revenues:		
Property taxes	184,460,184	177,109,769
Other taxes	66,204,579	66,349,277
Grants and contributions not restricted to specific programs	3,603,013	4,422,507
Other	4,702,827	2,553,264
Total revenues	<u>327,505,484</u>	<u>318,053,697</u>
<b>Expenses:</b>		
General government	38,054,338	37,176,344
Public safety	53,265,074	50,956,682
Environmental protection	2,171,643	2,287,496
Human services	81,602,908	79,377,848
Culture and recreation	15,086,460	14,736,888
Community and economic development	5,175,040	1,523,798
Education	145,267,123	138,342,793
Interest on long-term debt	14,567,408	14,426,316
Total expenses	<u>355,189,994</u>	<u>338,828,165</u>
Decrease in net assets	(27,684,510)	(20,774,468)
Net assets, July 1	(30,312,022)	(9,537,554)
Net assets, June 30	<u>\$ (57,996,532)</u>	<u>\$ (30,312,022)</u>

The full impact of the decrease in net assets of \$27.7 million fell on unrestricted net assets. The effect of \$46.9 million in debt-funded outlays for education (see above) was partially offset by the positive impact of the following aspects of the County's financial operations:

- An increase in property tax revenues due primarily to a higher tax rate and maintenance of a strong collection rate of 98.0%.
- An increase in investment earnings resulting from higher average portfolio yield and larger average invested balance.
- Management of revenues and expenses throughout the operating cycle.
- Continued low cost of debt due to the County's high bond ratings.



The County's revenues were \$327.5 million, of which fifty-six percent comes from property taxes and another twenty percent comes from other taxes. Program revenues comprise twenty-one percent of all revenues. Total expenses of \$355.2 million covered a range of services, with forty-one percent related to education, twenty-three percent to human services, and fifteen percent to public safety. Net cost of County programs, demonstrated in the chart below, is funded predominantly by County taxpayers.



## Financial Analysis of the County's Funds

As noted earlier, Forsyth County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. For the fiscal year ended June 30, 2005, the County's two major funds, as defined by GAAP, were the General Fund and the 2002 Schools Fund.

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

As of the end of the fiscal year, the County's governmental funds reported combined fund balances of \$132.2 million, a decrease of \$48.9 million in comparison with the prior year. The decrease was a result of capital, school, and community college expenditures of debt issued in prior fiscal years. The 2002 Schools Fund had a reduction of \$41.8 million in fund balance, and use of fund balance by other capital project funds totaled \$10.2 million for the year.

Approximately 71.3 percent, or \$94.3 million, of total combined fund balance constitutes *unreserved fund balance*, and \$57.3 million of this is *undesignated*, and, thus, available for spending at the County's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period (\$11.2 million) or reserved by state statute (25.7 million) or for other restricted purposes (\$0.9 million.)

The General Fund is the primary operating fund of Forsyth County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$63.8 million, an increase of \$1.1 million from the previous year, while total fund balance reached \$94.2 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 20.1 percent of total General Fund expenditures, while total fund balance represents 29.7 percent of that same amount.

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

- Total revenues increased \$8.1 million or 2.6%. An increase in the tax rate to \$0.708 from \$0.692 per \$100 assessed value of property generated \$7.0 million more in property tax revenue, and investment earnings grew \$1.4 million or 99.4% due to an average invested balance that was \$9.4 million higher for the year and an average portfolio yield that was 1.613 points higher than the prior year.
- Total expenditures were \$17.8 million or 5.9% higher than in the prior year. Public safety expenditures grew as homeland security programs were developed and detention center staffing increased. Economic development incentives paid to persuade Dell, Inc. to site a large computer manufacturing operation in the County were also a major factor in higher outlays.

### General Fund Budgetary Highlights.

During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services or initiate new programs where timing is critical. Amendments to the General Fund budget totaled \$13.4 million and can be summarized briefly as follows:

- \$2.6 million in unanticipated state and federal grants appropriated for the acquisition of equipment or training costs to enhance homeland security and bioterrorism preparedness; increased funding for social services; law enforcement, public health, and elections programs.
- \$9.5 million of fund balance and reimbursements to provide funds for economic development incentives.
- \$0.5 million of fund balance for transfers to other funds for housing programs and final payment on a construction contract in the 1999 Building #12 Renovation fund.
- \$0.5 million of transfers and unanticipated other revenue, most of which was Pharmacy revenue appropriated for purchase of pharmacy supplies.
- \$0.3 million in refunding bond and refunding certificates of participation proceeds to pay debt issuance costs.

Although \$15.0 million of fund balance was appropriated in the final budget, the net change in fund balance for the year was an increase of \$2.8 million. Total revenues exceeded estimates by \$3.9 million primarily due to sales tax proceeds surpassing estimates by \$4.4 million; fiscal year 2004 state data on which sales tax estimates were based was not definitive, so estimates were conservative. Expenditure appropriations were under-spent by almost \$13.3 million. In Community and Economic Development, only \$3.2 million of the appropriation of \$9.5 million for development incentives to Dell, Inc. was spent; \$3.5 million was eliminated in contract negotiations, and \$2.8 million was in fund balance reserved for encumbrances at year-end. Other significant under-expenditures were in Human Services, General Government and Public Safety. Of note, in Human Services much of the savings was in personal services, reflecting the challenge of finding and keeping qualified personnel in this function. Other savings were widely distributed and noteworthy only in the aggregate.

**Capital Assets and Debt Administration**

**Capital assets.** Forsyth County’s investment in capital assets for its governmental activities as of June 30, 2005, totals \$157,454,013 (net of accumulated depreciation.) These assets include land, buildings, construction in progress, park facilities, equipment, and vehicles.

Major capital asset transactions during the year include:

- Construction costs of \$2.7 million for final completion of the government center.
- Acquisition of a Sheriff mobile command vehicle for \$248,000.
- Conversion of \$2.2 million in construction in progress to improvements as the Tanglewood Park swimming pool (\$1.9 million) and the clearing and grading phase (\$372,000) at Triad Park were completed.

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

*Figure 4*

	Governmental Activities	
	2005	2004
Land	\$ 13,032,224	\$ 13,032,224
Art collections	264,367	264,367
Construction in progress	1,411,811	1,090,967
Buildings	118,267,607	119,298,101
Improvements other than buildings	7,015,278	5,105,122
Equipment	17,462,726	18,804,588
<b>Total</b>	<b>\$ 157,454,013</b>	<b>\$ 157,595,369</b>

Additional information on the County’s capital assets can be found in note 4e on page 29 of the Basic Financial Statements.

**Long-term Debt.** Forsyth County issued \$15,630,000 in general obligation refunding bonds during the fiscal year ended June 30, 2005. At the end of the current fiscal year, Forsyth County had total bonded debt outstanding of \$261,620,000, all of which is backed by the full faith and credit of the County. Other long-term debt represents obligations secured solely by specified property. During the year, the County issued \$40,985,000 in refunding certificates of participation. The County’s total liability for bonded debt, certificates of participation, and other installment financing agreements decreased by \$21,610,000 as principal repayments of \$21,345,000 and refunded debt of \$56,880,000 exceeded the new refunding issues which totaled \$56,615,000.

**Forsyth County’s Outstanding Debt**

*Figure 5*

	Governmental Activities	
	2005	2004
General obligation bonds	\$ 261,620,000	\$ 279,050,000
Installment purchase obligations	563,810	663,810
Certificates of participation	76,855,000	80,935,000
<b>Total</b>	<b>\$ 339,038,810</b>	<b>\$ 360,648,810</b>

As mentioned in the financial highlights section of this document, Forsyth County maintained for the 10<sup>th</sup> consecutive year its Aaa bond rating from Moody’s Investors Service and AAA rating from Standard and Poor’s Corporation and Fitch Ratings. This bond rating is a clear indication of the sound financial condition of Forsyth County. Forsyth County is one of the few counties in the country that maintains the highest financial rating from all three major rating agencies. This achievement is a primary factor in keeping interest costs on the County’s outstanding debt low.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government’s boundaries. The current debt limitation for Forsyth County is \$2,033,292,425. The County has \$23,870,000 in bonds authorized but unissued at June 30, 2005.



Additional information regarding Forsyth County's long-term debt can be found in note 4i on pages 31 - 33 of the Basic Financial Statements.

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

Significant factors considered in the preparation of the fiscal year 2006 County budget included:

- Revaluation of property resulted in an increase of 11.2% in assessed property values. Normal tax base growth of 1.8% is low compared to other urban counties due to the tax exemption afforded the large health care and educational institutions that comprise much of the economic expansion locally.
- Sales taxes, the County's second-largest source of revenue, were projected to increase 3.6% from actual 2005 revenue. Modest economic growth is expected to support this increase. Total retail sales for the 11 months ended May 31, 2005 were \$5.75 billion, an increase of 6.0% from the same period a year ago.
- Incremental costs for opening three new schools were included in the \$5.7 million increase in support for the Winston-Salem/Forsyth County Schools.
- Capital Improvement Program projects planned for fiscal year 2006 will require the issuance of 2/3rds bonds for County projects and general obligation bonds and certificates of participation for school projects, necessitating increases for first year debt service on these issues.
- The unemployment rate in Forsyth County for June 2005 declined to 5.1 percent from 5.3 percent for June 2004. These rates compare favorably to statewide unemployment of 5.3 and 6.1 percent for the same months, respectively.

The County has adopted a General Fund budget for the fiscal year ending June 30, 2006 in the amount of \$339.4 million, an increase of \$8.6 million or 2.6 percent from the final 2005 budget of \$330.8 million. The property tax rate was set at \$0.6660 per hundred dollars assessed value, an increase of \$0.0198 from the revenue neutral rate in this revaluation year. Additionally, \$9.1 million of fund balance was appropriated. Unreserved fund balance net of this appropriation is 16.1% of 2006 budgeted expenditures.

### **Requests for Information**

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



**FORSYTH COUNTY, NORTH CAROLINA**

Exhibit 1

**Statement of Net Assets**

June 30, 2005

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 116,228,702
Cash and investments held by fiscal agent	3,176,765
Taxes receivable (net)	2,563,853
Accounts receivable (net)	1,571,215
Accrued interest on investments	309,843
Due from other governments	24,106,510
Prepaid items	159,510
Deferred charges	2,164,353
Capital assets:	
Land, collections, and construction in progress	14,708,402
Other capital assets, net of depreciation	142,745,611
Total capital assets	<u>157,454,013</u>
Total assets	<u>307,734,764</u>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	7,305,872
Unearned revenue	1,752,679
Accrued interest payable	4,602,451
Due to other governments	3,694,941
Long-term liabilities:	
Due within one year	23,503,327
Due in more than one year	324,872,026
Total liabilities	<u>365,731,296</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	60,499,517
Restricted for:	
Public safety	1,752,115
Community and economic development	358,294
Other purposes	367,310
Unrestricted deficit	(120,973,768)
Total net deficit	<u>\$ (57,996,532)</u>

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

**FORSYTH COUNTY, NORTH CAROLINA**  
**Statement of Activities**

**Exhibit 2**

For the Fiscal Year Ended June 30, 2005

Functions	Expenses	Program Revenues			Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental:					
General government	\$ 38,054,338	4,444,744	648,613	-	(32,960,981)
Public safety	53,265,074	8,993,671	3,800,634	-	(40,470,769)
Environmental protection	2,171,643	933,971	661,559	-	(576,113)
Human services	81,602,908	7,227,474	34,162,314	-	(40,213,120)
Culture and recreation	15,086,460	4,648,633	702,867	194,019	(9,540,941)
Community and economic development	5,175,040	118,587	873,626	-	(4,182,827)
Education	145,267,123	33,469	1,090,700	-	(144,142,954)
Interest on long-term debt	14,567,408	-	-	-	(14,567,408)
Total governmental activities	\$ <u>355,189,994</u>	<u>26,400,549</u>	<u>41,940,313</u>	<u>194,019</u>	<u>(286,655,113)</u>
General revenues:					
Taxes:					
Property taxes, levied for general purposes					184,460,184
Local option sales tax					62,106,774
Occupancy taxes, levied for economic development					441,234
Other taxes and licenses					3,656,571
Grants and contributions not restricted to specific programs					3,603,013
Investment earnings, unrestricted					3,939,095
Miscellaneous, unrestricted					763,732
Total general revenues					<u>258,970,603</u>
Change in net assets					(27,684,510)
Net deficit - beginning					(30,312,022)
<b>Net deficit - ending</b>					<b>\$ <u>(57,996,532)</u></b>

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

**FORSYTH COUNTY, NORTH CAROLINA**

**Exhibit 3**

**Balance Sheet**  
 Governmental Funds  
 June 30, 2005

	<u>General</u>	<u>Capital Projects Fund 2002 Schools</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 81,278,994	28,715,156	6,234,552	116,228,702
Cash and investments held by fiscal agent	811,780	-	2,364,985	3,176,765
Receivables (net):				
Property taxes	2,110,685	-	51,876	2,162,561
Occupancy taxes	35,707	-	-	35,707
Other taxes	20,122	-	28,935	49,057
Accounts	1,570,999	-	216	1,571,215
Accrued interest	284,122	16,122	9,599	309,843
Due from other governments	22,976,194	-	1,130,316	24,106,510
Due from other funds	191,295	-	-	191,295
Prepaid items	31,540	-	40	31,580
<b>Total assets</b>	<b>\$ 109,311,438</b>	<b>28,731,278</b>	<b>9,820,519</b>	<b>147,863,235</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 6,983,195	-	322,677	7,305,872
Due to other governments	3,694,941	-	-	3,694,941
Due to other funds	-	-	191,295	191,295
Unearned revenue	1,721,852	-	30,827	1,752,679
Deferred revenue	2,663,579	-	76,531	2,740,110
Total liabilities	15,063,567	-	621,330	15,684,897
Fund balances:				
Reserved for:				
Encumbrances	4,948,489	-	6,300,675	11,249,164
State statute	24,557,085	16,122	1,144,451	25,717,658
Register of Deeds	367,310	-	-	367,310
Capital outlay	548,634	-	-	548,634
Unreserved	63,826,353	28,715,156	-	92,541,509
Unreserved, reported in nonmajor:				
Special revenue funds	-	-	1,047,406	1,047,406
Capital projects funds	-	-	706,657	706,657
Total fund balances	94,247,871	28,731,278	9,199,189	132,178,338
<b>Total liabilities and fund balances</b>	<b>\$ 109,311,438</b>	<b>28,731,278</b>	<b>9,820,519</b>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	157,454,013
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	127,930
Earned revenue that is not available to pay current period expenditures is deferred in the funds.	3,056,638
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(350,813,451)

**Net assets of governmental activities** **\$ (57,996,532)**

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

**FORSYTH COUNTY, NORTH CAROLINA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
 Governmental Funds  
 For the Fiscal Year Ended June 30, 2005

Exhibit 4

	<u>General</u>	<u>Capital Projects Fund 2002 Schools</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Property taxes	\$ 179,677,678	-	4,491,042	184,168,720
Occupancy taxes	441,234	-	-	441,234
Local option sales taxes	60,622,662	-	1,484,112	62,106,774
Other taxes	194,621	-	405,682	600,303
Licenses and permits	1,867,850	-	-	1,867,850
Intergovernmental	43,805,511	-	2,207,734	46,013,245
Charges for services	20,869,798	-	-	20,869,798
Investment earnings	2,764,837	902,137	297,518	3,964,492
Other	7,116,736	-	52,005	7,168,741
<b>Total revenues</b>	<u>317,360,927</u>	<u>902,137</u>	<u>8,938,093</u>	<u>327,201,157</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	35,489,995	-	-	35,489,995
Public safety	45,933,892	-	4,465,957	50,399,849
Environmental protection	2,177,861	-	-	2,177,861
Human services	74,288,754	-	-	74,288,754
Culture and recreation	14,269,244	-	-	14,269,244
Community and economic development	4,218,578	-	956,809	5,175,387
Education	578,341	-	-	578,341
<b>Intergovernmental:</b>				
Human services	6,418,360	-	-	6,418,360
Education	96,431,964	42,292,028	5,939,583	144,663,575
<b>Debt service:</b>				
Principal retirement	21,345,000	-	-	21,345,000
Interest and other charges	15,821,967	-	-	15,821,967
Capital outlay	-	-	6,080,257	6,080,257
<b>Total expenditures</b>	<u>316,973,956</u>	<u>42,292,028</u>	<u>17,442,606</u>	<u>376,708,590</u>
Excess (deficiency) of revenues over expenditures	<u>386,971</u>	<u>(41,389,891)</u>	<u>(8,504,513)</u>	<u>(49,507,433)</u>
<b>Other financing sources (uses):</b>				
Refunding bonds issued	15,630,000	-	-	15,630,000
Premium on refunding bonds	621,449	-	-	621,449
Refunding certificates of participation issued	40,985,000	-	-	40,985,000
Premium on refunding certificates of participation	3,499,599	-	-	3,499,599
Transfers in	2,435,826	-	975,952	3,411,778
Transfers out	(589,892)	(386,060)	(2,435,826)	(3,411,778)
Payment to refunded bond escrow agent	(16,080,775)	-	-	(16,080,775)
Payment to refunded certificates of participation escrow agent	(44,048,384)	-	-	(44,048,384)
<b>Total other financing sources (uses)</b>	<u>2,452,823</u>	<u>(386,060)</u>	<u>(1,459,874)</u>	<u>606,889</u>
<b>Net change in fund balances</b>	<u>2,839,794</u>	<u>(41,775,951)</u>	<u>(9,964,387)</u>	<u>(48,900,544)</u>
Fund balance - June 30, 2004	91,408,077	70,507,229	19,163,576	181,078,882
<b>Fund balance - June 30, 2005</b>	<u>\$ 94,247,871</u>	<u>28,731,278</u>	<u>9,199,189</u>	<u>132,178,338</u>

(continued)

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

**FORSYTH COUNTY, NORTH CAROLINA**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances of Governmental Funds to the Statement of Activities**  
For the Fiscal Year Ended June 30, 2005

Exhibit 4.1

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

Net change in fund balances - total governmental funds	\$ (48,900,544)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	177,184
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.	(318,540)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	417,768
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	21,722,833
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(783,211)</u>
Change in net assets of governmental activities	<u>\$ (27,684,510)</u>

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

**FORSYTH COUNTY, NORTH CAROLINA**

**Exhibit 5**

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

General Fund

For the Fiscal Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
Revenues:				
Property taxes	\$ 178,754,988	178,754,988	179,677,678	922,690
Occupancy taxes	453,000	453,000	441,234	(11,766)
Local option sales taxes	56,212,417	56,212,417	60,622,662	4,410,245
Other taxes	168,000	168,000	194,621	26,621
Total taxes	<u>235,588,405</u>	<u>235,588,405</u>	<u>240,936,195</u>	<u>5,347,790</u>
Licenses and permits	1,934,614	1,934,614	1,867,850	(66,764)
Intergovernmental	42,457,502	45,058,367	43,805,511	(1,252,856)
Charges for services	19,391,782	19,391,782	20,869,798	1,478,016
Investment earnings	1,799,472	1,799,472	2,764,837	965,365
Other	5,775,584	9,694,334	7,116,736	(2,577,598)
Total revenues	<u>306,947,359</u>	<u>313,466,974</u>	<u>317,360,927</u>	<u>3,893,953</u>
Expenditures:				
Current:				
General government	37,799,114	36,867,299	35,489,995	1,377,304
Public safety	46,028,587	47,636,846	45,933,892	1,702,954
Environmental protection	2,246,085	2,304,289	2,177,861	126,428
Human services	75,176,142	77,262,904	74,288,754	2,974,150
Culture and recreation	15,034,999	15,177,862	14,269,244	908,618
Community and economic development	1,021,326	10,692,595	4,218,578	6,474,017
Education	673,155	653,954	578,341	75,613
Intergovernmental:				
Human services	6,173,414	6,173,414	6,418,360	(244,946)
Education	96,433,027	96,433,027	96,431,964	1,063
Debt service:				
Principal retirement	21,345,000	21,345,000	21,345,000	-
Interest and other charges	15,382,212	15,676,822	15,821,967	(145,145)
Total expenditures	<u>317,313,061</u>	<u>330,224,012</u>	<u>316,973,956</u>	<u>13,250,056</u>
Excess (deficiency) of revenues over expenditures	<u>(10,365,702)</u>	<u>(16,757,038)</u>	<u>386,971</u>	<u>17,144,009</u>
Other financing sources (uses):				
Refunding bonds issued	-	83,310	15,630,000	15,546,690
Premium on refunding bonds	-	-	621,449	621,449
Refunding certificates of participation issued	-	211,300	40,985,000	40,773,700
Premium on refunding certificates of participation	-	-	3,499,599	3,499,599
Transfers in	2,005,487	2,063,013	2,435,826	372,813
Transfers out	(119,250)	(625,692)	(589,892)	35,800
Payment to refunded bond escrow agent	-	-	(16,080,775)	(16,080,775)
Payment to refunded certificates of participation escrow agent	-	-	(44,048,384)	(44,048,384)
Total other financing sources (uses)	<u>1,886,237</u>	<u>1,731,931</u>	<u>2,452,823</u>	<u>720,892</u>
Net change in fund balance	(8,479,465)	(15,025,107)	2,839,794	17,864,901
Fund balance - June 30, 2004	91,408,077	91,408,077	91,408,077	-
<b>Fund balance - June 30, 2005</b>	<b>\$ <u>82,928,612</u></b>	<b><u>76,382,970</u></b>	<b><u>94,247,871</u></b>	<b><u>17,864,901</u></b>

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



**FORSYTH COUNTY, NORTH CAROLINA**

Exhibit 6

**Statement of Fiduciary Net Assets**

Fiduciary Funds

June 30, 2005

	<u>Pension Trust</u> <u>Law Enforcement</u> <u>Officers' Special</u> <u>Separation</u> <u>Allowance</u>	<u>Agency</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 985,751	857,195
Receivables:		
Property taxes	-	11,137,518
Occupancy taxes	-	258,328
Accrued interest	5,213	1,064
Total assets	<u>990,964</u>	<u>12,254,105</u>
<b>LIABILITIES</b>		
Due to other governments	18,765	12,048,076
Other liabilities	-	206,029
Total liabilities	<u>18,765</u>	<u>12,254,105</u>
<b>NET ASSETS</b>		
Held in trust for pension benefits	<u>\$ 972,199</u>	<u>-</u>

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

**FORSYTH COUNTY, NORTH CAROLINA**

**Exhibit 7**

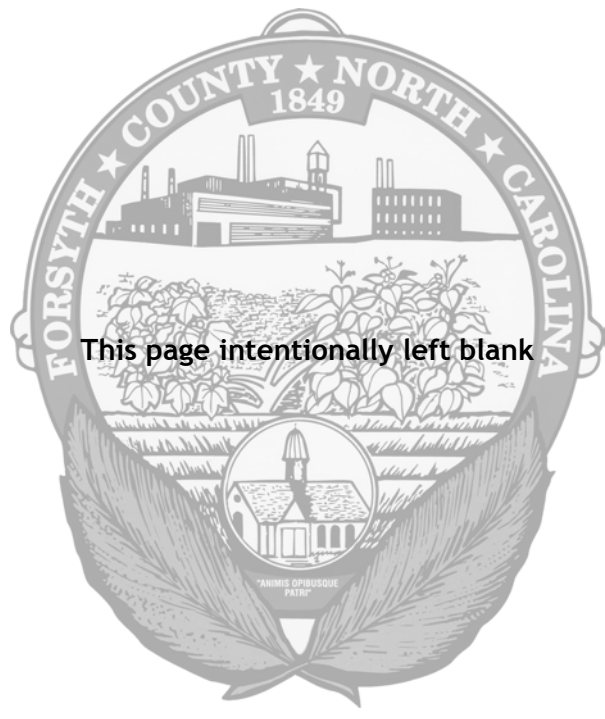
**Statement of Changes in Fiduciary Net Assets**

Fiduciary Funds

For the Fiscal Year Ended June 30, 2005

	<u><b>Pension Trust Fund</b></u>
	<b>Law Enforcement Officers' Special Separation <u>Allowance</u></b>
<b>ADDITIONS</b>	
Employer contributions	\$ 369,515
Net investment income	<u>29,616</u>
Total additions	399,131
<b>DEDUCTIONS</b>	
Benefits	<u>550,804</u>
Change in net assets	(151,673)
Net assets - beginning	<u>1,123,872</u>
<b>Net assets - ending</b>	<b><u><u>\$ 972,199</u></u></b>

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



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## Notes to the Financial Statements

Forsyth County, North Carolina  
June 30, 2005

### 1. Summary of Significant Accounting Policies

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

#### a. Reporting Entity

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

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

#### b. Basis of Presentation, Basis of Accounting

**Basis of Presentation** *Government-wide Statements:* The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the County. Eliminations have been made to minimize the double-counting of internal activities. These statements present the governmental activities of the County, which encompass all the financial activities of the County, except for fiduciary activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category - *governmental* and *fiduciary* - are presented. The emphasis of the fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

*General Fund.* This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

*2002 Schools Capital Projects Fund.* This fund accounts for the construction and renovation of school buildings and acquisition of necessary land, furnishings and equipment to provide additional school facilities in the County. These capital projects are financed by proceeds of general obligation bonds authorized by a 2001 referendum.

Additionally, the County reports the following fund types:

*Pension Trust Fund.* This fund accounts for the activities of the Law Enforcement Officers' Special Separation Allowance Fund, which accumulates resources for pension benefit payments to qualified public safety employees.

*Agency Funds.* Agency funds are custodial in nature and do not involve the measurement of operating results. These funds account for assets held by the County on behalf of others. The County maintains the following agency funds: the Protective Payee Fund, which accounts for monies held by the County on behalf of specific clients of Social Services; the Fines and Forfeitures Fund, which accounts for legal fines and forfeitures that the County is required to remit to the Winston-Salem/Forsyth County Schools; and the Tax Agency Fund, which accounts for property taxes and occupancy taxes collected on behalf of the County and other governments.

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

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

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

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within ninety days after year-end, except for property taxes. Property taxes are not recognized as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance operations of the current year. Property taxes receivable are recorded net of an allowance for estimated uncollectible delinquent taxes, with the net receivable recorded as deferred revenue until collected. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles. For those motor vehicles registered under the staggered system, and for vehicles newly registered under the annual system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. For annually registered motor vehicles, taxes are due on May 1 of each year; however, collections on these taxes are intended to finance the County's operations during the subsequent fiscal year. Thus, taxes on vehicles registered annually that have been collected as of year-end are reflected as deferred revenues at June 30, and those that remain uncollected are reported as taxes receivable on the financial statements, offset by deferred revenues.

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

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

### c. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and for three special revenue funds: the Fire Tax Districts Fund, Law Enforcement Equitable Distribution Fund, and Emergency Telephone System Fund. All annual appropriations lapse at fiscal year end. The State Public School Building Capital Fund and the 2004, 2005, and 2006 Housing Funds, which are special revenue funds, and all capital projects funds are budgeted under project ordinances. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for the General Fund. The legal level of control varies for annually budgeted special revenue funds. Appropriations in the Fire Tax Districts Fund are controlled at the fire tax district level. The Law Enforcement Equitable Distribution Fund and the Emergency Telephone System Fund are controlled by an appropriation for a transfer to the General Fund. Amendments are required for revisions to appropriations at the legal level of control in annually budgeted funds, and these amendments may be approved by the County Manager and reported to the Board of Commissioners as long as they do not alter total expenditures of the fund. Amendments that alter total expenditures of any fund must be approved by the Board of Commissioners. During the year, the Board made several amendments to the original budget, including an increase of \$9.5 million in the General Fund for economic development. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers the period until the annual ordinance can be adopted.

**d. Assets, Liabilities, and Fund Equity**

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

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

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

**Cash and Cash Equivalents** The County pools moneys from all funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

**Receivables and Payables** The County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year, in accordance with State law. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2004.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Historical collection experience is used to estimate the trade accounts receivable allowance. The allowance for uncollectible property taxes is estimated using the assumption that 75% of the amount collected on prior year taxes during the current year will be collected in the ensuing year.

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

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

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

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

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

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

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

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

payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

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

*Invested in capital assets, net of related debt* This category of net assets quantifies the County's investment in capital assets, net of related debt.

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

*Restricted for Public Safety* This portion of net assets represents the aggregate of net assets for three special revenue funds: the Fire Tax Districts Fund; the Law Enforcement Equitable Distribution Fund; and the Emergency Telephone System Fund. It also includes General Fund net assets restricted for use for Law Enforcement under the Local Law Enforcement Block Grant.

*Restricted for Community and Economic Development* This portion of net assets represents net assets of the 2004 and 2005 Housing special revenue funds and unspent housing program income that is in General Fund net assets.

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

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

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

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

The governmental fund types classify fund balances as follows:

**Reserved**

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

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

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

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

**Unreserved**

*Designated for Subsequent Year's Expenditures* In the annually budgeted governmental funds, a portion of fund balance available for appropriation is designated for appropriation in the adopted 2005-2006 Budget Ordinance.

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

**2. Reconciliation of Government-wide and Fund Financial Statements**

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

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. The net adjustment of \$(190,174,870) consists of several elements detailed in the following table.

Description	Detail	Net Adjustment
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds. Total capital assets on the government-wide statement of net assets comprise this adjustment.		\$ 157,454,013
Pension assets resulting from contributions in excess of the annual required contribution are not financial resources and therefore are not reported in the funds.		127,930
Some of the County's revenue will be collected after year-end, but is not available soon enough to pay for the current period's expenditures, so it is reported as deferred revenue in the funds.		
Property taxes and accrued interest on property taxes	\$ 2,479,089	
Grants	26,603	
Interest earnings	84,612	
Fees and miscellaneous	466,334	3,056,638
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period. Thus, they do not require current resources to pay and, accordingly, are not reported in the fund statements.		
Accrued interest payable	(4,602,451)	
Bonds, installment purchases, and certificates of participation	(339,038,810)	
Compensated absences	(6,114,237)	
Claims and judgments	(1,993,519)	
Deferred charge on refundings	6,588,964	
Deferred charge for issuance costs	2,164,353	
Unamortized issuance premiums	(7,817,751)	(350,813,451)
<b>Total adjustments</b>		<b>\$ (190,174,870)</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 change in fund balances - total governmental funds* and *change in net assets of governmental activities* as reported in the government-wide statement of activities. Additional detail on the elements that comprise the total adjustment of \$21,216,034 is given below.

Description	Detail	Net Adjustment
Capital outlay expenditures are recorded in the fund statements but are capitalized as assets in the statement of activities.	\$ 9,311,432	
Depreciation expense, the allocation of capital assets over their useful lives, is recorded on the statement of activities but not in the fund statements.	(9,134,248)	\$ 177,184



In the statement of activities, only the *gain* on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.

(23,840)

The statement of activities reports *losses* arising from the trade-in, sale, or disposal of existing capital assets. Conversely, governmental funds do not report any loss on such transactions, but report the sale proceeds. Eliminating sale proceeds and reporting losses decreases net assets.

(294,700)

(318,540)

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

Reverse deferred revenue recorded at 7/1/2004:

Property taxes and accrued interest on property taxes	(2,187,625)	
Grants	(8,100)	
Fees and miscellaneous	(443,145)	

Record revenue deferred in the fund statements at 6/30/2005:

Property taxes and accrued interest on property taxes	2,479,089	
Grants	26,603	
Interest earnings	84,612	
Fees and miscellaneous	466,334	417,768

On the fund statements, new debt issued during the year is recorded as a source of funds, and principal payments on debt are recorded as a use of funds. Neither transaction affects the statement of activities. Also, the governmental funds report the effect of other debt-related transactions when debt is first issued, but these amounts are deferred and amortized in the statement of activities.

New debt issued	(60,736,048)	
Principal payments on debt	21,345,000	
Payment to refunded debt escrow agents	60,129,159	
Issuance and other costs	984,722	21,722,833

Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.

Compensated absences	(337,495)	
Claims and judgments	(472,357)	
Prepaid pension benefit obligation	23,324	
Accrued interest	258,403	
Amortized deferred charge on refundings	(752,052)	
Amortized deferred charge for issuance costs	(266,520)	
Amortized debt premiums	763,486	(783,211)

<b>Total adjustment</b>		<b>\$ 21,216,034</b>
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### 3. Stewardship, compliance, and accountability

#### Excess of expenditures over appropriations

Intergovernmental expenditures for Human Services were \$244,946 greater than appropriations because some payments to CenterPoint Human Services are based on County services provided to that agency, and pharmacy services exceeded estimates by \$373,000. Since the Pharmacy budget was adequate to cover costs, the overage was not apparent until fourth quarter billings were processed after year-end. Revenues from CenterPoint for pharmacy services offset these expenditures. Debt service expenditures for interest and other charges exceeded budget by \$145,145 since issuance costs deducted from proceeds are not budgeted but must be reported. Similarly, payments to escrow agents for refunded bonds and refunded certificates of participation are not budgeted.

Of the budget variances noted above, only that for CenterPoint is in noncompliance with legal budgetary control. In subsequent years, disbursements to CenterPoint for County services will be reviewed at the end of the third quarter, and budget amendments will be made as required.

4. Detailed notes on all funds

a. Deposits

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

At June 30, 2005, the demand deposit portion of the County’s cash and investment pool was \$4,032,951. The bank balances totaled \$4,878,747 of which \$144,468 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. Additionally, \$1,000 of cash held by fiscal agent was covered by federal depository insurance. At June 30, 2005, the County’s petty cash funds totaled \$18,950.

b. Investments

As of June 30, 2005, the County had the following investments:

<u>Investment Type</u>	<u>Reported</u>		<u>Less than</u>			<u>More than</u>	<u>WAM</u> <u>(Years)</u>
	<u>Value</u>	<u>Fair Value</u>	<u>1 year</u>	<u>1-2 years</u>	<u>2 years</u>		
NCCMT	\$ 23,742,512	23,742,512	23,742,512	-	-		0.003
Commercial Paper	13,564,158	13,561,004	13,561,004	-	-		0.087
Agency Securities NC Education Assistance Authority Bonds	53,813,077	53,805,099	19,370,910	14,433,680	20,000,509		2.172
	22,900,000	22,900,000	22,900,000	-	-		0.037
<b>Total Portfolio</b>	<b>\$114,019,747</b>	<b>114,008,615</b>	<b>79,574,426</b>	<b>14,433,680</b>	<b>20,000,509</b>		

Portfolio weighted average maturity 1.04 years

**Interest Rate Risk.** As a means of limiting its exposure to fair value losses arising from rising interest rates, the County’s investment policy gives consideration to shortening maturities during periods of rising interest rates. The County manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. To further reduce its exposure to interest rate risk, the County invests in multi-step coupon securities for some of its longer term maturities. As of June 30, 2005, \$17,512,700, or 87 percent, of the County’s investments with maturities beyond two years were multi-step interest rate securities. Information about the sensitivity of the fair values of the County’s investments to market interest rate fluctuations is provided by the above table that shows the distribution by maturity and the weighted average maturity of the County’s investment holdings as of June 30, 2005. Because the North Carolina State Education Assistance Authority bonds have a twenty-eight day auction cycle, they are considered to mature on their next auction date. The County’s \$34,467,400 in callable agency securities are assumed to be held until maturity.

**Credit Risk.** State law and the County’s investment policy limit investments in commercial paper to those issuers carrying the highest ratings issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2005, the County’s investments in commercial paper were rated A1 by Standard & Poor’s, F1 by Fitch Ratings, and/or P1 by Moody’s Investors Service. The County’s investments in the bonds of U.S. Agencies and the North Carolina State Education Assistance Authority were rated with one or more of the following ratings: AAA by Standard & Poor’s, AAA by Fitch Ratings, Aaa by Moody’s Investors Service. The County’s investment in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAm by Standard & Poor’s.

**Concentration of Credit Risk.** The County places no limit on the amount that may be invested in any one issuer. More than five percent (5%) of the County’s investments are in bonds issued by the Federal Home Loan Bank (28.8%), the Federal National Mortgage Association (10.8%), the Federal Home Loan Mortgage Corporation (5.2%), and the North Carolina State Education Assistance Authority (20.1%).

c. **Property tax - use-value assessment on certain lands**

In accordance with the general statutes, agriculture, horticulture, and forestland may be taxed by the County at the present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

Year Levied	Tax	Interest	Total
2002	\$ 1,330,059	435,594	1,765,653
2003	1,262,028	299,732	1,561,760
2004	1,364,568	201,274	1,565,842
2005	1,364,568	78,463	1,443,031
<b>Totals</b>	<b>\$ 5,321,223</b>	<b>1,015,063</b>	<b>6,336,286</b>

d. **Receivables**

Receivables at June 30, 2005 for the County's individual major funds and nonmajor governmental funds in the aggregate include applicable allowances for uncollectible accounts as follows:

Description	Gross Receivable	Allowance for Uncollectible Accounts	Net Receivable
Property taxes			
General fund	\$ 6,796,543	(4,685,858)	2,110,685
Other governmental funds	141,988	(90,112)	51,876
Occupancy taxes			
General fund	35,707	-	35,707
Other taxes			
General fund	20,122	-	20,122
Other governmental funds	28,935	-	28,935
Accounts			
General fund	22,458,031	(20,887,032)	1,570,999
Other governmental funds	216	-	216
Accrued interest			
General fund	284,122	-	284,122
2002 Schools fund	16,122	-	16,122
Other governmental funds	9,599	-	9,599
<b>Total receivables</b>	<b>\$ 29,791,385</b>	<b>(25,663,002)</b>	<b>4,128,383</b>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

At June 30, 2005, the various components of *deferred revenue* and *unearned revenue* were as follows:

Description	Deferred (Unavailable)	Unearned
Delinquent property taxes receivable		
General fund	\$ 2,110,685	-
Other governmental funds	51,876	-
Prepaid taxes		
General fund	-	1,074,182
Other governmental funds	-	30,827
Intergovernmental and private grants		
General fund	1,948	377,580
Other governmental funds	24,655	-
Fees and other - General fund	466,334	270,090
Investment earnings - General fund	84,612	-
<b>Total deferred / unearned revenue for governmental funds</b>	<b>\$ 2,740,110</b>	<b>1,752,679</b>

**e. Capital Assets**

Capital asset activity for the year ended June 30, 2005, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 13,032,224	--	--	13,032,224
Art collections	264,367	--	--	264,367
Construction in progress	1,090,967	2,553,277	(2,232,433)	1,411,811
Total capital assets not being depreciated	14,387,558	2,553,277	(2,232,433)	14,708,402
Capital assets being depreciated:				
Buildings	158,846,893	3,034,902	(31,874)	161,849,921
Improvements other than buildings	10,122,701	2,285,805	(12,627)	12,395,879
Equipment	50,391,419	3,669,881	(1,855,135)	52,206,165
Total capital assets being depreciated	219,361,013	8,990,588	(1,899,636)	226,451,965
Less accumulated depreciation for:				
Buildings	39,548,792	4,041,557	(8,035)	43,582,314
Improvements other than buildings	5,017,579	375,649	(12,627)	5,380,601
Equipment	31,586,831	4,717,042	(1,560,434)	34,743,439
Total accumulated depreciation	76,153,202	9,134,248	(1,581,096)	83,706,354
Total capital assets being depreciated, net	143,207,811	(143,660)	(318,540)	142,745,611
<b>Capital assets, net</b>	<b>\$157,595,369</b>	<b>2,409,617</b>	<b>(2,550,973)</b>	<b>157,454,013</b>

Depreciation expense charged to functions for the year ended June 30, 2005, was as follows:

Function	Depreciation Expense
General government	\$ 3,891,759
Public safety	3,554,148
Environmental protection	33,317
Human services	694,086
Culture and recreation	939,293
Education	21,645
<b>Total</b>	<b>\$ 9,134,248</b>

**Construction commitments**

The County, in partnership with the City of Winston-Salem, is building an eight-tower 800-MHz radio system for public safety communications. The system is substantially complete, and outstanding commitments are due upon final acceptance of the system. Other major construction projects include a new Animal Control facility and ongoing improvements at the County's Triad Park. At year-end, commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Public Safety Radio Communications	\$ 8,333,472	1,260,140
Animal Control Facility	1,151,647	2,752,112
Triad Park	124,890	1,495,308
<b>Totals</b>	<b>\$ 9,610,009</b>	<b>5,507,560</b>

**f. Interfund receivables, payables, and transfers**

A capital projects fund funded by certificates of participation and a multi-year special revenue fund funded by state and federal grants initially pay fund obligations with moneys from the County's cash and investment pool. Drawdowns from the proceeds escrow account or grantors, as applicable, are made within ninety days of the expenditure. At June 30, 2005, the amounts advanced from the cash and investment pool for these purposes comprised due to and due from other funds as follows:

Payable Fund	Receivable Fund General Fund
Nonmajor governmental funds:	
General Services Complex Fund	\$ 2,623
2005 Housing Fund	188,672
<b>Total</b>	<b>\$ 191,295</b>

The following is a summary of interfund transfers for the year ended June 30, 2005:

Transfers out:	Transfers in:		
	General Fund	Nonmajor Governmental Funds	Total
General Fund	\$ -	589,892	589,892
2002 Schools Fund	-	386,060	386,060
Nonmajor governmental funds	2,435,826	-	2,435,826
<b>Totals</b>	<b>\$ 2,435,826</b>	<b>975,952</b>	<b>3,411,778</b>

General Fund transfers to nonmajor governmental funds comprised \$149,892 to provide the local match in Housing grant project funds and \$440,000 to fund final payments to a major contractor in the 1999 Building #12 Renovation Fund. Transfers to nonmajor governmental funds from the 2002 Schools Fund were to provide the local match for State public school building capital funds. Transfers to the General Fund in the amount of \$96,928 from nonmajor governmental funds were to fund interest payments on debt, as permitted in the applicable financings. Other transfers to the General Fund from nonmajor governmental funds included \$264,395 residual equity from funds that were closed; \$1,497,745 from the Fire Tax Districts special revenue fund to support the County fire department; \$133,528 from the Law Enforcement Equitable Distribution special revenue fund for law enforcement programs; and \$443,230 from the Emergency Telephone System fund for public safety communications costs.

**g. Payables**

Payables at June 30, 2005, were as follows:

Description	General Fund	Nonmajor Governmental Funds	Total
Vendors	\$ 4,378,991	322,677	4,701,668
Salaries and benefits	2,599,225	-	2,599,225
Claims and judgments	4,979	-	4,979
<b>Totals</b>	<b>\$ 6,983,195</b>	<b>322,677</b>	<b>7,305,872</b>

**h. Leases**

*Operating leases* The County leases building and office facilities and other equipment under non-cancelable operating leases. Total costs for such leases were \$740,209 for the year ended June 30, 2005. The future minimum lease payments due under operating leases with initial or remaining non-cancelable lease terms in excess of one year are as follows:

Year ending June 30	Operating Leases
2006	\$ 805,560
2007	706,298
2008	608,529
2009	218,323
2010	146,976
2011 - 2015	674,354
2016 - 2020	314,174
2021 - 2025	363,730
2026 - 2030	421,113
2031 - 2033	263,087
<b>Total minimum lease payments</b>	<b>\$ 4,522,144</b>

The total rental expenditures for all operating leases were \$1,426,826 for the year ended June 30, 2005.

i. Long-term obligations

Long-term obligation activity

Changes in long-term obligations during the year ended June 30, 2005, were as follows:

	Balance June 30, 2004	Additions	Reductions	Balance June 30, 2005	Due Within One Year
<b>Governmental activities:</b>					
Compensated absences	\$ 5,776,742	7,690,278	7,352,783	6,114,237	-
General obligation bonds	279,050,000	15,630,000	33,060,000	261,620,000	17,945,000
Deferred loss on refunding	(3,686,490)	(623,323)	(714,027)	(3,595,786)	-
Unamortized premiums	4,401,964	621,449	707,890	4,315,523	-
Installment purchase obligations	663,810	-	100,000	563,810	270,420
Certificates of participation	80,935,000	40,985,000	45,065,000	76,855,000	4,330,000
Deferred loss on refunding	-	(3,031,203)	(38,025)	(2,993,178)	-
Unamortized premiums	154,653	3,499,599	152,024	3,502,228	-
Claims and judgments	1,521,162	1,494,426	1,022,069	1,993,519	957,907
<b>Total general long-term obligations</b>	<b>\$ 368,816,841</b>	<b>66,266,226</b>	<b>86,707,714</b>	<b>348,375,353</b>	<b>23,503,327</b>

Compensated absences and claims liabilities typically are liquidated in the General Fund. Compensated absences are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

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

On June 24, 2004, the County sold two \$15,000,000 issues of general obligation School bonds that initially bear interest at a weekly variable rate. The County has the option to convert to a flexible term rate, a medium-term rate, or a fixed rate by written notice at least 25 days in advance of the proposed conversion date. The current variable rate is determined weekly based on the lowest interest rate necessary to enable the remarketing of the bonds at par plus accrued interest, as determined by the remarketing agent, and shall not exceed an annual rate of 12%. At June 30, 2005 the rate of interest was 2.27%.

A summary of outstanding general obligation bonds follows:

Purpose of Issue	Date of Issue	Effective Interest Rate	Amount Issued	Principal Outstanding June 30, 2005
<u>Governmental Activities</u>				
School Building	02-01-96	4.7018 %	\$ 25,000,000	1,000,000
	02-01-97	5.0697	25,000,000	2,700,000
	02-01-98	4.5774	25,000,000	19,300,000
	02-01-99	4.3001	19,000,000	15,625,000
	09-01-03	4.1925	3,750,000	3,000,000
	06-24-04	Var Rate	15,000,000	15,000,000
Parks and Recreation	06-24-04	Var Rate	15,000,000	15,000,000
	06-12-01	4.7373	2,980,000	2,605,000
Public Improvement	03-01-02	4.4913	6,420,000	6,100,000
	03-01-02	4.4913	51,900,000	48,900,000
	09-01-03	4.1925	3,950,000	3,300,000
	09-01-03	4.1925	48,850,000	47,650,000
Public Improvement Refunding	02-01-99	4.3001	16,480,000	11,460,000
	03-01-02	4.4913	11,830,000	2,935,000
	09-01-03	4.1925	8,785,000	7,450,000
	12-01-03	2.3916	16,105,000	13,225,000
	02-01-04	3.0633	30,855,000	30,740,000
	03-01-05	3.5954	15,630,000	15,630,000
<b>Totals</b>			<b>\$341,535,000</b>	<b>261,620,000</b>

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

June 30	Principal	Interest	Total
2006	\$ 17,945,000	10,755,286	28,700,286
2007	16,770,000	10,065,961	26,835,961
2008	17,870,000	9,380,399	27,250,399
2009	17,895,000	8,659,124	26,554,124
2010	17,990,000	7,921,489	25,911,489
2011 - 2015	90,770,000	27,867,789	118,637,789
2016 - 2020	58,930,000	10,926,478	69,856,478
2021 - 2025	23,450,000	2,098,000	25,548,000
<b>Totals</b>	<b>\$261,620,000</b>	<b>87,674,526</b>	<b>349,294,526</b>

There are \$23,870,000 in authorized but unissued general obligation bonds at June 30, 2005.

*Current refunding* On March 1, 2005, the County issued \$15,630,000 in General Obligation Refunding Bonds, Series 2005A with an average interest rate of 5.000 percent to currently refund \$15,850,000 outstanding General Obligation Refunding Bonds, Series 1996 with an average interest rate of 4.976 percent. Net proceeds of \$16,164,079 (after payment of \$87,370 in underwriting fees) resulted from the bond sale, and the County contributed \$392,548 for a total of \$16,556,627. Of the net proceeds and County contribution amounts, \$16,473,323 in cash was deposited to the Refunding Escrow, which was used for payment of the Refunded Bonds on March 1, 2005.

The reacquisition price exceeded the net carrying amount of the old debt by \$623,323. This difference, net of the current year's amortization of \$68,405, and the bond issuance costs of \$147,952 associated with the refunding, net of the current year's amortization of \$16,237, are reported in the accompanying financial statements as deferred charges and are being charged to operations through the year 2010, the life of the new debt which is the same as the life of the refunded debt, using the effective-interest method. The County completed the current refunding to reduce its total debt service payments over the next six years by \$241,470 and to obtain an economic gain of \$220,782.

In prior years, the County defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. On June 30, 2005, \$31,000,000 of bonds outstanding are considered defeased.

*Conduit debt obligations* Forsyth County Industrial Facility and Pollution Control Financing Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as by letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2005, there was one series of industrial revenue bonds outstanding, with an aggregate principal amount payable of \$870,000.

*Certificates of participation* On May 5, 2005, the County issued \$40,985,000 in Certificates of Participation, Series 2005, with an average interest rate of 4.985% to advance refund (defease) \$5,805,000 of outstanding Certificates of Participation, Series 1998, \$29,890,000 of outstanding Certificates of Participation, Series 2001, and \$5,335,000 of outstanding Certificates of Participation, Series 2002, with a combined average interest rate of 5.150%. Net proceeds of \$44,259,687 (after payment of \$224,912 in underwriting fees) resulted from the sale. Of the net proceeds amount, \$44,048,379 was used to purchase U.S. Government securities, which were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 1998, Series 2001, and Series 2002 Certificates of Participation. As a result, the Certificates are considered to be defeased, and the liability for these issues has been removed from the statement of net assets.

The reacquisition price exceeded the net carrying amount of the old debt by \$3,031,203. This difference, net of the current year's amortization of \$38,025, and the issuance costs of \$444,222 associated with the refunding, net of the current year's amortization of \$5,573, are reported in the accompanying financial statements as deferred charges and are being charged to operations through the year 2023, the life of the new debt which is the same as the life of the refunded debt, using the effective-interest method. The County completed the current refunding to reduce its total debt service payments over the next 18 years by \$1,415,712 and to obtain an economic gain of \$998,304.

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

Outstanding certificates of participation follow:

Purpose of Issue	Principal Outstanding June 30, 2005
<u>Governmental Activities</u>	
Issued May 2005 to advance refund portions of three previous issues; interest varies from 2.60% to 5.00%	\$ 40,985,000
Issued December 2002 to provide funds for facility renovation and construction; interest varies from 2.50% to 4.125%	2,860,000
Issued October 2002 to finance a telephone system and emergency communications system; variable rate for which the rate at June 30, 2005 was 2.30%	11,760,000
Issued April 2001 to finance facility renovation and construction and for a current refunding of previously issued certificates of participation; interest varies from 4.00% to 5.00%	15,180,000
Issued September 1998 to provide funds for site acquisition, equipment, facility renovation and park improvements; interest varies from 4.25% to 5.00%	6,070,000
<b>Total</b>	<b>\$ 76,855,000</b>

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

Year ending June 30	Principal	Interest	Total
2006	\$ 4,330,000	3,147,794	7,477,794
2007	4,255,000	3,188,869	7,443,869
2008	4,375,000	3,031,108	7,406,108
2009	4,510,000	2,866,237	7,376,237
2010	4,665,000	2,686,437	7,351,437
2011 - 2015	21,815,000	10,563,805	32,378,805
2016 - 2020	20,515,000	5,668,375	26,183,375
2021 - 2023	12,390,000	950,000	13,340,000
<b>Total</b>	<b>\$ 76,855,000</b>	<b>32,102,625</b>	<b>108,957,625</b>

*Subsequent debt issuance* On August 9, 2005, the County issued \$13,000,000 in certificates of participation to finance renovation of an elementary school and a middle school. The interest rates for this issuance range from 3.00% to 5.00%.

*Installment purchases* As authorized by State law, the County has entered into two installment financing agreements to finance the acquisition of computer equipment and software for governmental activities. One installment purchase in the amount of \$500,000 was executed on July 20, 2001 at an interest rate of 3.97 percent, payable semiannually. On May 1, 2004 the County entered into a second installment financing agreement in the amount of \$363,810 at an interest rate of 3.06 percent, payable semiannually.

Annual maturities are as follows:

Year ending June 30	Principal	Interest	Total
2006	\$ 270,420	17,675	288,095
2007	71,497	7,884	79,381
2008	72,591	5,679	78,270
2009	149,302	3,827	153,129
<b>Total</b>	<b>\$ 563,810</b>	<b>35,065</b>	<b>598,875</b>

As of June 30, 2005, the County's legal debt limit was \$2,033,292,425 computed at 8% of the total appraised property valuation of \$25,416,155,311. With \$261,620,000 in County and School bonds outstanding at June 30, 2005 and \$77,418,810 committed under certificates of participation and installment purchases, the County could issue additional bonds up to \$1,694,253,615 if authorized.



**j. Fund balances**

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

	Designated For Subsequent Year's Expenditures	Undesignated	Total
General Fund	\$ 7,300,000	56,526,353	63,826,353
2002 Schools	28,715,156	-	28,715,156
Other governmental funds:			
Special revenue funds	330,484	716,922	1,047,406
Capital projects funds	636,783	69,874	706,657
<b>Totals</b>	<b>\$ 36,982,423</b>	<b>57,313,149</b>	<b>94,295,572</b>

**5. Other information**

**a. Pension costs**

**North Carolina Local Governmental Employees' Retirement System**

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

*Funding Policy* Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. The current rate for employees not engaged in law enforcement and for law enforcement officers is 6.79% and 6.77%, respectively, of annual covered payroll. The contribution requirements of members and of Forsyth County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2005, 2004, and 2003 were \$4,795,713, \$4,680,266, and \$4,344,457, respectively. The contributions made by the County equaled the required contributions for each year.

**Law Enforcement Officers' Special Separation Allowance**

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

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

At December 31, 2004, the Separation Allowance's membership consisted of:

Retirees currently receiving benefits	42
Active plan members	212
<b>Total</b>	<b>254</b>

**Summary of Significant Accounting Policies**

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

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

*Funding Policy* The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. For the current year, the County contributed \$369,515, or 4.27% of annual covered payroll. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be

amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings.

**Annual Pension Cost and Net Pension Obligation** The County’s annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution	\$ 347,907
Interest on net pension obligation	(7,584)
Adjustment to annual required contribution	5,868
Annual pension cost	346,191
Contributions made	369,515
Increase (decrease) in net pension obligation	(23,324)
Net pension obligation beginning of year	(104,606)
<b>Net pension obligation end of year</b>	<b>\$(127,930)</b>

The annual required contribution for the fiscal year ended June 30, 2005 was determined as part of the December 31, 2003 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return and (b) projected salary increases of 5.9 to 9.8% per year. Item (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level percentage of projected pay on a closed basis. The remaining amortization period at December 31, 2003 was 27 years.

**Three-Year Trend Information**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2003	\$ 315,749	96.12%	\$ (70,519)
6/30/2004	\$ 327,850	110.40%	\$(104,606)
6/30/2005	\$ 346,191	106.74%	\$(127,930)

**Supplemental Retirement Income Plan for Law Enforcement Officers**

*Plan Description* The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

*Funding Policy* Article 12E of G.S. Chapter 143 requires that the County contribute each month an amount equal to five percent of each officer’s salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. The County’s contributions for the year ended June 30, 2005 were \$432,894, exclusive of voluntary employee contributions.

**Register of Deeds’ Supplemental Pension Fund**

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

*Funding Policy* On a monthly basis, the County remits to the Department of State Treasurer an amount equal to 4.5% of the monthly receipts collected pursuant to Article 1 of G.S. Chapter 161. Immediately following January 1 of each year, the Department of State Treasurer divides 93% of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining 7% of the Fund’s assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2005, the County’s required and actual contributions were \$117,247.

**b. Other Post-employment Benefits**

The County provides certain health care and death benefits for all retirees and life insurance benefits for retirees on disability in accordance with its authority to do so under State statute. Retirees may participate in the County’s group health plan until age sixty-five or until Medicare eligibility, whichever comes first, with the County contributing the normal employer share of the premium and the retiree paying the normal employee share of the premium. At June 30, 2005, there were 281 retirees receiving this benefit. Retiree family members who meet plan eligibility requirements may participate in the County’s group health plan with the County contributing 50% of the premium and the participant family paying 50% of the premium. However, dependents of retirees who retired after

October 25, 1986 become ineligible for this benefit when the retiree turns age sixty-five or otherwise becomes eligible for Medicare, or dies. At June 30, 2005 coverage was provided for 133 retiree dependents of whom one was a dependent of a retiree eligible for Medicare or deceased. The cost of retiree health care benefits is recognized as an expenditure when the premiums are paid. For the fiscal year ended June 30, 2005, \$1,358,196, inclusive of \$233,125 in retiree contributions, was paid by the County for these benefits.

Every retiree who had at least fifteen years of service with the County is eligible for a \$2,000 death benefit, paid by the County. At June 30, 2005 there were 457 retirees eligible for this benefit. The cost of death benefits is recognized as an expenditure when paid, and death benefits in the amount of \$8,000 were paid by the County for the fiscal year ended June 30, 2005. Retirees on disability are eligible for continued life insurance coverage until death, paid for by the County. The cost of providing this coverage is recognized as an expenditure when the premiums are paid. For the fiscal year ended June 30, 2005, the County paid \$4,411 for this benefit. At year end 106 retirees were receiving this benefit.

**c. Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees on the job; and natural disasters. These risks of loss are handled through a combination of risk retention and insurance. The County’s risk retention program provides coverage for a maximum of \$250,000 for each workers’ compensation claim, \$250,000 for each auto liability, general liability, and public officials claim, and \$100,000 for each property damage claim. The County purchases commercial insurance for claims in excess of coverage provided by this program. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The County’s actuarially determined claims liability, which does not include non-incremental claims adjustment expenses, is \$1,998,498 at June 30, 2005. A portion of the liability for prior year claims, \$4,979, is reported in the General Fund, and the balance of \$1,993,519 is reported on the Statement of Net Assets as a long-term liability. The General Fund liability is considered current, and an additional \$957,907 of the long-term liability is considered due within one year.

Changes in the claims liability amount in fiscal 2004 and fiscal 2005 were as follows:

	Beginning Balance	Current-Year Claims and Changes in Estimates	Claims Payments	Ending Balance
2003-2004	\$1,659,478	1,123,343	(1,050,354)	1,732,467
2004-2005	\$1,732,467	1,494,426	(1,228,395)	1,998,498

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

**d. Contingent liabilities**

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

The County is involved in several other claims and lawsuits, which it intends to defend vigorously. The County’s legal counsel estimates that any possible liability to the County resulting from such litigation and not covered by insurance would not have a material adverse effect on the financial position of the County at June 30, 2005.

**e. Related organization**

The County’s governing board is responsible for a majority of the board appointments of the Airport Commission of Forsyth County, but the County’s accountability for this organization does not extend beyond making these appointments. The Airport Commission was established by state statute for the purpose of operating an airport on land owned by the County, and it is funded primarily by airport revenue and federal grants. In fiscal year 2005, Forsyth County provided risk management services totaling \$5,500 to the Airport Commission.

**f. Joint ventures**

The County, in conjunction with the State of North Carolina and the Winston-Salem/Forsyth County Board of Education, participates in a joint venture to operate Forsyth Technical Community College. Each of the three participants appoints four members of the thirteen-member board of trustees of the community college. The president of the community college’s student government serves as an ex officio nonvoting member of the community college’s board of trustees. The community college is included as a component unit of the State. The

County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds or certificates of participation to provide financing for new facilities. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$5,225,760 and \$854,800 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2005. In addition, the County made debt service payments of \$1,184,065 during the fiscal year on general obligation bonds and certificates of participation issued for community college capital facilities. The participating governments do not have an equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2005. Complete financial statements for the community college may be obtained from the community college's administrative offices at 2100 Silas Creek Parkway, Winston-Salem, North Carolina, 27103.

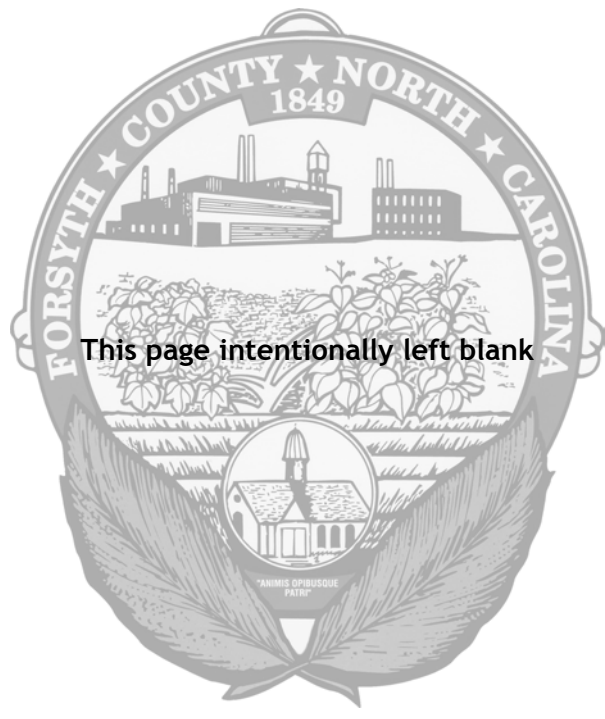
The County participates with Stokes County and Davie County, North Carolina in CenterPoint Human Services to provide services for general mental health, mental disorder, developmental disabilities, substance abuse and mental health education in Forsyth, Stokes, and Davie Counties. CenterPoint's board is composed of nineteen members, three of whom are County Commissioners, one from Forsyth County, one from Stokes County, and one from Davie County, appointed by the respective governing board of each county to serve as ex-officio members of the board. The sixteen additional members are appointed by the three Commissioner members of the board. The County has an ongoing financial responsibility for CenterPoint because it provides funding for a substantial portion of its annual budget. The County contributed \$6,418,360 for CenterPoint operations and contracted with CenterPoint for various services totaling \$119,986 during the fiscal year ended June 30, 2005. Additionally, the County provided services to CenterPoint during the year for which it was reimbursed \$2,500,384. The participating governments do not have an equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2005. Complete financial statements for CenterPoint may be obtained from its administrative offices at 4045 University Parkway, Winston-Salem, North Carolina, 27106.

In conjunction with the City of Winston-Salem and the Greater Winston-Salem Chamber of Commerce, Inc., the County takes part in a joint venture to operate the Forsyth County Tourism Development Authority which was established by state statute to further the development of travel, tourism, and conventions in the County. The Authority board is comprised of thirteen members of which the County and the City of Winston-Salem each appoint four, the Chamber appoints one, and these nine appoint the remaining four members. The Authority receives approximately sixty-one percent of room occupancy taxes which are levied and collected by the County. For the year ended June 30, 2005, occupancy taxes totaling \$1,961,039 were distributed to the Authority. The County also provided \$14,519 in financial services to the Authority during fiscal year 2005. The participating governments and agency do not have an equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2005. Complete financial statements for the Authority can be obtained from the Authority's finance officer at Forsyth County Government Center, 201 N. Chestnut Street, Winston-Salem, North Carolina 27101.

**g. Jointly governed organizations**

The County, in conjunction with five other counties and twenty-one municipalities, formed the Northwest Piedmont Council of Governments to enhance and promote the potential of the region and to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$97,604 to the Council during the fiscal year ended June 30, 2005.

The County participates with Guilford County and three municipalities in the Piedmont Triad International Airport Authority which operates the airport of the same name. Each participating government has one appointment to the seven-member board except Guilford County, which has three appointments. The County made no payments to the Airport Authority in the fiscal year ended June 30, 2005.



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## Required Supplementary Schedules

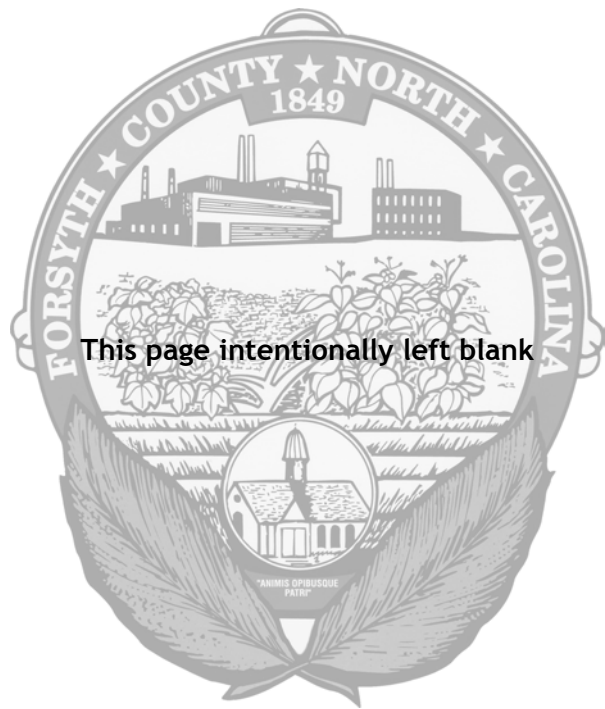
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This section contains additional information required by generally accepted accounting principles.

**Law Enforcement Officers' Special Separation Allowance - Schedule of Funding Process**

**Law Enforcement Officers' Special Separation Allowance - Schedule of Employer Contributions**

**Law Enforcement Officers' Special Separation Allowance - Notes to the Required Schedules**



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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
31-Dec-99	\$ 1,595,235	\$ 2,768,415	\$ 1,173,180	57.62 %	\$ 7,648,047	15.34 %
31-Dec-00 *	1,584,415	4,205,486	2,621,071	37.67	8,095,003	32.38
31-Dec-01	1,534,864	4,254,014	2,719,150	36.08	8,218,043	33.09
31-Dec-02	1,431,080	4,514,821	3,083,741	31.70	7,654,907	40.28
31-Dec-03	1,223,836	4,514,489	3,290,653	27.11	7,997,734	41.14
<b>31-Dec-04</b>	<b>1,048,797</b>	<b>4,783,417</b>	<b>3,734,620</b>	<b>21.93</b>	<b>8,498,129</b>	<b>43.95</b>

\* Reflects changes in actuarial assumptions.

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

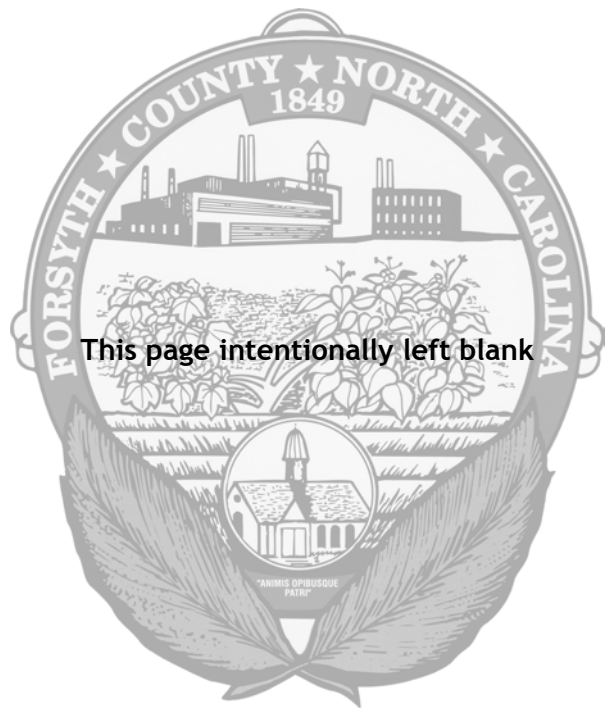
Year Ended June 30	Annual Required Contribution	Percentage Contributed
2000	\$ 181,982	102.62 %
2001	209,590	109.04
2002	305,131	101.12
2003	317,304	95.64
2004	329,094	109.98
<b>2005</b>	<b>347,907</b>	<b>106.21</b>

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	12/31/2004
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	26
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	5.9% to 9.8%
*Includes inflation at	3.75%
Cost-of-living adjustments	None





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# Major Governmental Funds

## Budgetary Comparison Schedules

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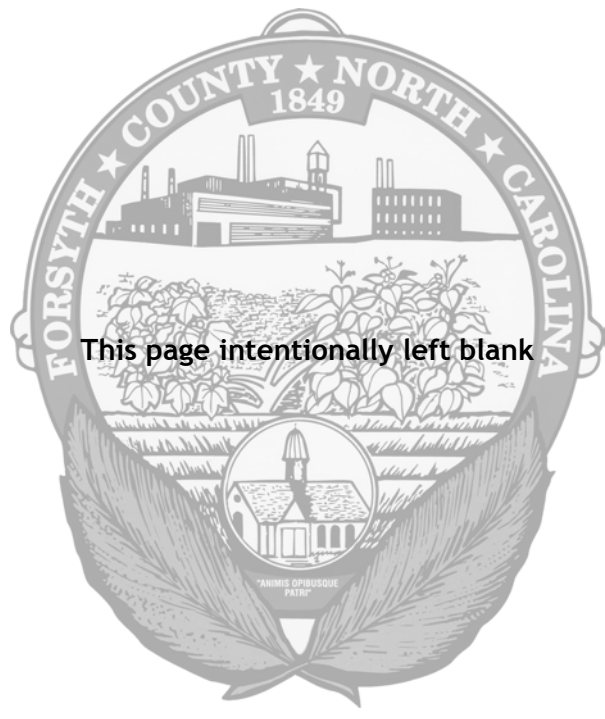
### General Fund

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

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### Major Capital Projects Fund

**2002 Schools Fund** - This fund is used to account for the construction of and renovation to school facilities financed by proceeds of school facilities bonds authorized by a 2001 referendum.



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

A-1

FORSYTH COUNTY, NORTH CAROLINA

For the Fiscal Year Ended June 30, 2005

Page 1 of 3

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	Final Budget - Positive (Negative)
Revenues:				
Taxes:				
Property:				
Current year	\$ 175,546,122	175,546,122	175,971,656	425,534
Prior years	2,457,259	2,457,259	2,860,543	403,284
Penalties and interest	751,607	751,607	845,479	93,872
Total property	<u>178,754,988</u>	<u>178,754,988</u>	<u>179,677,678</u>	<u>922,690</u>
Occupancy taxes	<u>453,000</u>	<u>453,000</u>	<u>441,234</u>	<u>(11,766)</u>
Local option sales:				
Article 39 one cent	26,650,982	26,650,982	29,884,442	3,233,460
Article 40 one-half cent	9,586,664	9,586,664	10,048,697	462,033
Article 42 one-half cent	9,477,546	9,477,546	9,783,780	306,234
Article 44 one-half cent	10,497,225	10,497,225	10,905,743	408,518
Total sales	<u>56,212,417</u>	<u>56,212,417</u>	<u>60,622,662</u>	<u>4,410,245</u>
Other taxes	<u>168,000</u>	<u>168,000</u>	<u>194,621</u>	<u>26,621</u>
Total taxes	<u>235,588,405</u>	<u>235,588,405</u>	<u>240,936,195</u>	<u>5,347,790</u>
Licenses and permits	1,934,614	1,934,614	1,867,850	(66,764)
Intergovernmental	42,457,502	45,058,367	43,805,511	(1,252,856)
Charges for services	19,391,782	19,391,782	20,869,798	1,478,016
Investment earnings	1,799,472	1,799,472	2,764,837	965,365
Other	<u>5,775,584</u>	<u>9,694,334</u>	<u>7,116,736</u>	<u>(2,577,598)</u>
Total revenues	<u>306,947,359</u>	<u>313,466,974</u>	<u>317,360,927</u>	<u>3,893,953</u>
Expenditures:				
Current:				
General government:				
Budget and management	480,905	490,761	468,882	21,879
Management information services	8,128,712	8,133,607	7,784,113	349,494
Finance	1,823,280	1,878,612	1,740,911	137,701
General services	12,692,260	13,029,395	11,510,514	1,518,881
Human Resources	2,257,820	2,317,666	2,257,567	60,099
Planning	1,420,830	1,383,570	1,132,484	251,086
Purchasing	149,550	139,835	129,445	10,390
Attorney	980,572	1,344,719	1,285,185	59,534
Board of Elections	923,053	1,098,045	1,010,318	87,727
County commissioners and manager	1,058,107	1,087,270	1,037,939	49,331
Register of Deeds	1,740,941	1,783,274	1,527,983	255,291
Tax administration	4,901,855	4,974,610	4,849,686	124,924
Non-departmental:				
Contingency	550,000	-	-	-
Other services and adjustments	<u>691,229</u>	<u>(794,065)</u>	<u>754,968</u>	<u>(1,549,033)</u>
Total general government	<u>37,799,114</u>	<u>36,867,299</u>	<u>35,489,995</u>	<u>1,377,304</u>

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

A-1

FORSYTH COUNTY, NORTH CAROLINA  
 For the Fiscal Year Ended June 30, 2005

Page 2 of 3

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Public safety:				
Animal control	\$ 1,513,787	1,514,667	1,415,179	99,488
Emergency management	1,737,378	2,375,912	1,616,952	758,960
Emergency medical service	6,653,313	6,831,305	6,681,975	149,330
Fire protection	3,764,453	3,824,357	3,647,936	176,421
Sheriff	30,909,841	31,529,242	31,102,390	426,852
Court services	216,936	216,936	213,602	3,334
Medical examiner	163,000	240,000	182,475	57,525
Youth Center	1,069,879	1,104,427	1,073,383	31,044
Total public safety	<u>46,028,587</u>	<u>47,636,846</u>	<u>45,933,892</u>	<u>1,702,954</u>
Environmental protection:				
Conservation of natural resources	127,547	132,736	120,132	12,604
Environmental affairs	1,767,498	1,822,273	1,745,747	76,526
Inspections	351,040	349,280	311,982	37,298
Total environmental protection	<u>2,246,085</u>	<u>2,304,289</u>	<u>2,177,861</u>	<u>126,428</u>
Human services:				
Public health	16,615,958	17,278,192	16,412,234	865,958
Downtown Health Plaza	1,500,000	1,500,000	1,500,000	-
Social services	56,232,403	57,638,362	55,579,027	2,059,335
Youth services	827,781	846,350	797,493	48,857
Total human services	<u>75,176,142</u>	<u>77,262,904</u>	<u>74,288,754</u>	<u>2,974,150</u>
Culture and recreation:				
Library	7,102,216	7,176,732	6,836,364	340,368
Parks and recreation	2,174,294	2,309,515	1,933,247	376,268
Tanglewood Park	5,758,489	5,691,615	5,499,633	191,982
Total culture and recreation	<u>15,034,999</u>	<u>15,177,862</u>	<u>14,269,244</u>	<u>908,618</u>
Community and economic development :				
Economic development	807,585	10,474,026	4,014,448	6,459,578
Housing	213,741	218,569	204,130	14,439
Total community and economic development	<u>1,021,326</u>	<u>10,692,595</u>	<u>4,218,578</u>	<u>6,474,017</u>
Education:				
NC Cooperative extension service	673,155	653,954	578,341	75,613
Intergovernmental:				
Human services:				
CenterPoint Human Services	6,173,414	6,173,414	6,418,360	(244,946)
Education:				
Forsyth Technical Community College:				
Current expense	5,226,762	5,226,762	5,225,760	1,002
Capital outlay	854,861	854,861	854,800	61
Total Forsyth Technical Community College	<u>6,081,623</u>	<u>6,081,623</u>	<u>6,080,560</u>	<u>1,063</u>
Winston-Salem/Forsyth County Schools:				
Instructional programs	50,411,380	50,411,380	50,411,380	-
Support services	34,886,136	34,886,136	34,886,136	-
Charter schools	2,450,000	2,450,000	2,450,000	-
Capital outlay	2,603,888	2,603,888	2,603,888	-
Total Winston-Salem/Forsyth County Schools	<u>90,351,404</u>	<u>90,351,404</u>	<u>90,351,404</u>	<u>-</u>
Total education	<u>96,433,027</u>	<u>96,433,027</u>	<u>96,431,964</u>	<u>1,063</u>

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

A-1

FORSYTH COUNTY, NORTH CAROLINA  
 For the Fiscal Year Ended June 30, 2005

Page 3 of 3

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget - Positive (Negative)
Debt service:				
General obligation bonds:				
Principal	\$ 17,210,000	17,210,000	17,210,000	-
Interest and other charges	11,675,548	11,545,858	11,467,158	78,700
Capital leases, installment purchases and certificates of participation:				
Principal	4,135,000	4,135,000	4,135,000	-
Interest and other charges	3,706,664	4,130,964	4,354,809	(223,845)
Total debt service	<u>36,727,212</u>	<u>37,021,822</u>	<u>37,166,967</u>	<u>(145,145)</u>
Total expenditures	<u>317,313,061</u>	<u>330,224,012</u>	<u>316,973,956</u>	<u>13,250,056</u>
Excess (deficiency) of revenues over expenditures	<u>(10,365,702)</u>	<u>(16,757,038)</u>	<u>386,971</u>	<u>17,144,009</u>
Other financing sources (uses):				
Refunding bonds issued	-	83,310	15,630,000	15,546,690
Premium on refunding bonds	-	-	621,449	621,449
Refunding certificates of participation issued	-	211,300	40,985,000	40,773,700
Premium on refunding certificates of participation	-	-	3,499,599	3,499,599
Transfers in:				
Fire Tax Districts Fund	1,374,012	1,374,012	1,497,745	123,733
Law Enforcement Equitable Distribution Fund	96,245	153,771	133,528	(20,243)
Emergency Telephone System Fund	443,230	443,230	443,230	-
1996 School Facilities Fund	-	-	172,043	172,043
General Services Complex Fund	-	-	518	518
1999 Building #12 Renovation Fund	-	-	74	74
Reynolds Health Center Renovation/Adaptive Reuse Fund	-	-	15	15
2002 Forsyth Technical Community College Fund	-	-	47,209	47,209
2002 Public Safety Radio Communications Fund	92,000	92,000	96,321	4,321
2003 Forsyth County Telephone System Fund	-	-	44,143	44,143
2004 Information Systems Fund	-	-	1,000	1,000
Total transfers in	<u>2,005,487</u>	<u>2,063,013</u>	<u>2,435,826</u>	<u>372,813</u>
Transfers out:				
2004 Housing Fund	-	(105,642)	(105,642)	-
2005 Housing Fund	(44,250)	(44,250)	(44,250)	-
1999 Building #12 Renovation Fund	-	(440,000)	(440,000)	-
2004 Library Fund	(75,000)	(35,800)	-	35,800
Total transfers out	<u>(119,250)</u>	<u>(625,692)</u>	<u>(589,892)</u>	<u>35,800</u>
Payment to refunded bond escrow agent	-	-	(16,080,775)	(16,080,775)
Payment to refunded certificates of participation escrow agent	-	-	(44,048,384)	(44,048,384)
Total other financing sources (uses)	<u>1,886,237</u>	<u>1,731,931</u>	<u>2,452,823</u>	<u>720,892</u>
Net change in fund balance	(8,479,465)	(15,025,107)	2,839,794	17,864,901
Fund balances - June 30, 2004	91,408,077	91,408,077	91,408,077	-
<b>Fund balances - June 30, 2005</b>	<b>\$ <u>82,928,612</u></b>	<b><u>76,382,970</u></b>	<b><u>94,247,871</u></b>	<b><u>17,864,901</u></b>

**2002 SCHOOLS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

A-2

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2005

	<u>Budget</u>	<u>Cumulative Total to June 30, 2005</u>	<u>Activity Year Ended June 30, 2005</u>	<u>Cumulative Total to June 30, 2004</u>
<b>Revenues - investment earnings</b>	\$ 2,725,000	2,140,814	902,137	1,238,677
<b>Expenditures:</b>				
Current - intergovernmental - education	150,257,000	98,783,247	42,292,028	56,491,219
Debt service - interest and other charges	1,060,419	1,060,418	-	1,060,418
Total expenditures	<u>151,317,419</u>	<u>99,843,665</u>	<u>42,292,028</u>	<u>57,551,637</u>
<b>Deficiency of revenues over expenditures</b>	<u>(148,592,419)</u>	<u>(97,702,851)</u>	<u>(41,389,891)</u>	<u>(56,312,960)</u>
<b>Other financing sources (uses):</b>				
General obligation bonds issued	150,000,000	127,500,000	-	127,500,000
Premium on general obligation bonds	660,419	872,129	-	872,129
Transfer to General Fund	(1,125,000)	(1,125,000)	-	(1,125,000)
Transfer to State Public School Building Capital Fund	<u>(943,000)</u>	<u>(813,000)</u>	<u>(386,060)</u>	<u>(426,940)</u>
Total other financing sources (uses)	<u>148,592,419</u>	<u>126,434,129</u>	<u>(386,060)</u>	<u>126,820,189</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>28,731,278</u>	<u>(41,775,951)</u>	<u>70,507,229</u>
Fund balance - June 30, 2004			<u>70,507,229</u>	
<b>Fund balance - June 30, 2005</b>			<u>\$ <b>28,731,278</b></u>	

# Nonmajor Governmental Funds

## Special Revenue Funds

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

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

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

**Emergency Telephone System Fund** - This fund accounts for the 911 revenues collected by the telephone industry to fund the 911 emergency system.

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

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

**2005 Housing Grant Project Fund** - This fund accounts for the use of state and federal grants initiated in fiscal year 2005 for rehabilitation and reconstruction of substandard dwellings in Forsyth County, down-payment assistance for Forsyth County citizens who meet eligibility requirements, and other housing rehabilitation and first-time home buyer related purposes.

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

## Capital Projects Funds

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

**1996 Schools Facilities Fund** - This fund was used to account for the construction of and renovation to school facilities financed by proceeds of school facilities bonds authorized by a 1995 referendum. Projects were complete and the fund was closed at June 30, 2005.

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

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



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

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

**2002 Forsyth Technical Community College Fund** - The use of general obligation bonds approved by voters in November 2001 for community college facilities was accounted for in this fund. Upon completion of the projects, the fund was closed at June 30, 2005.

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

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

**2003 Forsyth County Telephone System Fund** - This fund accounted for proceeds of Certificates of Participation used to acquire telephone equipment and related products for Forsyth County offices. All acquisitions were complete, and the fund was closed at June 30, 2005.

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

**2004 Information Systems Fund** - Projects accounted for in this fund included the acquisition of new software and hardware for General Government systems and Library systems, funded by an installment purchase financing agreement. All systems were operational, and the fund was closed at June 30, 2005.

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

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

**B-1**

FORSYTH COUNTY, NORTH CAROLINA

June 30, 2005

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,307,726	4,926,826	6,234,552
Cash and investments held by fiscal agent	-	2,364,985	2,364,985
Receivables (net):			
Property taxes	51,876	-	51,876
Other taxes	28,935	-	28,935
Accounts	216	-	216
Accrued interest	7,561	2,038	9,599
Due from other governments	865,677	264,639	1,130,316
Prepaid items	40	-	40
<b>Total assets</b>	<u>\$ 2,262,031</u>	<u>7,558,488</u>	<u>9,820,519</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 4,502	318,175	322,677
Due to other funds	188,672	2,623	191,295
Unearned revenue	30,827	-	30,827
Deferred revenue	76,531	-	76,531
<b>Total liabilities</b>	<u>300,532</u>	<u>320,798</u>	<u>621,330</u>
 Fund balances:			
Reserved for encumbrances	36,319	6,264,356	6,300,675
Reserved by state statute	877,774	266,677	1,144,451
Unreserved:			
Designated for subsequent year's expenditures	330,484	1,247,465	1,577,949
Undesignated	716,922	(540,808)	176,114
<b>Total fund balances</b>	<u>1,961,499</u>	<u>7,237,690</u>	<u>9,199,189</u>
 <b>Total liabilities and fund balances</b>	 <u>\$ 2,262,031</u>	 <u>7,558,488</u>	 <u>9,820,519</u>

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

B-2

FORSYTH COUNTY, NORTH CAROLINA  
For the Fiscal Year Ended June 30, 2005

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
<b>Revenues:</b>			
Taxes:			
Property	\$ 4,491,042	-	4,491,042
Sales	1,484,112	-	1,484,112
Other	405,682	-	405,682
Total taxes	<u>6,380,836</u>	<u>-</u>	<u>6,380,836</u>
Intergovernmental	2,013,715	194,019	2,207,734
Investment earnings	50,799	246,719	297,518
Other	52,005	-	52,005
Total revenues	<u>8,497,355</u>	<u>440,738</u>	<u>8,938,093</u>
<b>Expenditures:</b>			
Current:			
Public safety	4,465,957	-	4,465,957
Community and economic development	956,809	-	956,809
Intergovernmental - education	1,316,347	4,623,236	5,939,583
Capital outlay	-	6,080,257	6,080,257
Total expenditures	<u>6,739,113</u>	<u>10,703,493</u>	<u>17,442,606</u>
Excess (deficiency) of revenues over expenditures	<u>1,758,242</u>	<u>(10,262,755)</u>	<u>(8,504,513)</u>
<b>Other financing sources (uses):</b>			
Transfers in	535,952	440,000	975,952
Transfers out	<u>(2,074,503)</u>	<u>(361,323)</u>	<u>(2,435,826)</u>
Total other financing sources (uses)	<u>(1,538,551)</u>	<u>78,677</u>	<u>(1,459,874)</u>
Net change in fund balances	219,691	(10,184,078)	(9,964,387)
Fund balance - June 30, 2004	1,741,808	17,421,768	19,163,576
<b>Fund balance - June 30, 2005</b>	<b>\$ <u>1,961,499</u></b>	<b><u>7,237,690</u></b>	<b><u>9,199,189</u></b>

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS**

C-1

FORSYTH COUNTY, NORTH CAROLINA  
June 30, 2005

	<u>Fire Tax Districts</u>	<u>Law Enforcement Equitable Distribution</u>	<u>Emergency Telephone System</u>	<u>2004 Housing</u>	<u>2005 Housing</u>	<u>Total</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 805,312	470,379	26,120	5,915	-	1,307,726
Receivables (net):						
Property taxes	51,876	-	-	-	-	51,876
Other taxes	-	-	28,935	-	-	28,935
Accounts	-	-	-	-	216	216
Accrued interest	4,563	2,779	101	108	10	7,561
Due from other governments	378,671	8,410	-	145,581	333,015	865,677
Prepaid items	-	-	-	-	40	40
<b>Total assets</b>	<u>\$ 1,240,422</u>	<u>481,568</u>	<u>55,156</u>	<u>151,604</u>	<u>333,281</u>	<u>2,262,031</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and accrued liabilities	-	-	-	3,157	1,345	4,502
Due to other funds	-	-	-	-	188,672	188,672
Unearned revenue	30,827	-	-	-	-	30,827
Deferred revenue	51,876	-	-	5,655	19,000	76,531
<b>Total liabilities</b>	<u>82,703</u>	<u>-</u>	<u>-</u>	<u>8,812</u>	<u>209,017</u>	<u>300,532</u>
Fund balances:						
Reserved for encumbrances	-	-	-	36,319	-	36,319
Reserved by state statute	383,234	11,189	29,036	140,034	314,281	877,774
Unreserved:						
Designated for subsequent year's expenditures	224,590	105,894	-	-	-	330,484
Undesignated	549,895	364,485	26,120	(33,561)	(190,017)	716,922
<b>Total fund balances</b>	<u>1,157,719</u>	<u>481,568</u>	<u>55,156</u>	<u>142,792</u>	<u>124,264</u>	<u>1,961,499</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,240,422</u>	<u>481,568</u>	<u>55,156</u>	<u>151,604</u>	<u>333,281</u>	<u>2,262,031</u>

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

C-2

FORSYTH COUNTY, NORTH CAROLINA  
For the Fiscal Year Ended June 30, 2005

	Fire Tax Districts	Law Enforcement Equitable Distribution	Emergency Telephone System	State Public School Building Capital	2004 Housing	2005 Housing	Total
<b>Revenues:</b>							
Taxes							
Property	\$ 4,491,042	-	-	-	-	-	4,491,042
Sales	1,484,112	-	-	-	-	-	1,484,112
Other taxes	-	-	405,682	-	-	-	405,682
Intergovernmental	-	231,319	-	930,287	345,206	506,903	2,013,715
Investment earnings	33,760	13,479	484	-	1,975	1,101	50,799
Other	-	-	-	-	40	51,965	52,005
Total revenues	<u>6,008,914</u>	<u>244,798</u>	<u>406,166</u>	<u>930,287</u>	<u>347,221</u>	<u>559,969</u>	<u>8,497,355</u>
<b>Expenditures:</b>							
Current:							
Public safety	4,465,957	-	-	-	-	-	4,465,957
Community and economic development	-	-	-	-	476,854	479,955	956,809
Intergovernmental - education	-	-	-	1,316,347	-	-	1,316,347
Total expenditures	<u>4,465,957</u>	<u>-</u>	<u>-</u>	<u>1,316,347</u>	<u>476,854</u>	<u>479,955</u>	<u>6,739,113</u>
Excess (deficiency) of revenues over expenditures	<u>1,542,957</u>	<u>244,798</u>	<u>406,166</u>	<u>(386,060)</u>	<u>(129,633)</u>	<u>80,014</u>	<u>1,758,242</u>
<b>Other financing sources (uses):</b>							
Transfers in:							
General Fund	-	-	-	-	105,642	44,250	149,892
2002 Schools Fund	-	-	-	386,060	-	-	386,060
Transfers out - General Fund	(1,497,745)	(133,528)	(443,230)	-	-	-	(2,074,503)
Total other financing sources (uses)	<u>(1,497,745)</u>	<u>(133,528)</u>	<u>(443,230)</u>	<u>386,060</u>	<u>105,642</u>	<u>44,250</u>	<u>(1,538,551)</u>
Net change in fund balances	45,212	111,270	(37,064)	-	(23,991)	124,264	219,691
Fund balance - June 30, 2004	1,112,507	370,298	92,220	-	166,783	-	1,741,808
<b>Fund balance - June 30, 2005</b>	<b>\$ <u>1,157,719</u></b>	<b><u>481,568</u></b>	<b><u>55,156</u></b>	<b><u>-</u></b>	<b><u>142,792</u></b>	<b><u>124,264</u></b>	<b><u>1,961,499</u></b>

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

C-3

FORSYTH COUNTY, NORTH CAROLINA  
For the Fiscal Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes:				
Property	\$ 4,339,740	4,339,740	4,491,042	151,302
Sales	1,374,012	1,536,790	1,484,112	(52,678)
Total taxes	5,713,752	5,876,530	5,975,154	98,624
Investment earnings	-	-	33,760	33,760
Total revenues	5,713,752	5,876,530	6,008,914	132,384
<b>Expenditures - current - public safety:</b>				
Beeson Cross Roads	252,670	252,670	252,670	-
Belews Creek	104,750	104,750	104,750	-
City View	84,120	84,120	77,637	6,483
Clemmons	815,910	815,910	815,910	-
Forest Hill	8,880	8,880	8,880	-
Griffith	130,700	130,700	130,700	-
Gumtree	88,070	88,070	86,090	1,980
Horneytown	157,410	157,410	157,410	-
King of Forsyth County	224,220	224,220	224,220	-
Lewisville	628,900	628,900	628,900	-
Mineral Springs	115,680	115,680	113,102	2,578
Mineral Springs Service	2,010	2,010	2,010	-
Mt. Tabor	84,580	84,580	84,580	-
Old Richmond	266,080	266,080	266,080	-
Piney Grove	337,560	337,560	337,560	-
Rural Hall	196,610	196,610	195,256	1,354
Salem Chapel	38,550	38,550	38,550	-
South Fork	25,730	25,730	25,730	-
Talley's Crossing	120,780	120,780	115,403	5,377
Triangle	67,570	67,570	67,570	-
Union Cross	147,840	147,840	147,203	637
Vienna	398,130	398,130	398,130	-
Walkertown	169,970	169,970	166,846	3,124
West Bend	20,770	20,770	20,770	-
Total expenditures	4,487,490	4,487,490	4,465,957	21,533
<b>Excess of revenues over expenditures</b>	1,226,262	1,389,040	1,542,957	153,917
<b>Other financing uses - transfers out -</b>				
General Fund	(1,374,012)	(1,536,790)	(1,497,745)	39,045
<b>Net change in fund balance</b>	(147,750)	(147,750)	45,212	192,962
Fund balance - June 30, 2004	1,112,507	1,112,507	1,112,507	-
<b>Fund balance - June 30, 2005</b>	<b>\$ 964,757</b>	<b>964,757</b>	<b>1,157,719</b>	<b>192,962</b>

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

C-4

FORSYTH COUNTY, NORTH CAROLINA  
For the Fiscal Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ -	-	231,319	231,319
Investment earnings	-	-	13,479	13,479
Total revenues	-	-	244,798	244,798
<b>Other financing uses - transfers out:</b>				
General Fund	(96,245)	(153,771)	(133,528)	20,243
<b>Net change in fund balance</b>	(96,245)	(153,771)	111,270	265,041
Fund balance - June 30, 2004	370,298	370,298	370,298	-
<b>Fund balance - June 30, 2005</b>	<b>\$ 274,053</b>	<b>216,527</b>	<b>481,568</b>	<b>265,041</b>

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

C-5

FORSYTH COUNTY, NORTH CAROLINA  
For the Fiscal Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes - other taxes - 911 Surcharges	\$ 443,230	443,230	405,682	(37,548)
Investment earnings	-	-	484	484
Total revenues	443,230	443,230	406,166	(37,064)
<b>Other financing uses - transfers out:</b>				
General Fund	(443,230)	(443,230)	(443,230)	-
<b>Net change in fund balance</b>	-	-	(37,064)	(37,064)
Fund balance - June 30, 2004	92,220	92,220	92,220	-
<b>Fund balance - June 30, 2005</b>	<b>\$ 92,220</b>	<b>92,220</b>	<b>55,156</b>	<b>(37,064)</b>

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

C-6

FORSYTH COUNTY, NORTH CAROLINA  
From Project Inception and for the Year Ended June 30, 2005

	<u>Budget</u>	<u>Cumulative Total to June 30, 2005</u>	<u>Activity Year Ended June 30, 2005</u>	<u>Cumulative Total to June 30, 2004</u>
<b>Revenues:</b>				
Intergovernmental	\$ 26,720,698	26,232,697	930,287	25,302,410
Investment earnings	162,074	162,074	-	162,074
Total revenues	<u>26,882,772</u>	<u>26,394,771</u>	<u>930,287</u>	<u>25,464,484</u>
<b>Expenditures - current - intergovernmental - education</b>				
	<u>35,324,758</u>	<u>34,706,754</u>	<u>1,316,347</u>	<u>33,390,407</u>
<b>Deficiency of revenues over expenditures</b>	<u>(8,441,986)</u>	<u>(8,311,983)</u>	<u>(386,060)</u>	<u>(7,925,923)</u>
<b>Other financing sources:</b>				
Transfers in:				
Schools Fund	-	1,330,321	-	1,330,321
1990 Schools Facilities Fund	4,170,049	4,169,875	-	4,169,875
1995 School Facilities Fund	65,288	65,288	-	65,288
1996 Schools Facilities Fund	1,933,499	1,933,499	-	1,933,499
2002 Schools Fund	943,000	813,000	386,060	426,940
Total other financing sources	<u>7,111,836</u>	<u>8,311,983</u>	<u>386,060</u>	<u>7,925,923</u>
<b>Net change in fund balance</b>	\$ <u>(1,330,150)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2004			-	
<b>Fund balance - June 30, 2005</b>			\$ <u>-</u>	

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

C-7

FORSYTH COUNTY, NORTH CAROLINA  
From Project Inception and for the Year Ended June 30, 2005

	<u>Budget</u>	<u>Cumulative Total to June 30, 2005</u>	<u>Activity Year Ended June 30, 2005</u>	<u>Cumulative Total to June 30, 2004</u>
<b>Revenues:</b>				
Intergovernmental:				
CDBG - Scattered Site 03-C-1115	\$ 400,000	273,995	226,236	47,759
Other	987,383	705,494	118,970	586,524
Total intergovernmental	<u>1,387,383</u>	<u>979,489</u>	<u>345,206</u>	<u>634,283</u>
Investment earnings	-	3,001	1,975	1,026
Other	70,565	52,721	40	52,681
Total revenues	<u>1,457,948</u>	<u>1,035,211</u>	<u>347,221</u>	<u>687,990</u>
<b>Expenditures - current - community and economic development:</b>				
CDBG - Scattered Site 03-C-1115	400,000	274,464	226,705	47,759
Other	1,320,487	855,597	250,149	605,448
Total expenditures	<u>1,720,487</u>	<u>1,130,061</u>	<u>476,854</u>	<u>653,207</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(262,539)</u>	<u>(94,850)</u>	<u>(129,633)</u>	<u>34,783</u>
<b>Other financing sources - transfer from General Fund</b>				
	<u>262,539</u>	<u>237,642</u>	<u>105,642</u>	<u>132,000</u>
<b>Net change in fund balance</b>	\$ <u>-</u>	<u>142,792</u>	<u>(23,991)</u>	<u>166,783</u>
Fund balance - June 30, 2004			166,783	
<b>Fund balance - June 30, 2005</b>			\$ <u>142,792</u>	



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

C-8

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2005

	<u>Budget</u>	<u>Cumulative Total to June 30, 2005</u>	<u>Activity Year Ended June 30, 2005</u>	<u>Cumulative Total to June 30, 2004</u>
<b>Revenues:</b>				
Intergovernmental	\$ 975,866	506,903	506,903	-
Investment earnings	-	1,101	1,101	-
Charges for services	36,000	-	-	-
Other	80,000	51,965	51,965	-
Total revenues	<u>1,091,866</u>	<u>559,969</u>	<u>559,969</u>	-
<b>Expenditures - current -</b>				
community and economic development	<u>1,136,116</u>	<u>479,955</u>	<u>479,955</u>	-
<b>Excess (deficiency) of revenues over expenditures</b>	(44,250)	80,014	80,014	-
<b>Other financing sources - transfer</b>				
from General Fund	<u>44,250</u>	<u>44,250</u>	<u>44,250</u>	-
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>124,264</u>	<u>124,264</u>	<u>-</u>
Fund balance - June 30, 2004			-	
<b>Fund balance - June 30, 2005</b>			<u>\$ 124,264</u>	

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

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FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2005

	<u>Budget</u>	<u>Cumulative Total to June 30, 2005</u>	<u>Activity Year Ended June 30, 2005</u>	<u>Cumulative Total to June 30, 2004</u>
<b>Revenues - intergovernmental</b>	\$ 532,450	-	-	-
<b>Expenditures - current -</b>				
community and economic development	<u>574,450</u>	-	-	-
<b>Deficiency of revenues over expenditures</b>	(42,000)	-	-	-
<b>Other financing sources - transfer</b>				
from General Fund	<u>42,000</u>	-	-	-
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2004			-	
<b>Fund balance - June 30, 2005</b>			<u>\$ -</u>	

**COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS**

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FORSYTH COUNTY, NORTH CAROLINA

June 30, 2005

	<b>General Services Complex</b>	<b>1999 Building #12 Renovation</b>	<b>Reynolds Health Center Renovation/ Adaptive Reuse</b>	<b>2001 2/3rds Bonds</b>	<b>2002 2/3rds Bonds</b>	<b>2002 Public Safety Radio Communications</b>	<b>2003 2/3rds Bonds</b>	<b>Total</b>
<b>ASSETS</b>								
Cash and cash equivalents	\$ -	43,358	6,748	49,992	3,350,121	127,562	1,349,045	4,926,826
Cash and investments held by fiscal agent	719,635	1,505	334,307	-	-	1,309,538	-	2,364,985
Receivables - accrued interest	-	-	-	-	1,474	564	-	2,038
Due from other governments	133	232	188	195,794	51,183	1,216	15,893	264,639
<b>Total assets</b>	<b>\$ 719,768</b>	<b>45,095</b>	<b>341,243</b>	<b>245,786</b>	<b>3,402,778</b>	<b>1,438,880</b>	<b>1,364,938</b>	<b>7,558,488</b>

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**LIABILITIES AND FUND BALANCES**

Liabilities:

Accounts payable and accrued liabilities	\$ 617	4,276	-	26,803	286,479	-	-	318,175
Due to other funds - General Fund	2,623	-	-	-	-	-	-	2,623
<b>Total liabilities</b>	<b>3,240</b>	<b>4,276</b>	<b>-</b>	<b>26,803</b>	<b>286,479</b>	<b>-</b>	<b>-</b>	<b>320,798</b>

Fund balances:

Reserved for encumbrances	118,494	6,646	144,048	312,241	2,752,112	1,260,140	1,670,675	6,264,356
Reserved by state statute	133	232	188	195,794	52,657	1,780	15,893	266,677

Unreserved:

Designated for subsequent year's expenditures	597,901	24,304	156,210	-	311,530	157,520	-	1,247,465
Undesignated	-	9,637	40,797	(289,052)	-	19,440	(321,630)	(540,808)
<b>Total fund balances</b>	<b>716,528</b>	<b>40,819</b>	<b>341,243</b>	<b>218,983</b>	<b>3,116,299</b>	<b>1,438,880</b>	<b>1,364,938</b>	<b>7,237,690</b>
<b>Total liabilities and fund balances</b>	<b>\$ 719,768</b>	<b>45,095</b>	<b>341,243</b>	<b>245,786</b>	<b>3,402,778</b>	<b>1,438,880</b>	<b>1,364,938</b>	<b>7,558,488</b>

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

FORSYTH COUNTY, NORTH CAROLINA  
For the Fiscal Year Ended June 30, 2005

	<u>1996 Schools Facilities</u>	<u>General Services Complex</u>	<u>1999 Building #12 Renovation</u>	<u>Reynolds Health Center Renovation/ Adaptive Reuse</u>	<u>2001 2/3rds Bonds</u>	<u>2002 Forsyth Technical Community College</u>	<u>2002 2/3rds Bonds</u>	<u>2002 Public Safety Radio Communications</u>	<u>2003 Forsyth County Telephone System</u>	<u>2003 2/3rds Bonds</u>	<u>2004 Information Systems</u>	<u>Total</u>
<b>Revenues:</b>												
Intergovernmental	\$ -	-	-	-	194,019	-	-	-	-	-	-	194,019
Investment earnings	6,005	17,032	15,683	7,136	2,972	37,897	91,156	29,582	4,447	32,838	1,971	246,719
Total revenues	<u>6,005</u>	<u>17,032</u>	<u>15,683</u>	<u>7,136</u>	<u>196,991</u>	<u>37,897</u>	<u>91,156</u>	<u>29,582</u>	<u>4,447</u>	<u>32,838</u>	<u>1,971</u>	<u>440,738</u>
<b>Expenditures:</b>												
Current:												
Intergovernmental - education	189,171	-	-	-	-	3,935,939	-	-	-	498,126	-	4,623,236
Capital outlay:												
General government	-	22,123	2,728,731	-	-	-	-	-	119,015	620	135,945	3,006,434
Public safety	-	-	-	-	-	-	1,119,789	17,368	-	285,583	-	1,422,740
Human services	-	-	-	9,887	-	-	-	-	-	-	-	9,887
Culture and recreation	-	-	-	-	421,439	-	1,219,757	-	-	-	-	1,641,196
Total expenditures	<u>189,171</u>	<u>22,123</u>	<u>2,728,731</u>	<u>9,887</u>	<u>421,439</u>	<u>3,935,939</u>	<u>2,339,546</u>	<u>17,368</u>	<u>119,015</u>	<u>784,329</u>	<u>135,945</u>	<u>10,703,493</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(183,166)</u>	<u>(5,091)</u>	<u>(2,713,048)</u>	<u>(2,751)</u>	<u>(224,448)</u>	<u>(3,898,042)</u>	<u>(2,248,390)</u>	<u>12,214</u>	<u>(114,568)</u>	<u>(751,491)</u>	<u>(133,974)</u>	<u>(10,262,755)</u>
<b>Other financing sources (uses):</b>												
Transfers in - General Fund	-	-	440,000	-	-	-	-	-	-	-	-	440,000
Transfers out - General Fund	(172,043)	(518)	(74)	(15)	-	(47,209)	-	(96,321)	(44,143)	-	(1,000)	(361,323)
Total other financing sources (uses)	<u>(172,043)</u>	<u>(518)</u>	<u>439,926</u>	<u>(15)</u>	<u>-</u>	<u>(47,209)</u>	<u>-</u>	<u>(96,321)</u>	<u>(44,143)</u>	<u>-</u>	<u>(1,000)</u>	<u>78,677</u>
<b>Net change in fund balances</b>	<u>(355,209)</u>	<u>(5,609)</u>	<u>(2,273,122)</u>	<u>(2,766)</u>	<u>(224,448)</u>	<u>(3,945,251)</u>	<u>(2,248,390)</u>	<u>(84,107)</u>	<u>(158,711)</u>	<u>(751,491)</u>	<u>(134,974)</u>	<u>(10,184,078)</u>
Fund balance - June 30, 2004	355,209	722,137	2,313,941	344,009	443,431	3,945,251	5,364,689	1,522,987	158,711	2,116,429	134,974	17,421,768
<b>Fund balance - June 30, 2005</b>	<u>\$ -</u>	<u>716,528</u>	<u>40,819</u>	<u>341,243</u>	<u>218,983</u>	<u>-</u>	<u>3,116,299</u>	<u>1,438,880</u>	<u>-</u>	<u>1,364,938</u>	<u>-</u>	<u>7,237,690</u>

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

D-3

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2005

	<u>Budget</u>	<u>Cumulative Total to June 30, 2005</u>	<u>Activity Year Ended June 30, 2005</u>	<u>Cumulative Total to June 30, 2004</u>
<b>Revenues - investment earnings</b>	\$ 4,410,000	4,549,691	6,005	4,543,686
<b>Expenditures - current - intergovernmental - education</b>	<u>92,097,877</u>	<u>92,092,907</u>	<u>189,171</u>	<u>91,903,736</u>
<b>Deficiency of revenues over expenditures</b>	<u>(87,687,877)</u>	<u>(87,543,216)</u>	<u>(183,166)</u>	<u>(87,360,050)</u>
<b>Other financing sources (uses):</b>				
General obligation bonds issued	94,000,000	94,000,000	-	94,000,000
Transfers to:				
General Fund	(4,378,624)	(4,523,285)	(172,043)	(4,351,242)
State Public School Building Capital Fund	<u>(1,933,499)</u>	<u>(1,933,499)</u>	<u>-</u>	<u>(1,933,499)</u>
Total other financing sources (uses)	<u>87,687,877</u>	<u>87,543,216</u>	<u>(172,043)</u>	<u>87,715,259</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>-</u>	<u>(355,209)</u>	<u>355,209</u>
Fund balance - June 30, 2004			355,209	
<b>Fund balance - June 30, 2005</b>			<u>\$ -</u>	

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

D-4

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2005

	<u>Budget</u>	<u>Cumulative Total to June 30, 2005</u>	<u>Activity Year Ended June 30, 2005</u>	<u>Cumulative Total to June 30, 2004</u>
<b>Revenues - investment earnings</b>	\$ 91,053	360,285	17,032	343,253
<b>Expenditures - capital outlay - general government</b>	<u>6,894,945</u>	<u>5,914,867</u>	<u>22,123</u>	<u>5,892,744</u>
<b>Deficiency of revenues over expenditures</b>	<u>(6,803,892)</u>	<u>(5,554,582)</u>	<u>(5,091)</u>	<u>(5,549,491)</u>
<b>Other financing sources (uses):</b>				
Installment purchases	7,050,247	6,479,887	-	6,479,887
Transfers from General Fund	1,151,000	1,151,000	-	1,151,000
Transfers to General Fund	<u>(1,397,355)</u>	<u>(1,359,777)</u>	<u>(518)</u>	<u>(1,359,259)</u>
Total other financing sources (uses)	<u>6,803,892</u>	<u>6,271,110</u>	<u>(518)</u>	<u>6,271,628</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>716,528</u>	<u>(5,609)</u>	<u>722,137</u>
Fund balance - June 30, 2004			722,137	
<b>Fund balance - June 30, 2005</b>			<u>\$ 716,528</u>	

**1999 BUILDING #12 RENOVATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

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FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2005

	<u>Budget</u>	<u>Cumulative Total to June 30, 2005</u>	<u>Activity Year Ended June 30, 2005</u>	<u>Cumulative Total to June 30, 2004</u>
<b>Revenues:</b>				
Investment earnings	\$ 718,226	1,585,074	15,683	1,569,391
Other	225,000	238,655	-	238,655
Total revenues	943,226	1,823,729	15,683	1,808,046
<b>Expenditures - capital outlay -</b>				
general government	33,082,800	33,071,877	2,728,731	30,343,146
<b>Deficiency of revenues over expenditures</b>	<b>(32,139,574)</b>	<b>(31,248,148)</b>	<b>(2,713,048)</b>	<b>(28,535,100)</b>
<b>Other financing sources (uses):</b>				
Installment purchases	32,815,950	31,945,316	-	31,945,316
Transfers from General Fund	583,000	583,000	440,000	143,000
Transfers to General Fund	(1,259,376)	(1,239,349)	(74)	(1,239,275)
Total other financing sources (uses)	32,139,574	31,288,967	439,926	30,849,041
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>40,819</b>	<b>(2,273,122)</b>	<b>2,313,941</b>
Fund balance - June 30, 2004			2,313,941	
<b>Fund balance - June 30, 2005</b>			<b>\$ 40,819</b>	

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

D-6

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2005

	<u>Budget</u>	<u>Cumulative Total to June 30, 2005</u>	<u>Activity Year Ended June 30, 2005</u>	<u>Cumulative Total to June 30, 2004</u>
<b>Revenues:</b>				
Investment earnings	\$ 395,406	646,637	7,136	639,501
Other	-	10,104	-	10,104
Total revenues	395,406	656,741	7,136	649,605
<b>Expenditures:</b>				
Debt service - interest and other charges	225,396	198,943	-	198,943
Capital outlay - human services	14,110,000	13,946,622	9,887	13,936,735
Total expenditures	14,335,396	14,145,565	9,887	14,135,678
<b>Deficiency of revenues over expenditures</b>	<b>(13,939,990)</b>	<b>(13,488,824)</b>	<b>(2,751)</b>	<b>(13,486,073)</b>
<b>Other financing sources (uses):</b>				
Installment purchases	14,728,565	14,332,616	-	14,332,616
Premium on installment purchases	-	175,599	-	175,599
Transfers to General Fund	(788,575)	(678,148)	(15)	(678,133)
Total other financing sources (uses)	13,939,990	13,830,067	(15)	13,830,082
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>341,243</b>	<b>(2,766)</b>	<b>344,009</b>
Fund balance - June 30, 2004			344,009	
<b>Fund balance - June 30, 2005</b>			<b>\$ 341,243</b>	

**2001 2/3rds BONDS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

D-7

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2005

	<u>Budget</u>	<u>Cumulative Total to June 30, 2005</u>	<u>Activity Year Ended June 30, 2005</u>	<u>Cumulative Total to June 30, 2004</u>
<b>Revenues:</b>				
Intergovernmental	\$ 1,050,000	895,630	194,019	701,611
Investment earnings	100,000	87,313	2,972	84,341
Total revenues	<u>1,150,000</u>	<u>982,943</u>	<u>196,991</u>	<u>785,952</u>
<b>Expenditures - capital outlay -</b>				
culture and recreation	<u>3,404,000</u>	<u>3,018,583</u>	<u>421,439</u>	<u>2,597,144</u>
<b>Deficiency of revenues over expenditures</b>	<u>(2,254,000)</u>	<u>(2,035,640)</u>	<u>(224,448)</u>	<u>(1,811,192)</u>
<b>Other financing sources (uses):</b>				
General obligation bonds issued	2,980,000	2,980,000	-	2,980,000
Transfers to 2001 Tanglewood Park Fund	(726,000)	(725,377)	-	(725,377)
Total other financing sources (uses)	<u>2,254,000</u>	<u>2,254,623</u>	<u>-</u>	<u>2,254,623</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>218,983</u>	<u>(224,448)</u>	<u>443,431</u>
Fund balance - June 30, 2004			<u>443,431</u>	
<b>Fund balance - June 30, 2005</b>			<u>\$ 218,983</u>	

**2002 FORSYTH TECHNICAL COMMUNITY COLLEGE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

D-8

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2005

	<u>Budget</u>	<u>Cumulative Total to June 30, 2005</u>	<u>Activity Year Ended June 30, 2005</u>	<u>Cumulative Total to June 30, 2004</u>
<b>Revenues - investment earnings</b>	\$ 120,000	136,113	37,897	98,216
<b>Expenditures:</b>				
Current - intergovernmental - education	7,000,000	7,000,000	3,935,939	3,064,061
Debt service - interest and other charges	53,395	53,395	-	53,395
Total expenditures	<u>7,053,395</u>	<u>7,053,395</u>	<u>3,935,939</u>	<u>3,117,456</u>
<b>Deficiency of revenues over expenditures</b>	<u>(6,933,395)</u>	<u>(6,917,282)</u>	<u>(3,898,042)</u>	<u>(3,019,240)</u>
<b>Other financing sources (uses):</b>				
General obligation bonds issued	7,000,000	7,000,000	-	7,000,000
Premium on general obligation bonds	33,395	64,491	-	64,491
Transfers to General Fund	(100,000)	(147,209)	(47,209)	(100,000)
Total other financing sources (uses)	<u>6,933,395</u>	<u>6,917,282</u>	<u>(47,209)</u>	<u>6,964,491</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>-</u>	<u>(3,945,251)</u>	<u>3,945,251</u>
Fund balance - June 30, 2004			<u>3,945,251</u>	
<b>Fund balance - June 30, 2005</b>			<u>\$ -</u>	

**2002 2/3rds BONDS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

D-9

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2005

	<u>Budget</u>	<u>Cumulative Total to June 30, 2005</u>	<u>Activity Year Ended June 30, 2005</u>	<u>Cumulative Total to June 30, 2004</u>
<b>Revenues - investment earnings</b>	\$ 187,000	254,656	91,156	163,500
<b>Expenditures:</b>				
Debt service - interest and other charges	167,174	167,174	-	167,174
Capital outlay:				
Public safety	4,869,628	1,783,434	1,119,789	663,645
Culture and recreation	1,890,480	1,880,857	1,219,757	661,100
Total expenditures	<u>6,927,282</u>	<u>3,831,465</u>	<u>2,339,546</u>	<u>1,491,919</u>
<b>Deficiency of revenues over expenditures</b>	<u>(6,740,282)</u>	<u>(3,576,809)</u>	<u>(2,248,390)</u>	<u>(1,328,419)</u>
<b>Other financing sources (uses):</b>				
General obligation bonds issued	6,467,628	6,420,000	-	6,420,000
Premium on general obligation bonds	47,174	47,628	-	47,628
Transfers from General Fund	270,480	270,480	-	270,480
Transfers to General Fund	(45,000)	(45,000)	-	(45,000)
Total other financing sources (uses)	<u>6,740,282</u>	<u>6,693,108</u>	<u>-</u>	<u>6,693,108</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>3,116,299</u>	<u>(2,248,390)</u>	<u>5,364,689</u>
Fund balance - June 30, 2004			5,364,689	
<b>Fund balance - June 30, 2005</b>			<u>\$ 3,116,299</u>	

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

D-10

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2005

	<u>Budget</u>	<u>Cumulative Total to June 30, 2005</u>	<u>Activity Year Ended June 30, 2005</u>	<u>Cumulative Total to June 30, 2004</u>
<b>Revenues - investment earnings</b>	\$ 144,300	161,519	29,582	131,937
<b>Expenditures:</b>				
Debt service - interest and other charges	296,600	267,344	-	267,344
Capital outlay - public safety	12,502,415	11,114,021	17,368	11,096,653
Total expenditures	<u>12,799,015</u>	<u>11,381,365</u>	<u>17,368</u>	<u>11,363,997</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(12,654,715)</u>	<u>(11,219,846)</u>	<u>12,214</u>	<u>(11,232,060)</u>
<b>Other financing sources (uses):</b>				
Installment purchases	12,905,999	12,910,000	-	12,910,000
Transfers from General Fund	104,016	104,016	-	104,016
Transfers to General Fund	(355,300)	(355,290)	(96,321)	(258,969)
Total other financing sources (uses)	<u>12,654,715</u>	<u>12,658,726</u>	<u>(96,321)</u>	<u>12,755,047</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>1,438,880</u>	<u>(84,107)</u>	<u>1,522,987</u>
Fund balance - June 30, 2004			1,522,987	
<b>Fund balance - June 30, 2005</b>			<u>\$ 1,438,880</u>	

**2003 FORSYTH COUNTY TELEPHONE SYSTEM FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

D-11

FORSYTH COUNTY, NORTH CAROLINA  
From Project Inception and for the Year Ended June 30, 2005

	<u>Budget</u>	<u>Cumulative Total to June 30, 2005</u>	<u>Activity Year Ended June 30, 2005</u>	<u>Cumulative Total to June 30, 2004</u>
Revenues - investment earnings	\$ -	28,700	4,447	24,253
Expenditures - capital outlay - general government	1,790,000	1,774,557	119,015	1,655,542
Deficiency of revenues over expenditures	(1,790,000)	(1,745,857)	(114,568)	(1,631,289)
Other financing sources (uses):				
Installment purchases	1,790,000	1,790,000	-	1,790,000
Transfers to General Fund	-	(44,143)	(44,143)	-
Total other financing sources (uses)	1,790,000	1,745,857	(44,143)	1,790,000
Net change in fund balance	\$ -	-	(158,711)	158,711
Fund balance - June 30, 2004			158,711	
Fund balance - June 30, 2005			\$ -	

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

D-12

FORSYTH COUNTY, NORTH CAROLINA  
From Project Inception and for the Year Ended June 30, 2005

	<u>Budget</u>	<u>Cumulative Total to June 30, 2005</u>	<u>Activity Year Ended June 30, 2005</u>	<u>Cumulative Total to June 30, 2004</u>
Revenues:				
Intergovernmental	\$ 800,000	-	-	-
Investment earnings	20,000	53,662	32,838	20,824
Total revenues	820,000	53,662	32,838	20,824
Expenditures:				
Current - intergovernmental - education	500,000	498,126	498,126	-
Debt service - interest and other charges	31,420	31,419	-	31,419
Capital outlay:				
General government	1,050,000	1,048,213	620	1,047,593
Public safety	1,596,220	1,072,957	285,583	787,374
Culture and recreation	1,600,000	-	-	-
Total expenditures	4,777,640	2,650,715	784,329	1,866,386
Deficiency of revenues over expenditures	(3,957,640)	(2,597,053)	(751,491)	(1,845,562)
Other financing sources:				
General obligation bonds issued	3,946,220	3,950,000	-	3,950,000
Premium on general obligation bonds	11,420	11,991	-	11,991
Total other financing sources	3,957,640	3,961,991	-	3,961,991
Net change in fund balance	\$ -	1,364,938	(751,491)	2,116,429
Fund balance - June 30, 2004			2,116,429	
Fund balance - June 30, 2005			\$ 1,364,938	



**2004 INFORMATION SYSTEMS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

D-13

FORSYTH COUNTY, NORTH CAROLINA  
 From Project Inception and for the Year Ended June 30, 2005

	<u>Budget</u>	<u>Cumulative Total to June 30, 2005</u>	<u>Activity Year Ended June 30, 2005</u>	<u>Cumulative Total to June 30, 2004</u>
<b>Revenues - investment earnings</b>	\$ -	2,143	1,971	172
<b>Expenditures - capital outlay -</b> general government	365,000	364,953	135,945	229,008
<b>Deficiency of revenues over expenditures</b>	(365,000)	(362,810)	(133,974)	(228,836)
<b>Other financing sources (uses):</b>				
Installment purchases	365,000	363,810	-	363,810
Transfers to General Fund	-	(1,000)	(1,000)	-
Total other financing sources (uses)	365,000	362,810	(1,000)	363,810
<b>Net change in fund balance</b>	\$ -	-	(134,974)	134,974
Fund balance - June 30, 2004			134,974	
<b>Fund balance - June 30, 2005</b>			\$ -	

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

D-14

FORSYTH COUNTY, NORTH CAROLINA  
 From Project Inception and for the Year Ended June 30, 2005

	<u>Budget</u>	<u>Cumulative Total to June 30, 2005</u>	<u>Activity Year Ended June 30, 2005</u>	<u>Cumulative Total to June 30, 2004</u>
<b>Expenditures - current - intergovernmental -</b> education	\$ (13,000,000)	-	-	-
<b>Other financing sources - installment</b> purchases	13,000,000	-	-	-
<b>Net change in fund balance</b>	\$ -	-	-	-
Fund balance - June 30, 2004			-	
<b>Fund balance - June 30, 2005</b>			\$ -	

## Fiduciary Funds - Agency Funds

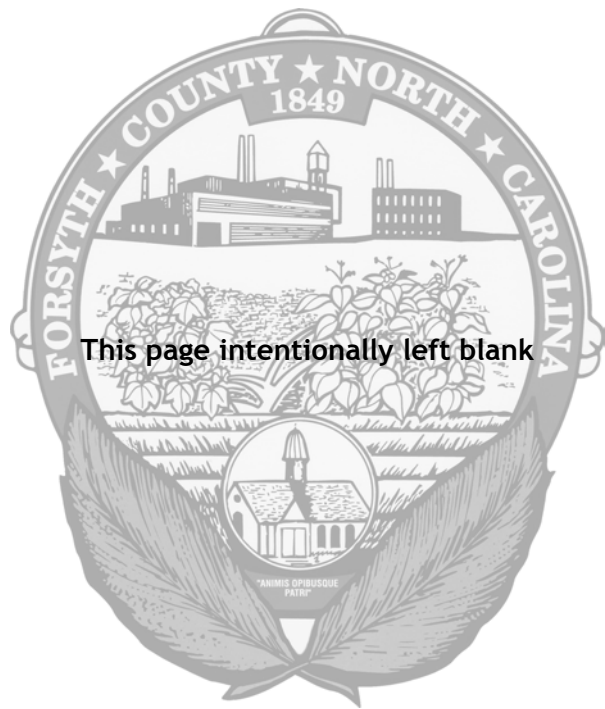
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Fiduciary funds are used to account for assets held by the government in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs.

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

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

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



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

E-1

FORSYTH COUNTY, NORTH CAROLINA  
June 30, 2005

	<u>Tax</u>	<u>Fines and Forfeitures</u>	<u>Protective Payee</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 651,780	450	204,965	857,195
Receivables:				
Property taxes	11,137,518	-	-	11,137,518
Occupancy taxes	258,328	-	-	258,328
Accrued interest	-	-	1,064	1,064
Total assets	<u>12,047,626</u>	<u>450</u>	<u>206,029</u>	<u>12,254,105</u>
<b>LIABILITIES</b>				
Due to other governments	12,047,626	450	-	12,048,076
Other liabilities	-	-	206,029	206,029
Total liabilities	<u>12,047,626</u>	<u>450</u>	<u>206,029</u>	<u>12,254,105</u>
<b>NET ASSETS</b>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

E-2

FORSYTH COUNTY, NORTH CAROLINA  
For the Fiscal Year Ended June 30, 2005

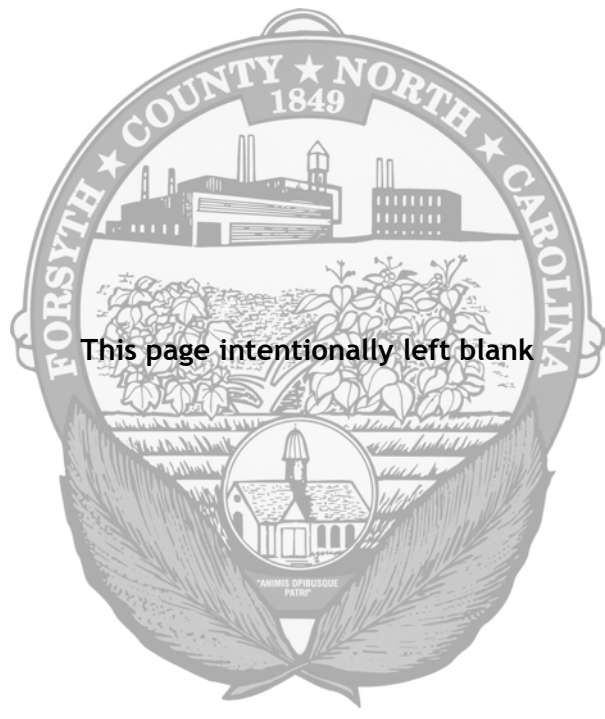
	<u>June 30, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2005</u>
<b><u>TAX AGENCY</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 406,500	566,782,323	566,537,043	651,780
Receivables:				
Property taxes	10,616,329	278,754,255	278,233,066	11,137,518
Occupancy taxes	268,136	258,328	268,136	258,328
<b>Total assets</b>	<b>\$ 11,290,965</b>	<b>845,794,906</b>	<b>845,038,245</b>	<b>12,047,626</b>
<b>LIABILITIES</b>				
Due to other governments	\$ 11,290,965	853,100,500	852,343,839	12,047,626
<b><u>FINES AND FORFEITURES</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	2,308,526	2,308,076	450
<b>LIABILITIES</b>				
Due to other governments	\$ -	2,308,526	2,308,076	450
<b><u>PROTECTIVE PAYEE</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 161,492	579,149	535,676	204,965
Receivables - accrued interest	1,101	5,468	5,505	1,064
<b>Total assets</b>	<b>\$ 162,593</b>	<b>584,617</b>	<b>541,181</b>	<b>206,029</b>
<b>LIABILITIES</b>				
Other liabilities	\$ 162,593	579,111	535,675	206,029
<b><u>TOTAL - ALL AGENCY FUNDS</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 567,992	569,669,998	569,380,795	857,195
Receivables:				
Property taxes	10,616,329	278,754,255	278,233,066	11,137,518
Occupancy taxes	268,136	258,328	268,136	258,328
Accrued interest	1,101	5,468	5,505	1,064
<b>Total assets</b>	<b>\$ 11,453,558</b>	<b>848,688,049</b>	<b>847,887,502</b>	<b>12,254,105</b>
<b>LIABILITIES</b>				
Due to other governments	\$ 11,290,965	855,409,026	854,651,915	12,048,076
Other liabilities	162,593	579,111	535,675	206,029
<b>Total liabilities</b>	<b>\$ 11,453,558</b>	<b>855,988,137</b>	<b>855,187,590</b>	<b>12,254,105</b>

This section contains additional information on property taxes.

**Schedule of Ad Valorem Taxes Receivable - General Fund**

**Analysis of Current Tax Levy - Countywide Levy**

**Ten Largest Taxpayers**



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**GENERAL FUND**  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
 FORSYTH COUNTY, NORTH CAROLINA  
 June 30, 2005

F-1

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2004</u>	<u>Additions Net of Releases</u>	<u>Collections And Credits</u>	<u>Writeoffs</u>	<u>Uncollected Balance June 30, 2005</u>
2004 - 2005	\$ -	\$ 179,925,473	\$ 176,332,367	\$ -	\$ 3,593,106
2003 - 2004	3,252,384	(61,511)	2,109,509	-	1,081,364
2002 - 2003	1,308,266	(21,492)	392,303	-	894,471
2001 - 2002	805,248	(9,799)	174,040	267,013	354,396
2000 - 2001	274,181	(5,590)	53,236	-	215,355
1999 - 2000	220,315	(3,662)	45,565	-	171,088
1998 - 1999	139,674	(2,179)	17,521	-	119,974
1997 - 1998	162,273	(1,361)	10,480	-	150,432
1996 - 1997	205,107	(965)	6,832	-	197,310
1995 - 1996	154,080	(251)	4,762	149,067	-
	<u>\$ 6,521,528</u>	<u>\$ 179,818,663</u>	<u>\$ 179,146,615</u>	<u>\$ 416,080</u>	<u>\$ 6,777,496</u>
Plus: dog taxes included in taxes receivable: General Fund					19,047
Less: allowance for uncollectible accounts: General Fund					<u>(4,685,858)</u>
Ad valorem taxes receivable - net: General Fund					<u>\$ 2,110,685</u>
<u>Reconcilement with revenues:</u>					
Ad valorem taxes - General Fund					<u>\$ 179,677,678</u>
Reconciling items:					
Collection of taxes on annually registered vehicles - revenue deferred to FY 2006					1,074,182
Collection of taxes on annually registered vehicles - revenue deferred from FY 2004					(1,097,969)
Interest collected					(845,479)
Back years collection of dog taxes					(6,444)
Refunds					387,497
Collection of taxes previously written off					<u>(42,850)</u>
Total reconciling items					<u>(531,063)</u>
Total collections and credits					<u>\$ 179,146,615</u>



**ANALYSIS OF CURRENT TAX LEVY  
COUNTYWIDE LEVY**

F-2

FORSYTH COUNTY, NORTH CAROLINA  
For the Year Ended June 30, 2005

	Countywide			Total levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Gross levy:					
Property taxed at current year's rate	\$ 24,559,966,872	\$ .7080	\$ 174,958,644	\$ 163,891,055	\$ 11,067,589
Motor vehicles taxed at prior year's rate: FY 02-03	77,600	.6920	537	-	537
FY 03-04	856,110,839	.6920	5,783,498	-	5,783,498
Penalties	-		275,249	275,249	-
Total	25,416,155,311		181,017,928	164,166,304	16,851,624
Releases	(154,301,554)		(1,092,455)	(867,899)	(224,556)
Total property valuation	\$ 25,261,853,757				
Net levy			179,925,473	163,298,405	16,627,068
Uncollected taxes at June 30, 2005			3,593,106	1,931,633	1,661,473
Current year's taxes collected			\$ 176,332,367	\$ 161,366,772	\$ 14,965,595
Current levy collection percentage			98.00%	98.82%	90.01%

**Secondary Market Disclosures:**

Assessed Valuation:	
Assessment Ratio (1)	100%
Real Property	\$ 19,804,667,720
Personal Property	5,050,842,705
Public Service Companies (2)	560,644,886
Total Assessed Valuation	25,416,155,311
Tax Rate per \$100	0.708
Levy (includes discoveries, releases and abatements)	\$ 179,925,473

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

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

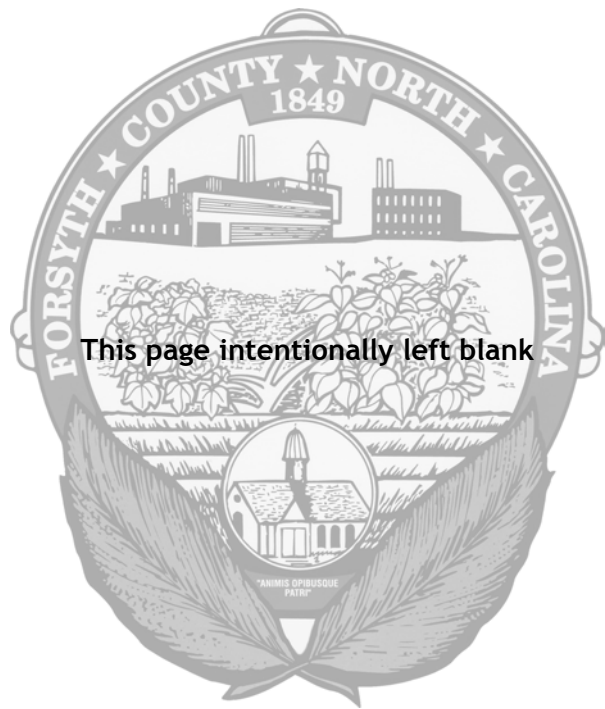
## TEN LARGEST TAXPAYERS

FORSYTH COUNTY, NORTH CAROLINA

Fiscal Year Ended June 30, 2005

F-3

<u>Taxpayer</u>	<u>Type of Business</u>		<u>2005 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
R. J. Reynolds Industries, Inc.	Tobacco, Foods, Petroleum and Transportation	\$	943,600,731	3.71%
Duke Energy Corporation	Electric Utility		245,532,096	0.97%
Wachovia Bank & Trust	Banking		184,182,690	0.72%
JG Winston-Salem	Real Estate Management		164,790,500	0.65%
Sara Lee Corporation	Food and Textiles		155,509,450	0.61%
Highwoods/Forsyth Partners	Real Estate Management		150,578,300	0.59%
First States Investors	Real Estate Management		134,171,000	0.53%
BellSouth Corporation	Communications Utility		132,814,793	0.52%
Piedmont Natural Gas	Natural Gas Utility		71,813,519	0.28%
Wake Forest University	Education		65,391,280	0.26%
		\$	<u><u>2,248,384,359</u></u>	<u><u>8.84%</u></u>



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## GENERAL GOVERNMENT EXPENDITURES BY FUNCTION

Table 1

FORSYTH COUNTY, NORTH CAROLINA  
Last Ten Fiscal Years

<u>Year ended June 30,</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
General government	\$ 35,489,995	34,522,819	31,215,933	31,871,084	30,770,179	31,345,779	31,731,295	30,273,524	29,738,554	27,560,133
Public safety	50,399,849	47,275,558	41,639,338	40,736,081	38,067,864	36,951,764	35,561,439	33,013,759	30,595,044	30,064,914
Environmental Protection	2,177,861	2,280,330	2,112,623	2,122,996	2,287,806	2,383,354	2,075,917	2,047,177	1,648,242	1,666,006
Human Services	80,707,114	77,980,338	75,269,938	72,463,689	73,021,918	71,206,555	65,289,513	60,841,940	58,880,386	56,089,830
Culture and recreation	14,269,244	14,187,373	13,635,609	13,590,536	13,895,549	11,209,551	8,961,210	8,233,585	8,105,758	6,920,649
Community and economic development	4,218,578	867,778	1,252,937	1,310,043	1,827,466	1,519,026	1,399,061	2,071,458	1,022,471	1,530,651
Education	97,010,305	93,190,243	90,311,850	87,645,988	85,317,818	82,125,219	80,263,999	76,651,727	72,986,605	70,030,696
Debt service:										
Principal retirement	21,345,000	18,700,000	15,075,000	13,335,000	34,678,011	12,898,703	16,134,983	10,593,489	10,962,524	9,519,083
Interest and other costs	15,821,967	14,511,660	13,303,866	11,287,948	10,246,517	10,119,352	9,876,727	9,115,511	8,345,121	7,509,100
<b>Total</b>	<b>\$ 321,439,913</b>	<b>303,516,099</b>	<b>283,817,094</b>	<b>274,363,365</b>	<b>290,113,128</b>	<b>259,759,303</b>	<b>251,294,144</b>	<b>232,842,170</b>	<b>222,284,705</b>	<b>210,891,062</b>

Note: Includes General and annually budgeted Special Revenue funds.

## GENERAL GOVERNMENT REVENUES BY SOURCE

Table 2

FORSYTH COUNTY, NORTH CAROLINA  
Last Ten Fiscal Years

<u>Year ended June 30,</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
Taxes:										
Property	\$ 184,168,720	176,937,963	172,522,283	157,643,248	144,870,173	138,828,754	132,758,750	128,778,572	122,873,566	119,300,393
Occupancy	441,234	449,042	451,374	431,537	449,578	441,814	432,594	443,788	414,234	405,729
Sales	62,106,774	62,472,610	50,456,088	45,621,446	45,125,593	43,243,093	41,741,472	39,252,901	36,462,486	35,800,164
Other	600,303	656,801	474,123	188,583	190,018	-	-	-	-	-
Total taxes	247,317,031	240,516,416	223,903,868	203,884,814	190,635,362	182,513,661	174,932,816	168,475,261	159,750,286	155,506,286
Intergovernmental	44,036,830	45,175,480	40,713,716	48,837,284	52,616,619	51,756,006	46,768,862	41,530,509	39,731,717	39,349,066
Charges for services	20,869,798	20,436,933	18,047,774	15,411,300	15,663,475	12,709,731	12,254,516	12,762,502	13,161,181	12,271,719
Interest	2,812,560	1,407,197	1,301,837	2,128,921	3,970,299	3,667,579	3,594,527	4,394,485	3,458,804	3,456,086
Other	8,984,586	8,134,369	7,560,972	7,668,643	6,981,606	4,860,326	4,639,017	14,680,855	4,950,870	4,276,425
<b>Total</b>	<b>\$ 324,020,805</b>	<b>315,670,395</b>	<b>291,528,167</b>	<b>277,930,962</b>	<b>269,867,361</b>	<b>255,507,303</b>	<b>242,189,738</b>	<b>241,843,612</b>	<b>221,052,858</b>	<b>214,859,582</b>

Note: Includes General and annually budgeted Special Revenue funds.

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

Table 3

Year Ended	Total Tax Levy	Less Discounts and Releases	Adjusted Net Levy	Collections of Current Year's Taxes During Fiscal Year	Percentage of Levy Collected During Fiscal Year	Total Collections On Prior Years' Taxes	Total Collections	Accumulated Total Delinquent Taxes	Ratio of Total Delinquent Taxes to Current Tax Levy
1996	\$ 117,922,388	\$ 1,179,472	\$ 116,742,916	\$ 114,858,941	98.39%	\$ 1,590,019	\$ 116,448,960	\$ 6,296,612	5.39%
1997	121,508,038	884,585	120,623,453	118,497,382	98.24%	1,622,894	120,120,276	6,563,022	5.44%
1998	127,764,138	1,201,062	126,563,076	124,023,291	97.99%	1,542,529	125,565,820	6,199,944	4.90%
1999	130,805,968	950,801	129,855,167	127,674,508	98.32%	2,128,020	129,802,528	5,507,115	4.24%
2000	142,017,708	6,338,882	135,678,826	133,340,440	98.28%	1,724,415	135,064,855	5,671,831	4.18%
2001	142,770,302	432,297	142,338,005	139,483,266	97.99%	1,857,040	141,340,306	6,106,174	4.29%
2002	155,535,263	1,198,982	154,336,281	151,228,987	97.99%	2,280,346	153,509,333	6,268,731	4.06%
2003	170,094,039	874,853	169,219,186	165,481,873	97.79%	2,308,398	167,790,271	7,091,297	4.19%
2004	173,147,012	874,711	172,272,301	169,019,917	98.11%	3,014,343	172,034,260	6,920,436	4.02%
<b>2005</b>	<b>181,017,928</b>	<b>1,092,455</b>	<b>179,925,473</b>	<b>176,332,367</b>	<b>98.00%</b>	<b>2,814,248</b>	<b>179,146,615</b>	<b>7,193,576</b>	<b>4.00%</b>

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

Table 4

Fiscal Year Ended	(1) Tax Year Ended	Real Property	Personal Property	Registered Vehicles	Corporate Excess	Total	(2) Ratio of Assessed Value to Estimated Actual Value
1996	1995	\$ 11,780,220,210	\$ 2,398,941,510	\$ 1,462,516,960	\$ 481,662,779	\$ 16,123,341,459	100%
1997	1996	12,041,815,000	2,429,157,890	1,608,255,350	496,349,249	16,575,577,489	100%
1998	1997	14,313,557,300	2,454,379,930	1,994,307,580	523,783,680	19,286,028,490	100%
1999	1998	14,654,166,210	2,521,325,000	2,197,293,980	548,979,050	19,921,764,240	100%
2000	1999	15,119,898,200	2,532,151,500	2,226,660,700	566,226,500	20,444,936,900	100%
2001	2000	15,566,482,900	2,596,212,430	2,362,187,180	565,729,780	21,090,612,290	100%
2002	2001	18,442,926,970	2,660,635,120	2,392,973,460	598,062,441	24,094,597,991	100%
2003	2002	18,896,765,850	2,618,193,840	2,398,999,140	587,847,270	24,501,806,100	100%
2004	2003	19,337,891,860	2,559,667,220	2,419,787,980	565,630,120	24,882,977,180	100%
<b>2005</b>	<b>2004</b>	<b>19,804,667,720</b>	<b>2,641,658,675</b>	<b>2,409,184,030</b>	<b>560,644,886</b>	<b>25,416,155,311</b>	<b>100%</b>

Note: (1) Tax year for registered vehicles is the same as fiscal year.

(2) Assessed value is established at estimated market value. Real property was revalued on January 1 of 1997 and 2001. As of

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

**PROPERTY TAX RATES - DIRECT AND OVERLAPPING TAXING ENTITIES**

**Table 5**

FORSYTH COUNTY, NORTH CAROLINA  
Last Ten Fiscal Years

	<u>Tax Rates per \$100 Valuation, Year Ended June 30.</u>									
	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
Forsyth County	\$ <b>0.708</b>	\$ 0.692	\$ 0.692	\$ 0.6400	\$ 0.6745	\$ 0.6625	\$ 0.6515	\$ 0.6515	\$ 0.7264	\$ 0.726
City of Winston-Salem	<b>0.525</b>	0.495	0.495	0.4600	0.497	0.500	0.510	0.525	0.590	0.590
Town of Kernersville	<b>0.525</b>	0.495	0.495	0.470	0.540	0.520	0.520	0.520	0.560	0.560
Town of Rural Hall	<b>0.240</b>	0.220	0.220	0.220	0.230	0.230	0.230	0.230	0.260	0.260
Town of Walkertown	<b>0.200</b>	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200
Village of Clemmons	<b>0.090</b>	0.090	0.090	0.090	0.090	0.090	0.090	0.090	0.110	0.110
Town of Lewisville	<b>0.195</b>	0.195	0.195	0.110	0.110	0.062	0.062	0.062	0.062	0.062
Village of Tobaccoville	<b>0.050</b>	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Town of Bethania	<b>0.250</b>	0.250	0.250	0.180	0.180	0.180	0.180	0.200	0.290	0.290
Fire Tax Districts:										
Piney Grove	<b>0.080</b>	0.075	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070
Beesons Crossroads	<b>0.070</b>	0.070	0.070	0.070	0.070	0.060	0.060	0.060	0.060	0.060
Vienna	<b>0.065</b>	0.065	0.065	0.065	0.065	0.065	0.065	0.055	0.055	0.055
City View	<b>0.080</b>	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080
King	<b>0.055</b>	0.045	0.045	0.040	0.038	0.038	0.030	0.020	0.020	0.015
Horneytown	<b>0.100</b>	0.100	0.100	0.070	0.070	0.060	0.060	0.060	0.060	0.060
Clemmons	<b>0.050</b>	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Forest Hill	<b>0.050</b>	0.050	0.050	0.050	0.050	0.050	0.050	0.060	0.060	0.060
Gumtree	<b>0.085</b>	0.085	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070
Mineral Springs	<b>0.040</b>	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040
Rural Hall	<b>0.055</b>	0.035	0.035	0.035	0.035	0.035	0.035	0.035	0.040	0.040
Triangle	<b>0.035</b>	0.035	0.035	0.035	0.035	0.035	0.035	0.035	0.035	0.035
Union Cross	<b>0.070</b>	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070
Talley's Crossing	<b>0.080</b>	0.065	0.065	0.065	0.065	0.065	0.065	0.065	0.065	0.065
Mount Tabor	<b>0.065</b>	0.065	0.065	0.065	0.065	0.065	0.065	0.060	0.060	0.060
Belews Creek	<b>0.045</b>	0.045	0.045	0.045	0.045	0.045	0.045	0.045	0.045	0.045
Salem Chapel	<b>0.060</b>	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060
South Fork	<b>0.050</b>	0.050	0.050	0.050	0.050	0.060	0.060	0.060	0.060	0.060
Griffith	<b>0.055</b>	0.055	0.055	0.045	0.045	0.045	0.045	0.040	0.040	0.040
Northeast	<b>0.060</b>	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060
Old Richmond	<b>0.060</b>	0.060	0.060	0.060	0.040	0.040	0.040	0.040	0.040	0.040
Lewisville	<b>0.050</b>	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
West Bend	<b>0.050</b>	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	-
Mineral Springs Service	<b>0.040</b>	-	-	-	-	-	-	-	-	-

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

**Table 6**

	<u>Assessed Value (Dollars in Thousands)</u>									
	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
Forsyth County	<b>\$25,416,155</b>	\$24,882,977	\$24,501,806	\$24,094,598	\$21,090,612	\$20,444,937	\$19,921,764	\$19,286,028	\$16,575,577	\$16,123,341
City of Winston-Salem	<b>15,136,305</b>	14,884,179	14,755,069	14,578,544	12,928,039	12,613,399	12,369,250	11,959,700	10,383,012	9,849,490
Town of Kernersville	<b>1,812,744</b>	1,762,768	1,704,051	1,648,510	1,377,281	1,191,093	1,018,001	967,960	844,051	825,643
Town of Rural Hall	<b>304,311</b>	305,956	306,308	319,317	254,246	249,047	249,692	242,350	225,059	219,284
Town of Walkertown	<b>278,374</b>	250,583	258,082	273,468	237,027	226,997	221,315	216,745	179,179	138,036
Village of Clemmons	<b>1,463,222</b>	1,404,162	1,367,135	1,312,569	1,129,527	999,627	947,447	876,000	510,444	453,756
Town of Lewisville	<b>949,434</b>	799,961	772,886	757,688	628,988	603,756	584,132	552,820	448,981	427,291
Village of Tobaccoville	<b>138,859</b>	134,253	131,777	128,577	112,240	106,285	99,426	95,720	58,427	53,540
Town of Bethania	<b>25,249</b>	25,005	24,869	25,204	21,579	19,857	17,140	16,500	13,615	12,857
Fire Tax Districts:										
Piney Grove	<b>426,266</b>	423,526	417,068	411,554	366,292	357,742	345,906	336,260	276,187	260,816
Beesons Crossroads	<b>365,835</b>	355,666	340,562	312,104	292,645	364,347	369,439	355,560	280,545	284,808
Vienna	<b>603,241</b>	585,185	564,081	546,660	471,043	451,290	438,421	433,080	353,260	342,634
City View	<b>95,627</b>	230,238	101,569	100,027	85,584	84,922	81,834	77,840	63,274	96,071
King	<b>415,979</b>	387,846	377,881	376,888	373,219	374,055	379,062	417,140	443,962	480,844
Hornetown	<b>157,866</b>	151,826	146,995	142,180	118,059	120,266	117,830	112,650	91,652	89,563
Clemmons	<b>1,646,830</b>	1,602,616	1,567,871	1,495,554	1,277,798	1,245,158	1,170,155	1,116,760	868,541	795,014
Forest Hill	<b>13,850</b>	14,320	13,956	14,073	12,265	12,453	13,120	28,570	29,514	78,402
Gumtree	<b>97,683</b>	102,040	106,411	92,540	77,093	72,770	66,489	62,410	53,894	52,271
Mineral Springs	<b>244,019</b>	244,115	245,150	242,190	202,131	197,842	193,216	187,760	157,591	152,315
Rural Hall	<b>363,505</b>	361,088	351,467	353,665	333,714	372,955	315,690	319,220	280,384	303,836
Triangle	<b>177,665</b>	162,602	148,590	146,950	126,743	124,053	121,434	115,690	97,890	131,449
Union Cross	<b>196,241</b>	197,006	189,589	184,602	158,926	153,521	146,009	141,780	119,695	116,556
Talley's Crossing	<b>148,364</b>	150,329	148,510	145,654	128,292	125,272	217,048	209,560	178,029	173,683
Mount Tabor	<b>132,220</b>	127,297	120,346	111,127	92,074	79,720	67,384	61,780	46,940	57,752
Belews Creek	<b>238,225</b>	233,765	227,166	219,025	187,068	182,277	174,065	167,780	134,597	127,886
Salem Chapel	<b>64,237</b>	62,933	60,242	57,578	48,515	45,424	44,355	43,200	36,756	35,415
South Fork	<b>45,347</b>	39,841	39,059	31,870	16,577	13,903	13,732	14,080	18,762	118,754
Griffith	<b>243,150</b>	227,303	222,265	208,713	172,101	159,020	153,192	143,940	119,397	127,201
Northeast	<b>283,617</b>	281,602	274,258	268,757	225,145	220,280	210,470	197,450	161,762	160,443
Old Richmond	<b>454,238</b>	454,312	444,339	430,884	374,346	363,800	353,046	345,620	289,733	281,762
Lewisville	<b>1,258,328</b>	1,242,414	1,208,872	1,163,416	979,805	939,882	890,529	863,980	692,289	655,632
West Bend	<b>43,090</b>	42,190	41,860	41,173	34,573	32,499	31,029	30,550	25,475	-
Mineral Spring Service	<b>5,607</b>	-	-	-	-	-	-	-	-	-

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

Table 7

FORSYTH COUNTY, NORTH CAROLINA  
Last Ten Fiscal Years

Year Ended <u>June 30,</u>	<u>Population (1)</u>	<u>Assessed Value (000,000's)</u>	<u>Gross Bonded Debt</u>	<u>Less Self-Supporting Debt</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
1996	284,188	\$ 16,123	\$ 156,620,000	\$ 240,000	\$ 156,380,000	0.970%	\$ 550.27
1997	287,167	16,576	171,415,000	-	171,415,000	1.034%	596.92
1998	289,696	19,286	186,570,000	-	186,570,000	0.967%	644.02
1999	291,846	19,922	195,430,000	-	195,430,000	0.981%	669.63
2000	307,116	20,445	183,455,000	-	183,455,000	0.897%	597.35
2001	310,331	21,091	173,820,000	-	173,820,000	0.824%	560.11
2002	314,853	24,095	219,515,000	-	219,515,000	0.911%	697.20
2003	317,643	24,502	206,615,000	-	206,615,000	0.843%	650.46
2004	320,764	24,883	279,050,000	-	279,050,000	1.121%	869.95
<b>2005</b>	<b>324,361</b>	<b>25,416</b>	<b>261,620,000</b>	<b>-</b>	<b>261,620,000</b>	<b>1.029%</b>	<b>806.57</b>

(1) Office of Budget and Management for the State of North Carolina.

**COMPUTATION OF LEGAL DEBT MARGIN**

Table 8

FORSYTH COUNTY, NORTH CAROLINA  
June 30, 2005

<b>ASSESSED VALUE OF TAXABLE PROPERTY</b>	\$ 25,416,155,311
<b>DEBT LIMIT - Eight percent (8%) of assessed value</b>	\$ 2,033,292,425
<b>AMOUNT OF DEBT APPLICABLE TO DEBT LIMIT:</b>	
Gross bonded debt	\$ 261,620,000
Obligations under capital leases and certificates of participation	<u>77,418,810</u>
Total amount of debt applicable to legal debt limit	<u>339,038,810</u>
<b>LEGAL DEBT MARGIN</b>	<b>\$ <u>1,694,253,615</u></b>

**DIRECT AND UNDERLYING DEBT**

Table 9

FORSYTH COUNTY, NORTH CAROLINA  
June 30, 2005

	<u>Percentage Applicable to Forsyth County</u>	<u>Amount Applicable to Forsyth County</u>
Forsyth County General Obligation Debt	100.00%	\$ 261,620,000
Underlying Debt - City of Winston-Salem	100.00%	92,938,518
Underlying Debt - Town of Kernersville	100.00%	<u>6,900,000</u>
Total Direct and Underlying Debt		<b>\$ <u>361,458,518</u></b>



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

Table 10

FORSYTH COUNTY, NORTH CAROLINA  
Last Ten Fiscal Years

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest and Fiscal Charges</u>	<u>Total Debt Service</u>	<u>General Government Expenditures</u>	<u>Ratio</u>
1996	\$ 8,860,000	\$ 7,252,282	\$ 16,112,282	\$ 210,891,062	7.64%
1997	10,205,000	7,755,611	17,960,611	222,284,705	8.08%
1998	9,845,000	8,608,085	18,453,085	232,842,170	7.93%
1999	10,990,000	9,233,880	20,223,880	251,294,144	8.05%
2000	11,975,000	9,301,722	21,276,722	259,759,303	8.19%
2001	12,615,000	8,683,273	21,298,273	290,113,128	7.34%
2002	12,695,000	8,148,061	20,843,061	274,363,365	7.60%
2003	12,900,000	10,069,845	22,969,845	283,817,094	8.09%
2004	14,685,000	10,776,286	25,461,286	303,516,099	8.39%
<b>2005</b>	<b>17,210,000</b>	<b>11,379,788</b>	<b>28,589,788</b>	<b>321,439,913</b>	<b>8.89%</b>

Note: Includes General and annually budgeted Special Revenue funds.

**DEMOGRAPHIC STATISTICS**

Table 11

FORSYTH COUNTY, NORTH CAROLINA  
Last Ten Fiscal Years

<u>Year</u>	<u>Population (1)</u>	<u>Per Capita Income (2)</u>	<u>Median Age (3)</u>	<u>Public School Enrollment (4)</u>	<u>Unemployment Rate (5)</u>
1995-96	284,188	\$ 27,271	35.3	40,758	3.8%
1996-97	287,167	28,199	35.5	42,020	3.4%
1997-98	289,696	29,859	35.7	42,012	2.6%
1998-99	291,846	30,203	35.9	42,623	2.1%
1999-2000	307,116	31,019	36.1	43,430	2.8%
2000-01	310,331	30,972	36.2	44,503	3.9%
2001-02	314,853	31,480	36.3	46,351	5.9%
2002-03	317,643	32,067	36.3	46,502	5.7%
2003-04	320,764	N/A	36.4	47,478	5.3%
<b>2004-05</b>	<b>324,361</b>	<b>N/A</b>	<b>N/A</b>	<b>48,155</b>	<b>5.1%</b>

Sources:

- (1) Office of Budget and Management for the State of North Carolina.
- (2) Bureau of Economic Analysis for the United States Department of Commerce-data for 2004 and 2005 not available.
- (3) Office of Budget and Management for the State of North Carolina-data for 2005 not available.
- (4) Winston-Salem/Forsyth County Schools.
- (5) Employment Security Commission.

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

Table 12

Year ended <u>June 30,</u>	(3) Property Value <u>(Thousands)</u>	(1) <u>Construction</u>	(2) Deposits <u>(Thousands)</u>
1996	\$ 16,123,341	\$ 330,718,654	\$ 8,420,709
1997	16,575,577	393,073,703	10,295,445
1998	19,286,028	442,173,408	10,261,301
1999	19,921,764	437,332,936	9,776,896
2000	20,444,937	489,691,438	10,563,849
2001	21,090,612	582,701,545	11,594,593
2002	24,094,598	517,671,936	10,901,654
2003	24,501,806	513,760,534	11,679,523
2004	24,882,977	371,205,751	10,987,142
<b>2005</b>	<b>25,416,155</b>	<b>667,884,818</b>	<b>N/A</b>

Notes:

- (1) Source - City of Winston-Salem, Inspections Division.
- (2) Deposits are time and demand per Commissioner of Banks for the State of North Carolina and the National Credit Union Administration. Data for 2005 not available.
- (3) Revaluation of taxable property, required by North Carolina State statutes at least every eight years, occurred at January 1, 1997 and January 1, 2001, and is in the property values for the years ended June 30, 1998 and June 30, 2002, respectively.

**PRINCIPAL TAXPAYERS**

Table 13

FORSYTH COUNTY, NORTH CAROLINA  
 Fiscal Year Ended June 30, 2005

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2004 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
R. J. Reynolds Industries, Inc.	Tobacco, Foods, Petroleum and Transportation	\$ 943,600,731	3.71%
Duke Energy Corporation	Electric Utility	245,532,096	0.97%
Wachovia Bank & Trust	Banking	184,182,690	0.72%
JG Winston-Salem	Real Estate Management	164,790,500	0.65%
Sara Lee Corporation	Food and Textiles	155,509,450	0.61%
Highwoods/Forsyth Partners	Real Estate Management	150,578,300	0.59%
First States Investors	Real Estate Management	134,171,000	0.53%
BellSouth Corporation	Communications Utility	132,814,793	0.52%
Piedmont Natural Gas	Natural Gas Utility	71,813,519	0.28%
Wake Forest University	Education	65,391,280	0.26%
		<u>\$ 2,248,384,359</u>	<u>8.84%</u>

**MISCELLANEOUS STATISTICS**

FORSYTH COUNTY, NORTH CAROLINA

Fiscal Year Ended June 30, 2005

**Table 14**

Date of establishment by State	January 16, 1849
Form of government	Commission-Manager
Area (square miles)	419
Miles of streets (County-wide)	2,183
Number of street lights (County-wide)	32,868
Fire protection (excluding municipalities):	
Number of stations	1
Number of firemen and officers (exclusive of volunteer firemen)	29
Sheriff protection (excluding municipalities):	
Number of stations	1
Number of deputies and officers	520
Education (consolidated County-wide):	
Attendance centers	70
Number of classrooms	2,364
Number of teachers	2,968
Number of students	48,155
Municipal water department (consolidated with City of Winston-Salem):	
Number of consumers	113,265
Average daily consumption (millions of gallons)	41.8
Miles of water mains	1,994
Sewers (consolidated with City of Winston-Salem) -	
Miles of sanitary sewer lines	1,439
Building permits issued (County-wide)	5,381
Recreation and culture:	
Number of parks (County only)	10
Number of libraries (County-wide)	10
Number of volumes	612,736
Employees	2,071



**DIXON HUGHES** PLLC

Certified Public Accountants and Advisors

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

Forsyth County  
Winston-Salem, North Carolina

We have audited the financial statements of the governmental activities, each major fund, the budget to actual comparison for the General Fund, and the aggregate remaining fund information of Forsyth County, as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 30, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

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

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

*Dixon Hughes PLLC*

*September 30, 2005*



**DIXON HUGHES** PLLC

Certified Public Accountants and Advisors

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

Forsyth County  
Winston-Salem, North Carolina

Compliance

We have audited the compliance of Forsyth County with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2005. Forsyth County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Forsyth County's management. Our responsibility is to express an opinion on Forsyth County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Forsyth County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Forsyth County's compliance with those requirements.


In our opinion, Forsyth County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

## Internal Control Over Compliance

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

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

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

  
*September 30, 2005*



**DIXON HUGHES** PLLC

Certified Public Accountants and Advisors

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR STATE PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH APPLICABLE SECTIONS OF OMB  
CIRCULAR A-133 AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

Forsyth County  
Winston-Salem, North Carolina

Compliance

We have audited the compliance of Forsyth County with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major state programs for the year ended June 30, 2005. Forsyth County's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of Forsyth County's management. Our responsibility is to express an opinion on Forsyth County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133 as described in the *Audit Manual for Governmental Auditors in North Carolina*; and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Forsyth County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Forsyth County's compliance with those requirements.

In our opinion, Forsyth County complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2005.



### Internal Control Over Compliance

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

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

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

*Dixon Hughes PLLC*

*September 30, 2005*

FORSYTH COUNTY, NORTH CAROLINA  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 Fiscal Year Ended June 30, 2005

**Section I - Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?  Yes  No

Federal Awards

Internal control over major federal programs:

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

Noncompliance material to federal awards?  Yes  No

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

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

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
93.575	Child Care Development Fund Cluster
93.596	Child Care and Development Block Grant
93.568	Child Care Mandatory and Matching Funds
93.658	Low Income Home Energy Assistance
93.659	Foster Care and Adoption Cluster
93.767	Title IV-E Foster Care
93.778	Adoption Assistance
10.561	State Children's Insurance Program
10.557	Medical Assistance Program Title XIX - Medicaid
	Food Stamp Cluster
	Special Supplemental Nutrition Program for Women, Infants and Children

FORSYTH COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Fiscal Year Ended June 30, 2005

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**Section I - Summary of Auditors' Results**

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Federal Awards (Continued)

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

\$ 3,000,000

Auditee qualified as low-risk auditee?

X  Yes        No

State Awards

Internal control over major state programs:

• Material weaknesses identified?

   Yes     X  No

• Reportable conditions identified that are not  
considered to be material weaknesses?

   Yes     X  None reported

Noncompliance material to state awards?

   Yes     X  No

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

Unqualified

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

   Yes     X  No

Identification of major state programs:

State Aid to Libraries

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**Section II - Financial Statement Findings**

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There were no financial statement findings for the fiscal year ended June 30, 2005.

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**Section III - Federal Award Findings and Questioned Costs**

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There were no findings related to federal awards for the fiscal year ended June 30, 2005.

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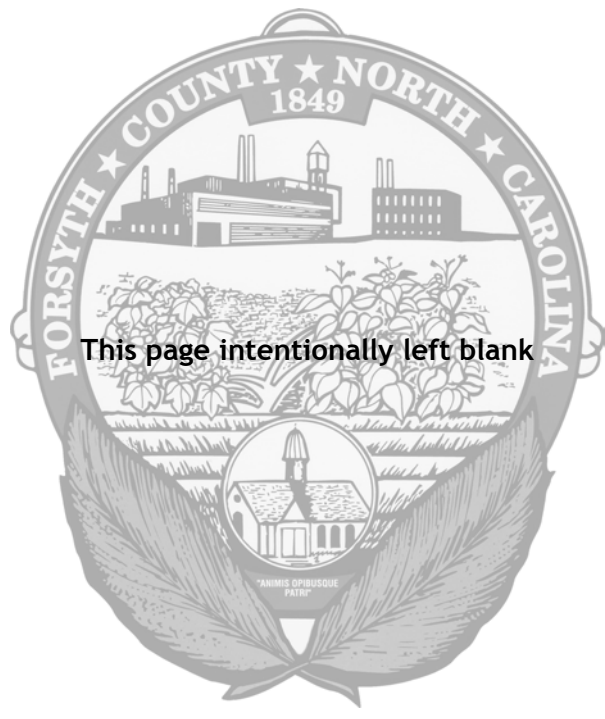
**Section IV - State Award Findings and Questioned Costs**

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There were no findings related to state awards for the fiscal year ended June 30, 2005.

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
FORSYTH COUNTY, NORTH CAROLINA  
Fiscal Year Ended June 30, 2005

No audit findings were noted in the prior year.



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**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

FORSYTH COUNTY

For the Fiscal Year Ended June 30, 2005

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal/State Pass-Through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	
<b>Federal Awards:</b>					
<b><u>U.S. Dept. of Health and Human Services</u></b>					
<u>Administration for Children and Families</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Temporary Assistance for Needy Families:					
	TANF Administration	93.558	-	\$ 301,540	-
	TANF Services/Domestic Violence	93.558	-	1,313,812	-
	TANF Child Protective Services/Foster Care/Adoption	93.558	-	468,783	155,000
	TANF Incentives	-	-	-	9,032
	Direct Benefit Payments	93.558	-	5,168,821	(199)
	Child Support Enforcement Administration	93.563	-	1,902,369	-
(a)	Low Income Home Energy Assistance:				
	Low Income Home Energy Assistance Administration	93.568	-	42,513	-
	Low Income Home Energy Assistance Crisis Intervention	93.568	-	367,396	-
	Direct Benefit Payments	93.568	-	369,637	-
	Child Welfare Services - State Grants:				
	Child Welfare Services Permanency Planning	93.645	-	91,526	30,509
	Child Welfare Services Special Permanency Planning	93.645	-	43,241	-
	Child Welfare Services Adoption Assistance	93.645	-	-	118,512
	Direct Benefit Payments	93.645	-	-	499,864
(a)	<u>Foster Care and Adoption Cluster:</u>				
	Title IV-E Foster Care Administration	93.658	-	947,462	166,145
	Title IV-E Foster Care	93.658	-	365,185	124,739
	Title IV-E Foster Care Child Protective Services	93.658	-	119,430	59,715
	Adoption Assistance	93.659	-	6,625	3,312
	Adoption Assistance - Direct Benefit Payments	93.659	-	1,087,567	314,824
	Total Foster Care and Adoption Cluster			2,526,269	668,735
	<u>Title IV-E Maximization and State Funds Cluster:</u>				
	Title IV-E Maximization	93.658	-	728,221	-
	Maximization of State Funds	-	-	-	64,439
	Total Title IV-E Maximization and State Funds Cluster			728,221	64,439
	Social Services Block Grant:				
	Social Services Block Grant Administration	93.667	-	976,431	238,980
	Social Services Block Grant In Home Services	93.667	-	344,040	-
	Social Services Block Grant Adult Day Care	93.667	-	83,632	45,019
	Chafee Foster Care - Independent Living	93.674	-	64,936	17,891
(a)	Subsidized Child Care				
	<u>Child Care and Development Fund Cluster:</u>				
	Division of Social Services:				
	Child Care and Development Fund Administration	93.596	-	569,752	-
	Division of Child Development:				
	Child Care and Development Fund - Discretionary	93.575	-	5,912,284	-
	Child Care and Development Fund - Mandatory	93.596	-	2,629,904	-
	Child Care and Development Fund - Match	93.596	-	762,365	-
	Total Child Care Fund Cluster			9,874,305	-
	Social Services Block Grant	93.667	-	112,223	-
	Temporary Assistance for Needy Families	93.558	-	1,670,254	-
	Smart Start	-	-	-	437,778
	State Appropriations	-	-	-	653,567
	TANF-Maintenance of Effort	-	-	-	1,953,851
	Total Subsidized Child Care			11,656,782	3,045,196

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

FORSYTH COUNTY

For the Fiscal Year Ended June 30, 2005

Page 2 of 5

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal/State Pass-Through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures
<b><u>U.S. Dept. of Health and Human Services</u></b>				
<b><u>Centers for Medicare and Medicaid Services</u></b>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Social Services:				
(a) State Children's Insurance Program	93.767	-	204,079	9,881
(a) Medical Assistance Program:				
Medical Assistance Administration	93.778	-	1,932,199	-
Medical Assistance Expansion/De-Linking	93.778	-	122,702	122,702
Adult Home Specialist	93.778	-	126,623	56,594
Adult Care Home Case Management	93.778	-	56,170	28,085
Medical Assistance Transportation Administration	93.778	-	69,951	33,083
(a) Division of Medical Assistance:				
Medical Assistance Program:				
Medical Assistance Transportation Vendor Payments	93.778	-	179,868	88,592
Direct Benefit Payments	93.778	-	159,033,639	76,482,348
<b><u>Administration on Aging</u></b>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Aging:				
Passed-through Northwest Piedmont Council of Governments:				
Special Programs for the Aging - Title III, Part B	93.044	-	149,619	110,141
<b><u>Centers for Disease Control and Prevention</u></b>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Public Health:				
Project Grants and Cooperative Agreements for				
Tuberculosis Control Programs	93.116	-	60,983	-
Immunization Grants	93.268	-	71,805	-
Consolidation Knowledge Development Grant	93.283	-	24,267	-
Cooperative Agreements for State-Based Comprehensive				
Breast and Cervical Cancer Early Detection Programs	93.919	-	94,738	-
HIV Prevention Activities - Health Department Based	93.940	-	87,732	-
Preventive Health and Health Services Block Grant	93.991	-	30,747	-
Sexually Transmitted Diseases Control Grant	93.977	-	174,732	-
CDC Bioterrorism	93.283	-	7,429	-
Bio Communication and Risk	93.283	-	5,051	-
Preparedness and Response Team	93.283	-	76,626	-
Bioterrorism Small Pox	93.283	-	11,854	-
Bioterrorism - SNS	93.283	-	5,485	-
BT LHD Computer (HAN)	93.283	-	2,094	-
Diabetes	93.988	-	39,226	-
<b><u>Health Resources and Services Administration</u></b>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Public Health:				
Healthy Start Initiative	93.926	-	204,593	-
High Risk Maternity Clinics	93.994	-	42,459	-
School Nurse Funding	93.994	-	42,374	-
Targeted Infant Mortality Rate	93.994	-	28,305	-
Minority Infant Mortality Rate	93.994	-	30,326	-
Maternal and Child Health Services Block Grant to the States	93.994	-	354,794	-
<b><u>Federal Human Resources and Services Administration</u></b>				
Passed-through N.C. Office of Emergency Medical Services:				
NC Hospital Bioterrorism Preparedness Grant	93.889	-	53,228	-
Total U.S. Dept. of Health and Human Services			189,773,647	81,824,404

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

FORSYTH COUNTY

For the Fiscal Year Ended June 30, 2005

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal/State Pass-Through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures
<b><u>U.S. Dept. of Transportation</u></b>				
<u>National Highway Traffic Safety Administration</u>				
Passed-through N.C. Department of Transportation: Alcohol Traffic Safety and Drunk Driving Prevention Governor's Highway Safety Program: S.T.E.P.				
	20.601	QN-04-10-01-22	\$ 29,164	-
<b><u>Institute of Museum and Library Services</u></b>				
Congressional Direct Award				
	45.312	CL-00-04-0007-04	23,384	-
<b><u>National Foundation on the Arts and the Humanities</u></b>				
<u>Office of Library Services</u>				
Passed-through N.C. Department of Cultural Resources: Division of State Library: State Library Program				
	45.310	-	81,243	-
<b><u>U. S. Dept. of Housing and Urban Development</u></b>				
<u>Community Planning and Development</u>				
Passed through N. C. Department of Commerce: Division of Community Assistance: Community Development Block Grants - SS				
	14.228	-	226,236	-
Passed-through N.C. Housing Finance Agency: 2000 Single Family Rehabilitation				
	14.239	-	17,184	-
NCHFA Duke Power Help				
	-	-	-	45,984
NCHFA New Home				
	-	-	308,800	-
Assets of Independence				
	14.239	-	22,000	-
Passed through City of Winston-Salem: HOME Investment Partnerships Program:				
1999 Winston-Salem/Forsyth County HOME Consortium				
	14.239	M99-DC-37-0204	11,980	-
2002 Wnston-Salem/Forsyth County HOME Consortium				
	14.239	M02-DC-37-0204	6,029	-
2003 Wnston-Salem/Forsyth County HOME Consortium				
	14.239	M03-DC-37-0204	61,776	-
2004 Wnston-Salem/Forsyth County HOME Consortium				
	14.239	M04-DC-37-0204	127,619	-
Total U. S. Dept. of Housing and Urban Development				
			781,624	45,984
<b><u>U.S. Dept. of Agriculture</u></b>				
<u>Food and Nutrition Service</u>				
Passed-through the N.C. Dept. of Health and Human Services: Division of Social Services: <u>Food Stamp Cluster:</u> State Administrative Matching Grants:				
Food Stamp Administration				
	10.561	-	1,084,030	-
Food Stamp Incentives				
	10.561	-	6,789	-
Food Stamp Employment and Training				
	10.561	-	5,413	-
Food Stamp Program - Noncash				
	10.551	-	28,206,705	-
Total Food Stamp Cluster				
			29,302,937	-
BeHealthy School Kids Nutrition Education Plan				
	10.561	-	69,548	-
Preschool Nutrition Education				
	10.561	-	64,288	-
Division of Public Health:				
(a)	Special Supplemental Nutrition Program for Women, Infants, & Children:			
Administration				
	10.557	-	1,121,880	-
Direct Benefits				
	10.557	-	6,337,891	-
Total U. S. Dept. of Agriculture				
			36,896,544	-

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



**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

FORSYTH COUNTY

For the Fiscal Year Ended June 30, 2005

Page 4 of 5

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal/State Pass-Through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures
<b><u>Environmental Protection Agency</u></b>				
Direct Programs:				
Surveys, Studies, Investigations and Special Purpose Grants	66.606	-	\$ 124,263	-
<u>Office of Air and Radiation</u>				
Air Pollution Control Program Support	66.001	-	240,164	-
Total Environmental Protection Agency			364,427	-
<b><u>U.S. Dept of Homeland Security</u></b>				
<u>Federal Emergency Management Agency</u>				
Passed-through N.C. Dept. of Crime Control and Public Safety:				
DHS-EP&R/FEMA Assistance to Firefighters	97.044	EMW-2004-FG-05334	167,965	-
<b><u>U.S. Dept. of Justice</u></b>				
<u>Office of Community Oriented Policing Services</u>				
<u>Office of Justice Programs</u>				
Direct Programs:				
Local Law Enforcement Block Grants Program	16.592	2003-LBBX-1720	213,863	-
Local Law Enforcement Block Grants Program	16.592	2004-LBBX-0591	41,681	-
Passed-through N.C. Dept. of Crime Control and Public Safety:				
Bulletproof Vest Partnership Program				
Homeland Preparedness Grant				
Homeland Security	16.607	HS-TE-03-1034	1,015,501	-
Governor's Crime Commission:				
Mobile Data Communication	16.579	034-1-04-15B-AD-429	140,295	-
Zero Armed Perpetrators	16.579	034-1-03-016-AD-610	43,097	-
Over Representation of Minority Youth	16.540	034-1-05-010-AJ-037	30,186	-
Practice to Save Life	16.540	034-1-03-P11-AK-067	2,276	-
Total U.S. Dept. of Justice			1,486,899	-
<b><u>Other Federal Assistance</u></b>				
U. S. Dept. of Justice Federal Equitable Sharing	16.000	-	192,388	-
Total federal awards			229,797,285	81,870,388
<b>State Awards:</b>				
<b><u>N.C. Dept. of Health and Human Services</u></b>				
Division of Social Services:				
State Aid to Counties		-	-	162,516
Adult Protective Services		-	-	42,971
Adoption/Foster Care		-	-	196,730
State/County Special Assistance for Adults -				
Direct Benefit Payments		-	-	2,391,736
Division of Child Development:				
Passed-through Forsyth Early Childhood Partnership:				
Early Childhood Initiatives - Smart Start		-	-	112,603
Division of Public Health:				
General Health Administration		-	-	152,999
Maternal Health		-	-	48,303
Child Health		-	-	64,215
AIDS		-	-	24,675
Tuberculosis		-	-	39,281
Tuberculosis Medical Services		-	-	5,936
Communicable Disease		-	-	17,760
CSHS Speech and Hearing		-	-	86,884

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

FORSYTH COUNTY

For the Fiscal Year Ended June 30, 2005

Page 5 of 5

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal/State Pass-Through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures
<b><u>N.C. Dept. of Health and Human Services (continued)</u></b>				
Minority Infant Mortality Reduction		-	-	22,747
Targeted Infant Mortality Reduction		-	-	21,231
Family Planning		-	-	134,964
Child Svc Coordination		-	-	18,645
High Risk Maternity Unit		-	-	31,848
School Nurse Funding		-	-	31,784
School-Site Immunizations		-	-	10,033
Mosquito Control		-	-	8,087
AHEC - NC preceptor payments		-	-	529
Division of Aging:				
Passed-through Northwest Piedmont Council of Governments:				
Home and Community Care		-	-	110,141
Total N.C. Dept. of Health and Human Services			-	<u>3,736,618</u>
<b><u>N.C. Dept. of Cultural Resources</u></b>				
Division of State Library:				
(a) State Aid to Libraries		-	-	<u>304,999</u>
<b><u>Department of Administration -- N.C. State Board of Elections</u></b>				
State Board of Elections Help America Vote Act Grant		-	-	<u>164,013</u>
<b><u>N.C. Dept. of Environment and Natural Resources</u></b>				
Triad Air Awareness Ozone Reduction		-	-	10,743
Food and Lodging Permit Distribution		-	-	16,750
Environmental Health		-	-	5,500
Childhood Lead Poisoning Prevention		-	-	71,029
Agricultural Cost Share Program		-	-	22,564
Urban and Community Forestry Grant Program		-	-	5,932
Total N.C. Dept. of Environment and Natural Resources			-	<u>132,518</u>
<b><u>N. C. Dept. of Juvenile Justice and Delinquency Prevention</u></b>				
Juvenile Crime Prevention		-	-	<u>743,397</u>
<b><u>N.C. Dept. of Correction</u></b>				
Criminal Justice Partnership Program		-	-	<u>208,609</u>
<b><u>Office of the Governor</u></b>				
Public School Building Capital Fund		0-002-933	-	<u>930,287</u>
<b><u>N.C. Dept. of Transportation</u></b>				
Rural Operating Assistance Program:				
Work First Transitional/Employment Transportation Assistance		9.9051570	-	30,217
Elderly and Disabled Transportation Assistance		9.9050716	-	<u>120,078</u>
Total N.C. Dept. of Transportation			-	<u>150,295</u>
Total state awards			-	<u>6,370,736</u>
Total awards			<u>\$ 229,797,285</u>	<u>88,241,124</u>

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

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

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

FORSYTH COUNTY, NORTH CAROLINA  
 Fiscal Year Ended June 30, 2005

**(1) Basis of Presentation**

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

**(2) Subrecipients**

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

<u>Program Title/Subrecipient</u>	<u>Federal CFDA Number</u>	<u>Federal/State Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
U.S. Department of Justice				
Governor Crime Commission				
Juvenile Crime Prevention Council:				
Zero Armed Perpetrators	16.579	034-1-03-016-AD-610	\$ 43,097	\$ -
Over Representation of Minority Youth	16.540	034-1-05-010-AJ-037	30,186	-
Practice to Save Life	16.540	034-1-03-P11-AK-067	2,276	-
Juvenile Crime Prevention:				
YWCA Practice to Save Life	-	-	-	55,845
Opportunity House -- Shelter	-	-	-	184,939
12th Street Academy	-	-	-	109,599
New Directions for our Youth	-	-	-	52,700
PACT	-	-	-	33,405
Monetary Restitution	-	-	-	110,279
CenterPoint Psyc Services	-	-	-	72,000
Teen Court	-	-	-	35,330
Host Homes Counseling	-	-	-	74,300
Forsyth County JCPC	-	-	-	15,000
Public School Building Capital Fund:				
Winston-Salem/Forsyth County Schools	-	0-002-933	-	930,287
Rural Operating Assistance Program:				
City of Winston-Salem - Elderly and Disabled Transportation Assistance	-	9.9050716	-	120,078

## ACKNOWLEDGEMENTS

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

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

*Terri L. Goodman*, Treasurer

*Brenda K. Gibson*, Risk Manager

*Andy Anderson*, Accountant

*Gloria Turowski*, Grants Analyst

*Michael Phelps*, Financial Systems Analyst