

2014 Comprehensive Annual Financial Report

Year ended June 30, 2014



Forsyth County, North Carolina

Forsyth County,
North Carolina

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2014

Prepared by the Forsyth County Finance Department:

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

Terri L. Goodman, CPA, *Deputy Chief Financial Officer*

Lee H. Plunkett, *Treasurer*

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

Teresa G. Everhart, CISR, *Risk Manager*

M. Brandon Branscome, *Internal Audit Manager*

Cynthia R. Cobb, *Fiscal Analyst*

Matthew W. Day, *Fiscal Analyst*

Miranda C. Stafford, *Fiscal Analyst*

Gloria M. Turowski, *Fiscal Analyst*

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

Regina G. Ireland, *Fiscal Supervisor*

Daphne Avery, *Payroll Specialist*

Bonita J. Gray, *Payroll Specialist*

Mary Elizabeth (Beth) Godwin, *Accounting Specialist*

Padma Kamatkar, *Accounting Specialist*

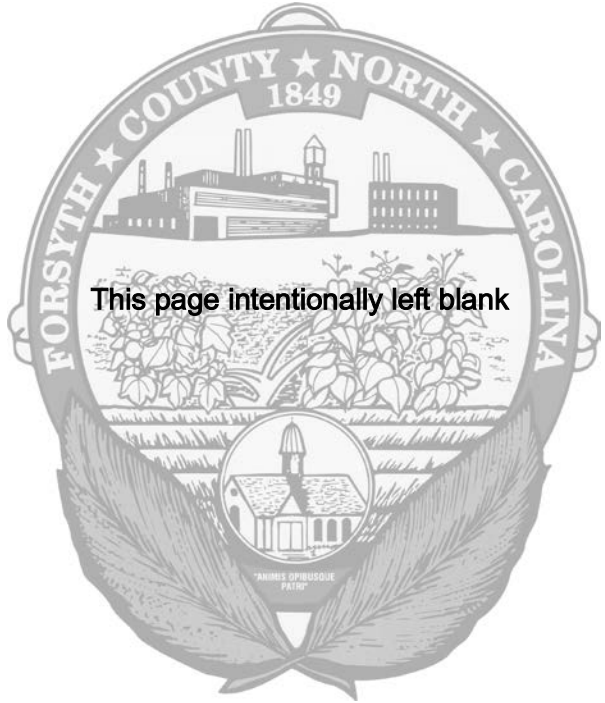
Linda T. Bowles, *Fiscal Technician*

Patricia L. Martin, *Fiscal Technician*

Michelle A. Powell, *Fiscal Technician*

Beverly W. Smith, *Fiscal Technician*

Kathy F. Taylor, *Fiscal Technician*



This page intentionally left blank

Forsyth County, North Carolina

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2014

TABLE OF CONTENTS

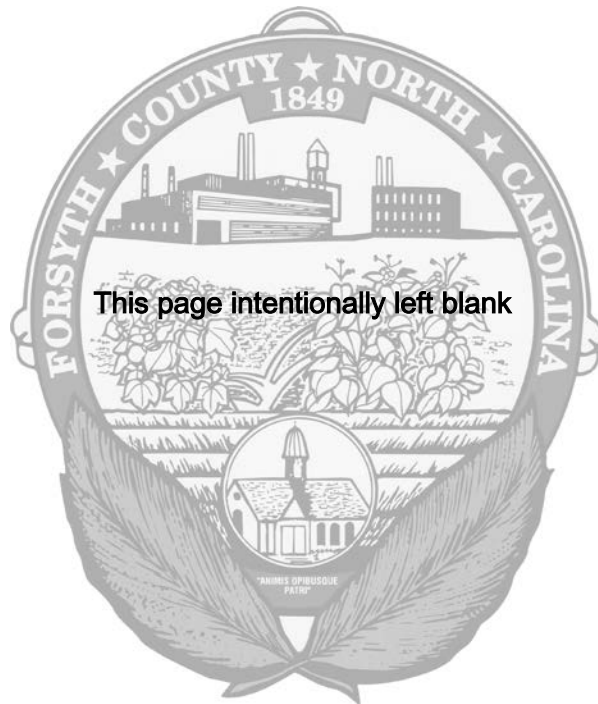
	Page
I. Introductory Section:	
Letter of Transmittal	i
Board of County Commissioners and County Officials	vii
Organization Chart	viii
Certificate of Achievement for Excellence in Financial Reporting	ix
II. Financial Section:	
Report of Independent Auditor	1
Management's Discussion and Analysis	3
Basic Financial Statements:	11
Government-wide Financial Statements:	
Exhibit 1 Statement of Net Position	12
Exhibit 2 Statement of Activities	13
Fund Financial Statements:	
Exhibit 3 Balance Sheet – Governmental Funds	14
Exhibit 4 Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	16
Exhibit 4.1 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Exhibit 5 Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	18
Exhibit 6 Statement of Net Position – Proprietary Fund – Internal Service Fund	19
Exhibit 7 Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund – Internal Service Fund	19
Exhibit 8 Statement of Cash Flows – Proprietary Fund – Internal Service Fund	20
Exhibit 9 Statement of Fiduciary Net Position – Fiduciary Funds	21
Exhibit 10 Statement of Changes in Fiduciary Net Position – Fiduciary Funds	22
Notes to the Financial Statements	23
Required Supplementary Information	49
Law Enforcement Officers' Special Separation Allowance - Schedule of Funding Progress	51
Law Enforcement Officers' Special Separation Allowance - Schedule of Employer Contributions	51
Law Enforcement Officers' Special Separation Allowance - Notes to the Required Schedules	51
Healthcare Plan – Schedule of Funding Progress	52
Healthcare Plan – Schedule of Employer Contributions	52
Healthcare Plan – Notes to the Required Schedules	52
Budgetary Comparison Schedules – Major Governmental Funds:	53
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	
A-1 General Fund	54
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – From Inception:	
A-2 2007 School Facilities Fund	57
A-3 2009 Educational Facilities Fund	57
A-4 2009 Phillips Building (Phases 1A and 1B) Fund	58

Combining and Individual Fund Financial Statements and Schedules:		
Nonmajor Governmental Funds:		59
B-1	Combining Balance Sheet	62
B-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	63
Nonmajor Special Revenue Funds:		
C-1	Combining Balance Sheet	64
C-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	66
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:		
C-3	Fire Tax Districts Fund	68
C-4	Law Enforcement Equitable Distribution Fund	70
C-5	Emergency Telephone System Fund	70
C-6	Moser Bequest for Care of Elderly Fund	71
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – From Inception:		
C-7	State Public School Building Capital Fund	71
C-8	2009 Housing Fund	72
C-9	2010 Housing Fund	73
C-10	2009 Recovery Act Justice Assistance Fund	74
C-11	2009 Justice Assistance Fund	75
C-12	2011 Housing Fund	76
C-13	2012 Housing Fund	77
C-14	2011 Justice Assistance Fund	78
C-15	2013 Housing Fund	79
C-16	2014 Housing Fund	80
C-17	2013 Justice Assistance Fund	81
Nonmajor Capital Projects Funds:		
D-1	Combining Balance Sheet	82
D-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	84
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – From Inception:		
D-3	2009 2/3rds Bonds Fund	86
D-4	2008 School Facilities Fund	86
D-5	2010 2/3rds Bonds Fund	87
D-6	2010 Winston-Salem/Forsyth County Schools Capital Maintenance Fund	87
D-7	2010 Forsyth Technical Community College Capital Maintenance Fund	88
D-8	2011 Pay-Go Fund	88
D-9	2011 Library Bond Fund	89
D-10	2012 Motive Equipment Replacement Fund	90
D-11	2012 2/3rds Bonds Fund	91
D-12	2012 Winston-Salem/Forsyth County Schools Capital Maintenance Fund	91
D-13	2012 Forsyth Technical Community College Capital Maintenance Fund	92
D-14	2012 Pay-Go Fund	92
D-15	2013 Pay-Go Fund	93
D-16	2014 Reynolda Manor Branch Library Fund	94
Fiduciary Funds:		
Agency Funds:		95
E-1	Combining Statement of Fiduciary Assets and Liabilities	96
E-2	Combining Statement of Changes in Assets and Liabilities	97
Other Schedules:		99
F-1	Schedule of Ad Valorem Taxes Receivable - General Fund	100
F-2	Analysis of Current Tax Levy - Countywide Levy	101
F-3	Ten Largest Taxpayers	102

III. Statistical Section:		103
Schedule 1	Net Position by Component - Last Ten Fiscal Years	104
Schedule 2	Changes in Net Assets - Last Ten Fiscal Years	105
Schedule 3	Fund Balances of Governmental Funds - Last Ten Fiscal Years	106
Schedule 4	Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years	107
Schedule 5	Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years	108
Schedule 6	Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years	109
Schedule 7	Principal Property Tax Payers – Current Year and Ten Years Ago	111
Schedule 8	Property Tax Levies and Collections – Last Ten Fiscal Years	112
Schedule 9	Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	113
Schedule 10	Direct and Overlapping Governmental Activities Debt	114
Schedule 11	Legal Debt Margin Information - Last Ten Fiscal Years	115
Schedule 12	Demographic and Economic Statistics - Last Ten Calendar Years	116
Schedule 13	Principal Employers – Current Year and Ten Years Ago	117
Schedule 14	Full-Time-Equivalent County Government Employees by Function - Last Ten Fiscal Years	118
Schedule 15	Operating Indicators by Function – Last Ten Fiscal Years	119
Schedule 16	Capital Asset Statistics by Function – Last Ten Fiscal Years	121

IV. Compliance Section:

Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		123
Report of Independent Auditor on Compliance for Each Major Federal Program and Internal Control Over Compliance in accordance with OMB Circular A-133 and the State Single Audit Implementation Act		125
Report of Independent Auditor on Compliance for Each Major State Program and Internal Control Over Compliance in accordance with OMB Circular A-133 and the State Single Audit Implementation Act		127
Schedule of Findings and Questioned Costs		130
Corrective Action Plan		138
Summary of Prior Year Findings		140
Schedule of Expenditures of Federal and State Awards		141
Notes to Schedule of Expenditures of Federal and State Awards		146



This page intentionally left blank

FINANCE DEPARTMENT

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

Terri L. Goodman, CPA
DEPUTY CHIEF FINANCIAL OFFICER

Lee H. Plunkett
TREASURER



Michael J. Phelps, CPA
CONTROLLER AND SYSTEMS MANAGER

Teresa G. Everhart, CISR
RISK MANAGER

M. Brandon Branscome
INTERNAL AUDIT MANAGER

November 20, 2014

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, 2014.

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 Cherry Bekaert LLP, 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, 2014, 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 unmodified opinion that Forsyth County's financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

requirements involving the administration of federal awards. These reports are available in the compliance section of this report.

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

Profile of the Government

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

The mission of Forsyth County government is to help create a community, which is safe and healthy, convenient and pleasant to live in, with educational and economic opportunities for everyone. We cooperate with many other public agencies and community organizations in this mission. We provide certain services and functions, which are responsibilities of all county governments, and other services, which the Board of Commissioners has determined to be necessary and appropriate. We are committed to providing quality services, efficiently and effectively, with courteous attention to the opinions and needs of individual citizens. To fulfill its mission, Forsyth County provides a broad range of services that include public safety, environmental protection, health and social services, cultural and recreational programs, community and economic development, and education. This report encompasses the County's activities in maintaining these services and includes its financial support to certain separate agencies, boards, and commissions to assist their efforts in serving citizens. Among these are the Winston-Salem/Forsyth County Schools, Forsyth Technical Community College, and CenterPoint Human Services.

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

The annual budget serves as the foundation for Forsyth County's financial planning and control. Each year all County departments are required to submit requests for appropriations to the County Manager, who then compiles a proposed budget and presents it to the Board of Commissioners for review. The Board is required to hold public hearings on the proposed budget and to adopt a final budget by July 1 of the fiscal year, or the Board must adopt an interim budget that covers that time until the annual ordinance can be adopted. The annual ordinance includes appropriations for the General Fund and four annually budgeted special revenue funds. Note 1c provides additional

information on budgetary data. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on page 18 as part of the basic financial statements for the governmental funds and, in greater detail, on pages 54-56 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 59. 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).

Attesting to the sound financial management of the Board of Commissioners, the County remains one of only a handful of AAA-rated counties nationwide, as ranked by Standard & Poor's, Fitch Ratings, and Moody's Investor Services.

Factors Affecting Financial Condition

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

Local economy. Located midway between Washington, D.C. and Atlanta, Georgia, Forsyth County is in the heart of the state's Piedmont Triad region, a 12-county area with more than 1.6 million people. Three cities comprise the Triad: Winston-Salem, Greensboro and High Point. 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 360,589 and a workforce of more than 178,000, plays a vital role in the Triad's economy. With a strong and well diversified core of manufacturing companies, health care, biotechnology, financial services, and tourism sectors, the County serves as the major employment center for the counties which comprise northwest North Carolina and portions of southwest Virginia. The County's average unemployment rate for the year ended June 30, 2014 is 6.6 percent, which is lower than the State rate of 7.0 percent and the national rate of 6.8 percent. Continuing high unemployment negatively impacts the sales tax revenue generated from retail sales and prolongs the sluggish housing market with depressed prices. High unemployment also increases the workload in many of our departments, particularly the human services agencies.

Economic resilience and employment stability have formed the foundation for strong local consumer and commercial markets. Personal income levels remain consistently higher than state figures. The County's per capita income is \$39,583, the fifteenth highest among counties in the state, and higher than the State's \$37,910. Capital investment, as measured by the value of new residential and commercial building permits issued during the year, totaled \$360 million during the year ended June 30, 2014.

Long-term financial planning. The Forsyth County Major Capital Improvements Program ("CIP") is the result of an ongoing process by County officials to assess the need for major capital expenditures, the feasibility of funding these projects, and to establish an orderly plan for implementing these projects. The CIP is reviewed by the Commissioners periodically, usually twice a year, once at the annual Commissioners' Planning Workshop, and then again during their annual budget deliberations. In fiscal year 2014, the Commissioners were focused on completing a new Public Safety Center. Public input and planning for the main library was completed during the year with bond issuance planned for early fall of 2014.

As of June 2014, the County's CIP through the year 2020 consists of \$80.65 million for proposed projects funded with long term financing and \$7.35 million in short-term equipment financings or pay-as-you-go funding. Long-term debt will be incurred for public schools (\$19.5 million), community college projects (\$10.65 million), an addition to or the replacement of the central library (\$28 million), two replacement branch libraries and improvements to other branches (\$12 million), park system development (\$5 million), County general capital maintenance (\$6.75 million), renovations to court facilities in the Hall of Justice (\$2.5 million), and information systems projects (\$3.6 million).

Financial Policies. These financial policies are the basis for our budgeting decisions:

Tax Rate - The Board of Commissioners strives to limit the growth of the annual operating budget to an amount which can be accommodated by growth in the tax base as well as other local, state and federal revenues, without a tax rate increase, whenever possible. Through management's careful stewardship of its resources, the County met this goal as the fiscal year 2014 budget was adopted with the County-wide ad valorem tax rate increased to 71.68 cents; however, it was a revaluation year and the new tax rate was 2.5 cents less than revenue neutral. Except for the portion of the tax rate earmarked for the Education Debt Leveling Plan, currently 4.51 cents, this is the eighth consecutive year with no effective tax increase to fund increased operational costs. This is reflective of the Board of Commissioners' desire to avoid burdening taxpayers with additional taxes and is particularly noteworthy given the concurrent downward pressure on revenue during this period.

Education Debt Leveling Plan ("EDLP") – In order to level the effects of issuing the \$250 million schools and \$25 million community college bonds authorized in the November 2006 referendum, the County has dedicated proceeds from the state education lottery and from a 3-cent property tax increase first levied in fiscal year 2008 to debt service on these bonds. Similarly, the fiscal year 2010 budget included an additional 1.1-cent tax increase over the revenue-neutral rate to fund the \$62 million educational facilities bond authorization approved in the November 2008 referendum. No additional tax increases are anticipated to pay this debt service. Each year lottery funds will be applied first, and the balance of applicable debt service will be paid from fund balance designated from the 3-cent and 1.1-cent levies plus any interest on that designated fund balance. The EDLP currently has a balance of \$29.8 million.

Debt Policy - Forsyth County recognizes that a formally adopted debt policy is fundamental to sound financial management. The total annual debt, less revenues restricted to debt service (including but not limited to, federal payments related to "Build America Bonds" and "Qualified School Construction Bonds" and State lottery proceeds) shall not exceed 15% of the appropriations in the annually adopted budget as shown in the Budget Ordinance. The policy of keeping debt service at less than a specified percent of the budget can greatly influence the timing and/or amount of funding for a project, as well as the method of funding.

Economic Development – In November 2009 the County established an economic development fund from the revenue generated by the repayment of \$7.9 million in economic development incentives by Dell Corporation. The \$3.3 million remaining in the fund for future economic development purposes was used in the 2015 budget to provide funds to the community college to renovate Carolina Hall on the Main Campus housing the college's manufacturing programs which train workers for Caterpillar and other local industries.

Capital – In the General Fund, unassigned fund balance in excess of 16% of the subsequent year's budget is assigned for capital maintenance and capital outlay in the subsequent year. Of the total assigned, the first \$2.1 million is designated for planned capital maintenance, and the remainder is for pay-as-you-go capital expenditures. This policy allowed the County to establish its 2013 Pay-Go capital project fund which provided funds for network equipment.

Fund Balance Policy – Available fund balance in the General Fund should be at least 16% of the subsequent year's budget. The County exceeded this policy target ending the 2014 fiscal year with an available fund balance, net of committed fund balance, of 18.5% of its 2015 budget. \$9.6 million of fund balance was appropriated to balance the fiscal 2015 budget leaving 16.1% available fund balance of which 16% was set aside in accordance with the County's fund balance policy. The remaining .1%, or \$277,000, was assigned for fiscal 2015 capital maintenance projects. One of the County's goals for future budgets is to reduce the amount of appropriated fund balance needed to balance the budget.

Major Initiatives. While fiscal stress remains for businesses, citizens and local governments, modest projections for continuing recovery have proved to be correct. Higher than expected revenue realization in property taxes in 2014 have resulted in a continuing strong balance sheet. Additionally, continued efforts at reorganization, re-engineering of work processes, efficiency improvements and other efforts to control costs have provided some easing of budgetary pressures. The County expects to have a strong focus on these types of efforts as it seeks to find and implement innovative strategies and systems throughout the organization.

Forsyth County is continuing its transition from a manufacturing base to a more balanced economy with growth in medical, medical research and services sectors. The County expects growth to continue with the transition.

The focus of the fiscal year 2015 budget is on maintaining the policies which form the financial foundation of the County; the 15% debt ceiling, the 16% fund balance target, the education debt leveling plan which raised taxes one time for the life of \$337.15 million of school and community college debt, the school funding formula which uses economic and demographic data to determine growth in school funding, and the use of a multi-year approach to mitigate effects of revaluations. Also, capital maintenance plans for the County, schools and community college which utilize two-thirds bonds for funding every other year provide resources to keep facilities safe, sound and usable and allow for maintenance planning over the life of facilities.

The County provides all of its statutory services and a variety of services which, though not required, have strong public support. The County does not expect to undertake any major new programs, projects or expansion of services without substantial public support for both the services and the tax rate increase, if necessary, to support them.

Awards and Acknowledgements

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Forsyth County for its comprehensive annual financial report for the fiscal year ended June 30, 2013. This was the 30th consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

GFOA also presented the County with a Distinguished Budget Presentation Award for the County's fiscal year 2014 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 2015 budget continues to conform to program requirements, and we are submitting it to GFOA to determine eligibility for another award.

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

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

Sincerely,

J. Dudley Watts, Jr.

County Manager

Paul L. Fulton, Jr.

Chief Financial Officer

Forsyth County Board of Commissioners



Seated: Vice-Chair Gloria D. Whisenhunt, Mark Baker, and Chairman Richard V. Linville
Standing (left to right): Everette Witherspoon, Bill Whiteheart, David R. Plyler, and
Walter Marshall

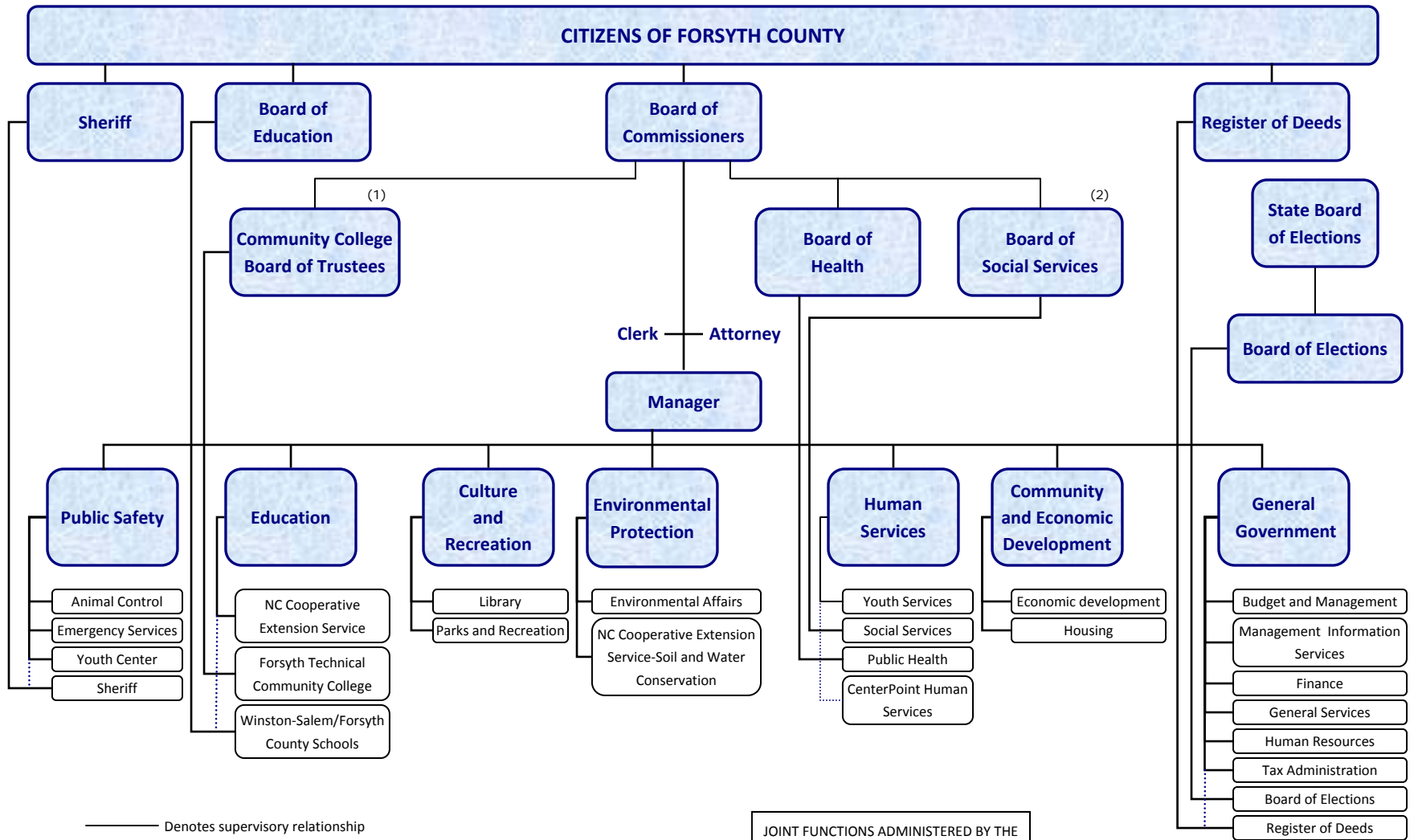
County Officials



J. Dudley Watts, Jr.
County Manager



Paul L. Fulton, Jr.
Chief Financial Officer



———— Denotes supervisory relationship

..... Denotes funding relationship

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

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



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

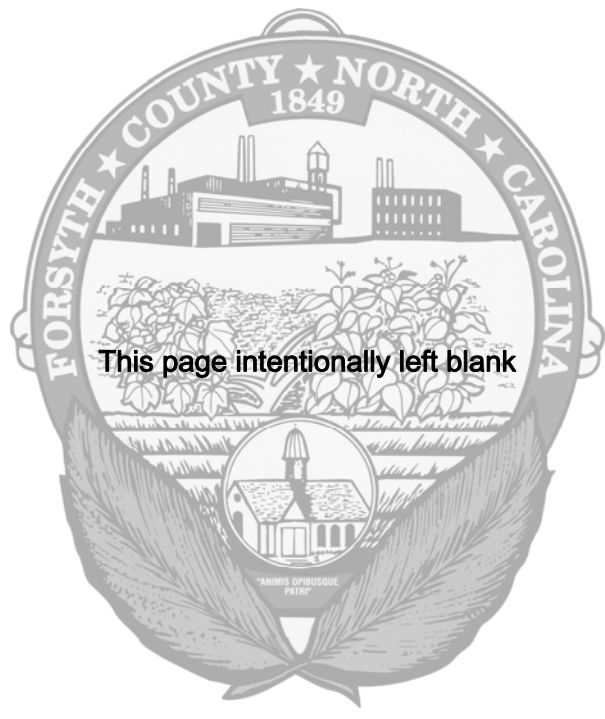
Presented to

**Forsyth County
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO



This page intentionally left blank

Report of Independent Auditor

To the Board of County Commissioners
Forsyth County, North Carolina

Report on the Financial Statements

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 (the "County") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 the County as of June 30, 2014, and the respective changes in financial position and cash flows, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the County. The introductory section, budgetary comparison schedules – major governmental funds, combining and individual fund financial statements and schedules, other schedules, the statistical section, and Schedule of Expenditures of Federal and State Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedules – major governmental funds, combining and individual fund financial statements and schedules, other schedules and Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules – major governmental funds, combining and individual fund financial statements and schedules, other schedules and Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2014 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Handwritten signature of Cherry Roubert LLP in black ink.

Raleigh, North Carolina
November 20, 2014

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, 2014. This narrative complements the data presented in the basic financial statements and 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.

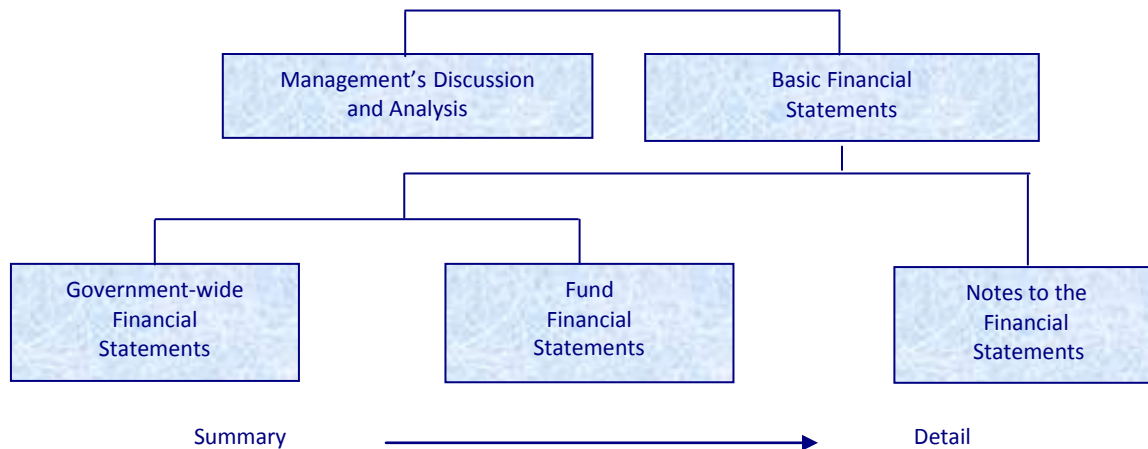
FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of Forsyth County were lower than its liabilities at the close of the fiscal year by \$207.6 million (*net deficit*). The deficit in total net position reflects the County's issuance of debt as provided by State law for public school and community college facilities. The assets acquired with such debt are not owned by the County, and therefore, are not included in the County's Statement of Net Position. Had this school and community college related debt (net of unspent proceeds) not been reported as a reduction of net position, total net position would be \$228.7 million.
- The County's total net position increased by \$16.3 million from net position of the prior period despite the payment of \$22.1 million for public school and community college facilities that are not reported as assets of the County.
- 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 19th consecutive year. During the year, the County entered into an \$8.2 million installment financing agreement to provide funds for the refunding of the 2005 Schools certificates of participation.
- As of the close of the current fiscal year, Forsyth County's governmental funds reported combined ending fund balances of \$172.2 million, a decrease of \$26.1 million in comparison with the prior year. This decrease is largely attributed to the reduction in restricted fund balances for debt funded capital project funds.
- The balance in the Education Debt Leveling Plan decreased by a net \$2.8 million for the year bringing the total available to pay for future education-related debt service to \$29.8 million.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$64.8 million or 17.1% of total general fund expenditures for the fiscal 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



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 position** presents information on all of Forsyth County's assets and deferred outflows of resources and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 position and the statement of activities present only governmental activities, which include all of the County's basic services such as public safety, environmental protection, health and social services, culture and recreation, community and economic development, education, and general administration. Property taxes, sales taxes and state and federal grant funds finance most of these activities. Additionally, these statements report only the activities of the primary government, Forsyth County, because the County's component unit, the Forsyth County Industrial Facilities and Pollution Control Financing Authority, has no financial transactions or account balances to report.

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

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Forsyth County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Forsyth County can be divided into three categories: governmental funds, proprietary 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 Position 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 33 governmental funds for the year ended June 30, 2014. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and three capital project funds, the 2007 School Facilities fund, the 2009 Educational Facilities fund and the 2009 Phillips Building Phases IA and IB 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.

Proprietary Funds – Forsyth County has one kind of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the functions of the County. The County uses an internal service fund to account for risk retention services for health and dental benefits provided to departments of the County on a cost reimbursement basis. The Employee Health Benefits fund has been included with the governmental activities in the government-wide financial statements, and it is presented in the proprietary fund financial statements, Exhibits 6, 7, and 8 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. Two trust funds, the pension trust and the other post-employment benefit trust, and three agency funds comprise the County’s fiduciary funds. The basic fiduciary fund financial statements can be found on Exhibits 9 and 10.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 23 - 47 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Forsyth County’s progress in funding its obligation to provide pension benefits and other post-employment benefits (“OPEB”) to certain employees. Required supplementary information can be found on pages 49 - 52 of this report.

Budgetary comparison schedules for major funds are presented following the required supplementary information on pensions and OPEB. The combining statements referred to earlier in connection with nonmajor governmental funds and individual fund statements and schedules can be found on pages 59 – 94 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as one useful indicator of a government’s financial condition. The liabilities of Forsyth County exceed assets and deferred outflows of resources by \$207.6 million as of June 30, 2014. The deficit in total net position is a result of the County issuing debt for the construction, renovation, or acquisition of public school and community college facilities that are not reported as assets of the County. These facilities are necessary to provide for the education of the citizens of the County. North Carolina statutes do not permit public schools and community colleges to issue debt; 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. The outstanding amount of education-related debt, net of unspent proceeds, is \$436.3 million at year-end and is reported as a reduction of unrestricted net position for governmental activities, resulting in a deficit balance of \$330.4 million for this category of net position. Had the education-related debt not been reported as a reduction of unrestricted net position, the balance of unrestricted net position for governmental activities would be \$105.9 million and total net position would be \$228.7 million, a decrease in total net position of \$1.9 million over the prior year.

The following summarizes Net Position at June 30, 2014 and 2013:

Forsyth County’s Net Position		
	Governmental Activities	
	2014	2013
Current and other assets	\$ 202,607,652	\$ 226,016,622
Capital assets	164,224,989	167,317,166
Total assets	<u>366,832,641</u>	<u>393,333,788</u>
Deferred outflows of resources		
- unamortized bond refunding charges	<u>10,921,245</u>	<u>12,742,215</u>
Long-term liabilities outstanding	566,443,612	612,054,685
Other liabilities	<u>18,929,127</u>	<u>17,914,210</u>
Total liabilities	<u>585,372,739</u>	<u>629,968,895</u>
Net position:		
Net investment in capital assets	76,582,427	75,547,493
Restricted	46,204,270	36,231,000
Unrestricted deficit	<u>(330,405,550)</u>	<u>(335,671,385)</u>
Total net position	<u>\$ (207,618,853)</u>	<u>\$ (223,892,892)</u>

A major portion of net position reflects the County’s \$76.6 million 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 \$46.2 million of Forsyth County's net position are subject to external restrictions on how they may be used.

The deficit in unrestricted net position was reduced by \$5.3 million. The change in unrestricted net position resulting from governmental activities is discussed in the following section.

Governmental activities. Since the County has no business-type activities, the total change in net position is a result of governmental activities. The County's net position increased by \$16.3 million for the fiscal year ended June 30, 2014.

The following summarizes the changes in net position for the years ended June 30, 2014 and 2013:

Forsyth County's Changes in Net Position		
	Governmental Activities	
	2014	2013
Revenues:		
Program revenues:		
Charges for services	\$ 31,854,003	\$ 33,765,659
Operating grants and contributions	54,634,336	52,868,733
General revenues:		
Property taxes	241,781,572	239,530,106
Other taxes	55,143,213	55,234,499
Grants and contributions not restricted to specific programs	3,985,233	4,572,092
Other	3,796,016	1,151,425
Total revenues	391,194,373	387,122,514
Expenses:		
General government	41,283,224	39,642,837
Public safety	73,826,748	69,433,724
Environmental protection	2,229,539	2,442,611
Human services	75,195,871	77,395,541
Culture and recreation	15,982,237	15,886,345
Community and economic development	2,784,021	2,795,206
Education	144,359,143	152,410,053
Interest on long-term debt	19,259,551	21,796,354
Total expenses	374,920,334	381,802,671
Increase (decrease) in net position	16,274,039	5,319,843
Net position, July 1 as previously reported	(223,892,892)	(225,526,009)
Restatement	--	(3,686,726)
Net position, July 1 as restated	(223,892,892)	(229,212,735)
Net position, June 30	\$ (207,618,853)	\$ (223,892,892)

As noted above, the balance of assets available to meet the government's ongoing obligations is obscured by debt issued to finance capital assets that are not reported as assets of the County. In spite of the deficit reported in governmental activities, the County's financial position is strong as evidenced by the following:

- Program and general revenues increased \$4.1 million from the prior year.
- Management diligence in cost control resulted in total program expenses, excluding debt-funded education expenses, decreasing by \$307,000.
- Education expenses of \$22.1 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 Position.

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, 2014, the County's four major funds were the General Fund, and three capital projects funds, the 2007 School Facilities Fund, 2009 Educational Facilities Fund and the 2009 Phillips Building Phases IA and IB 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, fund balance available for appropriation can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the primary operating fund of the County. At the end of the current fiscal year, the fund balance in the General Fund was \$142.6 million, a decrease of \$927,000, with \$109.1 million available for appropriation and \$64.8 million considered unassigned. To meet the cash flow needs of the County and to provide for unforeseen needs or opportunities, the governing body of Forsyth County has determined that the County should maintain a minimum available fund balance (net of committed fund balance) of 16% of its subsequent year's general fund expenditures. The County exceeded this policy target ending the 2014 fiscal year with an available fund balance, net of committed fund balance, of \$74.8 million, 18.5% of its 2015 budget. \$9.6

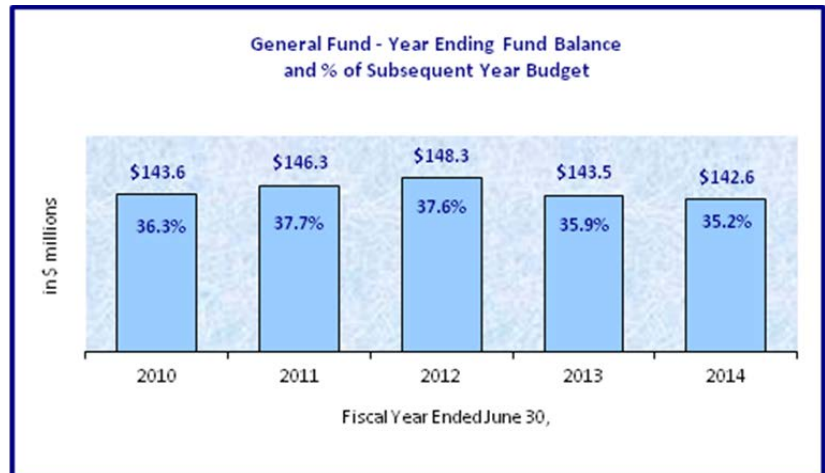
million of fund balance was appropriated to balance the fiscal 2015 budget leaving 16.1% available fund balance of which 16% was set aside in accordance with the County's fund balance policy. \$277,000 was assigned for fiscal 2015 capital maintenance projects.

Key factors that resulted in the reduction of \$927,000 in the General Fund fund balance include:

- Continued diligence in the collection of property taxes which resulted in a 98.5% collection percentage aiding property tax revenue to increase \$1.9 million over the prior year.
- Total actual revenues were less than budgeted revenue estimates by \$1.9 million. Sales tax revenue was \$4.5 million short of budget. Intergovernmental revenues were \$2.0 million under-budget primarily due to under spending which resulted in reduced reimbursement for human services grants. Charges for services and Other Revenues were also under budget by \$1.5 million and \$1.3 million, respectively. Property tax collections exceeded budget expectation by \$6.8 million which partially offset the under-realization of other governmental revenues.
- Expenditure appropriations were under-spent by \$21.3 million. Significant under-expenditures occurred in public safety (\$4.6 million), human services (\$9.3 million), culture and recreation (\$1.1 million), general government (\$4.2 million), and debt service (\$919,000). In public safety, outlays for the sheriff's department and emergency services were \$2.8 million and \$1.2 million under-budget, respectively. In human services, savings were in public health (\$4.4 million) and social services (\$4.7 million). The Parks and Recreation Department and the libraries were \$713,000 and \$389,000 under budget, respectively. Tax Administration is \$3.2 million under budget as a result of continued delays in implementing the County's new tax collection system.
- General fund expenditures exceeded revenues by \$3.1 million. Transfers out of the General Fund totaling \$5.0 million included: \$1.7 million for schools capital maintenance projects, \$1.2 million for emergency and fleet vehicle purchases, \$983,000 to establish the 2013 Pay-Go fund, and \$1.1 million to purchase the Reynolda Manor library branch.
- Transfers to the General Fund totaling \$7.0 million included: lottery proceeds (\$4.4 million) and issuance premium (\$1.3 million) used to pay debt service, and \$1.1 million from the Fire Tax Districts Funds.

In accordance with the County's fund balance policies, the following designations of fund balance have been made:

- The unspent balance of proceeds from 4.1 cents on the ad valorem tax rate and interest earned thereon totaled \$29.8 million and has been committed for the retirement of education debt authorized in the November 2006 and 2008 referendums. This commitment is a key component of the Education Debt Leveling Plan.
- The unspent balance of the Dell incentives reimbursement totaled \$3.3 million and has been committed for economic development activities.
- The amount by which available fund balance net of committed fund balance and fund balance appropriated for fiscal year 2015 budget exceeds 16% of the subsequent year's budgeted expenditures totaled \$432,000 of which \$155,000 has been assigned for special management projects and \$277,000 assigned for capital maintenance projects in the subsequent year.



As of the end of the fiscal year, the County's governmental funds reported combined fund balances of \$172.2 million, a decrease of \$26.1 million from the prior year. This decrease is primarily the result of decreases in special revenue and capital project funds including: the \$8.3 million decrease in fund balance in the 2007 Schools Facilities fund, the \$7.1 million decrease in the 2009 Educational Facilities fund, the \$2.4 million decrease in the 2009 Phillips Building Phases 1A and 1B fund, and a decrease in the aggregate nonmajor fund balances (\$7.3 million). Approximately 37.9%, or \$65.2 million of total combined fund balance, is restricted or non-spendable. \$18.9 million of this restricted total is restricted for debt funded capital expenditures. \$37.3 million is committed for future debt service, economic development projects, or capital projects. \$10.0 million is assigned for subsequent fiscal year 2014 expenditures and capital maintenance projects. The remainder of the fund balance is unassigned.

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 \$5.6 million. Unanticipated state and federal grants totaling \$655,000 were appropriated for public health and youth services. Appropriations of \$4.5 million were made from fund balance, including \$995,000 for the 2014 Reynolda Manor branch library fund, \$983,000 to fund the 2013 Pay-Go Capital Project Ordinance, and \$2.1 million for encumbrances re-appropriated from fiscal year 2013.

Although \$20.4 million of fund balance was appropriated in the final budget, as discussed above, the net change in fund balance for the year was a decrease of \$927,000.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. Forsyth County's investment in capital assets for its governmental activities as of June 30, 2014, totals \$164.2 million (net of accumulated depreciation), a \$3.1 million decrease from the prior year. These assets include land, buildings, construction-in-progress, park facilities, equipment, vehicles and software.

Forsyth County's Capital Assets (net of depreciation)		
	Governmental Activities	
	2014	2013
Land	\$ 12,347,256	\$ 12,888,256
Art collections	517,907	517,907
Construction-in-progress	640,308	30,227,513
Buildings	131,017,064	103,632,159
Improvements other than buildings	10,373,938	10,624,118
Equipment	5,441,665	5,715,454
Vehicles	3,420,916	3,548,194
Software	465,935	163,565
Total Capital Assets	<u>\$ 164,224,989</u>	<u>\$ 167,317,166</u>

Major capital asset transactions during the year include:

- Completion of the Phillips Building for sheriff administrative offices totaling \$2.4 million.
- Library projects totaling \$1.2 million.
- Triad Park development totaling \$1.5 million.

Additional information on the County's capital assets can be found in Note 4e on page 34 of the Basic Financial Statements.

Long-term Debt. At June 30, 2014, Forsyth County had total bonded debt outstanding of \$447.9 million, all of which is backed by the full faith and credit of the County. Other long-term debt represents obligations secured solely by specified property. The County's total liability for bonded debt, certificates of participation, limited obligation bonds and other installment financing agreements was \$521.6 million, a decrease of \$41.2 million. The County entered into an installment financing refunding agreement in the amount of \$8.2 million which produced an economic gain of \$569,000 over the next 12 years.

At June 30, 2014 and 2013, the County's bonded and non-bonded debt consisted of:

Forsyth County's Outstanding Debt		
	Governmental Activities	
	2014	2013
General obligation bonds	\$ 447,935,000	\$ 483,060,000
Certificates of Participation and Limited Obligation Bonds	64,075,000	77,610,000
Installment purchase obligations	9,620,166	2,141,649
Total Outstanding Debt	\$ 521,630,166	\$ 562,811,649

As mentioned in the financial highlights section of this document, Forsyth County maintained for the 19th consecutive year its Aaa bond rating from Moody's Investors Service and AAA rating from Standard and Poor's Corporation and Fitch Ratings. This bond rating is a clear indication of the sound financial condition of Forsyth County. Forsyth County is one of the few counties in the country that maintains the highest financial rating from all three major rating agencies. This achievement is a primary factor in keeping interest costs on the County's outstanding debt low.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The current debt limitation for Forsyth County is \$2.6 billion. The County's total bonded debt is 1.42% of assessed valuation, well below the 8% of assessed valuation legal debt limit.

Additional information regarding Forsyth County's long-term debt can be found in Note 4i on pages 36 - 40 of the Basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S GENERAL FUND BUDGET AND RATES

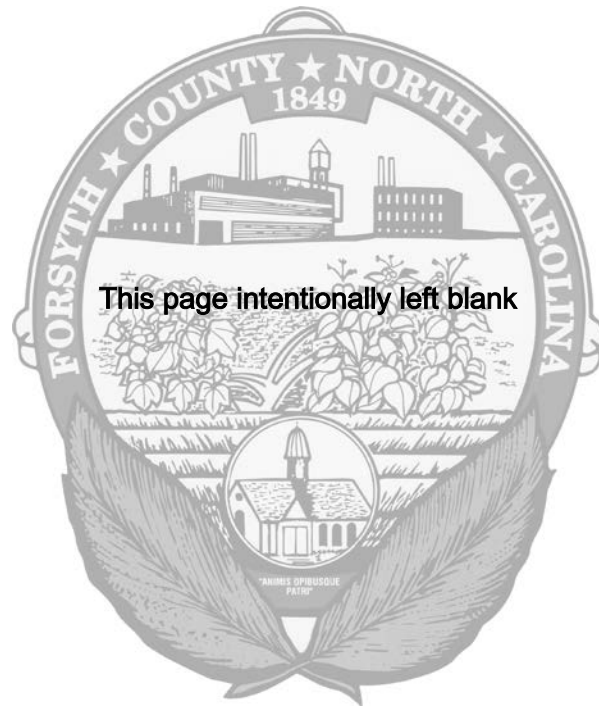
The County has adopted a General Fund budget for the fiscal year ending June 30, 2015 in the amount of \$405.1 million, a decrease of \$283,000 million or .1% from the final 2014 budget of \$405.4 million. The property tax rate of \$0.7168 per hundred dollars assessed value remained unchanged the prior year rate. \$17.6 million of the County's \$109.1 million available fund balance was appropriated, of which \$1.8 million was for the reappropriation of prior year encumbrances and \$2.3 million was from the Education Debt Leveling Plan. Fund balance available net of committed fund balance and fund balance appropriated for fiscal year 2015 budget remains 14.1% of 2015 budgeted expenditures.

Significant factors considered in the preparation of the fiscal year 2015 County budget include:

- The County strives to limit the growth of the annual operating budget to an amount which can be accommodated by growth in the tax base as well as other local, state and federal revenues, without a tax rate increase, whenever possible.
- Sales tax will rebound with growth forecast to produce \$6.5 million, or 12.7% in additional revenue.
- Reduced lottery proceeds will continue to cause acceleration in the use of funds from the Education Debt Leveling Plan to cover education related debt costs.

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 Government Center, 201 N. Chestnut Street, Winston-Salem, NC 27101- 4120.



This page intentionally left blank

Basic Financial Statements

FORSYTH COUNTY, NORTH CAROLINA
Statement of Net Position
June 30, 2014

Exhibit 1

	Governmental Activities
ASSETS	
Cash and cash equivalents / investments	\$ 140,474,724
Investments - restricted	20,184,184
Cash and investments held by fiscal agent	2
Taxes receivable (net)	4,272,636
Accounts receivable (net)	7,253,882
Accrued interest on investments	33,686
Due from other governments	29,757,999
Prepaid items	630,539
Capital assets:	
Land, collections, and construction-in-progress	13,505,471
Other capital assets, net of depreciation	150,719,518
Total capital assets	<u>164,224,989</u>
Total assets	<u>366,832,641</u>
DEFERRED OUTFLOWS OF RESOURCES	
Unamortized bond refunding charges	<u>10,921,245</u>
LIABILITIES	
Accounts payable and accrued liabilities	7,859,023
Unearned revenue	2,692,276
Accrued interest payable	6,455,648
Due to other governments	1,922,180
Long-term liabilities:	
Due within one year	47,132,905
Due in more than one year	519,310,707
Total liabilities	<u>585,372,739</u>
NET POSITION	
Net investment in capital assets	76,582,427
Restricted for:	
Stabilization by state statute	41,284,082
Public safety	3,366,019
Human services	306,841
Community and economic development	153,412
Other purposes	1,093,916
Unrestricted deficit	<u>(330,405,550)</u>
Total net position	<u>\$ (207,618,853)</u>

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

FORSYTH COUNTY, NORTH CAROLINA
Statement of Activities
For the Fiscal Year Ended June 30, 2014

Exhibit 2

Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental:				
General government	\$ 41,283,224	3,617,005	831,442	(36,834,777)
Public safety	73,826,748	17,361,145	5,436,967	(51,028,636)
Environmental protection	2,229,539	228,599	837,273	(1,163,667)
Human services	75,195,871	6,479,949	41,633,018	(27,082,904)
Culture and recreation	15,982,237	3,944,701	1,037,768	(10,999,768)
Community and economic development	2,784,021	160,528	339,875	(2,283,618)
Education	144,359,143	62,076	4,517,993	(139,779,074)
Interest on long-term debt	19,259,551	-	-	(19,259,551)
Total governmental activities	\$ <u>374,920,334</u>	<u>31,854,003</u>	<u>54,634,336</u>	<u>(288,431,995)</u>
General revenues:				
Taxes:				
Property taxes, levied for general purposes				241,781,572
Local option sales tax				52,905,448
Occupancy taxes, levied for economic development				619,138
Gross receipts tax				363,830
Excise stamp tax				1,254,797
Grants and contributions not restricted to specific programs				3,985,233
Investment earnings, unrestricted				715,063
Miscellaneous, unrestricted				3,080,953
Total general revenues				<u>304,706,034</u>
Change in net position				16,274,039
Net position - beginning				<u>(223,892,892)</u>
Net position - ending				<u>(207,618,853)</u>

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

Balance Sheet

Governmental Funds

June 30, 2014

	Capital Projects Funds					Total Governmental Funds
	General Fund	2007 School Facilities	2009 Educational Facilities	2009 Phillips Building Phases 1A and 1B	Nonmajor Governmental Funds	
ASSETS						
Cash and cash equivalents / investments	\$ 123,615,469	-	-	-	9,216,883	132,832,352
Investments - restricted	-	2,230,397	6,824,786	1,501,959	9,627,042	20,184,184
Cash and investments held by fiscal agent	2	-	-	-	-	2
Receivables (net):						
Property taxes	3,537,372	-	-	-	89,738	3,627,110
Occupancy taxes	60,882	-	-	-	-	60,882
Other taxes	50,564	-	-	-	-	50,564
Accounts	7,240,704	-	-	-	-	7,240,704
Other	-	-	-	-	7,000	7,000
Accrued interest	31,443	-	-	-	2,243	33,686
Due from other governments	26,623,156	199,348	-	47,942	2,887,467	29,757,913
Due from other funds	1,939,021	-	-	-	-	1,939,021
Prepaid items	122,250	-	-	-	-	122,250
Total assets	\$ 163,220,863	2,429,745	6,824,786	1,549,901	21,830,373	195,855,668
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 7,011,573	-	-	7,060	767,626	7,786,259
Due to other governments	1,922,180	-	-	-	-	1,922,180
Due to other funds	-	-	-	-	1,939,021	1,939,021
Unearned revenue	2,183,710	-	-	-	229,742	2,413,452
Total liabilities	11,117,463	-	-	7,060	2,936,389	14,060,912
Deferred Inflows of Resources:						
Unavailable taxes	3,537,372	-	-	-	89,738	3,627,110
Unavailable other revenue	5,982,616	-	-	-	-	5,982,616
Total deferred inflows of resources	9,519,988	-	-	-	89,738	9,609,726
Fund balances:						
Nonspendable - Prepaid items	122,250	-	-	-	-	122,250
Restricted for:						
Stabilization by state statute	33,377,279	199,348	-	82,030	7,625,425	41,284,082
Register of Deeds	1,070,110	-	-	-	-	1,070,110
Capital projects	-	2,230,397	6,824,786	1,460,811	-	10,515,994
Other	23,806	-	-	-	-	23,806
Restricted, reported in nonmajor:						
Special revenue funds	-	-	-	-	3,826,272	3,826,272
Capital project funds	-	-	-	-	8,354,954	8,354,954
Committed						
Education Debt Leveling Plan	29,832,251	-	-	-	-	29,832,251
Economic Development	3,309,037	-	-	-	-	3,309,037
Committed, reported in nonmajor:						
Capital project funds	-	-	-	-	4,166,932	4,166,932
Assigned						
Subsequent Year Budget	9,600,000	-	-	-	-	9,600,000
Management Special Projects	154,560	-	-	-	-	154,560
Capital maintenance projects	276,940	-	-	-	-	276,940
Unassigned	64,817,179	-	-	-	(5,169,337)	59,647,842
Total fund balances	142,583,412	2,429,745	6,824,786	1,542,841	18,804,246	172,185,030
Total liabilities, deferred inflows of resources and fund balances	\$ 163,220,863	2,429,745	6,824,786	1,549,901	21,830,373	195,855,668

FORSYTH COUNTY, NORTH CAROLINA

Exhibit 3

Balance Sheet

Governmental Funds

Page 2 of 2

June 30, 2014

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

Fund balances - total governmental funds	\$	172,185,030
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		164,224,989
Other long-term assets and deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		11,429,534
Earned revenue that is not available to pay current period expenditures is deferred in the funds.		10,143,806
An internal service fund is used by management to charge the costs of health and dental benefits to individual funds. Assets and liabilities of the internal service fund are included in governmental activities of the statement of net assets.		4,923,783
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		(570,525,995)
Net position of governmental activities	\$	<u>(207,618,853)</u>

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

FORSYTH COUNTY, NORTH CAROLINA

Exhibit 4

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2014

	<u>General Fund</u>	<u>Capital Projects Funds</u>				<u>Total Governmental Funds</u>
		<u>2007 School Facilities</u>	<u>2009 Educational Facilities</u>	<u>2009 Phillips Building Phases 1A and 1B</u>	<u>Nonmajor Governmental Funds</u>	
Revenues:						
Property taxes	\$ 235,461,325	-	-	-	6,727,602	242,188,927
Occupancy taxes	619,138	-	-	-	-	619,138
Local option sales taxes	51,473,861	-	-	-	1,431,587	52,905,448
Other taxes	363,830	-	-	-	-	363,830
Licenses and permits	790,379	-	-	-	-	790,379
Intergovernmental	52,775,486	-	-	-	5,960,045	58,735,531
Charges for services	23,724,429	-	-	-	8,800	23,733,229
Investment earnings	697,089	731	1,202	266	28,281	727,569
Other	9,794,983	-	-	-	219,504	10,014,487
Total revenues	375,700,520	731	1,202	266	14,375,819	390,078,538
Expenditures:						
Current:						
General government	36,546,154	-	-	-	-	36,546,154
Public safety	62,612,503	-	-	-	7,039,224	69,651,727
Environmental protection	2,206,012	-	-	-	-	2,206,012
Human services	68,543,372	-	-	-	1,429	68,544,801
Culture and recreation	14,453,569	-	-	-	-	14,453,569
Community and economic development	2,456,251	-	-	-	318,404	2,774,655
Education	604,563	-	-	-	-	604,563
Intergovernmental:						
Human services	5,740,312	-	-	-	-	5,740,312
Education	121,601,187	6,996,565	7,144,886	-	7,995,624	143,738,262
Debt service:						
Principal retirement	41,565,055	-	-	-	-	41,565,055
Interest and other charges	22,433,916	-	-	-	-	22,433,916
Capital outlay	-	-	-	2,373,170	5,656,199	8,029,369
Total expenditures	378,762,894	6,996,565	7,144,886	2,373,170	21,010,880	416,288,395
Excess (deficiency) of revenues over expenditures	(3,062,374)	(6,995,834)	(7,143,684)	(2,372,904)	(6,635,061)	(26,209,857)
Other financing sources (uses):						
Refunding bond issuance	8,230,000	-	-	-	-	8,230,000
Transfers in	7,044,304	-	-	-	6,643,581	13,687,885
Transfers out	(4,996,625)	(1,344,139)	-	-	(7,347,121)	(13,687,885)
Payment to refunded bond escrow agent	(8,141,925)	-	-	-	-	(8,141,925)
Total other financing sources (uses)	2,135,754	(1,344,139)	-	-	(703,540)	88,075
Net change in fund balances	(926,620)	(8,339,973)	(7,143,684)	(2,372,904)	(7,338,601)	(26,121,782)
Fund balance - June 30, 2013	143,510,032	10,769,718	13,968,470	3,915,745	26,142,847	198,306,812
Fund balance - June 30, 2014	\$ 142,583,412	2,429,745	6,824,786	1,542,841	18,804,246	172,185,030

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

(continued)

FORSYTH COUNTY, NORTH CAROLINA

Exhibit 4.1

**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, 2014

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

Net change in fund balances - total governmental funds	\$ (26,121,782)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(2,170,590)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(921,587)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	1,396,035
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 position. 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.	41,523,408
Expenses in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the governmental funds. Expenditures reported in the governmental funds for prepaid items using the purchases method are not reported as expenses in the statement of activities.	3,342,455
Internal service funds are used by management to charge the costs of health and dental benefits to individual funds. The profit or loss generated by the internal service fund is eliminated on the statement of activities.	<u>(773,900)</u>
Change in net position of governmental activities	\$ <u><u>16,274,039</u></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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 228,645,507	228,645,507	235,461,325	6,815,818
Occupancy taxes	450,000	450,000	619,138	169,138
Local option sales taxes	55,932,451	55,932,451	51,473,861	(4,458,590)
Other taxes	260,970	260,970	363,830	102,860
Total taxes	<u>285,288,928</u>	<u>285,288,928</u>	<u>287,918,154</u>	<u>2,629,226</u>
Licenses and permits	840,880	840,880	790,379	(50,501)
Intergovernmental	54,062,319	54,767,832	52,775,486	(1,992,346)
Charges for services	25,219,143	25,219,143	23,724,429	(1,494,714)
Investment earnings	396,100	396,100	697,089	300,989
Other	10,748,795	11,067,312	9,794,983	(1,272,329)
Total revenues	<u>376,556,165</u>	<u>377,580,195</u>	<u>375,700,520</u>	<u>(1,879,675)</u>
Expenditures:				
Current:				
General government	41,837,607	40,728,686	36,546,154	4,182,532
Public safety	64,722,444	67,233,833	62,612,503	4,621,330
Environmental protection	2,657,932	2,696,919	2,206,012	490,907
Human services	77,391,556	77,849,717	68,543,372	9,306,345
Culture and recreation	15,437,933	15,570,031	14,453,569	1,116,462
Community and economic development	2,652,113	2,657,436	2,456,251	201,185
Education	688,838	694,890	604,563	90,327
Intergovernmental:				
Human services	6,149,637	6,149,637	5,740,312	409,325
Education	121,602,187	121,602,187	121,601,187	1,000
Debt service:				
Principal retirement	41,565,057	41,565,057	41,565,055	2
Interest and other charges	23,353,139	23,353,139	22,433,916	919,223
Total expenditures	<u>398,058,443</u>	<u>400,101,532</u>	<u>378,762,894</u>	<u>21,338,638</u>
Excess (deficiency) of revenues over expenditures	<u>(21,502,278)</u>	<u>(22,521,337)</u>	<u>(3,062,374)</u>	<u>19,458,963</u>
Other financing sources (uses):				
Refunding bonds issued	-	-	8,230,000	8,230,000
Transfers in	7,458,290	7,165,893	7,044,304	(121,589)
Transfers out	(1,760,755)	(4,996,625)	(4,996,625)	-
Payment to refunded bond escrow agent	-	-	(8,141,925)	(8,141,925)
Total other financing sources (uses)	<u>5,697,535</u>	<u>2,169,268</u>	<u>2,135,754</u>	<u>(33,514)</u>
Net change in fund balance	<u>\$ (15,804,743)</u>	<u>(20,352,069)</u>	<u>(926,620)</u>	<u>19,425,449</u>
Fund balance - June 30, 2013			143,510,032	
Fund balance - June 30, 2014			<u>\$ 142,583,412</u>	

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

FORSYTH COUNTY, NORTH CAROLINA
Statement of Net Position
Proprietary Fund - Internal Service Fund
June 30, 2014

Exhibit 6

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents / investments	\$ 7,642,372
Accounts receivable (net)	4,961
Accrued interest	1,217
Due from other governments	86
Total assets	<u>7,648,636</u>
LIABILITIES	
Current liabilities:	
Accounts payable	72,764
Claims liability	2,373,265
Unearned revenue	278,824
Total liabilities	<u>2,724,853</u>
NET POSITION	
Unrestricted	\$ <u><u>4,923,783</u></u>

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

FORSYTH COUNTY, NORTH CAROLINA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund - Internal Service Fund
For the Fiscal Year Ended June 30, 2014

Exhibit 7

	Governmental Activities
Operating revenues:	
Charges for services	\$ 22,959,325
Total operating revenues	<u>22,959,325</u>
Operating expenses:	
Professional services	2,511,786
Claims	21,240,014
Other	1,277
Total operating expenses	<u>23,753,077</u>
Operating income (loss)	(793,752)
Nonoperating revenues:	
Interest earnings	19,852
Change in net position	(773,900)
Net position at beginning of year	<u>5,697,683</u>
Net position at end of year	\$ <u><u>4,923,783</u></u>

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

FORSYTH COUNTY, NORTH CAROLINA**Exhibit 8****Statement of Cash Flows****Proprietary Fund - Internal Service Fund**

For the Fiscal Year Ended June 30, 2014

	Governmental Activities
Cash flows from operating activities:	
Cash received from user departments and participants	\$ 22,952,827
Cash paid to suppliers, participants and others	<u>(23,405,663)</u>
Net cash provided (used) by operating activities	<u>(452,836)</u>
Cash flows from investing activities:	
Interest and dividends on investments	<u>21,154</u>
Net increase (decrease) in cash and cash equivalents	(431,682)
Cash/cash equivalents / investments at beginning of year	<u>8,074,054</u>
Cash/cash equivalents / investments at end of year	<u>\$ 7,642,372</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	\$ <u>(793,752)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Increase in accounts receivable	(224)
Decrease in due from other governments	213
Decrease in accounts payable	(108,436)
Increase in claims payable	457,321
Decrease in unearned revenue	<u>(7,958)</u>
Total adjustments	<u>340,916</u>
Net cash provided (used) by operating activities	<u>\$ (452,836)</u>

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

FORSYTH COUNTY, NORTH CAROLINA

Exhibit 9

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2014

	Pension / Other Post-employment Benefit Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents / investments	\$ 403,715	848,031
Cash and investments held by fiscal agent:		
Cash and equivalents	1,265	-
Short-Term OPEB Fund	3,205,045	-
Long-Term OPEB Fund	1,356,530	-
OPEB Equity Funds	9,589,935	-
Receivables:		
Property taxes	-	4,699,581
Accrued interest	69	11
Total assets	<u>14,556,559</u>	<u>5,547,623</u>
LIABILITIES		
Due to other governments	596	5,491,214
Other liabilities	-	56,409
Total liabilities	<u>596</u>	<u>5,547,623</u>
NET POSITION		
Held in trust for pension/other post-employment benefits	\$ <u><u>14,555,963</u></u>	<u><u>-</u></u>

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

FORSYTH COUNTY, NORTH CAROLINA
Statement of Changes in Fiduciary Net Position

Exhibit 10

Fiduciary Funds

For the Fiscal Year Ended June 30, 2014

	Pension / Other Post-employment Benefit <u>Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 4,711,112
Plan members	363,099
Total contributions	<u>5,074,211</u>
Net investment income	<u>1,970,140</u>
Total additions	7,044,351
DEDUCTIONS	
Benefits	<u>3,326,234</u>
Change in net position	3,718,117
Net position, beginning	<u>10,837,846</u>
Net position, ending	<u><u>\$ 14,555,963</u></u>

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

Notes to the Financial Statements

Forsyth County, North Carolina
June 30, 2014

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:

1a. 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, community and economic development, and education. Mental health programs are provided in part through the County's contribution to CenterPoint Human Services. Elementary and secondary education and professional, technical and vocational training beyond the secondary level are provided by other governmental agencies.

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

1b. Basis of Presentation, Basis of Accounting

Basis of Presentation *Government-wide Statements:* The statement of net position and the statement of activities report information on all of the non-fiduciary 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 non-exchange transactions.

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

Fund Financial Statements: The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category – *governmental*, *proprietary*, 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 proprietary fund, Employee Health Benefits internal service fund, is reported individually for that fund type.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, result from nonexchange transactions. Other non-operating items such as investment earnings are ancillary activities.

The County reports the following major governmental funds:

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

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

2009 Educational Facilities Fund. This fund accounts for the acquisition by the community college of existing facilities from the schools and the renovation and equipping of those facilities for community college purposes; and the acquisition, construction, renovation, and furnishing of replacement facilities by the schools to be used for public school educational and administrative purposes. Proceeds of general obligation bonds authorized by a 2008 referendum fund these projects.

2009 Phillips Building (Phase 1A and 1B) Fund. This fund accounts for the acquisition and renovation of an existing building adjacent to the Law Enforcement Detention Center known as the Phillips Building for sheriff administrative offices. Proceeds of limited obligation bonds fund this project.

Additionally, the County reports the following fund types:

Proprietary - Internal Service Fund. The Employee Health Benefits Fund accounts for risk retention services for health and dental benefits provided to departments of the County on a cost reimbursement basis.

Fiduciary - Pension/Other Post-employment Benefit Trust Funds. The pension trust 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. The other post employment benefit trust fund accounts for the activities of the Healthcare Plan Fund, which accumulates resources to pay other post employment benefits for qualified retired County employees.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County internal service fund are charges for health and dental premiums. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 inflows of resources until collected. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting

the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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 position 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.

1c. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and for four special revenue funds: the Fire Tax Districts Fund, Law Enforcement Equitable Distribution Fund, Emergency Telephone System Fund, and Moser Bequest for Care of Elderly Fund. All annual appropriations lapse at fiscal year end. The State Public School Building Capital Fund, the 2009, 2010, 2011, 2012, 2013 and 2014 Housing Funds, and the 2009, 2009 Recovery Act, 2011 and 2013 Justice Assistance Funds, which are special revenue funds, and all capital projects funds are budgeted under project ordinances. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for the General Fund, except for Nondepartmental and intergovernmental education expenditures. Certain Nondepartmental appropriations are not expended until they are transferred to a specific department, so they are set apart from other Nondepartmental appropriations. Budgetary control for intergovernmental education expenditures is for current expense and capital outlay for each entity. The legal level of control varies for annually budgeted special revenue funds. Appropriations in the Fire Tax Districts Fund are controlled at the fire tax district level. The Law Enforcement Equitable Distribution Fund is controlled by an appropriation for a transfer to the General Fund. The Emergency Telephone System Fund and the Moser Bequest for Care of Elderly Fund have legal appropriation control at the program level. Amendments are required for revisions to appropriations at the legal level of control in annually budgeted funds, and these amendments may be approved by the County Manager and reported to the Board of Commissioners as long as they do not alter total expenditures of the fund. Amendments that alter total expenditures of any fund must be approved by the Board of Commissioners. During the year, Board amendments to the original budget totaling \$5.6 million included several for unanticipated intergovernmental funding that totaled \$706,000 and appropriations of fund balance totaling \$4.5 million. Appropriations of fund balance included \$994,800 for acquisition of the Reynolda branch library, \$982,710 for pay-go projects, \$292,397 for fire protection services, and \$2.1 for prior year encumbrances. 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.

1d. Assets, Liabilities, Deferred Inflows and Outflows, 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 (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term portfolio securities are valued at fair value. Money market investments and investments that have a remaining maturity at the time of purchase of one year or less are reported at 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. These investments are stated at fair value in the County's financial statements.

General Statute 159-30.1 allows the County to establish an Other Postemployment Benefit (OPEB) Trust under the management of the State Treasurer and G.S. 159-30(g) allows the County to make contributions to the Fund. The Fund is not registered with the Securities and Exchange Commission. The State Treasurer in her discretion may invest the proceeds in equities of certain

publicly held companies and long or short term fixed income investments as detailed in G.S. 147-69.2(1-6) and (8). Funds submitted are managed in three different sub-funds, the State Treasurer’s Short Term Investment Fund (STIF) consisting of short to intermediate treasuries, agencies and corporate issues authorized by G.S. 147-69.1, the long-term investment fund (LTIF) consisting of investment grade corporate securities, treasuries, and agencies, and various BlackRock Alpha Tilts Funds authorized under G.S. 147-69.2(8). Neither the STIF nor the LTIF is registered with the Securities and Exchange Commission. The STIF securities are reported at cost. The LTIF securities are reported at fair value. Both the STIF and LTIF maintain a constant \$1 per share value. The reported value of the OPEB Trust’s position in the STIF and LTIF is the same as the fair value of the pool shares. Under the authority of G.S. 147.69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund. The BlackRock Alpha Tilts funds are valued at fair value.

Cash and Cash Equivalents The County pools moneys from all funds, except the Other Post-employment Benefit Trust Fund, 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.

Restricted Investments The unexpended bond proceeds of the County are classified as restricted investments because their use is completely restricted to the purpose for which the bonds were originally issued.

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, 2013.

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

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

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

Capital Assets Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements; the County has no infrastructure, acquired before or after implementation of GASB Statement No. 34, to report. Capital assets as defined by the County are buildings and improvements other than buildings with an initial, individual cost of \$20,000 or more, and all other assets, except licensed software, with an initial, individual cost of \$5,000 or more and an estimated useful life of three years or more. Licensed software is capitalized when its initial cost is greater than \$10,000 and its annual maintenance fee is significantly less than the initial cost. Internally developed software is capitalized when development cost exceeds \$100,000 and expected useful life is 3 years or greater. Assets are recorded at cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	20 - 40
Improvements other than buildings	20
Equipment	3 - 10
Computer software	3 - 6

Deferred outflows and inflows of resources In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has one item that meets this criterion - a charge on refunding that had previously been classified as a contra-liability. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then.

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 position. Bond premiums and discounts 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 recognized in the current period.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, in 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.

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, are accrued when incurred in the government-wide financial statements.

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

Net Position Net position in the government-wide and proprietary fund financial statements are classified as follows:

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

Restricted. Restricted net position 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 position are as follows:

Restricted for Stabilization by State Statute. This portion of net position represents the net position restricted under State law [G.S. 159-8(a)].

Restricted for Public Safety. This portion of net position represents the aggregate of net position for six special revenue funds: the Fire Tax Districts Fund; the Law Enforcement Equitable Distribution Fund; the Emergency Telephone System Fund; and the 2011 and 2013 Justice Assistance Funds.

Restricted for Human Services. This portion of net position represents net position of the Moser Bequest for Care of the Elderly.

Restricted for Community and Economic Development. This portion of net position represents net position of the 2012 and 2014 Housing special revenue funds.

Restricted for Other Purposes. This portion of net position is restricted for Register of Deeds and conservation of natural resources purposes.

Unrestricted. The difference in total net position and the two categories above, net investment in capital assets and restricted net position, is unrestricted net position.

Fund Balance In the fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable. This classification includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Prepaid items – This portion of fund balance is not an available resource because it represents the year-end balance of prepaid items, which are not spendable resources.

Restricted. This classification includes revenue sources that are statutorily restricted for specific purposes, or restricted for specific purposes by grantors or creditors.

Restricted for Stabilization by State Statute. This portion of fund balance is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of receivable balances that are not offset by deferred inflows and encumbrances related to purchase orders and contracts outstanding at year end that will be honored by the County in the next fiscal year.

Restricted 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.

Restricted for Capital Projects. This portion of fund balance is restricted by revenue source for capital expenditures.

Restricted for Other. This portion of fund balance is restricted by revenue source for soil and water conservation purposes.

Restricted for Fire Protection. This portion of fund balance is restricted by revenue source for fire protection expenditures.

Restricted for Law Enforcement. This portion of fund balance is restricted by revenue source for law enforcement purposes.

Restricted for Emergency Telephone System. This portion of fund balance is restricted by revenue source for certain emergency telephone system expenditures.

Restricted for Human Services. This portion of fund balance is restricted by revenue source for mental health, social services and public health purposes.

Restricted for Housing and Community Redevelopment. This portion of fund balance is restricted by revenue source for housing rehabilitation and home buyer related purposes.

Committed. This classification includes amounts that can only be used for specific purposes imposed by majority vote of the governing board. Any changes or removal of specific purposes requires majority action by the governing body.

Committed for Education Debt Leveling Plan. In the General Fund, unspent revenue generated by 4.1 cents of the ad valorem tax rate and interest on the unspent portions thereof is committed for retirement of general obligation education debt authorized by the November 2006 and 2008 referendums.

Committed for Economic Development. In the General Fund, unspent revenue generated by the repayment of economic development incentives by Dell Corporation is committed for future economic development purposes.

Committed for Capital Projects. This portion of fund balance is committed by action of the governing board for certain school and County capital expenditures.

Assigned. The portion of fund balance that the governing board, with or without formal action, has assigned for specific management purposes. The governing board may delegate to the County Manager or Chief Financial Officer the authority to assign a portion of fund balance to promote sound financial operations of the County or to meet a future obligation. Assignment calculations may be made after the end of the fiscal year during the process of preparation of the financial statements.

Assigned for Subsequent Year Budget. This represents the portion of fund balance appropriated in the adopted 2014-2015 Budget Ordinance that is not already classified in restricted or committed.

Assigned for Management Special Projects. This represents the portion of fund balance assigned for special management projects.

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

Unassigned. This portion of fund balance is the residual classification for amounts not restricted, committed, or assigned to specific purposes within the General Fund. In governmental funds other than the General Fund, it includes any residual negative balances which may not be classified as restricted or committed in those funds.

The County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following order: debt proceeds, federal funds, State funds, local non-County funds, and County funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it's in the best interest of the County.

The County has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is at least equal to or greater than 16% of budgeted expenditures. Any portion of the General Fund balance in excess of 16% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the County in a future budget.

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 position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. The net adjustment of \$(379,803,883) 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.		\$ 164,224,989
Pension assets resulting from contributions in excess of the annual required contribution, and deferred outflows of resources are not financial resources and therefore are not reported in the funds.		
Prepays	45,315	
Pension assets	462,974	
Unamortized bond refunding charges	10,921,245	11,429,534
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	4,161,190	
Other revenue	2,267,016	
Interest earnings	7,965	
Fees and miscellaneous	3,707,635	10,143,806
An internal service fund is used by management to charge the costs of health and dental benefits to individual funds. The assets and liabilities of the Employee Health Benefits Fund are included in governmental activities in the statement of net assets.		
Cash and cash equivalents	7,642,372	
Accounts receivable and amounts due from other governments	6,264	
Accounts payable	(72,764)	
Claims and judgments – health and dental	(2,373,265)	
Unearned revenue	(278,824)	4,923,783
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	(6,455,648)	
Bonds, installment purchases, limited obligation bonds and certificates of participation	(521,630,166)	
Compensated absences	(7,360,430)	
Claims and judgments – excluding health and dental	(1,412,322)	
Net OPEB obligation	(10,593,237)	
Unamortized issuance premiums	(23,074,192)	(570,525,995)
Total adjustment		\$ (379,803,883)

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 position of governmental activities* as reported in the government-wide statement of activities. Additional detail on the elements that comprise the total adjustment of \$42,395,821 is given in the table that follows.

Description	Detail	Net Adjustment
Capital outlay expenditures are recorded in the fund statements but are capitalized as assets in the statement of activities.	\$ 7,231,753	
Depreciation expense, the allocation of capital assets over their useful lives, is recorded on the statement of activities but not in the fund statements.	(9,402,343)	\$ (2,170,590)
The statement of activities reports <i>gains</i> and <i>losses</i> arising from the trade-in, sale, or disposal of existing capital assets. Conversely, governmental funds do not report any gain or loss on such transactions, but report the sale proceeds. The change in net assets differs from the change in fund balance by the net cost of capital assets sold and donated assets received.		(921,587)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Reverse deferred inflows recorded at July 1, 2013:		
Property taxes and accrued interest on property taxes	(4,568,545)	
Other revenue	(800,640)	
Interest earnings	(8,257)	
Fees and miscellaneous	(3,370,329)	
Record deferred inflows in the fund statements at June 30, 2014:		
Property taxes and accrued interest on property taxes	4,161,190	
Other revenue	2,267,016	
Interest earnings	7,965	
Fees and miscellaneous	3,707,636	1,396,035
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.		
New debt issued	(88,075)	
Principal payments on debt	41,611,483	41,523,408
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	111,035	
Reductions in claims and judgments – excluding health and dental	197,101	
Prepaid pension benefit obligation	(10,569)	
Net OPEB obligation	(174,793)	
Accrued interest	583,693	
Prepays	45,315	
Amortized charge on refundings	(2,162,895)	
Amortized debt premiums	4,753,568	3,342,455
Internal service fund profit or loss generated by customers within the primary government is eliminated from the statement of activities.		(773,900)
Total adjustments		\$ 42,395,821

3. Stewardship, Compliance, and Accountability

Excess of Expenditures over Appropriations

The following budget variances are not in compliance with legal budgetary control. Expenditures for the Planning Department exceeded budget by \$8,074. Planning is a consolidated City-County department administered by the City of Winston-Salem. Appropriations for the Planning department are based on historical costs, and the fourth quarter review indicated the budget was adequate; however, final costs invoiced after the end of the budget year exceeded the appropriation. Appropriations for the Medical Examiner department are based on historical costs. An unanticipated increase in investigative medical fees resulted in excess expenditures for the year of \$19,550, all of which were invoiced after June 30. Continued refinement of estimates may preclude future overages for this department. Transfer of residual fund equity from the 2010 Two-thirds Bonds that was closed during the fiscal year exceeded appropriation in that fund.

4. Detailed Notes on All Funds

4a. Deposits

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

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

At June 30, 2014, the deposit portion of the County's cash and investment pool was \$39,246,102. The bank balances totaled \$39,582,513, of which \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2014, the County's petty cash funds totaled \$20,926.

4b. Investments

As of June 30, 2014, the County had the following investments:

Investment Type	Reported		Less than		More than	WAM (Years)
	Value	Fair Value	1 year	1-2 years	2 years	
NCCMT	\$ 80,686,523	80,686,523	80,686,523	-	-	.0018
Commercial Paper	17,997,165	17,991,948	17,991,948	-	-	.0139
Agency Securities	23,959,940	23,959,940	-	3,998,260	19,961,680	.6249
Total Portfolio	\$ 122,643,628	122,638,411	98,678,471	3,998,260	19,961,680	

Portfolio weighted average maturity 0.6406 years

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment practice 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, 2014, \$13,979,780 of the County's \$19,961,680 in investments with maturities beyond two years are step or multi-step 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, 2014.

Credit Risk. In accordance with the County’s investment policy, the County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law and the County’s investment policy limit investments in commercial paper to those issuers carrying the highest ratings issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2014, the County’s investments in the bonds of U.S. Agencies were rated with one or more of the following ratings: AAA by Standard & Poor’s, AAA by Fitch Ratings, Aaa by Moody’s Investors Service. The County’s investment in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor’s as of June 30, 2014. The County’s investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

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

Concentration of Credit Risk. The County places no limit on the amount that may be invested in any one issuer. Five percent (5%) or more of the County’s investments are in commercial paper issued by Abbey National (9.5%), Dealers Capital (9.5%), ING Funding (9.5%) and bonds issued by the Federal Farm Credit Bank (14.2%), Federal National Mortgage Association (14.3%), Federal Home Loan Bank (19.0%) and Federal Home Loan Mortgage Corporation (9.6%).

Other Post-Employment Benefits Trust

At June 30, 2014, the Healthcare Plan had \$14,152,775 invested in a Local Government Other Post-Employment Benefits (OPEB) Trust established pursuant to G.S. 159-30.1. The OPEB Trust is deposited with the State Treasurer and may be invested in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the General Statutes. At year-end, the OPEB Trust was invested as follows: State Treasurer’s Short Term Investment Fund (STIF), 22.6%; State Treasurer’s Long Term Investment Fund (LTIF), 9.6%; and, BlackRock’s Global Ex-US Alpha Tilts Fund B and BlackRock’s Russell 3000 Alpha Tilts Fund B 67.8% (the equities were split with 76% in domestic securities and 24% in international securities). The Blackrock Global Ex-US Alpha Tilts Fund B is priced at \$22.1960 per share and the Blackrock Russell 3000 Alpha Tilts Fund B is priced at \$48.3524 per share at June 30, 2014.

Interest Rate Risk: The County does not have a formal investment interest rate policy that manages its exposure to fair value losses arising from increasing interest rates for the Healthcare Plan Fund. The State Treasurer’s Short Term Investment Fund (STIF) is unrated and had a weighted average maturity of 1.3 years at June 30, 2014. The State Treasurer’s Long Term Investment Fund (LTIF) is unrated and had a weighted average maturity of 16.3 years at June 30, 2014.

Credit Risk: The County does not have a formal investment policy regarding credit risk for the Healthcare Plan Fund. The STIF is unrated and authorized under NC General Statute 147-69.1. The State Treasurer’s STIF is invested in highly liquid fixed income securities consisting primarily of short to intermediate term treasuries, agencies, and money market instruments. The LTIF is unrated and authorized under NC General Statute 147-69.1 and 147-69.2. The State Treasurer’s LTIF is invested in treasuries, agencies and corporate bonds with longer term maturities.

4c. 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
2011	\$ 2,108,172	690,426	2,798,598
2012	2,108,172	500,691	2,608,863
2013	2,108,172	310,955	2,419,127
2014	2,242,044	128,918	2,370,962
Totals	\$ 8,566,560	1,630,990	10,197,550

4d. Receivables

Receivables at June 30, 2014 for the County's individual major funds and nonmajor governmental funds in the aggregate are net of applicable allowances for uncollectible accounts as follows:

Description	Gross Receivable	Allowance for Uncollectible Accounts	Net Receivable
Property taxes			
General fund	\$ 7,382,855	(3,845,483)	3,537,372
Nonmajor governmental funds	174,495	(84,757)	89,738
Occupancy taxes			
General fund	60,882	-	60,882
Other taxes			
General fund	50,564	-	50,564
Accounts			
General fund	30,924,198	(23,683,494)	7,240,704
Nonmajor governmental funds	7,000	-	7,000
Accrued interest			
General fund	31,443	-	31,443
Nonmajor governmental funds	2,243	-	2,243
Total receivables	\$38,633,680	(27,613,734)	11,019,946

Governmental funds report deferred inflows 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, 2014, the various components of *unavailable* and *unearned revenue* were as follows:

Description	Unavailable Revenue	Unearned Revenue
Governmental Funds:		
Delinquent property taxes receivable		
General fund	\$ 3,537,372	-
Nonmajor governmental funds	89,738	-
Intergovernmental and private grants		
General fund	-	1,828,519
Nonmajor governmental funds	-	229,742
Fees and other revenue – General fund	5,974,651	355,191
Investment earnings – General fund	7,965	-
Total unavailable / unearned revenue for governmental funds	\$ 9,609,726	2,413,452
Governmental Activities:		
Fees and other revenue – Internal Service fund		278,824
Total unearned revenue for governmental activities		\$ 2,692,276

4e. Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 12,888,256	259,000	(800,000)	12,347,256
Art collections	517,907	--	--	517,907
Construction-in-progress	30,227,513	2,581,569	(32,168,774)	640,308
Total capital assets not being depreciated	43,633,676	2,840,569	(32,968,774)	13,505,471
Capital assets being depreciated:				
Buildings	180,975,405	32,650,552	(1,023,114)	212,602,843
Improvements other than buildings	20,115,408	565,011	--	20,680,419
Equipment	37,191,993	1,541,823	(399,042)	38,334,774
Vehicles	16,308,114	1,388,277	(1,234,708)	16,461,683
Software	7,941,191	414,295	(35,386)	8,320,100
Total capital assets being depreciated	262,532,111	36,559,958	(2,692,250)	296,399,819
Less accumulated depreciation for:				
Buildings	77,343,246	5,255,124	(1,012,591)	81,585,779
Improvements other than buildings	9,491,290	815,191	--	10,306,481
Equipment	31,476,539	1,806,637	(390,067)	32,893,109
Vehicles	12,759,920	1,413,467	(1,132,620)	13,040,767
Software	7,777,626	111,924	(35,385)	7,854,165
Total accumulated depreciation	138,848,621	9,402,343	(2,570,663)	145,680,301
Total capital assets being depreciated, net	123,683,490	(5,011,159)	(121,587)	150,719,518
Capital assets, net	\$167,317,166	29,998,184	(33,090,361)	164,224,989

Depreciation expense charged to functions for the year ended June 30, 2014, was as follows:

Function	Depreciation Expense
General government	\$ 3,684,153
Public safety	3,499,438
Environmental protection	43,289
Human services	722,533
Culture and recreation	1,431,469
Community and economic development	5,587
Education	15,874
Total	\$ 9,402,343

Construction Commitments

Active construction projects as of June 30, 2014 include: renovation of the central library, continued development of Triad Park, energy conservation projects, office renovations, and various maintenance efforts. At June 30, 2014, commitments with contractors on these projects are as follows:

Project	Spent-to-Date	Remaining Commitment
Triad Park amphitheater	\$ 366,731	1,868,994
Phillips Building	- 0 -	31,255
Library renovation	118,299	2,080,487
Law Enforcement Detention Center efficiency upgrades	2,670	123,431
Government Center renovation	124,044	257,821
Miscellaneous capital maintenance	17,325	68,140
Totals	\$ 629,069	4,430,128

4f. Interfund Receivables, Payables, and Transfers

Certain special revenue funds account for revenues that are used to reimburse eligible expenditures in the General Fund. Accrual of these revenues at year-end results in interfund receivables and payables at June 30. Amounts advanced from the cash and investment pool are also included in due to and due from other funds. At June 30, 2014, interfund receivables and payables are as follows:

Payable Fund	Receivable Fund - General Fund
Nonmajor governmental funds:	
State Public School Building Capital Fund – lottery proceeds due from State	\$ 1,901,618
2013 Housing Fund – advance from cash and investment pool	37,403
Total	\$ 1,939,021

The following is a summary of interfund transfers for the year ended June 30, 2014:

Transfers out:	Transfers in:		
	General Fund	Nonmajor Governmental Funds	Total
General Fund	\$ --	4,996,625	4,996,625
2007 Schools Facilities	1,344,139	--	1,344,139
Nonmajor governmental funds	5,700,165	1,646,956	7,347,121
Totals	\$ 7,044,304	6,643,581	13,687,885

The General Fund transferred \$982,710 to the 2013 Pay-Go fund, \$1,192,500 to the 2012 Motive Equipment fund, \$1,735,000 to the 2012 Winston-Salem/Forsyth County Schools Capital Maintenance fund, \$1,060,660 to the 2014 Reynolda Manor Branch Library fund, and \$25,755 to the 2014 Housing grant project fund to provide local matching funds for a grant. The 2007 Schools Facilities fund transferred \$1,344,139 to the general fund for debt service.

Transfers of \$5,700,165 to the General Fund from nonmajor governmental funds were for debt service, including \$4,410,696 in lottery proceeds from the Public School Building Capital fund. Other transfers to the General Fund from nonmajor governmental funds included \$184,658 residual equity from several funds which were closed during the year; \$1,098,275 from the Fire Tax Districts special revenue fund to support the County fire department; and \$6,536 from the Law Enforcement Equitable Distribution special revenue fund for law enforcement programs. The 2012 2/3s Bonds fund transferred \$165,096 to the 2009 2/3s Bonds fund for parks and recreation projects. Residual equity transfers of \$21 and \$35,838 were made from the 2009 Housing fund to the 2012 and 2014 Housing funds, respectively; a residual equity transfer of \$25,582 was made from the 2011 Housing fund to 2014 Housing fund; a residual equity transfer of \$951,143 was made from the 2010 Winston-Salem/Forsyth County Schools Capital Maintenance fund to 2012 Winston-Salem/Forsyth County Schools Capital Maintenance fund; a residual equity transfer of \$469,276 was made from the 2011 Pay-Go fund to the 2013 Pay-Go fund.

4g. Payables

Payables at June 30, 2014, were as follows:

Description	General Fund	2009 Phillips Building (Phase 1A and 1B) Fund	Nonmajor Governmental Funds	Total
Vendors	\$ 5,013,082	7,060	767,626	5,787,768
Salaries and benefits	1,998,491	--	--	1,998,491
Totals	\$ 7,011,573	7,060	767,626	7,786,259

4h. Leases

Operating Leases The County leases buildings, office facilities, and equipment under non-cancelable operating leases. Total costs for such leases were \$1,058,200 for the year ended June 30, 2014. 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
2015	\$ 807,094
2016	269,558
2017	66,228
2018	64,954
2019	65,080
2020 – 2024	353,221
2025 – 2029	408,949
2030 – 2034	362,623
Total minimum lease payments	\$ 2,397,707

The total rental expenditures for all operating leases were \$1,334,105 for the year ended June 30, 2014.

4i. Long-term obligations

Long-term obligation activity

Changes in long-term obligations during the year ended June 30, 2014, were as follows:

	Restated Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014	Due Within One Year
Governmental activities:					
Compensated absences	\$ 7,471,465	8,352,880	8,463,915	7,360,430	4,785,278
General obligation bonds	483,060,000	--	35,125,000	447,935,000	32,555,000
Unamortized premiums	23,781,054	--	4,156,817	19,624,237	--
Installment purchase obligations	2,141,649	8,230,000	751,483	9,620,166	1,284,170
Certificates of participation and limited obligation bonds	77,610,000	--	13,535,000	64,075,000	5,260,000
Unamortized premiums	4,046,706	--	596,751	3,449,955	--
Net OPEB obligation	10,418,444	5,562,731	5,387,938	10,593,237	--
Claims and judgments	3,525,367	21,265,911	21,005,691	3,785,587	3,248,457
Total general long-term obligations	\$ 612,054,685	43,411,522	89,022,595	566,443,612	47,132,905

The net other postemployment benefit obligation, compensated absences, and claims and judgments typically are liquidated in the General Fund. Of the latter, health and dental claims are paid from the Employee Health Benefits internal service fund.

Arbitrage In accordance with Section 148 of the Internal Revenue Code of 1986, as amended, and Sections 1.103-13 to 1.103-15 of the related Treasury Regulations, the County must rebate to the federal government “arbitrage profits” earned on governmental bonds issued after August 31, 1986. Arbitrage profits are the excess of the amount earned on investments over the interest paid on the borrowings. At June 30, 2014, the County had no liability for arbitrage.

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.

The American Recovery and Reinvestment Act of 2009 (the “Recovery Act”) authorizes the County to issue taxable bonds known as “Build America Bonds” to finance capital expenditures for which the County could issue tax-exempt bonds and to elect to receive a subsidy payment from the federal government equal to 35% of the amount of each interest payment on such taxable bonds. The County has designated its 2010C Bonds as “Build America Bonds” for purposes of the Recovery Act and expects to receive such subsidy payments from the federal government. The County received \$1,238,859 in such federal subsidy during the year ended June 30, 2014, and if unchanged, expects to receive \$16,089,223 in such subsidies over the remaining life of the bonds. The Recovery Act also authorizes the County to issue taxable bonds known as “Qualified School Construction Bonds” to finance construction, rehabilitation or repair of public school facilities or for the acquisition of land on which a public school facility is to be constructed. Under the Act, the County may elect to receive a subsidy payment from the United States Treasury in an amount calculated as provided in the Recovery Act. The County has designated its 2010D Bonds as “Qualified School Construction Bonds” for purposes of the Recovery Act and expects to receive such subsidy payments from the federal government. The County received \$1,169,109, or 88.8% of the interest paid on the 2010D Bonds, in such federal subsidy during the year ended June 30, 2014, and if unchanged, expects to receive \$14,549,588 in such subsidies over the remaining life of the bonds. Such cash subsidy payments are not pledged to the repayment of the 2010C or 2010D Bonds, but are expected to be a source of payment of debt service on the bonds. Such cash subsidy payments do not constitute a full faith and credit guarantee of the federal government, but are required to be paid by the United States Treasury under the Recovery Act. If such cash subsidy payments from the United States Treasury are reduced or eliminated as a result of the change in the law, the 2010C and 2010D Bonds are subject to extraordinary optional redemption.

In prior years, the County defeased certain general obligation bonds by placing the proceeds of refunding 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, 2014, \$56,985,000 of outstanding general obligation bonds are considered defeased.

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, 2014, the rate of interest for both issues was 0.05%.

The County issued \$30,000,000 general obligation School bonds on April 19, 2007, that initially bear interest at a weekly variable rate. The County has the option to convert to a flexible term rate, a medium-term rate, or a fixed rate by written notice at least 25 days in advance of the proposed conversion date. The current variable rate is determined weekly based on the lowest interest rate necessary to enable the remarketing of the bonds at par plus accrued interest, as determined by the remarketing agent, and shall not exceed an annual rate of 12%. At June 30, 2014, the rate of interest was 0.05%.

A summary of outstanding general obligation bonds follows:

Purpose of Issue	Date of Issue	Effective Interest Rate	Amount Issued	Principal Outstanding June 30, 2014
<u>Governmental Activities</u>				
School Building	06-24-04	Variable Rate %	\$ 15,000,000	10,500,000
	06-24-04	Variable Rate	15,000,000	10,500,000
	02-01-06	4.0735	22,500,000	2,500,000
	04-01-07	3.9543	30,000,000	6,200,000
	04-19-07	Variable Rate	30,000,000	24,900,000
	09-17-08	4.1701	80,000,000	59,750,000
	09-02-10	4.9860	26,405,000	26,405,000
Community College	04-01-07	3.9543	12,500,000	2,600,000
	01-09-13	2.4014	5,000,000	4,775,000
Educational Facilities	06-23-09	3.7687	36,250,000	31,300,000
Public Improvement	02-01-06	4.0735	10,185,000	1,000,000
	09-16-08	4.1175	11,120,000	9,370,000
	09-01-10	2.0350	14,225,000	9,950,000
	09-02-10	2.0350	36,615,000	22,890,000
	09-02-10	3.1682	80,380,000	80,380,000
	01-08-13	2.2334	13,750,000	13,175,000
	01-09-13	1.7692	35,090,000	35,090,000
Refunding	09-01-03	4.1925	8,785,000	345,000
	02-01-04	3.0633	30,855,000	2,415,000
	09-17-08	2.8798	28,885,000	11,390,000
	09-16-09	2.5103	42,870,000	35,605,000
	09-02-10	2.0350	50,295,000	46,895,000
Totals			\$ 635,710,000	447,935,000

Of the \$303,315,000 public improvement bonds issued, \$45,080,000 funded County facilities and capital projects, \$225,764,000 funded School facilities, and \$32,470,000 funded Community College facilities.

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

June 30	Principal	Interest	Total
2015	\$ 32,555,000	18,132,205	50,687,205
2016	31,375,000	17,059,395	48,434,395
2017	30,700,000	15,783,209	46,483,209
2018	29,450,000	14,625,997	44,075,997
2019	29,465,000	13,366,018	42,831,018
2020 - 2024	144,345,000	50,181,670	194,526,670
2025 - 2029	136,170,000	21,355,639	157,525,639
2030 - 2032	13,875,000	740,983	14,615,983
Totals	\$ 447,935,000	151,245,116	599,180,116

There are \$90,860,000 in authorized but unissued general obligation bonds at June 30, 2014.

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, 2014, there were three series of industrial revenue bonds outstanding, with an aggregate principal amount payable of \$24,082,232.

Certificates of Participation and Limited Obligation Bonds Outstanding certificates of participation and limited obligation bonds are as follows:

Purpose of Issue	Principal Outstanding June 30, 2014
<u>Governmental Activities</u>	
Issued May 31, 2012 to finance County facility renovation and construction; interest varies from 2.00% to 5.00%	\$ 15,475,000
Issued December 22, 2009 to finance County facility renovation and construction; interest varies from 3.00% to 5.00%	12,000,000
Issued May 5, 2005 to advance refund portions of three previous issues; interest varies from 3.50% to 5.00%	36,600,000
Total	\$ 64,075,000

Debt service requirements to maturity for certificates of participation and limited obligation bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2015	\$ 5,260,000	2,920,975	8,180,975
2016	5,450,000	2,685,175	8,135,175
2017	5,650,000	2,439,625	8,089,625
2018	5,860,000	2,175,675	8,035,675
2019	6,080,000	1,900,975	7,980,975
2020 - 2024	23,950,000	5,636,375	29,586,375
2025 - 2029	7,825,000	2,170,000	9,995,000
2030 - 2033	4,000,000	443,250	4,443,250
Total	\$ 64,075,000	20,372,050	84,447,050

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

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

Purpose of Issue	Date of Issue	Interest Rate	Amount Issued	Principal Outstanding June 30, 2014
<u>Governmental Activities</u>				
Computer equipment and software	07-01-11	2.82 %	\$ 2,400,000	1,390,166
Refunding	01-22-14	2.47	8,230,000	8,230,000
Totals			\$ 10,630,000	9,620,166

Annual maturities are as follows:

Year Ending June 30	Principal	Interest	Total
2015	\$ 1,284,170	243,756	1,527,926
2016	1,580,996	208,352	1,789,348
2017	720,000	166,849	886,849
2018	715,000	149,065	864,065
2019	705,000	131,404	836,404
2020 - 2024	3,370,000	400,264	3,770,264
2025 - 2029	1,245,000	45,942	1,290,942
Total	\$ 9,620,166	1,345,631	10,965,797

On January 22, 2014, the County entered into an installment financing agreement in the amount of \$8,230,000 to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating resources

for future debt service payments of \$7,800,000 certificates of participation, Series 2005. As a result, the refunded certificates of participation are considered to be defeased and the liability has been removed from the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$341,925. This amount is being netted against the new debt and amortized over the life of the new debt, which is the same as the life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next 12 years by \$654,799 and resulted in an economic gain of \$568,581.

As of June 30, 2014, the County's legal debt limit was \$2,639,183,764, computed at 8% of the total appraised property valuation of \$32,989,797,050. With \$467,559,237 in County, School, and Community College bonds outstanding at June 30, 2014 and \$77,145,121 committed under certificates of participation, limited obligation bonds and installment purchases, the County could issue additional bonds up to \$2,094,479,406 if authorized.

4j. Fund Balances

Restricted for Stabilization by state statute. The amounts reported on the governmental funds balance sheet identified as Restricted for Stabilization by state statute are comprised of the following:

	General Fund	2007 School Facilities	2009 Phillips Building (Phases 1A and 1B)	Nonmajor Governmental Funds	Total Governmental Funds
Restricted by state statute	\$ 30,085,404	199,348	47,942	2,896,710	33,229,404
Encumbrances	3,414,125	--	34,088	4,728,715	8,176,928
Less: Prepaid items	(122,250)	--	--	--	(122,250)
Totals	\$ 33,377,279	199,348	82,030	7,625,425	41,284,082

Restricted for Other. The amounts reported in the general fund balance sheet identified as Restricted for Other is comprised of \$23,806 for soil and water conservation activities.

The following schedule provides information on the portion of General Fund fund balance that is available for appropriation.

Total fund balance – General Fund	\$ 142,583,412
Less:	
Nonspendable	122,250
Restricted	34,471,195
Committed	33,141,288
Assigned	10,031,500
Minimum fund balance reserve	\$ 64,817,179

Subsequent Years Budget Appropriation. The following schedule provides information on the portion of restricted and committed fund balance that has been appropriated in the budget for the fiscal year ending June 30, 2015:

	Subsequent Year's Budget Appropriation	Unappropriated Fund Balance	Total
Committed for:			
Education Debt Leveling Plan	\$ 2,265,933	27,566,318	29,832,251
Economic Development	2,470,665	838,372	3,309,037

5. Other Information

5a. Pension Costs

North Carolina Local Governmental Employees' Retirement System

Plan Description. Forsyth County contributes to the statewide Local Governmental Employees' Retirement System (LERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LERS 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 LERS. That report may be obtained by writing to the

Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, visiting their website at www.ncosc.net or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute 6.0% of their annual covered salary. The County is required to contribute at an actuarially determined rate. The current rate for employees not engaged in law enforcement and for law enforcement officers is 7.07% and 7.28%, 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, 2014, 2013, and 2012 were \$5,821,865, \$5,505,610, and \$5,626,500, respectively. The contributions made by the County equaled the required contributions for each year.

Law Enforcement Officers' Special Separation Allowance

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

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

At December 31, 2013, the Separation Allowance's membership consisted of:

Retirees currently receiving benefits	43
Active plan members	220
Total	263

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 \$768,552, or 7.974% of annual covered payroll. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings.

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

Annual required contribution	\$ 759,899
Interest on net pension obligation	(14,206)
Adjustment to annual required contribution	33,428
Annual pension cost	779,121
Contributions made	(768,552)
Increase in net pension asset	10,569
Net pension asset, beginning of year	(473,543)
Net pension asset, end of year	\$ (462,974)

The annual required contribution for the fiscal year ended June 30, 2014 was determined as part of the December 31, 2012 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 3.00% investment rate of return and (b) projected salary increases of 4.25% to 7.85% per year. Item (b) included an inflation component of 3.00%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2012 was 18 years.

Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension (Asset) Obligation
6/30/2012	\$ 549,286	112.81%	(424,658)
6/30/2013	654,385	107.47%	(473,543)
6/30/2014	779,121	98.64%	(462,974)

Funded Status and Funding Progress. As of December 31, 2013, the most recent actuarial valuation date, the plan was 4.67% funded. The actuarial accrued liability for benefits was \$6,907,528, and the actuarial value of assets was \$322,249, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,585,279. The covered payroll (annual payroll of active employees covered by the plan) was \$9,637,860, and the ratio of the UAAL to the covered payroll was 68.33%. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The following are financial statements for the Law Enforcement Officers' Special Separation Allowance Trust Fund included in Exhibits 9 and 10 of the Basic Financial Statements at June 30, 2014.

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE TRUST FUND

STATEMENT OF NET POSITION

June 30, 2014

ASSETS

Cash and cash equivalents / investments	\$	403,715
Accrued interest receivable		<u>69</u>
Total assets		<u>403,784</u>

LIABILITIES

Due to other governments		<u>596</u>
Total liabilities		<u>596</u>

NET POSITION

Held in trust for pension benefits	\$	<u>403,188</u>
------------------------------------	----	----------------

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE TRUST FUND

STATEMENT OF CHANGES IN NET POSITION

For the Fiscal Year Ended June 30, 2014

ADDITIONS

Employer contributions	\$	768,552
Net investment income		<u>876</u>
Total additions		769,428

DEDUCTIONS

Benefits		<u>620,575</u>
Change in net position		148,853
Net position – beginning		<u>254,335</u>
Net position – ending	\$	<u>403,188</u>

Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires that the County contribute each month an amount equal to 5.0% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. The County's contributions for the year ended June 30, 2014 were \$495,488., exclusive of voluntary employee contributions.

Register of Deeds' Supplemental Pension Fund

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

Funding Policy. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to 1.5% of the monthly receipts collected pursuant to Article 1 of G.S. Chapter 161. Immediately following January 1 of each year, the Department of State Treasurer divides 93% of the amount in the Fund at the end of the preceding calendar year into equal shares, up to the statutory maximum, to be disbursed as monthly benefits. The remaining 7% of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2014, the County's required and actual contributions were \$31,593.

5b. Other Post-employment Benefits (OPEB)

Healthcare, Life Insurance, and Death Benefits

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

As of July 1, 2007, the Plan provides postemployment healthcare benefits to retirees of the County until they reach age 65 or are eligible for Medicare, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and (1) have at least 5 years of creditable service with the County if employed prior to July 1, 2007; (2) have at least twenty years of creditable service with the County if employed on or after July 1, 2007. Coverage on eligible dependents that are on the retiree's policy the day before retirement may be continued until eligibility ceases. Based on level of coverage, the County pays between 68.3% and 87.6% of the established premium cost, and the retiree pays the same premium as active employees.

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

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

The County has elected to partially pay the future overall cost of coverage for these benefits. A separate report was not issued for the Plan.

Membership of the Plan consisted of the following at December 31, 2012, the date of the latest actuarial valuation:

Retirees currently receiving benefits	820
Active plan members:	
General employees	1,847
Law enforcement officers	218
Total	2,885

Funding policy. The contribution requirements of plan members and the County are established and may be amended by the Board of County Commissioners. The required contribution is based on projected pay-as-you-go financing requirements and an additional amount to prefund benefits as determined annually by the Board of County Commissioners.

The County pays the full costs of retiree death benefits and life insurance for disability retirees, which were \$18,000 and \$9,347, respectively, for fiscal year 2014. The monthly cost of healthcare benefits is shared by the County and covered retirees, respectively, as follows: retiree-only coverage, \$600 and \$85; retiree and one dependent, \$747 and \$198; and retiree and more than one dependent, \$1,044 and \$485. For fiscal year 2014, the County contributed \$2,315,212 for healthcare benefits, and retiree Plan members contributed \$363,099. Additionally, the County contributed \$1,600,000 to prefund benefits.

The current ARC rate is 6.73% of annual covered payroll. For the current year, the County contributed \$5,387,938 or 6.61% of annual covered payroll. The County self-funds its healthcare benefits, and premiums are set at a level to cover current costs and fund actuarially computed reserves. The County obtains life insurance coverage through a private insurer. The County's required contribution, set by the Board of County Commissioners, is the same for all employees.

Summary of Significant Accounting Policies. The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and when the County has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

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

Annual required contribution	\$5,484,297
Interest on net OPEB obligation	625,107
<u>Adjustment to annual required contribution</u>	<u>546,673</u>
Annual OPEB cost (expense)	5,562,731
<u>Contributions made</u>	<u>(5,387,938)</u>
Increase in net OPEB obligation	174,793
Net OPEB obligation, beginning of year	10,418,444
Net OPEB obligation, end of year	\$10,593,237

The annual required contribution for the fiscal year ended June 30, 2014 was determined as part of the December 31, 2012 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 6.00% investment rate of return and (b) projected medical cost increases of 5.0% to 8.5% per year. Item (b) included an inflation component of 3.00%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2012 was 27 years.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the preceding three years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2012	\$ 5,644,091	105.7%	\$ 9,386,825
6/30/2013	5,861,805	82.4%	10,418,444
6/30/2014	5,562,731	96.9%	10,593,237

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the plan was 15.6% funded. The actuarial accrued liability for benefits was \$63,379,261, and the actuarial value of assets was \$9,915,644, resulting in an unfunded actuarial accrued liability (UAAL) of \$53,463,617. The covered payroll (annual payroll of active employees covered by the plan) was \$81,541,641, and the ratio of the UAAL to the covered payroll was 65.6%.

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

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

The following are financial statements for the Other Post-Employment Benefit Trust Fund included in Exhibits 9 and 10 of the Basic Financial Statements at June 30, 2014.

**OTHER POST-EMPLOYMENT BENEFIT TRUST - HEALTHCARE PLAN
STATEMENT OF NET POSITION**

June 30, 2014

ASSETS

Cash and investments held by fiscal agent \$ 14,152,775

NET POSITION

Held in trust for other post-employment benefits \$ 14,152,775

**OTHER POST-EMPLOYMENT BENEFIT TRUST - HEALTHCARE PLAN
STATEMENT OF CHANGES IN NET POSITION**

For the Fiscal Year Ended June 30, 2014

ADDITIONS

Contributions:

Employer \$ 3,942,560

Plan members 363,099

Total contributions 4,305,659

Net investment income 1,969,264

Total additions 6,274,923

DEDUCTIONS

Benefits 2,705,659

Change in net position 3,569,264

Net position – beginning 10,583,511

Net position – ending \$ 14,152,775

5c. 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; certain employee, dependent, and retiree health care costs; and natural disasters. These risks of loss are handled through a combination of risk retention and insurance. The County uses the Employee Health Benefits Fund (an internal service fund) to account for and finance its risks of loss for employee, dependent, and retiree health care. Other risks of loss are accounted for in the General Fund.

The County's risk retention program provides coverage for a maximum of \$650,000 for each workers' compensation claim, \$175,000 for each health care claim, \$75,000 for each auto liability and general liability claim, \$250,000 each public officials and law enforcement claim, and \$100,000 for each property damage claim. The County purchases commercial insurance for claims in excess of coverage provided by this program. One workers' compensation claim exceeded the self-insured retention in the last three years. The County's retention was \$350,000 at the time of the accident. The commercial carrier paid the excess settlement cost since the County had already met the retention limit. The claim was closed in the current year. No other settled claims have exceeded the commercial coverage in the past three fiscal years.

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

In accordance with G.S. 159-29, the County's employees that have access at any given time to \$100 or more of the County's funds are performance bonded through a commercial surety bond. The chief financial officer and tax collector are individually bonded for \$100,000 and \$150,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$750,000.

Claims liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). For losses other than employee, dependent, and retiree health care costs, the County's actuarially determined claims liability, which does not include

non-incremental claims adjustment expenses, is \$ 1,412,322 at June 30, 2014. It is reported in the Statement of Net Position as a long-term liability, and \$875,192 is considered due within one year.

The County's actuarially determined claims liability for employee, dependent, and retiree health care costs is \$2,373,266 at June 30, 2014. It is reported as a current liability in the proprietary fund Statement of Net Position and as a long-term liability, due within one year, in the government-wide Statement of Net Position.

The County's risk retention program for employee, dependent, and retiree health care costs, and premiums is maintained at a level to cover future catastrophic losses as well as the actuarially determined claims liability, and also to enable matching revenues and expenses over a reasonable period of time without significant year-to-year increases. The net position of \$4,923,783 in the Employee Health Benefits Fund are designated for these purposes.

Changes in the claims liability amount in fiscal 2012 through fiscal 2014 were as follows:

	Beginning Balance	Current-Year Claims and Changes in Estimates	Claims Payments	Ending Balance
2011-2012	\$3,634,478	21,648,955	(21,395,565)	3,887,868
2012-2013	3,887,868	18,793,868	(19,156,369)	3,525,367
2013-2014	3,525,367	21,265,912	(21,005,692)	3,785,587

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 claims liabilities.

5d. 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, 2014.

5e. 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 2014, Forsyth County provided risk management services totaling \$5,500 to the Airport Commission, and \$1,375 of this amount comprised a receivable at year-end.

5f. 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 \$8,451,742 and \$8,886,064 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2014. In addition, the County made debt service payments of \$ 4,368,693 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, 2014. 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, Davie County and Rockingham 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, Davie, and Rockingham Counties. CenterPoint's board is comprised of sixteen voting members who are appointed as follows: six members appointed by Forsyth County; two members appointed by Davie County; two members appointed by Rockingham County; two members appointed by Stokes County; three members recommended by the Consumer and Family Advisory Committee; and, one member appointed by the Secretary of the Department of Health and Human Services. The County has an ongoing financial responsibility for CenterPoint because it provides funding for a substantial portion of its annual budget. The County contributed \$5,737,728 for CenterPoint operations for the fiscal year ended June 30, 2014. Additionally, the County provided services to CenterPoint during the year for which it invoiced \$1,724,435, of which \$306,947 was outstanding at year-end. The participating governments do not have an equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2014. 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 pursuant to state statute for the purpose of furthering the development of travel, tourism, and conventions in the County. The Authority board is comprised of nine members of which the County and the City of Winston-Salem each appoint four, and the Chamber appoints one. The Authority receives approximately 61.0% of room occupancy taxes which are levied and collected by the County. For the year ended June 30, 2014, occupancy taxes totaling \$2,751,724 were distributed to the Authority. The County also provided \$17,020 in financial services to the Authority during fiscal year 2014. 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, 2014. 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.

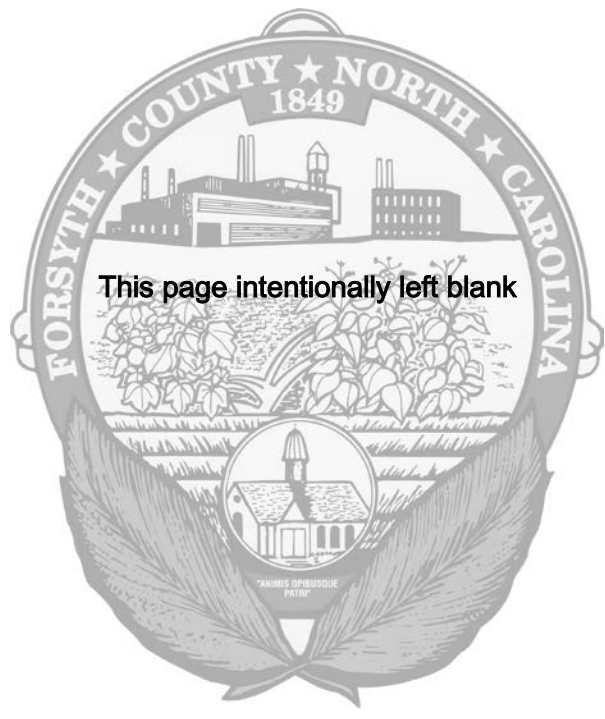
5g. Jointly Governed Organizations

The County, in conjunction with eleven other counties and 61 municipalities, is a member of the Piedmont Triad Regional Council (PTRC). The PTRC is a voluntary association of municipal and county governments, enabled by state law to promote regional issues and cooperation among members and to coordinate funding from federal and state agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$74,524 to the Council during the fiscal year ended June 30, 2014.

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, 2014.

5h. Subsequent Events

Bond issuance. On or about November 4, 2014, the County will issue \$13,550,000 general obligation public improvement bonds to fund County, schools and community college capital maintenance projects. The interest rates range from 3.0 to 5.0 percent and the final maturity is May 1, 2033. On or about November 5, 2014, the County will issue \$34,000,000 general obligation library bonds to fund the partial demolition, renovation and construction of the County's main and two branch libraries. The interest rates range from 3.0 to 5.0 percent and the final maturity is May 1, 2033.



This page intentionally left blank

Required Supplementary Schedules

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

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

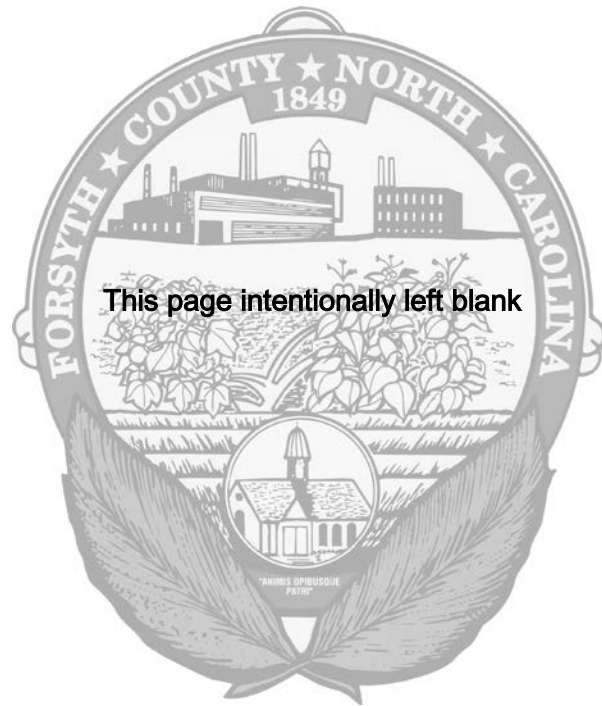
Law Enforcement Officers' Special Separation Allowance – Schedule of Employer Contributions

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

Healthcare Plan – Schedule of Funding Progress

Healthcare Plan – Schedule of Employer Contributions

Healthcare Plan – Notes to the Required Schedules



This page intentionally left blank

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued		Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
		Liability (AAL) - Projected Unit Credit (b)					
12/31/2004	\$ 1,048,797	\$ 4,783,417	\$	3,734,620	21.93 %	\$ 8,498,129	43.95 %
12/31/2005	924,989	4,438,017		3,513,028	20.84	9,092,712	38.64
12/31/2006	742,951	4,414,409		3,671,458	16.83	8,980,782	40.88
12/31/2007	494,627	4,942,272		4,447,645	10.01	9,481,989	46.91
12/31/2008	263,693	5,101,499		4,837,806	5.17	9,585,542	50.47
12/31/2009	65,952	6,215,412		6,149,460	1.06	10,007,668	61.45
12/31/2010	43,969	5,644,750		5,600,781	0.78	9,905,749	56.54
12/31/2011	117,087	6,796,585		6,679,498	1.72	10,141,205	65.86
12/31/2012	171,585	6,863,867		6,692,282	2.50	9,775,803	68.46
12/31/2013	322,249	6,907,528		6,585,279	4.67	9,637,860	68.33

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
2005	\$ 347,907	106.21 %
2006	386,989	104.93
2007	365,576	97.74
2008	379,512	104.65
2009	436,202	102.46
2010	474,990	123.16
2011	567,128	112.28
2012	545,865	113.52
2013	644,775	109.07
2014	759,899	101.14

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	12/31/2013
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	17 years
Asset valuation method	Market value
Actuarial assumptions: Investment rate of return*	3.0%
Projected salary increases*	4.25% to 7.85%
*Includes inflation at	3.0%
Cost-of-living adjustments	None

HEALTHCARE PLAN

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

FORSYTH COUNTY, NORTH CAROLINA

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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)
12/31/2007	\$ -	\$ 65,181,263	\$ 65,181,263	0.0 %	\$ 76,036,540	85.7 %
12/31/2008	1,661,067	69,258,530	67,597,463	2.4	81,150,253	83.3
12/31/2009	3,539,497	67,480,466	63,940,969	5.2	84,578,860	75.6
12/31/2010	3,897,349	59,077,600	55,180,251	6.6	83,435,173	66.1
12/31/2012	9,915,644	63,379,261	53,463,617	15.6	81,541,641	65.6

HEALTHCARE PLAN

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS

FORSYTH COUNTY, NORTH CAROLINA

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2009	\$ 5,840,379	61.8 %
2010	6,278,243	60.3
2011	5,760,165	88.1
2012	5,547,802	94.0
2013	5,779,512	83.6
2014	5,484,297	98.2

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	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay, closed
Remaining amortization period	27 years
Asset valuation method	Market value of Assets
Actuarial assumptions: Investment rate of return*	6.00%
Medical cost trend rate	8.50% - 5.00%
Year of ultimate trend rate	2018
*Includes inflation at	3.00%

Major Governmental Funds

Budgetary Comparison Schedules

General Fund

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

Major Capital Projects Fund

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

2009 Educational Facilities Fund – This fund accounts for the use of proceeds of educational facilities bonds authorized by a 2008 referendum. Projects include acquisition by Forsyth Technical Community College of existing facilities from the Winston-Salem/Forsyth County Schools and the renovation and equipping of those facilities for community college purposes, and the acquisition, construction, renovation, and equipping of replacement facilities by the Winston-Salem/Forsyth County Schools for public school educational and administrative purposes.

2009 Phillips Building (Phases 1A and 1B) Fund – The acquisition of an existing building, asbestos abatement, engineering and architectural services, and renovation and rehabilitation of two floors of the building will be funded with proceeds of limited obligation bonds and accounted for in this fund.

GENERAL FUND

A-1

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

FORSYTH COUNTY, NORTH CAROLINA

For the Fiscal Year Ended June 30, 2014

Page 1 of 3

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property:				
Current year	\$ 223,889,310	223,889,310	230,261,155	6,371,845
Prior years	3,906,197	3,906,197	3,837,323	(68,874)
Interest and fees	850,000	850,000	1,362,847	512,847
Total property	<u>228,645,507</u>	<u>228,645,507</u>	<u>235,461,325</u>	<u>6,815,818</u>
Occupancy taxes	<u>450,000</u>	<u>450,000</u>	<u>619,138</u>	<u>169,138</u>
Local option sales:				
Article 39 one cent	27,702,021	27,702,021	24,109,900	(3,592,121)
Article 40 one-half cent	12,985,495	12,985,495	13,058,275	72,780
Article 42 one-half cent	15,244,935	15,244,935	14,294,338	(950,597)
Article 44 one-half cent	-	-	11,348	11,348
Total sales	<u>55,932,451</u>	<u>55,932,451</u>	<u>51,473,861</u>	<u>(4,458,590)</u>
Other taxes	<u>260,970</u>	<u>260,970</u>	<u>363,830</u>	<u>102,860</u>
Total taxes	<u>285,288,928</u>	<u>285,288,928</u>	<u>287,918,154</u>	<u>2,629,226</u>
Licenses and permits	840,880	840,880	790,379	(50,501)
Intergovernmental	54,062,319	54,767,832	52,775,486	(1,992,346)
Charges for services	25,219,143	25,219,143	23,724,429	(1,494,714)
Investment earnings	396,100	396,100	697,089	300,989
Other	<u>10,748,795</u>	<u>11,067,312</u>	<u>9,794,983</u>	<u>(1,272,329)</u>
Total revenues	<u>376,556,165</u>	<u>377,580,195</u>	<u>375,700,520</u>	<u>(1,879,675)</u>
Expenditures:				
Current:				
General government:				
Budget and management	493,348	546,792	490,378	56,414
Management information services	8,160,330	6,816,928	6,015,948	800,980
Finance	2,204,467	2,363,059	2,095,761	267,298
General services	13,001,691	13,346,802	12,468,057	878,745
Human resources	921,459	924,098	813,300	110,798
Planning	1,448,490	1,448,490	1,456,564	(8,074)
Purchasing	149,430	149,430	146,893	2,537
Attorney	1,293,343	1,316,495	1,277,426	39,069
Board of elections	1,083,562	1,068,862	977,026	91,836
County commissioners and manager	1,075,366	975,347	942,831	32,516
Register of deeds	1,469,667	1,388,633	1,238,632	150,001
Tax administration	5,711,044	8,878,265	5,730,021	3,148,244
Non-departmental:				
Contingency	99,029	322,173	-	322,173
County-wide salary savings	(3,500,000)	(3,500,000)	-	(3,500,000)
Other services and adjustments	5,252,316	3,435,788	2,819,858	615,930
Merit adjustment	1,174,065	1,174,065	-	1,174,065
Prior year encumbrances	1,800,000	-	-	-
Special appropriations	-	73,459	73,459	-
Total general government	<u>41,837,607</u>	<u>40,728,686</u>	<u>36,546,154</u>	<u>4,182,532</u>

GENERAL FUND

A-1

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

FORSYTH COUNTY, NORTH CAROLINA

For the Fiscal Year Ended June 30, 2014

Page 2 of 3

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Public safety:				
Animal control	\$ 1,951,521	1,968,812	1,801,921	166,891
Emergency management	443,500	484,437	366,554	117,883
Interagency communications	1,194,636	1,278,239	1,167,077	111,162
Sheriff	41,392,751	42,900,419	40,089,094	2,811,325
Emergency services	16,584,193	16,684,085	15,525,546	1,158,539
Court services	553,983	555,986	537,213	18,773
Medical examiner	190,000	190,000	209,550	(19,550)
Youth center	1,406,331	2,166,326	2,014,285	152,041
Nondepartmental other services and adjustments	1,005,529	1,005,529	901,263	104,266
Total public safety	64,722,444	67,233,833	62,612,503	4,621,330
Environmental protection:				
NC cooperative extension service - conservation of natural resources	164,299	178,066	132,303	45,763
Environmental assistance and protection	2,177,663	2,202,883	2,033,155	169,728
Inspections	282,850	282,850	10,820	272,030
Nondepartmental other services and adjustments	33,120	33,120	29,734	3,386
Total environmental protection	2,657,932	2,696,919	2,206,012	490,907
Human services:				
Public health	23,524,645	24,296,514	19,930,169	4,366,345
Social services	52,167,177	52,566,577	47,862,629	4,703,948
Aging services	-	92,700	92,700	-
Special appropriations	1,155,808	350,000	162,937	187,063
Nondepartmental other services and adjustments	543,926	543,926	494,937	48,989
Total human services	77,391,556	77,849,717	68,543,372	9,306,345
Culture and recreation:				
Library	7,465,270	7,490,751	7,101,885	388,866
Parks and recreation	7,836,443	7,943,060	7,230,126	712,934
Nondepartmental other services and adjustments	136,220	136,220	121,558	14,662
Total culture and recreation	15,437,933	15,570,031	14,453,569	1,116,462
Community and economic development:				
Economic development	2,209,282	2,209,282	2,059,778	149,504
Housing	442,831	448,154	396,473	51,681
Total community and economic development	2,652,113	2,657,436	2,456,251	201,185
Education:				
NC cooperative extension service	658,019	664,071	577,127	86,944
Nondepartmental other services and adjustments	30,819	30,819	27,436	3,383
Total education	688,838	694,890	604,563	90,327
Intergovernmental:				
Human services - CenterPoint Human Services	6,149,637	6,149,637	5,740,312	409,325
Education:				
Forsyth Technical Community College:				
Current expense	8,451,742	8,451,742	8,450,742	1,000
Capital outlay	455,000	455,000	455,000	-
Total Forsyth Technical Community College	8,906,742	8,906,742	8,905,742	1,000

GENERAL FUND

A-1

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

FORSYTH COUNTY, NORTH CAROLINA

For the Fiscal Year Ended June 30, 2014

Page 3 of 3

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Winston-Salem/Forsyth County Schools:				
Instructional programs	\$ 70,673,370	70,673,370	70,673,370	-
Support services	35,640,984	35,640,984	35,640,984	-
Community services	176,277	176,277	176,277	-
Charter schools	3,752,128	3,752,128	3,752,128	-
Capital outlay	2,452,686	2,452,686	2,452,686	-
Total Winston-Salem/Forsyth County Schools	<u>112,695,445</u>	<u>112,695,445</u>	<u>112,695,445</u>	<u>-</u>
Total intergovernmental education	<u>121,602,187</u>	<u>121,602,187</u>	<u>121,601,187</u>	<u>1,000</u>
Debt service:				
General obligation bonds:				
Principal	35,125,000	35,125,000	35,125,000	-
Interest and other charges	19,766,630	19,678,555	18,784,499	894,056
Limited obligation bonds, installment purchases and certificates of participation:				
Principal	6,440,057	6,440,057	6,440,055	2
Interest and other charges	3,586,509	3,674,584	3,649,417	25,167
Total debt service	<u>64,918,196</u>	<u>64,918,196</u>	<u>63,998,971</u>	<u>919,225</u>
Total expenditures	<u>398,058,443</u>	<u>400,101,532</u>	<u>378,762,894</u>	<u>21,338,638</u>
Excess (deficiency) of revenues over expenditures	<u>(21,502,278)</u>	<u>(22,521,337)</u>	<u>(3,062,374)</u>	<u>19,458,963</u>
Other financing sources (uses):				
Refunding bonds issuance	-	-	8,230,000	8,230,000
Transfers in:				
Fire Tax Districts Fund	1,550,552	1,258,155	1,098,275	(159,880)
Law Enforcement Equitable Distribution Fund	210,000	210,000	6,536	(203,464)
State Public School Building Capital Fund	4,030,620	4,030,620	4,410,696	380,076
2007 Forsyth Technical Community College Fund	322,979	322,979	-	(322,979)
2007 School Facilities Fund	1,344,139	1,344,139	1,344,139	-
2009 Housing Fund	-	-	2,155	2,155
2010 Housing Fund	-	-	438	438
2010 Schools Capital Maintenance Fund	-	-	12,531	12,531
2010 2/3s Fund	-	-	165,005	165,005
2011 Housing Fund	-	-	338	338
2011 PayGo Fund	-	-	4,191	4,191
Total transfers in	<u>7,458,290</u>	<u>7,165,893</u>	<u>7,044,304</u>	<u>(121,589)</u>
Transfers out:				
2010 Schools Capital Maintenance Fund	(1,735,000)	-	-	-
2012 Schools Capital Maintenance Fund	-	(1,735,000)	(1,735,000)	-
2012 Motive Equipment Fund	-	(1,192,500)	(1,192,500)	-
2013 Pay-Go Fund	-	(982,710)	(982,710)	-
2013 Housing Fund	(25,755)	-	-	-
2014 Housing Fund	-	(25,755)	(25,755)	-
2014 Reynolda Manor Branch Fund	-	(1,060,660)	(1,060,660)	-
Total transfers out	<u>(1,760,755)</u>	<u>(4,996,625)</u>	<u>(4,996,625)</u>	<u>-</u>
Payment to refunded bond escrow agent	-	-	(8,141,925)	(8,141,925)
Total other financing sources (uses)	<u>5,697,535</u>	<u>2,169,268</u>	<u>2,135,754</u>	<u>(33,514)</u>
Net change in fund balance	<u>\$ (15,804,743)</u>	<u>(20,352,069)</u>	<u>(926,620)</u>	<u>19,425,449</u>
Fund balances - June 30, 2013			143,510,032	
Fund balances - June 30, 2014			<u>\$ 142,583,412</u>	

2007 SCHOOL FACILITIES FUND

A-2

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2014

	<u>Budget</u>	<u>Cumulative Total to June 30, 2014</u>	<u>Activity Year Ended June 30, 2014</u>	<u>Cumulative Total to June 30, 2013</u>
Revenues:				
Intergovernmental	\$ 199,774	199,774	-	199,774
Investment earnings	4,829,705	4,846,902	731	4,846,171
Total revenues	<u>5,029,479</u>	<u>5,046,676</u>	<u>731</u>	<u>5,045,945</u>
Expenditures:				
Current - intergovernmental - education	253,499,536	252,827,720	6,996,565	245,831,155
Debt service - interest and other charges	1,969,600	1,963,868	-	1,963,868
Total expenditures	<u>255,469,136</u>	<u>254,791,588</u>	<u>6,996,565</u>	<u>247,795,023</u>
Deficiency of revenues over expenditures	<u>(250,439,657)</u>	<u>(249,744,912)</u>	<u>(6,995,834)</u>	<u>(242,749,078)</u>
Other financing sources (uses):				
General obligation bonds issued	250,000,000	250,000,000	-	250,000,000
Premium on general obligation bonds	7,601,614	7,601,614	-	7,601,614
Transfers to General Fund	(3,979,139)	(2,244,139)	(1,344,139)	(900,000)
Transfers to 2010 Schools Capital Maintenance Fund	(1,197,818)	(1,197,818)	-	(1,197,818)
Transfers to 2012 Schools Capital Maintenance Fund	(1,735,000)	(1,735,000)	-	(1,735,000)
Transfers to State Public School Building Capital Fund	(250,000)	(250,000)	-	(250,000)
Total other financing sources (uses)	<u>250,439,657</u>	<u>252,174,657</u>	<u>(1,344,139)</u>	<u>253,518,796</u>
Net change in fund balance	\$ <u>-</u>	<u>2,429,745</u>	<u>(8,339,973)</u>	<u>10,769,718</u>
Fund balance - June 30, 2013			10,769,718	
Fund balance - June 30, 2014			\$ <u><u>2,429,745</u></u>	

2009 EDUCATIONAL FACILITIES FUND

A-3

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2014

	<u>Budget</u>	<u>Cumulative Total to June 30, 2014</u>	<u>Activity Year Ended June 30, 2014</u>	<u>Cumulative Total to June 30, 2013</u>
Revenues - investment earnings	\$ 300,000	118,284	1,202	117,082
Expenditures:				
Current - intergovernmental - education:				
School Career Center	26,150,745	26,140,822	725	26,140,097
School administrative offices	13,449,850	13,449,850	-	13,449,850
FTCC expansion	23,500,000	17,290,660	7,144,161	10,146,499
Technology projects	826,034	826,034	-	826,034
Unallocated	582,865	-	-	-
Debt service - interest and other charges	544,477	524,115	-	524,115
Total expenditures	<u>65,053,971</u>	<u>58,231,481</u>	<u>7,144,886</u>	<u>51,086,595</u>
Deficiency of revenues over expenditures	<u>(64,753,971)</u>	<u>(58,113,197)</u>	<u>(7,143,684)</u>	<u>(50,969,513)</u>
Other financing sources:				
General obligation bonds issued	62,150,000	62,150,000	-	62,150,000
Premium on general obligation bonds	2,603,971	2,787,983	-	2,787,983
Total other financing sources	<u>64,753,971</u>	<u>64,937,983</u>	<u>-</u>	<u>64,937,983</u>
Net change in fund balance	\$ <u>-</u>	<u>6,824,786</u>	<u>(7,143,684)</u>	<u>13,968,470</u>
Fund balance - June 30, 2013			13,968,470	
Fund balance - June 30, 2014			\$ <u><u>6,824,786</u></u>	

2009 PHILLIPS BUILDING (PHASES 1A AND 1B) FUND

A-4

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2014

	<u>Budget</u>	<u>Cumulative Total to June 30, 2014</u>	<u>Activity Year Ended June 30, 2014</u>	<u>Cumulative Total to June 30, 2013</u>
Revenues:				
Other	\$ -	50,000	-	50,000
Investment earnings	-	29,358	266	29,092
Total revenues	<u>-</u>	<u>79,358</u>	<u>266</u>	<u>79,092</u>
Expenditures:				
Phase 1A:				
Current - debt service - interest and other charges	200,000	200,000	-	200,000
Capital outlay - public safety:				
Site acquisition	3,480,000	3,483,122	-	3,483,122
Asbestos abatement; re-fireproofing; engineering and architectural services for two floors and parking level	6,720,000	5,385,350	288,502	5,096,848
Professional fees	10,000	10,000	-	10,000
Phase 1B:				
Current - debt service - interest and other charges	300,000	307,414	-	307,414
Capital outlay - public safety - renovation and rehabilitation of two floors and parking level	25,400,000	23,558,500	2,084,668	21,473,832
Total expenditures	<u>36,110,000</u>	<u>32,944,386</u>	<u>2,373,170</u>	<u>30,571,216</u>
Deficiency of revenues over expenditures	<u>(36,110,000)</u>	<u>(32,865,028)</u>	<u>(2,372,904)</u>	<u>(30,492,124)</u>
Other financing sources:				
Limited obligation bonds issued	36,110,000	31,290,000	-	31,290,000
Premium on limited obligation bonds	-	3,117,869	-	3,117,869
Total other financing sources	<u>36,110,000</u>	<u>34,407,869</u>	<u>-</u>	<u>34,407,869</u>
Net change in fund balance	<u>\$ -</u>	<u>1,542,841</u>	<u>(2,372,904)</u>	<u>3,915,745</u>
Fund balance - June 30, 2013			3,915,745	
Fund balance - June 30, 2014			<u>\$ 1,542,841</u>	

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

Emergency Telephone System Fund – The Emergency Telephone System Fund accounts for distributions to the County from the 911 Fund administered by the State 911 Board. Use of the funds is restricted to allowable expenditures in support of the County 911 system, as specified by State statute.

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

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

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

2010 Housing Fund – This fund accounts for the use of state and federal grants initiated in fiscal year 2010 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.

2009 Recovery Act Justice Assistance Fund – This fund accounts for the 2009 Recovery Act Edward Byrne Memorial Justice Assistance grant.

2009 Justice Assistance Fund – This fund accounts for the 2009 Edward Byrne Memorial Justice Assistance grant.

2011 Housing Fund – This fund accounts for the use of state and federal grants initiated in fiscal year 2011 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.

2012 Housing Fund – This fund accounts for the use of state and federal grants initiated in fiscal year 2012 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.

2011 Justice Assistance Fund – This fund accounts for the 2011 Edward Byrne Memorial Justice Assistance grant.

2013 Housing Fund – This fund accounts for the use of state and federal grants initiated in fiscal year 2013 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.

2014 Housing Fund – This fund accounts for the use of state and federal grants initiated in fiscal year 2014 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.

2013 Justice Assistance Fund – This fund accounts for the 2013 Edward Byrne Memorial Justice Assistance grant.

Capital Project Funds

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

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

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

2010 2/3rds Bonds Fund – Proceeds of general obligation two-thirds bonds will finance energy and park maintenance projects.

2010 Winston-Salem/Forsyth County Schools Capital Maintenance Fund – Proceeds of general obligation two-thirds bonds will finance school capital maintenance projects.

2010 Forsyth Technical Community College Capital Maintenance Fund – Proceeds of general obligation two-thirds bonds will finance community college maintenance projects.

2011 Pay-Go Fund – This fund accounts for the design phase of the Hall of Justice project and the County's share of the Forsyth County/City of Winston-Salem public safety firearms training facility.

2011 Library Bond Fund – This fund accounts for the planning, design and construction of library facilities.

2012 Motive Equipment Replacement Fund – This fund accounts for the purchase of the County's emergency and non-emergency vehicle fleet.

2012 2/3rds Bonds Fund – Proceeds of general obligation two-thirds bonds will finance County facility and park maintenance and renovation projects.

2012 Winston-Salem/Forsyth County Schools Capital Maintenance Fund – Proceeds of general obligation two-thirds bonds will finance school capital maintenance projects.

2012 Forsyth Technical Community College Capital Maintenance Fund – Proceeds of general obligation two-thirds bonds will finance community college maintenance projects.

2012 Pay-Go Fund – This fund accounts for the upfit of several County facilities, a Law Enforcement Detention Center energy conservation project, and the purchase of special use electric vehicles.

2013 Pay-Go Fund – This fund accounts for renovations at the Social Services facility, sheriff jail technology improvements, conservation projects, upgrades to the tax office Geo Data Explorer intranet, renovations to the former environmental affairs building, computer equipment upgrades, and a financial system upgrade, funded by transfers from the General Fund.

2014 Reynolda Manor Branch Library Fund – This fund accounts for the acquisition and upfit of the Reynolda Manor branch library.

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

B-1

FORSYTH COUNTY, NORTH CAROLINA

June 30, 2014

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents / investments	\$ 4,056,123	5,160,760	9,216,883
Investments - restricted	-	9,627,042	9,627,042
Receivables (net):			
Property taxes	89,738	-	89,738
Other	-	7,000	7,000
Accrued interest	682	1,561	2,243
Due from other governments	<u>2,540,343</u>	<u>347,124</u>	<u>2,887,467</u>
Total assets	\$ <u>6,686,886</u>	<u>15,143,487</u>	<u>21,830,373</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 279	767,347	767,626
Due to other funds	1,939,021	-	1,939,021
Unearned revenue	<u>229,742</u>	-	<u>229,742</u>
Total liabilities	<u>2,169,042</u>	<u>767,347</u>	<u>2,936,389</u>
Deferred Inflows of Resources:			
Unavailable taxes	<u>89,738</u>	-	<u>89,738</u>
Fund balances:			
Restricted for:			
Stabilization by state statute	2,586,927	5,038,498	7,625,425
Fire protection	1,138,013	-	1,138,013
Law enforcement	1,469,599	-	1,469,599
Emergency telephone system	758,407	-	758,407
Human services	306,841	-	306,841
Housing and community redevelopment	153,412	-	153,412
Capital projects	-	8,354,954	8,354,954
Committed for capital projects	-	4,166,932	4,166,932
Unassigned	<u>(1,985,093)</u>	<u>(3,184,244)</u>	<u>(5,169,337)</u>
Total fund balances	<u>4,428,106</u>	<u>14,376,140</u>	<u>18,804,246</u>
Total liabilities, deferred inflows of resources and fund balances	\$ <u>6,686,886</u>	<u>15,143,487</u>	<u>21,830,373</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, 2014

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues:			
Taxes:			
Property	\$ 6,727,602	-	6,727,602
Local option sales taxes	1,431,587	-	1,431,587
Total taxes	<u>8,159,189</u>	<u>-</u>	<u>8,159,189</u>
Intergovernmental	5,633,010	327,035	5,960,045
Charges for services	-	8,800	8,800
Investment earnings	10,437	17,844	28,281
Other	124,554	94,950	219,504
Total revenues	<u>13,927,190</u>	<u>448,629</u>	<u>14,375,819</u>
Expenditures:			
Current:			
Public safety	7,039,224	-	7,039,224
Human services	1,429	-	1,429
Community and economic development	318,404	-	318,404
Intergovernmental - education	-	7,995,624	7,995,624
Capital outlay	-	5,656,199	5,656,199
Total expenditures	<u>7,359,057</u>	<u>13,651,823</u>	<u>21,010,880</u>
Excess (deficiency) of revenues over expenditures	<u>6,568,133</u>	<u>(13,203,194)</u>	<u>(6,635,061)</u>
Other financing sources (uses):			
Transfers in	87,196	6,556,385	6,643,581
Transfers out	(5,579,879)	(1,767,242)	(7,347,121)
Total other financing sources (uses)	<u>(5,492,683)</u>	<u>4,789,143</u>	<u>(703,540)</u>
Net change in fund balances	1,075,450	(8,414,051)	(7,338,601)
Fund balance - June 30, 2013	<u>3,352,656</u>	<u>22,790,191</u>	<u>26,142,847</u>
Fund balance - June 30, 2014	<u>\$ 4,428,106</u>	<u>14,376,140</u>	<u>18,804,246</u>

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS**

C-1

FORSYTH COUNTY, NORTH CAROLINA

June 30, 2014

Page 1 of 2

	<u>Fire Tax Districts</u>	<u>Law Enforcement Equitable Distribution</u>	<u>Emergency Telephone System</u>	<u>Moser Bequest for Care of Elderly</u>	<u>State Public School Building Capital</u>
ASSETS					
Cash and cash equivalents / investments	\$ 1,138,013	1,468,196	758,516	306,841	-
Receivables (net):					
Property taxes	89,738	-	-	-	-
Accrued interest	151	265	155	55	-
Due from other governments	459,115	10,125	63,902	97	1,901,618
Total assets	<u>\$ 1,687,017</u>	<u>1,478,586</u>	<u>822,573</u>	<u>306,993</u>	<u>1,901,618</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	-	109	-	-
Due to other funds - General Fund	-	-	-	-	1,901,618
Unearned revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>109</u>	<u>-</u>	<u>1,901,618</u>
Deferred Inflows of Resources:					
Unavailable taxes	<u>89,738</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Restricted for:					
Stabilization by state statute	459,266	10,390	64,057	152	1,901,618
Fire protection	1,138,013	-	-	-	-
Law enforcement	-	1,468,196	-	-	-
Emergency telephone system	-	-	758,407	-	-
Human services	-	-	-	306,841	-
Housing and community redevelopment	-	-	-	-	-
Unassigned	-	-	-	-	(1,901,618)
Total fund balances	<u>1,597,279</u>	<u>1,478,586</u>	<u>822,464</u>	<u>306,993</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,687,017</u>	<u>1,478,586</u>	<u>822,573</u>	<u>306,993</u>	<u>1,901,618</u>

2012	2011	2013	2014	2013	
Housing	Justice	Housing	Housing	Justice	Total
	Assistance			Assistance	
51,441	61,199	-	101,971	169,946	4,056,123
-	-	-	-	-	89,738
9	11	-	5	31	682
6,871	-	66,400	32,215	-	2,540,343
<u>58,321</u>	<u>61,210</u>	<u>66,400</u>	<u>134,191</u>	<u>169,977</u>	<u>6,686,886</u>
-	-	170	-	-	279
-	-	37,403	-	-	1,939,021
-	60,102	-	-	169,640	229,742
-	<u>60,102</u>	<u>37,573</u>	-	<u>169,640</u>	<u>2,169,042</u>
-	-	-	-	-	89,738
6,880	11	112,302	32,220	31	2,586,927
-	-	-	-	-	1,138,013
-	1,097	-	-	306	1,469,599
-	-	-	-	-	758,407
-	-	-	-	-	306,841
51,441	-	-	101,971	-	153,412
-	-	(83,475)	-	-	(1,985,093)
<u>58,321</u>	<u>1,108</u>	<u>28,827</u>	<u>134,191</u>	<u>337</u>	<u>4,428,106</u>
<u>58,321</u>	<u>61,210</u>	<u>66,400</u>	<u>134,191</u>	<u>169,977</u>	<u>6,686,886</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, 2014

Page 1 of 2

	<u>Fire Tax Districts</u>	<u>Law Enforcement Equitable Distribution</u>	<u>Emergency Telephone System</u>	<u>Moser Bequest for Care of Elderly</u>	<u>State Public School Building Capital</u>	<u>2009 Housing</u>	<u>2010 Housing</u>
Revenues:							
Taxes:							
Property	\$ 6,727,602	-	-	-	-	-	-
Local option sales taxes	1,431,587	-	-	-	-	-	-
Intergovernmental	-	81,184	763,903	-	4,410,696	-	-
Investment earnings	2,532	4,038	1,945	870	-	99	-
Other	-	-	-	-	-	-	-
Total revenues	<u>8,161,721</u>	<u>85,222</u>	<u>765,848</u>	<u>870</u>	<u>4,410,696</u>	<u>99</u>	<u>-</u>
Expenditures:							
Current:							
Public safety	6,358,749	-	549,744	-	-	-	-
Human services	-	-	-	1,429	-	-	-
Community and economic development	-	-	-	-	-	-	6
Total expenditures	<u>6,358,749</u>	<u>-</u>	<u>549,744</u>	<u>1,429</u>	<u>-</u>	<u>-</u>	<u>6</u>
Excess (deficiency) of revenues over expenditures	<u>1,802,972</u>	<u>85,222</u>	<u>216,104</u>	<u>(559)</u>	<u>4,410,696</u>	<u>99</u>	<u>(6)</u>
Other financing sources (uses):							
Transfers in:							
General Fund	-	-	-	-	-	-	-
2009 Housing Fund	-	-	-	-	-	-	-
2011 Housing Fund	-	-	-	-	-	-	-
Transfers out:							
General Fund	(1,098,275)	(6,536)	-	-	(4,410,696)	(2,155)	(438)
2012 Housing Fund	-	-	-	-	-	(21)	-
2014 Housing Fund	-	-	-	-	-	(35,838)	-
Total other financing sources (uses)	<u>(1,098,275)</u>	<u>(6,536)</u>	<u>-</u>	<u>-</u>	<u>(4,410,696)</u>	<u>(38,014)</u>	<u>(438)</u>
Net change in fund balances	704,697	78,686	216,104	(559)	-	(37,915)	(444)
Fund balance - June 30, 2013	892,582	1,399,900	606,360	307,552	-	37,915	444
Fund balance - June 30, 2014	<u>\$ 1,597,279</u>	<u>1,478,586</u>	<u>822,464</u>	<u>306,993</u>	<u>-</u>	<u>-</u>	<u>-</u>

2009 Recovery Act Justice Assistance	2009 Justice Assistance	2011 Housing	2012 Housing	2011 Justice Assistance	2013 Housing	2014 Housing	2013 Justice Assistance	Total
-	-	-	-	-	-	-	-	6,727,602
-	-	-	-	-	-	-	-	1,431,587
85,859	-	-	14,376	34,894	196,226	45,872	-	5,633,010
55	(4)	66	122	238	50	89	337	10,437
-	-	-	87,627	-	-	36,927	-	124,554
<u>85,914</u>	<u>(4)</u>	<u>66</u>	<u>102,125</u>	<u>35,132</u>	<u>196,276</u>	<u>82,888</u>	<u>337</u>	<u>13,927,190</u>
95,837	-	-	-	34,894	-	-	-	7,039,224
-	-	-	-	-	-	-	-	1,429
-	-	129	77,401	-	204,996	35,872	-	318,404
<u>95,837</u>	<u>-</u>	<u>129</u>	<u>77,401</u>	<u>34,894</u>	<u>204,996</u>	<u>35,872</u>	<u>-</u>	<u>7,359,057</u>
<u>(9,923)</u>	<u>(4)</u>	<u>(63)</u>	<u>24,724</u>	<u>238</u>	<u>(8,720)</u>	<u>47,016</u>	<u>337</u>	<u>6,568,133</u>
-	-	-	-	-	-	25,755	-	25,755
-	-	-	21	-	-	35,838	-	35,859
-	-	-	-	-	-	25,582	-	25,582
-	-	(338)	-	-	-	-	-	(5,518,438)
-	-	-	-	-	-	-	-	(21)
-	-	(25,582)	-	-	-	-	-	(61,420)
-	-	(25,920)	21	-	-	87,175	-	(5,492,683)
(9,923)	(4)	(25,983)	24,745	238	(8,720)	134,191	337	1,075,450
9,923	4	25,983	33,576	870	37,547	-	-	3,352,656
<u>-</u>	<u>-</u>	<u>-</u>	<u>58,321</u>	<u>1,108</u>	<u>28,827</u>	<u>134,191</u>	<u>337</u>	<u>4,428,106</u>

FIRE TAX DISTRICTS FUND

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

FORSYTH COUNTY, NORTH CAROLINA

For the Fiscal Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property	\$ 6,247,067	6,247,067	6,727,602	480,535
Local option sales taxes	1,550,552	1,550,552	1,431,587	(118,965)
Total taxes	7,797,619	7,797,619	8,159,189	361,570
Investment earnings	-	-	2,532	2,532
Total revenues	7,797,619	7,797,619	8,161,721	364,102
Expenditures - current - public safety:				
Beeson's Cross Roads	242,803	242,803	242,803	-
Beeson's Cross Roads Service	23,501	23,501	23,501	-
Belews Creek	230,568	230,568	230,568	-
City View	26,815	26,815	26,815	-
Clemmons	1,154,246	1,154,246	1,154,246	-
Forest Hill	9,343	9,343	9,343	-
Griffith	107,031	107,031	107,031	-
Gumtree	56,365	56,365	56,365	-
Horneytown	205,171	205,171	205,171	-
King of Forsyth County	315,376	315,376	315,376	-
Lewisville	1,132,069	1,132,069	1,132,069	-
Mineral Springs	147,564	147,564	147,564	-
Mineral Springs Service	5,813	5,813	5,596	217
Mount Tabor	65,514	65,514	65,514	-
Old Richmond	376,955	376,955	376,955	-
Piney Grove	590,268	590,268	590,268	-
Rural Hall	371,895	371,895	371,895	-
Salem Chapel	68,595	68,595	68,595	-
South Fork	6,028	6,028	6,028	-
Talley's Crossing	128,626	128,626	128,626	-
Triangle	80,631	80,631	80,631	-
Union Cross	222,862	222,862	222,862	-
Vienna	469,947	469,947	469,947	-
Walkertown	278,967	278,967	278,967	-
West Bend	42,013	42,013	42,013	-
Total expenditures	6,358,966	6,358,966	6,358,749	217
Excess of revenues over expenditures	1,438,653	1,438,653	1,802,972	364,319

FIRE TAX DISTRICTS FUND

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

FORSYTH COUNTY, NORTH CAROLINA

For the Fiscal Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Other financing sources (uses) -				
General Fund:				
Beeson's Cross Roads	(59,834)	(59,641)	(5,878)	53,763
Beeson's Cross Roads Service	-	(5,014)	(3,329)	1,685
Belews Creek	(57,108)	(56,923)	(51,065)	5,858
City View	(7,920)	(7,895)	(7,115)	780
Clemmons	(290,505)	(289,565)	(260,331)	29,234
Forest Hill	(2,213)	(2,206)	202,477	204,683
Griffith	(27,557)	(27,468)	(24,685)	2,783
Gumtree	(14,451)	(14,404)	7,143	21,547
Horneytown	(50,882)	(50,717)	(45,679)	5,038
King of Forsyth County	(78,939)	(78,684)	(70,060)	8,624
Lewisville	(245,080)	(244,287)	(219,361)	24,926
Mineral Springs	(35,750)	(35,634)	(32,058)	3,576
Mineral Springs Service	(1,416)	(1,412)	(1,267)	145
Mount Tabor	(17,295)	(17,239)	(15,300)	1,939
Old Richmond	(91,836)	(91,539)	(82,447)	9,092
Piney Grove	(144,596)	(144,128)	(129,250)	14,878
Rural Hall	(88,161)	(87,876)	(79,120)	8,756
Salem Chapel	(18,738)	(18,677)	(16,817)	1,860
South Fork	(1,194)	(1,190)	(1,072)	118
Talley's Crossing	(35,130)	(35,016)	(31,546)	3,470
Triangle	(19,478)	(19,415)	(17,441)	1,974
Union Cross	(59,655)	(59,462)	(32,166)	27,296
Vienna	(125,067)	(124,663)	(112,147)	12,516
Walkertown	(68,720)	(68,498)	(61,685)	6,813
West Bend	(9,027)	(8,999)	(8,076)	923
Total other financing uses	<u>(1,550,552)</u>	<u>(1,550,552)</u>	<u>(1,098,275)</u>	<u>452,277</u>
Net change in fund balance	\$ <u>(111,899)</u>	<u>(111,899)</u>	704,697	<u>816,596</u>
Fund balance - June 30, 2013			<u>892,582</u>	
Fund balance - June 30, 2014			\$ <u>1,597,279</u>	

LAW ENFORCEMENT EQUITABLE DISTRIBUTION FUND

C-4

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

FORSYTH COUNTY, NORTH CAROLINA

For the Fiscal Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	-	81,184	81,184
Investment earnings	-	-	4,038	4,038
Total revenues	-	-	85,222	85,222
Other financing uses:				
Transfer to General Fund	(210,000)	(210,000)	(6,536)	203,464
Net change in fund balance	\$ (210,000)	(210,000)	78,686	288,686
Fund balance - June 30, 2013			1,399,900	
Fund balance - June 30, 2014			\$ 1,478,586	

EMERGENCY TELEPHONE SYSTEM FUND

C-5

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

FORSYTH COUNTY, NORTH CAROLINA

For the Fiscal Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 655,284	655,284	763,903	108,619
Investment earnings	-	-	1,945	1,945
Total revenues	655,284	655,284	765,848	110,564
Expenditures - Public Safety	655,284	655,284	549,744	105,540
Net change in fund balance	\$ -	-	216,104	216,104
Fund balance - June 30, 2013			606,360	
Fund balance - June 30, 2014			\$ 822,464	

MOSER BEQUEST FOR CARE OF ELDERLY FUND

C-6

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

FORSYTH COUNTY, NORTH CAROLINA

For the Fiscal Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues - investment earnings	\$ 1,200	1,200	870	(330)
Expenditures - Human Services	<u>50,000</u>	<u>50,000</u>	<u>1,429</u>	<u>48,571</u>
Net change in fund balance	<u>\$ (48,800)</u>	<u>(48,800)</u>	<u>(559)</u>	<u>48,241</u>
Fund balance - June 30, 2013			307,552	
Fund balance - June 30, 2014			<u>\$ 306,993</u>	

STATE PUBLIC SCHOOL BUILDING CAPITAL FUND

C-7

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2014

	<u>Budget</u>	<u>Cumulative Total to June 30, 2014</u>	<u>Activity Year Ended June 30, 2014</u>	<u>Cumulative Total to June 30, 2013</u>
Revenues:				
Intergovernmental	\$ 80,001,176	76,789,079	4,410,696	72,378,383
Investment earnings	<u>162,074</u>	<u>162,074</u>	<u>-</u>	<u>162,074</u>
Total revenues	80,163,250	76,951,153	4,410,696	72,540,457
Expenditures - current - intergovernmental - education	<u>51,340,382</u>	<u>48,538,317</u>	<u>-</u>	<u>48,538,317</u>
Excess (deficiency) of revenues over expenditures	<u>28,822,868</u>	<u>28,412,836</u>	<u>4,410,696</u>	<u>24,002,140</u>
Other financing sources (uses):				
Transfers in:				
Schools Fund	-	1,330,321	-	1,330,321
1990 Schools Facilities Fund	4,170,049	4,169,875	-	4,169,875
1995 School Facilities Fund	65,288	65,288	-	65,288
1996 Schools Facilities Fund	1,933,499	1,933,499	-	1,933,499
2002 Schools Fund	4,161,834	4,161,834	-	4,161,834
2007 School Facilities Fund	250,000	250,000	-	250,000
Transfers out - General Fund	<u>(40,733,687)</u>	<u>(40,323,653)</u>	<u>(4,410,696)</u>	<u>(35,912,957)</u>
Total other financing sources (uses)	<u>(30,153,017)</u>	<u>(28,412,836)</u>	<u>(4,410,696)</u>	<u>(24,002,140)</u>
Net change in fund balance	<u>\$ (1,330,149)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2013			-	
Fund balance - June 30, 2014			<u>\$ -</u>	

2009 HOUSING FUND

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2014

	<u>Budget</u>	<u>Cumulative Total to June 30, 2014</u>	<u>Activity Year Ended June 30, 2014</u>	<u>Cumulative Total to June 30, 2013</u>
Revenues:				
Intergovernmental:				
CDBG IDA	\$ 70,000	24,268	-	24,268
CDBG Neighborhood Stabilization Program	3,625,000	3,572,046	-	3,572,046
2008 WSFC HOME Consortium	231,000	230,988	-	230,988
2008 WSFC HOME ADDI	2,175	2,175	-	2,175
2009 NCHFA Urgent Repair Program	75,000	43,061	-	43,061
Local government grants	12,000	12,000	-	12,000
Total intergovernmental	<u>4,015,175</u>	<u>3,884,538</u>	-	<u>3,884,538</u>
Investment earnings	-	2,156	99	2,057
Other	117,500	103,472	-	103,472
Total revenues	<u>4,132,675</u>	<u>3,990,166</u>	<u>99</u>	<u>3,990,067</u>
Expenditures - current - community and economic development:				
CDBG IDA	70,000	24,269	-	24,269
CDBG Neighborhood Stabilization Program	3,625,000	3,572,047	-	3,572,047
2008 WSFC HOME Consortium	231,000	230,988	-	230,988
2008 WSFC HOME Consortium - local match	52,000	52,000	-	52,000
2008 WSFC HOME ADDI	2,175	2,175	-	2,175
2009 NCHFA Urgent Repair Program	75,000	43,060	-	43,060
CDBG mortgage repayments program	14,162	-	-	-
HOME mortgage repayments program	107,689	107,689	-	107,689
Total expenditures	<u>4,177,026</u>	<u>4,032,228</u>	-	<u>4,032,228</u>
Excess (deficiency) of revenues over expenditures	(44,351)	(42,062)	99	(42,161)
Other financing sources (uses):				
Transfer from (to) General Fund	40,000	37,845	(2,155)	40,000
Transfer from 2004 Housing Fund	3,710	3,710	-	3,710
Transfer from 2005 Housing Fund	36,500	36,366	-	36,366
Transfer to 2012 Housing Fund	(21)	(21)	(21)	-
Transfer to 2014 Housing Fund	(35,838)	(35,838)	(35,838)	-
Total other financing sources (uses)	<u>44,351</u>	<u>42,062</u>	<u>(38,014)</u>	<u>80,076</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>(37,915)</u>	<u>37,915</u>
Fund balance - June 30, 2013			<u>37,915</u>	
Fund balance - June 30, 2014			<u>\$ -</u>	

2010 HOUSING FUND

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2014

	<u>Budget</u>	<u>Cumulative Total to June 30, 2014</u>	<u>Activity Year Ended June 30, 2014</u>	<u>Cumulative Total to June 30, 2013</u>
Revenues:				
Intergovernmental:				
CDBG Scattered Site	\$ 400,000	399,675	-	399,675
2009 WSFC HOME Consortium	254,700	254,700	-	254,700
2009 HOME Single Family Rehabilitation	400,000	197,205	-	197,205
NCHFA Duke Power HELP	150,000	121,320	-	121,320
Local government grants	12,000	12,000	-	12,000
Total intergovernmental	<u>1,216,700</u>	<u>984,900</u>	<u>-</u>	<u>984,900</u>
Investment earnings	-	437	-	437
Total revenues	<u>1,216,700</u>	<u>985,337</u>	<u>-</u>	<u>985,337</u>
Expenditures - current - community and economic development:				
CDBG Scattered Site	400,000	399,675	4	399,671
2009 WSFC HOME Consortium	312,008	312,008	-	312,008
2009 HOME Single Family Rehabilitation	400,000	197,205	-	197,205
NCHFA Duke Power HELP	150,000	121,319	2	121,317
Total expenditures	<u>1,262,008</u>	<u>1,030,207</u>	<u>6</u>	<u>1,030,201</u>
Excess (deficiency) of revenues over expenditures	(45,308)	(44,870)	(6)	(44,864)
Other financing sources (uses):				
Transfer from (to) General Fund	<u>45,308</u>	<u>44,870</u>	<u>(438)</u>	<u>45,308</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>(444)</u>	<u>444</u>
Fund balance - June 30, 2013			<u>444</u>	
Fund balance - June 30, 2014			<u>\$ -</u>	

2009 RECOVERY ACT JUSTICE ASSISTANCE FUND

C-10

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2014

	<u>Budget</u>	<u>Cumulative Total to June 30, 2014</u>	<u>Activity Year Ended June 30, 2014</u>	<u>Cumulative Total to June 30, 2013</u>
Revenues:				
Intergovernmental - Recovery Act JAG	\$ 1,135,565	1,135,565	85,859	1,049,706
Investment earnings	9,988	9,978	55	9,923
Total revenues	<u>1,145,553</u>	<u>1,145,543</u>	<u>85,914</u>	<u>1,059,629</u>
Expenditures - current - public safety:				
Sheriff	546,446	546,436	95,837	450,599
City of Winston-Salem police	537,879	537,879	-	537,879
Town of Kernersville police	61,228	61,228	-	61,228
Total expenditures	<u>1,145,553</u>	<u>1,145,543</u>	<u>95,837</u>	<u>1,049,706</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>(9,923)</u>	<u>9,923</u>
Fund balance - June 30, 2013			<u>9,923</u>	
Fund balance - June 30, 2014			<u>\$ -</u>	

2009 JUSTICE ASSISTANCE FUND

C-11

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2014

	<u>Budget</u>	<u>Cumulative Total to June 30, 2014</u>	<u>Activity Year Ended June 30, 2014</u>	<u>Cumulative Total to June 30, 2013</u>
Revenues:				
Intergovernmental - Justice Assistance	\$ 275,973	275,973	-	275,973
Investment earnings	1,839	1,827	(4)	1,831
Total revenues	<u>277,812</u>	<u>277,800</u>	<u>(4)</u>	<u>277,804</u>
Expenditures - current - public safety:				
Sheriff	130,957	130,953	-	130,953
City of Winston-Salem police	131,447	131,439	-	131,439
Town of Kernersville police	15,408	15,408	-	15,408
Total expenditures	<u>277,812</u>	<u>277,800</u>	<u>-</u>	<u>277,800</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>(4)</u>	<u>4</u>
Fund balance - June 30, 2013			<u>4</u>	
Fund balance - June 30, 2014			<u>\$ -</u>	

2011 HOUSING FUND

C-12

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2014

	<u>Budget</u>	<u>Cumulative Total to June 30, 2014</u>	<u>Activity Year Ended June 30, 2014</u>	<u>Cumulative Total to June 30, 2013</u>
Revenues:				
Intergovernmental:				
2010 WSFC HOME Consortium	\$ 253,000	252,979	-	252,979
Forsyth County IDA	27,582	-	-	-
Local government grants	12,000	12,000	-	12,000
Total intergovernmental	<u>292,582</u>	<u>264,979</u>	<u>-</u>	<u>264,979</u>
Investment earnings	-	338	66	272
Total revenues	<u>292,582</u>	<u>265,317</u>	<u>66</u>	<u>265,251</u>
Expenditures - current - community and economic development:				
2010 WSFC HOME Consortium	253,000	252,979	-	252,979
2010 WSFC HOME Consortium - local match	56,925	56,925	129	56,796
Forsyth County IDA	2,000	1,000	-	1,000
Total expenditures	<u>311,925</u>	<u>310,904</u>	<u>129</u>	<u>310,775</u>
Excess (deficiency) of revenues over expenditures	(19,343)	(45,587)	(63)	(45,524)
Other financing sources (uses):				
Transfer from (to) General Fund	44,925	44,587	(338)	44,925
Transfer from 2007 Housing Fund	-	26,582	-	26,582
Transfer to 2014 Housing Fund	(25,582)	(25,582)	(25,582)	-
Total other financing sources (uses)	<u>19,343</u>	<u>45,587</u>	<u>(25,920)</u>	<u>71,507</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>(25,983)</u>	<u>25,983</u>
Fund balance - June 30, 2013			<u>25,983</u>	
Fund balance - June 30, 2014			<u>\$ -</u>	

2012 HOUSING FUND

C-13

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2014

	<u>Budget</u>	<u>Cumulative Total to June 30, 2014</u>	<u>Activity Year Ended June 30, 2014</u>	<u>Cumulative Total to June 30, 2013</u>
Revenues:				
Intergovernmental:				
2011 WSFC HOME Consortium	\$ 254,700	199,262	14,376	184,886
NC DENR HUD Lead Program	237,700	9,277	-	9,277
NCHFA Urgent Repair Program	75,000	60,651	-	60,651
Local government grants	12,000	12,000	-	12,000
Total intergovernmental	<u>579,400</u>	<u>281,190</u>	<u>14,376</u>	<u>266,814</u>
Mortgage repayments	100,000	138,099	87,627	50,472
Investment earnings	-	189	122	67
Total revenues	<u>679,400</u>	<u>419,478</u>	<u>102,125</u>	<u>317,353</u>
Expenditures - current - community and economic development:				
2011 WSFC HOME Consortium	254,700	199,262	14,376	184,886
2011 WSFC HOME Consortium - local match	56,925	43,423	5,979	37,444
2012 NCHFA Urgent Repair Program	75,000	60,647	-	60,647
2012 HOME Program	100,021	93,494	57,046	36,448
NC DENR HUD	237,700	9,277	-	9,277
Total expenditures	<u>724,346</u>	<u>406,103</u>	<u>77,401</u>	<u>328,702</u>
Excess (deficiency) of revenues over expenditures	(44,946)	13,375	24,724	(11,349)
Other financing sources:				
Transfer from General Fund	44,925	44,925	-	44,925
Transfer from 2009 Housing Fund	21	21	21	-
Total other financing sources	<u>44,946</u>	<u>44,946</u>	<u>21</u>	<u>44,925</u>
Net change in fund balance	\$ -	58,321	24,745	33,576
Fund balance - June 30, 2013			<u>33,576</u>	
Fund balance - June 30, 2014			\$ <u>58,321</u>	

2011 JUSTICE ASSISTANCE FUND

C-14

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2014

	<u>Budget</u>	<u>Cumulative Total to June 30, 2014</u>	<u>Activity Year Ended June 30, 2014</u>	<u>Cumulative Total to June 30, 2013</u>
Revenues:				
Intergovernmental - Justice Assistance	\$ 220,673	160,571	34,894	125,677
Investment earnings	826	1,108	238	870
Total revenues	<u>221,499</u>	<u>161,679</u>	<u>35,132</u>	<u>126,547</u>
Expenditures - current - public safety:				
Sheriff	160,576	100,234	1	100,233
City of Winston-Salem police	60,923	60,337	34,893	25,444
Total expenditures	<u>221,499</u>	<u>160,571</u>	<u>34,894</u>	<u>125,677</u>
Net change in fund balance	<u>\$ -</u>	<u>1,108</u>	238	<u>870</u>
Fund balance - June 30, 2013			870	
Fund balance - June 30, 2014			<u>\$ 1,108</u>	

2013 HOUSING FUND

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2014

	<u>Budget</u>	<u>Cumulative Total to June 30, 2014</u>	<u>Activity Year Ended June 30, 2014</u>	<u>Cumulative Total to June 30, 2013</u>
Revenues:				
Intergovernmental:				
2012 WSFC HOME program	\$ 167,800	41,637	40,170	1,467
NCHFA Duke Power HELP	150,000	-	-	-
2012 NCHFA Single Family Rehabilitation	200,000	64,234	64,234	-
CDBG Scattered Site	400,000	91,822	91,822	-
Local government grants	12,000	12,000	-	12,000
Total intergovernmental	<u>929,800</u>	<u>209,693</u>	<u>196,226</u>	<u>13,467</u>
Investment earnings	-	79	50	29
Total revenues	<u>929,800</u>	<u>209,772</u>	<u>196,276</u>	<u>13,496</u>
Expenditures - current - community and economic development:				
2012 WSFC HOME	167,800	41,637	40,170	1,467
2012 WSFC HOME - local match	37,755	9,007	8,770	237
NCHFA Duke Power HELP	150,000	-	-	-
2012 NCHFA Single Family Rehabilitation	200,000	64,234	64,234	-
CDBG Scattered Site	400,000	91,822	91,822	-
Total expenditures	<u>955,555</u>	<u>206,700</u>	<u>204,996</u>	<u>1,704</u>
Excess (deficiency) of revenues over expenditures	(25,755)	3,072	(8,720)	11,792
Other financing sources - transfers in General Fund	<u>25,755</u>	<u>25,755</u>	<u>-</u>	<u>25,755</u>
Net change in fund balance	<u>\$ -</u>	<u>28,827</u>	<u>(8,720)</u>	<u>37,547</u>
Fund balance - June 30, 2013			<u>37,547</u>	
Fund balance - June 30, 2014			<u>\$ 28,827</u>	

2014 HOUSING FUND

C-16

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2014

	<u>Budget</u>	<u>Cumulative Total to June 30, 2014</u>	<u>Activity Year Ended June 30, 2014</u>	<u>Cumulative Total to June 30, 2013</u>
Revenues:				
Intergovernmental:				
2013 WSFC HOME program	\$ 167,800	1,657	1,657	-
2013 NCHFA Urgent Repair Program	75,000	21,715	21,715	-
CDBG NC Catalyst Program	70,000	10,500	10,500	-
Local government grants	12,000	12,000	12,000	-
Total intergovernmental	<u>324,800</u>	<u>45,872</u>	<u>45,872</u>	<u>-</u>
Mortgage repayments	117,500	36,927	36,927	-
Investment earnings	-	89	89	-
Total revenues	<u>442,300</u>	<u>82,888</u>	<u>82,888</u>	<u>-</u>
Expenditures - current - community and economic development:				
2013 WSFC HOME	167,800	1,657	1,657	-
2013 WSFC HOME - local match	37,755	-	-	-
Forsyth County IDA	26,582	2,000	2,000	-
CDBG Program Income	153,338	-	-	-
CDBG NC Catalyst Program	70,000	10,500	10,500	-
2013 NCHFA Urgent Repair Program	75,000	21,715	21,715	-
Total expenditures	<u>530,475</u>	<u>35,872</u>	<u>35,872</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(88,175)	47,016	47,016	-
Other financing sources - transfers in:				
General Fund	25,755	25,755	25,755	-
2009 Housing Fund	35,838	35,838	35,838	-
2011 Housing Fund	26,582	25,582	25,582	-
Total other financing sources	<u>88,175</u>	<u>87,175</u>	<u>87,175</u>	<u>-</u>
Net change in fund balance	\$ -	134,191	134,191	-
Fund balance - June 30, 2013			-	
Fund balance - June 30, 2014			\$ 134,191	

2013 JUSTICE ASSISTANCE FUND

C-17

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2014

	<u>Budget</u>	<u>Cumulative Total to June 30, 2014</u>	<u>Activity Year Ended June 30, 2014</u>	<u>Cumulative Total to June 30, 2013</u>
Revenues:				
Intergovernmental - Justice Assistance	\$ 169,640	-	-	-
Investment earnings	-	337	337	-
Total revenues	<u>169,640</u>	<u>337</u>	<u>337</u>	<u>-</u>
Expenditures - current - public safety:				
Sheriff	84,820	-	-	-
City of Winston-Salem police	84,820	-	-	-
Total expenditures	<u>169,640</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>337</u>	337	<u>-</u>
Fund balance - June 30, 2013			-	
Fund balance - June 30, 2014			<u>\$ 337</u>	

COMBINING BALANCE SHEET

D-1

NONMAJOR CAPITAL PROJECTS FUNDS

FORSYTH COUNTY, NORTH CAROLINA

June 30, 2014

Page 1 of 2

	2009	2008	2010 FTCC	2011	2012
	2/3rds	School	Capital	Library	Motive
	<u>Bonds</u>	<u>Facilities</u>	<u>Maintenance</u>	<u>Bond</u>	<u>Equipment</u>
					<u>Replacement</u>
ASSETS					
Cash and cash equivalents / investments	\$ -	536,006	-	149,681	419,954
Investments - restricted	899,294	-	136,609	-	-
Receivables (net):					
Other	-	-	-	-	-
Accrued interest	-	97	-	-	76
Due from other governments	207,728	14,908	-	-	25,065
Total assets	\$ <u>1,107,022</u>	<u>551,011</u>	<u>136,609</u>	<u>149,681</u>	<u>445,095</u>
LIABILITIES AND FUND BALANCES					
Liabilities - accounts payable and accrued liabilities	\$ <u>166,916</u>	<u>-</u>	<u>-</u>	<u>116,822</u>	<u>153,061</u>
Fund balances:					
Restricted for:					
Stabilization by state statute	2,076,722	15,005	-	2,080,487	29,283
Capital projects	-	-	136,609	-	-
Committed for capital projects	-	536,006	-	-	262,751
Unassigned	<u>(1,136,616)</u>	<u>-</u>	<u>-</u>	<u>(2,047,628)</u>	<u>-</u>
Total fund balances	<u>940,106</u>	<u>551,011</u>	<u>136,609</u>	<u>32,859</u>	<u>292,034</u>
Total liabilities and fund balances	\$ <u>1,107,022</u>	<u>551,011</u>	<u>136,609</u>	<u>149,681</u>	<u>445,095</u>

2012	2012 WSFCS	2012 FTCC			2014	
2/3rds	Capital	Capital	2012	2013	Reynolda	
Bonds	Maintenance	Maintenance	Pay-Go	Pay-Go	Manor	Total
					Branch	
					Library	
-	-	-	3,042,063	965,004	48,052	5,160,760
2,870,063	4,406,348	1,314,728	-	-	-	9,627,042
-	-	-	7,000	-	-	7,000
-	612	-	549	219	8	1,561
20,438	78,460	-	112	413	-	347,124
2,890,501	4,485,420	1,314,728	3,049,724	965,636	48,060	15,143,487
77,786	-	-	198,888	53,874	-	767,347
315,446	79,072	-	387,429	55,046	8	5,038,498
2,497,269	4,406,348	1,314,728	-	-	-	8,354,954
-	-	-	2,463,407	856,716	48,052	4,166,932
-	-	-	-	-	-	(3,184,244)
2,812,715	4,485,420	1,314,728	2,850,836	911,762	48,060	14,376,140
2,890,501	4,485,420	1,314,728	3,049,724	965,636	48,060	15,143,487

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

D-2

NONMAJOR CAPITAL PROJECTS FUNDS

FORSYTH COUNTY, NORTH CAROLINA

For the Fiscal Year Ended June 30, 2014

Page 1 of 2

	<u>2009</u> <u>2/3rds</u> <u>Bonds</u>	<u>2008</u> <u>School</u> <u>Facilities</u>	<u>2010</u> <u>2/3rds</u> <u>Bonds</u>	<u>2010 WSFCS</u> <u>Capital</u> <u>Maintenance</u>	<u>2010 FTCC</u> <u>Capital</u> <u>Maintenance</u>	<u>2011</u> <u>Pay-Go</u>
Revenues:						
Intergovernmental	\$ 237,035	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Investment earnings	82	2,185	14	160	15	747
Other	-	-	-	-	-	-
Total revenues	<u>237,117</u>	<u>2,185</u>	<u>14</u>	<u>160</u>	<u>15</u>	<u>747</u>
Expenditures:						
Current:						
Intergovernmental - education	-	530,362	-	1,173,558	143,040	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Human services	-	-	-	-	-	-
Culture and recreation	285,794	-	67,380	-	-	-
Unallocated	-	-	-	-	-	-
Total expenditures	<u>285,794</u>	<u>530,362</u>	<u>67,380</u>	<u>1,173,558</u>	<u>143,040</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(48,677)</u>	<u>(528,177)</u>	<u>(67,366)</u>	<u>(1,173,398)</u>	<u>(143,025)</u>	<u>747</u>
Other financing sources (uses):						
Transfers in:						
General Fund	-	-	-	-	-	-
2011 Pay-Go Fund	-	-	-	-	-	-
2010 Winston-Salem/Forsyth County Schools Capital Maintenance Fund	-	-	-	-	-	-
2012 2/3rds Fund	165,096	-	-	-	-	-
Transfers out:						
General Fund	-	-	(165,005)	(12,531)	-	(4,191)
2009 2/3rds Fund	-	-	-	-	-	-
2012 Winston-Salem/Forsyth County Schools Capital Maintenance Fund	-	-	-	(951,143)	-	-
2013 Pay-Go Fund	-	-	-	-	-	(469,276)
Total other financing sources (uses)	<u>165,096</u>	<u>-</u>	<u>(165,005)</u>	<u>(963,674)</u>	<u>-</u>	<u>(473,467)</u>
Net change in fund balances	116,419	(528,177)	(232,371)	(2,137,072)	(143,025)	(472,720)
Fund balance - June 30, 2013	823,687	1,079,188	232,371	2,137,072	279,634	472,720
Fund balance - June 30, 2014	<u>\$ 940,106</u>	<u>551,011</u>	<u>-</u>	<u>-</u>	<u>136,609</u>	<u>-</u>

2011 Library Bond	2012 Motive Equipment Replacement	2012 2/3rds Bonds	2012 WSFCS Capital Maintenance	2012 FTCC Capital Maintenance	2012 Pay-Go	2013 Pay-Go	2014 Reynolda Manor Branch Library	Total
-	90,000	-	-	-	-	-	-	327,035
-	8,800	-	-	-	-	-	-	8,800
-	2,366	389	1,015	246	8,691	1,589	345	17,844
-	87,950	-	-	-	7,000	-	-	94,950
-	189,116	389	1,015	246	15,691	1,589	345	448,629
-	-	-	5,004,800	1,143,864	-	-	-	7,995,624
-	141,156	220,644	-	-	60,315	1,020,625	-	1,442,740
-	1,179,464	-	-	-	118,795	53,325	-	1,351,584
-	-	-	-	-	64,433	7,950	-	72,383
169,394	-	1,131,942	-	-	-	62,626	1,012,945	2,730,081
-	59,411	-	-	-	-	-	-	59,411
169,394	1,380,031	1,352,586	5,004,800	1,143,864	243,543	1,144,526	1,012,945	13,651,823
(169,394)	(1,190,915)	(1,352,197)	(5,003,785)	(1,143,618)	(227,852)	(1,142,937)	(1,012,600)	(13,203,194)
-	1,192,500	-	1,735,000	-	-	982,710	1,060,660	4,970,870
-	-	-	-	-	-	469,276	-	469,276
-	-	-	951,143	-	-	-	-	951,143
-	-	-	-	-	-	-	-	165,096
-	-	-	-	-	-	-	-	(181,727)
-	-	(165,096)	-	-	-	-	-	(165,096)
-	-	-	-	-	-	-	-	(951,143)
-	-	-	-	-	-	-	-	(469,276)
-	1,192,500	(165,096)	2,686,143	-	-	1,451,986	1,060,660	4,789,143
(169,394)	1,585	(1,517,293)	(2,317,642)	(1,143,618)	(227,852)	309,049	48,060	(8,414,051)
202,253	290,449	4,330,008	6,803,062	2,458,346	3,078,688	602,713	-	22,790,191
32,859	292,034	2,812,715	4,485,420	1,314,728	2,850,836	911,762	48,060	14,376,140

2009 2/3rds BONDS FUND

D-3

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2014

	<u>Budget</u>	<u>Cumulative Total to June 30, 2014</u>	<u>Activity Year Ended June 30, 2014</u>	<u>Cumulative Total to June 30, 2013</u>
Revenues:				
Intergovernmental	\$ 1,865,096	769,737	237,035	532,702
Investment earnings	135,000	140,201	82	140,119
Total revenues	<u>2,000,096</u>	<u>909,938</u>	<u>237,117</u>	<u>672,821</u>
Expenditures:				
Intergovernmental - education	7,300,000	7,300,000	-	7,300,000
Debt service - interest and other charges	100,000	100,000	-	100,000
Capital outlay:				
General government - Hall of Justice renovations	1,200,000	1,199,500	-	1,199,500
Human services - pharmacy renovations	220,000	133,524	-	133,524
Culture and recreation:				
Tanglewood Park	1,200,000	1,199,807	-	1,199,807
Triad Park development	3,230,192	1,361,198	285,794	1,075,404
Total expenditures	<u>13,250,192</u>	<u>11,294,029</u>	<u>285,794</u>	<u>11,008,235</u>
Deficiency of revenues over expenditures	(11,250,096)	(10,384,091)	(48,677)	(10,335,414)
Other financing sources (uses):				
General obligation bonds issued	11,120,000	11,120,000	-	11,120,000
Premium on general obligation bonds	-	74,101	-	74,101
Transfer from 2012 2/3rds bond fund	165,096	165,096	165,096	-
Transfers to General Fund	(35,000)	(35,000)	-	(35,000)
Total other financing sources	<u>11,250,096</u>	<u>11,324,197</u>	<u>165,096</u>	<u>11,159,101</u>
Net change in fund balance	\$ <u>-</u>	<u>940,106</u>	116,419	<u>823,687</u>
Fund balance - June 30, 2013			823,687	
Fund balance - June 30, 2014			<u>\$ 940,106</u>	

2008 SCHOOL FACILITIES FUND

D-4

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2014

	<u>Budget</u>	<u>Cumulative Total to June 30, 2014</u>	<u>Activity Year Ended June 30, 2014</u>	<u>Cumulative Total to June 30, 2013</u>
Revenues - investment earnings	\$ 35,000	59,376	2,185	57,191
Expenditures:				
Intergovernmental - education	1,587,441	1,060,805	530,362	530,443
Unallocated	235,420	-	-	-
Total expenditures	<u>1,822,861</u>	<u>1,060,805</u>	<u>530,362</u>	<u>530,443</u>
Excess (deficiency) of revenues over expenditures	(1,787,861)	(1,001,429)	(528,177)	(473,252)
Other financing sources:				
Transfers from General Fund	1,787,861	1,552,440	-	1,552,440
Net change in fund balance	\$ <u>-</u>	<u>551,011</u>	(528,177)	<u>1,079,188</u>
Fund balance - June 30, 2013			1,079,188	
Fund balance - June 30, 2014			<u>\$ 551,011</u>	

2010 2/3rds BONDS FUND

D-5

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2014

	<u>Budget</u>	<u>Cumulative Total to June 30, 2014</u>	<u>Activity Year Ended June 30, 2014</u>	<u>Cumulative Total to June 30, 2013</u>
Revenues - investment earnings	\$ -	6,045	14	6,031
Expenditures:				
Debt service - interest and other charges	182,616	29,334	-	29,334
Capital outlay:				
General Government - Energy projects	227,148	221,560	-	221,560
Culture and recreation - Park maintenance projects	4,231,091	4,231,001	67,380	4,163,621
Total expenditures	<u>4,640,855</u>	<u>4,481,895</u>	<u>67,380</u>	<u>4,414,515</u>
Deficiency of revenues over expenditures	<u>(4,640,855)</u>	<u>(4,475,850)</u>	<u>(67,366)</u>	<u>(4,408,484)</u>
Other financing sources:				
General obligation bonds issued	4,318,750	4,318,750	-	4,318,750
Premium on general obligation bonds	322,105	322,105	-	322,105
Transfer to General Fund	-	(165,005)	(165,005)	-
Total other financing sources	<u>4,640,855</u>	<u>4,475,850</u>	<u>(165,005)</u>	<u>4,640,855</u>
Net change in fund balance	\$ <u>-</u>	<u>-</u>	<u>(232,371)</u>	<u>232,371</u>
Fund balance - June 30, 2013			232,371	
Fund balance - June 30, 2014			\$ <u>-</u>	

2010 WINSTON-SALEM/FORSYTH COUNTY SCHOOLS CAPITAL MAINTENANCE FUND

D-6

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2014

	<u>Budget</u>	<u>Cumulative Total to June 30, 2014</u>	<u>Activity Year Ended June 30, 2014</u>	<u>Cumulative Total to June 30, 2013</u>
Revenues - investment earnings	\$ -	12,472	160	12,312
Expenditures:				
Debt service - interest and other charges	53,888	53,828	-	53,828
Current - intergovernmental - education	10,443,857	10,443,857	1,173,558	9,270,299
Total expenditures	<u>10,497,745</u>	<u>10,497,685</u>	<u>1,173,558</u>	<u>9,324,127</u>
Deficiency of revenues over expenditures	<u>(10,497,745)</u>	<u>(10,485,213)</u>	<u>(1,173,398)</u>	<u>(9,311,815)</u>
Other financing sources:				
General obligation bonds issued	7,925,000	7,925,000	-	7,925,000
Premium on general obligation bonds	591,069	591,069	-	591,069
Transfer from 2007 School Facilities fund	1,197,819	1,197,818	-	1,197,818
Transfer from General Fund	1,735,000	1,722,469	(12,531)	1,735,000
Transfer to 2012 Winston-Salem/Forsyth County Schools Capital Maintenance Fund	<u>(951,143)</u>	<u>(951,143)</u>	<u>(951,143)</u>	<u>-</u>
Total other financing sources	<u>10,497,745</u>	<u>10,485,213</u>	<u>(963,674)</u>	<u>11,448,887</u>
Net change in fund balance	\$ <u>-</u>	<u>-</u>	<u>(2,137,072)</u>	<u>2,137,072</u>
Fund balance - June 30, 2013			2,137,072	
Fund balance - June 30, 2014			\$ <u>-</u>	

2010 FORSYTH TECHNICAL COMMUNITY COLLEGE CAPITAL MAINTENANCE FUND

D-7

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2014

	<u>Budget</u>	<u>Cumulative Total to June 30, 2014</u>	<u>Activity Year Ended June 30, 2014</u>	<u>Cumulative Total to June 30, 2013</u>
Revenues - investment earnings	\$ -	2,299	15	2,284
Expenditures:				
Debt service - interest and other charges	13,472	13,457	-	13,457
Current - intergovernmental - education	2,115,545	1,981,250	143,040	1,838,210
Total expenditures	<u>2,129,017</u>	<u>1,994,707</u>	<u>143,040</u>	<u>1,851,667</u>
Deficiency of revenues over expenditures	<u>(2,129,017)</u>	<u>(1,992,408)</u>	<u>(143,025)</u>	<u>(1,849,383)</u>
Other financing sources:				
General obligation bonds issued	1,981,250	1,981,250	-	1,981,250
Premium on general obligation bonds	147,767	147,767	-	147,767
Total other financing sources	<u>2,129,017</u>	<u>2,129,017</u>	<u>-</u>	<u>2,129,017</u>
Net change in fund balance	<u>\$ -</u>	<u>136,609</u>	<u>(143,025)</u>	<u>279,634</u>
Fund balance - June 30, 2013			279,634	
Fund balance - June 30, 2014			<u>\$ 136,609</u>	

2011 PAY-GO FUND

D-8

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2014

	<u>Budget</u>	<u>Cumulative Total to June 30, 2014</u>	<u>Activity Year Ended June 30, 2014</u>	<u>Cumulative Total to June 30, 2013</u>
Revenues - investment earnings	\$ -	4,191	747	3,444
Expenditures:				
Capital outlay:				
Public safety - Firearms Training Facility	2,500,000	2,500,000	-	2,500,000
Total expenditures	<u>2,500,000</u>	<u>2,500,000</u>	<u>-</u>	<u>2,500,000</u>
Deficiency of revenues over expenditures	<u>(2,500,000)</u>	<u>(2,495,809)</u>	<u>747</u>	<u>(2,496,556)</u>
Other financing sources (uses):				
Transfer from General Fund	2,969,276	2,965,085	(4,191)	2,969,276
Transfer to 2013 PayGo Fund	(469,276)	(469,276)	(469,276)	
Total other financing sources	<u>2,500,000</u>	<u>2,495,809</u>	<u>(473,467)</u>	<u>2,969,276</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>(472,720)</u>	<u>472,720</u>
Fund balance - June 30, 2013			472,720	
Fund balance - June 30, 2014			<u>\$ -</u>	

2011 LIBRARY BOND FUND

D-9

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2014

	<u>Budget</u>	<u>Cumulative Total to June 30, 2014</u>	<u>Activity Year Ended June 30, 2014</u>	<u>Cumulative Total to June 30, 2013</u>
Revenues - investment earnings	\$ -	-	-	-
Expenditures:				
Capital outlay - culture and recreation				
Library planning	240,000	49,071	11,324	37,747
Library projects	40,000,000	158,070	158,070	-
Total expenditures	<u>40,240,000</u>	<u>207,141</u>	<u>169,394</u>	<u>37,747</u>
Deficiency of revenues over expenditures	<u>(40,240,000)</u>	<u>(207,141)</u>	<u>(169,394)</u>	<u>(37,747)</u>
Other financing sources:				
General obligation bonds issued	40,000,000	-	-	-
Transfer from 2008 Pay-Go fund	240,000	240,000	-	240,000
Total other financing sources (uses)	<u>40,240,000</u>	<u>240,000</u>	<u>-</u>	<u>240,000</u>
Net change in fund balance	\$ -	<u>32,859</u>	(169,394)	<u>202,253</u>
Fund balance - June 30, 2013			<u>202,253</u>	
Fund balance - June 30, 2014			<u>\$ 32,859</u>	

2012 MOTIVE EQUIPMENT REPLACEMENT FUND

D-10

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2014

	<u>Budget</u>	<u>Cumulative Total to June 30, 2014</u>	<u>Activity Year Ended June 30, 2014</u>	<u>Cumulative Total to June 30, 2013</u>
Revenues:				
Intergovernmental	\$ 149,144	171,644	90,000	81,644
Charges for services	15,400	17,600	8,800	8,800
Investment earnings	4,087	4,303	2,366	1,937
Other revenue	131,029	131,029	87,950	43,079
Total revenues	<u>299,660</u>	<u>324,576</u>	<u>189,116</u>	<u>135,460</u>
Expenditures:				
Capital outlay:				
General government - Non-emergency fleet	243,482	240,774	141,156	99,618
Public safety:				
Animal control	79,200	78,222	45,029	33,193
Emergency services	957,026	955,427	607,045	348,382
Sheriff	1,054,054	1,053,408	527,390	526,018
Unallocated	59,412	59,411	59,411	-
Total expenditures	<u>2,393,174</u>	<u>2,387,242</u>	<u>1,380,031</u>	<u>1,007,211</u>
Deficiency of revenues over expenditures	<u>(2,093,514)</u>	<u>(2,062,666)</u>	<u>(1,190,915)</u>	<u>(871,751)</u>
Other financing sources (uses):				
Transfer from General Fund	2,354,700	2,354,700	1,192,500	1,162,200
Transfer to 2014 Motive Equipment Fund	(261,186)	-	-	-
	<u>2,093,514</u>	<u>2,354,700</u>	<u>1,192,500</u>	<u>1,162,200</u>
Net change in fund balance	<u>\$ -</u>	<u>292,034</u>	<u>1,585</u>	<u>290,449</u>
Fund balance - June 30, 2013			<u>290,449</u>	
Fund balance - June 30, 2014			<u>\$ 292,034</u>	

2012 2/3rds BONDS FUND

D-11

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2014

	<u>Budget</u>	<u>Cumulative Total to June 30, 2014</u>	<u>Activity Year Ended June 30, 2014</u>	<u>Cumulative Total to June 30, 2013</u>
Revenues - investment earnings	\$ -	1,265	389	876
Expenditures:				
Debt service - interest and other charges	250,000	134,743	-	134,743
Capital outlay:				
General Government:				
Hall of Justice renovation	1,250,000	7,517	7,517	-
Capital repair and maintenance	1,500,000	491,650	213,127	278,523
Culture and recreation - Park maintenance projects	1,834,904	1,463,237	1,131,942	331,295
Total expenditures	<u>4,834,904</u>	<u>2,097,147</u>	<u>1,352,586</u>	<u>744,561</u>
Deficiency of revenues over expenditures	<u>(4,834,904)</u>	<u>(2,095,882)</u>	<u>(1,352,197)</u>	<u>(743,685)</u>
Other financing sources:				
General obligation bonds issued	5,000,000	4,820,000	-	4,820,000
Premium on general obligation bonds	-	253,693	-	253,693
Transfer to 2009 2/3s bond fund	(165,096)	(165,096)	(165,096)	-
Total other financing sources	<u>4,834,904</u>	<u>4,908,597</u>	<u>(165,096)</u>	<u>5,073,693</u>
Net change in fund balance	<u>\$ -</u>	<u>2,812,715</u>	<u>(1,517,293)</u>	<u>4,330,008</u>
Fund balance - June 30, 2013			4,330,008	
Fund balance - June 30, 2014			<u>\$ 2,812,715</u>	

2012 WINSTON-SALEM/FORSYTH COUNTY SCHOOLS CAPITAL MAINTENANCE FUND

D-12

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2014

	<u>Budget</u>	<u>Cumulative Total to June 30, 2014</u>	<u>Activity Year Ended June 30, 2014</u>	<u>Cumulative Total to June 30, 2013</u>
Revenues - investment earnings	\$ -	2,081	1,015	1,066
Expenditures:				
Current - intergovernmental - education	10,921,143	6,879,922	5,004,800	1,875,122
Deficiency of revenues over expenditures	<u>(10,921,143)</u>	<u>(6,877,841)</u>	<u>(5,003,785)</u>	<u>(1,874,056)</u>
Other financing sources:				
General obligation bonds issued	6,500,000	6,595,000	-	6,595,000
Premium on general obligation bonds	-	347,118	-	347,118
Transfer from General Fund	1,735,000	1,735,000	1,735,000	-
Transfer from 2007 School Facilities fund	1,735,000	1,735,000	-	1,735,000
Transfer from 2010 Winston-Salem/Forsyth County Schools Capital Maintenance Fund	951,143	951,143	951,143	-
Total other financing sources	<u>10,921,143</u>	<u>11,363,261</u>	<u>2,686,143</u>	<u>8,677,118</u>
Net change in fund balance	<u>\$ -</u>	<u>4,485,420</u>	<u>(2,317,642)</u>	<u>6,803,062</u>
Fund balance - June 30, 2013			6,803,062	
Fund balance - June 30, 2014			<u>\$ 4,485,420</u>	

2012 FORSYTH TECHNICAL COMMUNITY COLLEGE CAPITAL MAINTENANCE 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, 2014

	<u>Budget</u>	<u>Cumulative Total to June 30, 2014</u>	<u>Activity Year Ended June 30, 2014</u>	<u>Cumulative Total to June 30, 2013</u>
Revenues - investment earnings	\$ -	693	246	447
Expenditures:				
Current - intergovernmental - education	2,300,000	1,143,864	1,143,864	-
Deficiency of revenues over expenditures	<u>(2,300,000)</u>	<u>(1,143,171)</u>	<u>(1,143,618)</u>	<u>447</u>
Other financing sources:				
General obligation bonds issued	2,300,000	2,335,000	-	2,335,000
Premium on general obligation bonds	-	122,899	-	122,899
Total other financing sources	<u>2,300,000</u>	<u>2,457,899</u>	<u>-</u>	<u>2,457,899</u>
Net change in fund balance	<u>\$ -</u>	<u>1,314,728</u>	<u>(1,143,618)</u>	<u>2,458,346</u>
Fund balance - June 30, 2013			2,458,346	
Fund balance - June 30, 2014			<u>\$ 1,314,728</u>	

2012 PAY-GO FUND

D-14

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2014

	<u>Budget</u>	<u>Cumulative Total to June 30, 2014</u>	<u>Activity Year Ended June 30, 2014</u>	<u>Cumulative Total to June 30, 2013</u>
Revenues:				
Investment earnings	\$ -	8,942	8,691	251
Other revenue	-	7,000	7,000	-
Total revenues	<u>-</u>	<u>15,942</u>	<u>15,691</u>	<u>251</u>
Expenditures:				
Capital outlay:				
General government: Government Center upfit	523,000	60,315	60,315	-
Public safety:				
LEDC energy project	240,000	118,578	111,784	6,794
Phillips Building upfit	2,000,000	7,011	7,011	-
Public health: Government Center level 5 upfit	325,000	67,202	64,433	2,769
Total expenditures	<u>3,088,000</u>	<u>253,106</u>	<u>243,543</u>	<u>9,563</u>
Deficiency of revenues over expenditures	<u>(3,088,000)</u>	<u>(237,164)</u>	<u>(227,852)</u>	<u>(9,312)</u>
Other financing sources - transfer from General Fund	<u>3,088,000</u>	<u>3,088,000</u>	<u>-</u>	<u>3,088,000</u>
Net change in fund balance	<u>\$ -</u>	<u>2,850,836</u>	<u>(227,852)</u>	<u>3,078,688</u>
Fund balance - June 30, 2013			3,078,688	
Fund balance - June 30, 2014			<u>\$ 2,850,836</u>	

2013 PAY-GO FUND

D-15

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2014

	<u>Budget</u>	<u>Cumulative Total to June 30, 2014</u>	<u>Activity Year Ended June 30, 2014</u>	<u>Cumulative Total to June 30, 2013</u>
Revenues - investment earnings	\$ -	1,724	1,589	135
Expenditures:				
Capital outlay:				
General government:				
Financial system upgrade	200,000	-	-	-
UPS equipment	11,570	11,570	10,713	857
EAD building renovation	20,115	12,324	11,175	1,149
Geo Data Explorer Intranet	119,000	26,600	26,600	-
Conservation projects	32,360	-	-	-
Hall of Justice renovations	469,276	-	-	-
MIS Network Equipment	982,308	942,936	942,936	-
General services equipment replacement	54,201	29,201	29,201	-
Public safety:				
AV project	15,651	15,651	15,651	-
Fire SCBA replacements	37,674	37,674	37,674	-
Human Services	20,457	9,822	7,950	1,872
Parks and Recreation: equipment replacement	96,030	62,626	62,626	-
Total expenditures	<u>2,058,642</u>	<u>1,148,404</u>	<u>1,144,526</u>	<u>3,878</u>
Deficiency of revenues over expenditures	<u>(2,058,642)</u>	<u>(1,146,680)</u>	<u>(1,142,937)</u>	<u>(3,743)</u>
Other financing sources:				
Transfer from 2008 Pay-Go	378,223	378,123	-	378,123
Transfer from 2010 Pay-Go	228,433	228,333	-	228,333
Transfer from 2011 Pay-Go	469,276	469,276	469,276	-
Transfer from General Fund	982,710	982,710	982,710	-
Total other financing sources	<u>2,058,642</u>	<u>2,058,442</u>	<u>1,451,986</u>	<u>606,456</u>
Net change in fund balance	<u>\$ -</u>	<u>911,762</u>	309,049	<u>602,713</u>
Fund balance - June 30, 2013			<u>602,713</u>	
Fund balance - June 30, 2014			<u>\$ 911,762</u>	

2014 REYNOLDA MANOR BRANCH LIBRARY FUND

D-16

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

FORSYTH COUNTY, NORTH CAROLINA

From Project Inception and for the Year Ended June 30, 2014

	<u>Budget</u>	<u>Cumulative Total to June 30, 2014</u>	<u>Activity Year Ended June 30, 2014</u>	<u>Cumulative Total to June 30, 2013</u>
Revenues - investment earnings	\$ -	345	345	-
Expenditures:				
Capital outlay:				
Culture and Recreation - Branch Library	1,060,660	1,012,945	1,012,945	-
Deficiency of revenues over expenditures	(1,060,660)	(1,012,600)	(1,012,600)	-
Other financing sources:				
Transfer from General Fund	1,060,660	1,060,660	1,060,660	-
Net change in fund balance	\$ -	48,060	48,060	-
Fund balance - June 30, 2013			-	
Fund balance - June 30, 2014			\$ 48,060	

Fiduciary Funds

Agency Funds

Agency funds are used to account for assets held by the County in an agency capacity for individuals, private organizations, or other governments.

Tax Agency Fund – This fund is used to account for collections of various taxes by the County/City Tax Collector that are remitted to other funds and to other local governments and authorities and the 3% interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles.

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

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

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS

E-1

FORSYTH COUNTY, NORTH CAROLINA

June 30, 2014

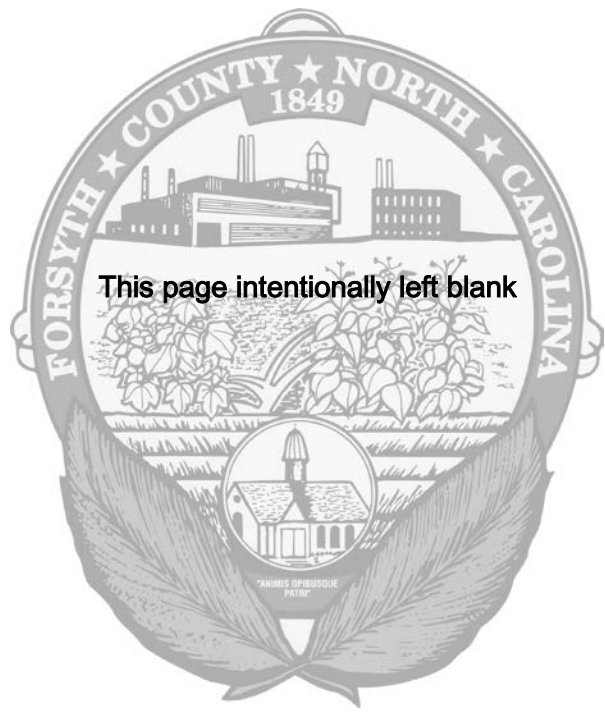
	<u>Tax</u>	<u>Fines and Forfeitures</u>	<u>Protective Payee</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents / investments	\$ 785,116	6,517	56,398	848,031
Receivables:				
Property taxes	4,699,581	-	-	4,699,581
Accrued interest	-	-	11	11
Total assets	<u>5,484,697</u>	<u>6,517</u>	<u>56,409</u>	<u>5,547,623</u>
LIABILITIES				
Due to NC Division of Motor Vehicles	49,715	-	-	49,715
Due to other governments	5,434,982	6,517	-	5,441,499
Other liabilities	-	-	56,409	56,409
Total liabilities	<u>5,484,697</u>	<u>6,517</u>	<u>56,409</u>	<u>5,547,623</u>
NET POSITION	<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, 2014

	<u>June 30, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2014</u>
<u>TAX AGENCY</u>				
ASSETS				
Cash and cash equivalents / investments	\$ 1,105,028	722,944,276	723,264,188	785,116
Receivables - property taxes	5,591,515	349,921,150	350,813,084	4,699,581
Total assets	\$ 6,696,543	1,072,865,426	1,074,077,272	5,484,697
LIABILITIES				
Due to NC Division of Motor Vehicles	\$ 65,083	-	15,368	49,715
Due to other governments	6,631,460	849,004,751	850,201,229	5,434,982
Total liabilities	\$ 6,696,543	849,004,751	850,216,597	5,484,697
<u>FINES AND FORFEITURES</u>				
ASSETS				
Cash and cash equivalents / investments	\$ 8,352	1,882,905	1,884,740	6,517
LIABILITIES				
Due to other governments	\$ 8,352	1,882,905	1,884,740	6,517
<u>PROTECTIVE PAYEE</u>				
ASSETS				
Cash and cash equivalents / investments	\$ 39,111	283,588	266,301	56,398
Receivables - accrued interest	16	152	157	11
Total assets	\$ 39,127	283,740	266,458	56,409
LIABILITIES				
Other liabilities	\$ 39,127	286,812	269,530	56,409
Total liabilities	\$ 39,127	286,812	269,530	56,409
<u>TOTAL - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents / investments	\$ 1,152,491	725,110,769	725,415,229	848,031
Receivables:				
Property taxes	5,591,515	349,921,150	350,813,084	4,699,581
Accrued interest	16	152	157	11
Total assets	\$ 6,744,022	1,075,032,071	1,076,228,470	5,547,623
LIABILITIES				
Due to other governments	\$ 6,704,895	850,887,656	852,101,337	5,491,214
Other liabilities	39,127	286,812	269,530	56,409
Total liabilities	\$ 6,744,022	851,174,468	852,370,867	5,547,623



This page intentionally left blank

Other Schedules

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

**SCHEDULE OF AD VALOREM TAXES RECEIVABLE
GENERAL FUND**

F-1

FORSYTH COUNTY, NORTH CAROLINA
June 30, 2014

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2013</u>	<u>Additions Net of Releases</u>	<u>Collections And Credits</u>	<u>Writeoffs</u>	<u>Uncollected Balance June 30, 2014</u>
2013 - 2014	\$ -	234,215,900	230,760,638	-	3,455,262
2012 - 2013	4,551,569	(23,257)	3,141,742	-	1,386,570
2011 - 2012	1,317,739	(3,039)	425,406	-	889,294
2010 - 2011	905,743	(1,906)	174,793	270,234	458,810
2009 - 2010	424,044	(790)	50,114	-	373,140
2008 - 2009	323,257	(1,137)	34,854	-	287,266
2007 - 2008	201,987	(847)	10,735	-	190,405
2006 - 2007	178,857	(624)	9,591	-	168,642
2005 - 2006	178,405	(303)	4,637	-	173,465
2004 - 2005	328,716	(124)	2,473	326,119	-
	<u>\$ 8,410,317</u>	<u>234,183,873</u>	<u>234,614,983</u>	<u>596,353</u>	<u>7,382,854</u>

Plus: dog taxes included in taxes receivable: General Fund	-
Less: allowance for uncollectible accounts: General Fund	<u>(3,845,482)</u>
Ad valorem taxes receivable - net: General Fund	<u>\$ 3,537,372</u>

Reconcilement with revenues:

Property taxes - General Fund	\$ 235,461,325
Penalties collected on ad valorem taxes - Fines and Forfeitures Fund	303,272
Reconciling items:	
Interest and fees collected	\$ (1,362,847)
Back years collection of dog taxes	-
Refunds	247,782
Collection of taxes previously written off	<u>(34,549)</u>
Total reconciling items	<u>(1,149,614)</u>
Total collections and credits	<u>\$ 234,614,983</u>

**ANALYSIS OF CURRENT TAX LEVY
COUNTYWIDE LEVY**

F-2

FORSYTH COUNTY, NORTH CAROLINA
For the Fiscal Year Ended June 30, 2014

	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	\$ 32,296,713,160	\$.7168	\$ 229,563,897	\$ 212,247,838	\$ 17,316,060
Motor vehicles taxed at prior year's rate: FY 11-12	471,530	.6740	3,255	-	3,255
FY 12-13	963,112,220	.6740	6,488,797	-	6,488,797
Penalties	-		98,894	98,894	-
Total	<u>33,260,296,910</u>		<u>236,154,843</u>	<u>212,346,732</u>	<u>23,808,112</u>
Releases	(270,499,860)		(1,938,943)	(1,795,817)	(143,126)
Total property valuation	<u>\$ 32,989,797,050</u>				
Net levy			234,215,900	210,550,915	23,664,985
Uncollected taxes at June 30, 2013			<u>3,455,262</u>	<u>2,524,903</u>	<u>930,359</u>
Current year's taxes collected			<u>\$ 230,760,638</u>	<u>\$ 208,026,012</u>	<u>\$ 22,734,626</u>
Current levy collection percentage			<u>98.52%</u>	<u>98.80%</u>	<u>96.07%</u>

Secondary Market Disclosures:

Assessed Valuation:

Assessment Ratio (1)	100%
Real Property	\$ 25,962,868,887
Personal Property	6,439,893,501
Public Service Companies (2)	<u>587,034,662</u>
Total Assessed Valuation	<u>32,989,797,050</u>
Tax Rate per \$100	<u>0.7168</u>
Levy (includes discoveries, releases and abatements)	<u>\$ 234,215,900</u>

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

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

TEN LARGEST TAXPAYERS

F-3

FORSYTH COUNTY, NORTH CAROLINA

For the Fiscal Year Ended June 30, 2014

<u>Taxpayer</u>	<u>Type of Business</u>		2013 Assessed Valuation	Percentage of Total Assessed Valuation
R. J. Reynolds Industries, Inc.	Tobacco, Foods, Petroleum and Transportation	\$	738,530,200	2.24%
Duke Energy Corporation	Electric Utility		314,669,600	0.95%
Lowe's Home Center	Retail		297,406,770	0.90%
JG Winston-Salem	Real Estate Management		203,418,100	0.62%
Wells Fargo Bank NA	Banking		196,410,950	0.60%
Wake Forest University	Education / Health Care		142,344,600	0.43%
Wal-Mart Real Estate Bus Trust	Retail		124,172,000	0.38%
Branch Banking & Trust Co	Banking		114,775,650	0.35%
Novant Health Inc	Health Care		90,265,640	0.27%
Hanesbrands Inc	Apparel		86,726,160	0.26%
		\$	<u>2,308,719,670</u>	<u>7.00%</u>

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

Contents

Financial Trends – These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	104
Revenue Capacity – These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property taxes.	108
Debt Capacity – These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	113
Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.	116
Operating Information – These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.	118

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

NET POSITION BY COMPONENT

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

(accrual basis of accounting)

Schedule 1

	Fiscal Year									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental activities:										
Invested in capital assets, net of related debt	\$ 58,050,620	62,126,511	65,335,272	66,426,734	72,988,514	78,662,765	84,541,770	83,829,746	75,547,493	76,582,427
Restricted	2,477,719	3,877,017	4,328,645	3,980,229	3,860,233	3,704,815	31,191,934	31,151,206	36,231,000	46,204,270
Unrestricted	<u>(120,973,768)</u>	<u>(133,416,466)</u>	<u>(132,368,899)</u>	<u>(120,384,798)</u>	<u>(164,391,922)</u>	<u>(227,581,718)</u>	<u>(311,324,492)</u>	<u>(340,506,961)</u>	<u>(335,671,385)</u>	<u>(330,405,550)</u>
Total governmental activities net deficit	\$ <u>(60,445,429)</u>	<u>(67,412,938)</u>	<u>(62,704,982)</u>	<u>(49,977,835)</u>	<u>(87,543,175)</u>	<u>(145,214,138)</u>	<u>(195,590,788)</u>	<u>(225,526,009)</u>	<u>(223,892,892)</u>	<u>(207,618,853)</u>

CHANGES IN NET ASSETS

FORSYTH COUNTY, NORTH CAROLINA
Last Ten Fiscal Years
(accrual basis of accounting)

Schedule 2

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government	\$ 38,054,338	40,702,218	40,954,886	42,473,984	38,189,282	40,075,708	40,444,367	43,252,315	39,642,837	41,283,224
Public safety	53,265,074	56,416,719	60,563,286	67,092,138	68,384,497	71,544,414	71,590,553	71,455,381	69,433,724	73,826,748
Environmental protection	2,171,643	2,160,200	2,220,009	2,521,035	2,713,093	2,682,028	2,653,528	2,642,585	2,442,611	2,229,539
Human services	81,602,908	83,026,669	83,325,627	85,670,069	81,156,032	76,826,616	75,228,239	76,403,049	77,395,541	75,195,871
Culture and recreation	15,209,100	16,913,156	17,214,387	17,401,634	16,540,703	15,936,872	15,995,428	15,830,605	15,886,345	14,556,355
Community and economic development	5,175,040	4,622,179	1,722,356	2,998,916	2,777,002	4,231,621	4,541,117	6,697,889	2,795,206	4,209,903
Education	145,267,123	139,943,619	137,732,790	140,624,177	185,747,060	217,912,687	199,596,063	181,325,863	152,410,053	144,359,143
Interest on long-term debt	14,567,408	14,846,094	15,995,831	18,501,304	17,734,361	17,800,372	21,423,843	21,732,376	21,796,354	19,259,551
Total expenses	<u>355,312,634</u>	<u>358,630,854</u>	<u>359,729,172</u>	<u>377,283,257</u>	<u>413,242,030</u>	<u>447,010,318</u>	<u>431,473,138</u>	<u>419,340,063</u>	<u>381,802,671</u>	<u>374,920,334</u>
Program revenues										
Governmental activities:										
Charges for services										
General government	4,444,744	4,335,314	4,320,684	4,163,440	3,766,905	3,326,610	3,168,910	3,834,636	3,743,500	3,617,005
Public safety	8,993,671	10,668,381	13,569,309	17,465,407	16,039,769	15,538,279	15,837,236	16,810,834	17,540,753	17,361,145
Environmental protection	933,971	785,380	348,683	266,457	222,569	251,076	292,471	205,762	220,956	228,599
Human services	7,227,474	6,686,842	6,781,195	7,752,966	8,631,222	9,140,340	8,481,786	9,936,712	8,055,427	6,479,949
Culture and recreation	4,648,633	5,291,419	5,265,639	5,098,137	4,403,575	3,872,609	3,792,170	3,908,560	4,079,006	3,944,701
Community and economic development	118,587	77,862	115,432	55,552	16,988	23,587	60,793	40,954	58,979	160,528
Education	33,469	33,332	33,332	33,372	42,907	41,324	43,457	77,091	67,038	62,076
Operating grants and contributions										
General government	648,613	2,048,882	1,116,784	753,817	1,142,633	944,665	605,190	648,658	564,085	831,442
Public safety	3,800,634	3,989,961	3,390,604	3,698,500	4,409,705	4,870,901	4,525,900	5,259,860	4,468,936	5,436,967
Environmental protection	661,559	747,313	843,363	880,434	1,025,921	767,359	748,827	1,035,482	747,815	837,273
Human services	34,162,314	35,684,538	35,702,370	36,224,878	38,460,763	39,533,989	38,387,457	41,638,514	40,842,999	41,633,018
Culture and recreation	896,886	1,617,563	856,098	822,806	979,233	1,112,728	694,216	672,829	904,113	1,037,768
Community and economic development	873,626	716,889	391,429	959,624	321,981	1,666,607	2,618,897	1,011,533	713,754	339,875
Education	1,090,700	2,393,376	3,459,671	5,790,588	7,098,274	9,477,257	9,118,121	5,406,597	4,627,031	4,517,993
Capital grants and contributions										
General government	-	-	-	25,975	-	-	-	-	-	-
Total program revenues	<u>68,534,881</u>	<u>75,077,052</u>	<u>76,194,593</u>	<u>83,991,953</u>	<u>86,562,445</u>	<u>90,567,331</u>	<u>88,375,431</u>	<u>90,488,022</u>	<u>86,634,392</u>	<u>86,488,339</u>
Net expense	<u>(286,777,753)</u>	<u>(283,553,802)</u>	<u>(283,534,579)</u>	<u>(293,291,304)</u>	<u>(326,679,585)</u>	<u>(356,442,987)</u>	<u>(343,097,707)</u>	<u>(328,852,041)</u>	<u>(295,168,279)</u>	<u>(288,431,995)</u>
General revenues and other changes in net assets										
Governmental activities:										
Taxes:										
Property taxes	184,460,184	196,540,693	203,698,340	218,253,781	223,660,085	234,161,047	234,598,651	235,293,490	239,530,106	241,781,572
Local option sales taxes	62,106,774	67,056,056	71,068,173	73,496,042	56,381,820	49,733,084	49,565,057	52,867,275	52,933,206	52,905,448
Occupancy taxes	441,234	493,107	539,027	562,018	466,198	436,578	483,945	542,596	558,116	619,138
Other taxes and licenses	3,656,571	3,752,002	3,261,547	2,587,667	1,749,344	-	-	-	-	-
Gross receipts tax	-	-	-	-	-	242,411	271,131	290,674	314,099	363,830
Excise stamp tax	-	-	-	-	-	1,138,069	943,248	1,039,534	1,429,078	1,254,797
Grants and contributions not restricted to specific programs	3,603,013	2,672,986	1,635,293	1,630,835	1,644,749	3,224,786	5,840,620	5,849,059	4,572,092	3,985,233
Investment earnings	3,939,095	5,473,968	7,680,796	9,025,373	4,150,368	966,309	741,526	612,725	141,520	715,063
Miscellaneous	763,732	597,480	359,359	462,735	1,061,681	8,869,740	276,879	2,421,467	1,009,905	3,080,953
Total general revenues	<u>258,970,603</u>	<u>276,586,292</u>	<u>288,242,535</u>	<u>306,018,451</u>	<u>289,114,245</u>	<u>298,772,024</u>	<u>292,721,057</u>	<u>298,916,820</u>	<u>300,488,122</u>	<u>304,706,034</u>
Change in net assets - governmental activities	\$ <u>(27,807,150)</u>	<u>(6,967,510)</u>	<u>4,707,956</u>	<u>12,727,147</u>	<u>(37,565,340)</u>	<u>(57,670,963)</u>	<u>(50,376,650)</u>	<u>(29,935,221)</u>	<u>5,319,843</u>	<u>16,274,039</u>

FUND BALANCES OF GOVERNMENTAL FUNDS

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

(modified accrual basis of accounting)

Schedule 3

		Fiscal Year									
		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund											
Reserved	\$	30,421,518	31,829,460	31,724,371	33,727,232	27,865,589	29,731,129				
Unreserved		63,826,353	69,572,571	79,799,313	86,715,440	101,701,080	113,871,426				
Nonspendable								180,133	172,691	251,658	122,250
Restricted								27,663,373	27,898,443	28,735,140	34,471,195
Committed								40,358,769	37,892,059	36,573,358	33,141,288
Assigned								15,950,543	19,235,587	13,978,806	10,031,500
Unassigned								62,118,267	63,057,650	63,971,070	64,817,179
Total General Fund	\$	94,247,871	101,402,031	111,523,684	120,442,672	129,566,669	143,602,555	146,271,085	148,256,430	143,510,032	142,583,412
All other governmental funds											
Reserved	\$	7,461,248	6,378,241	3,931,316	2,054,017	11,659,953	10,483,574				
Unreserved, reported in:											
Special revenue funds		1,047,406	2,633,267	2,649,533	2,103,908	884,635	(194,420)				
Capital projects funds		29,421,813	37,964,525	90,092,438	80,459,522	132,424,595	47,918,354				
Nonspendable								-	-	-	-
Restricted								131,779,815	68,905,275	47,662,220	30,604,023
Committed								5,487,886	5,206,773	7,257,834	4,166,932
Assigned								-	-	-	-
Unassigned								(457,737)	(479,424)	(123,274)	(5,169,337)
Total all other governmental funds	\$	37,930,467	46,976,033	96,673,287	84,617,447	144,969,183	58,207,508	136,809,964	73,632,624	54,796,780	29,601,618

Note: Amounts reported prior to the implementation of GASB 54 in fiscal year 2011 have not been restated.

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Schedule 4

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Property taxes	\$ 184,168,720	196,470,273	202,802,113	217,978,822	222,931,993	234,067,805	234,253,068	235,124,729	240,017,934	242,188,927
Occupancy taxes	441,234	493,107	539,027	562,018	466,198	436,578	483,945	542,596	558,116	619,138
Local option sales tax	62,106,774	67,056,056	71,068,173	73,496,042	56,381,820	49,733,084	49,565,057	52,867,275	52,933,206	52,905,448
Other taxes	600,303	667,463	506,037	377,837	202,959	242,411	271,131	290,674	314,099	363,830
Licenses and permits	1,867,850	1,704,474	1,215,187	922,548	940,488	857,450	902,447	766,104	867,200	790,379
Intergovernmental	46,013,245	50,024,208	47,933,136	51,239,274	55,768,601	61,855,315	63,225,328	61,804,884	57,669,048	58,735,531
Charges for services	20,869,798	21,707,464	23,207,853	24,621,408	25,129,543	24,332,511	22,884,593	23,276,406	24,945,629	23,733,229
Investment earnings	3,964,492	5,530,265	7,774,158	9,122,280	4,251,484	984,702	758,785	626,269	152,564	727,569
Other	7,168,741	7,633,841	8,011,182	8,904,354	9,379,996	16,408,473	8,944,216	12,978,204	9,041,885	10,014,487
Total revenues	327,201,157	351,287,151	363,056,866	387,224,583	375,453,082	388,918,329	381,288,570	388,277,141	386,499,681	390,078,538
Expenditures										
Current:										
General government	33,521,119	36,363,475	36,184,725	36,965,763	33,038,710	36,672,233	36,208,234	36,548,586	36,031,427	36,546,154
Public safety	49,355,750	52,911,994	56,417,332	61,360,693	64,633,076	67,313,048	68,412,022	69,124,066	68,062,518	69,651,727
Environmental protection	2,147,781	2,122,814	2,188,457	2,414,429	2,686,706	2,633,641	2,613,354	2,633,817	2,477,195	2,206,012
Human services	74,294,247	76,279,429	76,741,426	77,348,513	74,142,024	68,825,351	68,481,046	70,142,751	70,607,949	68,544,801
Culture and recreation	14,274,677	16,291,544	15,888,248	16,004,016	15,459,452	15,034,842	14,657,631	14,430,037	14,488,772	14,453,569
Community and economic development	5,175,387	4,618,272	1,715,501	2,977,892	2,766,353	4,236,714	4,534,972	6,694,033	2,798,505	2,774,655
Education	578,341	620,556	635,338	895,261	2,243,594	1,580,098	1,391,488	788,811	698,383	604,563
Intergovernmental:										
Human services	6,418,360	6,013,611	5,898,652	6,181,990	6,167,610	6,379,039	5,679,583	5,692,674	6,742,601	5,740,312
Education	144,663,575	139,301,345	137,070,648	139,681,424	183,475,254	216,316,478	198,206,090	180,529,368	151,695,430	143,738,262
Debt service:										
Principal retirement	21,345,000	22,545,420	21,746,497	23,924,516	26,200,993	29,693,677	29,909,022	37,906,327	39,097,635	41,565,055
Interest and other charges	15,821,967	15,066,260	16,551,824	17,246,714	19,490,528	19,189,422	23,820,913	24,767,215	24,130,833	22,433,916
Capital outlay	9,112,386	9,263,608	8,875,245	5,360,224	8,097,429	10,192,815	10,677,148	20,995,615	13,136,326	8,029,369
Total expenditures	376,708,590	381,398,328	379,913,893	390,361,435	438,401,729	478,067,358	464,591,503	470,253,300	429,967,574	416,288,395
Deficiency of revenues over expenditures	(49,507,433)	(30,111,177)	(16,857,027)	(3,136,852)	(62,948,647)	(89,149,029)	(83,302,933)	(81,976,159)	(43,467,893)	(26,209,857)
Other financing sources (uses):										
Installment purchases	-	-	1,913,500	-	1,026,000	-	-	2,400,000	-	-
Refunding bonds issued	15,630,000	-	-	-	-	42,870,000	50,295,000	-	35,090,000	8,230,000
Premium on refunding bonds	621,449	-	-	-	-	5,025,171	7,503,955	-	8,795,717	-
General obligation bonds issuance	-	32,685,000	72,500,000	-	156,255,000	-	157,625,000	-	18,750,000	-
Premium on general obligation bonds	-	362,985	2,262,434	-	4,407,759	-	6,548,336	-	811,977	-
Certificates of participation issued	40,985,000	13,000,000	-	-	-	-	-	-	-	-
Premium on certificates of participation	3,499,599	262,918	-	-	-	-	-	-	-	-
Limited obligation bonds issued	-	-	-	-	-	15,000,000	-	16,290,000	-	-
Premium on limited obligation bonds	-	-	-	-	-	1,023,705	-	2,094,164	-	-
Transfers in	3,411,778	4,549,889	2,918,502	18,308,651	13,141,259	17,572,682	18,196,159	10,806,854	13,712,606	13,687,885
Transfers out	(3,411,778)	(4,549,889)	(2,918,502)	(18,308,651)	(13,141,259)	(17,572,682)	(18,196,159)	(10,806,854)	(13,712,606)	(13,687,885)
Payment to refunded bond escrow agent	(16,080,775)	-	-	-	(29,264,379)	(47,495,636)	(57,398,372)	-	(43,562,043)	(8,141,925)
Payment to refunded certificates of participation escrow agent	(44,048,384)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	606,889	46,310,903	76,675,934	-	132,424,380	16,423,240	164,573,919	20,784,164	19,885,651	88,075
Net change in fund balances	\$ (48,900,544)	16,199,726	59,818,907	(3,136,852)	69,475,733	(72,725,789)	81,270,986	(61,191,995)	(23,582,242)	(26,121,782)
Debt service as a percentage of noncapital expenditures	10.1%	10.1%	10.3%	10.7%	10.6%	10.5%	11.9%	15.5%	15.2%	15.6%

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Schedule 5

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

Fiscal Year Ended	(1) Tax Year Ended	Real Property	Personal Property	Registered Vehicles	Corporate Excess	Total	(2) Ratio of	(3) Total
							Assessed Value to Estimated Actual Value	Direct Tax Rate
2005	2004	19,804,667,720	2,641,658,675	2,409,184,030	560,644,886	25,416,155,311	100%	0.7080
2006	2005	22,750,577,790	2,680,281,760	2,461,340,630	569,872,978	28,462,073,158	100%	0.6660
2007	2006	23,565,365,700	2,957,709,010	2,479,743,740	587,375,097	29,590,193,547	100%	0.6660
2008	2007	24,382,286,380	3,109,875,910	2,543,653,630	608,722,150	30,644,538,070	100%	0.6960
2009	2008	25,059,661,800	3,273,855,900	2,437,710,820	612,718,250	31,383,946,770	100%	0.6960
2010	2009	27,808,315,600	3,160,949,200	2,258,490,180	628,610,220	33,856,365,200	100%	0.6740
2011	2010	27,971,609,000	3,036,245,900	2,224,587,900	606,245,900	33,838,688,700	100%	0.6740
2012	2011	28,019,913,529	2,928,773,237	2,361,443,265	598,732,969	33,908,863,000	100%	0.6740
2013	2012	28,311,900,597	3,077,593,236	2,359,763,765	613,418,118	34,362,675,716	100%	0.6740
2014	2013	25,962,868,887	3,060,564,808	3,379,328,693	587,034,662	32,989,797,050	100%	0.7168

- Notes: (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 2001, 2005, and 2009. As of January 1, 1993, assessed value for registered vehicles is established monthly. Assessed value for all other property is established annually.
 (3) Tax Rates per \$100 Valuation. Direct Rate shown does not include Fire Tax District Rates. See Schedule 6 for complete Direct and Overlapping Tax Rates.

DIRECT AND OVERLAPPING PROPERTY TAX RATES

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

Schedule 6

Page 1 of 2

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Forsyth County	\$ 0.7168	0.674	0.674	0.674	0.674	0.696	0.696	\$ 0.666	\$ 0.666	\$ 0.708
Municipalities: (1)										
City of Winston-Salem	0.5300	0.491	0.475	0.475	0.468	0.490	0.490	0.485	0.485	0.525
Combined Rate	1.2468	1.165	1.149	1.149	1.142	1.186	1.186	1.151	1.151	1.233
Town of Bethania	0.3000	0.320	0.320	0.350	0.350	0.350	0.350	0.300	0.300	0.250
Combined Rate	1.0168	0.994	0.994	1.024	1.024	1.046	1.046	0.966	0.966	0.958
Village of Clemmons	0.1150	0.1150	0.1150	0.1150	0.0985	0.0985	0.0985	0.0985	0.0900	0.0900
Combined Rate	0.8318	0.789	0.789	0.789	0.773	0.795	0.795	0.765	0.756	0.798
City of High Point	0.6750	0.675	0.662	0.633	0.633	0.633	0.632	0.608	0.591	0.542
Combined Rate	1.3918	1.349	1.336	1.307	1.307	1.329	1.328	1.274	1.257	1.250
Town of Kernersville	0.5275	0.498	0.498	0.498	0.498	0.550	0.550	0.550	0.525	0.525
Combined Rate	1.2443	1.172	1.172	1.172	1.172	1.246	1.246	1.216	1.191	1.233
City of King	0.4220	0.400	0.400	0.380	0.380	0.380	0.360	0.360	0.360	0.360
Combined Rate	1.1388	1.074	1.074	1.054	1.054	1.076	1.056	1.026	1.026	1.068
Town of Lewisville	0.1770	0.177	0.177	0.177	0.177	0.177	0.177	0.177	0.177	0.195
Combined Rate	0.8938	0.851	0.851	0.851	0.851	0.873	0.873	0.843	0.843	0.903
Town of Rural Hall	0.2800	0.250	0.250	0.240	0.240	0.240	0.230	0.230	0.230	0.240
Combined Rate	0.9968	0.924	0.924	0.914	0.914	0.936	0.926	0.896	0.896	0.948
Village of Tobaccoville	0.0500	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Combined Rate	0.7668	0.724	0.724	0.724	0.724	0.746	0.746	0.716	0.716	0.758
Town of Walkertown	0.2000	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200
Combined Rate	0.9168	0.874	0.874	0.874	0.874	0.896	0.896	0.866	0.866	0.908
Fire Tax Districts: (2)										
Beesons Crossroads	0.0880	0.080	0.080	0.070	0.070	0.070	0.070	0.070	0.070	0.070
Combined Direct Rate	0.8048	0.754	0.754	0.744	0.744	0.766	0.766	0.736	0.736	0.778
Beesons Crossroads Service	0.0880									
Combined Direct Rate	0.8048									
Belews Creek	0.0750	0.070	0.070	0.070	0.070	0.070	0.055	0.055	0.045	0.045
Combined Direct Rate	0.7918	0.744	0.744	0.744	0.744	0.766	0.751	0.721	0.711	0.753
City View	0.0800	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080
Combined Direct Rate	0.7968	0.754	0.754	0.754	0.754	0.776	0.776	0.746	0.746	0.788
Clemmons	0.0500	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Combined Direct Rate	0.7668	0.724	0.724	0.724	0.724	0.746	0.746	0.716	0.716	0.758
Forest Hill	0.0850	0.075	0.075	0.065	0.065	0.065	0.050	0.050	0.050	0.050
Combined Direct Rate	0.8018	0.749	0.749	0.739	0.739	0.761	0.746	0.716	0.716	0.758
Griffith	0.0550	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.055
Combined Direct Rate	0.7718	0.729	0.729	0.729	0.729	0.751	0.751	0.721	0.721	0.763
Gumtree	0.1000	0.095	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085
Combined Direct Rate	0.8168	0.769	0.759	0.759	0.759	0.781	0.781	0.751	0.751	0.793

DIRECT AND OVERLAPPING PROPERTY TAX RATES

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Fire Tax Districts (cont.): (2)										
Hornetown	\$ 0.1100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Combined Direct Rate	0.8268	0.774	0.774	0.774	0.774	0.774	0.796	0.796	0.766	0.766
King	0.0650	0.065	0.065	0.055	0.055	0.055	0.055	\$ 0.055	\$ 0.055	\$ 0.055
Combined Direct Rate	0.7818	0.739	0.739	0.729	0.729	0.729	0.751	0.751	0.721	0.721
Lewisville	0.0740	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.050	0.050
Combined Direct Rate	0.7908	0.734	0.734	0.734	0.734	0.734	0.756	0.756	0.716	0.716
Mineral Springs	0.0850	0.075	0.075	0.065	0.065	0.065	0.050	0.050	0.040	0.040
Combined Direct Rate	0.8018	0.749	0.749	0.739	0.739	0.739	0.746	0.746	0.706	0.706
Mineral Springs Service	0.0850	0.075	0.075	0.065	0.065	0.065	0.050	0.050	0.040	0.040
Combined Direct Rate	0.8018	0.749	0.749	0.739	0.739	0.739	0.746	0.746	0.706	0.706
Mount Tabor	0.0750	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.065	0.065
Combined Direct Rate	0.7918	0.749	0.749	0.749	0.749	0.749	0.771	0.771	0.731	0.731
Old Richmond	0.0900	0.085	0.085	0.080	0.070	0.070	0.060	0.060	0.060	0.060
Combined Direct Rate	0.8068	0.759	0.759	0.754	0.744	0.744	0.756	0.756	0.726	0.726
Piney Grove	0.1150	0.107	0.107	0.090	0.090	0.090	0.090	0.080	0.080	0.080
Combined Direct Rate	0.8318	0.781	0.781	0.764	0.764	0.764	0.786	0.776	0.746	0.746
Salem Chapel	0.0900	0.090	0.090	0.090	0.060	0.060	0.060	0.060	0.060	0.060
Combined Direct Rate	0.8068	0.764	0.764	0.764	0.734	0.734	0.756	0.756	0.726	0.726
South Fork	0.0500	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Combined Direct Rate	0.7668	0.724	0.724	0.724	0.724	0.724	0.746	0.746	0.716	0.716
Suburban (Rural Hall)	0.0860	0.075	0.075	0.065	0.065	0.065	0.055	0.055	0.055	0.055
Combined Direct Rate	0.8028	0.749	0.749	0.739	0.739	0.739	0.751	0.751	0.721	0.721
Talley's Crossing	0.0800	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080
Combined Direct Rate	0.7968	0.754	0.754	0.754	0.754	0.754	0.776	0.776	0.746	0.746
Triangle	0.0920	0.080	0.080	0.080	0.080	0.080	0.070	0.070	0.050	0.035
Combined Direct Rate	0.8088	0.754	0.754	0.754	0.754	0.754	0.766	0.766	0.716	0.701
Union Cross	0.1000	0.100	0.100	0.080	0.080	0.080	0.070	0.070	0.070	0.070
Combined Direct Rate	0.8168	0.774	0.774	0.754	0.754	0.754	0.766	0.766	0.736	0.736
Vienna	0.0750	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.065	0.065
Combined Direct Rate	0.7918	0.749	0.749	0.749	0.749	0.749	0.771	0.771	0.731	0.731
Walkertown (Northeast)	0.0870	0.080	0.080	0.080	0.080	0.080	0.070	0.070	0.060	0.060
Combined Direct Rate	0.8038	0.754	0.754	0.754	0.754	0.754	0.766	0.766	0.726	0.726
West Bend	0.0740	0.060	0.060	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Combined Direct Rate	0.7908	0.734	0.734	0.724	0.724	0.724	0.746	0.746	0.716	0.716

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

PRINCIPAL PROPERTY TAX PAYERS

FORSYTH COUNTY, NORTH CAROLINA

Current Year and Nine Years Ago

Schedule 7

111

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2013 Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>	<u>2004 Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
R. J. Reynolds Industries, Inc.	Tobacco, Foods, Petroleum and Transportation	\$ 738,530,200	1	2.24%	\$ 943,600,731	1	3.71%
Duke Energy Corporation	Electric Utility	314,669,600	2	0.95%	245,532,096	2	0.97%
Lowes Home Center	Retail	297,406,770	3	0.90%	-	-	-
JG Winston-Salem	Real Estate Management	203,418,100	4	0.62%	164,790,500	4	0.65%
Wells Fargo Bank NA	Banking	196,410,950	5	0.60%	184,182,690	3	0.72%
Wake Forest University	Education / Health Care	142,344,600	6	0.43%	65,391,280	10	0.26%
Wal-Mart Real Estate Bus Trust	Retail	124,172,000	7	0.38%	-	-	-
Branch Banking & Trust Co	Banking	114,775,650	8	0.35%	-	-	-
Novant Health Inc	Health Care	90,265,640	9	0.27%	-	-	-
Hanesbrands Inc	Apparel	86,726,160	10	0.26%	-	-	-
Sara Lee Corporation	Food and Textiles	-	-	-	155,509,450	5	0.61%
Highwoods/Forsyth Partners	Real Estate Management	-	-	-	150,578,300	6	0.59%
First State Investors	Real Estate Management	-	-	-	134,171,000	7	0.53%
BellSouth Corporation	Communications Utility	-	-	-	132,814,793	8	0.52%
Piedmont Natural Gas	Utility	-	-	-	71,813,519	9	0.28%
		<u>\$ 2,308,719,670</u>		<u>7.00%</u>	<u>\$ 2,248,384,359</u>		<u>8.84%</u>

Note: Hanesbrands Inc includes property previously reported under Sara Lee Corporation.
Wells Fargo Bank NA includes property previously reported under Wachovia Bank NA

PROPERTY TAX LEVIES AND COLLECTIONS

Schedule 8

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

Fiscal Year Ended <u>June 30</u>	Total Tax Levy for <u>Fiscal Year</u>	Collected within the		Collections in Subsequent <u>Years</u>	<u>Total Collections to Date</u>	
		<u>Fiscal Year of the Levy</u>	Percentage		<u>Amount</u>	Percentage
		<u>Amount</u>	<u>of Levy</u>		<u>Amount</u>	<u>of Levy</u>
2005	179,925,473	176,332,367	98.00%	2,863,084	179,195,451	99.59%
2006	189,902,610	186,602,383	98.26%	2,707,849	189,310,232	99.69%
2007	197,416,909	193,927,020	98.23%	2,799,957	196,726,977	99.65%
2008	213,402,003	209,512,061	98.18%	3,110,210	212,622,271	99.63%
2009	219,385,625	213,993,232	97.54%	4,061,850	218,055,082	99.39%
2010	229,188,797	224,184,021	97.82%	4,252,424	228,436,445	99.67%
2011	229,126,449	224,104,050	97.81%	4,279,944	228,383,994	99.68%
2012	228,728,259	223,947,380	97.91%	3,856,311	227,803,692	99.60%
2013	232,910,975	228,359,406	98.05%	3,141,385	231,500,791	99.39%
2014	234,215,900	230,760,638	98.52%	-	230,760,638	98.52%

RATIOS OF OUTSTANDING DEBT BY TYPE

Schedule 9

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Bonded Debt as a	
		Percentage of Actual Taxable Value of Property ^a	Total Bonded Debt Per Capita ^b
2005	265,935,523	1.05%	833.08
2006	280,238,522	0.98%	863.94
2007	337,445,883	1.14%	1,019.67
2008	318,136,642	1.04%	943.58
2009	428,904,785	1.37%	1,250.54
2010	407,697,994	1.20%	1,173.80
2011	552,547,783	1.63%	1,572.51
2012	517,690,727	1.53%	1,462.61
2013	506,841,054	1.47%	1,417.37
2014	467,559,237	1.42%	1,297.08

Governmental Activities

Fiscal Year	General Obligation Bonds	Certificates of Participation	Limited Obligation Bonds	Installment Purchase Obligations	Total Primary Government	Percentage of Personal Income ^b	Total Debt Per Capita ^b
2005	265,935,523	80,357,228	-	563,810	346,856,561	3.09%	1,086.58
2006	280,238,522	88,991,747	-	293,390	369,523,659	3.16%	1,139.20
2007	337,445,883	83,785,583	-	2,135,393	423,366,859	3.40%	1,279.31
2008	318,136,642	78,461,313	-	1,705,877	398,303,832	3.06%	1,181.35
2009	428,904,785	73,004,074	-	2,185,884	504,094,743	3.75%	1,469.77
2010	407,697,994	67,394,069	15,977,734	1,582,207	492,652,004	3.90%	1,418.39
2011	552,547,783	61,641,500	15,139,749	812,088	630,141,120	4.84%	1,793.33
2012	517,690,727	55,731,450	32,676,028	2,835,543	608,933,748	4.51%	1,720.40
2013	506,841,054	49,976,539	31,680,167	2,141,649	590,639,409	4.17%	1,651.71
2014	467,559,237	37,650,583	29,874,372	9,620,166	544,704,358	n/a	1,511.09

Notes: 1. Details regarding the County's outstanding debt can be found in the notes to the financial statements.

^a See Schedule 5 for property value data.

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

467,559,237 67,524,955

**DIRECT AND OVERLAPPING GOVERNMENTAL
ACTIVITIES DEBT**

Schedule 10

FORSYTH COUNTY, NORTH CAROLINA

As of June 30, 2014

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to Forsyth County^a</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
City of Winston-Salem	\$ 199,060,239	100.0%	\$ 199,060,239
Town of Kernersville	12,228,744	97.2%	11,887,220
Other debt			
City of Winston-Salem	534,729,373	100.0%	<u>534,729,373</u>
Subtotal, overlapping debt			745,676,832
County direct debt			<u>544,704,357</u>
Total direct and overlapping debt			<u><u>\$ 1,290,381,189</u></u>

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

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

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

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

LEGAL DEBT MARGIN INFORMATION

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

(dollars in thousands)

Schedule 11

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed Value of Taxable Property	\$ 32,989,797
Debt Limit - Eight percent (8%) of assessed value	2,639,184
Debt applicable to limit:	
General obligation bonds	467,559
Certificates of participation	37,651
Limited obligation bonds	29,874
Installment purchase obligations	9,620
Total debt applicable to legal debt limit	544,704
Legal debt margin	\$ 2,094,479

Fiscal Year

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Debt Limit	\$ 2,033,292	2,276,966	2,367,215	2,451,563	2,510,716	2,708,509	2,707,095	2,712,709	2,749,014	2,639,184
Total net debt applicable to limit	339,039	362,178	414,845	390,921	493,576	463,047	605,572	586,266	590,639	544,704
Legal debt margin	\$ 1,694,254	1,914,788	1,952,370	2,060,642	2,017,140	2,245,462	2,101,523	2,126,443	2,158,375	2,094,479
Total net debt applicable to the limit as a percentage of debt limit	16.7%	15.9%	17.5%	15.9%	19.7%	17.1%	22.4%	21.6%	21.5%	20.6%

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

DEMOGRAPHIC AND ECONOMIC STATISTICS

Schedule 12

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Calendar Years

Calendar Year ^b	Population ¹	Personal Income (000's) ²	Per Capita Personal Income ²	Median Age ^{1,3}	Dropout Rates for Grades 9-12 ⁴	Public School Enrollment ⁴	Private School Enrollment ^{5, a}	Unemployment Rate ⁶
2004	319,220	11,236,419	34,052	37.0	5.2%	47,801	5,467	5.0%
2005	324,372	11,707,040	35,313	37.2	5.0%	49,279	5,454	4.7%
2006	330,935	12,435,483	37,444	37.4	5.7%	50,305	5,455	4.3%
2007	337,159	13,003,878	38,401	37.6	6.4%	50,974	5,441	4.4%
2008	342,975	13,443,142	39,041	37.8	5.5%	51,422	5,480	5.7%
2009	347,333	12,625,034	36,223	36.7	4.8%	51,488	5,197	9.6%
2010	351,380	13,022,068	37,059	37.2	4.1%	52,050	5,056	10.1%
2011	353,949	13,489,313	38,003	37.4	3.8%	52,277	4,834	10.0%
2012	357,593	14,176,253	39,583	37.4	3.4%	52,860	4,691	9.0%
2013	360,471	n/a	n/a	37.5	2.7%	53,107	4,579	7.5%

- Sources:
- ¹ Office of State Budget and Management
 - ² U.S. Department of Commerce: Bureau of Economic Analysis
 - ³ U.S. Census Bureau
 - ⁴ North Carolina Department of Public Instruction
 - ⁵ State of North Carolina Division of Non-Public Education
 - ⁶ The Employment Security Commission of North Carolina

- Notes:
- ^a Private School Enrollment does not include special schools or home schools.
 - ^b Calendar Year 2013 is the most recent data available.

PRINCIPAL EMPLOYERS

FORSYTH COUNTY, NORTH CAROLINA

Current Year and Ten Years Ago

Schedule 13

<u>Employer</u>	<u>2014</u> ¹			<u>2005</u> ²		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Wake Forest University Baptist Medical Center	13,398	1	8.0%	11,240	1	7.0%
Forsyth Medical Center and Affiliates (Novant)	8,145	2	4.9%	7,300	2	4.5%
Winston-Salem/Forsyth County School System	7,600	3	4.6%	6,690	3	4.2%
Wells Fargo Bank ^a	2,800	4	1.7%	3,850	7	2.4%
City of Winston-Salem	2,660	5	1.6%	2,335	8	1.5%
Reynolds American ^b	2,500	6	1.5%	5,930	4	3.7%
Wake Forest University	2,401	7	1.4%	1,670	10	1.0%
Hanesbrands, Inc. ^c	2,230	8	1.3%	5,500	5	3.4%
BB&T Corporation	2,200	9	1.3%	N/A		
Forsyth County	2,029	10	1.2%	1,900	9	1.2%
National Textiles	N/A			4,100	6	2.5%
Total	45,963		27.5%	50,515		31.4%

¹ estimates as of July 2014

² estimates as of June 2005

^a formerly Wachovia Corporation

^b formerly R.J. Reynolds Tobacco Company

^c formerly Sara Lee Personal Products

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

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

Schedule 14

FORSYTH COUNTY, NORTH CAROLINA
Last Ten Fiscal Years

<u>Function</u>	Full-time Equivalent Employees as of June 30,									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General government	365	376	366	370	368	361	354	346	336	320
Public safety	703	782	765	786	792	803	800	774	771	781
Human services	585	636	626	633	660	654	667	660	667	662
Environmental protection	25	25	24	23	22	22	22	22	22	22
Community and economic development	5	5	5	5	5	5	5	6	5	5
Education	15	17	18	19	16	14	9	4	4	4
Culture and recreation	211	227	225	219	216	200	204	203	205	198
Total	1,909	2,068	2,029	2,055	2,079	2,059	2,061	2,015	2,010	1,992

Source: Forsyth County Finance Department

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

OPERATING INDICATORS BY FUNCTION

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

Schedule 15

Page 1 of 2

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government										
General services										
Number of facilities [†]	66	67	68	68	70	70	72	49	46	47
Square footage - active	2,877,698	2,898,258	2,917,181	2,881,478	2,917,478	2,917,478	1,864,494	1,853,678	1,827,073	2,257,302
Assigned fleet vehicles	574	584	589	597	597	597	631	622	585	577
Register of deeds										
Deeds recorded	16,414	17,594	17,737	16,572	13,932	10,346	10,150	9,215	9,651	10,875
Real estate copies	233,882	40,984	39,427	30,056	29,105	26,445	23,427	21,648	21,542	24,193
Birth certificates	7,959	8,247	8,538	8,216	9,325	8,526	7,825	7,314	8,140	8,499
Marriage certificates	2,027	2,193	2,233	2,113	2,097	2,039	1,937	2,001	2,083	2,038
Vital records copies	52,527	55,787	55,967	60,673	59,036	56,729	54,685	58,043	59,439	62,319
Tax administration										
Audits	334	335	343	351	350	n/a	n/a	n/a	n/a	n/a
Current year levy collection percentage	98.11%	98.00%	98.26%	98.93%	98.96%	98.27%	98.43%	97.81%	97.91%	98.05%
Public safety										
Animal control										
Animals sheltered	7,862	7,403	8,471	8,086	8,079	8,833	8,397	8,395	9,059	8,223
Animals adopted	1,024	1,024	1,386	1,326	1,349	1,474	1,311	1,175	1,518	1,797
Emergency management										
Responders receiving specialized training	475	620	612	101	448	477	480	211	474	180
Emergency medical services										
Emergency dispatches	22,052	23,096	23,724	23,533	25,809	25,238	27,057	27,854	30,912	15,266
Non-emergency dispatches	8,894	9,378	8,254	12,480	10,258	8,561	7,151	6,668	5,560	2,968
Fire										
Fire alarms (total dispatches)	3,751	3,953	4,140	4,330	4,164	3,787	3,897	3,907	3,738	4,058
Volunteer rescue squad response	20,194	21,331	22,445	23,719	24,238	24,307	25,670	27,007	28,846	10,478
911 calls received	75,205	77,414	N/A	N/A	N/A	83,669	85,614	88,635	89,006	44,444
Telephone calls processed	N/A	N/A	179,324	172,928	205,592	178,366	176,043	177,527	188,363	97,758
Sheriff										
Patrol service calls	56,427	27,390	38,011	27,837	41,720	44,219	48,284	45,791	47,669	74,125
Detention - avg. daily inmate population	850	847	869	897	881	869	824	675	775	695
Detention - avg. length of stay (in days)	25	23	26	26	26	25	24	20	21	20
Court - inmates / defendants processed	10,196	11,721	21,646	14,135	22,144	21,644	20,243	9,589	9,526	1,190
Youth services										
Youth receiving drug assessments	82	82	107	74	81	79	115	175	243	153
Youth receiving individual counseling	113	113	101	133	140	175	205	250	312	180
Avg daily population: in-county / out-of-county	7.33/.12	7.33/.12	13/.26	12.7/0.4	12.7/0.4	12/1	9/2	6/4	8/3	6/3

119

OPERATING INDICATORS BY FUNCTION

FORSYTH COUNTY, NORTH CAROLINA

Last Ten Fiscal Years

Schedule 15

Page 2 of 2

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Human services										
Public health										
Wait time on improvement permits	6 weeks	3 weeks	3 weeks	20 days	3 weeks	1.5 weeks	1.75 weeks	1.75 weeks	1.75 weeks	1.5 weeks
Children Immunized by 23 months of age	71%	91%	91%	83%	82%	82%	90%	90%	88%	78%
Social services										
Average number of public assistance cases	1,950	1,950	1,562	1,250	1,214	1,202	1,195	n/a	n/a	n/a
Children in foster care returned to homes	36%	36%	47%	30%	57%	62%	65%	n/a	n/a	n/a
Medicaid/Health Choice applications completed within 45 or 90 day standard	n/a	n/a	n/a	n/a	n/a	n/a	n/a	91.3%	96.9%	93%/94%
Food/nutrition applications processed within 7 calendar days	n/a	n/a	n/a	n/a	n/a	n/a	n/a	99.3%	99.7%	99.6%
Environmental protection										
Environmental affairs										
Permits processed within prescribed timeframe	100%	100%	99%	99%	99%	100%	99%	97%	91%	91%
Correct air quality forecasting	78%	75%	80%	80%	90%	89%	80%	80%	78%	81%
Economic development										
Housing										
Homes rehabilitated	22	20	19	12	21	21	18	38	35	24
First time home buyers & IDA	64	126	96	76	48	44	64	37	24	15
Culture and recreation										
NC cooperative extension service										
Educational meetings conducted	2,057	1,743	1,460	2,645	1,778	2,539	7,950	9,103	6,574	5,991
Total client education/services	69,898	63,381	57,172	51,281	53,475	62,827	113,286	139,938	166,092	145,294
Library										
Number of libraries	10	10	10	10	10	10	10	10	10	10
Program Attendance	142,827	143,553	78,815	89,743	90,867	107,468	95,791	101,284	96,108	104,377
Materials Circulated	1,811,398	1,717,875	1,734,473	1,806,564	1,913,042	2,044,856	1,956,849	1,933,496	1,915,971	1,887,526
Recreation and parks										
Number of parks	11	11	11	11	11	11	11	11	11	11
Park visitors	2,823,704	2,742,368	2,267,209	2,317,301	2,826,255	3,188,518	2,914,185	2,889,969	2,854,524	3,192,212
Golf rounds played	72,461	66,000	66,190	67,400	70,720	65,449	59,193	49,642	56,553	52,038
Festival of lights - visitors	257,784	281,082	244,750	274,530	282,700	250,458	223,236	217,362	263,100	262,818
Education										
Winston-Salem/Forsyth County Schools										
Number of schools	68	70	70	72	75	76	80	80	80	79
Number of classrooms	2,301	2,364	2,364	2,416	2,653	n/a	n/a	n/a	n/a	n/a
Number of teachers	2,914	2,968	2,968	3,020	3,293	3,585	3,938	3,768	3,778	3,878
Forsyth Technical Community College										
Enrollment	6,977	7,001	7,200	7,203	7,895	9,144	9,922	10,616	9,941	9,881

Source: Forsyth County Budget Office. Fiscal Year 2013 is the most recent actual data available.

120

CAPITAL ASSET STATISTICS BY FUNCTION

FORSYTH COUNTY, NORTH CAROLINA

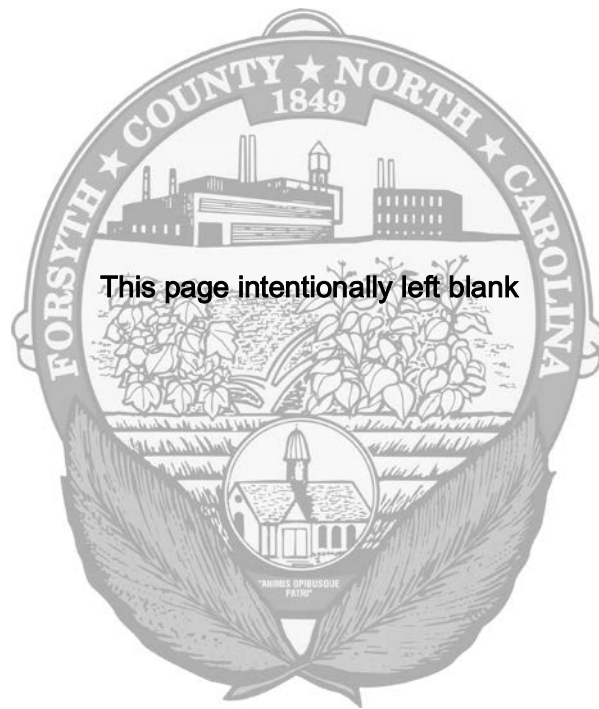
Last Ten Fiscal Years

Schedule 16

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government										
General services										
Number of facilities ¹	67	68	68	70	70	72	72	53	47	48
Square footage - active ²	2,898,258	2,917,181	2,881,478	2,917,478	2,917,478	1,864,494	1,853,678	1,827,073	2,257,302	2,277,389
Fleet vehicles ³	584	589	595	613	590	620	615	585	575	569
Public safety³										
Emergency medical services										
Assigned vehicles	31	30	29	29	30	31	31	34	34	34
Fire										
Assigned vehicles	14	12	13	13	13	13	13	17	17	16
Sheriff										
Assigned vehicles	249	235	233	255	242	244	260	237	237	227

Notes: ¹ Starting in FY2012, General Services changed their method of counting facilities resulting in a consolidated number.

² Square footage is estimated based on general services building records.



This page intentionally left blank

**Report of Independent Auditor 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***

To the Board of County Commissioners
Forsyth County, North Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Forsyth County, North Carolina (the "County"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprises the County's basic financial statements, and have issued our report thereon dated November 20, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Roubert LLP

Raleigh, North Carolina
November 20, 2014

**Report of Independent Auditor on Compliance for Each Major Federal Program
and Internal Control Over Compliance in accordance with
OMB Circular A-133 and the State Single Audit Implementation Act**

To the Board of County Commissioners
Forsyth County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Forsyth County, North Carolina (the "County"), compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2014. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

Basis for Qualified Opinion on Medical Assistance and Temporary Assistance for Needy Families

As described in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding CFDA # 93.778 Medical Assistance as described in finding 2014-001 for Eligibility and CFDA #93.558 Temporary Assistance for Needy Families as described in finding 2014-002 for Eligibility. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

Qualified Opinions on Medical Assistance and Temporary Assistance for Needy Families

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Medical Assistance and Temporary Assistance for Needy Families for the year ended June 30, 2014.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance as described in the accompanying schedule of findings and questioned costs as finding 2014-003 to be a material weakness.

The County's responses to the noncompliance findings and the internal control over compliance finding identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Raleigh, North Carolina
November 20, 2014

**Report of Independent Auditor on Compliance for Each Major State Program
and Internal Control Over Compliance in accordance with OMB Circular A-133
and the State Single Audit Implementation Act**

To the Board of County Commissioners
Forsyth County, North Carolina

Report on Compliance for Each Major State Program

We have audited the Forsyth County, North Carolina (the "County"), compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the County's major State programs for the year ended June 30, 2014. The County's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major state programs based on our audit of the types of compliance requirements referred to above. 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 applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, 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 state program occurred. An audit includes examining, on a test basis, evidence about the 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 on compliance for each State program. However, our audit does not provide a legal determination of the County's compliance.

Basis for Qualified Opinion on Medical Assistance and Temporary Assistance for Needy Families

As described in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding CFDA # 93.778 Medical Assistance as described in finding 2014-001 for Eligibility and CFDA #93.558 Temporary Assistance for Needy Families as described in finding 2014-002 for Eligibility. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

Qualified Opinions on Medical Assistance and Temporary Assistance for Needy Families

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Medical Assistance and Temporary Assistance for Needy Families for the year ended June 30, 2014.

Unmodified Opinion on Each of the Other Major State Programs

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major State programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance OMB Circular A-133 which are described in the accompanying schedule of findings and questioned costs as findings 2014-004 and 2014-005. Our opinion on each major State program is not modified with respect to these matters.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on a major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance as described in the accompanying schedule of findings and questioned costs as finding 2014-003 to be a material weakness.

The County's responses to the noncompliance findings and the internal control over compliance finding identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Cherry Roubert LLP

Raleigh, North Carolina
November 20, 2014

FORSYTH COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes X no

- Significant Deficiency(ies) identified
that are not considered to be
material weaknesses? ___ yes X none reported

Noncompliance material to financial
statements noted? ___ yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? X yes ___ no

- Significant Deficiency(ies) identified
that are not considered to be
material weaknesses? ___ yes X no

Noncompliance material to federal awards noted? X yes ___ no

Type of auditor's report issued on compliance for major federal programs: Unmodified with the exception of
Medical Assistance and Temporary Assistance for Needy Families which received a qualified opinion

Any audit findings disclosed that are required to be
reported in accordance with Section 510(a) of
Circular A-133 ___ yes X no

FORSYTH COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Section I. Summary of Auditor's Results (Continued)

Identification of major federal programs:

<u>CFDA#</u>	<u>Program Name</u>
93.778	Medicaid Cluster
93.767	State Children's Insurance Program
	Special Supplemental Nutrition Program for Women, Infants, and Children – WIC
10.557	Administration
10.557	Direct Benefits
	Temporary Assistance for Needy Families Cluster
93.558	Temporary Assistance for Needy Families - TANF

Federal programs that did not meet the criteria for a major program using the criteria discussed in OMB Circular No. A-133 Section .520 but were tested as a major program because the State awards met the threshold for a major State program or were required to be tested as major by the State are included in the list of major federal programs.

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 weakness(es) identified? X yes no
 - Significant Deficiency(ies) identified that are not considered to be material weaknesses? yes X none reported
- Noncompliance material to State awards noted? X yes no

Type of auditor's report issued on compliance of major State programs: Unmodified with the exception of Medical Assistance and Temporary Assistance for Needy Families which received a qualified opinion

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act X yes no

Major State programs for Forsyth County are Medical Assistance, Children's Health Insurance Program which are State matches on Federal programs. Therefore, these programs have been included in the list of major federal programs above.

FORSYTH COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Section II. Financial Statement Findings

None reported.

Section III. Federal Award Findings and Questioned Costs

U.S. Department of Health and Human Services
Passed through the N.C. Department of Health and Human Services
Medical Assistance
CFDA # 93.778

Finding 2014-001

Material Noncompliance – Eligibility

Criteria: The County should have adequate monitoring controls to ensure that all information is updated appropriately in recipient's files and in the EIS system, and to ensure that all required physical documentation is located in the file to properly document eligibility with program requirements.

Condition: Eight instances in which documentation was missing or incorrectly documented in the case file. Eligibility determination in these cases could not be fully substantiated. The lack of controls allows for inaccuracies with the potential for over or under payment of benefits.

Questioned costs: The questioned costs would represent the total benefits paid to these individuals. We were unable to determine the questioned costs paid to these individuals as the County does not have access to this information.

Context: We examined 35 Medical Assistance case files. Of the 35 files tested, we noted that eight of the files had missing or incorrect documentation as follows:

- Two cases where documentation could not be provided for the time period selected for audit
- One missing budget verification form and determination/redetermination form did not agree to EIS data
- Three determination/redetermination forms did not agree to EIS data
- One missing budget verification form
- One missing application

Effect: By not having the required documentation in the files or information being incorrectly documented, eligibility cannot be readily substantiated and there is a risk that the County could provide funding to individuals who are not eligible.

Cause: Caseworker failure to scan and store appropriate budget documents and verifications upon eligibility determination. In addition, there was reduced attention given to 2nd party case reads in order to identify error trends.

Recommendation: Although these issues will occur from time to time considering the volume of case files that the County processes and maintains, it is recommended that policies be put in place or reinforced to ensure that participant eligibility and documentation is maintained appropriately. The County should implement an internal control in order to ensure that all proper documentation is kept and maintained in the case files in an attempt to prevent loose filings in the future which can result in missing documentation.

FORSYTH COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

Views of responsible officials: Document Management System Issues:

The County firmly believes that all of the cases that cite missing documentation issues are in fact eligible, though documentation is missing. The County bases this upon past Single Audits, the quality of our casework and caseworker training, and past experience with second level reviews. Missing documentation is the result of the following Document Management System Issues:

Forsyth County DSS scanned an initial 26,000 records in 2012 through a contract vendor into one web-based system, then imported those 3.5 Million images into the county-developed system called FAMIS in 2013, and ultimately exported both the original 3.5 million images and an additional 2 Million images to that Document Management System in 2014, added 45,000 records, and now have a Document Management System with 12+ Million Images, some that have been exported and imported multiple times. Each iteration of import/export after the initial document is scanned is subject to indexing/programming errors and human errors. While utilizing the expertise of DMS specialists, all reasonable care was taken to assure that all images were correctly imported into the County's DMS, and that no indexing errors or corrupt files occurred during the process.

Now that we have all documents in our County-owned Document Management System (rather than owned/controlled by an outside vendor), we feel confident the internal controls are in place to avoid such occurrences in the future.

U.S. Department of Health and Human Services
Passed-through the N.C. Dept. of Health and Human Services
Division of Social Services:
Program Name: Temporary Assistance for Needy Families
CFDA # 93.558

Finding 2014-002

Material Noncompliance – Eligibility

Criteria: All parents and caretakers must sign the Mutual Responsibility Agreement (MRA) Core Requirements in order to become and remain eligible for Work First. Further, Work First Family Assistance applications are to be completed within 45 days from the date of application.

Condition: Eight instances in which an MRA and/or Application could not be located for the time period selected for testing and one instance in which the file for the time period selected for testing could not be provided. Eligibility could not be re-determined for six of these cases.

Questioned costs: \$968 is the total amount of the payments paid to these six individuals for the period tested, however the amount of questioned costs would encompass the entire period of ineligibility. The total amount potentially in question cannot be determined by the County – See Views of responsible officials.

Context: We examined 40 case files and reviewed to ensure that Mutual Responsibility Agreement (MRA) and Application could be located and reviewed in each file. Of the 40 sampled, we noted eight of the files had missing documentation and one file could not be provided.

- Three case files missing an MRA
- Four case files missing an Application
- One case file missing an MRA and an Application
- One case file could not be located

FORSYTH COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

Upon reexamination of each of the files listed above, the County was able to substantiate that the three cases with missing MRA's were eligible to receive TANF benefits. This was accomplished through review of the case files notes which indicated that the individual was compliant with all of the Core Requirements of the MRA. Eligibility could not be determined on the remaining six cases.

Effect: The County determined recipient's eligibility incorrectly.

Cause: The County agrees the documentation was unable to be found. The County agrees that for the 4 clients without the Application, and for the one missing both an Application and MRA, and for the one missing all information, that the County cannot prove the client was eligible for benefits.

Recommendation: Although these issues will occur from time to time considering the volume of case files that the County processes and maintains, it is recommended that procedures are in place to verify that all required eligibility information is obtained, recorded, and updated appropriately.

Views of responsible officials: The County firmly believes that all of the cases that cite missing documentation issues are in fact eligible, though documentation is missing. The County bases this upon past Single Audits, the quality of our casework and caseworker training, and past experience with second level reviews. Missing documentation is the result of the following Document Management System Issues:

Forsyth County DSS scanned an initial 26,000 records in 2012 through a contract vendor into one web-based system, then imported those 3.5 Million images into the county-developed system called FAMIS in 2013, and ultimately exported both the original 3.5 million images and an additional 2 Million images to that Document Management System in 2014, added 45,000 records, and now have a Document Management System with 12+ Million Images, some that have been exported and imported multiple times. Each iteration of import/export after the initial document is scanned is subject to indexing/programming errors and human errors. While utilizing the expertise of DMS specialists, all reasonable care was taken to assure that all images were correctly imported into the County's DMS, and that no indexing errors or corrupt files occurred during the process.

Now that we have all documents in our County-owned Document Management System (rather than owned/controlled by an outside vendor), we feel confident the internal controls are in place to avoid such occurrences in the future.

FORSYTH COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

U.S. Department of Health and Human Services
Passed through the N.C. Department of Health and Human Services
Medical Assistance, NC Health Choice, Temporary Assistance for Needy Families
CFDA #93.778, 93.767, 93.558

Finding 2014-003

Material Weakness – Quality Review of case files

Criteria: An effective system of internal control contemplates that management properly review and assess the eligibility of individuals to ensure the accuracy of the benefits being provided. This includes ensuring that all reviewers have the proper training and qualifications in order to appropriately access the eligibility of participants.

Condition: We noted instances where programs listed above administered under the Department of Health and Human Services did not have proper review controls in place to ensure that proper eligibility determinations were being met.

Effect: By not having proper review procedures in place over eligibility determination, participant files could contain incorrect documentation where funding could be provided to individuals who are truly not eligible or not provided to truly eligible individuals.

Cause: Technical problems associated with the implementation of the NCFAST case management system, in conjunction with substantial increases in application volume and caseload sizes, resulted in all staff, including lead caseworkers and supervisors who traditionally conducted second party reviews of applications and recertification, being utilized to assist in application and recertification processing, to assist in benefit availability for eligible customers.

Recommendation: We recommend that management implement proper review procedures over the department of Health and Human Services eligibility determinations to ensure that records contain current, reliable and appropriate documentation in each participant file.

Views of responsible officials: Technical issues with NCFAST (the State's Case Management System), that caused inefficiencies and backlogs in getting cases processed to the extent that Lead workers and Supervisors who formerly were able to do second-level reviews, were having to process cases resulting in Internal Control deficiencies. Significant corrections of known defects have been made in NCFAST, which have allowed DSS to begin to re-implement its system of second level reviews as was done in the past. The schedule of re-implementing these is under Proposed Completion Date.

FORSYTH COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Section IV. State Award Findings and Questioned Costs

N.C. Department of Health and Human Services
DSS Crosscutting

Finding 2014-004

Nonmaterial Noncompliance – Special Tests and Provisions

Criteria: Physical documentation is required to properly document EPICS claims.

Condition: One instance in which the County was unable to provide the EPICS claims supporting documentation for testing.

Questioned costs: None.

Context: We examined 40 case files and reviewed to ensure that proper supporting documentation was kept on file to support the claim.

Effect: By not having the required documentation on file, the EPICS claim cannot be readily substantiated and there is a risk that the County could be requesting funding from individuals who were truly eligible.

Cause: Documentation was misplaced.

Recommendation: The County should maintain all case documentation necessary to substantiate the claim entry into EPICS.

Views of responsible officials: Program Integrity (PI) case record management is changing to separate closed case records from those in collections and investigation status. The current process keeps all closed cases in collection filed together.

N.C. Department of Health and Human Services
DSS Crosscutting

Finding 2014-005

Nonmaterial Noncompliance – Special Tests and Provisions

Criteria: A Computer Acquisition Plan (“CAP”) should be filed with the Division of Social Services prior to the acquisition of equipment for local area networks to maximize the benefit of such devices and other devices as required to connect to the State network or other appropriate computer equipment purchases or services.

Condition: County submitted a CAP to the Division of Social Services during FYE 2014, the first September 6th, the second revised version in March 2014; however, the later CAP filing did not include the most recent April 2014 purchases made to upgrade the entire County to Windows 7 Operating System because the previous operating system was no longer supported by the vendor.

FORSYTH COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Section IV. State Award Findings and Questioned Costs

Questioned costs: None.

Context: We examined general ledger detail for the entire year for ADP equipment, software and hardware purchases to determine the purchases required to be included in the CAP.

Effect: By not submitting the required documentation, the State is not being properly informed of purchases made that require Federal Financial Participation.

Cause: CAP plans are initiated early in the fiscal year with an anticipated amount of spending to occur throughout the remainder of the fiscal year. In this case, the Client submitted the initial CAP, then a later revision in the fiscal year, however it did not include the County-Wide upgrade of all PC's due to vendor non-support. Cost sharing from Finance was finalized in May 2014 and posted as of May 30, 2014, reported in June 2014.

The County also did not include DSS's older Document Management System on the CAP because it believed that as long as the DMS did not duplicate any of NCFAST's functionality, and because the State's position on NCFAST and Document Management systems has been known for several years, that they were eligible for FFP as long as they did not duplicate any of the NCFAST functionality.

Recommendation: The County should submit a CAP for all required purchases to DHHS prior to the acquisition to ensure that the State is properly notified of the purchases with Federal Financial Participation.

Views of responsible officials: Agree with recommendation

FORSYTH COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Section II. Financial Statement Findings

None reported.

Section III. Federal Award Findings and Questioned Costs

Finding 2014-001

Name of contact person: Kim Collie, Assistant Division Director
Shantele Williams, Program Manager
Pat Read, Business Officer

Corrective Action: As NCFAST has resolved the majority of its known defects, DSS has undergone a reorganization in the Income Support Division to align itself with the State's view of Integrated Intakes, Universal Workers. Steps are already being put in place for Integrated Intake second party reviews, and will be followed by Applications Processing second party reviews, and finally by Case Management second party reviews.

Proposed Completion Date: Integrated Intake – November 1, 2014
Application Processing – January 15, 2015
Case Management – March 15, 2015

Finding 2014-002

Name of contact person: Sherri Walker
Shantele Williams, Program Manager
Pat Read, Business Officer

Corrective Action: Now that the State has a single Case Management System (NCFAST), rather than multiple systems, and now that the County has a single stand-alone Document Management System, and all Case information is stored in the DMS to support decisions in the Case Management System, all case documentation will be stored electronically.

Proposed Completion Date: With the Full Medicaid Conversion for Forsyth County commencing on October 6, 2014, all Legacy system data will be converted to NCFAST and all recertifications and new applications will be taken in NCFAST, with all supporting documentation maintained in the County's DMS.

Finding 2014-003

Name of contact person: Kim Collie, Assistant Division Director
Shantele Williams, Program Manager
Pat Read, Business Officer

Corrective Action: As NCFAST has resolved the majority of its known defects, DSS has undergone a reorganization in the Income Support Division to align itself with the State's view of Integrated Intakes, Universal Workers. Steps are already being put in place for Integrated Intake second party reviews, and will be followed by Applications Processing second party reviews, and finally by Case Management second party reviews.

Proposed Completion Date: Integrated Intake – November 1, 2014
Application Processing – January 15, 2015
Case Management – March 15, 2015

**FORSYTH COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN**

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Section IV. State Award Findings and Questioned Costs

Finding 2014-004

Name of contact person: Elizabeth White, Department Business Manager

Corrective Action: The new process will have closed records filed in one area and cases in collections and investigations filed in the PI unit area. This should reduce the potential for lost records until all PI case records are scanned into the departments DocuWare management system.

Proposed Completion Date: June 2014 & ongoing

Finding 2014-005

Name of contact person: Pat Read, Business Officer

Corrective Action: Submitted Revised Computer Acquisition Plan to include previously omitted items to Performance Management/Reporting and Evaluation Management Section – DSS on July 24, 2014.

Proposed Completion Date: Immediate

FORSYTH COUNTY, NORTH CAROLINA
SUMMARY OF PRIOR YEAR FINDINGS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Findings: 2013-001

Status: Not corrected

U.S. Department of Health and Human Services
Passed-through the N.C. Department of Health and Human Services
Division of Social Services
Program Name: Subsidized Child Care
CFDA #: 93.575-CL

Nonmaterial Noncompliance – Eligibility – Fee computation

Criteria: Individuals who are eligible for child care based on their income will be charged fees for the service.

Condition: We noted one instance in which the fee paid by the eligible parent was computed incorrectly resulting in the County's payment to the child care providers being greater than it should have been.

Questioned costs: \$100 overpayment by the County and underpayment by the eligible individual.

Context: We examined 40 case files and reviewed to ensure that eligibility was properly verified and that the computation of parent fees is correct.

Effect: By not correctly calculating the child care fee to be charged to eligible individuals there is a risk that the County could provide excess benefits to eligible individuals.

Cause: Case workers computed the fee to be paid by the eligible parent incorrectly.

Recommendation: Although these issues will occur from time to time considering the volume of case files that the County processes and maintains, it is recommended that reviews are conducted of parent fee computations to prevent overpayment by the County of child care fees.

Findings: 2013-002

Status: Not corrected. See 2014-001

Findings: 2013-003

Status: Not corrected. See 2014-004

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FORSYTH COUNTY

For the Fiscal Year Ended June 30, 2014

Page 1 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
Federal Awards:				
<u>U.S. Dept. of Health and Human Services</u>				
<u>Administration for Children and Families</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Social Services:				
Temporary Assistance for Needy Families:				
(a) TANF Administration	93.558	-	\$ 264,737	-
(a) TANF Services/Domestic Violence	93.558	-	1,178,623	-
(a) TANF Child Protective Services/Foster Care/Adoption	93.558	-	394,618	-
(a) TANF Incentives	-	-	-	5,368
(a) Direct Benefit Payments	93.558	-	1,503,489	400
Child Support Enforcement Administration	93.563	-	2,691,024	-
Child Support Incentive	93.563	-	456,596	-
Child Support Reimbursement	93.563	-	2,013	-
Child Support Enforcement Fees	93.563	-	29,127	-
Refugee MA	93.566	-	19,657	-
Refugee PA	93.566	-	3,732	-
Refugee Assistance Direct Benefits Payment	93.566	-	17,858	-
Low Income Home Energy Assistance:				
Low Income Home Energy Assistance Administration	93.568	-	249,572	-
Low Income Home Energy Assistance Crisis Intervention	93.568	-	1,274,841	-
Low Income Home Energy Assistance Payments	93.568	-	1,073,720	-
Child Welfare Services - State Grants:				
Child Welfare Services Permanency Special/Regular	93.645	-	306,146	-
Child Welfare Services Adoption Assistance	-	-	-	35,099
Family Reunification	93.645	-	43,418	-
Direct Benefit Payments	-	-	-	627,265
Foster Care Caseworker Visit	93.556	-	9,539	-
<u>Foster Care and Adoption Cluster: (Note 3)</u>				
Title IV-E Foster Care Administration	93.658	-	1,029,964	-
Title IV-E Foster Care	93.658	-	236,007	62,079
Title IV-E Foster Care Training	93.658	-	4,871	-
Title IV-E Foster Care Child Protective Services	93.658	-	98,650	49,325
Title IV-E Maximization	93.658	-	117,124	-
Maximization of State Funds	-	-	-	159,573
State Foster Care/HIV	93.658	-	116,587	362,067
Adoption Assistance	93.659	-	1,586	793
IV-E Optional Adoption	93.659	-	64,020	-
Adoption Assistance - Direct Benefit Payments	93.659	-	1,544,425	403,333
Total Foster Care and Adoption Cluster (Note 3)			<u>3,213,234</u>	<u>1,037,170</u>
Social Services Block Grant:				
Social Services Block Grant Administration	93.667	-	1,527,216	135,119
Social Services Block Grant In Home Services	93.667	-	43,401	-
Social Services Block Grant Adult Day Care	93.667	-	78,125	68,063
Social Services Block Grant Transportation	93.667	-	13,547	-
Chafee Foster Care - Independent Living	93.674	-	57,168	14,292
Independent Living - Direct Benefit Payments	93.674	-	85,532	-
<u>Subsidized Child Care (Note 3)</u>				
<u>Child Care and Development Fund Cluster</u>				
Division of Social Services:				
Child Care and Development Fund Administration	93.596	-	627,554	-
Division of Child Development:				
Child Care and Development Fund - Discretionary	93.575	-	1,733,451	-
Child Care and Development Fund - Mandatory	93.596	-	1,684,551	-
Child Care and Development Fund - Match	93.596	-	757,733	-
Total Child Care Fund Cluster			<u>4,803,289</u>	-

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

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FORSYTH COUNTY

For the Fiscal Year Ended June 30, 2014

Page 2 of 5

Grantor / Pass-through Grantor / Program Title	Federal CFDA Number	Federal/State Pass-Through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures
<u>U.S. Dept. of Health and Human Services (continued)</u>				
<u>Child Care and Development Fund Cluster (continued)</u>				
Temporary Assistance for Needy Families	93.558	-	298,465	-
TANF to CCDF Discretionary	93.575	-	7,240,897	-
TANF Swap	93.575	-	186,911	-
TANF Contingency	93.575	-	(125,065)	-
IV-E Foster Care	93.658	-	134,683	-
IV-E Foster Care Match	-	-	-	70,496
State Appropriations	-	-	-	578,830
TANF-MOE	-	-	-	462,428
Total Subsidized Child Care (Note 3)			12,539,180	1,111,754
<u>Centers for Medicare and Medicaid Services</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Social Services:				
(a) State Children's Insurance Program	93.767	-	222,384	10,297
(a) Direct Benefit Payments	93.767	-	6,228,254	1,966,547
(a) Medical Assistance Program:				
(a) Medical Assistance Administration	93.778	-	4,198,680	-
(a) Medical Assistance Expansion/De-Linking	93.778	-	39,088	39,088
(a) Medical Interpretation Services	93.778	-	30,159	81
(a) Adult Home Specialist	93.778	-	89,808	33,373
(a) Medical Assistance Transportation Administration	93.778	-	441,753	7,330
(a) Division of Medical Assistance:				
(a) Medical Assistance Program:				
(a) Medical Assistance Transportation Vendor Payments	93.778	-	834,780	490,267
(a) Direct Benefit Payments	93.778	-	242,379,430	132,229,871
<u>Administration on Aging</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Aging:				
Passed-through Piedmont Regional Council of Government				
Special Programs for the Aging - Title III, Part B	93.044	-	121,564	-
<u>Centers for Disease Control and Prevention</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Public Health:				
Project Grants and Cooperative Agreements for				
Tuberculosis Control Programs	93.116	-	62,784	-
Latino X	93.217	-	74,646	-
Healthy Communities	93.217	-	17,123	-
Immunization Outreach	93.268	-	65,146	-
Cooperative Agreements for State-Based Comprehensive:				
Comp Breast Cancer Screen	93.283	-	37,156	-
BCCP Wisewoman Project	93.283	-	1,025	-
HIV Prevention Activities - Health Department Based	93.940	-	27,726	-
Jail Screening Program	93.940	-	129,492	-
CAPUS	93.940	-	5,996	-
Sexually Transmitted Diseases Control Grant	93.977	-	34,619	-
Speech and Hearing	93.994	-	23,373	-
Preparedness and Response Team	93.283	-	38,612	-
Passed-through Northwest Community Care Network:				
CCNC Pregnancy Prevention	93.778	-	476,662	-
Pregnancy Care Management	93.778	-	397,299	-
<u>Health Resources and Services Administration</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Public Health:				
Healthy Start Initiative	93.926	-	210,432	-
Minority Infant Mortality Rate	93.994	-	55,438	-
Maternal and Child Health Services Block Grant to the States	93.994	-	253,939	-
Women's Preventive Health	93.558	-	34,914	-
Family Planning Title X	93.217	-	33,942	-
Total U.S. Dept. of Health and Human Services			283,642,337	137,811,384

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, 2014

Page 3 of 5

Grantor / Pass-through Grantor / Program Title	Federal CFDA Number	Federal/State Pass-Through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures
<u>National Foundation on the Arts and the Humanities</u>				
<u>Office of Library Services</u>				
Passed-through N.C. Department of Cultural Resources:				
Division of State Library:				
State Library Program	45.310	-	\$ 119,481	-
<u>U. S. Dept. of Housing and Urban Development</u>				
<u>Community Planning and Development</u>				
Passed through N. C. Department of Commerce:				
Division of Community Assistance:				
Community Development Block Grants - NC Catalyst	14.228	09-D-2468	10,500	-
Community Development Block Grants - SS	14.228	12-C-2416	91,822	-
Passed-through N.C. Housing Finance Agency:				
NCHFA URP		-	-	21,715
NCHFA Single Family Rehabilitation	14.239	-	64,234	
Passed through City of Winston-Salem:				
HOME Investment Partnerships Program:				
2011 Winston-Salem/Forsyth County HOME Consortium	14.239	M11-DC-37-0204	14,376	-
2012 Winston-Salem/Forsyth County HOME Consortium	14.239	M12-DC-37-0204	40,170	-
2013 Winston-Salem/Forsyth County HOME Consortium	14.239	M13-DC-37-0204	1,657	-
Total U. S. Dept. of Housing and Urban Development			222,759	21,715
<u>U.S. Dept. of Agriculture</u>				
<u>Food and Nutrition Service</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Social Services:				
<u>Supplemental Nutrition Assistance Program (SNAP) Cluster:</u>				
State Administrative Matching Grants:				
SNAP Administration	10.561	-	2,819,524	-
SNAP Incentives	10.561	-	9,952	-
SNAP Fraud Administration	10.561	-	23,114	-
Total SNAP Cluster			2,852,590	-
Division of Public Health:				
(a) Special Supplemental Nutrition Program for				
(a) Women, Infants, & Children:				
(a) Administration	10.557	-	2,024,173	-
(a) Direct Benefits	10.557	-	9,032,963	-
Total U. S. Dept. of Agriculture			13,909,726	-
<u>Environmental Protection Agency</u>				
Direct Programs:				
Surveys, Studies, Investigations and Special Purpose Grants	66.034	-	158,956	-
<u>Office of Air and Radiation</u>				
Air Pollution Control Program Support	66.001	-	339,075	-
Total Environmental Protection Agency			498,031	-
<u>U.S. Dept. of Justice</u>				
Direct programs:				
<u>Office of Community Policing Services</u>				
Public Safety Partnership and Community Policing Grants	16.710	2010-CK-WX0696	174,209	
<u>Office of Justice Programs</u>				
Bureau of Justice Assistance				
ARRA 2009 Justice Assistance Grant Program	16.804	2009-SB-B9-0945	85,858	-
2010 Justice Assistance Grant Program	16.738	2010-DJ-BX-0412	35,786	-
2011 Justice Assistance Grant Program	16.738	2011-DJ-BX-2909	34,893	-

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, 2014

Page 4 of 5

Grantor / Pass-through Grantor / Program Title	Federal CFDA Number	Federal/State Pass-Through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures
<u>U.S. Dept. of Justice (continued)</u>				
<u>Office of Juvenile Justice and Delinquency Prevention</u>				
Gang and Delinquency Prevention Initiative	16.554	2010-JL-FX-0590	\$ 133,630	-
<u>Office of Violence Against Women</u>				
Forsyth Unified Domestic Violence Center	16.588	2010-WE-AX-0066	225,525	-
Passed-through N.C. Dept. of Crime Control and Public Safety:				
Governor's Crime Commission:				
Safe on Seven Domestic Violence Grant	16.588	034-1-07-3VA-AW-833	141,213	-
Total U.S. Dept. of Justice			<u>831,114</u>	<u>-</u>
Total federal awards			<u>299,223,448</u>	<u>137,833,099</u>
State Awards:				
<u>N.C. Dept. of Health and Human Services</u>				
Division of Social Services:				
Adoption/Foster Care		-	-	1,911
Share the Warmth		-	-	12,685
State/County Special Assistance		-	-	145,786
State/County Special Assistance for Adults - Direct Benefit Payments		-	-	2,429,898
Division of Child Development:				
Passed-through Forsyth Early Childhood Partnership:				
General Health Administration		-	-	215,999
Child Health		-	-	63,990
AIDS		-	-	23,941
Offsite HIV CTS		-	-	136,878
Tuberculosis		-	-	32,133
TB Medical Services		-	-	2,968
Comp Breast Cancer Screen		-	-	51,000
Communicable Disease		-	-	17,760
CSHS Speech and Hearing		-	-	17,532
Minority Infant Mortality Reduction		-	-	23,761
Maternal and Child Health Services		-	-	56,077
Women's Preventive Health		-	-	13,370
Child Svc Coordination		-	-	1,363
High Risk Maternity Unit		-	-	91,099
School Nurse Funding		-	-	97,507
AHEC NC Preceptor Payments		-	-	1,850
NFP State		-	-	211,244
Division of Public Health:				
Division of Aging:				
Passed-through Piedmont Regional Council of Governments:				
Home and Community Care		-	-	161,142
Total N.C. Dept. of Health and Human Services			<u>-</u>	<u>3,809,894</u>
<u>N.C. Dept. of Cultural Resources</u>				
Division of State Library:				
State Aid to Libraries		-	-	287,903
Total N.C. Dept. of Cultural Resources			<u>-</u>	<u>287,903</u>
<u>N.C. Dept. of Environment and Natural Resources</u>				
Triad Air Awareness Ozone Reduction		-	-	31,898
Air Quality Mobile Source Program		-	-	205,373
Food and Lodging Permit Distribution		-	-	33,262
Environmental Health		-	-	4,000
Mosquito Control		-	-	4,461

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, 2014

Page 5 of 5

<u>Grantor / Pass-through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal/State Pass-Through Grantor's Number</u>	<u>Fed. (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>
<u>N.C. Dept. of Environment and Natural Resources (continued)</u>				
NC A&T University Position Reimbursement		-	\$ -	78,123
SWC - Agricultural Cost Share Program		-	-	25,755
SWC - Administration and Technical Assistance		-	-	4,040
Total N.C. Dept. of Environment and Natural Resources			-	386,912
<u>N.C. Department of Commerce</u>				
(a) One North Carolina Grant Funds		-	-	-
TurboCare		-	-	75,000
Total N.C. Dept. of Commerce			-	75,000
<u>N.C. Department of Public Safety</u>				
Juvenile Justice and Delinquency Prevention		-	-	743,108
Total N.C. Dept. of Public Safety			-	743,108
<u>N.C. Dept. of Public Instruction</u>				
Public School Building Capital Fund		0-002-933	-	4,410,696
<u>N.C. Dept. of Transportation</u>				
Rural Operating Assistance Program:				
Work First Transitional/Employment Transportation Assistance	9.9051570		-	50,215
Elderly and Disabled Transportation Assistance	9.9050716		-	148,582
Total N.C. Dept. of Transportation			-	198,797
Total state awards			-	9,912,310
Total awards			\$ 299,223,448	147,745,409
(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
 For the Fiscal Year Ended June 30, 2014

(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 <u>Office of Justice Programs</u>				
Passed through to the City of Winston-Salem 2011 Justice Assistance Grant Programs	16.738	2011-DJ-Bx-2909	34,893	
N.C. Department of Crime Control and Public Safety Governor's Crime Commission - Juvenile Crime Prevention Council:				
Safe on Seven Domestic Violence Grant	16.588	034-1-07-3VA-AW-833	141,213	-
N.C. Department of Juvenile Justice and Delinquency Prevention - Juvenile Crime Prevention:				
Barium Springs	-	334-11938	-	10,944
Community Services Res Program	-	334-12011	-	126,950
Juvenile Psychological Services	-	334-10746	-	86,809
Strengthening Families	-	334-10530	-	32,817
Family Therapy House	-	334-11571	-	30,000
Catholic Charities	-	334-10372	-	100,000
Parent Teen Solutions	-	334-11916	-	8,655
Just Us	-	334-12013	-	28,353
TCH Emergency Shelter	-	334-10921	-	265,635
Teen Court	-	334-10480	-	37,654
JCPC Administrative	-	334-11424	-	15,291
Public School Building Capital Fund:				
Winston-Salem/Forsyth County Schools	-	0-002-933	-	4,410,696
Rural Operating Assistance Program:				
City of Winston-Salem - Elderly and Disabled Transportation Assistance	-	9.9050716	-	148,582

(3) Clusters

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

ACKNOWLEDGEMENTS

The preparation of the annual financial report was made possible by the dedicated service of the entire staff of the Forsyth County Finance Department. The year-end closing of the accounting system and report preparation was effectively managed by [Terri L. Goodman](#), Deputy Chief Financial Officer.

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

[Lee H. Plunkett](#), Treasurer

[Michael J. Phelps](#), Controller and Systems Manager

[Teresa G. Everhart](#), Risk Manager

[Gloria M. Turowski](#), Fiscal Analyst

[M. Brandon Branscome](#), Internal Audit Manager

Cover Design: [Keith Spencer](#)



Forsyth County, North Carolina
www.forsyth.cc