

# Davidson County, North Carolina

Comprehensive Annual Financial Report

Year Ended June 30, 2015

Prepared by:  
Jane S. Kiker  
Finance Director

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**Davidson County, North Carolina**

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## **INTRODUCTORY SECTION**

# DAVIDSON COUNTY FINANCE

Davidson County Governmental Center  
P. O. Box 1067  
913 Greensboro Street  
Lexington, North Carolina 27292



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November 30, 2015

The Board of County Commissioners and  
The Citizens of Davidson County, North Carolina

I am pleased to present the comprehensive annual financial report of Davidson County for the fiscal year ended June 30, 2015. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

The comprehensive annual financial report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, the GFOA Certificate of Achievement, the County's organizational chart and a list of principal officials. The financial section includes the management discussion and analysis, statements of net position, and the combining and individual fund financial statements and schedules, as well as the independent auditors' report on the financial statements. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. 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. The County's MD&A can be found immediately following the report of independent auditors.

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-profit Organizations", and the state law in North Carolina for state funds. Information related to the single audit, including the schedule of expenditures of federal and state awards, findings and questioned costs, and independent auditors' reports on the compliance and on internal control over financial reporting, is presented in a separate document to which the reader is referred.

## **County Profile**

The County, founded in 1822, is located in the Piedmont Triad Region of the State, which is a primary industrial area. The County is largely bordered by the large metropolitan counties of Forsyth and Guilford.

The County annually adopts a balanced budget and establishes a tax rate for the support of County programs. The County Manager has the responsibility of administering these programs in accordance with policies and the annual budget adopted by the Board of Commissioners. The Board members are elected at large for staggered four year terms. This report includes all funds of the County and includes all activities upon which the County is financially accountable.

The County provides a full range of services for all the residents of the County regardless of their residential location (outside or within city limits). These services include: public safety (law enforcement, jail, rural fire protection, inspection, emergency medical services, and a day reporting center), human services (social services, public and mental health, senior services and veterans services), culture and recreation (library system, museum and recreation), economic and physical development (agricultural programs, employment and training programs), environmental protection (soil and water conservation services, solid waste disposal and landfill operations), general government services, and administration of the Law Enforcement Officers' Pension Trust Fund. These activities are included in this report.

The County's reporting entity for financial statement purposes includes the activities of all agencies, boards, commissions and authorities, as required by generally accepted accounting principles, and these financial statements present all the funds of the County and its component units, legally-separate entities for which the County is financially accountable.

While this document is an important tool, the CAFR is merely a reflection of the commitment to the financial strength of the County made by the Board of Commissioners. By continuing to invest in ourselves as a community, Davidson County has insured that it maintains its financial stability in a changing and globalizing economy. This letter of transmittal attempts to encompass some of the reasons for the County's fiscal strength and provide you with an introduction to the rest of the document.

## **Factors Affecting Financial Condition**

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

**Local economy.** The County is the home of several nationally known employers. PPG Industries is the producer of fiberglass products. Kimberly-Clark Corporation, manufacturer of consumer-goods products and the second largest taxpayer in the County, established operations in the County in 1985. The County's economic base is diverse enough to support more than 300 manufacturing facilities, producing furniture, textiles, machinery, ceramics and glass which provides a healthy mix with no single industry dominating the employment picture.

The County has continued to recruit quality companies to replace those lost to import competition. The County has offered economic development incentive grants to several companies to support industrial expansion. The County currently has a 5.9 % employment rate which is .1 % above the state rate and .8% less than the County's rate in 2014.

The County experienced a decrease of 1.5% in its tax base. This decrease was primarily due to the additional motor vehicle assessments that occurred during FY2014 with the changeover to the State's new vehicle tax system. With property tax being the major revenue source over which the County has control, a continued emphasis is being placed on economic development. The County's character and charm which has made it a natural choice for development in the past is no longer enough. Organizations such as Davidson County Economic Development Commission, Piedmont Triad Partnership, and local chambers of commerce will help ensure Davidson County's economic well-being by helping create and maintain employment opportunities, new capital investments, greater retail sales and a better quality of life.

**Long-term financial planning.** The County will continue its commitment to public schools by staying on course with the plan to build schools to relieve overcrowding. The County has completed extensive renovations and additions to existing schools and has constructed a new middle school. The County is in the planning stages for issuing Limited Obligation Bonds for the construction of a new high school. The County has completed the issuance of all of the \$66.4 million in school bonds and \$5.2 million in community college bonds that were authorized during the November 2005 election. The County issued \$13 million in Qualified School Construction Bonds in 2011 for the construction of the new middle school in the northern part of the County. These bonds were established as part of the American Recovery Reinvestment Act of 2009. Local Boards of Education were allotted specific amounts proportionately on an ADM basis. The remainder of the funding for this \$24 million project has come from the County reserves and a contribution from the Davidson County school system.

One significant goal of Davidson County is to provide adequate sewer in areas where poor soils have been a prohibitive factor in the quality of life or a detriment to growth. Furthermore, the Davidson County School system has been faced with the requirement to upgrade sewer facilities at various schools to meet the requirements of the North Carolina Department of Environment and Natural Resources. The County has completed the construction of the sewer lines for the schools.

The County has also taken steps to capitalize on existing industry expansion and new industrial growth by providing supplement funds for economic development through incentive grants. During the year, the County purchased land for the development of a new business park for future industrial growth.

The County has also continued planning for its future operations with the annual County retreat held for the Board of Commissioners and the Departmental Directors. Through these retreats, future goals and priorities are discussed in a team effort for implementation in the years to come.

**Internal Controls.** The Management of Davidson County is responsible for establishing and maintaining an internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

**Independent Audit.** North Carolina general statutes require each unit of local government to have its financial statements audited annually by a certified public accountant or by an accountant certified by the North Carolina Local Government Commission as qualified to audit local government accounts. The auditor is selected by and reports to the Board of Commissioners. This requirement has been satisfied within the financial statements herein.

During the fiscal year ended June 30, 2015, the federal and State of North Carolina grant programs were subjected to audit by the independent auditor in accordance with the provisions of the Single Audit Act of 1984, OMB Circular A-133 and the State Single Audit Implementation Act. This report is included in this document.

The Single Audit Act is mandated for the federal grant programs in which the County participates. The State Single Audit Implementation Act was passed effective June 4, 1987. We believe the adoption of this concept has enhanced the County's stewardship of public resources by providing a more comprehensive independent annual audit and a more efficient utilization of County administrative personnel.

### **Awards**

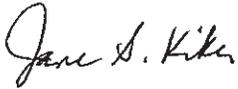
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Davidson County for its comprehensive annual financial report for the fiscal year ended June 30, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. Davidson County has received a Certificate of Achievement for the last twenty-eight years (fiscal years ended 1987-2014). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

**Acknowledgements.**

Each member of the Finance Department has my sincere appreciation for their assistance and dedication throughout the year, especially during the annual audit and the preparation of this CAFR. The County's print shop continues to do an excellent job in printing this document. Special thanks go to members of the Board of County Commissioners and the County Manager and the County Attorney for their continued support in planning and conducting operations of the County throughout the past years that has lead to sound financial operations.

Respectfully submitted,

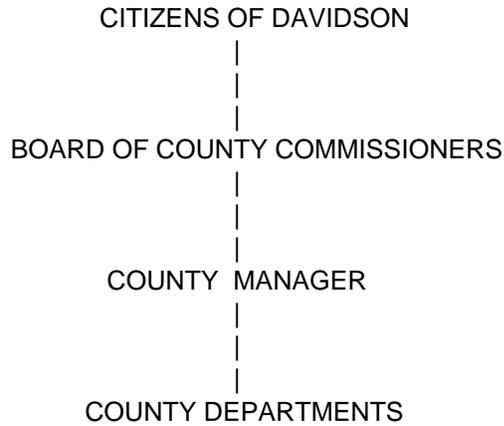
A handwritten signature in cursive script that reads "Jane S. Kiker".

Jane S. Kiker  
Finance Director

DAVIDSON COUNTY, NORTH CAROLINA

ORGANIZATIONAL CHART

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GENERAL GOVERNMENT

-----

- \* Board of Elections
- \* Register of Deeds
- \* Tax Assessor and Collector
- \* Public Buildings

Administration and Support:

- \* County Manager
- \* Human Resources
- \* Finance
- \* Purchasing
- \* Information Technology

PUBLIC SAFETY

-----

- \* Sheriff
- \* Jail
- \* Communication
- \* Inspections
- \* Medical Examiner
- \* Emergency Management
- \* Ambulance

HUMAN SERVICES

-----

- \* Health
- \* Mental Health
- \* Social Services
- \* Senior Services
- \* Child Support
- \* Veterans Services

CULTURE AND RECREATION

-----

- \* Library
- \* Museum
- \* Recreation

ECONOMIC AND PHYSICAL DEVELOPMENT

-----

- \* Planning
- \* Cooperative Extension
- \* Job training (DavidsonWorks)
- \* Economic Development
- \* GIS

ENVIRONMENTAL PROTECTION

-----

- \* Sanitation
- \* Soil and Water Conservation
- \* Landfill

## DAVIDSON COUNTY, NORTH CAROLINA

### Board of County Commissioners

Todd Yates, Chairman  
Steve Jarvis, Vice Chairman  
Lance Barrett  
Fred McClure  
Larry Potts  
Steve Shell  
Don Truell

### County Officials

Robert C. Hyatt	County Manager
Casey Smith	Assistant County Manager
Jane S. Kiker	Finance Director
Charles Frye	County Attorney
David Rickard	Register of Deeds
Joseph O. Silver	Tax Administrator
Dwayne Childress	Support Services Director
Jim Price	Interim Human Resources Director
Guy L. Cornman, III	Planning Director
Ruth H. Huneycutt	Board of Elections Director
David Grice	Sheriff
Clint Searcy	Inspections Director
Darren Cecil	Interim Health Director
Dale Moorefield	Social Services Director
Ruth Ann Copley	Library Director
Charles W. Parnell	Recreation Director
Pam Walton	DavidsonWorks Director
Joel Hartley	IT Director
Terry Bailey	Communications Director
Boyd Morgan	Veterans Services Director
Rex Buck	Public Services Director
Thessia Everhart-Roberts	Senior Services Director
Andy Miller	Soil & Water Director
Troy Coggins	Cooperative Extension Director



Government Finance Officers Association

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

Presented to

**Davidson County  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO

## **FINANCIAL SECTION**

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# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

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*"A Professional Association of Certified Public Accountants and Management Consultants"*

## **Independent Auditor's Report**

To the Board of County Commissioners  
Davidson County  
Lexington, North Carolina

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Davidson County, North Carolina, as of and for the year ended June 30, 2015, 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 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 of 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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Davidson County, North Carolina, as of June 30, 2015, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison of 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, the Law Enforcement Officers' Special Separation Allowance, the Other Post-Employment Benefits' Schedules of Funding Progress and Employer Contributions, the Local Governmental Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Asset and County Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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 consist 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 assurance.

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Davidson County, North Carolina's basic financial statements. The introductory section, combining and individual fund financial statements, budgetary schedules, supplemental ad valorem tax schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, and supplemental ad valorem tax schedules 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 combining and individual fund financial statements, budgetary schedules, and supplemental ad valorem tax schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2015 on our consideration of Davidson 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 Davidson County's internal control over financial reporting and compliance.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
November 30, 2015

## Management's Discussion and Analysis

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As management of Davidson County, we offer readers of Davidson County's financial statements this narrative overview and analysis of the financial activities of Davidson County for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information furnished in the County's financial statements, which follow this narrative.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of Davidson County's governmental activities exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$30,058,262.
- As of the close of the current fiscal year, Davidson County's governmental funds reported combined ending fund balances of \$70,557,249, after a net decrease of \$5,910,446. Approximately 44.8% of this total amount, or \$31,596,816, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$27,141,583, or 21 % of total General Fund expenditures and transfers to other funds for the fiscal year.
- The assets and deferred outflows of Davidson County exceeded its liabilities and deferred inflows at the close of the fiscal year by \$46,271,986. This is an increase of \$11,621,798 over the prior year. The increase in net position is primarily due to the increase in net position of the Governmental Activities.
- The County maintained the following bond rating:

Moody's	Aa2
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- The County received a rating increase during the year for the following bond rating:

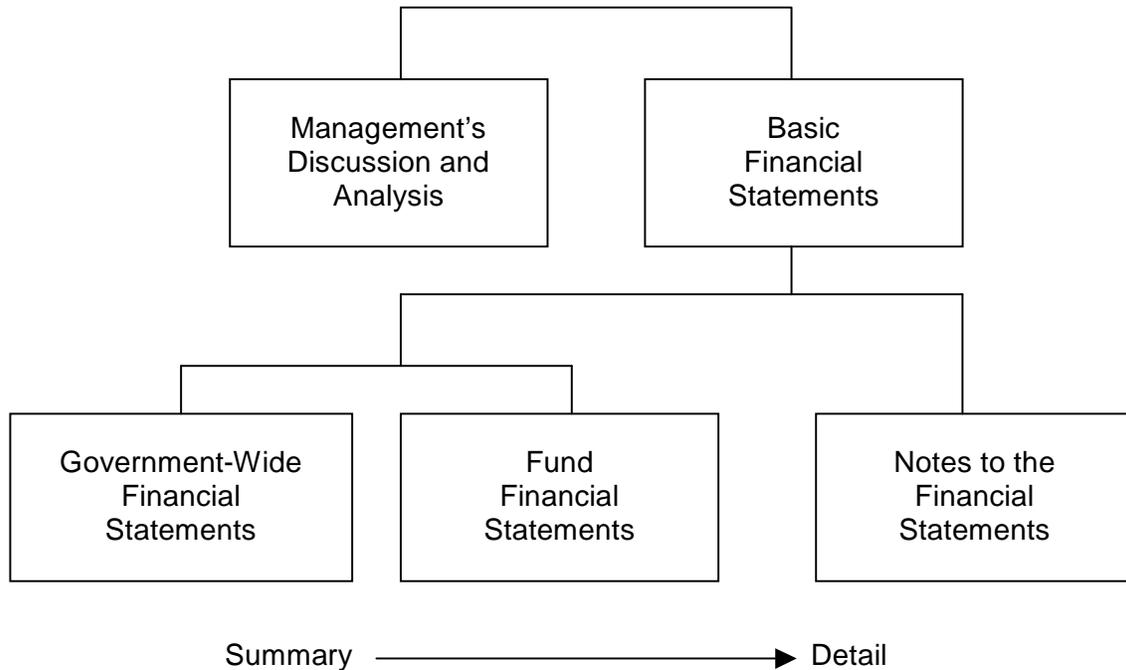
Standard & Poor's	AA
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### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Davidson County's basic financial statements. Davidson County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (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 other supplemental information that will enhance the reader's understanding of the fiscal condition of Davidson County.

**Required Components of Annual Financial Report**

**Figure 1**



**BASIC FINANCIAL STATEMENTS**

The first two statements, Exhibits 1 and 2, in the basic financial statements are the Government-Wide Financial Statements. They provide both short- and long-term information concerning the County's financial status.

The next statements, Exhibits 3 through 10, are the Fund Financial Statements. These statements focus on the activities of the individual parts of the County's government, providing more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements, 2) the budgetary comparison statements, 3) the proprietary fund statements, and 4) the fiduciary and agency fund statements.

The final section of the basic financial statements is the Notes to the Financial Statements. The notes offer a detailed examination about various information contained in the statements. Following the notes, supplemental information provides details of the County's non-major governmental funds and internal service funds, which are combined in one column on the basic financial statements. Budgetary information required by the North Carolina General Statutes can also be found in this part of the statements.

## **Management's Discussion and Analysis (Continued)**

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### **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of Davidson County's finances, in a manner similar to a private-sector business.

The two 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 Davidson County's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Davidson County is improving or deteriorating.

The statement of activities presents information showing how the County'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 the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Davidson County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Davidson County include general government, public safety, public education, economic development, and general administration. The business-type activities of Davidson County are the landfill operation and the sewer operation.

The government-wide financial statements include not only Davidson County itself (known as the primary government), but also the Davidson County Airport Authority for which Davidson County is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 15 through 16 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. Davidson County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of Davidson County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

## Management's Discussion and Analysis (Continued)

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**Governmental Funds.** Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left 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 government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Davidson County adopts an annual budget for its General Fund, as required by the 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. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement 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. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

**Proprietary Funds.** Davidson County maintains two types of proprietary funds, Enterprise and Internal Service. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements. Davidson County uses enterprise funds to account for its Landfill and Sewer operations. The Sewer Fund was established mainly to account for the construction and operation of sewer lines that were built to accommodate the schools. As a result, the Sewer Fund is heavily supported by the General Fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among Davidson County's various functions. Davidson County uses an internal service fund to account for the financing of goods and services provided by the Garage Fund on a cost reimbursement basis. Davidson County also uses an internal service fund to account for the self-insured employee health insurance plan and workers compensation. As these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Landfill and Sewer operations. Conversely, the Internal Service Fund is combined into a single, aggregated presentation in the proprietary fund financial statements.

## Management's Discussion and Analysis (Continued)

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**Fiduciary Funds.** Fiduciary funds are used to account for assets the County holds on behalf of others. The County has seven agency funds and one trust fund.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 through 80 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Davidson County's progress in funding its obligation to provide pension benefits to its public safety employees. Required supplemental information can be found on pages 81 through 89 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. In the case of Davidson County, net position is negatively impacted by the fact that the County issues debt to fund the construction of capital assets that become the assets of other governmental entities upon completion. The County issues general obligation debt and limited obligation bonds to fund the cost of constructing these assets. The assets of Davidson County exceeded liabilities by \$46,271,986 as of June 30, 2015. As of June 30, 2014, the net position of Davidson County stood at \$34,650,188, which includes restatement of GASB 68. The County's net position increased by \$11,621,798 for the fiscal year ended June 30, 2015.

Davidson County, along with many other counties in North Carolina, funds school facilities that become assets of the school district and community college facilities that become property of the community college, through the issuance of debt. General obligation bonds and qualified school construction bonds have been issued by the County to fund a large portion of the cost of these assets. The County's liabilities at June 30, 2015 include outstanding general obligation debt of \$55.2 million and outstanding qualified school construction bond debt of \$16.4 million that both relate to funding these non-county assets. This represents 99% of the County's outstanding general obligation debt. Because the County does not retain the related assets, this debt liability (less any unspent proceeds) reduces the County's total net position and presents a less favorable picture as compared to governments that do not extensively fund the capital assets of other government entities. An additional portion of Davidson County's net position \$26,646,082 represents resources that are subject to external restrictions on how they are used. The remaining balance of (\$32,218,119) is unrestricted.

The largest portion of Davidson County's assets reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. Davidson County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Davidson County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay the debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

## Management's Discussion and Analysis (Continued)

At the end of the current fiscal year, Davidson County is able to report positive balances in total net position for the government as a whole. The same situation held true for the prior fiscal year as detailed in the statement of net position.

**Davidson County's Net Position**  
**Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 88,783,127	\$ 91,635,799	\$ 17,210,762	\$ 14,383,431	\$ 105,993,889	\$ 106,019,230
Capital assets	44,415,503	32,746,571	18,973,290	18,427,420	63,388,793	51,173,991
Construction in progress	-	-	-	2,194,987	-	2,194,987
Total assets	<u>133,198,630</u>	<u>124,382,370</u>	<u>36,184,052</u>	<u>35,005,838</u>	<u>169,382,682</u>	<u>159,388,208</u>
Deferred Outflows of Resources	2,466,541	-	42,081	-	2,508,622	-
Long-term liabilities outstanding	90,812,500	97,529,619	19,642,677	16,590,629	110,455,177	114,120,248
Other liabilities	6,856,807	6,331,377	227,800	179,954	7,084,607	6,511,331
Total liabilities	<u>97,669,307</u>	<u>103,860,996</u>	<u>19,870,477</u>	<u>16,770,583</u>	<u>117,539,784</u>	<u>120,631,579</u>
Deferred Inflows of Resources	7,937,602	-	141,932	-	8,079,534	-
Net position:						
Net investment in capital assets	42,200,503	29,836,571	9,643,520	11,072,741	51,844,023	40,909,312
Restricted	26,646,082	15,603,971	-	-	26,646,082	15,603,971
Unrestricted	(38,788,323)	(24,919,168)	6,570,204	7,162,514	(32,218,119)	(17,756,654)
Total net position	<u>\$ 30,058,262</u>	<u>\$ 20,521,374</u>	<u>\$ 16,213,724</u>	<u>\$ 18,235,255</u>	<u>\$ 46,271,986</u>	<u>\$ 38,756,629</u>

Several particular aspects of the County's financial operations positively influenced the total unrestricted governmental net position:

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 97.17%.
- Continued low cost of debt due to the County's high bond rating.
- Continued conservative spending initiatives through performance-based budgeting.

## Management's Discussion and Analysis (Continued)

Davidson County's Changes in Net Position  
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 8,246,642	\$ 9,035,186	\$ 4,598,374	\$ 4,438,581	\$ 12,845,016	\$ 13,473,767
Operating grants and contributions	26,955,897	24,096,069	-	-	26,955,897	24,096,069
Capital grants and contributions	-	6,432,288	-	-	-	6,432,288
General revenues:						
Property taxes	82,927,734	82,230,762	-	-	82,927,734	82,230,762
Other taxes	23,646,479	19,988,990	353,211	334,919	23,999,690	20,323,909
Other	1,590,354	2,645,137	44,091	35,600	1,634,445	2,680,737
Total revenues	143,367,106	144,428,432	4,995,676	4,809,100	148,362,782	149,237,532
<b>Expenses:</b>						
General government	12,562,051	11,816,668	-	-	12,562,051	11,816,668
Human services	30,715,679	30,605,201	-	-	30,715,679	30,605,201
Public safety	32,104,612	33,180,756	-	-	32,104,612	33,180,756
Environmental protection	1,289,409	1,427,514	-	-	1,289,409	1,427,514
Economic and physical development	3,331,921	3,945,583	-	-	3,331,921	3,945,583
Culture and recreation	3,814,191	4,533,019	-	-	3,814,191	4,533,019
Transportation	933,502	1,616,226	-	-	933,502	1,616,226
Education	40,468,138	38,622,558	-	-	40,468,138	38,622,558
Interest on long-term debt	3,567,558	3,779,260	-	-	3,567,558	3,779,260
Landfill	-	-	6,827,440	2,920,376	6,827,440	2,920,376
Sewer	-	-	1,126,483	1,202,660	1,126,483	1,202,660
Total expenses	128,787,061	129,526,785	7,953,923	4,123,036	136,740,984	133,649,821
Increase in net position before contributions and transfers	14,580,045	14,901,647	(2,958,247)	686,064	11,621,798	15,587,711
Contributions and transfers	(1,016,043)	(1,101,622)	1,016,043	1,101,622	-	-
Increase (decrease) in net position	13,564,002	13,800,025	(1,942,204)	1,787,686	11,621,798	15,587,711
Net position, beginning, previously reported	20,521,374	6,721,349	18,235,255	16,447,569	38,756,629	23,168,918
Restatement	(4,027,114)	-	(79,327)	-	(4,106,441)	-
Net position, beginning, restated	16,494,260	6,721,349	18,155,928	16,447,569	34,650,188	23,168,918
Net position, ending	\$ 30,058,262	\$ 20,521,374	\$ 16,213,724	\$ 18,235,255	\$ 46,271,986	\$ 38,756,629

**Governmental activities.** Of total net position, governmental activities accounted for \$30,058,262 (65 percent). Operating and capital grants and contributions funded \$26,955,897 of Davidson County's governmental activities. Operating grants increased due to additional funding received for human services programs. Capital grants decreased due to one-time funding received in FY2014. Both sales tax and property taxes provided a large source of revenue. Sales tax increased due to an additional ¼ cent sales tax and an improved economy. Governmental activities increased the County's net position by \$13,564,002 compared to an increase of \$13,800,025 in 2014. The key elements of the increase in 2015 were the increases in property tax and sales tax collections.

**Business-type activities.** Net position of Davidson County's business-type activities decreased to \$16,213,724. Net position decreased by \$1,942,204 in 2015 due to the increase in accrued postclosure costs. Net position increased \$1,787,686 in 2014.

## Management's Discussion and Analysis (Continued)

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### FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

**Governmental Funds.** The focus of Davidson County's governmental funds is on providing information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the County's financing requirements. In particular, fund balance available for appropriation may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Davidson County's governmental funds reported a combined fund balance of \$70,557,249, a decrease of \$5,910,446 in comparison with the prior year.

The General Fund is the principal operating fund of Davidson County. At the end of the current fiscal year, fund balance available in the General Fund was \$37,320,867, while total fund balance for the General Fund reached \$59,002,060. The governing body of Davidson County has determined that the county should maintain an available fund balance of 18% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The county currently has an available fund balance of 28.47% of general fund expenditures and transfers to other funds, while total fund balance represents 45% of that same amount.

The other major governmental funds are the School Capital Outlay Fund which funds the construction of school buildings and facilities for the Davidson County Schools, Lexington City Schools, Thomasville City Schools, and Davidson County Community College and the Capital Projects Fund which accounts for funds that have been specifically reserved for County capital project expenditures.

The School Capital Outlay Fund fund balance decreased by \$216,070 due to additional school construction. Sources of income included interest earnings of \$21,509 and transfers from the General Fund of \$4,217,200. The Capital Projects Fund decreased by \$7,307,528 due to construction expenditures for the Sheriff's office building.

**General Fund Budgetary Highlights.** During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into 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. Total amendments to the General Fund increased revenues and Fund balance appropriated by \$10,215,977. \$717,283 of the increase can be attributed to additional grant revenue for the Social Services and Health departments. \$552,164 of the increase can be attributed to a transfer from capital reserve for capital projects. \$8,144,175 of the increase can be attributed to the appropriation of fund balance for capital projects and for performance management expenditures earned by qualified departments in the prior year from the attainment of specific performance goals. Favorable variances were recognized in all departments through the utilization of conservative spending.

## Management's Discussion and Analysis (Continued)

**Proprietary Funds.** Davidson County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Landfill at the end of the year totaled \$5,689,430. Unrestricted net position of the Sewer operation at the end of the year totaled \$880,774.

### CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets.** Davidson County's investment in capital assets for its governmental and business-type activities as of June 30, 2015 amounts to \$63,388,793 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, machinery and equipment. The total increase in Davidson County's investment in capital assets for the current fiscal year was 18.8 percent.

The major capital asset event during the fiscal year was the construction of the new Sheriff's office building. The County has implemented a plan to build much-needed schools to counteract the problem of overcrowding. These school projects will be funded by both local revenues and school bonds. Other building needs of the County are currently being forecasted into the future as revenues are located and become available.

**Davidson County's Capital Assets**  
Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land and Improvements	\$ 9,747,176	\$ 6,399,521	\$ 863,794	\$ 863,794	\$ 10,610,970	\$ 7,263,315
Buildings	49,367,504	39,853,673	794,528	794,528	50,162,032	40,648,201
Furniture and equipment	11,188,278	11,023,263	6,762,004	6,739,709	17,950,282	17,762,972
Vehicles	9,665,884	8,875,928	848,404	848,404	10,514,288	9,724,332
Sewer line	-	-	16,850,903	16,850,903	16,850,903	16,850,903
Landfill cell construction	-	-	16,323,063	14,076,075	16,323,063	14,076,075
Improvements to landfill	-	-	2,443,350	2,378,584	2,443,350	2,378,584
Construction in progress	-	-	-	2,194,987	-	2,194,987
Subtotal	79,968,842	66,152,385	44,886,046	44,746,984	124,854,888	110,899,369
Less accumulated depreciation	35,553,339	33,405,814	25,912,756	24,124,577	61,466,095	57,530,391
Total	\$ 44,415,503	\$ 32,746,571	\$ 18,973,290	\$ 20,622,407	\$ 63,388,793	\$ 53,368,978

Additional information on Davidson County's capital assets can be found in Note III.A.4 on pages 45 through 48 of this report.

**Long-Term Debt.** At the end of the current fiscal year, Davidson County had total bonded debt outstanding of \$55,210,000, which is backed by the full faith and credit of the County.

This outstanding General Obligation indebtedness is out of a legal debt limit of approximately \$1,081,435,036. This legal debt limit is determined by the Municipal Finance Law of North Carolina which limits the amount of net bonded debt a County may have outstanding to 8 percent of the appraised value subject to taxation. The ratio of debt service expenditures to total general governmental expenditures is 8.29.

## Management's Discussion and Analysis (Continued)

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The County's general obligation debt per capita is \$335.72 as of June 30, 2015 while the County's gross debt per capita is \$554.00 due to \$35,896,839 in outstanding Certificates of Participation, Limited Obligation Bonds, Qualified School Construction Bonds, and installment purchase obligations. Davidson County's total debt had a net decrease of \$7,826,819.

Additional information on Davidson County's long-term debt can be found in Note III.B.7 on pages 69 through 75 of this report.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The unemployment rate for Davidson County is currently 5.9 percent, which .8 percent less than last year's rate. This rate is .1 percent above the state's average unemployment rate of 5.8 percent.
- Inflationary trends in the region compare favorably to national indices.
- Population of 164,454 has grown 6.9 percent from 2005 to 2015.

All of these factors were considered in preparing Davidson County's budget for Fiscal Year 2015-2016.

### BUDGET HIGHLIGHTS FOR FISCAL YEAR 2015-2016

**Governmental activities.** Minimal growth in the tax base is anticipated over FY2015. An increase in the Sales tax revenues of 7.1 percent has been projected due to an improvement in the local economy and the additional  $\frac{1}{4}$  cent local option sales tax. General Fund reserves, maintained in the current fiscal year through reduced spending initiatives and additional revenues, were appropriated in the amount of \$2.7 million.

Budgeted expenditures in the General Fund are expected to increase by a net amount of 2.2 percent from FY2015. The largest increases were due to a cost of living increase for employees and anticipated debt service for the construction of a new high school.

**Business-type activities.** Budgeted expenditures for the Landfill Fund will increase by \$879,932. This is attributable to one-time capital expenditures budgeted for landfill equipment.

### REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Davidson County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, P. O. Box 1067, 913 Greensboro Street, Lexington, North Carolina 27292.

***BASIC FINANCIAL STATEMENTS***

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**DAVIDSON COUNTY, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**June 30, 2015**

Exhibit 1

<b>ASSETS</b>	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Davidson County Airport Authority</b>
Cash and cash equivalents	\$ 65,104,648	\$ 15,671,533	\$ 80,776,181	\$ 326,430
Taxes receivable, net	1,388,712	-	1,388,712	-
Accounts receivable, net	2,103,585	585,836	2,689,421	5,318
Due from other governments	11,552,380	122,306	11,674,686	-
Inventory, at cost	52,403	-	52,403	-
Restricted cash and cash equivalents	3,560,011	772,423	4,332,434	-
Long-term note receivable	400,000	-	400,000	-
Long-term advance to component unit	1,069,723	-	1,069,723	-
Net pension asset	3,551,665	58,664	3,610,329	-
Capital assets				
Land and construction in progress	9,747,176	863,794	10,610,970	3,575,699
Other capital assets, net of accumulated depreciation	34,668,327	18,109,496	52,777,823	7,482,419
Total capital assets	44,415,503	18,973,290	63,388,793	11,058,118
Total Assets	133,198,630	36,184,052	169,382,682	11,389,866
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	2,466,541	42,081	2,508,622	-
<b>LIABILITIES</b>				
Liabilities:				
Accounts payable and accrued liabilities	6,584,554	227,799	6,812,353	57,165
Accrued interest payable	272,253	-	272,253	-
Long-term liabilities:				
Due within one year	7,693,465	651,714	8,345,179	73,798
Due in more than one year	83,119,035	18,990,964	102,109,999	995,925
Total long-term liabilities	90,812,500	19,642,678	110,455,178	1,069,723
Total liabilities	97,669,307	19,870,477	117,539,784	1,126,888
<b>DEFERRED INFLOWS OF RESOURCES</b>	7,937,602	141,932	8,079,534	-
Net Position:				
Net investment in capital assets	42,200,503	9,643,520	51,844,023	9,988,395
Restricted for:				
Stablization by State Statute	20,457,814	-	20,457,814	-
Register of Deeds	439,171	-	439,171	-
Public safety	2,222,133	-	2,222,133	-
Transportation	528,875	-	528,875	-
Human Services	2,998,089	-	2,998,089	-
Unrestricted	(38,788,323)	6,570,204	(32,218,119)	274,583
Total net position	\$ 30,058,262	\$ 16,213,724	\$ 46,271,986	\$ 10,262,978

The accompanying notes are an integral part of this statement.

**DAVIDSON COUNTY, NORTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2015**

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
<b>Primary government:</b>								
Governmental activities:								
General government	\$ 12,562,051	\$ 1,453,612	\$ -	\$ -	\$ (11,108,439)	\$ -	\$ (11,108,439)	\$ -
Human services	30,715,679	543,002	20,650,616	-	(9,522,061)	-	(9,522,061)	-
Public safety	32,104,612	5,417,271	2,062,793	-	(24,624,548)	-	(24,624,548)	-
Environmental protection	1,289,409	191,720	56,760	-	(1,040,929)	-	(1,040,929)	-
Economic and physical development	3,331,921	213,749	1,646,880	-	(1,471,292)	-	(1,471,292)	-
Culture and recreation	3,814,191	191,837	218,441	-	(3,403,913)	-	(3,403,913)	-
Transportation	933,502	235,451	670,947	-	(27,104)	-	(27,104)	-
Intergovernmental:								
Education	40,468,138	-	-	-	(40,468,138)	-	(40,468,138)	-
Debt service:								
Interest and fiscal charges	3,567,558	-	1,649,460	-	(1,918,098)	-	(1,918,098)	-
Total governmental activities	<u>128,787,061</u>	<u>8,246,642</u>	<u>26,955,897</u>	<u>-</u>	<u>(93,584,522)</u>	<u>-</u>	<u>(93,584,522)</u>	<u>-</u>
Business-type activities:								
Landfill	6,827,440	4,120,887	-	-	-	(2,706,553)	(2,706,553)	-
Sewer	1,126,483	477,487	-	-	-	(648,996)	(648,996)	-
Total business-type activities	<u>7,953,923</u>	<u>4,598,374</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,355,549)</u>	<u>(3,355,549)</u>	<u>-</u>
Total primary government	<u>136,740,984</u>	<u>12,845,016</u>	<u>26,955,897</u>	<u>-</u>	<u>(93,584,522)</u>	<u>(3,355,549)</u>	<u>(96,940,071)</u>	<u>-</u>
<b>Component units:</b>								
Airport	1,150,142	290,380	310,861	150,100	-	-	-	(398,801)
Total component units	<u>1,150,142</u>	<u>290,380</u>	<u>310,861</u>	<u>150,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(398,801)</u>
General revenues:								
Taxes:								
Property taxes, levied for general purposes					82,927,734	-	82,927,734	-
Sales tax					22,084,870	-	22,084,870	-
Other taxes					1,561,609	353,211	1,914,820	-
Interest earnings					307,954	44,091	352,045	-
Other					1,282,400	-	1,282,400	-
Total General Revenues excluding transfers					<u>108,164,567</u>	<u>397,302</u>	<u>108,561,869</u>	<u>-</u>
Transfers					(1,016,043)	1,016,043	-	-
Total general revenues and transfers					<u>107,148,524</u>	<u>1,413,345</u>	<u>108,561,869</u>	<u>-</u>
Change in net position					13,564,002	(1,942,204)	11,621,798	(398,801)
Net position - beginning, previously reported					20,521,374	18,235,255	38,756,629	10,661,779
Restatement					(4,027,114)	(79,327)	(4,106,441)	-
Net position - beginning, restated					<u>16,494,260</u>	<u>18,155,928</u>	<u>34,650,188</u>	<u>10,661,779</u>
Net position, ending					<u>\$ 30,058,262</u>	<u>\$ 16,213,724</u>	<u>\$ 46,271,986</u>	<u>\$ 10,262,978</u>

The accompanying notes are an integral part of this statement.

**DAVIDSON COUNTY, NORTH CAROLINA  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2015**

Exhibit 3

ASSETS	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	School Capital Outlay Fund	Capital Projects Fund		
Cash and cash equivalents	\$ 38,446,370	\$ 9,888,639	\$ 1,957,272	\$ 8,415,798	\$ 58,708,079
Taxes receivable, net	1,105,290	-	-	283,422	1,388,712
Accounts receivable, net	2,103,585	-	-	-	2,103,585
Due from other governments	11,305,726	-	87,019	159,325	11,552,070
Due from other funds	7,847,118	-	-	-	7,847,118
Restricted cash and cash equivalents	3,560,011	-	-	-	3,560,011
Long term note receivable	400,000	-	-	-	400,000
Long-term advance to component unit	1,069,723	-	-	-	1,069,723
<b>Total Assets</b>	<b>\$ 65,837,823</b>	<b>\$ 9,888,639</b>	<b>\$ 2,044,291</b>	<b>\$ 8,858,545</b>	<b>\$ 86,629,298</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 4,685,514	\$ 548,443	\$ 500,490	\$ 56,813	\$ 5,791,260
Due to other funds	-	-	7,847,118	-	7,847,118
<b>Total liabilities</b>	<b>4,685,514</b>	<b>548,443</b>	<b>8,347,608</b>	<b>56,813</b>	<b>13,638,378</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>2,150,249</b>	<b>-</b>	<b>-</b>	<b>283,422</b>	<b>2,433,671</b>
Fund balances:					
Nonspendable:					
Long term note receivable	400,000	-	-	-	400,000
Long-term advance to component unit	1,069,723	-	-	-	1,069,723
Restricted:					
Stabilization by State Statute	20,211,470	-	87,019	159,325	20,457,814
Register of deeds	439,171	-	-	-	439,171
Fire protection	-	-	-	765,041	765,041
Transportation	-	-	-	528,875	528,875
School capital	-	-	-	-	-
Public safety	481,908	-	-	975,184	1,457,092
Health	2,998,089	-	-	-	2,998,089
Debt service	3,481,011	-	-	-	3,481,011
Committed:					
Tax revaluation	79,000	-	-	-	79,000
School capital	-	9,340,196	-	-	9,340,196
Capital projects funds	-	-	-	6,089,885	6,089,885
Assigned, for subsequent year's expenditures					
Unassigned	2,700,105	-	-	-	2,700,105
	27,141,583	-	(6,390,336)	-	20,751,247
<b>Total fund balances</b>	<b>59,002,060</b>	<b>9,340,196</b>	<b>(6,303,317)</b>	<b>8,518,310</b>	<b>70,557,249</b>
Total liabilities, deferred inflows of resources, and fund balances	<b>\$ 65,837,823</b>	<b>\$ 9,888,639</b>	<b>\$ 2,044,291</b>	<b>\$ 8,858,545</b>	

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

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	44,196,136
Net pension asset	3,551,665
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	2,345,681
Deferred inflows of resources for taxes and other receivables	2,433,671
Pension related deferrals	(7,816,742)
An internal service fund is used by management to charge the costs of fleet management and health insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	5,863,497
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Bonds, leases, and installment financing	(81,786,854)
Compensated absences	(2,138,270)
Law Enforcement Officers' Special Separation Allowance	(1,107,813)
OPEB liability	(5,767,705)
Accrued interest payable	(272,253)
<b>Net position of governmental activities</b>	<b>\$ 30,058,262</b>

The accompanying notes are an integral part of this statement.

**DAVIDSON COUNTY, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2015**

Exhibit 4  
Page 1 of 2

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	School Capital Outlay Fund	Capital Projects Fund		
<b>Revenues:</b>					
Taxes	\$ 96,745,213	\$ -	\$ -	\$ 10,227,674	\$ 106,972,887
Licenses and permits	1,782,533	-	-	-	1,782,533
Intergovernmental	25,980,226	-	503,372	670,947	27,154,545
Charges for services	6,790,910	-	-	235,451	7,026,361
Interest on investments	282,992	21,509	-	3,453	307,954
Miscellaneous	1,202,985	-	108,823	-	1,311,808
<b>Total revenues</b>	<b>132,784,859</b>	<b>21,509</b>	<b>612,195</b>	<b>11,137,525</b>	<b>144,556,088</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	11,786,828	-	-	-	11,786,828
Human services	31,231,497	-	-	-	31,231,497
Public safety	24,339,314	-	-	8,588,705	32,928,019
Environmental protection	1,275,458	-	-	-	1,275,458
Economic and physical development	3,085,366	-	-	-	3,085,366
Culture and recreation	3,919,950	-	-	-	3,919,950
Transportation	-	-	-	882,718	882,718
<b>Intergovernmental:</b>					
Education	34,869,437	4,037,756	-	1,560,945	40,468,138
Capital outlay	-	-	13,011,128	-	13,011,128
<b>Debt service:</b>					
Principal	7,218,465	-	-	-	7,218,465
Interest and fiscal charges	3,642,924	-	-	-	3,642,924
	-	-	-	-	-
<b>Total expenditures</b>	<b>121,369,239</b>	<b>4,037,756</b>	<b>13,011,128</b>	<b>11,032,368</b>	<b>149,450,491</b>
Excess (deficiency) of revenues over expenditures	11,415,620	(4,016,247)	(12,398,933)	105,157	(4,894,403)
<b>Other financing sources (uses):</b>					
Transfers from other funds	1,735,105	4,217,200	5,104,405	23,949	11,080,659
Transfers to other funds	(9,886,140)	(417,023)	(13,000)	(1,780,539)	(12,096,702)
<b>Total other financing sources (uses)</b>	<b>(8,151,035)</b>	<b>3,800,177</b>	<b>5,091,405</b>	<b>(1,756,590)</b>	<b>(1,016,043)</b>
<b>Net change in fund balances</b>	<b>3,264,585</b>	<b>(216,070)</b>	<b>(7,307,528)</b>	<b>(1,651,433)</b>	<b>(5,910,446)</b>
Fund balances at beginning of year	55,737,475	9,556,266	1,004,211	10,169,743	76,467,695
<b>Fund balances at end of year</b>	<b>\$ 59,002,060</b>	<b>\$ 9,340,196</b>	<b>\$ (6,303,317)</b>	<b>\$ 8,518,310</b>	<b>\$ 70,557,249</b>

The accompanying notes are an integral part of this statement.

**DAVIDSON COUNTY, NORTH CAROLINA  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
Year Ended June 30, 2015**

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Exhibit 4  
Page 2 of 2

**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures  
and Changes in Fund Balances to the Statement of Activities:**

**Total net change in fund balances - governmental funds** \$ (5,910,446)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation was less than capital outlays and loss on disposal in the current period. 11,721,469

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of 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. 7,293,831

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities. 2,107,718

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. (560,303)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (1,188,982)

Internal service funds are used by management to charge the costs of fleet management and health insurance to individual funds. The net income of the internal service funds are reported with governmental activities. 100,715

**Changes in net position of governmental activities** \$ 13,564,002

**The accompanying notes are an integral part of this statement.**

**DAVIDSON COUNTY, NORTH CAROLINA**  
**GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**Year Ended June 30, 2015**

**Exhibit 5**

	Budgeted Amounts		Actual Amounts	Variance With Final
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 89,307,761	\$ 89,398,151	\$ 96,745,213	\$ 7,347,062
Licenses and permits	1,366,601	1,366,601	1,782,533	415,932
Intergovernmental	23,821,173	25,670,471	25,980,226	309,755
Charges for services	6,813,235	6,973,777	6,790,910	(182,867)
Interest on investments	350,000	350,000	282,992	(67,008)
Miscellaneous	985,226	956,798	1,202,985	246,187
Total revenues	<u>122,643,996</u>	<u>124,715,798</u>	<u>132,784,859</u>	<u>8,069,061</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	12,216,105	12,934,383	11,786,828	1,147,555
Human services	30,991,021	32,620,218	31,231,497	1,388,721
Public safety	25,056,916	25,756,351	24,339,314	1,417,037
Environmental protection	1,304,801	1,304,801	1,275,458	29,343
Economic and physical development	3,261,692	3,685,992	3,085,366	600,626
Culture and recreation	4,103,469	4,222,786	3,919,950	302,836
<b>Intergovernmental:</b>				
Education	34,788,604	34,885,270	34,869,437	15,833
<b>Debt service:</b>				
Principal	8,097,330	8,283,976	7,218,465	1,065,511
Interest and fiscal charges	4,345,545	3,937,856	3,642,924	294,932
		-	-	-
Total expenditures	<u>124,165,483</u>	<u>127,631,633</u>	<u>121,369,239</u>	<u>6,262,394</u>
Excess (deficiency) of revenues over expenditures	<u>(1,521,487)</u>	<u>(2,915,835)</u>	<u>11,415,620</u>	<u>14,331,455</u>
<b>Other financing sources (uses):</b>				
Transfers from other funds	1,002,274	1,567,438	1,735,105	167,667
Transfers to other funds	(2,571,149)	(9,886,140)	(9,886,140)	-
Total other financing sources (uses)	<u>(1,568,875)</u>	<u>(8,318,702)</u>	<u>(8,151,035)</u>	<u>167,667</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(3,090,362)</u>	<u>(11,234,537)</u>	<u>3,264,585</u>	<u>14,499,122</u>
Fund balance appropriated	<u>3,090,362</u>	<u>11,234,537</u>	<u>-</u>	<u>(11,234,537)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>3,264,585</u>	<u>\$ 3,264,585</u>
Fund balance at beginning of year			<u>55,658,475</u>	
Fund balance at end of year			<u>\$ 58,923,060</u>	

The accompanying notes are an integral part of this statement.

**DAVIDSON COUNTY, NORTH CAROLINA**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**June 30, 2015**

**Exhibit 6**

<b>ASSETS</b>	<b>Major Fund Landfill</b>	<b>Major Fund Sewer</b>	<b>Total</b>	<b>Governmental Activities Internal Service</b>
Current assets:				
Cash and investments	\$ 14,802,679	\$ 868,854	\$ 15,671,533	\$ 6,396,569
Accounts receivable, net	544,303	41,533	585,836	-
Due from other governments	122,306	-	122,306	310
Restricted cash and cash equivalents	-	772,423	772,423	-
Inventory, at cost	-	-	-	52,403
<b>Total current assets</b>	<b>15,469,288</b>	<b>1,682,810</b>	<b>17,152,098</b>	<b>6,449,282</b>
Noncurrent assets:				
Net pension asset	58,664	-	58,664	-
Capital assets:				
Land and construction in progress	863,794	-	863,794	-
Other capital assets, net of depreciation	3,370,287	14,739,209	18,109,496	219,367
<b>Total capital assets</b>	<b>4,234,081</b>	<b>14,739,209</b>	<b>18,973,290</b>	<b>219,367</b>
<b>Total noncurrent assets</b>	<b>4,292,745</b>	<b>14,739,209</b>	<b>19,031,954</b>	<b>219,367</b>
<b>Total Assets</b>	<b>19,762,033</b>	<b>16,422,019</b>	<b>36,184,052</b>	<b>6,668,649</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>42,081</b>	<b>-</b>	<b>42,081</b>	<b>-</b>
<b>LIABILITIES</b>				
Current liabilities:				
Current portion of accrued vacation benefits	25,000	-	25,000	-
Accounts payable and accrued liabilities	198,186	29,613	227,799	793,294
General obligation note payable	-	50,000	50,000	-
Limited obligation note payable	-	135,000	135,000	-
Installment note payable	-	441,714	441,714	-
<b>Total current liabilities</b>	<b>223,186</b>	<b>656,327</b>	<b>879,513</b>	<b>793,294</b>
Noncurrent liabilities:				
Accrued landfill closure and postclosure costs	9,385,224	-	9,385,224	-
Accrued OPEB liability	103,648	-	103,648	-
Accrued vacation benefits	26,613	-	26,613	11,858
General obligation note payable	-	710,000	710,000	-
Limited obligation note payable	-	1,330,000	1,330,000	-
Installment note payable	-	7,435,479	7,435,479	-
<b>Total noncurrent liabilities</b>	<b>9,515,485</b>	<b>9,475,479</b>	<b>18,990,964</b>	<b>11,858</b>
<b>Total liabilities</b>	<b>9,738,671</b>	<b>10,131,806</b>	<b>19,870,477</b>	<b>805,152</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>141,932</b>	<b>-</b>	<b>141,932</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	4,234,081	5,409,439	9,643,520	219,367
Unrestricted	5,689,430	880,774	6,570,204	5,644,130
<b>Total net position</b>	<b>\$ 9,923,511</b>	<b>\$ 6,290,213</b>	<b>\$ 16,213,724</b>	<b>\$ 5,863,497</b>

The accompanying notes are an integral part of this statement.

**DAVIDSON COUNTY, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS**  
**Year Ended June 30, 2015**

Exhibit 7

	<u>Major Fund Landfill</u>	<u>Major Fund Sewer</u>	<u>Total</u>	<u>Governmental Activities Internal Service</u>
Operating revenues:				
Intergovernmental	\$ 353,211	\$ -	\$ 353,211	\$ -
Charges for sales and services	4,120,887	477,487	4,598,374	9,898,468
Miscellaneous	-	-	-	19,380
Total operating revenues	<u>4,474,098</u>	<u>477,487</u>	<u>4,951,585</u>	<u>9,917,848</u>
Operating expenses:				
Salaries and benefits	793,726	-	793,726	329,526
Operating	910,000	381,978	1,291,978	9,435,069
Depreciation	1,469,363	336,816	1,806,179	52,538
Closure and postclosure costs	3,654,351	-	3,654,351	-
Total operating expenses	<u>6,827,440</u>	<u>718,794</u>	<u>7,546,234</u>	<u>9,817,133</u>
Operating income (loss)	<u>(2,353,342)</u>	<u>(241,307)</u>	<u>(2,594,649)</u>	<u>100,715</u>
Nonoperating revenues(expenses):				
Interest earned	42,778	1,313	44,091	-
Interest expense	-	(407,689)	(407,689)	-
Total nonoperating revenues (expenses)	<u>42,778</u>	<u>(406,376)</u>	<u>(363,598)</u>	<u>-</u>
Income (loss) before transfers	<u>(2,310,564)</u>	<u>(647,683)</u>	<u>(2,958,247)</u>	<u>100,715</u>
Transfers:				
Transfers from other funds	-	1,016,043	1,016,043	-
Total transfers	<u>-</u>	<u>1,016,043</u>	<u>1,016,043</u>	<u>-</u>
Change in net position	<u>(2,310,564)</u>	<u>368,360</u>	<u>(1,942,204)</u>	<u>100,715</u>
Total net position, beginning	12,313,402	5,921,853	18,235,255	5,762,782
Restatement	(79,327)	-	(79,327)	-
Net position, beginning, restated	<u>12,234,075</u>	<u>5,921,853</u>	<u>18,155,928</u>	<u>5,762,782</u>
Total net position, ending	<u>\$ 9,923,511</u>	<u>\$ 6,290,213</u>	<u>\$ 16,213,724</u>	<u>\$ 5,863,497</u>

The accompanying notes are an integral part of this statement.

**DAVIDSON COUNTY, NORTH CAROLINA**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**Year Ended June 30, 2015**

Exhibit 8

	Major Fund <u>Landfill</u>	Major Fund <u>Sewer</u>	<u>Total</u>	Governmental Activities <u>Internal Service</u>
Cash flows from operating activities:				
Cash received from customers	\$ 4,050,815	\$ 467,675	\$ 4,518,490	\$ 9,898,468
Cash paid for goods and services	(862,976)	(381,157)	(1,244,133)	(10,084,837)
Cash paid to employees for services	(825,814)	-	(825,814)	(327,727)
Other operating revenues	339,008	-	339,008	19,070
Net cash provided (used) by operating activities	<u>2,701,033</u>	<u>86,518</u>	<u>2,787,551</u>	<u>(495,026)</u>
Cash flows from noncapital financing activities:				
Transfers from other funds	-	1,016,043	1,016,043	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>1,016,043</u>	<u>1,016,043</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(157,062)	-	(157,062)	-
Principal payments on debt	-	(608,354)	(608,354)	-
Interest payments on debt	-	(407,689)	(407,689)	-
Net cash provided (used) by capital and related financing activities	<u>(157,062)</u>	<u>(1,016,043)</u>	<u>(1,173,105)</u>	<u>-</u>
Cash flows from investing activities:				
Interest on investments	42,778	1,313	44,091	-
Net cash provided by investing activities	<u>42,778</u>	<u>1,313</u>	<u>44,091</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	2,586,749	87,831	2,674,580	(495,026)
Cash and cash equivalents at beginning of year	<u>12,215,930</u>	<u>1,553,446</u>	<u>13,769,376</u>	<u>6,891,595</u>
Cash and cash equivalents at end of year	<u>\$ 14,802,679</u>	<u>\$ 1,641,277</u>	<u>\$ 16,443,956</u>	<u>\$ 6,396,569</u>
Reconciliation of operating income (loss) to net cash used by operating activities:				
Operating income (loss)	\$ (2,353,342)	\$ (241,307)	\$ (2,594,649)	\$ 100,715
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation	1,469,363	336,816	1,806,179	52,538
Pension expense	3,941	-	3,941	-
Change in assets and liabilities and deferred outflows and inflows of resources:				
(Increase) decrease in accounts receivable	(70,072)	(9,812)	(79,884)	-
(Increase) decrease in due from other governments	(14,203)	-	(14,203)	(310)
(Increase) decrease in inventory	-	-	-	3,362
Increase (decrease) in accounts payable and accrued liabilities	47,024	821	47,845	(653,130)
Increase (decrease) in accrued landfill closure and postclosure costs	3,654,351	-	3,654,351	-
(Increase) decrease in deferred outflows of resources for pensions	(42,081)	-	(42,081)	-
Increase (decrease) in accrued OPEB liability	(799)	-	(799)	-
Increase (decrease) in accrued vacation benefits	6,851	-	6,851	1,799
Net cash provided (used) by operating activities	<u>\$ 2,701,033</u>	<u>\$ 86,518</u>	<u>\$ 2,787,551</u>	<u>\$ (495,026)</u>

The accompanying notes are an integral part of this statement.

**DAVIDSON COUNTY, NORTH CAROLINA**  
**STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**June 30, 2015**

Exhibit 9

<b>ASSETS</b>	<b><u>Pension Trust Fund</u></b>	<b><u>Agency Funds</u></b>
Cash	\$ 335,444	\$ 392,181
Due from other governments	<u>-</u>	<u>918,732</u>
Total Assets	<u><u>\$ 335,444</u></u>	<u><u>\$ 1,310,913</u></u>
 <b>LIABILITIES</b>		
Accounts payable and accrued liabilities	<u><u>\$ -</u></u>	<u><u>\$ 1,310,913</u></u>
 <b>NET POSITION</b>		
Held in trust for pension benefits	<u><u>\$ 335,444</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of this statement.

**DAVIDSON COUNTY, NORTH CAROLINA**  
**STATEMENT OF CHANGES IN FIDUCIARY**  
**NET POSITION - FIDUCIARY FUNDS**  
**Year Ended June 30, 2015**

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Exhibit 10

	<u>Pension Trust Fund</u>
Additions	<u>\$ 102,000</u>
Deductions:	
Benefits	108,009
Administrative expense	<u>388</u>
Total deductions	<u>108,397</u>
Change in net position	(6,397)
Net Position:	
Beginning of year	<u>341,841</u>
End of year	<u><u>\$ 335,444</u></u>

The accompanying notes are an integral part of this statement.

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**DAVIDSON COUNTY, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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**I. Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

The County, which is governed by a seven-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. Davidson County Airport Authority exists for the operation and maintenance of airport facilities in the County. Davidson County Industrial Facility and Pollution Control Financing Authority (the *Authority*) exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority has no financial transactions or account balances; therefore, it is not presented in the combined financial statements.

Component Unit	Reporting Method	Criteria for Inclusion	For Separate Financial Statements
Davidson County Airport Authority	Discrete	The Airport Authority is governed by a nine-member board of commissioners that are appointed by the County commissioners. The County can remove any commissioner of the Airport Authority with or without cause.	None issued
Davidson County Industrial Facility and Pollution Control Financing Authority	Discrete	The Financing Authority is governed by a seven-member board of commissioners that are appointed by the County commissioners. The County can remove any commissioner of the Financing Authority with or without cause.	None issued

**B. Basis of Presentation, Basis of Accounting**

**Basis of Presentation**

*Government-Wide Statements:* The statement of net position and the statement of activities display information about the primary government net position (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

## NOTES TO FINANCIAL STATEMENTS (Continued)

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### I. Summary of Significant Accounting Policies (Continued)

#### B. Basis of Presentation, Basis of Accounting (Continued)

##### Basis of Presentation (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and 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 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 and blended component units. Separate statements for each fund category - *governmental, proprietary and fiduciary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or 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. The Tax Revaluation Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54, it is consolidated in the General Fund

*School Capital Outlay Fund.* This capital projects fund accounts for the County's portion of the financing of school capital assets for the Lexington City Schools, Thomasville City Schools, Davidson County school systems, and the Davidson County Community College system.

*Capital Projects Fund.* This capital projects fund accounts for monies that have been specifically reserved for County capital project expenditures.

The County reports the following major enterprise funds:

*Landfill Fund.* This fund accounts for the operation, maintenance, and development of various landfills and disposal sites.

## NOTES TO FINANCIAL STATEMENTS (Continued)

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### I. Summary of Significant Accounting Policies (Continued)

#### B. Basis of Presentation, Basis of Accounting (Continued)

##### Basis of Presentation (Continued)

*Sewer Fund.* This fund accounts for the operation, maintenance, and development of various sewer lines.

Additionally, the County reports the following fund types:

*Internal Service Fund.* The County uses an internal service fund to account for fleet management services provided to other departments of the government on a cost reimbursement basis. The County has also established an internal service fund to account for the self-funded employee health care program and workers compensation.

*Agency Funds.* Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Property Tax Fund, which accounts for funds that are billed and collected by the County for various municipalities and special districts within the County but that are not revenue to the County; the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to the Boards of Education, the P.I.C. Fund, which accounts for donations received by the Private Industry Council to provide scholarships to individuals; the United Way Fund, which accounts for employee fund-raising activities for the United Way; the Social Services Designated Payee Account Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the Bid Bond Deposit Fund, which accounts for all cash bid bonds received, the Sheriff-Inmate Account Fund which accounts for funds held on behalf of inmates in the County jail, and the Sheriff-Execution Account Fund which accounts for funds held on behalf of others as a result of court ordered sales of property.

*Trust Funds.* Pension Trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, or other postemployment benefit plans. The County has a Pension Trust Fund, the Law Enforcement Officers' Pension Trust Fund, that accounts for the Law Enforcement Officers' Special Separation Allowance, a single-employer, public employee retirement system. The resources in the LEO Special Separation Allowance Fund have been set aside to pay future obligations of the LEO Special Separation Allowance but are not held in a trust that meets the criteria outlined in GASB Statement 68, paragraph 4.

*Nonmajor Funds.* The County maintains five legally budgeted funds. The Fire District Fund, Transportation Fund, Emergency Telephone Fund, and Special School Districts Fund are reported as nonmajor special revenue funds. The Capital Reserve Fund is reported as a capital projects fund.

##### 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.

## NOTES TO FINANCIAL STATEMENTS (Continued)

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### I. Summary of Significant Accounting Policies (Continued)

#### B. **Basis of Presentation, Basis of Accounting (Continued)**

##### **Measurement Focus, Basis of Accounting (Continued)**

*Government-Wide, Proprietary and Fiduciary Fund Financial Statements.* The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide and proprietary 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. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. 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 and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the sewer system. 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 the governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year end, except for property taxes. Ad valorem property taxes are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. 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

## NOTES TO FINANCIAL STATEMENTS (Continued)

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### I. Summary of Significant Accounting Policies (Continued)

#### B. Basis of Presentation, Basis of Accounting (Continued)

##### Measurement Focus, Basis of Accounting (Continued)

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 and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. 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.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant areas where estimates are made are allowance for doubtful accounts and depreciation lives.

#### C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Special Revenue Funds, and the Enterprise Funds. A balanced financial plan is approved concurrent with the adoption of the annual budget for the internal service funds. All annual appropriations lapse at the fiscal year end. Project ordinances are adopted for the School Capital Outlay Fund and the Capital Projects Fund.

## NOTES TO FINANCIAL STATEMENTS (Continued)

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### I. Summary of Significant Accounting Policies (Continued)

#### C. Budgetary Data (Continued)

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the department level for the General, Special Revenue (except the Fire Districts), and Enterprise Funds. The Fire Districts Fund is budgeted on the functional level by fire district. The Finance Officer, with the concurrence of the Budget Officer, is authorized to make budget transfers between objects of expenditure within a department with a report being submitted to the County Commissioners within thirty days after the transfers. The Board of Commissioners must approve revisions that alter the total appropriations of any department or fund. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted. During the year, several amendments to the original budget were necessary, some of which were material. The effects of the material budget amendments are described below.

Budget amendments totaling \$717,283 were necessary to appropriate intergovernmental revenues for human services expenditures. Additional fund balance of \$8,144,175 was appropriated for one-time capital expenditures and for performance management expenditures earned from the attainment of specific performance goals in the previous year.

#### D. Assets, Liabilities, Deferred Inflows and Outflows, and Fund Equity

##### 1. Deposits and Investments

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

State law [G. S. 159-30(c)] authorizes 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 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. 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. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**I. Summary of Significant Accounting Policies (Continued)**

**D. Assets, Liabilities and Fund Equity (Continued)**

**2. Cash and Cash Equivalents**

The County pools moneys from several funds, except the Agency and Pension Trust Funds, to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

**3. Restricted Cash**

Restricted cash consists of the following at June 30, 2015:

	<u>General Fund</u>	<u>Sewer Fund</u>
Sinking fund for the repayment of Qualified School Construction Bonds	\$ 3,481,011	\$ -
Tax Revaluation Fund	79,000	-
Unexpended proceeds from the issuance of Limited Obligation Bonds	-	79,617
Unexpended proceeds from the issuance of Installment purchase contracts	<u>-</u>	<u>692,806</u>
	<u>\$ 3,560,011</u>	<u>\$ 772,423</u>

**4. Ad Valorem Taxes Receivable**

In accordance with state law [G. S. 105-347 and G. S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. 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, 2014. As allowed by state law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### I. Summary of Significant Accounting Policies (Continued)

#### D. Assets, Liabilities and Fund Equity (Continued)

##### 5. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

##### 6. Inventories

The inventory of the County's internal service fund consists of materials and supplies held for consumption. The cost (first-in, first-out method, which approximates market) of the inventory carried in the County's internal service fund is recorded as an expense as the inventory is consumed.

##### 7. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. It is the policy of the Board to capitalize all capital assets costing more than \$5,000 with an estimated useful life of two years or more.

The County holds title to certain Davidson County Board of Education properties that have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs. Agreements between the County and Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Davidson County Board of Education.

Any interest incurred during the construction phase of proprietary fund type capital assets is reflected in the capitalized value of the asset constructed. Capital assets of the County are depreciated on a straight-line basis over the following estimated useful lives:

Governmental activities:	
Buildings and improvements	20 to 40 years
Furniture, equipment and vehicles	5 to 10 years
Business-type activities:	
Buildings	20 years
Furniture and equipment	5 to 10 years
Improvements	20 years
Sewer lines	50 years

**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**I. Summary of Significant Accounting Policies (Continued)**

**D. Assets, Liabilities and Fund Equity (Continued)**

**7. Capital Assets (Continued)**

Component unit:	
Buildings	40 years
Land improvements	50 years
Equipment	10 years
Runways	20 years

**8. Deferred outflows/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 several items that meet this criterion – pension related deferrals and contributions made to the pension plan in the current fiscal year. 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. The County has only four items that meet the criterion for this category, property taxes receivable, other receivables, EMS receivables, and other pension related deferrals.

**9. Long-Term Obligations**

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. In the fund financial statements for governmental fund types, the face amount of debt issued is reported as an other financing source.

**10. Compensated Absences**

The vacation policies of the County and the Airport Authority provide for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the County's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

The sick leave policies of the County and the Airport Authority provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since none of the entities has any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the County or its component units.

**I. Summary of Significant Accounting Policies (Continued)**

**D. Assets, Liabilities, and Fund Equity (Continued)**

**11. Net Position/Fund Balances**

**Net Position**

Net position in government-wide and proprietary fund financial statements is classified as net investment in capital assets; restricted; and unrestricted. 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.

**Fund Balances**

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

The governmental fund types classify fund balances as follows:

**Nonspendable Fund Balance-** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Long term note receivable-portion of fund balance that is not an available resource because it represents the year-end balance of an ending note receivable which is not a spendable resource.

Long term advance to component unit-portion of fund balance that is not an available resource because it represents the year-end balance of a long term advance which is not a spendable resource.

**Restricted Fund Balance-**This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization of State Statute- State law [G.S. 159-13(b)(16)] restricts appropriation of fund balance for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

Restricted for Register of Deeds-portion of fund balance that is restricted by revenue source to pay for the computer equipment and imaging technology for the Register of Deeds office.

Restricted for Health-portion of fund balance that is restricted by revenue source for health purposes.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**I. Summary of Significant Accounting Policies (Continued)**

**D. Assets, Liabilities, and Fund Equity (Continued)**

**11. Net Position/Fund Balances (Continued)**

**Fund Balances (Continued)**

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

Restricted for Transportation-portion of fund balance that is restricted by revenue source for transportation expenditures.

Restricted for Public Safety-portion of fund balance that is restricted by revenue source to pay sheriff expenditures.

Restricted for School Capital-portion of fund balance that is restricted by revenue source to pay School Capital per G.S 159-18-22

Restricted for Debt Service-portion of fund balance that is restricted for the repayment of Qualified School Construction Bonds

Committed Fund Balance-Portion of fund balance that can only be used for specific purposes determined by a formal action of the government's highest level of decision-making authority. Davidson County's governing board is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Committed for Tax Revaluation-portion of fund balance that can only be used for tax revaluation.

Committed for School Capital-portion of fund balance that can only be used for school capital.

Committed for Capital Projects Funds-portion of fund balance that can only be used for county capital projects.

Assigned Fund Balance - This classification represents the portion of fund balance that the County intends to use for specific purposes but do not meet the criteria to be classified as committed. Assignments of fund balance are only created by action of the County's governing body, such as the adoption of the annual budget.

Subsequent year's expenditures-portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**I. Summary of Significant Accounting Policies (Continued)**

**D. Assets, Liabilities, and Fund Equity (Continued)**

**11. Net Position/Fund Balances (Continued)**

**Fund Balances (Continued)**

Unassigned Fund Balance- portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

Davidson County has an internal management revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond 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.

Davidson 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 to or greater than 18% of budgeted expenditures. Any portion of the General Fund balance in excess of 20% of budgeted expenditures may be transferred into the Capital Reserve fund for pay-as-you-go capital projects.

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – General Fund to the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds**

A legally budgeted Property Revaluation Fund is consolidated into the General Fund for reporting purposes on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit 4). Fund balance for the General Fund is reconciled as follows:

Fund Balance, ending (Exhibit 5)	\$ 58,923,060
Property Revaluation Fund:	
Expenditures:	
General government	-
Transfers in – General Fund	-
Fund Balance, beginning	<u>79,000</u>
Fund balance, ending (Exhibit 4)	<u>\$ 59,002,060</u>

**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**I. Summary of Significant Accounting Policies (Continued)**

**D. Assets, Liabilities, and Fund Equity (Continued)**

**12. Defined Benefit Pension Plans**

The County participates in two cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LGERS) and the Registers of Deeds' Supplemental Pension Fund (RODSPF) (collectively, the "state-administered defined benefit pension plans"). For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

**E. Reconciliation of Government-Wide and Fund Financial Statements**

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

The governmental funds statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net positions of governmental activities as reported in the government-wide statement of activities. The elements comprising the total adjustment of \$19,474,448 are as follows:

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities.	\$ 13,936,562
Depreciation expense, the allocation of those assets over their useful lives, is recorded on the statement of activities but not in the fund statements.	(2,242,739)
Loss on disposal of capital assets not recorded in the fund statements	27,646
Internal service funds are used by management to charge the cost of certain activities to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.	100,715

## NOTES TO FINANCIAL STATEMENTS (Continued)

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### I. Summary of Significant Accounting Policies (Continued)

#### E. Reconciliation of Government-Wide and Fund Financial Statements (Continued)

1. Explanation of certain differences between the governmental funds statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities (continued)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	2,107,718
Principal payments on debt owed are recorded as a use of funds in the fund statements but do not affect the net position reported in the government-wide statements.	7,218,465
Amortization of bond premium is included in the government-wide statements but not in the fund statements because it does not use current resources.	60,756
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:	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual).	14,610
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	(34,630)
Law enforcement Officers' Special Separation Allowance is accrued in the government-wide statements but not in the fund statements because it does not use current resources.	(110,322)
OPEB liability is accrued in the government-wide statements but not in the fund statements because it does not use current resources.	(415,351)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Net decrease in deferred inflows of resources.	<u>(1,188,982)</u>
Total adjustment	<u>\$19,474,448</u>

## NOTES TO FINANCIAL STATEMENTS (Continued)

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### II. Stewardship, Compliance, and Accountability

#### A. Deficit Fund Balance or Net Position of Individual Funds

The Capital Projects Fund had a deficit fund balance of \$6,303,317 as of June 30, 2015. The fund had incurred expenditures for the new Sheriff's office building that will be funded by debt proceeds in FY2016. The County's General Fund advanced the Capital Projects Fund \$7,847,118 for the construction of this new building and will be reimbursed through the issuance of this debt.

### III. Detail Notes on All Funds

#### A. Assets

##### 1. Deposits

All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's agents in these units' names. 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 their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County has a formal written policy in place regarding custodial credit risk for deposits whereby no more than 50% of the County's total moneys shall be placed with a single financial institution, with the exclusion of tax funds held by a collecting bank that have not been allocated by the County. The Airport Authority does not have a policy regarding custodial risk of deposits.

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, 2015, the County and Airport's deposits had a carrying amount of \$57,760,200 and a bank balance of \$58,276,956. Of the bank balance, \$509,441 was

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**III. Detail Notes on All Funds (Continued)**

**A. Assets (Continued)**

**1. Deposits Continued**

covered by federal depository insurance and \$57,767,515 in both interest-bearing and non interest-bearing deposits were covered by collateral held under the Pooling Method. Of the County's carrying amount, \$727,625 is held on behalf of others in the Pension Trust and Agency Funds. At June 30, 2015, Davidson County had \$4,701 cash on hand. During the year and as of June 30, 2015, the Airport Authority had no depository accounts other than those held by the County.

**2. Investments**

As of June 30, 2015, the County had the following investments and maturities:

	<u>Fair Value</u>	<u>Maturity</u>	
		<u>Less Than 1 Year</u>	<u>1-5 Years</u>
North Carolina Capital Management Trust			
Cash Portfolio	\$ 5,925,680	\$ N/A	\$ N/A
Commercial Paper	10,993,006	10,993,006	-
U.S. Government Agencies	<u>11,479,083</u>	<u>-</u>	<u>11,479,083</u>
	<u>\$ 28,397,769</u>	<u>\$ 10,993,006</u>	<u>\$11,479,083</u>

*Interest Rate Risk* - As a means of limiting its exposure to fair value losses arising from interest rates, the County's formal investment policy limitations are that no less than half of the investment portfolio shall mature in 90 days and the average maturity of the portfolio shall mature within one year.

*Credit Risk* – The County's formal investment policy 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. North Carolina statutes limits investment in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROS). As of June 30, 2015, the County's investments in commercial paper were rate A1 or better by Moody's Investors Service and P1 by Standard and Poors and F1 or better by Fitch Ratings. The County's investments in the North Carolina Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2015. The County's investments in US agencies (Federal Home Loan Bank and Federal Farm Credit Bank) are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

*Custodial Credit Risk* – 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 possession of an outside party. The County's formal investment policy indicates that the County shall utilize a third party custodial agent for book entry transactions, all of which shall be a trust department authorized to do work in North Carolina who has an account with the Federal Reserve. Certified securities shall be in the custody of the Finance Director.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**III. Detail Notes on All Funds (Continued)**

**A. Assets (Continued)**

**2. Investments (Continued)**

*Concentration of Credit Risk* - The County formal investment policy places no limit on the amount that the County may invest in any one issuer. Also, no more than 50% of the County's total portfolio, which is defined by the County's investment policy to include interest-bearing bank deposits, shall be invested in a particular investment vehicle that does not bear the full faith and credit of the United States. As of June 30, 2015, the following investment categories account for more than 5% of the County's investment portfolio (excluding interest-bearing deposits): Federal Home Loan Bank (FHLB), 10.6%, Federal Farm Credit Bank (FFCB), 29.9%, ING US Funding Commercial Paper, 7.0%, PNC Bank NA Commercial Paper, 7.0%, ABN AMRO Funding Commercial Paper, 7.0%, Credit Agricole Commercial Paper, 7.0%, JP Morgan Securities Commercial Paper, 7.0%.

**3. Receivables**

Receivables at the government-wide level at June 30, 2015 were as follows:

	<u>Taxes</u>	<u>Accounts</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental activities:				
General	\$ 9,511,941	\$ 19,318,069	\$ 11,305,726	\$ 40,135,736
Other governmental	<u>630,888</u>	<u>-</u>	<u>246,654</u>	<u>877,542</u>
Total receivables	10,142,829	19,318,069	11,552,380	41,013,278
Allowance for doubtful accounts	<u>(8,754,117)</u>	<u>(17,214,484)</u>	<u>-</u>	<u>(25,968,601)</u>
Total - governmental activities	<u>\$ 1,388,712</u>	<u>\$ 2,103,585</u>	<u>\$ 11,552,380</u>	<u>\$ 15,044,677</u>
Business-type activities:				
Landfill	\$ -	\$ 595,418	\$ 122,306	\$ 717,724
Sewer	<u>-</u>	<u>41,533</u>	<u>-</u>	<u>41,533</u>
Total receivables	-	636,951	122,306	759,257
Allowance for doubtful accounts	<u>-</u>	<u>(51,115)</u>	<u>-</u>	<u>(51,115)</u>
Total - business-type activities	<u>\$ -</u>	<u>\$ 585,836</u>	<u>\$ 122,306</u>	<u>\$ 708,142</u>

**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**III. Detail Notes on All Funds (Continued)**

**A. Assets (Continued)**

**3. Receivables (Continued)**

Due from other governments consists of the following at June 30, 2015:

	<u>General</u>	<u>Other Governmental</u>
Local option sales tax allocation	\$ 5,777,097	\$ -
Sales tax refund	878,248	-
Grant reimbursements	2,154,846	204,454
Other	<u>2,495,535</u>	<u>42,200</u>
	<u>\$11,305,726</u>	<u>\$ 246,654</u>

During fiscal year 2001, the County advanced \$250,000 to the Airport Authority for the construction of new hangars. Repayment is to be made over twenty years including 6% interest. In fiscal year 2003, the County advanced an additional \$297,000 to the Airport Authority for the construction of a maintenance hangar. Repayment is to be made over twenty years including 5% interest. In fiscal year 2008, the County advanced an additional \$937,333 to the Airport Authority for the construction of new hangars. Repayment is to be made over fifteen years including 4.82% interest. The balance of the long-term advances to the Airport Authority is \$1,069,723 at June 30, 2015.

During fiscal year 2011, the County advanced \$500,000 to the Town of Wallburg for the purchase of property for economic development. Annual payments of \$25,000 are to be made over twenty years. Interest will not be charged for the first ten years of the repayment term; however, beginning January 1, 2021 and continuing for the remainder of the term of the loan, interest will be charged on the outstanding balance at a rate of prime plus one percent. The balance of the long-term note receivable is \$400,000 at June 30, 2015.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**III. Detail Notes on All Funds (Continued)**

**A. Assets (Continued)**

**4. Capital Assets**

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 6,399,521	\$ 3,347,655	\$ -	\$ 9,747,176
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>6,399,521</u>	<u>3,347,655</u>	<u>-</u>	<u>9,747,176</u>
Capital assets being depreciated:				
Buildings and improvements	39,853,673	9,513,831	-	49,367,504
Furniture and equipment	11,023,263	198,011	32,996	11,188,278
Vehicles and motor equipment	<u>8,875,928</u>	<u>877,065</u>	<u>87,109</u>	<u>9,665,884</u>
Total capital assets being depreciated	<u>59,752,864</u>	<u>10,588,907</u>	<u>120,105</u>	<u>70,221,666</u>
Less accumulated depreciation for:				
Buildings	17,367,749	899,527	-	18,267,276
Furniture and equipment	9,277,379	609,804	17,507	9,869,676
Vehicles and motor equipment	<u>6,760,686</u>	<u>733,408</u>	<u>77,707</u>	<u>7,416,387</u>
Total accumulated depreciation	<u>33,405,814</u>	<u>\$ 2,242,739</u>	<u>\$ 95,214</u>	<u>35,553,339</u>
Total capital assets being depreciated, net	<u>26,347,050</u>			<u>34,668,327</u>
Governmental activity capital assets, net	<u>\$ 32,746,571</u>			<u>\$ 44,415,503</u>
General government			\$ 1,243,435	
Human services			110,198	
Public safety			683,190	
Environmental protection			61,065	
Culture and recreation			11,738	
Transportation			80,575	
Capital assets held by the County's internal service fund are charged to the various functions based on their usage of the assets			<u>52,538</u>	
Total depreciation expense			<u>\$ 2,242,739</u>	

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**III. Detail Notes on All Funds (Continued)**

**A. Assets (Continued)**

**4. Capital Assets (Continued)**

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
Landfill				
Capital assets not being depreciated:				
Land	\$ 863,794	\$ -	\$ -	\$ 863,794
Construction in progress	<u>2,194,987</u>	<u>-</u>	<u>2,194,987</u>	<u>-</u>
Total capital assets not being depreciated	<u>3,058,781</u>	<u>-</u>	<u>2,194,987</u>	<u>863,794</u>
Capital assets being depreciated:				
Buildings	794,528	-	-	794,528
Furniture and equipment	7,518,918	40,295	18,000	7,541,213
Landfill cell construction	14,076,075	2,246,988	-	16,323,063
Improvements	<u>2,378,584</u>	<u>64,766</u>	<u>-</u>	<u>2,443,350</u>
Total capital assets being depreciated	<u>24,768,105</u>	<u>2,352,049</u>	<u>18,000</u>	<u>27,102,154</u>
Less accumulated depreciation for:				
Buildings	365,344	28,500	-	393,844
Furniture and equipment	6,360,542	288,198	18,000	6,630,740
Landfill cell construction	13,612,515	1,070,248	-	14,682,763
Improvements	<u>1,942,103</u>	<u>82,417</u>	<u>-</u>	<u>2,024,520</u>
Total accumulated depreciation	<u>22,280,504</u>	<u>\$ 1,469,363</u>	<u>\$ 18,000</u>	<u>23,731,867</u>
Total capital assets being depreciated, net	<u>2,487,601</u>			<u>3,370,287</u>
Landfill capital assets, net	<u>\$ 5,546,382</u>			<u>\$ 4,234,081</u>

**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**III. Detail Notes on All Funds (Continued)**

**A. Assets (Continued)**

**4. Capital Assets (Continued)**

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Sewer				
Capital assets being depreciated:				
Equipment	\$ 69,195	\$ -	\$ -	\$ 69,195
Sewer lines	<u>16,850,903</u>	<u>-</u>	<u>-</u>	<u>16,850,903</u>
Total capital assets being depreciated	<u>16,920,098</u>	<u>-</u>	<u>-</u>	<u>16,920,098</u>
Less accumulated depreciation for:				
Equipment	69,194	-	-	69,194
Sewer lines	<u>1,774,879</u>	<u>336,816</u>	<u>-</u>	<u>2,111,695</u>
Total accumulated depreciation	<u>1,844,073</u>	<u>\$ 336,816</u>	<u>\$ -</u>	<u>2,180,889</u>
 Total capital assets being depreciated, net	 <u>15,076,025</u>			 <u>14,739,209</u>
Sewer capital assets, net	<u>15,076,025</u>			<u>14,739,209</u>
 Business-type activities capital assets, net	 <u>\$20,622,407</u>			 <u>\$ 18,973,290</u>

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**III. Detail Notes on All Funds (Continued)**

**A. Assets (Continued)**

**4. Capital Assets (Continued)**

**Discretely Presented Component Units**

Capital asset activity for the Davidson County Airport Authority for the year ended June 30, 2015 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land	\$ 3,517,375	\$ -	\$ -	\$ 3,517,375
Construction in progress	<u>58,324</u>	<u>-</u>	<u>-</u>	<u>58,324</u>
Total capital assets not being depreciated	<u>3,575,699</u>	<u>-</u>	<u>-</u>	<u>3,575,699</u>
 Capital assets being depreciated:				
Buildings	3,273,580	-	-	3,273,580
Land improvements	453,080	150,100	-	603,180
Equipment	377,495	-	-	377,495
Paving & Grading	2,065,616	-	-	2,065,616
Runways	<u>11,168,962</u>	<u>-</u>	<u>-</u>	<u>11,168,962</u>
Total capital assets being depreciated	<u>17,338,733</u>	<u>150,100</u>	<u>-</u>	<u>17,488,833</u>
 Less accumulated depreciation for:				
Buildings	713,690	81,840	-	795,530
Land improvements	31,819	9,812	-	41,631
Equipment	372,028	5,467	-	377,495
Paving & Grading	940,021	103,281	-	1,043,302
Runways	<u>7,190,008</u>	<u>558,448</u>	<u>-</u>	<u>7,748,456</u>
Total accumulated depreciation	<u>9,247,566</u>	<u>\$ 758,848</u>	<u>\$ -</u>	<u>10,006,414</u>
 Total capital assets being depreciated, net	<u>8,091,167</u>			<u>7,482,419</u>
 Airport Authority capital assets, net	<u>\$ 11,666,866</u>			<u>\$11,058,118</u>

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**III. Detail Notes on All Funds (Continued)**

**B. Liabilities**

**1. Payables**

Payables at the government-wide level at June 30, 2015, were as follows:

	<u>Vendors</u>	<u>Salaries and benefits</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:				
General	\$ 2,324,733	\$ 2,224,145	\$ 929,930	\$ 5,478,808
Other governmental	<u>1,105,746</u>	<u>-</u>	<u>-</u>	<u>1,105,746</u>
Total - government activities	<u>\$ 3,430,479</u>	<u>\$ 2,224,145</u>	<u>\$ 929,930</u>	<u>\$ 6,584,554</u>
Business-type activities:				
Landfill	\$ 198,186	\$ -	\$ -	\$ 198,186
Sewer	<u>29,613</u>	<u>-</u>	<u>-</u>	<u>29,613</u>
Total - business-type activities	<u>\$ 227,799</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 227,799</u>
Discretely presented component unit:				
Davidson County Airport Authority	<u>\$ 57,165</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,165</u>

**2. Pension Plan Obligations and Other Postemployment Obligations**

**a. Local Governmental Employees' Retirement System**

*Plan Description.* The County is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

*Benefits Provided.* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations and Other Postemployment Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued)

five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$2,377,433 for the year ended June 30, 2015.

*Refunds of Contributions* – County employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**III. Detail Notes on All Funds (Continued)**

**B. Liabilities (Continued)**

**2. Pension Plan Obligations and Other Postemployment Obligations (Continued)**

**a. Local Governmental Employees' Retirement System (Continued)**

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2015, the County reported an asset of \$3,314,375 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the County's proportion was .5620%, which was a decrease of .0039% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$222,630. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 362,153
Net difference between projected and actual earnings on pension plan investments	-	7,715,788
Changes in proportion and differences between County contributions and proportionate share of contributions	59,197	-
County contributions subsequent to the measurement date	2,377,433	-
Total	\$ 2,436,630	\$ 8,077,941

\$2,377,433 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts

## NOTES TO FINANCIAL STATEMENTS (Continued)

### III. Detail Notes on All Funds (Continued)

#### B. Liabilities (Continued)

#### 2. Pension Plan Obligations and Other Postemployment Obligations (Continued)

##### a. Local Governmental Employees' Retirement System (Continued)

reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2016	\$ (2,004,876)
2017	(2,004,876)
2018	(2,004,876)
2019	(2,004,116)
2020	-
Thereafter	-

*Actuarial Assumptions.* The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### III. Detail Notes on All Funds (Continued)

#### B. Liabilities (Continued)

##### 2. Pension Plan Obligations and Other Postemployment Obligations (Continued)

###### a. Local Governmental Employees' Retirement System (Continued)

Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

*Discount rate.* The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments

**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**III. Detail Notes on All Funds (Continued)**

**B. Liabilities (Continued)**

**2. Pension Plan Obligations and Other Postemployment Obligations (Continued)**

**a. Local Governmental Employees' Retirement System (Continued)**

was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate.* The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<b>1% Decrease (6.25%)</b>	<b>Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
County's proportionate share of the net pension liability (asset)	\$ 11,250,418	\$ (3,314,375)	\$ (15,577,458)

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

**b. Law Enforcement Officers' Special Separation Allowance**

1) *Plan Description*

Davidson County administers a public employee retirement system (the Separation Allowance), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G. S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. A separate report was not issued for the plan. For reporting purposes, the Separation Allowance is presented as a pension trust fund; however, it does not meet the criteria for trust funds outlined in GASB Statement 68.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**III. Detail Notes on All Funds (Continued)**

**B. Liabilities (Continued)**

**2. Pension Plan Obligations (Continued)**

**b. Law Enforcement Officers' Special Separation Allowance (Continued)**

1) *Plan Description (Continued)*

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2014, the Separation Allowance's membership consisted of:

Retirees receiving benefits	8
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>128</u>
Total	<u><u>136</u></u>

2) *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 money market debt instruments, deposits, and repurchase agreements 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.

3) *Contributions*

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. Contributions in the amount of \$102,000 were made by the County during the current year. 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.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**III. Detail Notes on All Funds (Continued)**

**B. Liabilities (Continued)**

**2. Pension Plan Obligations (Continued)**

**b. Law Enforcement Officers' Special Separation Allowance (Continued)**

3) *Contributions (Continued)*

The County's annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution	\$ 246,710
Interest on net pension obligation	49,875
Adjustment to annual required contribution	<u>(84,263)</u>
 Annual pension cost	 212,322
Contributions made	<u>102,000</u>
 Increase in net pension obligation	 110,322
Net pension obligation, beginning of year	<u>997,491</u>
 Net pension obligation, end of year	 <u><u>\$ 1,107,813</u></u>

The annual required contribution for the current year was determined as part of the December 31, 2013 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) a 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level dollar of projected payroll on a closed basis. The remaining amortization period at December 31, 2013 was 17 years.

**Three-Year Trend Information**

<u>Year Ended June 30</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2013	182,921	56.04%	946,891
2014	175,600	71.18%	997,491
2015	212,322	48.04%	1,107,813

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

b. Law Enforcement Officers' Special Separation Allowance (Continued)

4) Funded Status and Funding Progress

As of December 31, 2014, the most recent actuarial valuation date, the plan was 18.55% funded. The actuarial accrued liability for benefits was \$2,141,784, and the actuarial value of assets was \$397,195, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,744,589. The covered payroll (annual payroll of active employees covered by the plan) was \$5,786,315, and the ratio of the UAAL to the covered payroll was 30.15 percent.

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.

c. 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 fund financial statements for the Internal Revenue Code section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. The report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy.* Article 12E of G. S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2015 were \$370,174, which consisted of \$287,012 from the County and \$83,162 from the law enforcement officers.

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

d. Register of Deeds' Supplemental Pension Fund

*Plan Description.* Davidson County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government 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. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

*Benefits Provided.* An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on at least 10 years of service as a register of deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

*Contributions.* Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$10,329 for the year ended June 30, 2015.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2015, the County reported an asset of \$295,954 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**III. Detail Notes on All Funds (Continued)**

**B. Liabilities (Continued)**

**2. Pension Plan Obligations (Continued)**

**d. Register of Deeds' Supplemental Pension Fund (Continued)**

forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2014, the County's proportion was 1.306%, which was a decrease of .401% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$19,274. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 2,716	\$ -
Net difference between projected and actual earnings on pension plan investments	-	1,593
Changes in proportion and differences between County contributions and proportionate share of contributions	58,947	-
County contributions subsequent to the measurement date	10,329	-
Total	\$ 71,992	\$ 1,593

\$10,329 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred outflows or inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2016	\$ 27,630
2017	27,630
2018	5,207
2019	(397)
2020	-
Thereafter	-

## NOTES TO FINANCIAL STATEMENTS (Continued)

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### III. Detail Notes on All Funds (Continued)

#### B. Liabilities (Continued)

##### 2. Pension Plan Obligations (Continued)

###### d. Register of Deeds' Supplemental Pension Fund (Continued)

*Actuarial Assumptions.* The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 7.75 percent, including inflation and productivity factor
Investment rate of return	5.75 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2014 is 2.5%:

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**III. Detail Notes on All Funds (Continued)**

**B. Liabilities (Continued)**

**2. Pension Plan Obligations (Continued)**

**d. Register of Deeds' Supplemental Pension Fund (Continued)**

*Discount rate.* The discount rate used to measure the total pension liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate.* The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 5.75 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

	<b>1% Decrease (4.75%)</b>	<b>Discount Rate (5.75%)</b>	<b>1% Increase (6.75%)</b>
County's proportionate share of the net pension liability (asset)	\$ (265,747)	\$ (295,954)	\$ (321,905)

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

**e. Other Postemployment Benefits (OPEB)**

**Healthcare Benefits**

Under the terms of a County resolution, the County administers a single-employer defined benefit Retiree Health Insurance Plan (the RHI Plan). Employees hired prior to July 1, 2009, who retire under the NC Local Governmental Retirement System (NCLGRS) with at least twenty years of credited service, of which the last ten years must have been consecutive with Davidson County, and are age 55 or older and/or have thirty years of service, and are actively employed with the County at the time of retirement are eligible to participate in the County's Retiree Health Insurance Plan until they reach age 65 or obtain Medicare, whichever comes first. Retirees hired prior to July 1, 2009 receive the same benefits as active employees. The cost of insurance is borne by the retirees at a pro rata share based on years of service. The County obtains health care coverage

**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**III. Detail Notes on All Funds (Continued)**

**B. Liabilities (Continued)**

**2. Pension Plan Obligations (Continued)**

**e. Other Postemployment Benefits (OPEB) (Continued)**

**Healthcare Benefits (Continued)**

through private insurers. The County may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the RHI Plan consisted of the following at December 31, 2013, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees receiving benefits	31	7
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	<u>520</u>	<u>102</u>
Total	<u><u>551</u></u>	<u><u>109</u></u>

*Funding Policy.* The County subsidizes the full cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that can be amended by the County Board. For an active employee with 30 years or more of service, the County will contribute 100% of the full cost of coverage; for an active employee with 25-29 years of service, the County will contribute 67% of the full cost of coverage; and for an active employee with 20-24 years of service, the County will contribute 33% of the full cost of coverage. Dependent coverage is not provided. The County has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 3.96% of annual covered payroll. For the current year, the County contributed \$497,496 or 1.98% of annual covered payroll. The County obtains healthcare coverage through private insurers. Contributions made by retirees totaled \$46,753. The County's obligation to contribute to the RHI Plan is established and may be amended by the County Board.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**III. Detail Notes on All Funds (Continued)**

**B. Liabilities (Continued)**

**2. Pension Plan Obligations (Continued)**

**e. Other Postemployment Benefits (OPEB) (continued)**

**Healthcare benefits (continued)**

*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 show 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 healthcare benefits:

Annual required contribution	\$ 997,206	
Interest on net OPEB obligation	218,272	
Adjustment to annual required contribution	<u>(303,430)</u>	
Annual OPEB cost	912,048	
Contributions made	<u>497,496</u>	
Increase in net OPEB obligation	414,552	
Net OPEB obligation, beginning of year	<u>5,456,801</u>	
Net OPEB obligation, end of year	<u>\$ 5,871,353</u>	

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 through 2015 were as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Annual</u> <u>OPEB</u> <u>Cost</u>	<u>Percentage of</u> <u>Annual OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2013	1,027,449	26.5%	5,122,186
2014	917,269	63.5%	5,456,801
2015	912,048	54.5%	5,871,353

*Funded Status and Funding Progress.* As of December 31, 2013, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits for benefits and, thus, the unfunded actuarial liability (UAAL) was \$9,469,954. The covered payroll (annual payroll of active employees covered by the plan)

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

e. Other Postemployment Benefits (OPEB) (Continued)

Healthcare Benefits (continued)

was \$25,176,379, and the ratio of the UAAL to the covered payroll was 37.6 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence 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 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 assets, consistent with the long-term perspective of the calculations.

In the December 31, 2013 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employers own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 7.75 to 5.00 percent annually. Both rates included a 3.00 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level dollar amount on an open basis. The remaining amortization period at December 31, 2013, was 30 years.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**III. Detail Notes on All Funds (Continued)**

**B. Liabilities (Continued)**

**2. Pension Plan Obligations (Continued)**

**f. Other Employment benefits**

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, state-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

For the fiscal year ended June 30, 2015, the County made contributions to the State for death benefits of \$0. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represent 0.00% and 0.00 % of covered payroll, respectively.

Due to a surplus in the death benefits, a decision was made by the State to temporarily stop employer contributions to the LGERS Death Benefit Plan beginning July 1, 2012. A temporary relief period based on the number of years the employer has contributed as of December 31, 2010 was established as follows:

<u>No. Years Contributing</u>	<u>Years Relief</u>	<u>FY Contributions Resume</u>
10-20	2	2015
20 or more	3	2016

The period of reprieve is determined separately for law enforcement officers. Davidson County will have a three year reprieve because it has been contributing for more than 20 years. Contributions will resume in the fiscal year beginning July 1, 2015.

## NOTES TO FINANCIAL STATEMENTS (Continued)

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### III. Detail Notes on All Funds (Continued)

#### B. Liabilities (Continued)

##### 3. Closure and Postclosure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfill facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Of the \$9,385,224 reported as landfill closure and postclosure care liability at June 30, 2015, \$9,141,513 represents a cumulative amount reported to date based on the use of 100 percent of the total estimated capacity of Phase I of the landfill, 80% of the total estimated capacity of Phase II of the landfill, and 89% of the total estimated capacity of the C & D section of the landfill, and \$243,710 represents additional postclosure costs for the landfill that closed October 8, 1993. The County will recognize the remaining estimated cost of closure and postclosure care of \$3,500,000 as the remaining estimated capacity of Phase II and the C & D section are filled (estimated to be approximately 2 years). These amounts are based on what it would cost to perform all closure and postclosure care in 2015. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County has met the requirements of a local government financial test that is one option under state and federal laws and regulations that helps determine if a unit is financially able to meet closure and postclosure care requirements. Management continues to analyze the cost associated with the above-mentioned environmental regulations and believes that future funding will be available to meet all costs related to these regulations.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**III. Detail Notes on All Funds (Continued)**

**B. Liabilities (Continued)**

**4. Deferred Outflows and Inflows of Resources**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pensions – difference between expected and actual experience		
LGERS	\$ -	\$ 362,153
Register of Deeds		-
Pensions – difference between projected and actual interest earnings	2,716	7,717,381
Pensions – change in proportion and difference between employer contributions and proportionate share of contributions	118,144	-
Contributions to pension plan in 2014-2015 fiscal year	2,387,762	-
Taxes receivable, net (General)	-	1,105,290
Taxes receivable, net (Special Revenue)	-	283,422
EMS receivables	-	981,434
Other receivables	<u>-</u>	<u>63,525</u>
Total	<u>\$ 2,508,622</u>	<u>\$10,513,205</u>

**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**III. Detail Notes on All Funds (Continued)**

**B. Liabilities (Continued)**

**5. Risk Management**

The County and the Airport Authority are exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Airport Authority carries no commercial coverage for workers' compensation. The County is self-insured up to the statutory limits and has purchased additional coverage to limit the County's losses to \$1,000,000 per occurrence.

In accordance with G.S 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Finance Director and the Tax Administrator are individually bonded for \$100,000 and \$250,000, respectively. The Finance Director's bond of \$100,000 covers both the County and the Airport Authority. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

The County and the Airport Authority carry commercial coverage for liability and property insurance. There have been no significant reductions in insurance coverage from the previous year, and settled claims have not exceeded coverage in any of the past three fiscal years. The Airport Authority carries no commercial flood insurance. The County carries coverage of \$1,000,000 in commercial flood insurance for the Governmental Center and the Health Services Building.

The County's employee health care program is financed using an entirely self funded plan. Two optional health plans are available to employees, retirees, covered dependents, and eligible former employees. The County administers both healthcare plans through a self funded program, supplemented by employee contributions, to pay claims administration and medical claims of the employees and their covered dependents. Specific stop loss insurance with a deductible of \$125,000 for all occurrences and an aggregate stop loss insurance of 125% of estimated claims are purchased to limit the County's losses for the overall program. Liabilities of the program 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 of claims that have been incurred but not reported (IBNRs). The County reasonably expects these claims to be paid within one year of occurrence.

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

	<u>2014</u>	<u>2015</u>
Balance, beginning of year	\$ 1,431,859	\$ 1,206,695
Incurred claims (including IBNRs) and changes in estimates	5,662,304	5,627,284
Less claims payments	<u>(5,887,468)</u>	<u>(6,228,979)</u>
Balance, end of year	<u>\$ 1,206,695</u>	<u>\$ 605,000</u>

**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**III. Detail Notes on All Funds (Continued)**

**6. Contingent Liabilities**

At June 30, 2015, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate outcome of these legal matters will not have a material adverse effect on the County's financial position.

**7. Long-Term Obligations**

**a. General Obligation Indebtedness**

All general obligation bonds serviced by the County's General Fund are collateralized by the full faith, credit and taxing power of the County. Principal and interest payments are appropriated when due.

The County's general obligation bonds payable at June 30, 2015 are comprised of the following individual issues:

Serviced by the General Fund:

\$42,000,000 2007 Series School Bonds due in annual principal installments on June 1 in increasing amounts ranging from \$1,300,000 to \$2,900,000 and a final payment of \$3,100,000 on June 1, 2027; interest payments due December 1 and June 1 of each year at interest rates ranging from 4.25% to 5.00%. The amount is shown net of unamortized premium, net of issuance costs, of \$580,178. \$ 32,900,000

\$16,905,000 2003 Series B Refunding Bonds due in annual principal installments on June 1 in increasing amounts ranging from \$1,150,000 to \$1,300,000 and a final payment of \$440,000 on June 1, 2016; interest payments due December 1 and June 1 of each year at interest rates ranging from 2.00% to 4.00%. The amount is shown net of unamortized deferred loss on defeasance of debt in the amount of \$880,198 and unamortized premium, net of issuance costs, of \$125,400. There is no outstanding in-substance defeased debt. 440,000

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**III. Detail Notes on All Funds (Continued)**

**B. Liabilities (Continued)**

**7. Long-Term Obligations (Continued)**

**a. General Obligation Indebtedness (Continued)**

\$29,600,000 2009 Series School 2009B Bonds due in annual principal installments on June 1 of \$1,475,000 and a final payment of \$3,050,000 on June 1, 2028; interest payments due December 1 and June 1 each year at interest rates ranging from 3.00% to 4.00%. The amount is shown net of unamortized premium, net of issuance costs, of \$483,104. \$ 20,750,000

\$930,000 2003 School Series 2003A Bonds due in annual principal installments on June 1 of \$50,000 through 2009, and \$45,000 through 2023; interest payments due December 1 and June 1 each year at interest rates ranging from 2.50% to 4.125%. 360,000

Sub-total \$ 54,450,000

Serviced by the Sewer Fund:

\$1,060,000 2009 Series Sewer 2009A Bonds due in annual principal installments on June 1 of \$50,000 and a final payment of \$160,000 on June 1, 2028; interest payments due December 1 and June 1 each year at interest rates ranging from 2.25% to 4.25%. The amount is shown net of unamortized premium, net of issuance costs, of \$2,792. 760,000

Total \$ 55,210,000

Annual debt service requirements to maturity for the County's general obligation bonds are as follows:

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 4,160,000	\$ 2,398,025	\$ 50,000	\$ 29,300	\$ 4,210,000	\$ 2,427,325
2017	3,720,000	2,227,900	50,000	27,800	3,770,000	2,255,700
2018	3,720,000	2,057,269	50,000	26,300	3,770,000	2,083,569
2019	4,420,000	1,917,888	50,000	24,300	4,470,000	1,942,188
2020	4,420,000	1,712,200	50,000	22,675	4,470,000	1,734,875
2021-2025	22,010,000	5,616,743	250,000	84,625	22,260,000	5,701,368
2026-2028	<u>12,000,000</u>	<u>967,000</u>	<u>260,000</u>	<u>26,650</u>	<u>12,260,000</u>	<u>993,650</u>
Total	<u>\$ 54,450,000</u>	<u>\$16,897,025</u>	<u>\$ 760,000</u>	<u>\$ 241,650</u>	<u>\$ 55,210,000</u>	<u>\$17,138,675</u>

**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**III. Detail Notes on All Funds (Continued)**

**B. Liabilities (Continued)**

**7. Long-Term Obligations (Continued)**

**b. Certificates of Participation**

On May 15, 2013, the County issued Refunding Certificates of Participation in the amount of \$9,080,000 pursuant to an installment purchase contract between Davidson County Public Facilities Corporation and the County for constructing and equipping elementary schools, constructing sewer improvements, and acquiring a hangar at Davidson County Airport. Deeds of trust on real property and buildings secure the certificates. The final principal installment is due on June 1; interest is payable on June 1 and December 1 at an interest rate of 1.98%.

\$ 7,905,000

Total

\$ 7,905,000

Certificates of participation debt service requirements to maturity are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 980,000	\$ 156,519
2017	960,000	137,115
2018	930,000	118,107
2019	905,000	99,693
2020	880,000	81,774
2021-2024	<u>3,250,000</u>	<u>158,400</u>
Total	\$ <u>7,905,000</u>	\$ <u>751,608</u>

**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**III. Detail Notes on All Funds (Continued)**

**B. Liabilities (Continued)**

**7. Long-Term Obligations (Continued)**

**c. Advance Refundings**

On May 15, 2013, the County issued \$9,080,000 of advance refunding certificates of participation to provide resources to purchase U.S Government securities that were placed in an irrevocable trust to be used for all future debt payments of \$8,580,000 of certificates of participation. As a result, the refunded certificates are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$500,000. This advance refunding was undertaken to reduce total debt service payments over the next 10 years by \$1,153,649 and resulted in an economic gain of \$1,038,066.

**d. Installment Financing**

Serviced by the Sewer Fund:

On July 22, 2008, the County entered into an installment financing agreement in the amount of \$10,000,000 for the purpose of financing the construction of sewer lines. Principal and interest payments are due on June 1 and December 1 of each year at an interest rate of 4.29% beginning June 1, 2009.

\$ 7,877,193

Installment financing debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	
2016	\$ 441,714	\$ 333,295	
2017	460,868	314,144	
2018	480,854	294,163	
2019	501,707	273,316	
2020	523,463	251,564	
2021-2025	2,978,154	897,062	
2026-2029	<u>2,490,433</u>	<u>218,199</u>	
	<u>\$ 7,877,193</u>	<u>\$ 2,581,743</u>	

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**III. Detail Notes on All Funds (Continued)**

**B. Liabilities (Continued)**

**7. Long-Term Obligations (Continued)**

**e. Qualified School Construction Bonds**

On December 16, 2009, the County issued \$5,076,971 in Qualified School Construction Bonds to finance the renovation of certain qualifying school facilities. These bonds qualify as "Qualified School Construction" under Section 54F of the Internal Revenue Code. The interest rate charged is 2.11%, but the creditor also receives federal tax credits in lieu of receiving interest payments from the issuer. The principal and interest are payable annually on December 16, beginning December 16, 2010.

\$3,384,646

On June 2, 2011, the County issued \$13,050,000 in Qualified School Construction Bonds to finance the construction of a new middle school facility. These bonds qualify as "Qualified School Construction" under Section 54F of the Internal Revenue Code. The interest rate charged is 5.50%. The County will receive a federal tax subsidy of 5.07% from the U.S. Treasury. The principal of \$13,050,000 is payable in full on June 1, 2026; however, beginning June 1, 2012, the County is required to make annual sinking fund deposits to a restricted escrow account in the amount of \$870,000 to fully fund the retirement of these bonds at maturity. Interest is payable annually on June 1 and December 1, beginning December 1, 2011.

13,050,000

Total

\$ 16,434,646

The Qualified School Construction Bond debt service requirements to maturity are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 338,465	\$ 789,166
2017	338,465	782,024
2018	338,465	774,883
2019	338,465	767,741
2020	338,465	760,600
2021-2025	1,692,321	3,695,874
2026	<u>13,050,000</u>	<u>717,750</u>
Total	<u>\$ 16,434,646</u>	<u>\$ 8,288,038</u>

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**III. Detail Notes on All Funds (Continued)**

**B. Liabilities (Continued)**

**7. Long-Term Obligations (Continued)**

**f. Limited Obligation Bonds**

Serviced by the General Fund:

On June 2, 2011, the County issued Limited Obligation Bonds in the amount of 4,915,000 pursuant to an installment purchase contract between Davidson County Public Facilities Corporation and the County for the refunding of a 2004 issue for the construction of a jail/courthouse facility, a parking facility, and renovations to the Colonial Drive building, a facility for human services in Thomasville, North Carolina. The bonds are secured by a deed of trust on the jail/courthouse facilities. Principal installments are due annually June 1 graduated installments ranging from \$660,000 to \$760,000 through 2018; interest is payable on June 1 and December 1 of each year rates ranging from 2.00% to 4.625%. The amount is shown net of unamortized premium, net of issuance costs, of \$149,543.

\$ 2,215,000

Serviced by the Sewer Fund:

On June 2, 2011, the County issued Limited Obligation Bonds in the amount of \$2,000,000 pursuant to an installment purchase contract between Davidson County Public Facilities Corporation and the County for the construction of a sewer line to service Davidson County school facilities. The bonds are secured by a deed of trust on the jail/courthouse facilities. Principal installments are due annually June 1 graduated installments ranging from \$130,000 to \$135,000 through 2026; interest is payable on June 1 and December 1 of each year rates ranging from 2.00% to 4.625%.

1,465,000

Total

\$ 3,680,000

The Limited Obligation Bond debt service requirements to maturity are as follows:

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 715,000	\$ 113,075	\$ 135,000	\$ 21,350	\$ 850,000	\$ 134,425
2017	740,000	79,768	135,000	24,757	875,000	104,525
2018	760,000	66,468	135,000	11,807	895,000	78,275
2019	-	-	135,000	44,675	135,000	44,675
2020	-	-	135,000	39,950	135,000	39,950
2021-2025	-	-	660,000	115,863	660,000	115,863
2026	-	-	<u>130,000</u>	<u>6,012</u>	<u>130,000</u>	<u>6,012</u>
Total	<u>\$ 2,215,000</u>	<u>\$ 259,311</u>	<u>\$1,465,000</u>	<u>\$ 264,414</u>	<u>\$3,680,000</u>	<u>\$ 523,725</u>

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**III. Detail Notes on All Funds (Continued)**

**B. Liabilities (Continued)**

**7. Long-Term Obligations (Continued)**

**g. Long-Term Obligations Activity**

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2015:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015	Due Within One Year
Governmental activities:					
General obligation debt	\$ 58,570,000	\$ -	\$ 4,120,000	\$ 54,450,000	\$ 4,160,000
Unamortized premium	842,964	-	60,756	782,208	-
Certificates of participation	8,940,000	-	1,035,000	7,905,000	980,000
Limited obligation bonds	2,910,000	-	695,000	2,215,000	715,000
Qualified Zone Academy					
Bonds	1,030,000	-	1,030,000	-	-
Qualified School Construction					
Bonds	16,773,111	-	338,465	16,434,646	338,465
Law Enforcement Officers'					
Special Separation					
Allowance	997,491	212,322	102,000	1,107,813	-
Net pension liability (LGERS)	6,700,532	-	6,700,532	-	-
OPEB obligation	5,352,354	997,206	581,855	5,767,705	-
Compensated absences	<u>2,113,699</u>	<u>1,548,709</u>	<u>1,512,280</u>	<u>2,150,128</u>	<u>1,500,000</u>
Total governmental activities	<u>\$104,230,151</u>	<u>\$ 2,758,237</u>	<u>\$ 16,175,888</u>	<u>\$90,812,500</u>	<u>\$7,693,465</u>
Business-type activities:					
<b>Landfill</b>					
Accrued landfill closure and postclosure costs	\$ 5,730,873	\$ 3,654,351	\$ -	\$ 9,385,224	\$ -
Net pension liability (LGERS)	120,736	-	120,736	-	-
OPEB obligation	104,447	-	799	103,648	-
Compensated absences	<u>44,762</u>	<u>33,971</u>	<u>27,120</u>	<u>51,613</u>	<u>25,000</u>
Total Landfill activities	<u>6,000,818</u>	<u>3,688,322</u>	<u>148,655</u>	<u>9,540,485</u>	<u>25,000</u>
<b>Sewer</b>					
General obligation debt	810,000	-	50,000	760,000	50,000
Limited obligation bonds	1,600,000	-	135,000	1,465,000	135,000
Installment purchase	8,300,547	-	423,354	7,877,193	441,714
Compensated absences	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Sewer activities	<u>10,710,547</u>	<u>-</u>	<u>608,354</u>	<u>10,102,193</u>	<u>626,714</u>
Total business-type activities	<u>\$ 16,711,365</u>	<u>\$ 3,688,322</u>	<u>\$ 757,009</u>	<u>\$ 19,642,678</u>	<u>651,714</u>
Discretely presented component units:					
Long-term advance from primary government	\$ 1,147,352	\$ -	\$ 77,629	\$ 1,069,723	\$ 73,798
Total discretely presented component units	<u>\$ 1,147,352</u>	<u>\$ -</u>	<u>\$ 77,629</u>	<u>\$ 1,069,723</u>	<u>\$ 73,798</u>

The LGERS plan had a net pension asset as of June 30, 2015; however, the plan had a net pension liability at the beginning of the fiscal year.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**III. Detail Notes on All Funds (Continued)**

**B. Liabilities (Continued)**

**7. Long-Term Obligations (Continued)**

Compensated absences typically have been liquidated in the General Fund and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned. Compensated absences for governmental activities include the Internal Service Fund compensated absences. The General Fund has been used in prior years to liquidate net pension obligations and net other postemployment obligations. At June 30, 2015, Davidson County had a legal debt margin of \$990,328,197.

Debt Related to Capital Activities – Of the total Governmental Activities debt listed, only \$2,215,000 relates to assets the County holds.

**C. Interfund Balances and Activity**

Transfers to/from other funds for the year ended June 30, 2015 consist of the following:

From the General Fund to:

The School Capital Outlay Fund for school construction	\$4,217,200
The Capital Projects fund for county projects	4,628,948
The Transportation fund for transportation services	23,949
The Sewer Enterprise Fund for debt service	<u>1,016,043</u>
Total transfers from the General Fund	<u>\$9,886,140</u>

To the General Fund from:

The Capital Reserve Fund for capital improvements	\$1,305,082
The Capital Projects Fund for major building repairs	13,000
The School Capital Outlay Fund for debt service	<u>417,023</u>
	<u>\$1,735,105</u>

To the County Capital Projects Fund from:

The Capital Reserve Fund for capital improvements	<u>\$475,457</u>
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Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as matching funds for various grant programs.

During the 2015 fiscal year, the County made one-time transfers from the Capital Reserve Fund of \$1,305,082 to the General Fund and \$475,457 to the County Capital Projects Fund for various capital improvement projects. The County made a one-time transfer from the General Fund of \$4,628,948 to the Capital Projects Fund for county capital projects.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**III. Detail Notes on All Funds (Continued)**

**C. Interfund Balances and Activity (Continued)**

The composition of interfund balances as of June 30, 2015 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Capital Projects	\$7,847,118

Funds were advanced from the General Fund to the Capital Projects Fund for the construction of a new Sheriff's office building. The County expects to issue debt in FY2016 for this building and will receive reimbursement for the advance at that time.

**D. Net Investment in Capital Assets**

	<u>Governmental</u>	<u>Business-type</u>
Capital asset	\$44,415,503	\$18,973,290
Less: long-term debt for capital related purposes	(2,215,000)	(10,102,193)
Add: unexpended debt proceeds	-	<u>772,423</u>
Net investment in capital assets	<u>\$42,200,503</u>	\$ 9,643,520

**E. Fund Balance**

The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation:

Total fund balance-General Fund	\$ 59,002,060
Less:	
Long term note receivable	400,000
Long term advance to component unit	1,069,723
Stabilization by State Statute	20,211,470
Appropriated fund balance in 2015 budget	2,700,105
Register of Deeds	439,171
Sheriff operations	481,908
Health programs	2,998,089
Tax revaluation	79,000
Debt service	3,481,011
Working capital/Fund Balance policy	<u>23,511,263</u>
Remaining fund balance	\$ <u>3,630,320</u>

Davidson 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 18% of budgeted expenditures.

## NOTES TO FINANCIAL STATEMENTS (Continued)

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### IV. Joint Ventures

The County, in conjunction with the State of North Carolina and the Boards of Education, participates in a joint venture to operate the Davidson County Community College. Each of the three participants appoints four members of the 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 support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. The County contributed \$3,101,498 and \$481,339 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2015. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2015. Complete financial statements for the community college may be obtained from the Davidson County Community College administrative offices at I-85 and Old Greensboro Road, Lexington, North Carolina 27292.

The County, in conjunction with the Cities of Lexington and Thomasville and the Town of Denton, participates in the Davidson County Economic Development Commission. The County appoints four members, the Cities of Lexington and Thomasville appoint two members each, and the Town of Denton appoints one member to the nine-member board. The Commission is a joint venture established to provide services in order to promote and maintain capital industries in the County, including efforts to establish industrial areas and plans for orderly growth. The County, Cities and Town have an ongoing financial responsibility for the Commission's operating cost. The County contributed \$248,000 to the Commission during the fiscal year ended June 30, 2015. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2015.

Complete financial statements for the Davidson County Economic Development Commission can be obtained from the Commission's administrative office at I-85 and Old Greensboro Road, Lexington, North Carolina 27292.

The County, in conjunction with the City of Lexington, participates in a joint venture to operate the Lexington Board of Education. Davidson County appoints one member of a nine-member board; the City of Lexington appoints the remaining eight members. Taxing authority falls under the Davidson County Commissioners. For the year ended June 30, 2015, tax was levied at a rate of \$.12 per one hundred dollars valuation of property. The proceeds of said tax are to be used to supplement school expenditures as permitted by Chapter 115C of the North Carolina General Statutes. Although accountable because of its taxing authority, the County has no equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2015. Complete financial statements for the Lexington Board of Education can be obtained from the Board's administrative offices at 1010 Fair Street, Lexington, North Carolina 27292.

The County and the Cities of Lexington and Thomasville participate in the Lake Thom-A-Lex Recreation Authority. This authority, consisting of five members appointed by governmental parties, is responsible for the oversight and promotion of operations related to recreation at Lake Thom-A-Lex. Costs of operation are shared equally between both cities and the County. The County contributed \$16,472 to the Authority during the fiscal year ended June 30, 2015. The

**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**IV. Joint Ventures (Continued)**

participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2015. Complete financial statements for the Lake Thom-A-Lex Recreation Authority can be obtained from the City of Thomasville administrative offices at 10 Salem Street, Thomasville, North Carolina 27360.

**V. Jointly Governed Organization**

The County, in conjunction with six other counties and thirty-two municipalities, established the Piedmont Triad Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$34,373 to the Council during the fiscal year ended June 30, 2015. The County was the subrecipient of a grant for \$117,721 from the U. S. Department of Health and Human Services and the Division of Aging of the North Carolina Department of Human Resources that was passed through the Council.

**VI. Benefit Payments Issued by the State**

The amounts listed below were paid directly to individual recipients by the state from federal and state moneys. County personnel are involved with certain functions, which are primarily eligibility determinations that cause benefit payments to be issued by the state. These amounts disclose this additional aid to County recipients that does not appear in the basic financial statements because they are not revenues and expenditures of the County.

	<u>Federal</u>	<u>State</u>
Temporary assistance to needy families	\$ 736,528	\$ -
AFDC payments & penalties	(122)	( 33)
Medicaid	132,879,907	71,700,354
Children's health insurance program	3,008,924	958,997
Adoption assistance	550,161	763,275
Adult assistance	-	925,629
Special supplemental food program, WIC	<u>3,192,298</u>	<u>-</u>
Total	<u>\$140,367,696</u>	<u>\$ 74,348,222</u>

**VII. Contingent Liabilities**

The County has received proceeds from several federal and state 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. No provision has been made in the accompanying financial statements for the refund of grant moneys.

## NOTES TO FINANCIAL STATEMENTS (Continued)

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### VIII. Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the County to record beginning net pension liability and the effects on net position of contributions made by the County during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental and business-type activities decreased by \$4,027,114 and \$79,327, respectively.

### **Required Supplemental Financial Data**

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance
- Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Funding Progress for OPEB
- Schedule of Employer Contributions for OPEB
- Notes to the Required Schedules for OPEB
- Schedule of County's Proportionate Share of Net Pension Asset (LGERS)
- Schedule of County Contributions (LGERS)
- Schedule of County's Proportionate Share of Net Pension Asset (RODSPF)
- Schedule of County Contributions (RODSPF)

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

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Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Projected Unit Credit (b)	Unfunded (Overfunded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
12/31/2002	\$ 415,341	\$ 896,231	\$ 480,890	46.34%	\$ 4,198,487	11.45%
12/31/2003	424,453	959,893	535,440	44.22%	4,536,340	11.80%
12/31/2004	374,035	1,179,739	805,704	31.70%	4,641,151	17.36%
12/31/2005	322,305	1,191,149	868,844	27.06%	4,646,019	18.70%
12/31/2006	275,782	1,095,393	819,611	25.18%	5,012,768	16.35%
12/31/2007	262,165	1,386,529	1,124,364	18.91%	5,190,876	21.66%
12/31/2008	247,282	1,390,371	1,143,089	17.79%	5,375,378	21.27%
12/31/2009	265,622	1,909,390	1,643,768	13.91%	5,416,028	30.35%
12/31/2010	382,351	1,743,490	1,361,139	21.93%	5,336,192	25.51%
12/31/2011	379,018	1,809,664	1,430,646	20.94%	5,409,452	26.45%
12/31/2012	379,658	1,892,472	1,512,814	20.06%	5,445,772	27.78%
12/31/2013	396,650	2,034,442	1,637,792	19.50%	5,500,867	29.77%
12/31/2014	397,195	2,141,784	1,744,589	18.55%	5,786,315	30.15%

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

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Year Ending June 30	Annual Required Contribution	Percentage Contributed
2003	\$ 73,669	0.00%
2004	86,473	35.85%
2005	95,809	0.00%
2006	105,368	33.22%
2007	125,770	27.83%
2008	126,419	59.33%
2009	152,003	65.79%
2010	156,718	63.81%
2011	212,775	47.00%
2012	185,498	43.13%
2013	193,518	52.97%
2014	205,401	60.86%
2015	246,710	41.34%

**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	December 31, 2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	16 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25% - 7.85.%
* Includes inflation at	3.00%
Cost of living adjustments	N/A

**DAVIDSON COUNTY, NORTH CAROLINA  
OPEB PLAN  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS**

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Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Projected Unit Credit (b)	Unfunded (Overfunded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)	
12/31/2007	\$	-	\$ 11,221,453	\$ 11,221,453	0.00%	\$ 30,748,938	36.49%
12/31/2009		-	8,838,974	8,838,974	0.00%	31,402,528	28.15%
12/31/2011		-	9,907,377	9,907,377	0.00%	28,431,201	34.85%
12/31/2013		-	9,469,954	9,469,954	0.00%	25,176,379	37.61%

**DAVIDSON COUNTY, NORTH CAROLINA  
OPEB PLAN  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

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Year Ending June 30	Annual Required Contribution	Percentage Contributed
2008	\$ 1,185,095	9.60%
2009	1,190,977	9.60%
2010	862,758	14.58%
2011	862,758	16.28%
2012	1,095,596	25.90%
2013	1,095,596	24.83%
2014	997,206	58.43%
2015	997,206	49.89%

**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	December 31, 2013
Actuarial cost method	Projected unit credit
Amortization method	Level Dollar Amount, open
Remaining amortization period	30 years
Asset valuation method	Market value of Assets
 Actuarial assumptions:	
Investment rate of return*	4.00%
Medical cost trend rate	7.75% - 5.00%
Year of Ultimate trend rate	2019
* Includes inflation at	3.00%

**DAVIDSON COUNTY, NORTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF THE NET  
PENSION LIABILITY (ASSET)  
Local Governmental Employees' Retirement System  
Last Two Fiscal Years\***

---

	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	.5620%	.5659%
County's proportionate share of the net pension liability (asset) \$	\$ (3,314,375)	\$ 6,821,268
County's covered-employee payroll	\$ 33,064,674	\$ 31,048,726
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(9.92%)	20.63%
Plan fiduciary net position as a percentage of the total pension liability	102.64%	94.35%

\*The amounts presented for each fiscal year were determined as of the prior year ending June 30.

**DAVIDSON COUNTY, NORTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF COUNTY CONTRIBUTIONS  
Local Governmental Employees' Retirement System  
Last Two Fiscal Years**

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	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,377,433	\$ 2,349,496
Contributions in relation to the contractually required contribution	<u>\$ 2,377,433</u>	<u>\$ 2,349,496</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 33,406,656	\$ 33,064,674
Contributions as a percentage of covered-employee payroll	7.12%	7.11%

**DAVIDSON COUNTY, NORTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF THE NET  
PENSION LIABILITY (ASSET)  
Register of Deeds Supplemental Pension Fund  
Last Two Fiscal Years\***

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	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	1.306%	1.707%
County's proportionate share of the net pension liability (asset) \$	\$ (295,954)	\$ (364,637)
County's covered-employee payroll	\$ 60,830	\$ 59,930
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(479.33%)	(599.44%)
Plan fiduciary net position as a percentage of the total pension liability	193.88%	190.50%

\*The amounts presented for each fiscal year were determined as of the prior year ending June 30.

**DAVIDSON COUNTY, NORTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF COUNTY CONTRIBUTIONS  
Register of Deeds' Supplemental Pension Fund  
Last Two Fiscal Years**

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	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 10,329	\$ 10,661
Contributions in relation to the contractually required contribution	<u>\$ 10,329</u>	<u>\$ 10,661</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 61,742	\$ 60,830
Contributions as a percentage of covered-employee payroll	16.73%	17.53%

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**SUPPLEMENTARY INFORMATION**

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

**DAVIDSON COUNTY, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - ACTUAL - GENERAL FUND CONSOLIDATED**  
**Year Ended June 30, 2015**

Schedule 1

	<u>General Fund</u>	<u>Revaluation Fund</u>	<u>Eliminations</u>	<u>Total General Fund</u>
<b>Revenues:</b>				
Taxes	\$ 96,745,213	\$ -	\$ -	\$ 96,745,213
Licenses and permits	1,782,533	-	-	1,782,533
Intergovernmental	25,980,226	-	-	25,980,226
Charges for services	6,790,910	-	-	6,790,910
Interest on investments	282,992	-	-	282,992
Miscellaneous	1,202,985	-	-	1,202,985
Total revenues	<u>132,784,859</u>	<u>-</u>	<u>-</u>	<u>132,784,859</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	11,786,828	-	-	11,786,828
Human services	31,231,497	-	-	31,231,497
Public safety	24,339,314	-	-	24,339,314
Environmental protection	1,275,458	-	-	1,275,458
Economic and physical development	3,085,366	-	-	3,085,366
Culture and recreation	3,919,950	-	-	3,919,950
<b>Intergovernmental:</b>				
Education	34,869,437	-	-	34,869,437
<b>Debt service:</b>				
Principal	7,218,465	-	-	7,218,465
Interest and fiscal charges	3,642,924	-	-	3,642,924
Total expenditures	<u>121,369,239</u>	<u>-</u>	<u>-</u>	<u>121,369,239</u>
Excess (deficiency) of revenues over expenditures	<u>11,415,620</u>	<u>-</u>	<u>-</u>	<u>11,415,620</u>
<b>Other financing sources (uses):</b>				
Transfers from other funds	1,735,105	-	-	1,735,105
Transfers to other funds	(9,886,140)	-	-	(9,886,140)
Total other financing sources (uses)	<u>(8,151,035)</u>	<u>-</u>	<u>-</u>	<u>(8,151,035)</u>
Net change in fund balance	3,264,585	-	<u>\$ -</u>	3,264,585
<b>Fund balance:</b>				
Beginning of year - July 1	<u>55,658,475</u>	<u>79,000</u>		<u>55,737,475</u>
End of year, - June 30	<u>\$ 58,923,060</u>	<u>\$ 79,000</u>		<u>\$ 59,002,060</u>

**DAVIDSON COUNTY, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**Year Ended June 30, 2015**

Schedule 2  
Page 1 of 3

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
<b>Taxes:</b>			
Property taxes	\$ 70,095,390	\$ 72,733,606	\$ 2,638,216
Tax penalty and interest	500,000	859,140	359,140
Local option sales tax	17,783,261	22,084,870	4,301,609
Other taxes	1,019,500	1,067,597	48,097
<b>Total taxes</b>	<b>89,398,151</b>	<b>96,745,213</b>	<b>7,347,062</b>
Licenses and permits	1,366,601	1,782,533	415,932
Intergovernmental	25,670,471	25,980,226	309,755
Charges for services	6,973,777	6,790,910	(182,867)
Interest on investments	350,000	282,992	(67,008)
Miscellaneous	956,798	1,227,985	271,187
<b>Total revenues</b>	<b>124,715,798</b>	<b>132,809,859</b>	<b>8,094,061</b>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>General government:</b>			
County commissioners	313,633	302,081	11,552
County manager	621,112	502,737	118,375
Legal	492,602	475,815	16,787
Human Resources	1,006,964	888,188	118,776
Finance	794,451	729,385	65,066
Purchasing	358,548	245,785	112,763
Tax Assessor and Collector	2,917,503	2,656,825	260,678
Board of Elections	709,804	511,091	198,713
Register of Deeds	460,646	433,633	27,013
State agencies	158,231	146,381	11,850
Public works and services	4,116,916	4,032,537	84,379
Information Technology	905,490	862,370	43,120
Contingency	78,483	-	78,483
<b>Total general government</b>	<b>12,934,383</b>	<b>11,786,828</b>	<b>1,147,555</b>
<b>Human services:</b>			
Health	7,814,931	6,678,159	1,136,772
Mental health	809,344	809,344	-
Social services	10,418,738	10,381,175	37,563
Public assistance	10,981,947	10,904,300	77,647
Senior services	2,045,483	1,919,195	126,288
Veterans services	119,509	109,051	10,458
Contributions	430,266	430,273	(7)
<b>Total human services</b>	<b>32,620,218</b>	<b>31,231,497</b>	<b>1,388,721</b>

**DAVIDSON COUNTY, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**Year Ended June 30, 2015**

Schedule 2  
Page 2 of 3

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Public safety:			
Sheriff	\$ 10,973,651	\$ 10,587,580	\$ 386,071
School resource officers	815,967	800,554	15,413
Jail	4,272,032	3,660,818	611,214
Emergency communications	2,114,920	2,002,655	112,265
Inspections	867,683	823,263	44,420
Medical examiner	65,000	63,775	1,225
Emergency Management	171,852	164,487	7,365
Fire Marshal	267,589	259,275	8,314
Ambulance	5,992,467	5,761,717	230,750
Contributions	215,190	215,190	-
Total public safety	<u>25,756,351</u>	<u>24,339,314</u>	<u>1,417,037</u>
Environmental protection:			
Sanitation	1,101,313	1,079,621	21,692
Soil and water	203,488	195,837	7,651
Total environmental protection	<u>1,304,801</u>	<u>1,275,458</u>	<u>29,343</u>
Economic and physical development:			
Planning	514,858	480,721	34,137
GIS	200,112	190,667	9,445
Cooperative extension	333,194	294,614	38,580
Economic development	852,649	841,656	10,993
Job Training	1,785,179	1,277,708	507,471
Total economic and physical development	<u>3,685,992</u>	<u>3,085,366</u>	<u>600,626</u>
Culture and recreation:			
Recreation	813,400	687,458	125,942
Library	3,057,857	2,927,920	129,937
Museum	150,623	135,559	15,064
Lake Thom-A-Lex	155,346	123,453	31,893
Tourism	45,560	45,560	-
Total culture and recreation	<u>4,222,786</u>	<u>3,919,950</u>	<u>302,836</u>
Intergovernmental:			
Public schools - current	29,516,340	29,516,340	-
Public schools - capital	1,736,093	1,736,093	-
Public schools - scholarships	50,000	34,167	15,833
Community college - current	3,101,498	3,101,498	-
Community college - capital	481,339	481,339	-
Total intergovernmental	<u>34,885,270</u>	<u>34,869,437</u>	<u>15,833</u>

**DAVIDSON COUNTY, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**Year Ended June 30, 2015**

Schedule 2  
Page 3 of 3

	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
Debt service:			
Principal	\$ 8,283,976	\$ 7,218,465	\$ 1,065,511
Interest and fiscal charges	3,937,856	3,642,924	294,932
Total debt service	12,221,832	10,861,389	1,360,443
Total expenditures	127,631,633	121,369,239	6,262,394
Excess (deficiency) of revenues over expenditures	(2,915,835)	11,440,620	14,356,455
Other financing sources (uses):			
Transfers from other funds	1,567,438	1,735,105	167,667
Transfers to other funds	(9,886,140)	(9,886,140)	-
Total other financing sources (uses)	(8,318,702)	(8,151,035)	167,667
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(11,234,537)	3,289,585	14,524,122
Fund balance appropriated	11,234,537	-	(11,234,537)
Net change in fund balance	\$ -	3,289,585	\$ 3,289,585
<b>Reconciliation from Budgetary basis to Modified Accrual basis:</b>			
Current year loan repayments		(25,000)	
Net change in fund balance		3,264,585	
Fund balance at beginning of year		55,658,475	
Fund balance at end of year		\$ 58,923,060	

**DAVIDSON COUNTY, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - REVALUATION FUND**  
**Year Ended June 30, 2015**

Schedule 3

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
General government:			
Revaluation	\$ -	\$ -	\$ -
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	-	-
Other financing sources:			
Transfers from other funds	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance at beginning of year		<u>79,000</u>	
Fund balance at end of year		<u>\$ 79,000</u>	

**DAVIDSON COUNTY, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL -**  
**SCHOOL CAPITAL OUTLAY FUND**  
**From Inception and for the Year Ended June 30, 2015**

Schedule 4

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
Public School Building Capital Fund	\$ 18,244,550	\$ 18,274,682	\$ -	\$ 18,274,682	\$ 30,132
Public School Building Bond Act of 1996	29,198,056	29,198,056	-	29,198,056	-
	<u>47,442,606</u>	<u>47,472,738</u>	<u>-</u>	<u>47,472,738</u>	<u>30,132</u>
Interest on investments	3,754,879	5,218,772	21,509	5,240,281	1,485,402
Miscellaneous	8,628,333	8,644,362	-	8,644,362	16,029
	<u>59,825,818</u>	<u>61,335,872</u>	<u>21,509</u>	<u>61,357,381</u>	<u>1,531,563</u>
Expenditures:					
Intergovernmental:					
Education:					
Capital outlay:					
Davidson County School System	170,827,024	162,036,312	2,562,403	164,598,715	6,228,309
Lexington City School System	28,940,920	27,831,304	977,991	28,809,295	131,625
Thomasville City School System	34,582,978	31,313,803	497,362	31,811,165	2,771,813
Davidson County Community College	5,200,000	5,199,931	-	5,199,931	69
Other	448,812	426,926	-	426,926	21,886
	<u>239,999,734</u>	<u>226,808,276</u>	<u>4,037,756</u>	<u>230,846,032</u>	<u>9,153,702</u>
Excess (deficiency) of revenues over expenditures	<u>(180,173,916)</u>	<u>(165,472,404)</u>	<u>(4,016,247)</u>	<u>(169,488,651)</u>	<u>10,685,265</u>
Other financing sources (uses):					
Debt issued	110,659,937	107,225,885	-	107,225,885	(3,434,052)
Refunding debt issued	17,136,774	9,080,000	-	9,080,000	(8,056,774)
Payment to refunded bond escrow agent	(17,059,819)	(9,219,209)	-	(9,219,209)	7,840,610
Premium on debt issued	660,727	1,215,126	-	1,215,126	554,399
Transfers from other funds	70,932,231	71,279,374	4,217,200	75,496,574	4,564,343
Transfers to other funds	(2,155,934)	(4,552,506)	(417,023)	(4,969,529)	(2,813,595)
	<u>180,173,916</u>	<u>175,028,670</u>	<u>3,800,177</u>	<u>178,828,847</u>	<u>(1,345,069)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 9,556,266</u>	<u>(216,070)</u>	<u>\$ 9,340,196</u>	<u>\$ 9,340,196</u>
Fund balance at beginning of year			<u>9,556,266</u>		
Fund balance at end of year			<u>\$ 9,340,196</u>		

**DAVIDSON COUNTY, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND**  
**ACTUAL - CAPITAL PROJECTS FUND**  
**From Inception and for the Year Ended June 30, 2015**

Schedule 5

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Intergovernmental	\$ 2,777,789	\$ 1,020,270	\$ 503,372	\$ 1,523,642	\$ (1,254,147)
Miscellaneous	973,747	624,154	108,823	732,977	(240,770)
Total revenues	3,751,536	1,644,424	612,195	2,256,619	(1,494,917)
<b>Expenditures:</b>					
West Davidson Library	537,116	410,654	-	410,654	126,462
Denton Library renovation	1,387,235	1,124,562	-	1,124,562	262,673
Museum renovations	944,439	655,924	285,364	941,288	3,151
I-85 Business Park	4,030,940	-	3,410,738	3,410,738	620,202
Old Salisbury Road sewer	302,326	-	36,789	36,789	265,537
Parking deck renovation	319,120	319,120	-	319,120	-
Boones Cave Park renovation	98,527	-	-	-	98,527
Parking lot renovation	619,804	-	533,002	533,002	86,802
Governmental building renovation	76,200	47,720	19,660	67,380	8,820
New EMS Base	214,000	145,018	68,633	213,651	349
Morton Metalcraft sewer	390,364	332,938	-	332,938	57,426
Human Resources software	50,000	49,654	-	49,654	346
Jail study	258,297	258,431	-	258,431	(134)
Davidson West Campus renovation	272,019	215,179	-	215,179	56,840
Astran Drive CDBG project	266,576	49,699	-	49,699	216,877
Sheriff's Office building	10,578,095	961,824	8,363,570	9,325,394	1,252,701
Surface Source CDBG project	400,000	-	293,372	293,372	106,628
Thomson Plastics CDBG project	750,000	-	-	-	750,000
Lolly Wolly Doodle CDBG project	750,000	750,000	-	750,000	-
911 Center expansion	363,966	336,872	-	336,872	27,094
Total expenditures	22,609,024	5,657,595	13,011,128	18,668,723	3,940,301
Excess (deficiency) of revenues over expenditures	(18,857,488)	(4,013,171)	(12,398,933)	(16,412,104)	2,445,384
<b>Other financing (uses) sources:</b>					
Note proceeds	9,000,000	-	-	-	(9,000,000)
Transfers to other funds	(13,000)	-	(13,000)	(13,000)	-
Transfers from other funds	9,870,488	5,017,382	5,104,405	10,121,787	251,299
Total other financing sources	18,857,488	5,017,382	5,091,405	10,108,787	(8,748,701)
Net change in fund balance	\$ -	\$ 1,004,211	(7,307,528)	\$(6,303,317)	\$ (6,303,317)
Fund balance at beginning of year			1,004,211		
Fund balance at end of year			\$ (6,303,317)		

**DAVIDSON COUNTY, NORTH CAROLINA**  
**COMBINING BALANCE SHEET -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2015**

Schedule 6

	Special Revenue Funds		Special Revenue Funds		Total Special Revenue	Capital Reserve	Total Nonmajor Governmental Funds
	Fire Districts	Transportation	Emergency Telephone	Special School Districts			
<b>ASSETS</b>							
Cash and investments	\$ 767,503	\$ 547,812	\$ 976,875	\$ 33,723	\$ 2,325,913	\$ 6,089,885	\$ 8,415,798
Taxes receivable, net	179,413	-	-	104,009	283,422	-	283,422
Accounts receivable, net	-	-	-	-	-	-	-
Due from other governments	-	118,158	41,167	-	159,325	-	159,325
<b>Total Assets</b>	<b>\$ 946,916</b>	<b>\$ 665,970</b>	<b>\$ 1,018,042</b>	<b>\$ 137,732</b>	<b>\$ 2,768,660</b>	<b>\$ 6,089,885</b>	<b>\$ 8,858,545</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable and accrued liabilities	\$ 2,462	\$ 18,937	\$ 1,691	\$ 33,723	\$ 56,813	\$ -	\$ 56,813
Due to other funds	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>2,462</b>	<b>18,937</b>	<b>1,691</b>	<b>33,723</b>	<b>56,813</b>	<b>-</b>	<b>56,813</b>
Deferred Inflows of Resources	179,413	-	-	104,009	283,422	-	283,422
<b>Fund balances:</b>							
<b>Restricted:</b>							
Stabilization by state statute	-	118,158	41,167	-	159,325	-	159,325
Fire protection	765,041	-	-	-	765,041	-	765,041
Transportation	-	528,875	-	-	528,875	-	528,875
Public safety	-	-	975,184	-	975,184	-	975,184
<b>Committed:</b>							
Capital projects	-	-	-	-	-	6,089,885	6,089,885
Unassigned	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>765,041</b>	<b>647,033</b>	<b>1,016,351</b>	<b>-</b>	<b>2,428,425</b>	<b>6,089,885</b>	<b>8,518,310</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 946,916</b>	<b>\$ 665,970</b>	<b>\$ 1,018,042</b>	<b>\$ 137,732</b>	<b>\$ 2,768,660</b>	<b>\$ 6,089,885</b>	<b>\$ 8,858,545</b>

**DAVIDSON COUNTY, NORTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2015**

Schedule 7

	Special Revenue Funds		Special Revenue Funds			Capital Reserve	Total Nonmajor Governmental Funds
	Fire Districts	Transportation	Emergency Telephone	Special School Districts	Total Special Revenue		
Revenues:							
Taxes	\$ 8,172,779	\$ -	\$ 494,012	\$ 1,560,883	\$ 10,227,674	\$ -	\$ 10,227,674
Intergovernmental	-	670,947	-	-	670,947	-	670,947
Charges for services	-	235,451	-	-	235,451	-	235,451
Interest on investments	445	-	2,946	62	3,453	-	3,453
Miscellaneous	-	-	-	-	-	-	-
Total revenues	<u>8,173,224</u>	<u>906,398</u>	<u>496,958</u>	<u>1,560,945</u>	<u>11,137,525</u>	<u>-</u>	<u>11,137,525</u>
Expenditures:							
Current:							
Public safety	8,092,521	-	496,184	-	8,588,705	-	8,588,705
Transportation	-	882,718	-	-	882,718	-	882,718
Intergovernmental:							
Education	-	-	-	1,560,945	1,560,945	-	1,560,945
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>8,092,521</u>	<u>882,718</u>	<u>496,184</u>	<u>1,560,945</u>	<u>11,032,368</u>	<u>-</u>	<u>11,032,368</u>
Excess (deficiency) of revenues over expenditures	<u>80,703</u>	<u>23,680</u>	<u>774</u>	<u>-</u>	<u>105,157</u>	<u>-</u>	<u>105,157</u>
Other financing sources:							
Transfers from other funds	-	23,949	-	-	23,949	-	23,949
Transfers to other funds	-	-	-	-	-	(1,780,539)	(1,780,539)
Total other financing sources	<u>-</u>	<u>23,949</u>	<u>-</u>	<u>-</u>	<u>23,949</u>	<u>(1,780,539)</u>	<u>(1,756,590)</u>
Net change in fund balances	80,703	47,629	774	-	129,106	(1,780,539)	(1,651,433)
Fund balances at beginning of year	<u>684,338</u>	<u>599,404</u>	<u>1,015,577</u>	<u>-</u>	<u>2,299,319</u>	<u>7,870,424</u>	<u>10,169,743</u>
Fund balances at end of year	<u>\$ 765,041</u>	<u>\$ 647,033</u>	<u>\$ 1,016,351</u>	<u>\$ -</u>	<u>\$ 2,428,425</u>	<u>\$ 6,089,885</u>	<u>\$ 8,518,310</u>

**DAVIDSON COUNTY, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - FIRE DISTRICTS FUND**  
**Year Ended June 30, 2015**

Schedule 8

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes:			
Property taxes	\$ 8,087,653	\$ 8,112,886	\$ 25,233
Tax penalty and interest	-	59,893	59,893
Total taxes	8,087,653	8,172,779	85,126
Interest on investments	-	445	445
Total revenues	8,087,653	8,173,224	85,571
Expenditures:			
Public safety	8,087,653	8,092,521	(4,868)
Net change in fund balance	<u>\$ -</u>	80,703	<u>\$ 80,703</u>
Fund balance at beginning of year		<u>684,338</u>	
Fund balance at end of year		<u>\$ 765,041</u>	

**DAVIDSON COUNTY, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND**  
**ACTUAL - TRANSPORTATION FUND**  
**Year Ended June 30, 2015**

Schedule 9

	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
Revenues:			
Intergovernmental	\$ 558,987	\$ 670,947	\$ 111,960
Charges for services	422,551	235,451	(187,100)
Total revenues	981,538	906,398	(75,140)
Expenditures:			
Transportation	1,005,487	882,718	122,769
Excess (deficiency) of revenues over expenditures	(23,949)	23,680	47,629
Other financing sources:			
Transfers from other funds	23,949	23,949	-
Net change in fund balance	\$ -	47,629	\$ -
Fund balance at beginning of year		599,404	
Fund balance at end of year		\$ 647,033	

**DAVIDSON COUNTY, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND**  
**ACTUAL - EMERGENCY TELEPHONE FUND**  
**Year Ended June 30, 2015**

Schedule 10

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes:			
Other taxes	\$ 527,796	\$ 494,012	\$ (33,784)
Interest on investments	<u>-</u>	<u>2,946</u>	<u>2,946</u>
Total revenues	527,796	496,958	(30,838)
Expenditures:			
Public safety:			
Emergency telephone	<u>527,796</u>	<u>496,184</u>	<u>31,612</u>
Net change in fund balance	<u>\$ -</u>	774	<u>\$ 774</u>
Fund balance at beginning of year		<u>1,015,577</u>	
Fund balance at end of year		<u>\$ 1,016,351</u>	

**DAVIDSON COUNTY, NORTH CAROLINA  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND  
 ACTUAL - SPECIAL SCHOOL DISTRICTS FUND  
 Year Ended June 30, 2015**

Schedule 11

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes:			
Property taxes	\$ 1,530,000	\$ 1,547,250	\$ 17,250
Tax penalty and interest	-	13,633	13,633
Total taxes	1,530,000	1,560,883	30,883
Interest on investments		62	62
Total revenues	1,530,000	1,560,945	30,945
Expenditures:			
Special School Districts:			
Education	1,530,000	1,560,945	(30,945)
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance at beginning of year		-	
Fund balance at end of year		<u>\$ -</u>	

**DAVIDSON COUNTY, NORTH CAROLINA  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND  
 ACTUAL - CAPITAL RESERVE FUND  
 Year Ended June 30, 2015**

Schedule 12

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
Transfers to other funds	\$ 1,780,539	\$ 1,780,539	\$ -
Fund balance appropriated	<u>1,780,539</u>	<u>-</u>	<u>1,780,539</u>
Net change in fund balance	<u>\$ -</u>	<u>(1,780,539)</u>	<u>\$ (1,780,539)</u>
Fund balance at beginning of year		<u>7,870,424</u>	
Fund balance at end of year		<u>\$ 6,089,885</u>	

**DAVIDSON COUNTY, NORTH CAROLINA  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN NET POSITION - BUDGET AND  
ACTUAL (NON-GAAP) - LANDFILL FUND  
Year Ended June 30, 2015**

Schedule 13

	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Intergovernmental	\$ 328,700	\$ 353,211	\$ 24,511
Charges for services	1,618,190	4,120,887	2,502,697
Interest on investments	-	42,778	42,778
	<b>1,946,890</b>	<b>4,516,876</b>	<b>2,569,986</b>
<b>Expenditures:</b>			
Salaries	761,620	825,814	(64,194)
Operating	930,960	910,000	20,960
Capital outlay	255,310	157,062	98,248
	<b>1,947,890</b>	<b>1,892,876</b>	<b>55,014</b>
Excess (deficiency) of revenues over expenditures	(1,000)	2,624,000	2,625,000
Appropriated net position	1,000	-	(1,000)
Excess of revenues and appropriated net position over expenditures and other financing uses	\$ -	2,624,000	\$ 2,624,000
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
<b>Reconciling items:</b>			
Capital outlay		157,062	
Depreciation		(1,469,363)	
Contributions to the pension plan in the current fiscal year		42,081	
Pension expense		(3,941)	
Increase in accrued landfill closure and postclosure costs		(3,654,351)	
Decrease in OPEB costs		799	
Increase in accrued vacation pay		(6,851)	
		<b>(4,934,564)</b>	
Total reconciling items		<b>(4,934,564)</b>	
Change in net position		<b>\$ (2,310,564)</b>	

**DAVIDSON COUNTY, NORTH CAROLINA  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN NET POSITION - BUDGET AND  
ACTUAL (NON-GAAP) - SEWER FUND  
Year Ended June 30, 2015**

Schedule 14

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Charges for services	\$ 389,042	\$ 477,487	\$ 88,445
Total revenues	<u>389,042</u>	<u>477,487</u>	<u>88,445</u>
<b>Expenditures:</b>			
Salaries	17,398	-	17,398
Sewer operations	371,644	381,978	(10,334)
Debt service	<u>1,016,043</u>	<u>1,016,043</u>	<u>-</u>
Total expenditures	<u>1,405,085</u>	<u>1,398,021</u>	<u>7,064</u>
Excess (deficiency) of revenues over expenditures	<u>(1,016,043)</u>	<u>(920,534)</u>	<u>95,509</u>
<b>Other financing sources:</b>			
Operating transfers in	<u>1,016,043</u>	<u>1,016,043</u>	<u>-</u>
Total other financing sources	<u>1,016,043</u>	<u>1,016,043</u>	<u>-</u>
Excess of revenues and other financing sources over expenditures	<u>\$ -</u>	95,509	<u>\$ 95,509</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Reconciling item:			
Depreciation		(336,816)	
Interest, capital project fund		1,313	
Debt principal		<u>608,354</u>	
Change in net position		<u>\$ 368,360</u>	

**DAVIDSON COUNTY, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN NET POSITION - BUDGET AND**  
**ACTUAL (NON-GAAP) - SEWER CAPITAL PROJECTS FUND**  
**From Inception and for the Year Ended June 30, 2015**

Schedule 15

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Interest on investments	\$ -	\$ 49,890	\$ 1,313	\$ 51,203	\$ (51,203)
Expenditures:					
Sewer projects	<u>17,358,022</u>	<u>12,197,303</u>	<u>-</u>	<u>12,197,303</u>	<u>5,160,719</u>
Deficiency of revenues over expenditures	(17,358,022)	(12,147,413)	1,313	(12,146,100)	(5,211,922)
Other financing sources:					
Debt issued	14,754,244	13,060,000	-	13,060,000	(1,694,244)
Transfers from other funds	<u>2,603,778</u>	<u>2,603,778</u>	<u>-</u>	<u>2,603,778</u>	<u>-</u>
Total other financing sources	<u>17,358,022</u>	<u>15,663,778</u>	<u>-</u>	<u>15,663,778</u>	<u>(1,694,244)</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 3,516,365</u>	<u>1,313</u>	<u>\$ 3,517,678</u>	<u>\$ 3,517,678</u>

**DAVIDSON COUNTY, NORTH CAROLINA  
COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
June 30, 2015**

Schedule 16

<b>ASSETS</b>	<u>Garage Fund</u>	<u>Insurance Fund</u>	<u>Total</u>
Current assets:			
Cash and investments	\$ 212,237	\$ 6,184,332	\$ 6,396,569
Due from other governments	310	-	310
Inventory, at cost	<u>52,403</u>	<u>-</u>	<u>52,403</u>
Total current assets	<u>264,950</u>	<u>6,184,332</u>	<u>6,449,282</u>
Noncurrent assets:			
Capital assets:			
Other capital assets, net of depreciation	<u>219,367</u>	<u>-</u>	<u>219,367</u>
Total Assets	<u>484,317</u>	<u>6,184,332</u>	<u>6,668,649</u>
 <b>LIABILITIES AND NET POSITION</b>			
Current liabilities:			
Accounts payable and accrued liabilities	46,677	746,617	793,294
Noncurrent liabilities:			
Accrued vacation benefits	<u>11,858</u>	<u>-</u>	<u>11,858</u>
Total liabilities	<u>58,535</u>	<u>746,617</u>	<u>805,152</u>
Net position:			
Net investment in capital assets	219,367	-	219,367
Unrestricted	<u>206,415</u>	<u>5,437,715</u>	<u>5,644,130</u>
Total net position	<u>\$ 425,782</u>	<u>\$ 5,437,715</u>	<u>\$ 5,863,497</u>

**DAVIDSON COUNTY, NORTH CAROLINA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND NET POSITION  
 INTERNAL SERVICE FUNDS  
 Year Ended June 30, 2015**

Schedule 17

	<b>Garage Fund</b>	<b>Insurance Fund</b>	<b>Total</b>
Revenues:			
Charges for services	\$ 1,631,836	\$ 8,266,632	\$ 9,898,468
Miscellaneous	19,380	-	19,380
Total revenues	1,651,216	8,266,632	9,917,848
Expenditures:			
Salaries	329,526	-	329,526
Operating	1,199,745	8,235,324	9,435,069
Depreciation	52,538	-	52,538
Total expenses	1,581,809	8,235,324	9,817,133
Operating income (loss)	69,407	31,308	100,715
Total net position, beginning	356,375	5,406,407	5,762,782
Total net position, ending	\$ 425,782	\$ 5,437,715	\$ 5,863,497

**DAVIDSON COUNTY, NORTH CAROLINA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**Year Ended June 30, 2015**

Schedule 18

	Garage Fund	Insurance Fund	Total
Cash flows from operating activities:			
Cash received from customers	\$ 1,631,836	\$ 8,266,632	\$ 9,898,468
Cash paid for goods and services	(1,204,470)	(8,880,367)	(10,084,837)
Cash paid to employees for services	(327,727)	-	(327,727)
Other operating revenues	19,070	-	19,070
Net cash provided (used) by operating activities	118,709	(613,735)	(495,026)
Cash flows from capital and related financing activities:			
Acquisition of capital assets	-	-	-
Net cash used by capital and related financing activities	-	-	-
Net increase (decrease) in cash and cash equivalents	118,709	(613,735)	(495,026)
Cash and cash equivalents at beginning of year	93,528	6,798,067	6,891,595
Cash and cash equivalents at end of year	\$ 212,237	\$ 6,184,332	\$ 6,396,569
Reconciliation of operating income to net cash used by operating activities:			
Operating income	\$ 69,407	\$ 31,308	\$ 100,715
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	52,538	-	52,538
Change in assets and liabilities:			
(Increase) decrease in due from other governments	(310)	-	(310)
(Increase) decrease in inventory	3,362	-	3,362
Increase (decrease) in accounts payable and accrued liabilities	-	(645,043)	(653,130)
Increase (decrease) in accrued vacation benefits	1,799	-	1,799
Net cash provided (used) by operating activities	\$ 118,709	\$ (613,735)	\$ (495,026)

**DAVIDSON COUNTY, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN NET POSITION - FINANCIAL PLAN AND ACTUAL**  
**(NON-GAAP) - INTERNAL SERVICE - GARAGE FUND**  
**Year Ended June 30, 2015**

Schedule 19

	Financial Plan	Actual Amounts	Variance Positive (Negative)
Revenues:			
Charges for services	\$ 1,968,162	\$ 1,631,836	\$ (336,326)
Miscellaneous	5,000	19,380	14,380
Total revenues	1,973,162	1,651,216	(321,946)
Expenditures:			
Garage:			
Salaries	370,901	329,526	41,375
Operating	1,602,261	1,199,745	402,516
Capital outlay	47,874	-	47,874
Total expenditures	2,021,036	1,529,271	491,765
Excess (deficiency) of revenues over expenditures	(47,874)	121,945	169,819
Appropriated net position	47,874	-	(47,874)
Excess (deficiency) of revenues and appropriated net position over expenditures	\$ -	121,945	\$ 121,945
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Depreciation		(52,538)	
Change in net position		\$ 69,407	

**DAVIDSON COUNTY, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN NET POSITION - FINANCIAL PLAN AND ACTUAL**  
**(NON-GAAP) - INTERNAL SERVICE - INSURANCE FUND**  
**Year Ended June 30, 2015**

Schedule 20

	<u>Financial Plan</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges for services	<u>\$ 7,591,361</u>	<u>\$ 8,266,632</u>	<u>\$ 675,271</u>
Total revenues	<u>7,591,361</u>	<u>8,266,632</u>	<u>675,271</u>
Expenditures:			
Insurance:			
Operating	<u>7,591,361</u>	<u>8,235,324</u>	<u>(643,963)</u>
Total expenditures	<u>7,591,361</u>	<u>8,235,324</u>	<u>(643,963)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>31,308</u>	<u>\$ 31,308</u>
Change in net position		<u><u>\$ 31,308</u></u>	

**DAVIDSON COUNTY, NORTH CAROLINA  
COMBINING STATEMENT OF CHANGES IN  
ASSETS AND LIABILITIES - AGENCY FUNDS  
Year Ended June 30, 2015**

Schedule 21

<u>AGENCY FUNDS</u>	<u>Balance, July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, June 30, 2015</u>
<u>Property Tax Fund</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 410,051	\$ 107,505,726	\$ 107,590,188	\$ 325,589
Due from other governments	69,024	849,708	-	918,732
	<u>\$ 479,075</u>	<u>\$ 108,355,434</u>	<u>\$ 107,590,188</u>	<u>\$ 1,244,321</u>
<b>LIABILITIES</b>				
Miscellaneous liabilities	\$ 479,075	\$ 108,355,434	\$ 107,590,188	\$ 1,244,321
	<u>\$ 479,075</u>	<u>\$ 108,355,434</u>	<u>\$ 107,590,188</u>	<u>\$ 1,244,321</u>
<u>Fines and Forfeitures Fund</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 446,895	\$ 446,895	\$ -
<b>LIABILITIES</b>				
Miscellaneous liabilities	\$ -	\$ 446,895	\$ 446,895	\$ -
<u>P.I.C. Fund</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,606	\$ -	\$ -	\$ 1,606
<b>LIABILITIES</b>				
Miscellaneous liabilities	\$ 1,606	\$ -	\$ -	\$ 1,606
<u>United Way Fund</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,960	\$ 18,686	\$ 17,029	\$ 3,617
<b>LIABILITIES</b>				
Miscellaneous liabilities	\$ 1,960	\$ 18,686	\$ 17,029	\$ 3,617
<u>Sheriff-Execution Account</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,927	\$ 2,163	\$ -	\$ 8,090
<b>LIABILITIES</b>				
Miscellaneous liabilities	\$ 5,927	\$ 2,163	\$ -	\$ 8,090
<u>Sheriff-Inmate Account</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 38,404	\$ -	\$ 16,760	\$ 21,644
<b>LIABILITIES</b>				
Miscellaneous liabilities	\$ 38,404	\$ -	\$ 16,760	\$ 21,644
<u>Social Services Designated Payee Account Fund</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 28,231	\$ 133,079	\$ 146,540	\$ 14,770
<b>LIABILITIES</b>				
Miscellaneous liabilities	\$ 28,231	\$ 133,079	\$ 146,540	\$ 14,770
<u>Bid Bond Deposit Fund</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 16,865	\$ -	\$ -	\$ 16,865
<b>LIABILITIES</b>				
Miscellaneous liabilities	\$ 16,865	\$ -	\$ -	\$ 16,865
<b>Total All Agency Funds</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 503,044	\$ 108,106,549	\$ 108,200,652	\$ 392,181
Due from other governments	69,024	849,708	-	918,732
	<u>\$ 572,068</u>	<u>\$ 108,956,257</u>	<u>\$ 108,200,652</u>	<u>\$ 1,310,913</u>
<b>LIABILITIES</b>				
Miscellaneous liabilities	\$ 572,068	\$ 108,956,257	\$ 108,200,652	\$ 1,310,913
	<u>\$ 572,068</u>	<u>\$ 108,956,257</u>	<u>\$ 108,200,652</u>	<u>\$ 1,310,913</u>

**DAVIDSON COUNTY, NORTH CAROLINA  
GENERAL FUND  
SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
June 30, 2015**

<b>Fiscal Year</b>	<b>Uncollected Balance June 30, 2014</b>	<b>Additions</b>	<b>Collections And Credits</b>	<b>Uncollected Balance June 30, 2015</b>
2014-2015	\$ -	\$ 72,447,298	\$ 70,400,546	\$ 2,046,752
2013-2014	2,751,666	-	1,241,793	1,509,873
2012-2013	1,585,160	-	431,988	1,153,172
2011-2012	1,225,644	-	159,210	1,066,434
2010-2011	1,016,040	-	190,034	826,006
2009-2010	875,396	-	102,975	772,421
2008-2009	634,850	-	75,188	559,662
2007-2008	467,285	-	36,577	430,708
2006-2007	374,040	-	20,195	353,845
2005-2006	333,838	-	13,135	320,703
2004-2005	555,135	-	313,305	241,830
	<u>\$ 9,819,054</u>	<u>\$ 72,447,298</u>	<u>\$ 72,984,946</u>	<u>9,281,406</u>
Less: allowance for uncollectible accounts:				
General Fund				<u>8,176,116</u>
Ad valorem taxes receivable- net:				
General Fund				<u>\$ 1,105,290</u>
Reconcilement with revenues:				
Ad valorem taxes - General fund				\$ 72,733,606
Penalties collected on ad valorem taxes- General Fund				32,860
Interest collected on ad valorem taxes- General Fund				859,140
Reconciling items:				
Interest collected				(859,140)
Discounts allowed				600,062
Taxes written off				(381,582)
Total reconciling items				<u>(640,660)</u>
Total collections and credits				<u>\$ 72,984,946</u>

**DAVIDSON COUNTY, NORTH CAROLINA  
ANALYSIS OF CURRENT TAX LEVY  
COUNTY-WIDE LEVY  
Year Ended June 30, 2015**

Schedule 23

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 13,119,924,444	\$ 0.54	\$ 70,847,592	\$ 64,052,830	\$ 6,794,762
Penalties	-		32,973	32,973	-
Total	<u>13,119,924,444</u>		<u>70,880,565</u>	<u>64,085,803</u>	<u>6,794,762</u>
Discoveries:					
Current year taxes	420,148,333	0.54	2,268,801	2,245,801	23,000
Penalties	-		16,813	16,813	-
Total	<u>420,148,333</u>		<u>2,285,614</u>	<u>2,262,614</u>	<u>23,000</u>
Releases and discounts	<u>(22,134,815)</u>		<u>(718,881)</u>	<u>(715,769)</u>	<u>(3,112)</u>
Total property valuation	<u>\$ 13,517,937,962</u>				
Net levy			72,447,298	65,632,648	6,814,650
Uncollected taxes at June 30, 2015			<u>2,046,752</u>	<u>2,045,845</u>	<u>907</u>
Current year's taxes collected			<u>\$ 70,400,546</u>	<u>\$ 63,586,803</u>	<u>\$ 6,813,743</u>
Current levy collection percentage			<u>97.17%</u>	<u>96.88%</u>	<u>99.99%</u>

**DAVIDSON COUNTY AIRPORT AUTHORITY**  
**(A COMPONENT UNIT OF DAVIDSON COUNTY, NORTH CAROLINA)**  
**BALANCE SHEET**  
**June 30, 2015**

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**ASSETS**

## Current assets:

Cash and investments	\$ 326,430
Due from other governments	<u>5,318</u>

Total current assets	<u>331,748</u>
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## Noncurrent assets:

## Capital assets:

Land and construction in progress	3,575,699
Other capital assets, net of depreciation	<u>7,482,419</u>
Total capital assets	11,058,118

Total Assets	<u>11,389,866</u>
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**LIABILITIES AND NET POSITION**

## Current liabilities:

Accounts payable and accrued liabilities	57,165
Installment note payable	<u>73,798</u>
Total current liabilities	130,963

## Noncurrent liabilities:

Installment note payable	<u>995,925</u>
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Total liabilities	<u>1,126,888</u>
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## Net position:

Net investment in capital assets	9,988,395
Unrestricted	<u>274,583</u>

Total net position	<u>\$ 10,262,978</u>
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**DAVIDSON COUNTY AIRPORT AUTHORITY**  
**(A COMPONENT UNIT OF DAVIDSON COUNTY, NORTH CAROLINA)**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP) -**  
**Year Ended June 30, 2015**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 574,643	\$ 460,961	\$ (113,682)
Charges for services	231,500	290,380	58,880
Other	-	-	-
Total revenues	<u>806,143</u>	<u>751,341</u>	<u>(54,802)</u>
Expenditures:			
Operating	292,491	336,035	(43,544)
Debt service	132,888	132,888	-
Capital outlay	392,482	150,100	242,382
Total expenditures	<u>817,861</u>	<u>619,023</u>	<u>198,838</u>
Excess (deficiency) of revenues over expenditures	(11,718)	132,318	144,036
Appropriated net position	<u>11,718</u>	<u>-</u>	<u>(11,718)</u>
Excess (deficiency) of revenues and appropriated net position over expenditures	<u>\$ -</u>	132,318	<u>\$ 132,318</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlay		150,100	
Depreciation		(758,848)	
Debt principal		<u>77,629</u>	
Total reconciling items		<u>(531,119)</u>	
Change in net position		<u>\$ (398,801)</u>	

**DAVIDSON COUNTY AIRPORT AUTHORITY**  
**(A COMPONENT UNIT OF DAVIDSON COUNTY, NORTH CAROLINA)**  
**STATEMENT OF CASH FLOWS**  
**Year Ended June 30, 2015**

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Cash flows from operating activities:	
Cash received from customers	\$ 290,380
Cash paid for goods and services	(315,442)
Other operating revenues	<u>457,063</u>
Net cash provided (used) by operating activities	<u>432,001</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(150,100)
Principal payments on debt	(77,629)
Interest payments on debt	<u>(55,263)</u>
Net cash used by capital and related financing activities	<u>(282,992)</u>
Net increase (decrease) in cash and cash equivalents	149,009
Cash and cash equivalents at beginning of year	<u>177,421</u>
Cash and cash equivalents at end of year	<u><u>\$ 326,430</u></u>
Reconciliation of operating income to net cash used by operating activities:	
Operating income (loss)	\$ (343,542)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	758,848
Change in assets and liabilities:	
(Increase) decrease in due from other governments	(3,898)
Increase (decrease) in accounts payable and accrued liabilities	<u>20,593</u>
Net cash provided (used) by operating activities	<u><u>\$ 432,001</u></u>

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# Statistical Section

This part of Davidson County's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

## Contents

### **Financial Trends - Tables 1, 11-13**

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

### **Revenue Capacity – Tables 2-5, 16**

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

### **Debt Capacity – Tables 6-9, 14**

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

### **Demographic and Economic Information – Tables 10, 15**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.

### **Operating Information – Tables 17-19**

These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports for the relevant year. The County implemented Statement 34 in 2003; schedules presenting government-wide information begin in that year.

**DAVIDSON COUNTY, NORTH CAROLINA**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**

Table 1

Year Ended June 30,	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Taxes:</b>										
Property	\$ 83,326,408	\$ 83,425,629	\$ 80,039,685	\$ 78,720,749	\$ 77,934,202	\$ 77,822,786	\$ 76,977,434	\$ 75,321,835	\$ 62,562,494	\$ 60,465,501
Sales	22,084,870	18,402,633	17,655,035	16,706,730	15,620,565	16,256,379	21,772,914	27,451,631	27,213,934	25,913,084
Intangibles	-	-	-	-	-	-	-	-	-	-
Other	1,561,609	1,586,357	1,640,728	1,679,237	1,918,818	1,976,501	1,930,069	1,763,355	1,492,826	1,712,904
<b>Total taxes</b>	<b>106,972,887</b>	<b>103,414,619</b>	<b>99,335,448</b>	<b>97,106,716</b>	<b>95,473,585</b>	<b>96,055,666</b>	<b>100,680,417</b>	<b>104,536,821</b>	<b>91,269,254</b>	<b>88,091,489</b>
Licenses and permits	1,782,533	1,616,029	1,278,851	1,468,794	1,412,721	1,465,327	1,533,632	2,426,939	2,924,721	2,894,975
Intergovernmental	27,154,545	28,421,008	25,432,342	25,431,103	24,866,041	27,667,976	27,092,154	23,776,817	22,535,309	25,116,614
Charges for services	7,026,361	7,779,388	7,553,279	8,210,177	7,567,247	7,109,202	7,297,063	5,478,345	5,140,944	4,633,123
Interest on investments	307,954	316,229	270,151	314,058	443,548	599,323	1,303,577	3,641,846	2,753,327	2,055,613
Miscellaneous	1,311,808	4,078,647	1,777,522	1,149,335	2,686,496	268,436	430,173	206,610	531,485	519,764
<b>Total revenues</b>	<b>144,556,088</b>	<b>145,625,920</b>	<b>135,647,593</b>	<b>133,680,183</b>	<b>132,449,638</b>	<b>133,165,930</b>	<b>138,337,016</b>	<b>140,067,378</b>	<b>125,155,040</b>	<b>123,311,578</b>
<b>Current:</b>										
General government	11,786,828	11,420,647	11,023,150	11,403,563	11,310,267	12,086,461	10,008,687	10,040,290	10,336,334	9,796,982
Human services	31,231,497	30,332,397	29,861,622	29,006,001	29,230,665	28,933,412	31,953,498	34,500,918	34,984,606	33,448,308
Public safety	32,928,019	32,808,556	31,760,065	32,219,722	30,740,569	30,612,510	30,254,889	29,896,785	27,229,969	25,771,512
Environmental protection	1,275,458	1,372,998	1,417,664	1,579,284	1,704,488	1,727,439	1,717,458	1,759,973	1,855,978	1,692,729
Economic and physical development	3,085,366	3,499,050	3,518,568	4,118,858	5,614,418	3,956,643	3,605,809	3,914,259	3,668,101	4,161,935
Culture and recreation	3,919,950	3,848,852	4,098,986	3,755,084	3,794,533	3,630,001	3,645,444	3,404,949	3,345,122	3,141,564
Transportation	882,718	1,490,487	1,581,662	1,343,245	875,222	922,092	1,080,014	1,129,074	911,578	1,037,636
Intergovernmental:										
Education	40,468,138	38,622,558	40,901,214	53,670,822	46,591,652	45,977,031	65,710,811	66,755,742	39,916,666	39,824,925
Capital outlay	13,011,128	1,992,053	310,047	649,672	51,063	716,660	1,010,590	229,819	313,265	21,115
Debt service:										
Principal	7,218,465	6,163,465	6,136,115	6,329,065	6,294,065	5,965,600	4,515,600	3,205,600	3,390,600	3,415,600
Interest and fiscal charges	3,642,924	3,852,226	4,070,085	4,493,390	4,154,425	4,197,129	3,639,631	3,256,024	1,573,804	1,659,321
<b>Total expenditures</b>	<b>149,450,491</b>	<b>135,403,289</b>	<b>134,679,178</b>	<b>148,568,706</b>	<b>140,361,367</b>	<b>138,724,978</b>	<b>157,142,431</b>	<b>158,093,433</b>	<b>127,526,023</b>	<b>123,971,627</b>
<b>Other financing sources (uses)</b>										
Transfers in	11,080,659	9,652,509	6,000,873	6,137,127	5,021,250	6,195,342	7,612,995	11,404,498	2,666,854	3,090,754
Transfers out	(12,096,702)	(10,754,131)	(7,413,209)	(7,335,369)	(8,023,374)	(7,237,355)	(7,752,789)	(11,616,909)	(2,711,019)	(3,120,754)
Debt issued	-	-	-	-	-	13,050,000	5,076,971	29,600,000	42,000,000	-
Premium on debt issued	-	-	-	-	-	149,543	-	554,399	660,727	-
Refunding bonds issued	-	-	9,080,000	-	4,915,000	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	(9,219,209)	-	(4,965,000)	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	6,400	8,150	-	37,182	5,004
Special item	-	-	-	-	-	-	-	-	-	2,200,000
<b>Total other financing sources (uses)</b>	<b>(1,016,043)</b>	<b>(1,101,622)</b>	<b>(1,551,545)</b>	<b>(1,198,242)</b>	<b>10,147,419</b>	<b>4,041,358</b>	<b>30,022,755</b>	<b>(212,411)</b>	<b>42,653,744</b>	<b>2,175,004</b>
<b>Net change in fund balances</b>	<b>\$ (5,910,446)</b>	<b>\$ 9,121,009</b>	<b>\$ (583,130)</b>	<b>\$ (16,086,765)</b>	<b>\$ 2,235,690</b>	<b>\$ (1,517,690)</b>	<b>\$ 11,217,340</b>	<b>\$ (18,238,466)</b>	<b>\$ 40,282,761</b>	<b>\$ 1,514,955</b>
Debt service as a percentage of noncapital expenditures	8.0%	7.5%	7.6%	7.3%	7.4%	7.4%	5.2%	4.1%	3.9%	4.1%

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

Table 2

Year Ended June 30,	Total Tax Levy	Less Discounts and Releases	Adjusted Net Levy	Collections of Current Year's Taxes During Fiscal Year (1)	Percentage of Levy Collected During Fiscal Year	Total Collections on Prior Year's Taxes	Percentage of Total Tax Collections to Adjusted Net Levy	Total Collections	Accumulated Total Delinquent Taxes	Ratio of Total Delinquent Taxes to Current Tax Levy
2006	\$ 54,246,270	\$ 698,220	\$ 53,548,050	\$ 51,707,602	96.56%	\$ 1,663,949	99.67%	\$ 53,371,551	\$ 3,150,207	5.88%
2007	56,280,279	626,687	55,653,592	53,660,278	96.42%	1,458,430	99.04%	55,118,708	3,489,460	6.27%
2008	68,050,734	1,066,954	66,983,780	64,621,474	96.47%	1,808,658	99.17%	66,430,132	3,712,868	5.54%
2009	69,932,159	930,158	69,002,001	65,974,390	95.61%	1,813,347	98.24%	67,787,737	4,285,529	6.21%
2010	70,141,530	800,584	69,340,946	66,247,055	95.54%	2,190,304	98.70%	68,437,359	5,119,416	7.38%
2011	70,236,091	807,936	69,428,155	66,399,133	95.64%	2,109,308	98.68%	68,508,441	6,130,127	8.83%
2012	70,943,189	757,156	70,186,033	67,020,098	95.49%	2,124,036	98.52%	69,144,134	7,086,236	10.10%
2013	71,699,938	783,871	70,916,067	67,863,493	95.70%	2,387,797	99.06%	70,251,290	7,864,374	11.09%
2014	74,395,585	781,957	73,613,628	70,861,962	96.26%	2,171,076	99.21%	73,033,038	7,297,922	9.91%
2015	73,166,179	718,881	72,447,298	70,400,546	97.17%	2,402,737	100.49%	72,803,283	7,465,189	10.30%

(1) Collections do not include interest.

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

Table 3

Year Ended June 30,	Assessed Value			Assessed Value			Total	Total Direct Tax Rate
	Real Property (1)	Individual Personal (2)	Business Personal (1)	Motor Vehicles (2)	Public Service Companies (3)			
2006	\$ 7,839,758,642	\$ 32,390,958	\$ 692,190,344	\$ 1,090,575,185	\$ 327,172,239	\$ 9,982,087,368	0.54	
2007	8,109,938,795	52,953,086	714,352,950	1,160,632,178	338,372,556	10,376,249,565	0.54	
2008	10,186,197,400	52,453,186	707,605,727	1,172,035,633	370,205,652	12,488,497,598	0.54	
2009	10,539,366,996	54,220,116	736,262,071	1,139,990,926	397,981,937	12,867,822,046	0.54	
2010	10,705,278,310	52,874,992	717,998,624	1,066,520,996	388,516,648	12,931,189,570	0.54	
2011	10,813,916,630	49,018,736	665,644,277	1,035,675,555	383,598,882	12,947,854,080	0.54	
2012	10,907,215,885	49,468,990	671,768,962	1,076,760,000	385,251,952	13,090,465,789	0.54	
2013	10,937,949,307	52,243,732	709,448,845	1,140,013,889	388,764,960	13,228,420,733	0.54	
2014	11,010,529,658	53,991,982	733,189,369	1,548,177,407	382,637,062	13,728,525,478	0.54	
2015	11,075,289,751	56,349,740	748,646,544	1,262,548,519	375,103,408	13,517,937,962	0.54	

- Notes: (1) Assessed value of taxable property approximates market value except for real property assessed values after the year ended June 30, 2002 which is based on market value as of January 1, 2001 (the County's last reappraisal). The assessed value of taxable property for business personal on manufacturers', retailers', and wholesalers' inventories is excluded.
- (2) Assessed value of taxable property on registered motor vehicles is shown due to a state law change, as of January 1, 1993, which altered the procedures for the assessment of property taxes on registered motor vehicles in North Carolina and excluded the assessed value on registered motor vehicles from individual personal.
- (3) Public service companies' property includes real and personal property of utilities, railroads, telephone and pipeline, etc. These assessments are made by the North Carolina Department of Revenue with no distinction between real and personal property.

**DAVIDSON COUNTY, NORTH CAROLINA**  
**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS**  
**TAX RATES PER \$100 VALUATION**  
**Last Ten Fiscal Years**

**Table 4**

June 30,	2015	2014	2013	2012	2011	2010	2009	2008 (2)	2007	2006
County direct rate:										
General-operating	\$ 0.540	\$ 0.540	\$ 0.540	\$ 0.540	\$ 0.540	\$ 0.540	\$ 0.540	\$ 0.540	\$ 0.540	\$ 0.540
City of Lexington	0.600	0.600	0.600	0.560	0.560	0.560	0.560	0.535	0.545	0.545
Lexington Special Schools District	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.130	0.130
Lexington Main Street District	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200
City of Thomasville	0.560	0.560	0.560	0.560	0.560	0.560	0.560	0.560	0.570	0.570
Thomasville Special Schools District	0.180	0.180	0.180	0.180	0.180	0.180	0.180	0.1725	0.180	0.180
Town of Denton	0.550	0.550	0.550	0.550	0.550	0.550	0.550	0.550	0.550	0.550
City of High Point	0.664	0.675	0.675	0.662	0.633	0.633	0.633	0.633	0.608	0.608
Town of Wallburg	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Town of Midway	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	-
Fire Protection Districts:										
Central	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070
Pilot	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085
Hasty	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.065	0.060	0.060
West Lexington	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Wallburg	0.100	0.100	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080
Holly Grove	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080
North Lexington	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110
Welcome	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.080	0.080	0.080
Reeds	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040
Tyro	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080
Linwood	0.085	0.075	0.075	0.075	0.075	0.075	0.075	0.060	0.045	0.045
Churchland	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.080	0.080
Arcadia - Reedy Creek - Hampton	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080
Healing Springs	0.090	0.090	0.090	0.090	0.090	0.090	0.070	0.070	0.070	0.070
Southmont	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085
Fairgrove	0.080	0.080	0.075	0.075	0.060	0.060	0.060	0.055	0.055	0.055
South Lexington	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110
Silver Valley	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110
Midway	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Gumtree	0.100	0.100	0.085	0.085	0.085	0.085	0.085	0.085	0.080	0.080
South Emmons	0.060	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
South Davidson	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Horneytown	0.110	0.110	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Griffith	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080
Clemmons	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Badin	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060

Notes: (1) The County's reappraisal was effective as of January 1, 2001.

(2) The County's reappraisal was effective as of January 1, 2007.

**DAVIDSON COUNTY, NORTH CAROLINA  
ASSESSED PROPERTY VALUES - DIRECT AND  
OVERLAPPING GOVERNMENTS  
Last Ten Fiscal Years**

Table 5

Assessed Value	2015 (1)	2014 (1)	2013 (1)	2012 (1)	2011 (1)	2010 (1)	2009 (1)	2008 (1)(2)	2007 (1)	2006 (1)
Davidson County	\$ 13,517,937,962	\$ 13,728,525,478	\$ 13,228,420,733	\$ 13,090,465,789	\$ 12,947,854,080	\$ 12,931,189,570	\$ 12,867,822,046	\$ 12,488,497,598	\$ 10,376,249,565	\$ 9,982,087,368
City of Lexington	1,546,064,567	1,585,300,795	1,496,604,452	1,473,679,696	1,473,672,255	1,492,980,321	1,510,345,430	1,476,846,553	1,331,336,090	1,302,774,404
Lexington Special Schools District	1,309,372,675	1,334,494,099	1,295,118,808	1,292,605,883	1,291,604,908	1,318,384,117	1,318,552,842	1,475,984,017	1,157,741,177	1,138,641,200
Lexington Main Street District	47,392,525	48,882,615	48,113,685	50,357,620	51,490,750	47,262,355	50,716,805	49,553,550	40,618,885	40,370,250
City of Thomasville	1,684,071,925	1,711,250,293	1,671,545,270	1,663,695,796	1,631,688,204	1,618,601,777	1,651,223,607	1,590,725,830	1,385,704,925	1,260,410,353
Thomasville Special Schools District	778,390,528	814,743,859	773,230,611	773,927,656	749,911,389	751,942,511	759,035,500	755,303,484	675,324,694	713,384,544
Town of Denton	119,736,702	123,396,626	117,688,245	117,615,820	116,439,524	117,874,584	114,632,407	113,585,395	91,583,758	88,870,453
City of High Point	447,912,474	449,696,165	425,268,619	413,762,953	409,138,859	405,298,123	405,727,368	40,516,058	37,414,021	30,928,770
Town of Wallburg	267,107,600	257,510,607	245,439,840	239,976,700	246,426,080	249,863,520	246,490,980	239,477,600	190,545,540	183,549,740
Town of Midway	351,873,300	341,575,547	344,521,320	340,756,920	341,185,220	329,544,760	327,011,120	318,684,420	251,338,460	-
Fire Protection Districts:										
Central	364,672,943	373,291,425	356,960,371	355,625,929	354,197,100	347,912,214	346,260,400	342,546,200	288,955,357	239,769,929
Pilot	329,829,776	338,024,345	326,796,306	324,510,894	324,601,176	352,563,753	356,487,859	351,866,894	297,546,906	291,516,235
Hasty	525,507,229	536,477,107	519,756,357	513,700,371	508,090,571	496,509,986	494,207,271	479,244,615	389,782,000	378,521,950
West Lexington	258,540,720	264,217,938	250,462,040	247,698,160	242,734,750	243,747,980	244,370,920	241,299,190	207,789,840	200,018,670
Wallburg	768,312,280	775,697,517	749,852,763	738,998,888	735,350,700	744,359,763	732,307,363	673,664,713	508,356,650	461,853,338
Holly Grove	280,665,588	286,271,486	273,833,650	273,026,725	274,369,675	273,476,238	276,519,900	271,544,000	226,652,563	218,397,150
North Lexington	204,070,927	209,259,497	201,437,591	198,694,291	196,519,718	192,939,864	194,155,345	196,009,618	156,802,400	142,538,891
Welcome	521,800,530	534,173,466	510,816,790	503,931,220	493,415,430	486,896,450	484,822,890	474,940,238	388,497,963	376,063,500
Reeds	483,364,150	496,052,283	471,817,575	462,550,325	470,628,225	453,950,875	493,419,325	447,402,275	382,860,700	374,046,700
Tyro	416,728,938	423,107,162	391,710,500	404,373,450	396,789,138	402,760,913	394,994,875	379,545,063	313,647,750	301,790,113
Linwood	327,640,059	326,167,791	318,905,680	319,234,533	298,656,427	303,999,253	305,953,947	295,138,350	263,570,756	176,772,267
Churchland	264,800,214	269,204,478	253,605,586	248,386,971	245,488,343	231,714,814	233,403,514	226,844,457	189,392,650	202,299,075
Arcadia - Reedy Creek - Hampton	955,146,963	970,257,096	934,399,200	921,676,300	910,201,613	931,328,850	906,152,638	883,832,775	690,970,238	648,804,975
Healing Springs	321,200,378	326,283,414	320,755,956	318,687,456	315,181,767	327,104,044	314,755,143	298,608,871	242,880,200	235,155,243
Southmont	790,498,106	801,462,631	781,667,729	773,318,059	767,148,376	780,622,706	769,648,788	754,652,800	566,898,412	454,455,129
Fairgrove	422,249,450	430,049,187	415,204,800	409,622,387	410,337,817	400,471,167	402,986,883	407,130,545	361,339,636	327,476,436
South Lexington	190,946,091	205,347,722	188,468,600	187,256,100	187,228,109	179,402,182	201,630,964	188,129,018	141,716,009	139,343,136
Silver Valley	372,798,818	379,019,868	358,643,282	358,041,082	356,209,473	356,273,891	351,100,527	347,660,791	301,888,300	289,477,091
Midway	875,267,840	887,087,782	851,930,200	850,736,980	835,903,950	825,496,830	816,695,080	808,735,050	670,247,130	647,685,460
Gumtree	137,403,470	139,229,328	134,404,471	135,596,165	130,897,882	121,944,282	124,643,459	119,693,400	100,777,850	95,738,150
South Emmons	122,565,233	124,455,412	120,678,440	121,445,840	119,643,580	120,967,140	123,567,640	119,038,240	100,712,640	100,738,860
South Davidson	107,769,840	110,438,096	105,120,620	104,516,700	103,562,980	103,329,050	101,752,810	99,722,040	87,208,920	82,242,140
Horneytown	126,878,155	125,937,244	122,327,410	121,228,920	119,410,440	119,136,710	118,345,310	108,324,730	87,486,990	85,468,080
Griffith	286,821,388	290,192,158	276,750,450	269,479,375	265,095,663	246,154,450	237,858,425	207,695,988	171,017,688	164,099,338
Clemmons	100,312,860	98,636,360	92,097,600	90,971,960	90,460,020	78,820,120	78,153,500	73,894,780	59,636,040	46,869,220
Badin	63,234,217	64,326,069	63,280,767	61,822,133	60,953,283	54,340,017	52,209,250	50,396,050	47,635,760	37,539,367

Notes: (1) Excludes the assessed value of taxable property for business personal on manufacturers', retailers' and wholesalers' inventories.

(2) The County's reappraisal was effective as of January 1, 2007.

**DAVIDSON COUNTY, NORTH CAROLINA**  
**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED**  
**VALUE AND BONDED DEBT PER CAPITA**  
**Last Ten Fiscal Years**

Table 6

<u>Year Ended June 30,</u>	<u>Population (1)</u>	<u>Assessed Value (000,000's)</u>	<u>Bonded Debt (000's)</u>	<u>Ratio of Bonded Debt to Assessed Value</u>	<u>Bonded Debt Per Capita</u>
2006	154,796	\$ 9,982	\$ 14,200	0.14%	92
2007	155,343	10,376	54,595	0.53%	351
2008	156,530	12,488	53,000	0.42%	339
2009	159,865	12,868	80,780	0.63%	505
2010	159,947	12,931	76,425	0.59%	478
2011	162,878	12,948	72,105	0.56%	443
2012	162,697	13,090	67,825	0.52%	417
2013	163,683	13,228	63,585	0.48%	388
2014	163,770	13,729	59,380	0.43%	363
2015	164,454	13,519	55,210	0.41%	363

Sources:

- (1) Most recent annual estimates as certified to the North Carolina Department of Revenue by the Office of State Budget and Management Research Planning Services.

**DAVIDSON COUNTY, NORTH CAROLINA  
LEGAL DEBT MARGIN INFORMATION  
Last Ten Fiscal Years (in thousands)**

Table 7

<u>Year Ended June 30,</u>	<u>Debt Limit</u>	<u>Total net debt applicable to limit</u>	<u>Legal Debt Margin</u>	<u>Ratio of total net debt applicable to limit to the debt limit</u>
2006	798,567	40,046	758,521	5.01%
2007	830,100	78,656	751,444	9.48%
2008	999,080	75,661	923,419	7.57%
2009	1,029,426	111,594	917,831	10.84%
2010	1,034,495	110,481	924,014	10.68%
2011	1,035,828	118,779	917,049	11.47%
2012	1,047,237	111,898	935,339	10.69%
2013	1,058,274	105,688	952,586	9.99%
2014	1,098,282	98,934	999,348	9.01%
2015	1,081,435	91,107	990,328	8.42%

**Legal Debt Margin Calculation for Fiscal Year 2015**

Assessed value of taxable property	<u>\$ 13,517,937,962</u>
Debt limit - eight percent (8%) of assessed value	\$ 1,081,435,036
Amount of debt applicable to debt limit:	
Bonded debt	\$ 55,210,000
Certificates of participation	7,905,000
Limited Obligation Bonds	3,680,000
Qualified School Construction Bonds	16,434,646
Obligations under installment purchases	<u>7,877,193</u>
Total amount of debt applicable to legal debt limit	<u>91,106,839</u>
Legal debt margin	<u>\$ 990,328,197</u>

**DAVIDSON COUNTY, NORTH CAROLINA** **Table 8**  
**COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**As of June 30, 2015**

	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to Davidson County</u>	<u>Amount Applicable to Davidson County</u>
Davidson County	\$ 81,004,646	100%	\$ 81,004,646
Total direct debt	<u>81,004,646</u>		<u>81,004,646</u>
Town of Midway	508,500	100%	508,500
City of Thomasville	266,667	100%	266,667
City of Lexington	<u>5,143,769</u>	100%	<u>5,143,769</u>
Total overlapping debt	<u>5,652,269</u>		<u>5,652,269</u>
Total direct and overlapping debt	<u><u>\$ 86,656,915</u></u>		<u><u>\$ 86,656,915</u></u>

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

**DAVIDSON COUNTY, NORTH CAROLINA**  
**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES**  
**FOR GENERAL BONDED DEBT TO TOTAL GENERAL**  
**GOVERNMENT EXPENDITURES**  
**Last Ten Fiscal Years**

**Table 9**

<u>Year</u>	<u>Principal</u>	<u>Interest and Fiscal Charges</u>	<u>Total Debt Service</u>	<u>General Government Expenditures</u>	<u>Ratio (1)</u>
2006	\$ 1,645,000	\$ 461,450	\$ 2,106,450	\$ 123,971,627	1.70%
2007	1,605,000	427,550	2,032,550	127,526,023	1.59%
2008	1,595,000	363,850	1,958,850	158,093,433	1.24%
2009	2,880,000	2,256,800	5,136,800	157,142,431	3.27%
2010	5,965,600	4,197,129	10,162,729	138,724,978	7.33%
2011	6,294,065	4,154,425	10,448,490	140,361,367	7.44%
2012	6,329,065	4,493,390	10,822,455	148,568,706	7.28%
2013	6,136,115	4,070,085	10,206,200	134,679,178	7.58%
2014	6,163,465	3,852,226	10,015,691	135,403,289	7.40%
2015	7,218,465	3,642,924	10,861,389	149,450,491	7.27%

Notes: (1) Includes all General, Special Revenue, and Capital Projects Funds.

**DAVIDSON COUNTY, NORTH CAROLINA  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
Last Ten Fiscal Years**

Table 10

<u>Year Ended June 30,</u>	<u>Population (1)</u>	<u>Personal Income (thousands of dollars)(1)</u>	<u>Per Capita Income (1)</u>	<u>Public School Enrollment (1)</u>	<u>Unemployment Rate (2)</u>
2006	154,796	4,149,212	27,029	25,857	5.8%
2007	155,343	4,460,396	28,983	25,998	6.0%
2008	156,530	4,502,585	28,765	26,239	6.7%
2009	159,865	3,593,286	22,477	26,200	12.5%
2010	159,947	3,540,907	22,138	25,953	12.1%
2011	162,878	3,590,157	22,042	25,524	11.3%
2012	162,697	3,622,937	22,268	25,519	10.6%
2013	163,683	3,502,653	21,399	25,555	9.8%
2014	163,770	3,567,402	21,783	25,231	6.7%
2015	164,454	3,582,301	21,783	25,141	5.9%

Sources:

(1) Most recent annual estimates as certified to the North Carolina Department of Commerce

(2) Employment Security Commission

**DAVIDSON COUNTY, NORTH CAROLINA  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS**

Table 11

Expenses	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental activities:</b>										
General government	\$ 9,616,856	\$ 11,139,773	\$ 11,099,650	\$ 10,590,021	\$ 10,867,828	\$ 10,045,788	\$ 10,417,389	\$ 11,601,662	\$ 11,816,668	\$ 12,562,051
Human Services	33,534,177	34,809,028	34,742,655	31,577,050	29,065,775	28,866,973	29,293,613	29,811,107	30,605,201	30,715,679
Public Safety	25,528,358	27,250,824	30,182,148	30,422,383	30,806,090	31,010,651	33,269,734	32,297,095	33,180,756	32,104,612
Environmental protection	1,588,845	1,699,407	1,837,069	1,698,515	1,760,905	1,726,887	1,655,611	1,468,508	1,427,514	1,289,409
Economic and physical development	4,164,322	3,619,829	4,040,692	3,754,120	3,973,291	5,614,594	4,443,602	3,560,619	3,945,583	3,331,921
Culture and recreation	3,169,876	3,313,982	3,538,489	3,480,617	4,212,050	3,789,100	3,819,300	4,040,662	4,533,019	3,814,191
Transportation	899,869	989,988	989,779	974,361	1,000,759	999,233	1,259,372	1,547,832	1,616,226	933,502
Education	39,824,925	39,836,117	66,755,742	65,639,516	45,943,736	46,591,652	53,670,822	40,842,201	38,622,558	40,468,138
Interest and fiscal charges	1,786,878	1,690,851	3,486,511	3,119,835	4,086,543	4,083,566	4,480,052	4,674,120	3,779,260	3,567,558
<b>Total governmental activities expense</b>	<b>120,114,106</b>	<b>124,349,799</b>	<b>156,672,735</b>	<b>151,256,418</b>	<b>131,716,977</b>	<b>132,728,444</b>	<b>142,309,495</b>	<b>129,843,806</b>	<b>129,526,785</b>	<b>128,787,061</b>
<b>Business-type activities:</b>										
Landfill	3,638,608	3,095,612	3,936,995	4,520,628	6,455,668	4,823,470	4,835,957	4,344,483	2,920,376	6,827,440
Sewer	5,358,248	197,095	369,895	389,144	1,218,918	1,184,169	1,187,092	1,290,728	1,202,660	1,126,483
<b>Total business-type activities:</b>	<b>8,996,856</b>	<b>3,292,707</b>	<b>4,306,890</b>	<b>4,909,772</b>	<b>7,674,586</b>	<b>6,007,639</b>	<b>6,023,049</b>	<b>5,635,211</b>	<b>4,123,036</b>	<b>7,953,923</b>
<b>Total primary governmental expense:</b>	<b>\$ 129,110,962</b>	<b>\$ 127,642,506</b>	<b>\$ 160,979,625</b>	<b>\$ 156,166,190</b>	<b>\$ 139,391,563</b>	<b>\$ 138,736,083</b>	<b>\$ 148,332,544</b>	<b>\$ 135,479,017</b>	<b>\$ 133,649,821</b>	<b>\$ 136,740,984</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for services:										
General government	\$ 1,830,909	\$ 1,853,756	\$ 1,719,113	\$ 1,237,892	\$ 1,445,391	\$ 1,352,649	\$ 1,267,587	\$ 1,243,862	\$ 1,310,018	\$ 1,453,612
Human services	928,968	766,063	826,455	836,737	785,087	836,868	657,926	571,525	538,060	543,002
Public safety	5,220,770	5,219,349	4,657,416	5,792,104	5,541,529	5,611,966	6,468,111	5,282,995	5,967,552	5,417,271
Culture and recreation	161,448	147,250	171,709	250,513	246,687	203,182	232,024	273,406	198,135	191,837
Other activities	382,706	454,598	619,258	911,875	477,911	575,590	725,388	1,697,266	1,021,421	640,920
Operating grants and contributions	21,273,669	21,881,671	23,312,408	24,990,993	25,134,600	24,375,540	25,119,643	25,235,796	24,096,069	26,955,897
Capital grants and contribution:	3,096,752	485,542	284,869	2,387,802	2,316,754	2,255,619	110,778	-	6,432,288	-
<b>Total governmental activities program revenue</b>	<b>32,895,222</b>	<b>30,808,229</b>	<b>31,591,228</b>	<b>36,407,916</b>	<b>35,947,959</b>	<b>35,211,414</b>	<b>34,581,457</b>	<b>34,304,850</b>	<b>39,563,543</b>	<b>35,202,539</b>
<b>Business-type activities</b>										
Charges for services:										
Landfill	3,740,492	4,047,907	4,229,943	4,082,577	3,951,772	4,250,794	4,256,502	3,754,832	3,992,416	4,120,887
Sewer	127,329	92,009	124,188	176,861	234,286	290,018	325,704	355,319	446,165	477,487
Capital grants and contribution:	746,637	-	-	-	-	-	-	-	-	-
<b>Total business-type activities program revenue</b>	<b>4,614,458</b>	<b>4,139,916</b>	<b>4,354,131</b>	<b>4,259,438</b>	<b>4,186,058</b>	<b>4,540,812</b>	<b>4,582,206</b>	<b>4,110,151</b>	<b>4,438,581</b>	<b>4,598,374</b>
<b>Total primary governmental program revenue:</b>	<b>\$ 37,509,680</b>	<b>\$ 34,948,145</b>	<b>\$ 35,945,359</b>	<b>\$ 40,667,354</b>	<b>\$ 40,134,017</b>	<b>\$ 39,752,226</b>	<b>\$ 39,163,663</b>	<b>\$ 38,415,001</b>	<b>\$ 44,002,124</b>	<b>\$ 39,800,913</b>
<b>Net (expense)/revenue</b>										
Governmental activities:	\$ (87,218,884)	\$ (93,541,570)	\$ (125,081,507)	\$ (114,848,502)	\$ (95,769,018)	\$ (97,517,030)	\$ (107,728,038)	\$ (95,538,956)	\$ (89,963,242)	\$ (93,584,522)
Business-type activities:	(4,382,398)	847,209	47,241	(650,334)	(3,488,528)	(1,466,827)	(1,440,843)	(1,525,060)	315,545	(3,355,549)
<b>Total primary governmental net expense:</b>	<b>\$ (91,601,282)</b>	<b>\$ (92,694,361)</b>	<b>\$ (125,034,266)</b>	<b>\$ (115,498,836)</b>	<b>\$ (99,257,546)</b>	<b>\$ (98,983,857)</b>	<b>\$ (109,168,881)</b>	<b>\$ (97,064,016)</b>	<b>\$ (89,647,697)</b>	<b>\$ (96,940,071)</b>
<b>General Revenues and Other Change in Net Position</b>										
<b>Governmental activities:</b>										
Taxes										
Property taxes	\$ 60,297,147	\$ 63,028,741	\$ 75,346,979	\$ 77,530,749	\$ 77,678,303	\$ 78,319,729	\$ 78,774,693	\$ 80,193,327	\$ 82,230,762	\$ 82,927,734
Sales taxes	25,913,084	27,213,934	27,451,631	21,772,914	16,256,379	15,620,565	16,706,730	17,655,035	18,402,633	22,084,870
Other taxes	927,660	721,618	1,763,355	1,930,069	1,976,501	1,918,818	1,679,237	1,640,728	1,586,357	1,561,609
Investment earnings	2,055,613	2,753,327	3,641,846	1,303,577	599,323	443,548	314,058	270,151	316,229	307,954
Miscellaneous	2,994,758	1,286,534	429,467	429,587	465,271	1,929,082	2,571,249	1,359,476	2,328,908	1,282,400
Contributions of general capital assets	-	-	-	-	-	-	-	-	-	-
Transfers	(30,000)	(44,165)	(212,411)	(139,794)	(1,042,013)	(3,002,124)	(1,198,242)	(1,412,336)	(1,101,622)	(1,016,043)
<b>Total governmental activities:</b>	<b>92,158,262</b>	<b>94,959,989</b>	<b>108,420,867</b>	<b>102,827,102</b>	<b>95,933,764</b>	<b>95,229,618</b>	<b>98,847,725</b>	<b>99,706,381</b>	<b>103,763,267</b>	<b>107,148,524</b>
<b>Business-type activities:</b>										
Other taxes	217,181	255,536	250,061	259,029	291,769	331,070	329,205	329,416	334,919	353,211
Investment earnings	411,225	584,726	441,134	176,328	65,616	49,723	31,539	26,870	35,600	44,091
Other	46,862	12,422	42,741	8,345	183,412	148,168	-	-	-	-
Contributions of general capital assets	-	-	-	-	-	-	-	-	-	-
Transfers	30,000	44,165	212,411	139,794	1,042,013	3,002,124	1,198,242	1,412,336	1,101,622	1,016,043
<b>Total business-type activities:</b>	<b>705,268</b>	<b>896,849</b>	<b>946,347</b>	<b>583,496</b>	<b>1,582,810</b>	<b>3,531,085</b>	<b>1,558,986</b>	<b>1,768,622</b>	<b>1,472,141</b>	<b>1,413,345</b>
<b>Total primary government:</b>	<b>\$ 92,863,530</b>	<b>\$ 95,856,838</b>	<b>\$ 109,367,214</b>	<b>\$ 103,410,598</b>	<b>\$ 97,516,574</b>	<b>\$ 98,760,703</b>	<b>\$ 100,406,711</b>	<b>\$ 101,475,003</b>	<b>\$ 105,235,408</b>	<b>\$ 108,561,869</b>
<b>Change in Net Position</b>										
Governmental activities	\$ 4,939,378	\$ 1,418,419	\$ (16,660,640)	\$ (12,021,400)	\$ 164,746	\$ (2,287,412)	\$ (8,880,313)	\$ 4,167,425	\$ 13,800,025	\$ 13,564,002
Business-type activities	(3,677,130)	1,744,058	993,588	(66,838)	(1,905,718)	2,064,258	118,143	243,562	1,787,686	(1,942,204)
<b>Total primary government:</b>	<b>\$ 1,262,248</b>	<b>\$ 3,162,477</b>	<b>\$ (15,667,052)</b>	<b>\$ (12,088,238)</b>	<b>\$ (1,740,972)</b>	<b>\$ (223,154)</b>	<b>\$ (8,762,170)</b>	<b>\$ 4,410,987</b>	<b>\$ 15,587,711</b>	<b>\$ 11,621,798</b>

**DAVIDSON COUNTY, NORTH CAROLINA**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(modified accrual basis of accounting)**

Table 12

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 11,699,878	\$ 10,897,326	\$ 12,045,020	\$ 11,708,044	\$ 12,699,217	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	29,370,725	33,071,687	35,181,660	38,839,394	41,040,720	-	-	-	-	-
Nonspendable	-	-	-	-	-	1,816,031	1,766,306	1,671,149	1,572,352	1,469,723
Restricted	-	-	-	-	-	14,334,997	13,543,115	13,613,571	16,864,563	27,611,649
Committed	-	-	-	-	-	75,997	79,000	79,000	79,000	79,000
Assigned	-	-	-	-	-	3,029,478	2,937,952	2,938,423	3,090,362	2,700,105
Unassigned	-	-	-	-	-	32,425,675	33,955,171	35,638,723	34,131,198	27,141,583
Total General Fund	<u>\$ 41,070,603</u>	<u>\$ 43,969,013</u>	<u>\$ 47,226,680</u>	<u>\$ 50,547,438</u>	<u>\$ 53,739,937</u>	<u>\$ 51,682,178</u>	<u>\$ 52,281,544</u>	<u>\$ 53,940,866</u>	<u>\$ 55,737,475</u>	<u>\$ 59,002,060</u>
All other governmental funds										
Reserved	\$ 289,381	\$ 83,167	\$ 235,997	\$ 257,919	\$ 97,005	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	7,965,844	45,803,577	23,207,524	31,391,030	27,263,442	-	-	-	-	-
Capital projects funds	711,118	463,950	1,411,040	1,102,194	680,507	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	18,329,666	3,417,894	3,033,902	2,621,157	2,515,444
Committed	-	-	-	-	-	14,004,737	12,230,378	10,371,918	18,109,063	15,430,081
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	(6,390,336)
Total all other governmental funds	<u>\$ 8,966,343</u>	<u>\$ 46,350,694</u>	<u>\$ 24,854,561</u>	<u>\$ 32,751,143</u>	<u>\$ 28,040,954</u>	<u>\$ 32,334,403</u>	<u>\$ 15,648,272</u>	<u>\$ 13,405,820</u>	<u>\$ 20,730,220</u>	<u>\$ 11,555,189</u>

Note: Beginning fiscal year 2011, GASB Statement 54 was implemented for fund balance categories.

**NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)**

Table 13

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 23,891,079	\$ 23,688,744	\$ 23,307,122	\$ 23,541,704	\$ 25,424,830	\$ 27,327,101	\$ 28,990,559	\$ 28,831,557	\$ 29,836,571	\$ 42,200,503
Restricted	1,437,715	41,157,266	14,989,076	192,196	254,896	32,664,663	16,961,009	16,647,473	15,603,971	26,646,082
Unrestricted	15,641,560	(22,457,237)	(12,568,065)	(10,027,167)	(11,808,247)	(48,407,697)	(43,247,814)	(38,757,681)	(24,919,168)	(38,788,323)
Total Governmental activities net position	<u>\$ 40,970,354</u>	<u>\$ 42,388,773</u>	<u>\$ 25,728,133</u>	<u>\$ 13,706,733</u>	<u>\$ 13,871,479</u>	<u>\$ 11,584,067</u>	<u>\$ 2,703,754</u>	<u>\$ 6,721,349</u>	<u>\$ 20,521,374</u>	<u>\$ 30,058,262</u>
Business-type activities										
Net investment in capital assets	\$ 6,698,522	\$ 8,292,936	\$ 19,208,365	\$ 12,118,884	\$ 10,603,866	\$ 10,016,688	\$ 10,014,021	\$ 9,829,830	\$ 11,072,741	\$ 9,643,520
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	6,557,994	6,707,638	(3,214,203)	3,808,440	3,417,740	6,069,176	6,189,986	6,617,739	7,162,514	6,570,204
Total business-type activities net position	<u>\$ 13,256,516</u>	<u>\$ 15,000,574</u>	<u>\$ 15,994,162</u>	<u>\$ 15,927,324</u>	<u>\$ 14,021,606</u>	<u>\$ 16,085,864</u>	<u>\$ 16,204,007</u>	<u>\$ 16,447,569</u>	<u>\$ 18,235,255</u>	<u>\$ 16,213,724</u>
Primary government										
Net investment in capital assets	\$ 30,589,601	\$ 31,981,680	\$ 42,515,487	\$ 35,660,588	\$ 36,028,696	\$ 37,343,789	\$ 39,004,580	\$ 38,661,387	\$ 40,909,312	\$ 51,844,023
Restricted	1,187,424	41,157,266	14,989,076	192,196	254,896	32,664,663	16,961,009	16,647,473	15,603,971	26,646,082
Unrestricted	22,449,744	(15,749,599)	(15,782,268)	(6,218,727)	(8,390,507)	(42,338,521)	(37,057,828)	(32,139,942)	(17,756,654)	(32,218,119)
Total primary government net position	<u>\$ 54,226,769</u>	<u>\$ 57,389,347</u>	<u>\$ 41,722,295</u>	<u>\$ 29,634,057</u>	<u>\$ 27,893,085</u>	<u>\$ 27,669,931</u>	<u>\$ 18,907,761</u>	<u>\$ 23,168,918</u>	<u>\$ 38,756,629</u>	<u>\$ 46,271,986</u>

**DAVIDSON COUNTY, NORTH CAROLINA  
RATIO OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities						Business-type activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Qualified Zone Academy Bonds	Qualified School Construction Bonds	Installment Purchases	Limited Obligation Bonds	Certificates of Participation	General Obligation Bonds	Limited Obligation Bonds	Installment Purchases			
2006	\$ 14,200,000	\$ 1,030,000	\$ -	\$ 1,316,250	\$ -	\$ 23,500,000	\$ -	\$ -	\$ -	40,046,250	0.97%	259
2007	54,595,000	1,030,000	-	1,105,650	-	21,925,000	-	-	-	78,655,650	1.76%	506
2008	53,000,000	1,030,000	-	895,050	-	20,525,000	-	-	-	75,450,050	1.68%	482
2009	79,720,000	1,030,000	-	684,450	-	19,100,000	1,060,000	-	10,000,000	111,594,450	2.48%	698
2010	75,415,000	1,030,000	5,076,971	473,850	-	17,650,000	1,010,000	-	9,825,172	110,480,993	3.12%	691
2011	71,145,000	1,030,000	17,788,506	263,250	4,915,000	11,210,000	960,000	2,000,000	9,467,932	118,779,688	3.31%	729
2012	66,915,000	1,030,000	17,450,041	52,650	4,255,000	10,320,000	910,000	1,870,000	9,095,201	111,897,892	3.24%	688
2013	62,725,000	1,030,000	17,111,576	-	3,590,000	9,930,000	860,000	1,735,000	8,706,307	105,687,883	3.02%	646
2014	58,570,000	1,030,000	16,773,112	-	2,910,000	8,940,000	810,000	1,600,000	8,300,547	98,933,659	2.77%	604
2015	54,450,000	-	16,434,646	-	2,215,000	7,905,000	760,000	1,465,000	7,877,193	91,106,839	2.54%	554

**DAVIDSON COUNTY, NORTH CAROLINA**  
**Principal Employers**  
**Current Year and Nine Years Ago**

<b>Employer</b>	<b>2015</b>		<b>2006</b>	
	<b>Employees</b>	<b>Percentage of Total County Employment</b>	<b>Employees</b>	<b>Percentage of Total County Employment</b>
Davidson County Schools	1000+	3.00%	1000+	3.00%
County of Davidson	500-999	1.00%	500-999	1.00%
Old Dominion Freight Line	500-999	1.00%	500-999	
Atrium Windows and Doors	500-999	1.00%	1000+	2.00%
Wal-mart Associates, Inc.	500-999	1.00%	500-999	1.00%
Thomasville Medical Center	500-999	1.00%	500-999	1.00%
Century Employer Organization	500-999	1.00%		
Lexington Memorial Hospital	500-999	1.00%	500-999	1.00%
Food Lion	500-999	1.00%		
Davidson County Community College	500-999	1.00%	500-999	1.00%
PPG Industries			500-999	1.00%
PGT Industries			500-999	1.00%
<b>Total County Employment</b>	<b><u>79,829</u></b>		<b><u>78,100</u></b>	

Source: Principal employer data is from the NC Department of Commerce, labor market information. Total County employment is from the NC Department of Commerce civilian labor force estimates.

**DAVIDSON COUNTY, NORTH CAROLINA  
PRINCIPAL TAXPAYERS  
Current Year and Nine Years Ago**

Table 16

<u>Taxpayer</u>	<u>2015</u>		<u>2006</u>	
	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Duke Energy	\$ 92,568,487	0.68%	\$ 65,289,469	0.65%
Kimberly-Clark Corporation	83,522,002	0.62%	92,842,162	0.93%
PPG Industries, Inc.	70,683,774	0.52%	76,945,108	0.77%
Unilin Flooring NC LLC	60,152,896	0.44%	-	-
Yadkin, Inc	53,234,606	0.39%	24,444,123	0.24%
Windstream	50,234,032	0.37%	-	-
Walmart Stores East LP	30,410,295	0.22%	-	-
Owens-Brockway	26,527,452	0.20%	26,990,904	0.27%
Old Dominion Freight Lines	24,538,827	0.18%	-	-
Moran Foods	24,477,434	0.18%	-	-
RCR Enterprises, LLC	-	-	26,713,181	0.27%
Lexington Furniture Industries	-	-	37,792,676	0.38%
North State Telephone	-	-	22,325,756	0.22%
Proctor & Gamble DBA Duracell USA	-	-	50,727,771	0.51%
TFI Industries	-	-	<u>52,292,520</u>	0.52%
	<u>\$ 516,349,805</u>		<u>\$ 476,363,670</u>	

Source - Davidson County Tax Department

**DAVIDSON COUNTY, NORTH CAROLINA**  
**FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION**  
**LAST TEN YEARS**

Function	Full-time Equivalent Employees As of June 30									
	<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>	<u>2015</u>
General government	112	112	117	115	114	115	109	110	110	111
Human Services	319	316	320	332	321	311	309	311	315	315
Public Safety	335	357	367	372	357	351	355	356	359	371
Environmental protection	31	27	27	27	26	26	25	21	21	20
Economic and physical development	38	38	41	39	41	38	38	39	38	37
Culture and recreation	70	71	71	70	73	74	74	74	75	73
Transportation	16	18	18	18	15	14	17	17	16	16
Landfill	31	33	32	32	33	34	34	28	17	15
Sewer	-	1	2	2	2	2	2	2	1	-
Garage	4	4	4	4	4	5	4	5	7	7
Total	<u>956</u>	<u>977</u>	<u>999</u>	<u>1,011</u>	<u>986</u>	<u>970</u>	<u>967</u>	<u>963</u>	<u>959</u>	<u>965</u>

Source: Davidson County Budget Office.

**DAVIDSON COUNTY, NORTH CAROLINA  
CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN YEARS**

<b>Function</b>	<b>Fiscal Year</b>									
	<b>As of June 30</b>									
	<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>	<u>2015</u>
Human Services (1):										
Public health occupied square footage	21,572	21,572	21,572	21,572	21,572	34,060	34,060	34,060	34,060	34,060
Social services occupied square footage	45,511	45,511	45,511	45,511	45,511	54,221	54,221	55,869	57,615	57,615
Public Safety (1):										
Number of Emergency medical stations	5	5	5	6	6	6	7	7	8	8
Number of volunteer fire stations	23	23	23	23	23	23	30	30	30	30
Culture & recreation (1):										
Number of libraries	5	5	5	5	5	5	5	5	5	5
Education (2):										
Number of schools	41	41	42	42	43	43	46	46	46	46

Source: (1) Davidson County Departments  
(2) Davidson County school systems

**DAVIDSON COUNTY, NORTH CAROLINA  
OPERATING INDICATORS BY FUNCTION  
LAST TEN YEARS**

Function	Fiscal Year As of June 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government (1):										
Number of tax bills per 1000 parcels	2,620	2,640	2,722	2,696	2,640	2,651	2,651	3,134	2,900	1,077
Registered motor vehicles per 1000 population	952	973	969	963	923	929	929	897	1,023	1,049
Human services (1):										
Children in Social Services custody	208	199	113	219	192	182	194	192	191	209
Active child support cases	4,862	5,130	5,625	5,789	6,009	6,132	5,310	6,361	6,229	6,026
Public Safety (1):										
Number of EMS calls dispatched	11,718	12,273	12,486	13,317	12,433	15,848	20,436	23,778	23,634	23,373
Number of emergency medical technicians	92	103	104	105	104	104	99	111	117	117
Building permits issued	11,398	10,262	7,458	4,789	4,740	4,776	4,640	4,391	4,883	6,173
Number of firemen	1,027	1,050	1,600	1,100	1,071	1,071	1,071	1,070	1,070	1,070
Number of fire inspections made	761	879	951	1,147	1,302	1,363	1,300	1,300	1,577	1,816
Economic and physical development (1):										
Number of individuals sponsored in WIA services	294	663	227	348	514	537	510	457	347	737
Education (2):										
Number of students	25,857	25,998	26,239	26,200	25,953	25,448	25,519	25,555	25,231	25,141
Number of teachers	1,838	1,944	1,956	1,900	1,828	1,879	1,779	1,755	2,385	2,385

Source: (1) Davidson County Departments  
(2) Davidson County school systems