

Davidson County, North Carolina

Annual Comprehensive Financial Report

Year Ended June 30, 2021

Prepared by:
Jane S. Kiker
Finance Director

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Davidson County, North Carolina

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INTRODUCTORY SECTION

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DAVIDSON COUNTY FINANCE

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



January 31, 2022

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, 2021. 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 annual comprehensive 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 *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 ACFR 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. Electric Glass Fiber America LLC (formerly known as PPG Industries) is the producer of fiberglass products. Halyard North Carolina (formerly 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 4.6 % employment rate which is .3% less than the state rate and 2.7% less than the County's rate in 2020.

The County experienced an increase of 4.80% in its tax base. 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 current plan to provide funding for roof and HVAC replacements as well as security needs. The County has completed extensive renovations and additions to existing schools and has constructed a new middle and high school. The County completed the issuance of \$1.955 million of Limited Obligation Bonds in January 2020 for school capital needs. The County completed the issuance of \$36.5 million of Limited Obligation Bonds for the construction of a new high school during the FY2016 year. The remainder of the funding for this \$51.7 million project has come from County reserves and a contribution from the Davidson County school system. 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. The County has developed a new business park for future industrial growth. County reserves of \$4.9 million have been used to purchase land and Federal and State grants and loans have been committed for \$22 million in site improvements. EGGER, headquartered in Austria and one of the world's leading wood-based materials suppliers for the furniture, wood construction and

flooring industries, has started construction on its first U.S manufacturing plant at the I-85 Business Park. EGGER has promised a \$700 million investment and 770 jobs. The ultramodern particleboard manufacturing plant opened in 2020. EGGER has already committed to its U.S presence through hiring 50 employees and officially kicking off its Apprentice Training Program with Davidson County Community College. The program is a key part of EGGER's effort to develop a highly skilled workforce for its new facility, which will included 400 direct jobs over the next six years.

Another realized goal of Davidson County was to provide an upgraded emergency radio system that provided county-wide coverage. The County has partnered with the statewide VIPER system. The County has built 3 new VIPER towers which will allow all Davidson County first responders to communicate through their radios. This \$7.2 million project was funded by capital reserves and 911 surcharge revenues. The new system will replace a 40 year old analog system.

The County has constructed a courthouse addition to provide additional space for the Clerk of Court, additional courtrooms, and judicial offices at a cost of \$29.9 million. Funding for this project was from Limited Obligation Bonds that were issued in January 2020.

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, 2021, 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, *Title 2 U. S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 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

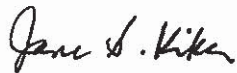
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Davidson County for its annual comprehensive financial report for the fiscal year ended June 30, 2020. The Certificate of Achievement is a prestigious 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 annual comprehensive financial report, whose contents conform to program standards. Such ACFR 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 thirty-four years (fiscal years ended 1987-2020). 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 ACFR. 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 led to sound financial operations.

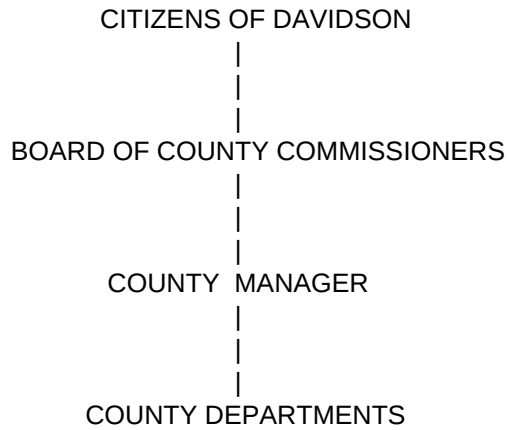
Respectfully submitted,



Jane S. Kiker
Finance Director

DAVIDSON COUNTY, NORTH CAROLINA

ORGANIZATIONAL CHART



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
 - * Animal Shelter

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
 - * Sewer

DAVIDSON COUNTY, NORTH CAROLINA

Board of County Commissioners

Steve Shell, Chairman
Don Truell, Vice Chairman
Chris Elliott
Fred McClure
James Shores
Karen Watford
Todd Yates

County Officials

Casey Smith
Jason Martin
Jane S. Kiker
Charles Frye
Michael Horne
David Rickard
Dwayne Childress
Tony Dill
Andrew Richards
Richie Simmons
Tod Hancock
Lillian Koontz
Trish Baker
Sheila Killebrew
Thomas Marshburn
Pam Walton
Joel Hartley
Rob Wilson
Ricky Johnson
Thessia Everhart-Roberts
Andy Miller
Troy Coggins

County Manager
Assistant County Manager
Finance Director
County Attorney
Register of Deeds
Tax Administrator
Support Services Director
Human Resources Director
Board of Elections Director
Sheriff
Inspections Director
Health Director
Social Services Director
Library Director
Recreation Director
DavidsonWorks Director
IT Director
Communications Director
Veterans Services Director
Senior Services Director
Soil & Water Director
Cooperative Extension Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Davidson County
North Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrell

Executive Director/CEO

FINANCIAL SECTION

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

"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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Davidson County, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Davidson County ABC Board, which represents 8.29%, 5.02%, and 44.29%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Davidson County ABC Board, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Davidson County ABC Board were not audited in accordance with *Government Auditing Standards*.

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, based on our audit and the report of the other auditors, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Davidson County, North Carolina, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in note VIII to the financial statements, for the fiscal year ended June 30, 2021, Davidson County adopted new accounting guidance, Governmental Accounting Standards Board (GASB) No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Other Post-Employment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Liability and County Contributions, the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions, and the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Employee Payroll, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Davidson County, North Carolina's, basic financial statements. The introductory section, combining and individual fund financial statements, budgetary schedules, supplemental ad valorem tax schedules, other 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, supplemental ad valorem tax schedules, and other schedules are the responsibility of management and were derived from, and relates 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 by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual fund financial statements, budgetary schedules, supplemental ad valorem tax schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements 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 any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2022 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Davidson County's 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
January 31, 2022

Management's Discussion and Analysis

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, 2021. 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 \$99,694,453.
- As of the close of the current fiscal year, Davidson County's governmental funds reported combined ending fund balances of \$146,729,674, after a net increase of \$10,128,317. Approximately 24.10% of this total amount, or \$35,355,690, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$68,347,051, or 44.81 % 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 \$125,893,045. This is an increase of \$32,278,332 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 both the Moody's bond ratings and the Standard & Poor's bond ratings during the year. The ratings are as follows:

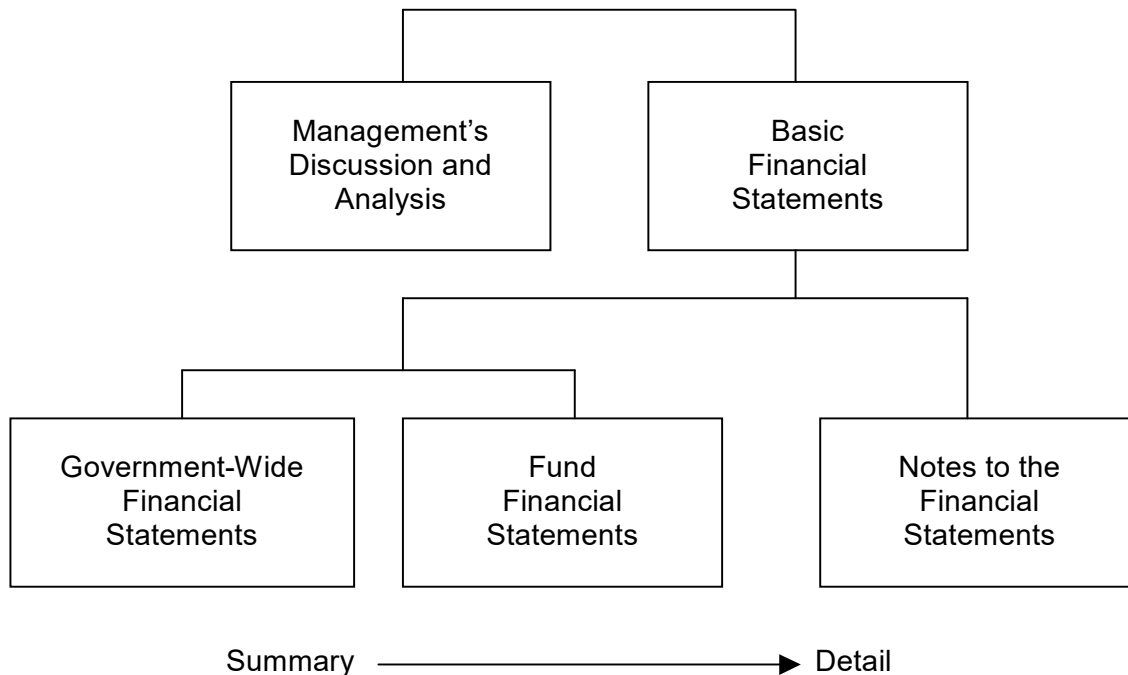
Moody's	Aa1
Standard & Poor's	AA

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 custodial 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.

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 and the Davidson County ABC Board for which Davidson County is financially accountable. Financial information for these component units 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)

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)

Fiduciary Funds. Fiduciary funds are used to account for assets the County holds on behalf of others. The County has five custodial funds.

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 26 through 90 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 employees. Required supplemental information can be found on pages 92 through 98 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 and deferred outflows of Davidson County exceeded liabilities and deferred inflows by \$125,893,045 as of June 30, 2021. As of June 30, 2020, the net position of Davidson County was \$93,583,841. The County's net position increased by \$32,278,332 for the fiscal year ended June 30, 2021.

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, limited 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, 2021 include outstanding general obligation debt of \$26.9 million, outstanding qualified school construction bond debt of \$14.4 million, and outstanding limited obligation bond debt of \$29.4 million all 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 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 \$24,093,095 represents resources that are subject to external restrictions on how they are used. The remaining balance of \$25,404,355 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.

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 177,836,837	\$ 154,915,709	\$ 23,531,966	\$ 22,585,727	\$ 201,368,803	\$ 177,501,436
Capital assets	97,965,023	85,744,131	19,210,842	18,261,852	117,175,865	104,005,983
Total assets	275,801,860	240,659,840	42,742,808	40,847,579	318,544,668	281,507,419
Deferred Outflows of Resources	14,675,590	9,910,113	174,053	104,776	14,849,643	10,014,889
Long-term liabilities outstanding	164,092,574	164,110,596	16,391,929	17,707,324	180,484,503	181,817,920
Other liabilities	24,500,720	12,986,024	291,188	248,235	24,791,908	13,234,259
Total liabilities	188,593,294	177,096,620	16,683,117	17,955,559	205,276,411	195,052,179
Deferred Inflows of Resources	2,189,703	2,838,616	35,152	47,672	2,224,855	2,886,288
Net position:						
Net investment in capital						
assets	63,182,870	62,999,795	13,212,725	11,528,970	76,395,595	74,528,765
Restricted	24,093,095	22,652,067	-	-	24,093,095	22,652,067
Unrestricted	12,418,488	(15,017,145)	12,985,867	11,420,154	25,404,355	(3,596,991)
Total net position	\$ 99,694,453	\$ 70,634,717	\$ 26,198,592	\$ 22,949,124	\$ 125,893,045	\$ 93,583,841

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 97.89%.
- 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	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 6,091,512	\$ 10,373,850	\$ 6,456,307	\$ 5,924,246	\$ 12,547,819	\$ 16,298,096
Operating grants and contributions	34,790,743	23,225,612	-	-	34,790,743	23,225,612
Capital grants and contributions	1,218,715	1,149,250	-	50,000	1,218,715	1,199,250
General revenues:						
Property taxes	95,770,364	91,349,062	-	-	95,770,364	91,349,062
Other taxes	43,816,538	38,481,806	436,976	416,315	44,253,514	38,898,121
Other	1,050,771	2,284,737	126,344	389,389	1,177,115	2,674,126
Total revenues	182,738,643	166,864,317	7,019,627	6,779,950	189,758,270	173,644,267
Expenses:						
General government	15,574,436	13,338,697	-	-	15,574,436	13,338,697
Human services	28,268,641	29,755,853	-	-	28,268,641	29,755,853
Public safety	47,476,815	44,374,731	-	-	47,476,815	44,374,731
Environmental protection	1,441,343	1,495,053	-	-	1,441,343	1,495,053
Economic and physical development	4,644,453	3,645,157	-	-	4,644,453	3,645,157
Culture and recreation	6,106,909	5,068,235	-	-	6,106,909	5,068,235
Transportation	1,358,363	1,179,807	-	-	1,358,363	1,179,807
Education	44,105,793	42,905,159	-	-	44,105,793	42,905,159
Interest on long-term debt	3,799,926	3,594,062	-	-	3,799,926	3,594,062
Landfill	-	-	3,395,657	5,258,383	3,395,657	5,258,383
Sewer	-	-	1,307,602	1,266,203	1,307,602	1,266,203
Total expenses	152,776,679	145,356,754	4,703,259	6,524,586	157,479,938	151,881,340
Increase in net position before contributions, transfers, and special item	29,961,964	21,507,563	2,316,368	255,364	32,278,332	21,762,927
Contributions and transfers	(933,100)	(706,871)	933,100	706,871	-	-
Increase in net position	29,028,864	20,800,692	3,249,468	962,235	32,278,332	21,762,927
Net position, beginning, previously reported	70,634,717	49,834,025	22,949,124	21,986,889	93,583,841	71,820,914
Restatement	30,872	-	-	-	30,872	-
Net position, beginning, restated	70,665,589	49,834,025	22,949,124	21,986,889	93,614,713	71,820,914
Net position, ending	\$ 99,694,453	\$ 70,634,717	\$ 26,198,592	\$ 22,949,124	\$ 125,893,045	\$ 93,583,841

Governmental activities. Of total net position, governmental activities accounted for \$99,694,453 (79 percent). Operating and capital grants and contributions funded \$34,790,743 of Davidson County's governmental activities. Operating grants increased due to more funding received for human services and public safety programs. Capital grants increased due to one-time funding received in FY2021. Both sales tax and property taxes provided a large source of revenue. Sales tax increased due to an improved economy. Governmental activities increased the County's net position by \$29,028,864 compared to an increase of \$20,800,692 in 2020. The key elements of the increase in 2021 were increases in property taxes, sales taxes, and operating grants.

Business-type activities. Net position of Davidson County's business-type activities increased to \$26,198,592. Net position increased by \$3,249,468 in 2021 due to an increase in landfill revenues. Net position increased \$962,235 in 2020.

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 \$146,729,674, an increase of \$10,128,317 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 \$86,425,868, while total fund balance for the General Fund reached \$104,149,896. 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 56.66% of general fund expenditures and transfers to other funds, while total fund balance represents 68.28% 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 increased by \$597,779 due to an increase in transfers from the General Fund. Sources of income included interest earnings of \$7,891, intergovernmental revenues of \$26,056, and transfers from the General Fund of \$4,782,719. The Capital Projects Fund decreased by \$9,871,647 due to large project expenditures. The COVID-19 Relief fund and ARP fund increased by \$3,324 and \$531 from interest earnings, respectively.

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 \$23,375,896. \$3,577,421 of the increase can be attributed to additional grant revenue. \$2,180,448 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. \$16,730,679 of the increase can be attributed to an increase in sales taxes and property for capital projects and capital reserve. 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 \$11,709,357. Unrestricted net position of the Sewer operation at the end of the year totaled \$1,276,510.

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, 2021 amounts to \$117,175,865 (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 12.66 percent.

The major capital asset event during the fiscal year was the courthouse expansion. The courthouse expansion is being funded by a combination of local revenues and Limited Obligation Bonds. The development of the I-85 Business Park occurred in 2019. It was funded by a combination of local revenues, a Community Development Block Grant loan, a REDLG loan, and other state and federal grants. The new Oak Grove High School was constructed during 2017 to counteract the problem of overcrowding. This school project was funded by both local revenues and limited obligation bonds. A 911 radio system upgrade with an estimated cost of \$8.4 million was developed during the year to provide enhanced emergency communications within the County. This project was funded by local revenues and a contribution from the City of Thomasville. A new detention Facility with an estimated cost of \$61 million is being considered to provide present and long term detention needs. If the project is approved by the County board, this project would be funded by local revenues and Limited Obligation 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	
	2021	2020	2021	2020	2021	2020
Land and Improvements	\$ 18,880,488	\$ 18,880,488	\$ 863,794	\$ 863,794	\$ 19,744,282	\$ 19,744,282
Buildings	89,832,083	59,634,596	794,528	794,528	90,626,611	60,429,124
Furniture and equipment	26,144,979	23,295,788	9,257,521	8,904,616	35,402,500	32,200,404
Vehicles	12,076,609	11,656,657	1,394,665	1,343,383	13,471,274	13,000,040
Sewer line	-	-	18,127,258	16,850,903	18,127,258	16,850,903
Landfill cell construction	-	-	23,000,931	20,907,260	23,000,931	20,907,260
Improvements to landfill	-	-	2,466,750	2,466,750	2,466,750	2,466,750
Construction in progress	1,303,194	18,185,340	-	1,257,535	1,303,194	19,442,875
Subtotal	148,237,353	131,652,869	55,905,447	53,388,769	204,142,800	185,041,638
Less accumulated depreciation	50,272,330	45,908,738	36,694,605	35,126,917	86,966,935	81,035,655
Total	\$ 97,965,023	\$ 85,744,131	\$ 19,210,842	\$ 18,261,852	\$ 117,175,865	\$ 104,005,983

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

Management's Discussion and Analysis (Continued)

Long-Term Debt. At the end of the current fiscal year, Davidson County had total bonded debt outstanding of \$26,905,000, 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 \$1,226,027,278. 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 8.76.

The County's general obligation debt per capita is \$159.03 as of June 30, 2021 while the County's gross debt per capita is \$479.36 due to \$81,098,856 in outstanding Certificates of Participation, Limited Obligation Bonds, Qualified School Construction Bonds, and REDLG loan. Davidson County's total debt had a net decrease of \$8,283,465.

Additional information on Davidson County's long-term debt can be found in Note II.B.7 on pages 73 through 85 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The unemployment rate for Davidson County is currently 4.6 percent, which is 2.7 percent less than last year's rate. This rate is .3 percent less the state's average unemployment rate of 4.9 percent.
- Inflationary trends in the region compare favorably to national indices.
- Population of 169,180 has grown 3.9 percent from 2011 to 2021.

Impact of Coronavirus on the County. During the fiscal year, the state and the nation were affected by the spread of a coronavirus. Davidson County's response included closely monitoring sales tax revenues and maintaining conservative spending. Financial impact was minimal to the County during FY2021.

The County received Federal American Rescue Plan ARP funds of \$16.278 million in May 2021 that can be used only for specific expenditures. The majority of these funds will be used during the next several fiscal years. The county anticipates receiving the final distribution of an additional \$16.278 million in FY2022.

All of these factors were considered in preparing Davidson County's budget for Fiscal Year 2021-2022.

BUDGET HIGHLIGHTS FOR FISCAL YEAR 2021-2022

Governmental activities. Minimal growth of 1.0 percent in property tax revenue is anticipated over FY2021. No increase in the Sales tax revenues have been projected due to the unknown consequences of the coronavirus pandemic. General Fund reserves, maintained in the current fiscal year through reduced spending initiatives and additional revenues, were appropriated in the amount of \$5 million.

Budgeted expenditures in the General Fund are expected to increase by a net amount of 7.1 percent from FY2021. The largest increases were due to increased operating transfers to the

Management's Discussion and Analysis (Continued)

school capital outlay fund, increases in education expenditures, and increases to public safety expenditures. Management plans to re-evaluate capital spending after revenue estimates are realized during the year.

Business-type activities. Budgeted expenditures for the Landfill Fund will increase by \$344,299. This is attributable to a projected increase in operating costs.

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, 2021

Exhibit 1

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Davidson County Airport Authority	Davidson County ABC Board
ASSETS					
Cash and cash equivalents	\$ 127,576,092	\$ 22,524,192	\$ 150,100,284	\$ 1,936,910	\$ 833,800
Taxes receivable, net	816,035	-	816,035	-	-
Accounts receivable, net	2,086,651	866,662	2,953,313	-	-
Due from other governments	17,788,825	141,112	17,929,937	71,662	-
Due from component unit	-	-	-	-	-
Inventory, at cost	49,897	-	49,897	-	437,089
Prepaid items	-	-	-	-	9,706
Restricted cash and cash equivalents	28,886,499	-	28,886,499	-	-
Long-term note receivable	330,000	-	330,000	-	-
Net pension asset	302,838	-	302,838	-	-
Capital assets					
Land and construction in progress	20,183,682	863,794	21,047,476	11,199,389	-
Other capital assets, net of accumulated depreciation	77,781,341	18,347,048	96,128,389	3,016,579	186,929
Total capital assets	97,965,023	19,210,842	117,175,865	14,215,968	186,929
Total Assets	275,801,860	42,742,808	318,544,668	16,224,540	1,467,524
DEFERRED OUTFLOWS OF RESOURCES	14,675,590	174,053	14,849,643	-	-
LIABILITIES					
Liabilities:					
Accounts payable and accrued liabilities	6,465,888	291,188	6,757,076	114,739	616,154
Accrued interest payable	371,434	-	371,434	-	-
Liabilities to be paid from restricted assets	1,385,059	-	1,385,059	-	-
Advances from grantor	16,278,339	-	16,278,339	-	-
Long-term liabilities:					
Due within one year	10,688,465	695,375	11,383,840	-	-
Due in more than one year	153,404,109	15,696,554	169,100,663	-	-
Total long-term liabilities	164,092,574	16,391,929	180,484,503	-	-
Total liabilities	188,593,294	16,683,117	205,276,411	114,739	616,154
DEFERRED INFLOWS OF RESOURCES	2,189,703	35,152	2,224,855	-	-
Net Position:					
Net investment in capital assets	63,182,870	13,212,725	76,395,595	14,215,968	186,929
Restricted for:					
Stabilization by State Statute	17,726,058	-	17,726,058	-	-
Register of Deeds	429,488	-	429,488	-	-
Register of Deeds' pension plan	285,191	-	285,191	-	-
Public safety	2,212,467	-	2,212,467	-	-
Transportation	503,720	-	503,720	-	-
Human Services	2,935,640	-	2,935,640	-	-
Economic and physical development	531	-	531	-	-
Capital improvements	-	-	-	-	150,026
Working capital	-	-	-	-	149,067
Unrestricted	12,418,488	12,985,867	25,404,355	1,893,833	365,348
Total net position	\$ 99,694,453	\$ 26,198,592	\$ 125,893,045	\$ 16,109,801	\$ 851,370

The accompanying notes are an integral part of this statement.

DAVIDSON COUNTY, NORTH CAROLINA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Davidson County Airport Authority	Davidson County ABC Board
					Governmental Activities	Business-Type Activities	Total		
Primary government:									
Governmental activities:									
General government	\$ 15,574,436	\$ 3,042,483	\$ 334,308	\$ -	\$ (12,197,645)	\$ -	\$ (12,197,645)	\$ -	\$ -
Human services	28,268,641	873,798	16,075,910	-	(11,318,933)	-	(11,318,933)	-	-
Public safety	47,476,815	1,677,098	13,779,181	110,043	(31,910,493)	-	(31,910,493)	-	-
Environmental protection	1,441,343	-	26,880	19,145	(1,395,318)	-	(1,395,318)	-	-
Economic and physical development	4,644,453	266,150	1,004,470	-	(3,373,833)	-	(3,373,833)	-	-
Culture and recreation	6,106,909	205,558	266,401	1,063,471	(4,571,479)	-	(4,571,479)	-	-
Transportation	1,358,363	26,425	1,804,273	-	472,335	-	472,335	-	-
Intergovernmental:									
Education	44,105,793	-	-	26,056	(44,079,737)	-	(44,079,737)	-	-
Debt service:									
Interest and fiscal charges	3,799,926	-	1,499,320	-	(2,300,606)	-	(2,300,606)	-	-
Total governmental activities	152,776,679	6,091,512	34,790,743	1,218,715	(110,675,709)	-	(110,675,709)	-	-
Business-type activities:									
Landfill	3,395,657	5,609,664	-	-	-	2,214,007	2,214,007	-	-
Sewer	1,307,602	846,643	-	-	-	(460,959)	(460,959)	-	-
Total business-type activities	4,703,259	6,456,307	-	-	-	1,753,048	1,753,048	-	-
Total primary government	157,479,938	12,547,819	34,790,743	1,218,715	(110,675,709)	1,753,048	(108,922,661)	-	-
Component units:									
Airport	1,336,430	476,761	300,411	4,104,771	-	-	-	3,545,513	-
ABC Board	3,301,746	3,881,222	-	-	-	-	-	-	579,476
Total component units	4,638,176	4,357,983	300,411	4,104,771	-	-	-	3,545,513	579,476
General revenues:									
Taxes:									
Property taxes, levied for general purposes					95,770,364	-	95,770,364	-	-
Sales tax					42,536,420	-	42,536,420	-	-
Other taxes					1,280,118	436,976	1,717,094	-	-
Interest earnings					92,071	21,579	113,650	-	109
Other					958,700	104,765	1,063,465	-	-
Total General Revenues excluding transfers					140,637,673	563,320	141,200,993		
Transfers					(933,100)	933,100	-	-	-
Total general revenues and transfers					139,704,573	1,496,420	141,200,993	-	109
Change in net position					29,028,864	3,249,468	32,278,332	3,545,513	579,585
Net position - beginning					70,634,717	22,949,124	93,583,841	12,564,288	271,785
Restatement					30,872	-	30,872	-	-
Net position - beginning, restated					70,665,589	22,949,124	93,614,713	12,564,288	271,785
Net position, ending					\$ 99,694,453	\$ 26,198,592	\$ 125,893,045	\$ 16,109,801	\$ 851,370

The accompanying notes are an integral part of this statement.

**DAVIDSON COUNTY, NORTH CAROLINA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2021**

Exhibit 3

ASSETS	Major Funds						Other Governmental Funds	Total Governmental Funds
	General Fund	School Capital Outlay Fund	Capital Projects Fund	COVID-19 Relief Fund	ARP Fund	Capital Reserve Fund		
Cash and cash equivalents	\$ 80,998,804	\$ 9,761,655	\$ 9,654,914	\$ -	\$ -	\$ 19,634,471	\$ 2,566,863	\$ 122,616,707
Taxes receivable, net	535,649	-	-	-	-	-	280,386	816,035
Accounts receivable, net	2,086,651	-	-	-	-	-	-	2,086,651
Due from other governments	16,410,415	-	133,698	-	-	-	332,030	16,876,143
Restricted cash and cash equivalents	9,020,701	872,015	2,710,129	5,081	16,278,573	-	-	28,886,499
Long term note receivable	330,000	-	-	-	-	-	-	330,000
Total Assets	\$ 109,382,220	\$ 10,633,670	\$ 12,498,741	\$ 5,081	\$ 16,278,573	\$ 19,634,471	\$ 3,179,279	\$ 171,612,035
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ 3,593,637	\$ 626,579	\$ 770,948	\$ 75	\$ -	\$ -	\$ 208,651	\$ 5,199,890
Liabilities to be paid from restricted assets	-	-	1,385,059	-	-	-	-	1,385,059
Advances from grantor	-	-	-	297	16,278,042	-	-	16,278,339
Total liabilities	3,593,637	626,579	2,156,007	372	16,278,042	-	208,651	22,863,288
DEFERRED INFLOWS OF RESOURCES	1,638,687	-	100,000	-	-	-	280,386	2,019,073
Fund balances:								
Nonspendable:								
Long term note receivable	330,000	-	-	-	-	-	-	330,000
Restricted:								
Stabilization by State Statute	17,394,028	-	-	-	-	-	332,030	17,726,058
Register of deeds	429,488	-	-	-	-	-	-	429,488
General government	-	-	298,833	-	-	-	-	298,833
Fire protection	-	-	-	-	-	-	1,720,309	1,720,309
Transportation	-	-	-	-	-	-	503,720	503,720
School capital	-	872,015	-	-	-	-	-	872,015
Public safety	353,266	-	-	4,709	-	-	134,183	492,158
Health	2,935,640	-	-	-	-	-	-	2,935,640
Economic and physical development	-	-	1,026,237	-	531	-	-	1,026,768
Debt service	9,020,701	-	-	-	-	-	-	9,020,701
Committed:								
Tax revaluation	10,000	-	-	-	-	-	-	10,000
LEO Special Separation Allowance	296,340	-	-	-	-	-	-	296,340
School capital	-	9,135,076	-	-	-	-	-	9,135,076
Capital projects funds	-	-	8,917,664	-	-	19,634,471	-	28,552,135
Assigned, for subsequent year's expenditures	5,033,382	-	-	-	-	-	-	5,033,382
Unassigned	68,347,051	-	-	-	-	-	-	68,347,051
Total fund balances	104,149,896	10,007,091	10,242,734	4,709	531	19,634,471	2,690,242	146,729,674
Total liabilities, deferred inflows of resources, and fund balances	\$ 109,382,220	\$ 10,633,670	\$ 12,498,741	\$ 5,081	\$ 16,278,573	\$ 19,634,471	\$ 3,179,279	
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.								97,763,591
Net pension asset								302,838
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position								4,041,263
Net pension liability								(19,160,826)
Total pension liability								(5,702,564)
Contributions and pension administration costs for OPEB are deferred outflows of resources on the Statement of Net Position								344,189
Benefit payments and pension administration costs for LEOSA are deferred outflows of resources on the Statement of Net Position								91,551
Deferred inflows of resources for taxes and other receivables								2,019,073
Pension related deferrals								10,055,920
OPEB related deferrals								(2,047,036)
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.								4,840,978
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								(119,433,765)
Compensated absences								(2,440,308)
Total OPEB liability								(17,338,691)
Accrued interest payable								(371,434)
Net position of governmental activities								\$ 99,694,453

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, 2021

Exhibit 4
Page 1 of 2

	Major Funds						Other	Total
	General Fund	School Capital Outlay Fund	Capital Projects Fund	COVID-19 Relief Fund	ARP Fund	Capital Reserve Fund	Governmental Funds	Governmental Funds
Revenues:								
Taxes	\$ 127,004,163	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,340,985	\$ 139,345,148
Licenses and permits	2,900,739	-	-	-	-	-	-	2,900,739
Intergovernmental	21,404,412	26,056	1,541,643	5,727,715	-	-	2,369,318	31,069,144
Charges for services	8,607,173	-	-	-	-	-	26,425	8,633,598
Interest on investments	77,048	7,891	2,574	3,324	531	-	703	92,071
Miscellaneous	947,127	-	100,000	-	-	-	11,576	1,058,703
Total revenues	160,940,662	33,947	1,644,217	5,731,039	531	-	14,749,007	183,099,403
Expenditures:								
Current:								
General government	13,960,762	-	-	-	-	-	-	13,960,762
Human services	27,955,971	-	-	-	-	-	-	27,955,971
Public safety	30,082,125	-	-	5,727,715	-	-	10,606,592	46,416,432
Environmental protection	1,402,439	-	-	-	-	-	-	1,402,439
Economic and physical development	4,211,616	-	-	-	-	-	-	4,211,616
Culture and recreation	4,908,177	-	-	-	-	-	-	4,908,177
Transportation	-	-	-	-	-	-	1,494,473	1,494,473
Intergovernmental:								
Education	38,263,667	4,218,887	-	-	-	-	1,623,239	44,105,793
Capital outlay	-	-	15,026,250	-	-	-	-	15,026,250
Debt service:								
Principal	7,653,465	-	-	-	-	-	-	7,653,465
Interest and fiscal charges	4,902,608	-	-	-	-	-	-	4,902,608
Total expenditures	133,340,830	4,218,887	15,026,250	5,727,715	-	-	13,724,304	172,037,986
Excess (deficiency) of revenues over expenditures	27,599,832	(4,184,940)	(13,382,033)	3,324	531	-	1,024,703	11,061,417
Other financing sources (uses):								
Transfers from other funds	487,541	4,782,719	3,533,586	-	-	14,000,000	123,385	22,927,231
Transfers to other funds	(19,189,004)	-	(23,200)	-	-	(3,928,968)	(719,159)	(23,860,331)
Total other financing sources (uses)	(18,701,463)	4,782,719	3,510,386	-	-	10,071,032	(595,774)	(933,100)
Net change in fund balances	8,898,369	597,779	(9,871,647)	3,324	531	10,071,032	428,929	10,128,317
Fund balances at beginning of year	95,220,655	9,409,312	20,114,381	1,385	-	9,563,439	2,261,313	136,570,485
Restatement	30,872	-	-	-	-	-	-	30,872
Fund balances at beginning of year, restated	95,251,527	9,409,312	20,114,381	1,385	-	9,563,439	2,261,313	136,601,357
Fund balances at end of year	\$ 104,149,896	\$ 10,007,091	\$ 10,242,734	\$ 4,709	\$ 531	\$ 19,634,471	\$ 2,690,242	\$ 146,729,674

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, 2021

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 **\$ 10,128,317**

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. 12,249,931

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. 8,756,147

Contributions to the pension plan in the current fiscal year are not included
on the Statement of Activities. 4,023,336

Benefit payments and pension administration costs for LEOSSA are deferred
outflows of resources on the Statement of Net Position 91,551

Contributions and pension administration costs for OPEB are deferred
outflows of resources on the Statement of Net Position 344,189

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. (7,678,352)

Revenues in the statement of activities that do not provide current financial
resources are not reported as revenues in the funds. (360,760)

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. 1,474,505

Changes in net position of governmental activities **\$ 29,028,864**

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, 2021

Exhibit 5

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	With Final Positive (Negative)
Revenues:				
Taxes	\$ 102,229,625	\$ 118,960,304	\$ 127,004,163	\$ 8,043,859
Licenses and permits	1,290,300	1,347,408	2,900,739	1,553,331
Intergovernmental	20,069,745	23,647,166	21,404,412	(2,242,754)
Charges for services	7,847,028	8,600,082	8,607,173	7,091
Interest on investments	970,368	970,368	77,048	(893,320)
Miscellaneous	807,644	785,989	947,127	161,138
Total revenues	133,214,710	154,311,317	160,940,662	6,629,345
Expenditures:				
Current:				
General government	13,505,630	14,745,626	13,891,762	853,864
Human services	29,166,419	32,570,525	27,955,971	4,614,554
Public safety	31,561,763	31,468,277	30,082,125	1,386,152
Environmental protection	1,415,843	1,466,222	1,402,439	63,783
Economic and physical development	2,911,378	4,628,009	4,211,616	416,393
Culture and recreation	4,704,888	5,202,589	4,908,177	294,412
Intergovernmental:				
Education	37,150,323	38,334,078	38,263,667	70,411
Debt service:				
Principal	9,418,808	8,788,808	7,653,465	1,135,343
Interest and fiscal charges	4,927,165	4,647,265	4,902,608	(255,343)
Total expenditures	134,762,217	141,851,399	133,271,830	8,579,569
Excess (deficiency) of revenues over expenditures	(1,547,507)	12,459,918	27,668,832	15,208,914
Other financing sources (uses):				
Transfers from other funds	388,700	487,541	487,541	-
Transfers to other funds	(2,902,290)	(19,189,004)	(19,189,004)	-
Total other financing sources (uses)	(2,513,590)	(18,701,463)	(18,701,463)	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(4,061,097)	(6,241,545)	8,967,369	15,208,914
Fund balance appropriated	4,061,097	6,241,545	-	(6,241,545)
Net change in fund balance	\$ -	\$ -	8,967,369	\$ 8,967,369
Fund balance at beginning of year			95,141,655	
Restatement			30,872	
Fund balance at beginning of year, restated			95,172,527	
Fund balance at end of year			\$ 104,139,896	

The accompanying notes are an integral part of this statement.

DAVIDSON COUNTY, NORTH CAROLINA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2021

Exhibit 6

	<u>Major Fund Landfill</u>	<u>Major Fund Sewer</u>	<u>Total</u>	<u>Governmental Activities Internal Service</u>
ASSETS				
Current assets:				
Cash and investments	\$ 21,235,981	\$ 1,288,211	\$ 22,524,192	\$ 4,959,385
Accounts receivable, net	794,172	72,490	866,662	-
Due from other governments	141,112	-	141,112	912,682
Inventory, at cost	-	-	-	49,897
Total current assets	<u>22,171,265</u>	<u>1,360,701</u>	<u>23,531,966</u>	<u>5,921,964</u>
Noncurrent assets:				
Capital assets:				
Land and construction in progress	863,794	-	863,794	-
Other capital assets, net of depreciation	4,327,480	14,019,568	18,347,048	201,432
Total capital assets	<u>5,191,274</u>	<u>14,019,568</u>	<u>19,210,842</u>	<u>201,432</u>
Total noncurrent assets	<u>5,191,274</u>	<u>14,019,568</u>	<u>19,210,842</u>	<u>201,432</u>
Total Assets	<u>27,362,539</u>	<u>15,380,269</u>	<u>42,742,808</u>	<u>6,123,396</u>
DEFERRED OUTFLOWS OF RESOURCES	174,053	-	174,053	-
LIABILITIES				
Current liabilities:				
Current portion of accrued vacation benefits	45,000	375	45,375	-
Accounts payable and accrued liabilities	207,372	83,816	291,188	1,265,998
General obligation bonds payable	-	45,000	45,000	-
Limited obligation note payable	-	605,000	605,000	-
Total current liabilities	<u>252,372</u>	<u>734,191</u>	<u>986,563</u>	<u>1,265,998</u>
Noncurrent liabilities:				
Accrued landfill closure and postclosure costs	9,696,606	-	9,696,606	-
Total OPEB liability	353,850	-	353,850	-
Net pension liability	290,046	-	290,046	-
Accrued vacation benefits	7,935	-	7,935	16,420
General obligation bonds payable	-	380,000	380,000	-
Limited obligation note payable	-	4,968,117	4,968,117	-
Total noncurrent liabilities	<u>10,348,437</u>	<u>5,348,117</u>	<u>15,696,554</u>	<u>16,420</u>
Total liabilities	<u>10,600,809</u>	<u>6,082,308</u>	<u>16,683,117</u>	<u>1,282,418</u>
DEFERRED INFLOWS OF RESOURCES	35,152	-	35,152	-
NET POSITION				
Net investment in capital assets	5,191,274	8,021,451	13,212,725	201,432
Unrestricted	<u>11,709,357</u>	<u>1,276,510</u>	<u>12,985,867</u>	<u>4,639,546</u>
Total net position	<u>\$ 16,900,631</u>	<u>\$ 9,297,961</u>	<u>\$ 26,198,592</u>	<u>\$ 4,840,978</u>

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, 2021

Exhibit 7

	<u>Major Fund Landfill</u>	<u>Major Fund Sewer</u>	<u>Total</u>	<u>Governmental Activities Internal Service</u>
Operating revenues:				
Intergovernmental	\$ 436,976	\$ -	\$ 436,976	\$ -
Charges for sales and services	5,609,664	846,643	6,456,307	17,980,788
Miscellaneous	-	-	-	40,176
Total operating revenues	<u>6,046,640</u>	<u>846,643</u>	<u>6,893,283</u>	<u>18,020,964</u>
Operating expenses:				
Salaries and benefits	1,042,369	61,731	1,104,100	338,656
Operating	1,828,543	602,773	2,431,316	16,178,766
Depreciation	1,204,490	363,198	1,567,688	29,037
Closure and postclosure costs	(679,745)	-	(679,745)	-
Total operating expenses	<u>3,395,657</u>	<u>1,027,702</u>	<u>4,423,359</u>	<u>16,546,459</u>
Operating income (loss)	<u>2,650,983</u>	<u>(181,059)</u>	<u>2,469,924</u>	<u>1,474,505</u>
Nonoperating revenues(expenses):				
Amortization of premium	-	104,765	104,765	-
Interest earned	21,579	-	21,579	-
Interest expense	-	(279,900)	(279,900)	-
Total nonoperating revenues (expenses)	<u>21,579</u>	<u>(175,135)</u>	<u>(153,556)</u>	<u>-</u>
Income (loss) before transfers	<u>2,672,562</u>	<u>(356,194)</u>	<u>2,316,368</u>	<u>1,474,505</u>
Transfers:				
Transfers to other funds	-	-	-	-
Transfers from other funds	-	933,100	933,100	-
Total transfers	<u>-</u>	<u>933,100</u>	<u>933,100</u>	<u>-</u>
Change in net position	<u>2,672,562</u>	<u>576,906</u>	<u>3,249,468</u>	<u>1,474,505</u>
Total net position, beginning	<u>14,228,069</u>	<u>8,721,055</u>	<u>22,949,124</u>	<u>3,366,473</u>
Total net position, ending	<u><u>\$ 16,900,631</u></u>	<u><u>\$ 9,297,961</u></u>	<u><u>\$ 26,198,592</u></u>	<u><u>\$ 4,840,978</u></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, 2021

Exhibit 8

	Major Fund Landfill	Major Fund Sewer	Total	Governmental Activities Internal Service
Cash flows from operating activities:				
Cash received from customers	\$ 5,191,418	\$ 835,007	\$ 6,026,425	\$ 17,131,942
Cash received for interfund services	298,327	-	298,327	-
Cash paid for goods and services	(1,864,337)	(571,528)	(2,435,865)	(15,862,007)
Cash paid to employees for services	(977,183)	(62,097)	(1,039,280)	(335,331)
Other operating revenues	419,336	-	419,336	40,176
Net cash provided (used) by operating activities	3,067,561	201,382	3,268,943	974,780
Cash flows (to) from noncapital financing activities:				
Transfers from other funds	-	933,100	933,100	-
Net cash provided (used) by noncapital financing activities	-	933,100	933,100	-
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(2,446,576)	(70,102)	(2,516,678)	-
Principal payments on debt	-	(630,000)	(630,000)	-
Interest payments on debt	-	(279,900)	(279,900)	-
Net cash provided (used) by capital and related financing activities	(2,446,576)	(980,002)	(3,426,578)	-
Cash flows from investing activities:				
Interest on investments	21,579	-	21,579	-
Net cash provided by investing activities	21,579	-	21,579	-
Net increase (decrease) in cash and cash equivalents	642,564	154,480	797,044	974,780
Cash and cash equivalents at beginning of year	20,593,417	1,133,731	21,727,148	3,984,605
Cash and cash equivalents at end of year	<u>\$ 21,235,981</u>	<u>\$ 1,288,211</u>	<u>\$ 22,524,192</u>	<u>\$ 4,959,385</u>
Reconciliation of operating income (loss) to net cash used by operating activities:				
Operating income (loss)	\$ 2,650,983	\$ (181,059)	\$ 2,469,924	\$ 1,474,505
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation	1,204,490	363,198	1,567,688	29,037
Change in assets and liabilities and deferred outflows and inflows of resources:				
(Increase) decrease in accounts receivable	(119,919)	(11,636)	(131,555)	-
(Increase) decrease in due from other governments	(17,640)	-	(17,640)	(848,846)
(Increase) decrease in inventory	-	-	-	(17,569)
Increase (decrease) in accounts payable and accrued liabilities	11,708	31,245	42,953	334,328
Increase (decrease) in accrued landfill closure and postclosure costs	(727,247)	-	(727,247)	-
(Increase) decrease in deferred outflows of resources for pensions	(39,328)	-	(39,328)	-
(Increase) decrease in deferred outflows of resources for OPEB	(29,949)	-	(29,949)	-
Increase (decrease) in net pension liability	92,297	-	92,297	-
Increase (decrease) in deferred inflows of resources for pensions	(692)	-	(692)	-
Increase (decrease) in deferred inflows of resources for OPEB	(11,828)	-	(11,828)	-
Increase (decrease) in net accrued OPEB liability	43,923	-	43,923	-
Increase (decrease) in accrued vacation benefits	10,763	(366)	10,397	3,325
Net cash provided (used) by operating activities	<u>\$ 3,067,561</u>	<u>\$ 201,382</u>	<u>\$ 3,268,943</u>	<u>\$ 974,780</u>

The accompanying notes are an integral part of this statement.

DAVIDSON COUNTY, NORTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
June 30, 2021

Exhibit 9

ASSETS

Custodial Funds

Cash and cash equivalents	\$ 1,082,216
Taxes receivable for other governments, net	<u>1,276,697</u>
Total assets	<u>2,358,913</u>

LIABILITIES

Accounts payable and accrued liabilities	487,624
Due to other governments	<u>969,328</u>
Total liabilities	<u>1,456,952</u>

Net Position

Restricted for:	
Individuals, organizations, and other governments	<u><u>\$ 901,961</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, 2021

Exhibit 10

	<u>Custodial Funds</u>
Additions:	
Ad valorem taxes collected for other governments	\$ 124,188,597
Collections on behalf of inmates	589,033
Collections on behalf of the courts	60,932
Collections on behalf of creditors	<u>132,675</u>
Total additions	<u>124,971,237</u>
Deductions:	
Tax distributions to other governments	124,165,139
Payments on behalf of inmates	575,956
Payments on behalf of the courts	31,473
Payments on behalf of creditors	<u>131,389</u>
Total deductions	<u>124,903,957</u>
Change in net position	67,280
Net position, beginning as previously reported	-
Prior period restatement - change in accounting principle	<u>834,681</u>
Net position, beginning , as restated	<u>834,681</u>
Net position - ending	<u><u>\$ 901,961</u></u>

The accompanying notes are an integral part of this statement.

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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. The Davidson County ABC Board exists for the operation of the County's ABC store.

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.	Davidson County Airport Authority 913 Greensboro St. Lexington, NC 27292
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
Davidson County ABC Board	Discrete	The members of the ABC Board's governing board are appointed by the County. The ABC Board is required by State Statute to distribute its surpluses to the General Fund of the County.	Davidson County ABC Board 12201 N NC Hwy 150, Suite 20 Winston Salem, NC 27127

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,

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

I. Summary of Significant Accounting Policies (Continued)

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

Basis of Presentation (Continued)

intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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. 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.

COVID-19 Relief Fund. This special revenue fund accounts for monies that have been specifically reserved for CARES Act expenditures.

ARP Fund. This special revenue fund accounts for monies that have been specifically reserved for American Rescue Plan act expenditures

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

I. Summary of Significant Accounting Policies (Continued)

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

Basis of Presentation (Continued)

Capital Reserve Fund. This capital projects fund accounts for monies that have been specifically reserved for future capital 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.

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.

Custodial Funds. Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Custodial funds are used to account for assets the County holds on behalf of others that meet certain criteria. 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 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 and Evidence Account Fund which accounts for funds held on behalf of others as a result of court ordered sales of property and funds held as evidence.

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.

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.

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

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. The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. 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

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

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, the Capital Reserve Fund, 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, the Capital Projects Fund, the COVID-19 Relief Fund, and the ARP fund.

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

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), Capital Reserve Fund, and Enterprise Funds and at the project level for the multi-year 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.

Sales taxes of \$10,000,000 and property taxes of \$4,000,000 were appropriated for a one-time contribution to the Capital Reserve fund. Sales taxes of \$2,730,679 were appropriated for salary and benefit increases and capital expenditures. Intergovernmental revenues of \$3,577,421 were appropriated for various grant programs. Additional fund balance of \$2,180,448 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 North Carolina Capital Management Trust (NCCMT) is authorized by G.S. 159-30(c)(8). The Government Portfolio, is a 2a-7 fund which invests in treasuries and government agencies and is rated AAAm by S&P and AAAmf by Moody Investor Services. The Government Portfolio is reported at fair value.

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

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 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, 2021:

	General Fund	School Capital Outlay Fund	Capital Projects Fund	COVID-19 Relief Fund	ARP Fund
Sinking fund for the repayment of Qualified School Construction Bonds	\$ 9,020,701	\$ -	\$ -	\$ -	\$ -
Tax Revaluation Fund	10,000	-	-	-	-
Unexpended bond proceeds for school projects	-	872,015	-	-	-
Unexpended bond proceeds for courthouse construction	-	-	298,833	-	-
Unexpended grant proceeds for Wilcox Bridge	-	-	1,385,059	-	-
Unexpended grant proceeds and interest for COVID-19 costs	-	-	-	5,081	-
Unexpended grant proceeds for ARP expenditures	-	-	-	-	\$16,278,573
Unexpended proceeds from a Rural Economic Development loan	-	-	1,026,237	-	-
	<u>\$ 9,020,701</u>	<u>\$ 872,015</u>	<u>\$ 2,710,129</u>	<u>\$ 5,081</u>	<u>\$16,278,573</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, 2020. 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.

DAVIDSON COUNTY, NORTH CAROLINA
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 and Prepaid Items

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. Prepaid items for the ABC Board are treated using the purchases method.

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life of two years or more. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. 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.

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

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

I. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

7. Capital Assets (Continued)

Component unit - Davidson County Airport Authority:	
Buildings	40 years
Land improvements	50 years
Equipment	10 years
Runways	20 years
Component unit - Davidson County ABC Board:	
Furniture and equipment	5 to 10 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 and OPEB related deferrals and contributions made to the pension plan and OPEB 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 and OPEB 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.

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

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.

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 by State Statute- North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State Statute (RSS) is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding encumbrances are included within RSS. RSS is include as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

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 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 General Government-portion of fund balance that is restricted by revenue source for the courthouse expansion project.

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

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 and building inspection 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 Economic and Physical Development-portion of fund balance that is restricted by revenue source to pay I-85 Business Park project expenditures.

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

Restricted net position on Exhibit 1 varies from restricted fund balance on Exhibit 3 by the amount of \$9,020,701 restricted for QSCB debt service, the amount of \$285,191 restricted for the Register of Deeds pension plan, and the unspent debt proceeds of \$2,197,085.

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.

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

I. Summary of Significant Accounting Policies (Continued)

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

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

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.

Committed for LEO pension obligation-portion of fund balance that will be used for Law Enforcement Officers' Special Separation Allowance obligations.

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.

Unassigned Fund Balance- portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The General Fund is the only fund that reports a positive unassigned fund balance amount.

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).

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

I. Summary of Significant Accounting Policies (Continued)

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

Fund balance for the General Fund is reconciled as follows:

Fund Balance, ending (Exhibit 5)	\$104,139,896
Property Revaluation Fund:	
Expenditures:	
General government	(69,000)
Transfers in – General Fund	-
Fund Balance, beginning	<u>79,000</u>
Fund balance, ending (Exhibit 4)	<u><u>\$104,149,896</u></u>

12. Defined Benefit Cost Sharing 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/liability, 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 \$18,900,547 are as follows:

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities.	\$ 17,405,541
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DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

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)

Depreciation expense, the allocation of those assets over their useful lives, is recorded on the statement of activities but not in the fund statements.	(5,137,825)
Cost of disposed capital assets not recorded in the fund statements	(17,785)
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.	1,474,505
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	4,023,336
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	91,551
Contributions to the OPEB plan are deferred outflows of resources on the Statement of Net Position	344,189
Pension related deferrals are reported in the government-wide statements but not the fund statements	(7,122,782)
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.	7,653,465
Amortization of bond premium is included in the government-wide statements but not in the fund statements because it does not use current resources.	1,067,794
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).	34,888
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	(106,170)

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

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)

OPEB expense is accrued in the government-wide statements but not in the fund statements because it does not use current resources.	(449,400)
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Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
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Net increase in deferred inflows of resources	<u>(360,760)</u>
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Total adjustment	<u>\$18,900,547</u>
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II. 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 and the ABC Board do not have a policy regarding custodial risk of deposits.

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

A. Assets (Continued)

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, 2021, the County deposits had a carrying amount of \$71,738,668 and a bank balance of \$72,499,385. Of the bank balance, \$587,153 was covered by federal depository insurance and \$71,912,232 in both interest-bearing and non interest-bearing deposits were covered by collateral held under the Pooling Method. Of the County's carrying amount, \$1,082,216 is held on behalf of others in the Agency Funds. At June 30, 2021, Davidson County had \$4,451 cash on hand.

At June 30, 2021, the Airport Authority had a carrying amount of \$1,936,910 and a bank balance of \$1,936,910. At June 30, 2021, the Davidson County ABC Board had a carrying amount of \$832,300 and a bank balance of \$814,635. Of the bank balance, \$250,000 was covered by federal depository insurance and \$564,635 was covered by collateral held under the Pooling Method. At June 30, 2021, the Davidson County ABC Board had \$1,500 cash on hand.

2. Investments

As of June 30, 2021, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Fair Value</u>	<u>Less Than 6 months</u>	<u>1-3 Years</u>
North Carolina Capital Management Trust - Government Portfolio	Fair value-Level 1	\$ 104,833,426	\$ 104,833,426	\$ N/A
U.S. Government Agencies	Fair value-Level 2	<u>3,492,454</u>	<u>-</u>	<u>3,492,454</u>
Total		<u>\$ 108,325,880</u>	<u>\$ 104,833,426</u>	<u>\$ 3,492,454</u>

Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months. The NCCMT Government Portfolio has an AAAm rating from S & P and AAA-mf by Moody's Investor service.

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

A. Assets (Continued)

2. Investments (Continued)

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2: Debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

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). The County's investments in the North Carolina Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's and AAA-mf by Moody's Investor Service as of June 30, 2021. The County's investments in US agencies (Federal Home Loan 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.

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

A. Assets (Continued)

3. Receivables

Receivables at the government-wide level at June 30, 2021 were as follows:

	<u>Taxes</u>	<u>Accounts</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental activities:				
General	\$ 5,775,102	\$ 31,384,933	\$ 17,323,097	\$ 54,483,132
Other governmental	<u>518,358</u>	<u>-</u>	<u>465,728</u>	<u>984,086</u>
Total receivables	6,293,460	31,384,933	17,788,825	55,467,218
Allowance for doubtful accounts	<u>(5,477,425)</u>	<u>(29,298,282)</u>	<u>-</u>	<u>(34,775,707)</u>
Total - governmental activities	<u>\$ 816,035</u>	<u>\$ 2,086,651</u>	<u>\$ 17,788,825</u>	<u>\$ 20,691,511</u>
Business-type activities:				
Landfill	\$ -	\$ 859,400	\$ 141,112	\$ 1,000,512
Sewer	<u>-</u>	<u>72,490</u>	<u>-</u>	<u>72,490</u>
Total receivables	-	931,890	141,112	1,073,002
Allowance for doubtful accounts	<u>-</u>	<u>(65,228)</u>	<u>-</u>	<u>(65,228)</u>
Total - business-type activities	<u>\$ -</u>	<u>\$ 866,662</u>	<u>\$ 141,112</u>	<u>\$ 1,007,774</u>

Due from other governments consists of the following at June 30, 2021:

	<u>General</u>	<u>Other Governmental</u>	<u>Landfill</u>
Local option sales tax allocation	\$ 11,357,876	\$ -	\$ -
Sales tax refund	1,042,616	-	-
Grant reimbursements	3,438,356	412,641	-
Other	<u>1,484,249</u>	<u>53,087</u>	<u>141,112</u>
	<u>\$17,323,097</u>	<u>\$ 465,728</u>	<u>\$ 141,112</u>

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

A. Assets (Continued)

3. Receivables (Continued)

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 \$250,000 at June 30, 2021.

During fiscal year 2019, the County financed \$200,000 to the City of Lexington for the acquisition of a parcel of land and building for their use. Annual payments of \$40,000 are to be made over five years. Interest will not be charged. The balance of the long-term note receivable is \$80,000 at June 30, 2021.

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

A. Assets (Continued)

4. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 18,880,488	\$ -	\$ -	\$ 18,880,488
Construction in progress	<u>18,185,340</u>	<u>1,303,194</u>	<u>18,185,340</u>	<u>1,303,194</u>
Total capital assets not being depreciated	<u>37,065,828</u>	<u>1,303,194</u>	<u>18,185,340</u>	<u>20,183,682</u>
Capital assets being depreciated:				
Buildings and improvements	59,634,596	30,197,487	-	89,832,083
Furniture and equipment	23,295,788	2,854,686	5,495	26,144,979
Vehicles and motor equipment	<u>11,656,657</u>	<u>1,235,512</u>	<u>815,560</u>	<u>12,076,609</u>
Total capital assets being depreciated	<u>94,587,041</u>	<u>34,287,685</u>	<u>821,055</u>	<u>128,053,671</u>
Less accumulated depreciation for:				
Buildings	24,993,841	2,529,340	-	27,523,181
Furniture and equipment	12,514,250	1,497,510	5,495	14,006,265
Vehicles and motor equipment	<u>8,400,647</u>	<u>1,140,012</u>	<u>797,775</u>	<u>8,742,884</u>
Total accumulated depreciation	<u>45,908,738</u>	<u>\$ 5,166,862</u>	<u>\$ 803,270</u>	<u>50,272,330</u>
Total capital assets being depreciated, net	<u>48,678,303</u>			<u>77,781,341</u>
Governmental activity capital assets, net	<u>\$ 85,744,131</u>			<u>\$ 97,965,023</u>
General government			\$ 3,584,226	
Human services			116,655	
Public safety			1,235,370	
Environmental protection			49,127	
Culture and recreation			65,125	
Transportation			87,322	
Capital assets held by the County's internal service fund are charged to the various functions based on their usage of the assets			<u>29,037</u>	
Total depreciation expense			<u>\$ 5,166,862</u>	

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

II. 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>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>863,794</u>	<u>-</u>	<u>-</u>	<u>863,794</u>
Capital assets being depreciated:				
Buildings	794,528	-	-	794,528
Furniture and equipment	10,178,804	352,905	-	10,531,709
Landfill cell construction	20,907,260	2,093,671	-	23,000,931
Improvements	<u>2,466,750</u>	<u>-</u>	<u>-</u>	<u>2,466,750</u>
Total capital assets being depreciated	<u>34,347,342</u>	<u>2,446,576</u>	<u>-</u>	<u>36,793,918</u>
Less accumulated depreciation for:				
Buildings	531,766	29,169	-	560,935
Furniture and equipment	8,090,254	299,500	-	8,389,754
Landfill cell construction	20,282,234	833,717	-	21,115,951
Improvements	<u>2,357,694</u>	<u>42,104</u>	<u>-</u>	<u>2,399,798</u>
Total accumulated depreciation	<u>31,261,948</u>	<u>\$ 1,204,490</u>	<u>\$ -</u>	<u>32,466,438</u>
Total capital assets being depreciated, net	<u>3,085,394</u>			<u>4,327,480</u>
Landfill capital assets, net	<u>\$ 3,949,188</u>			<u>\$ 5,191,274</u>

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

II. 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 (continued):				
Sewer				
Capital assets not being depreciated:				
Construction in progress	\$ 1,257,535	\$ 18,820	\$ 1,276,355	\$ -
Total capital assets not being depreciated	<u>1,257,535</u>	<u>18,820</u>	<u>1,276,355</u>	<u>-</u>
Sewer				
Capital assets being depreciated:				
Equipment	\$ 69,195	\$ 51,282	\$ -	\$ 120,477
Sewer lines	<u>16,850,903</u>	<u>1,276,355</u>	<u>-</u>	<u>18,127,258</u>
Total capital assets being depreciated	<u>16,920,098</u>	<u>1,327,637</u>	<u>-</u>	<u>18,247,735</u>
Less accumulated depreciation for:				
Equipment	69,194	855	-	70,049
Sewer lines	<u>3,795,775</u>	<u>362,343</u>	<u>-</u>	<u>4,158,118</u>
Total accumulated depreciation	<u>3,864,969</u>	<u>\$ 363,198</u>	<u>\$ -</u>	<u>4,228,167</u>
Total capital assets being depreciated, net	<u>13,055,129</u>			<u>14,019,568</u>
Sewer capital assets, net	<u>14,312,664</u>			<u>14,019,568</u>
Business-type activities capital assets, net	<u>\$18,261,852</u>			<u>\$ 19,210,842</u>

Construction commitments

The Capital Projects fund has active construction projects at June 30, 2021. At year-end, the commitments with contractors was \$419,257.

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

II. 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, 2021 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 5,971,920	\$ -	\$ -	\$ 5,971,920
Construction in progress	2,312,448	2,915,021	-	5,227,469
Total capital assets not being depreciated	8,284,368	2,915,021	-	11,199,389
Capital assets being depreciated:				
Buildings	3,327,443	-	-	3,327,443
Land improvements	603,180	-	-	603,180
Equipment	382,817	-	-	382,817
Paving & Grading	2,065,616	-	-	2,065,616
Runways	11,168,962	-	-	11,168,962
Total capital assets being depreciated	17,548,018	-	-	17,548,018
Less accumulated depreciation for:				
Buildings	1,206,749	83,186	-	1,289,935
Land improvements	90,691	9,812	-	100,503
Equipment	377,805	1,064	-	378,869
Paving & Grading	1,559,707	103,281	-	1,662,988
Runways	10,540,696	558,448	-	11,099,144
Total accumulated depreciation	13,775,648	\$ 755,791	\$ -	14,531,439
Total capital assets being depreciated, net	3,772,370			3,016,579
Airport Authority capital assets, net	\$ 12,056,738			\$ 14,215,968

Capital asset activity for the Davidson County ABC Board for the year ended June 30, 2021 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Building Improvements	\$ 96,079	\$ -	\$ -	\$ 96,079
Furniture and equipment	120,377	12,991	-	133,368
Total capital assets being depreciated, net	\$ 216,456	\$ 12,991	\$ -	\$ 229,447
Less accumulated depreciation for:				
Building Improvements	\$ 5,872	\$ 6,404	\$ -	\$ 12,276
Furniture and equipment	13,758	16,484	-	30,242
Total accumulated depreciation	\$ 19,630	\$ 22,888	\$ -	\$ 42,518
Total capital assets being depreciated, net	\$ 196,826			\$ 186,929

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2021, were as follows:

	<u>Vendors</u>	<u>Salaries and benefits</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:				
General	\$ 2,148,142	\$ 1,996,147	\$ 715,421	\$ 4,859,710
Other governmental	<u>1,606,178</u>	<u>-</u>	<u>-</u>	<u>1,606,178</u>
Total - government activities	<u>\$ 3,754,320</u>	<u>\$ 1,996,147</u>	<u>715,421</u>	<u>\$ 6,465,888</u>
Business-type activities:				
Landfill	\$ 207,372	\$ -	\$ -	\$ 207,372
Sewer	<u>83,816</u>	<u>-</u>	<u>-</u>	<u>83,816</u>
Total - business-type activities	<u>\$ 291,188</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 291,188</u>
Discretely presented component units:				
Davidson County Airport Authority	<u>\$ 114,739</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114,739</u>
Davidson County ABC Board	<u>\$ 616,154</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 616,154</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 Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR 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.

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

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

II. 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)

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 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, 2021, was 10.84% of compensation for law enforcement officers and 10.22% 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 \$4,108,445 for the year ended June 30, 2021.

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

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

II. 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)

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.

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

At June 30, 2021, the County reported a liability of \$19,450,872 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability 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, 2021, the County's proportion was .54432% (measured as of June 30, 2020), which was an increase of .00106% from its proportion measured as of June 30, 2020 (measured as of June 30, 2019).

For the year ended June 30, 2021, the County recognized pension expense of \$6,722,336. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,456,304	\$ -
Changes of assumptions	1,447,527	
Net difference between projected and actual earnings on pension plan investments	2,737,189	-
Changes in proportion and differences between County contributions and proportionate share of contributions	123,965	19,927
County contributions subsequent to the measurement date	4,108,445	-
Total	<u>\$ 10,873,430</u>	<u>\$ 19,927</u>

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

II. 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)

\$4,108,445 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2022	\$ 1,895,713
2023	2,533,865
2034	1,505,411
2025	810,069
2026	-
Thereafter	-

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 - 8.10 percent, including inflation and productivity factor
Investment rate of return	7.0 percent, net of pension plan investment expense, including inflation

The plan actuary currently uses mortality rates based on the *RP-2014 Total Data Set for Healthy Annuitants Mortality Table* 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, 2019 valuation, with the exception of the discount rate, were based on the results of an actuarial experience study as of December 31, 2014.

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

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

II. 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)

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.

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, 2020 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	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2020 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 3.00%. All rates of return and inflation are annualized.

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

II. 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)

Discount rate. The discount rate used to measure the total pension liability was 7.00%. 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 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 liability to changes in the discount rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
County's proportionate share of the net pension liability (asset)	\$ 39,463,701	\$ 19,450,872	\$ 2,818,805

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report (ACFR) 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 under the age of

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

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

1) Plan Description (Continued)

62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. 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.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2019, the Separation Allowance's membership consisted of:

Retirees receiving benefits	11
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>124</u>
Total	<u><u>135</u></u>

2) Summary of Significant Accounting Policies

Basis of Accounting. The County has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statement 73.

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

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

3) Actuarial Assumptions

The entry age normal actuarial cost method was used in the December 31, 2019 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent
Discount rate	1.93 percent

The discount rate is based on the yield of the S & P Municipal Bond 20-year High Grade Rate Index as of December 31, 2019.

Mortality Rate - All mortality rates use Pub-2010 amount-weighted tables and are projected from 2010 using generational improvement with scale MP-2019.

Deaths After Retirement (Healthy): Mortality rates are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and Set Forward by 1 year.

Deaths Prior to Retirement: Mortality rates are based on the Safety Mortality Table for Employees.

Deaths After Retirement (Survivors of Deceased Members): Mortality rates are based on the Below-median Teachers Mortality Table for Contingent Survivors. Rates for male members are Set Forward 3 years. Rates for female members are Set Forward 1 year. Because the contingent survivor tables have no rates prior to age 45, the Below-median Teachers Mortality Table for Employees is used for ages less than 45.

Deaths After Retirement (Disabled Members at Retirement): Mortality rates are based on the Non-Safety Mortality Table for Disabled Retirees. Rates are Set Back 3 years for all ages.

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 on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

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

may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$159,369 as benefits came due for the reporting period.

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

At June 30, 2021, the County reported a liability of \$5,702,564. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the County recognized pension expense of \$624,796.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 218,214	\$ 53,536
Changes of assumptions	1,392,686	83,497
Benefit payments and administrative expenses subsequent to the measurement date	91,551	-
Total	<u>\$ 1,702,451</u>	<u>\$ 137,033</u>

\$91,551 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ending June 30, 2022. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

2022	\$ 309,848
2023	313,649
2024	324,007
2025	328,925
Thereafter	197,438

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

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

\$91,551 paid as benefits came due subsequent to the measurement date are reported as deferred outflows of resources.

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 1.93 percent as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (.93 percent) or 1 percentage point higher (2.93 percent) than the current rate:

	1% Decrease (.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Total pension liability	\$ 6,214,933	\$ 5,702,564	\$ 5,233,892

Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance

	<u>2021</u>
Beginning balance	\$ 3,783,637
Service cost	193,179
Interest on the total pension liability	120,749
Changes of benefit terms	-
Difference between expected and actual experience in the measurement of the total pension liability	252,846
Changes of assumptions or other inputs	1,511,522
Benefit payments	(159,369)
Other changes	-
Total pension obligation, end of year	<u>\$ 5,702,564</u>

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.26% at December 31, 2018 to 1.93% at December 31, 2019.

The plan currently uses mortality tables that vary by age, 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

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

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

healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study completed by the Actuary for the Local Government Employees' Retirement System for the five year period ending December 31, 2019.

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 Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR 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, 2021 were \$480,723, which consisted of \$330,907 from the County and \$149,816 from the law enforcement officers. No amounts were forfeited.

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations and Other Postemployment 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, cost-sharing multiple-employer 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 Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR 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.

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 \$17,927 for the year ended June 30, 2021.

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

At June 30, 2021, the County reported an asset of \$302,838 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

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

forward to the measurement date of June 30, 2020 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, 2020, the County's proportion was 1.32140%, which was a increase of 0.12299% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension expense of \$9,503. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 6,171
Changes of assumptions	-	
Net difference between projected and actual earnings on pension plan investments	-	25,913
Changes in proportion and differences between County contributions and proportionate share of contributions	12,082	15,572
County contributions subsequent to the measurement date	17,927	-
Total	<u>\$ 30,009</u>	<u>\$ 47,656</u>

\$17,927 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 ending June 30, 2022. 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:

2022	\$ (6,250)
2023	(11,102)
2024	(11,694)
2025	(6,528)
Thereafter	-

**DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)**

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

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

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	3.75 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, 2019 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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, 2020 is 1.4%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2020 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 3.00%. All rates of return and inflation are annualized.

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

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

Discount rate. The discount rate used to measure the total pension liability was 3.75%. 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 3.75 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 (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	\$ (257,224)	\$ (302,838)	\$ (341,437)

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

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

The net pension liability for LGERS and ROD was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability for LEOSA was measured as of December 31, 2020, with an actuarial valuation date of December 31, 2019. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities.

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

f. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Following is information related to the proportionate share and pension expense:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate Share of Net Pension Liability (Asset)	\$ 19,450,872	\$ (302,838)	\$ -	\$ 19,148,034
Proportion of the Net Pension Liability (Asset)	0.54432%	-1.32140%	n/a	
Total Pension Liability	-	-	\$ 5,702,564	\$ 5,702,564
Pension Expense	\$ 6,722,336	\$ 9,503	\$ 624,796	\$ 7,356,635

At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Outflows of Resources</u>	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>				
Differences between expected and actual experience	\$ 2,456,311	\$ -	\$ 218,214	\$ 2,674,525
Changes of assumptions	1,447,527	-	1,392,686	2,840,213
Net difference between projected and actual earnings on pension plan investments	2,737,189	-	-	2,737,189
Changes in proportion and differences between County contributions and proportionate share of contributions	123,965	12,082	-	136,047
County contributions (LGERS,ROD)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	4,108,445	17,927	91,551	4,217,923
<u>Deferred Inflows of Resources</u>				-
Differences between expected and actual experience	\$ -	\$ 6,171	\$ 53,536	\$ 59,707
Changes of assumptions	-	-	83,497	83,497
Net difference between projected and actual earnings on pension plan investments	-	25,913	-	-
Changes in proportion and differences between County contributions and proportionate share of contributions	19,927	15,572	-	35,499

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

f. Other Postemployment Benefits (OPEB)

Healthcare Benefits

Plan Description. Under the terms of a County resolution, the County administers a single-employer defined benefit Retiree Health Insurance Plan (the RHI Plan). The County board has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided. 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 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 June 30, 2019, the date of the latest actuarial valuation:

	Employees
Retirees receiving benefits	53
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>347</u>
Total	<u><u>400</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.

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

f. Other Postemployment Benefits (OPEB) (Continued)

Healthcare Benefits (Continued)

Total OPEB Liability

The County's total OPEB liability of \$17,692,541 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2019.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 %
Real wage growth	1.00 %
Wage inflation	3.50 %
Salary increases, including wage inflation	3.50% - 7.75%
Municipal Bond Index Rate	
Prior Measurement Date	3.50 %
Measurement Date	2.21 %
Healthcare cost trend rates	
Pre-Medicare	7.50 % for 2019 decreasing to an ultimate rate of 4.50% by 2026

The discount rate is based on the yield of the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2020	15,496,371
Changes for the year	
Service cost	381,576
Interest	544,741
Changes of benefit terms	-
Differences between expected and actual experience	91,349
Changes in assumptions or other inputs	1,811,801
Benefit payments	(633,297)
Net changes	<u>2,196,170</u>
Balance at June 30, 2021	<u><u>17,692,541</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% to 2.21% due to a change in the Municipal Bond Rate.

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

f. Other Postemployment Benefits (OPEB) (Continued)

Healthcare Benefits (Continued)

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP - 2015.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014, adopted by the LGERS Board.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ 19,243,766	\$ 17,692,541	\$ 16,269,986

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current	1% Increase
Total OPEB liability	\$ 15,858,095	\$ 17,692,541	\$ 19,804,323

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

f. Other Postemployment Benefits (OPEB) (Continued)

Healthcare Benefits (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the County recognized OPEB expense of \$744,945. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 113,418	\$ 1,425,123
Changes of assumptions or other inputs	1,779,115	595,116
Benefit payments and administrative costs made subsequent to the measurement date	351,213	
Total	<u>\$ 2,243,746</u>	<u>\$ 2,020,239</u>

\$351,213 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2022	\$ (181,372)
2023	(181,372)
2024	(94,905)
2025	58,998
2026	270,945
Thereafter	-

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

g. 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.

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

II. 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. The total of \$9,696,606 reported as landfill closure and postclosure care liability at June 30, 2021 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, 76% of the total estimated capacity of Phase II of the landfill, and 100% of the total estimated capacity of the C & D section of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$2,240,688 as the remaining estimated capacity of Phase II is filled (estimated to be approximately 3 years). These amounts are based on what it would cost to perform all closure and postclosure care in 2021. 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.

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

II. 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, OPEB) – difference between expected and actual experience		
LGERS	\$ 2,456,311	\$ -
Register of Deeds	-	6,171
LEOSSA	218,214	53,536
OPEB	113,418	1,425,123
Pensions– difference between projected and actual interest earnings	2,737,189	25,913
Pensions – change in proportion and difference between employer contributions and proportionate share of contributions	136,047	35,499
(Pensions, LEOSSA,OPEB)- change in assumptions	4,619,328	678,613
Contributions to pension plan subsequent to measurement date	4,126,372	-
Benefit payments/administration costs paid subsequent to the measurement date (OPEB)	351,213	
Benefit payments/administration costs paid subsequent to the measurement date (LEOSSA)	91,551	
Taxes receivable, net (General)	-	535,649
Taxes receivable, net (Special Revenue)	-	280,386
EMS receivables (General)	-	1,019,863
Other receivables (Capital Projects)	-	100,000
Other receivables (General)	-	83,175
	<u> </u>	<u> </u>
Total	<u>\$14,849,643</u>	<u>\$ 4,243,928</u>

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

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

5. Risk Management (continued)

\$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>2020</u>	<u>2021</u>
Balance, beginning of year	\$ 713,000	\$ 591,000
Incurred claims (including IBNRs) and changes in estimates	9,502,074	12,228,639
Less claims payments	<u>(9,624,074)</u>	<u>(12,104,639)</u>
Balance, end of year	<u>\$ 591,000</u>	<u>\$ 715,000</u>

6. Contingent Liabilities

At June 30, 2021, 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.

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

7. Long-Term Obligations

a. Direct Placement Installment Financing

Serviced by the General Fund:

On May 10, 2019, County entered into an installment financing agreement in the amount of \$2,000,000 for a Rural Economic Development loan for the purpose of the financing the development of the I-85 Business Park. The term of the loan is eight years at an interest rate of 0%. The principal will be amortized over the seven years of the loan term with the monthly payments of \$20,000 each being due on first of each month. The installment purchase was issued pursuant to a deed of trust that requires that legal title to the property financed remain with the County as long as the debt is outstanding because the property is pledged as collateral for the debt.

\$ 1,500,000

<u>Year Ending June 30,</u>	<u>Principal</u>
2022	\$ 240,000
2023	240,000
2024	240,000
2025	240,000
2026	240,000
2027-2028	<u>300,000</u>
Total	<u>\$1,500,000</u>

The County's outstanding note from direct placement related to the I-85 Business Park of \$1,500,000 is secured by a deed of trust. The borrowing contains a provision that in the event of a default, the note holder may exercise any one or more of the following remedies:

- (a) The holder of the note may exercise the option of treating the remainder of the debt as due and collectible. Failure to exercise this option shall not constitute a waiver of the right to exercise same at any other time.
- (b) Upon the request of the Beneficiary, it shall be lawful for and the duty of the Trustee, to sell the land herein conveyed at public auction for cash, after first giving such notice of hearing as to commencement of foreclosure proceedings and obtained such findings or leave of court as may then be required by law and giving such notice and advertising the time and place of such sale in such manner as may be provided by law, and upon such and any resales and upon compliance with the law then relating to foreclosure proceedings under power of sale to convey title to the purchaser in as full and ample manner as the Trustee is empowered.

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

a. Direct Placement Installment Financing (Continued)

The Trustee shall be authorized to retain an attorney to represent him in such proceedings. The proceeds of the Sale shall after the Trustee retains his commission, together with reasonable attorney's fees incurred by the Trustee in such proceeding, be applied to the cost of the sale, including, but not limited to, costs of collection, taxes, assessments, costs of recording, service fees and incidental expenditures, the amount due on the Note hereby secured and advancements and other sums expended by the Beneficiary according to the provisions hereof and otherwise as required by the then existing law relating to foreclosures.

b. 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. General obligation bonds are also issued to provide for the acquisition and construction of major sewer capital improvements. These bonds, which are recorded in the Sewer Fund, are collateralized by the full faith, credit, and taxing power of the County. Principal and interest payments are appropriated when due. In the event of a default, the County agrees to pay to the Purchaser, on demand, interest on any and all amounts due and owing by the County under this agreement.

The County's general obligation bonds payable at June 30, 2021 are comprised of the following individual issues:

Serviced by the General Fund:

\$39,525,000 2016 Series Advance Refunding Bonds due in annual principal installments on June 1 in increasing amounts ranging from \$45,000 to \$4,085,000 and a final payment of \$2,950,000 on June 1, 2028; interest payments due December 1 and June 1 of each year at interest rates ranging from 2.00% to 5.00%. The amount is shown net of unamortized premium, net of issuance costs, of \$7,322,835.

\$ 26,480,000

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

b. General Obligation Indebtedness

Serviced by the Sewer Fund:

\$525,000 2016 Series Advance Refunding Bonds due in annual principal installments on June 1 ranging from \$45,000 to \$50,000 and a final payment of \$155,000 on June 1, 2028; interest payments due December 1 and June 1 each year at interest rates ranging from 4.00% to 5.00%. The amount is shown net of unamortized premium, net of issuance costs, of \$93,431. \$ 425,000

Total \$ 26,905,000

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>
2022	\$ 3,970,000	\$ 1,209,000	\$ 45,000	\$ 17,800	\$ 4,015,000	\$ 1,226,800
2023	3,935,000	1,045,600	45,000	15,950	3,980,000	1,061,550
2024	3,880,000	857,700	45,000	13,850	3,925,000	871,550
2025	3,855,000	685,250	45,000	11,900	3,900,000	697,150
2026	3,850,000	492,500	45,000	9,650	3,895,000	502,150
2027 -2028	<u>6,990,000</u>	<u>398,000</u>	<u>200,000</u>	<u>12,550</u>	<u>7,190,000</u>	<u>410,550</u>
Total	<u>\$ 26,480,000</u>	<u>\$ 4,688,050</u>	<u>\$ 425,000</u>	<u>\$ 81,700</u>	<u>\$ 26,905,000</u>	<u>\$ 4,769,750</u>

c. Direct Placement 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%. \$ 2,400,000

Total \$ 2,400,000

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

c. Direct Placement Certificates of Participation (Continued)

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 825,000	\$ 47,520
2023	800,000	31,185
2024	<u>775,000</u>	<u>15,345</u>
Total	\$ <u>2,400,000</u>	\$ <u>94,050</u>

The County's outstanding note from direct placement related to constructing and equipping elementary schools, constructing sewer improvements, and acquiring a hangar at the Davidson County Airport of \$2,400,000 is secured by a deed of trust. This borrowing contains provisions that in the event of a default, the bank may exercise any one or more of the following remedies:

- (a) Declare the unpaid portion of the principal components of installment payments immediately due and payable without notice or demand to the County;
- (b) Proceed by appropriate court action to enforce performance by the County of the applicable covenants of the contract or to recover for the breach thereof;
- (c) Exercise or direct the deed of trust trustee to exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code of the State and the general laws of the State with respect to the enforcement of the security interest granted or reserved under the contract and the deed of trust including, without limitation, to the extent permitted by law, re-enter and take possession of the project without any court order or other process of law and without liability for entering the premises and sell, lease, sublease or make other disposition of the same in a commercially reasonable manner for the account of the County, and apply the proceeds of any such sale, lease, sublease or other disposition, after deducting all costs and expenses, including court costs and attorneys' fees, incurred with the recovery, repair, storage and other sale, lease, sublease or other disposition, toward the balance due under the contract and thereafter, shall pay any remaining proceeds to the County.

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

c. Direct Placement 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.

\$1,353,856

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

\$ 14,403,856

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>
2022	\$ 338,465	\$ 746,316
2023	338,465	739,175
2024	338,465	732,033
2025	338,465	724,892
2026	<u>13,049,996</u>	<u>717,750</u>
Total	<u>\$ 14,403,856</u>	<u>\$ 3,660,166</u>

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

f. Direct Placement Qualified School Construction Bonds (Continued)

The County's outstanding Qualified School Construction Bond from direct placement related to the renovation of certain qualifying school facilities of \$1,353,856 is secured by a deed of trust. This borrowing contains provisions that in the event of a default, the bank may exercise any one or more of the following remedies:

- (a) Declare the unpaid principal components of the installment payments immediately due and payable;
- (b) Proceed by appropriate court action to enforce the County's performance of the applicable covenants of the agreement or to recover for the breach thereof;
- (c) As provided in the project fund agreement, pay over any balance remaining in the project fund to be applied against outstanding required payments in any manner the bank may reasonably deem appropriate; and
- (d) Avail itself of all available remedies under the agreement, including execution and foreclosure, and recovery of attorneys' fees and other expenses.

The County's outstanding Qualified School Construction Bond of direct placement related to the construction of a new middle school of \$13,050,000 is secured by a deed of trust. This borrowing contains provisions that in the event of a default, the bank may exercise any one or more of the following remedies:

- (a) Declare the unpaid portion of the principal and interest components of installment payments immediately due and payable without notice or demand to the County;
- (b) Proceed by appropriate court action to enforce performance by the County of the applicable covenants of the contract or to recover for the breach thereof;
- (c) Exercise or direct the deed of trust trustee to exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code of the State and the general laws of the State with respect to the enforcement of the security interest granted or reserved under the contract and the deed of trust including, without limitation, to the extent permitted by law, re-enter and take possession of the premises without any court order or other process of law and without liability for entering the premises and sell, lease, sublease or make other disposition of the same in a commercially reasonable manner for the account of the County, and apply proceeds of any such sale, lease, sublease or other disposition, after deducting all costs and expenses, including court costs and attorneys' fees, incurred with the recovery, repair, storage and other sale, lease, sublease or other disposition, toward the balance due under the contract and, thereafter, shall pay any remaining proceeds to the County.

**DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)**

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

g. Direct Placement Limited Obligation Bonds

Serviced by the General Fund:

On February 4, 2016, the County issued Limited Obligation Bonds in the amount of \$43,455,000 pursuant to an installment purchase contract between Davidson County Public Facilities Corporation and the County for the construction of a new Sheriff's office facility and High School. The bonds are secured by a deed of trust on the High School. Principal installments are due annually June 1 graduated installments ranging from \$2,170,000 to \$2,175,000 through 2036; interest is payable on June 1 and December 1 of each year rates ranging from 3.00% to 5.00%. The amount is shown net of unamortized premium of \$6,864,443.

\$ 32,580,000

On January 30, 2020, the County issued Limited Obligation Bonds in the amount of \$25,480,000 pursuant to an installment purchase contract between Davidson County Public Facilities Corporation and the County for the renovation and addition to the existing County courthouse and improvements to public school facilities. The bonds are secured by a deed of trust on the County courthouse. Principal installments are due annually June 1 graduated installments ranging from \$1,335,000 to \$1,345,000 through 2040; interest is payable on June 1 and December 1 of each year rates ranging from 4.00% to 5.00%. The amount is shown net of unamortized premium of \$5,953,484.

25,480,000

**DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)**

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

g. Direct Placement Limited Obligation Bonds

Serviced by the Sewer Fund:

On February 4, 2016, the County issued Limited Obligation Bonds in the amount of \$6,385,000 pursuant to an installment purchase contract between Davidson County Public Facilities Corporation and the County for refunding of a 2008 issue for the construction of sewer lines. Principal installments are due annually June 1 graduated installments ranging from \$260,000 to \$630,000 and a final payment of 265,000 on June 1, 2029; interest is payable on June 1 and December 1 of each year rates ranging from 3.00% to 5.00%. The amount is shown net of unamortized premium of \$1,268,511.

\$ 4,080,000

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%.

655,000

Total

\$ 62,795,000

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

g. Direct Placement Limited Obligation Bonds (Continued)

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>
2022	\$ 3,515,000	\$ 2,656,350	\$ 605,000	\$ 233,150	\$ 4,120,000	\$ 2,889,500
2023	3,520,000	2,480,600	620,000	203,575	4,140,000	2,684,175
2024	3,515,000	2,304,600	645,000	173,225	4,160,000	2,477,825
2025	3,510,000	2,128,850	670,000	142,113	4,180,000	2,270,963
2026	3,520,000	1,953,350	700,000	109,262	4,220,000	2,062,612
2027-2031	17,550,000	7,143,000	1,495,000	132,750	19,045,000	7,275,750
2032-2036	17,580,000	3,031,700	-	-	17,580,000	3,031,700
2037-2040	<u>5,350,000</u>	<u>534,600</u>	<u>-</u>	<u>-</u>	<u>5,350,000</u>	<u>534,600</u>
Total	<u>58,060,000</u>	<u>\$ 22,233,050</u>	<u>\$4,735,000</u>	<u>\$ 994,075</u>	<u>\$62,795,000</u>	<u>\$23,227,125</u>

The County's outstanding limited obligation bond of direct placement related to a sewer line to serve Davidson County school facilities of \$655,000 is secured by a deed of trust. This borrowing contains provisions that in the event of a default, the bank may exercise any one or more of the following remedies:

- (a) Declare the unpaid portion of the principal and interest components of installment payments immediately due and payable without notice or demand to the County;
- (b) Proceed by appropriate court action to enforce performance by the County of the applicable covenants of the contract or to recover for the breach thereof;
- (c) Exercise or direct the deed of trust trustee to exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code of the State and the general laws of the State with respect to the enforcement of the security interest granted or reserved under the contract and the deed of trust including, without limitation, to the extent permitted by law, re-enter and take possession of the premises without any court order or other process of law and without liability for entering the premises and sell, lease, sublease or make other disposition of the same in a commercially reasonable manner for the account of the County, and apply proceeds of any such sale, lease, sublease or other disposition, after deducting all costs and expenses, including court costs and attorneys' fees, incurred with the recovery, repair, storage and other sale, lease, sublease or other disposition, toward the balance due under the contract and, thereafter, shall pay any remaining proceeds to the County.

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

g. Direct Placement Limited Obligation Bonds (Continued)

The County's outstanding limited obligation bond of direct placement related to the construction of a new Sheriff's office facility and High School of \$32,580,000 and construction of sewer lines of \$4,080,000 is secured by a deed of trust. This borrowing contains provisions that in the event of a default, the bank may exercise any one or more of the following remedies:

- (a) Declare the unpaid portion of the principal and interest components of installment payments immediately due and payable without notice or demand to the County;
- (b) Proceed by appropriate court action to enforce performance by the County of the applicable covenants of the contract or to recover for the breach thereof;
- (c) Exercise or direct the deed of trust trustee to exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code of the State and the general laws of the State with respect to the enforcement of the security interest granted or reserved under the contract and the deed of trust including, without limitation, to the extent permitted by law, re-enter and take possession of the premises without any court order or other process of law and without liability for entering the premises and sell, lease, sublease or make other disposition of the same in a commercially reasonable manner for the account of the County, and apply proceeds of any such sale, lease, sublease or other disposition, after deducting all costs and expenses, including court costs and attorneys' fees, incurred with the recovery, repair, storage and other sale, lease, sublease or other disposition, toward the balance due under the contract and, thereafter, shall pay any remaining proceeds to the County.

The County's outstanding limited obligation bond of direct placement related to the renovation and addition to the existing County courthouse and improvements to public school of \$25,480,000 is secured by a deed of trust. This borrowing contains provisions that in the event of a default, the bank may exercise any one or more of the following remedies:

- (a) Declare the unpaid portion of the principal and interest components of installment payments immediately due and payable without notice or demand to the County;
- (b) Proceed by appropriate court action to enforce performance by the County of the applicable covenants of the contract or to recover for the breach thereof;
- (c) Exercise or direct the deed of trust trustee to exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code of the State and the general laws of the State with respect to the enforcement of the security interest granted or reserved under the contract and the deed of trust including, without limitation, to the extent permitted by law, re-enter and take possession of the premises without any court order or other process of law and without liability for entering the premises and sell, lease, sublease or make other disposition of the same in a commercially reasonable manner for the account of the County, and apply proceeds of any such sale, lease, sublease or other disposition, after deducting all costs and

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

g. Direct Placement Limited Obligation Bonds (Continued)

expenses, including court costs and attorneys' fees, incurred with the recovery, repair, storage and other sale, lease, sublease or other disposition, toward the balance due under the contract and, thereafter, shall pay any remaining proceeds to the County.

h. Direct Placement Installment Financing - Component Unit

On January 28, 2019, the Davidson County ABC Board entered into a note payable in the amount of \$300,000, for startup costs for a new ABC store with an interest rate of 4.66%. The note requires monthly payments of principal and interest totaling \$4,147. The outstanding balance at June 30, 2021 was \$0. The note was secured by the property and intangibles at the store. The borrowing contained a provision that in the event of default, the agreement will immediately terminate and will become due and payable all without notice of any kind, except in the case of an event of insolvency where such acceleration shall be automatic. In addition, the holder shall have all the rights and remedies available at law, in equity, or otherwise.

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2021:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021	Due Within One Year
Governmental activities:					
General obligation debt	\$ 30,530,000	\$ -	\$ 4,050,000	\$ 26,480,000	\$ 3,970,000
Unamortized premium	17,657,703	-	1,067,794	16,589,909	-
Certificates of participation- direct placement	3,250,000	-	850,000	2,400,000	825,000
Limited obligation bonds- direct placement	60,235,000	-	2,175,000	58,060,000	3,515,000
Qualified School Construction Bonds-direct placement	14,742,321	-	338,465	14,403,856	338,465
REDLG Loan-direct placement	1,740,000	-	240,000	1,500,000	240,000
Total pension liability (LEOSSA)	3,783,637	1,918,927	-	5,702,564	-
Net pension liability (LGBRS)	14,638,258	4,522,568	-	19,160,826	-
Total OPEB liability	15,186,444	2,152,247	-	17,338,691	-
Compensated absences	<u>2,347,233</u>	<u>1,880,432</u>	<u>1,770,937</u>	<u>2,456,728</u>	<u>1,800,000</u>
Total governmental activities	<u>\$164,110,596</u>	<u>\$ 10,474,174</u>	<u>\$ 10,492,196</u>	<u>\$164,092,574</u>	<u>\$10,688,465</u>
Business-type activities:					
Landfill					
Accrued landfill closure and postclosure costs	\$ 10,423,853	\$ -	\$ 727,247	\$ 9,696,606	\$ -
Net pension liability (LGBRS)	197,749	92,297	-	290,046	-
Total OPEB liability	309,927	43,923	-	353,850	-
Compensated absences	<u>42,172</u>	<u>56,506</u>	<u>45,743</u>	<u>52,935</u>	<u>45,000</u>
Total Landfill activities	<u>10,973,701</u>	<u>192,726</u>	<u>772,990</u>	<u>10,393,437</u>	<u>45,000</u>
Sewer					
General obligation debt	475,000	-	50,000	425,000	45,000
Unamortized premium	942,882	-	104,765	838,117	-
Limited obligation bonds- direct placement	5,315,000	-	580,000	4,735,000	605,000
Compensated absences	<u>741</u>	<u>1,567</u>	<u>1,933</u>	<u>375</u>	<u>375</u>
Total Sewer activities	<u>6,733,623</u>	<u>1,567</u>	<u>736,698</u>	<u>5,998,492</u>	<u>650,375</u>
Total business-type activities	<u>\$ 17,707,324</u>	<u>\$ 194,293</u>	<u>\$ 1,509,688</u>	<u>\$ 16,391,929</u>	<u>\$ 695,375</u>
Discretely presented component units:					
Note payable- direct placement	\$ 218,234	\$ -	\$ 218,234	\$ -	\$ -
Total discretely presented component units	<u>\$ 218,234</u>	<u>\$ -</u>	<u>\$ 218,234</u>	<u>\$ -</u>	<u>\$ -</u>

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

II. 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 net other postemployment liabilities and pension liabilities. At June 30, 2021, Davidson County had a legal debt margin of \$1,118,023,422.

Debt Related to Capital Activities – Of the total Governmental Activities debt listed, only \$34,782,153 relates to assets the County holds.

C. Interfund Balances and Activity

Transfers to/from other funds for the year ended June 30, 2021 consist of the following:

From the General Fund to:

The School Capital Outlay Fund for school construction	\$3,882,719
The Capital Reserve Fund for future capital improvements	14,000,000
The Capital Projects Fund for capital improvements	273,000
The Transportation fund for transportation services	123,385
The Sewer Enterprise Fund for debt service	<u>909,900</u>
Total transfers from the General Fund	<u>\$19,189,004</u>

To the General Fund from:

The Capital Reserve Fund for capital improvements	<u>\$487,541</u>
Total transfers to the General Fund	<u>\$487,541</u>

From the Capital Reserve Fund to:

The General Fund for capital improvements	\$487,541
The School Capital Outlay fund for school construction	900,000
The Capital Projects Fund for capital improvements	<u>2,541,427</u>
Total transfers from the Capital Reserve Fund	<u>\$3,928,968</u>

From the Capital Projects Fund to:

The Sewer Fund for capital improvements	<u>\$23,200</u>
Total transfers from the Capital Projects Fund	<u>\$23,200</u>

To the County Capital Projects Fund from:

The General Fund for capital improvements	\$273,000
The Emergency Telephone Fund for capital improvements	719,159
The Capital Reserve Fund for capital improvements	<u>2,541,427</u>
Total transfers to the County Capital Projects Fund	<u>\$3,533,586</u>

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

C. Interfund Balances and Activity (Continued)

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 2021 fiscal year, the County made one-time transfers from the Capital Reserve Fund of \$487,541 to the General Fund for capital improvement projects and \$2,541,427 to the County Capital Projects Fund for CAD replacement, server replacement, and other capital improvement projects. The County made a one-time transfer from the General Fund of \$14,000,000 to the Capital Reserve Fund for future county capital projects.

D. Net Investment in Capital Assets

	<u>Governmental</u>	<u>Business-type</u>
Capital asset	97,965,023	\$ 19,210,842
Less: net long-term debt for capital related purposes	<u>(34,782,153)</u>	<u>(5,998,117)</u>
Net investment in capital assets	\$63,182,870	\$ 13,212,725

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	\$104,149,896
Less:	
Long term note receivable	330,000
Stabilization by State Statute	17,394,028
Appropriated fund balance in 2022 budget	5,033,382
Register of Deeds	429,488
Inspections operations	159,986
Sheriff operations	193,280
Health programs	2,935,640
Tax revaluation	10,000
LEO Special Separation Allowance	296,340
Debt service	9,020,701
Working capital/Fund Balance policy	<u>26,706,009</u>
Remaining fund balance	\$ <u>41,641,042</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.

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

III. 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 \$3,402,533 and \$1,311,075 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2021. 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, 2020. 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, 2021. 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, 2021.

Complete financial statements for the Davidson County Economic Development Commission can be obtained from the Commission's administrative office at P.O. Box 2013, Lexington, North Carolina 27293.

Lexington City Board of Education is composed of seven members elected on a nonpartisan plurality basis in odd-numbered years. Taxing authority falls under the Davidson County Commissioners. For the year ended June 30, 2021, 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, 2021. 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

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

III. Joint Ventures (Continued)

parties, is responsible for the oversight and promotion of operations related to recreation at Lake Thom-A-Lex. Effective July 1, 2009, the County began maintaining control over the financial records of the operation of the lake. Costs of operation are shared equally between both cities and the County. The County contributed \$77,533 for the operations of the lake during the fiscal year ended June 30, 2021. 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, 2021. Net position remains in the joint venture for future operational needs of the system. 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.

IV. Jointly Governed Organization

The County, in conjunction with six other counties and thirty-two municipalities, established the Piedmont Triad Council (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 \$35,300 to the Council during the fiscal year ended June 30, 2021.

V. 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	\$ 439,884	\$ -
Medicaid	204,028,677	78,124,371
Children's health insurance program	3,924,010	766,164
Adoption assistance	1,042,093	669,350
Adult assistance	-	663,885
Special supplemental food program, WIC	<u>2,314,394</u>	<u>-</u>
Total	<u>\$211,749,058</u>	<u>\$ 80,223,770</u>

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

VI. 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.

During the fiscal year 2020, the World Health Organization declared the spread of Coronavirus Disease, (COVID-19), a worldwide pandemic. The COVID-19 pandemic has had significant effects on global markets, supply chains, businesses, and communities. Specific to the County, COVID-19 is expected to impact various parts of its fiscal year 2021-22 operations and financial results. Management believes the County is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as events associated with the pandemic continue to develop.

VII. Subsequent Event

The County was awarded \$32,556,083 from the Federal American Rescue Plan (ARP). The County received \$16,278,042 (May 2021). The remaining amount of \$16,278,041 is expected to be received within the next 12 months.

VIII. Change in Accounting Principle

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, effective July 1, 2020. The statement establishes criteria for identifying fiduciary activities of all state and local governments and provides guidance on how to report fiduciary activities within the financial statements. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement also describes four fiduciary funds that should be reported if criteria outlined in the statement are met: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. The use of agency funds was eliminated. The statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

As part of implementing the statement, the County performed a comprehensive review of its fiduciary relationships and applied the criteria within the guidance. As a result, fund balance and net position were restated as follows:

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

VIII. Change in Accounting Principle (continued)

General Fund Balance - Increase (Decrease)	Fiduciary Net Position - Custodial Fund - Increase (Decrease)	
\$ -	\$ 30,342	Cash related to funds held on behalf of incarcerated inmates was reclassified from out of the Agency Fund into fiduciary net position in a newly created Jail Inmate Custodial Fund.
-	672,256	Cash, taxes receivables and liabilities related to ad valorem and vehicle property taxes collected by the County on behalf of various municipalities were reclassified out of the Agency Fund into a newly created Property Tax Custodial Fund. The portion of liabilities attributable taxes receivable at the beginning of the year were restated as custodial net position.
27,983	-	Cash received under the Social Security Administration's Representative Payee Program net of liabilities owed for payments on behalf of beneficiaries were reclassified out of the Agency Fund into the General Fund. The portion of liabilities in the Agency Fund representing net cash available at the beginning of the year were restated as fund balance.
1,607	-	Cash related to funds held on behalf of the PIC Fund for job training was reclassified from out of the Agency Fund into the General Fund.
1,282	-	Cash related to funds held on behalf of the United Way Fund was reclassified from out of the Agency Fund into the General Fund.
	110,780	Cash related to funds held on behalf of the Sheriff Evidence Fund was reclassified from out of the Agency Fund into fiduciary net position in a newly created Sheriff Evidence Custodial Fund.
-	16,865	Cash related to funds held on behalf of the Bid Bond Deposit Fund was reclassified from out of the Agency Fund into fiduciary net position in a newly created Bid Bond Deposit Custodial Fund.
-	4,438	Cash related to funds held on behalf of Sheriff Execution Fund was reclassified from out of the Agency Fund into fiduciary net position in a newly created Sheriff Execution Fund.
<u>\$ 30,872</u>	<u>\$ 834,681</u>	

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (Continued)

Required Supplemental Financial Data

- Schedule of Changes in the OPEB Liability and Related Ratios
- Schedule of County's Proportionate Share of Net Pension Liability (LGERS)
- Schedule of County Contributions (LGERS)
- Schedule of County's Proportionate Share of Net Pension Asset (RODSPF)
- Schedule of County Contributions (RODSPF)
- Schedule of Changes in Total Pension Liability (LEOSSA)
- Schedule of Total Pension Liability as a Percentage of Covered Employee Payroll (LEOSSA)

**DAVIDSON COUNTY, NORTH CAROLINA
OPEB PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE OPEB LIABILITY AND RELATED RATIOS
LAST FOUR FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service Cost	\$ 381,576	\$ 468,672	\$ 486,115	\$ 528,228
Interest	544,741	635,042	577,693	500,918
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	91,349	(2,096,709)	70,651	(125,884)
Changes of assumptions	1,811,801	423,300	(498,087)	(868,498)
Benefit payments	<u>(633,297)</u>	<u>(512,957)</u>	<u>(564,435)</u>	<u>(336,442)</u>
Net change in total OPEB liability	2,196,170	(1,082,652)	71,937	(301,678)
Total OPEB liability - beginning	<u>15,496,371</u>	<u>16,579,023</u>	<u>16,507,086</u>	<u>16,808,764</u>
Total OPEB liability - ending	<u><u>17,692,541</u></u>	<u><u>15,496,371</u></u>	<u><u>16,579,023</u></u>	<u><u>16,507,086</u></u>
Covered employee payroll	\$ 16,062,249	\$ 16,062,249	\$ 18,791,506	\$ 18,791,506
Total OPEB liability as a percentage of covered employee payroll	110.15%	95.48%	88.23%	87.84%

Notes to Schedule

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period.

<u>Fiscal year</u>	<u>Rate</u>
2018	3.56%
2019	3.89%
2020	3.50%
2021	2.21%

This schedule will present 10 years of information as it becomes available.

**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 Eight Fiscal Years***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	.54432%	.54326%	.54258%	.55083%	.57581%	.5743%	.5620%	.5959%
County's proportionate share of the net pension liability (asset)	\$19,450,872	\$14,836,007	\$12,871,853	\$8,415,157	\$12,220,617	\$2,577,379	\$(3,314,375)	\$6,821,268
County's covered payroll	\$38,942,063	\$37,226,636	\$36,553,384	\$35,473,882	\$34,056,401	\$33,406,656	\$33,064,674	\$31,048,726
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	49.948%	39.853%	35.214%	23.722%	35.88%	7.57%	(9.92%)	20.63%
Plan fiduciary net position as a percentage of the total pension liability **	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

** This will be the same percentage for all participant employers in the LGERS plan.

This schedule will present 10 years of information as it becomes available.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$4,108,445	\$3,547,880	\$2,945,226	\$2,813,348	\$2,648,093	\$2,338,397	\$2,377,433	\$2,349,496
Contributions in relation to the contractually required contribution	<u>\$4,108,445</u>	<u>\$3,547,880</u>	<u>\$2,945,226</u>	<u>\$2,813,348</u>	<u>\$2,648,093</u>	<u>\$2,338,397</u>	<u>\$2,377,433</u>	<u>\$2,349,496</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$39,872,245	\$38,942,063	\$37,226,636	\$36,553,384	\$35,473,882	\$34,056,401	\$33,406,656	\$33,064,674
Contributions as a percentage of covered payroll	10.30%	9.11%	7.91%	7.70%	7.46%	6.87%	7.12%	7.11%

This schedule will present 10 years of information as it becomes available.

**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 Eight Fiscal Years***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	1.32140%	1.19841%	1.32316%	1.55941%	1.087%	1.291%	1.306%	1.707%
County's proportionate share of the net pension liability (asset)	\$(302,838)	\$(236,590)	\$(219,155)	\$(266,176)	\$(203,261)	\$(299,144)	\$(295,954)	\$(364,637)
County's covered payroll	\$71,815	\$70,223	\$68,686	\$67,171	\$66,006	\$61,742	\$60,830	\$59,930
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(421.69%)	(336.91%)	(312.08%)	(387.53%)	(302.60%)	(453.21%)	(479.33%)	(599.44%)
Plan fiduciary net position as a percentage of the total pension liability	173.62%	164.11%	153.31%	153.77%	160.17%	197.29%	193.88%	190.50%

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

This schedule will present 10 years of information as it becomes available.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$17,927	\$13,996	\$11,391	\$11,323	\$11,601	\$10,830	\$10,329	\$10,661
Contributions in relation to the contractually required contribution	<u>\$17,927</u>	<u>13,996</u>	<u>\$11,391</u>	<u>\$11,323</u>	<u>\$ 11,601</u>	<u>\$10,830</u>	<u>\$10,329</u>	<u>\$10,661</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$74,984	\$71,815	\$70,223	\$68,686	\$67,171	\$66,006	\$61,742	\$60,830
Contributions as a percentage of covered payroll	23.91%	19.49%	16.22%	16.49%	17.27%	16.41%	16.73%	17.53%

This schedule will present 10 years of information as it becomes available.

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
Last Five Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$3,783,637	\$3,488,162	\$3,510,164	\$3,290,281	\$3,240,922
Service cost	193,179	166,417	171,187	151,838	167,504
Interest on the total pension liability	120,749	124,559	108,712	124,237	113,105
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience in the measurement of the total pension liability	252,846	15,924	(16,063)	(159,919)	-
Changes of assumptions or other inputs	1,511,522	121,000	(146,013)	247,128	(85,815)
Benefit payments	(159,369)	(132,425)	(139,825)	(143,401)	(145,435)
Other changes	-	-	-	-	-
Total pension liability, end of year	<u>\$5,702,564</u>	<u>\$3,783,637</u>	<u>\$3,488,162</u>	<u>\$3,510,164</u>	<u>\$3,290,281</u>

The amounts presented for each fiscal year were determined as of the prior December 31.

This schedule will present 10 years of information as it becomes available

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED
EMPLOYEE PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
Last Five Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$5,702,564	\$3,783,637	\$3,488,162	\$3,510,164	\$3,290,281
Covered employee payroll	\$6,711,930	\$6,327,541	\$6,056,948	\$6,110,807	\$6,205,042
Total pension liability as a percentage of covered employee payroll	84.96%	59.80%	57.59%	57.44%	53.03%

This schedule will present 10 years of information as it becomes available

Notes to the schedules:

Davidson County has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

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, 2021

Schedule 1

	<u>General Fund</u>	<u>Revaluation Fund</u>	<u>Eliminations</u>	<u>Total General Fund</u>
Revenues:				
Taxes	\$ 127,004,163	\$ -	\$ -	\$ 127,004,163
Licenses and permits	2,900,739	-	-	2,900,739
Intergovernmental	21,404,412	-	-	21,404,412
Charges for services	8,607,173	-	-	8,607,173
Interest on investments	77,048	-	-	77,048
Miscellaneous	947,127	-	-	947,127
Total revenues	<u>160,940,662</u>	<u>-</u>	<u>-</u>	<u>160,940,662</u>
Expenditures:				
Current:				
General government	13,891,762	69,000	-	13,960,762
Human services	27,955,971	-	-	27,955,971
Public safety	30,082,125	-	-	30,082,125
Environmental protection	1,402,439	-	-	1,402,439
Economic and physical development	4,211,616	-	-	4,211,616
Culture and recreation	4,908,177	-	-	4,908,177
Intergovernmental:				
Education	38,263,667	-	-	38,263,667
Debt service:	-	-	-	-
Principal	7,653,465	-	-	7,653,465
Interest and fiscal charges	4,902,608	-	-	4,902,608
Total expenditures	<u>133,271,830</u>	<u>69,000</u>	<u>-</u>	<u>133,340,830</u>
Excess (deficiency) of revenues over expenditures	<u>27,668,832</u>	<u>(69,000)</u>	<u>-</u>	<u>27,599,832</u>
Other financing sources (uses):				
Transfers from other funds	487,541	-	-	487,541
Transfers to other funds	(19,189,004)	-	-	(19,189,004)
Total other financing sources (uses)	<u>(18,701,463)</u>	<u>-</u>	<u>-</u>	<u>(18,701,463)</u>
Net change in fund balance	8,967,369	(69,000)	\$ -	8,898,369
Fund balance:				
Beginning of year - July 1	95,141,655	79,000		95,220,655
Restatement	30,872	-		30,872
Beginning of year - July 1, restated	<u>95,172,527</u>	<u>79,000</u>		<u>95,251,527</u>
End of year, - June 30	<u>\$ 104,139,896</u>	<u>\$ 10,000</u>		<u>\$ 104,149,896</u>

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes:			
Property taxes	\$ 79,378,487	\$ 82,473,783	\$ 3,095,296
Tax penalty and interest	700,000	713,842	13,842
Local option sales tax	37,590,873	42,536,420	4,945,547
Other taxes	1,290,944	1,280,118	(10,826)
	<u>118,960,304</u>	<u>127,004,163</u>	<u>8,043,859</u>
Total taxes	118,960,304	127,004,163	8,043,859
Licenses and permits	1,347,408	2,900,739	1,553,331
Intergovernmental	23,647,166	21,404,412	(2,242,754)
Charges for services	8,600,082	8,607,173	7,091
Interest on investments	970,368	77,048	(893,320)
Miscellaneous	785,989	947,127	161,138
	<u>154,311,317</u>	<u>160,940,662</u>	<u>6,629,345</u>
Total revenues	154,311,317	160,940,662	6,629,345
Expenditures:			
Current:			
General government:			
County commissioners	378,933	354,389	24,544
County manager	740,367	730,744	9,623
Legal	683,626	673,012	10,614
Human Resources	1,133,983	1,133,982	1
Finance	903,244	878,672	24,572
Purchasing	446,236	415,918	30,318
Tax Assessor and Collector	2,846,592	2,752,928	93,664
Board of Elections	922,178	850,820	71,358
Register of Deeds	733,013	702,967	30,046
State agencies	157,281	116,625	40,656
Public works and services	4,184,883	3,757,496	427,387
Information Technology	1,615,290	1,524,209	91,081
Contingency	-	-	-
	<u>14,745,626</u>	<u>13,891,762</u>	<u>853,864</u>
Total general government	14,745,626	13,891,762	853,864
Human services:			
Health	8,995,367	7,436,565	1,558,802
Mental health	824,344	824,340	4
Social services	13,519,603	13,059,368	460,235
Public assistance	5,903,916	3,941,310	1,962,606
Senior services	2,819,761	2,208,082	611,679
Veterans services	146,749	145,155	1,594
Contributions	360,785	341,151	19,634
	<u>32,570,525</u>	<u>27,955,971</u>	<u>4,614,554</u>
Total human services	32,570,525	27,955,971	4,614,554

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2021

	Final Budget	Actual Amounts	Variance Positive (Negative)
Public safety:			
Sheriff	\$ 11,852,611	\$ 11,244,012	\$ 608,599
School resource officers	1,025,146	1,015,366	9,780
Jail	5,195,847	4,858,078	337,769
Emergency communications	2,441,698	2,383,985	57,713
Inspections	1,264,396	1,146,129	118,267
Animal shelter	692,965	579,941	113,024
Medical examiner	160,600	154,400	6,200
Emergency Management	149,877	134,456	15,421
Fire Marshal	387,105	376,852	10,253
Ambulance	8,003,269	7,896,312	106,957
Contributions	294,763	292,594	2,169
Total public safety	31,468,277	30,082,125	1,386,152
Environmental protection:			
Sanitation	1,237,945	1,176,908	61,037
Soil and water	228,277	225,531	2,746
Total environmental protection	1,466,222	1,402,439	63,783
Economic and physical development:			
Planning	555,476	520,711	34,765
GIS	223,571	215,510	8,061
Cooperative extension	319,559	266,118	53,441
Economic development	2,163,389	2,029,942	133,447
Job Training	1,366,014	1,179,335	186,679
Total economic and physical development	4,628,009	4,211,616	416,393
Culture and recreation:			
Recreation	1,061,795	1,007,733	54,062
Library	3,683,593	3,476,293	207,300
Museum	166,115	152,886	13,229
Lake Thom-A-Lex	170,726	150,905	19,821
Tourism	120,360	120,360	-
Total culture and recreation	5,202,589	4,908,177	294,412
Intergovernmental:			
Public schools - current	32,110,939	32,110,939	-
Public schools - capital	1,969,531	1,969,531	-
Public schools - fines & forfeitures	390,000	357,089	32,911
Public schools - scholarships	50,000	12,500	37,500
Community college - current	3,402,533	3,402,533	-
Community college - capital	411,075	411,075	-
Total intergovernmental	38,334,078	38,263,667	70,411

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Debt service:			
Principal	\$ 8,788,808	\$ 8,523,465	\$ 265,343
Interest and fiscal charges	<u>4,647,265</u>	<u>4,902,608</u>	<u>(255,343)</u>
Total debt service	<u>13,436,073</u>	<u>13,426,073</u>	<u>10,000</u>
Total expenditures	<u>141,851,399</u>	<u>134,141,830</u>	<u>7,709,569</u>
Excess (deficiency) of revenues over expenditures	<u>12,459,918</u>	<u>26,798,832</u>	<u>14,338,914</u>
Other financing sources (uses):			
Transfers from other funds	487,541	487,541	-
Transfers to other funds	<u>(19,189,004)</u>	<u>(19,189,004)</u>	<u>-</u>
Total other financing sources (uses)	<u>(18,701,463)</u>	<u>(18,701,463)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(6,241,545)	8,097,369	14,338,914
Fund balance appropriated	<u>6,241,545</u>	<u>-</u>	<u>(6,241,545)</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>8,097,369</u>	<u><u>\$ 8,097,369</u></u>
Fund balance, beginning		95,141,655	
Restatement		30,872	
Reconciliation from Budgetary basis to Modified Accrual basis:			
Debt service payment to sinking fund		<u>870,000</u>	
Fund balance at end of year		<u><u>\$ 104,139,896</u></u>	

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - REVALUATION FUND
Year Ended June 30, 2021

Schedule 3

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
General government:			
Revaluation	\$ 76,500	\$ 69,000	\$ 7,500
Total expenditures	<u>76,500</u>	<u>69,000</u>	<u>7,500</u>
Excess (deficiency) of revenues over expenditures	(76,500)	(69,000)	7,500
Fund balance appropriated	<u>76,500</u>	<u>-</u>	<u>(76,500)</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>(69,000)</u>	<u><u>\$ (69,000)</u></u>
Fund balance at beginning of year		<u>79,000</u>	
Fund balance at end of year		<u><u>\$ 10,000</u></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, 2021

Schedule 4

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
Public School Building Capital Fund	\$ 20,394,550	\$ 19,509,400	\$ 26,056	\$ 19,535,456	\$ (859,094)
Public School Building Bond Act of 1996	29,198,056	29,198,056	-	29,198,056	-
	49,592,606	48,707,456	26,056	48,733,512	(859,094)
Interest on investments	3,754,879	5,721,927	7,891	5,729,818	1,974,939
Miscellaneous	10,907,922	10,244,929	-	10,244,929	(662,993)
Total revenues	64,255,407	64,674,312	33,947	64,708,259	452,852
Expenditures:					
Intergovernmental:					
Education:					
Capital outlay:					
Davidson County School System	233,340,335	226,698,536	2,656,602	229,355,138	3,985,197
Lexington City School System	34,210,783	31,052,956	1,025,776	32,078,732	2,132,051
Thomasville City School System	38,837,947	34,434,742	536,509	34,971,251	3,866,696
Davidson County Community College	8,393,800	7,493,731	-	7,493,731	900,069
Other	833,554	822,259	-	822,259	11,295
Total expenditures	315,616,419	300,502,224	4,218,887	304,721,111	10,895,308
Excess (deficiency) of revenues over expenditures	(251,361,012)	(235,827,912)	(4,184,940)	(240,012,852)	11,348,160
Other financing sources (uses):					
Debt issued	149,184,937	145,750,885	-	145,750,885	(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	6,891,469	7,449,868	-	7,449,868	558,399
Transfers from other funds	100,177,180	97,145,209	4,782,719	101,927,928	1,750,748
Transfers to other funds	(4,969,529)	(4,969,529)	-	(4,969,529)	-
Total other financing sources	251,361,012	245,237,224	4,782,719	250,019,943	(1,341,069)
Net change in fund balance	\$ -	\$ 9,409,312	597,779	\$ 10,007,091	\$ 10,007,091
Fund balance at beginning of year			9,409,312		
Fund balance at end of year			\$ 10,007,091		

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, 2021

Schedule 5

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Intergovernmental	\$ 15,484,343	\$ 9,425,431	\$ 1,541,643	\$ 10,967,074	\$ (4,517,269)
Interest on investments	-	68,321.00	2,574	70,895	70,895
Miscellaneous	700,179	1,929,323	100,000	2,029,323	1,329,144
Total revenues	16,184,522	11,423,075	1,644,217	13,067,292	(3,117,230)
Expenditures:					
West Davidson Library	414,420	410,654	-	410,654	3,766
Denton Library renovation	1,211,373	1,124,562	-	1,124,562	86,811
Museum renovations	944,439	941,288	-	941,288	3,151
I-85 Business Park	22,018,654	13,419,043	399,782	13,818,825	8,199,829
Old Salisbury Road sewer	451,159	451,121	-	451,121	38
Parking deck renovation	319,120	319,120	-	319,120	-
Boones Cave Park renovation	3,363	-	-	-	3,363
Parking lot renovation	537,002	533,002	-	533,002	4,000
Courtroom renovation	142,104	142,104	-	142,104	-
Governmental building renovation	177,637	177,637	-	177,637	-
New EMS Base	214,000	213,651	-	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	215,179	215,179	-	215,179	-
Astran Drive CDBG project	266,576	49,699	-	49,699	216,877
Sheriff's Office building	10,578,095	9,549,246	-	9,549,246	1,028,849
Surface Source CDBG project	400,000	400,000	-	400,000	-
Elite Tube & Fab	750,000	-	-	-	750,000
Thomson Plastics CDBG project	750,000	738,617	-	738,617	11,383
Lolly Wolly Doodle CDBG project	750,000	750,000	-	750,000	-
Wilcox Bridge improvements	2,722,423	1,365,098	913,230	2,278,328	444,095
Hughes Park improvements	346,700	341,584	3,448	345,032	1,668
Southmont Park improvements	107,000	103,719	-	103,719	3,281
Bombay Park improvements	326,777	113,306	1,280	114,586	212,191
Courthouse expansion	29,986,415	18,185,340	11,369,254	29,554,594	431,821
Cecil School roof	496,690	455,464	40,848	496,312	378
Voting equipment	1,737,221	1,737,221	-	1,737,221	-
Server replacement	341,769	-	341,769	341,769	-
Flood cleanup-Old 109/Cunningham Brick Road	218,200	-	23,220	23,220	194,980
Boone Canoe Trail- Boones Cave Park	100,000	49,759	50,238	99,997	3
Humane Society building	125,000	125,000	-	125,000	-
Boone Canoe Trail- Hwy 64 access	48,750	48,750	-	48,750	-
Davis Townsend Sewer	248,000	-	-	-	248,000
Thomasville EMS base renovation	34,780	-	22,607	22,607	12,173
Yadkin Park project	100,000	-	97,605	97,605	2,395
CAD system replacement	1,728,471	-	345,694	345,694	1,382,777
Backup 911 equipment	642,316	-	612,683	612,683	29,633
911 Radio System upgrade	8,388,694	7,250,808	804,592	8,055,400	333,294
911 Center expansion	344,505	336,872	-	336,872	7,633
Total expenditures	88,885,493	60,188,867	15,026,250	75,215,117	13,670,376
Excess (deficiency) of revenues over expenditures	(72,700,971)	(48,765,792)	(13,382,033)	(62,147,825)	10,553,146
Other financing (uses) sources:					
Debt issued	47,021,740	39,410,000	-	39,410,000	(7,611,740)
Premium on debt issued	-	6,583,185	-	6,583,185	6,583,185
Transfers to other funds	(149,884)	(126,684)	(23,200)	(149,884)	-
Transfers from other funds	25,829,115	23,013,672	3,533,586	26,547,258	718,143
Total other financing sources	72,700,971	68,880,173	3,510,386	72,390,559	(310,412)
Net change in fund balance	\$ -	\$ 20,114,381	(9,871,647)	\$ 10,242,734	\$ 10,242,734
Fund balance at beginning of year			20,114,381		
Fund balance at end of year			\$ 10,242,734		

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL -
COVID-19 RELIEF FUND
From Inception and for the Year Ended June 30, 2021

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Intergovernmental	\$ 6,229,999	501,987.00	\$ 5,727,715	6,229,702	\$ (297)
Interest on investments	3,324	1,385.00	3,324	4,709	1,385
Total revenues	6,233,323	503,372.00	5,731,039	6,234,411	1,088
Expenditures:					
COVID-19 relief	6,233,323	501,987.00	5,727,715	6,229,702	3,621
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,385</u>	3,324	<u>\$ 4,709</u>	<u>\$ 4,709</u>
Fund balance at beginning of year			1,385		
Fund balance at end of year			<u>\$ 4,709</u>		

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL -
ARP FUND

From Inception and for the Year Ended June 30, 2021

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Intergovernmental	\$ -	-	\$ -	-	\$ -
Interest on investments	-	-	531	531	531
Total revenues	-	-	531	531	531
Expenditures:					
ARP	-	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	531	<u>\$ 531</u>	<u>\$ 531</u>
Fund balance at beginning of year			-		
Fund balance at end of year			<u>\$ 531</u>		

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL - CAPITAL RESERVE FUND
Year Ended June 30, 2021

Schedule 8

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Other financing sources (uses):			
Transfers from other funds	\$ -	\$ 14,000,000	\$ 14,000,000
Transfers to other funds	<u>(3,928,968)</u>	<u>(3,928,968)</u>	<u>-</u>
Excess (deficiency) of other financing sources over expenditures	(3,928,968)	10,071,032	14,000,000
Fund balance appropriated	<u>3,928,968</u>	<u>-</u>	<u>(3,928,968)</u>
Net change in fund balance	<u>\$ -</u>	10,071,032	<u>\$ 10,071,032</u>
Fund balance at beginning of year		<u>9,563,439</u>	
Fund balance at end of year		<u>\$ 19,634,471</u>	

DAVIDSON COUNTY, NORTH CAROLINA
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2021

Schedule 9

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Fire Districts	Transportation	Emergency Telephone	Special School Districts	Total Special Revenue	
ASSETS						
Cash and investments	\$ 1,798,190	\$ 584,710	\$ 160,856	\$ 23,107	\$ 2,566,863	\$ 2,566,863
Taxes receivable, net	216,149	-	-	64,237	280,386	280,386
Due from other governments	-	284,943	47,087	-	332,030	332,030
Total Assets	<u>\$ 2,014,339</u>	<u>\$ 869,653</u>	<u>\$ 207,943</u>	<u>\$ 87,344</u>	<u>\$ 3,179,279</u>	<u>\$ 3,179,279</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 77,881	\$ 80,990	\$ 26,673	\$ 23,107	\$ 208,651	\$ 208,651
Total liabilities	<u>77,881</u>	<u>80,990</u>	<u>26,673</u>	<u>23,107</u>	<u>208,651</u>	<u>208,651</u>
Deferred Inflows of Resources	<u>216,149</u>	<u>-</u>	<u>-</u>	<u>64,237</u>	<u>280,386</u>	<u>280,386</u>
Fund balances:						
Restricted:						
Stabilization by state statute	-	284,943	47,087	-	332,030	332,030
Fire protection	1,720,309	-	-	-	1,720,309	1,720,309
Transportation	-	503,720	-	-	503,720	503,720
Public safety	-	-	134,183	-	134,183	134,183
Total fund balances	<u>1,720,309</u>	<u>788,663</u>	<u>181,270</u>	<u>-</u>	<u>2,690,242</u>	<u>2,690,242</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 2,014,339</u>	<u>\$ 869,653</u>	<u>\$ 207,943</u>	<u>\$ 87,344</u>	<u>\$ 3,179,279</u>	<u>\$ 3,179,279</u>

DAVIDSON COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2021

Schedule 10

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Fire Districts	Transportation	Emergency Telephone	Special School Districts	Total Special Revenue
Revenues:					
Taxes	\$ 10,717,746	\$ -	\$ -	\$ 1,623,239	\$ 12,340,985
Intergovernmental	-	1,804,273	565,045	-	2,369,318
Charges for services	-	26,425	-	-	26,425
Interest on investments	-	-	703	-	703
Miscellaneous	-	11,576	-	-	11,576
Total revenues	10,717,746	1,842,274	565,748	1,623,239	14,749,007
Expenditures:					
Current:					
Public safety	10,197,086	-	409,506	-	10,606,592
Transportation	-	1,494,473	-	-	1,494,473
Intergovernmental:					
Education	-	-	-	1,623,239	1,623,239
Capital outlay	-	-	-	-	-
Total expenditures	10,197,086	1,494,473	409,506	1,623,239	13,724,304
Excess (deficiency) of revenues over expenditures	520,660	347,801	156,242	-	1,024,703
Other financing sources:					
Transfers from other funds	-	123,385	-	-	123,385
Transfers to other funds	-	-	(719,159)	-	(719,159)
Total other financing sources	-	123,385	(719,159)	-	(595,774)
Net change in fund balances	520,660	471,186	(562,917)	-	428,929
Fund balances at beginning of year	1,199,649	317,477	744,187	-	2,261,313
Fund balances at end of year	\$ 1,720,309	\$ 788,663	\$ 181,270	\$ -	\$ 2,690,242

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - FIRE DISTRICTS FUND
Year Ended June 30, 2021

Schedule 11

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes:			
Property taxes	\$ 10,194,651	\$ 10,669,502	\$ 474,851
Tax penalty and interest	<u>-</u>	<u>48,244</u>	<u>48,244</u>
Total taxes	10,194,651	10,717,746	523,095
Interest on investments	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	10,194,651	10,717,746	523,095
Expenditures:			
Public safety	<u>10,194,651</u>	<u>10,197,086</u>	<u>(2,435)</u>
Net change in fund balance	<u>\$ -</u>	520,660	<u>\$ 520,660</u>
Fund balance at beginning of year		<u>1,199,649</u>	
Fund balance at end of year		<u>\$ 1,720,309</u>	

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL - TRANSPORTATION FUND
Year Ended June 30, 2021

Schedule 12

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 1,390,835	\$ 1,804,273	\$ 413,438
Charges for services	57,716	26,425	(31,291)
Other	<u>-</u>	<u>11,576</u>	<u>11,576</u>
Total revenues	1,448,551	1,842,274	393,723
Expenditures:			
Transportation	<u>1,603,061</u>	<u>1,494,473</u>	<u>108,588</u>
Excess (deficiency) of revenues over expenditures	(154,510)	347,801	502,311
Other financing sources:			
Transfers from other funds	<u>123,385</u>	<u>123,385</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures	(31,125)	471,186	502,311
Fund balance appropriated	<u>31,125</u>	<u>-</u>	<u>(31,125)</u>
Net change in fund balance	<u>\$ -</u>	471,186	<u>\$ 471,186</u>
Fund balance at beginning of year		<u>317,477</u>	
Fund balance at end of year		<u>\$ 788,663</u>	

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL - EMERGENCY TELEPHONE FUND
Year Ended June 30, 2021

Schedule 13

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 565,045	\$ 565,045	\$ -
Interest on investments	<u>-</u>	<u>703</u>	<u>703</u>
Total revenues	565,045	565,748	703
Expenditures:			
Public safety:			
Emergency telephone	<u>565,045</u>	<u>409,506</u>	<u>155,539</u>
Excess (deficiency) of revenues over expenditures	-	156,242	156,242
Other financing uses:			
Transfers to other funds	<u>(719,159)</u>	<u>(719,159)</u>	<u>-</u>
Excess (deficiency) of revenues other financing uses over expenditures	(719,159)	(562,917)	156,242
Fund balance appropriated	<u>719,159</u>	<u>-</u>	<u>719,159</u>
Net change in fund balance	<u><u>\$ -</u></u>	(562,917)	<u><u>\$ (562,917)</u></u>
Fund balance at beginning of year		<u>744,187</u>	
Fund balance at end of year		<u><u>\$ 181,270</u></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, 2021

Schedule 14

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes:			
Property taxes	\$ 1,607,472	\$ 1,614,312	\$ 6,840
Tax penalty and interest	9,306	8,927	(379)
Total taxes	1,616,778	1,623,239	6,461
Interest on investments	298	-	(298)
Total revenues	1,617,076	1,623,239	6,163
Expenditures:			
Special School Districts:			
Education	1,617,076	1,623,239	(6,163)
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 NET POSITION - BUDGET AND
ACTUAL (NON-GAAP) - LANDFILL FUND
Year Ended June 30, 2021

Schedule 15

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 408,995	\$ 436,976	\$ 27,981
Charges for services	2,913,565	5,609,664	2,696,099
Interest on investments	-	21,579	21,579
Miscellaneous	-	-	-
	<u>3,322,560</u>	<u>6,068,219</u>	<u>2,745,659</u>
Total revenues			
Expenditures:			
Salaries	1,041,640	1,031,606	10,034
Operating	2,125,520	1,821,622	303,898
Capital outlay	2,736,820	2,446,576	290,244
	<u>5,903,980</u>	<u>5,299,804</u>	<u>604,176</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	(2,581,420)	768,415	3,349,835
Appropriated net position	<u>2,581,420</u>	<u>-</u>	<u>(2,581,420)</u>
Excess of revenues and appropriated net position over expenditures and other financing uses	<u>\$ -</u>	768,415	<u>\$ 768,415</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlay		2,446,576	
Depreciation		(1,204,490)	
Increase in deferred outflows of resources-pensions		39,328	
Increase in deferred outflows of resources-OPEB		29,949	
Increase in net pension liability		(92,297)	
Decrease in deferred inflows of resources-pensions		692	
Decrease in deferred inflows of resources-OPEB		11,828	
Decrease in accrued landfill closure and postclosure costs		727,247	
Increase in OPEB costs		(43,923)	
Increase in accrued vacation pay		(10,763)	
		<u>1,904,147</u>	
Total reconciling items			
Change in net position		<u>\$ 2,672,562</u>	

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN NET POSITION - BUDGET AND
ACTUAL (NON-GAAP) - SEWER FUND
Year Ended June 30, 2021

Schedule 16

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges for services	\$ 650,179	\$ 846,643	\$ 196,464
 Total revenues	 650,179	 846,643	 196,464
Expenditures:			
Salaries	75,533	61,731	13,802
Sewer operations	572,622	602,773	(30,151)
Debt service	909,900	909,900	-
Capital outlay	49,788	51,282	(1,494)
 Total expenditures	 1,607,843	 1,625,686	 (17,843)
 Excess (deficiency) of revenues over expenditures	 (957,664)	 (779,043)	 178,621
Other financing sources:			
Operating transfers in	909,900	909,900	-
 Total other financing sources	 909,900	 909,900	 -
 Excess of revenues and other financing sources over expenditures	 (47,764)	 130,857	 178,621
Appropriated net position	47,764	-	(47,764)
 Excess of revenues, other financing sources, and appropriated net position over expenditures	 \$ -	 -	 \$ -
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling item:			
Capital outlay		51,282	
Depreciation		(363,198)	
Debt principal		630,000	
Transfer from capital reserve fund		23,200	
Amortization of premium on refunding bonds issued		104,765	
 Change in net position		 \$ 576,906	

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, 2021

Schedule 17

		<u>Actual</u>			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Interest on investments	\$ -	\$ 52,157	\$ -	\$ 52,157	\$ (52,157)
Intergovernmental	50,000	50,000	-	50,000	-
Total revenues	50,000	102,157	-	102,157	\$ (52,157)
Expenditures:					
Sewer projects	17,949,166	13,454,838	18,820	13,473,658	4,475,508
Excess (deficiency) of revenues over expenditures	(17,899,166)	(13,352,681)	(18,820)	(13,371,501)	(4,527,665)
Other financing sources (uses):					
Debt issued	14,754,244	13,060,000	-	13,060,000	(1,694,244)
Transfers from other funds	3,776,276	3,776,276	23,200	3,799,476	23,200
Transfers to other funds	(631,354)	(631,354)	-	(631,354)	-
Total other financing sources	17,899,166	16,204,922	23,200	16,228,122	(1,671,044)
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ 2,852,241	4,380	\$ 2,856,621	\$ 2,856,621

DAVIDSON COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2021

Schedule 18

ASSETS	Garage Fund	Insurance Fund	Total
Current assets:			
Cash and investments	\$ 1,138,018	\$ 3,821,367	\$ 4,959,385
Due from other governments	-	912,682	912,682
Inventory, at cost	49,897	-	49,897
Total current assets	1,187,915	4,734,049	5,921,964
Noncurrent assets:			
Capital assets:			
Other capital assets, net of depreciation	201,432	-	201,432
Total Assets	1,389,347	4,734,049	6,123,396
LIABILITIES AND NET POSITION			
Current liabilities:			
Accounts payable and accrued liabilities	83,721	1,182,277	1,265,998
Noncurrent liabilities:			
Accrued vacation benefits	16,420	-	16,420
Total liabilities	100,141	1,182,277	1,282,418
Net position:			
Net investment in capital assets	201,432	-	201,432
Unrestricted	1,087,774	3,551,772	4,639,546
Total net position	\$ 1,289,206	\$ 3,551,772	\$ 4,840,978

DAVIDSON COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
Year Ended June 30, 2021

Schedule 19

	<u>Garage Fund</u>	<u>Insurance Fund</u>	<u>Total</u>
Revenues:			
Charges for services	\$ 1,683,507	\$ 16,297,281	\$ 17,980,788
Miscellaneous	40,176	-	40,176
	<u>1,723,683</u>	<u>16,297,281</u>	<u>18,020,964</u>
Total revenues			
Expenditures:			
Salaries	338,656	-	338,656
Operating	1,370,473	14,808,293	16,178,766
Depreciation	29,037	-	29,037
	<u>1,738,166</u>	<u>14,808,293</u>	<u>16,546,459</u>
Total expenses			
Change in net position	(14,483)	1,488,988	1,474,505
Total net position, beginning	<u>1,303,689</u>	<u>2,062,784</u>	<u>3,366,473</u>
Total net position, ending	<u>\$ 1,289,206</u>	<u>\$ 3,551,772</u>	<u>\$ 4,840,978</u>

DAVIDSON COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2021

Schedule 20

	<u>Garage Fund</u>	<u>Insurance Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from customers	\$ 1,683,507	\$ 15,448,435	\$ 17,131,942
Cash paid for goods and services	(1,376,135)	(14,485,872)	(15,862,007)
Cash paid to employees for services	(335,331)	-	(335,331)
Other operating revenues	40,176	-	40,176
	<u>12,217</u>	<u>962,563</u>	<u>974,780</u>
Net cash provided by operating activities			
	12,217	962,563	974,780
Net increase in cash and cash equivalents			
	12,217	962,563	974,780
Cash and cash equivalents at beginning of year	<u>1,125,801</u>	<u>2,858,804</u>	<u>3,984,605</u>
Cash and cash equivalents at end of year	<u>\$ 1,138,018</u>	<u>\$ 3,821,367</u>	<u>\$ 4,959,385</u>
Reconciliation of operating income to net cash used by operating activities:			
Operating income (loss)	\$ (14,483)	\$ 1,488,988	\$ 1,474,505
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	29,037	-	29,037
Change in assets and liabilities:			
(Increase) decrease in due from other governments	-	(848,846)	(848,846)
(Increase) decrease in inventory	(17,569)	-	(17,569)
Increase (decrease) in accounts payable and accrued liabilities	11,907	322,421	334,328
Increase (decrease) in accrued vacation benefits	3,325	-	3,325
	<u>12,217</u>	<u>962,563</u>	<u>974,780</u>
Net cash provided (used) by operating activities	<u>\$ 12,217</u>	<u>\$ 962,563</u>	<u>\$ 974,780</u>

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, 2021

Schedule 21

	<u>Financial Plan</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges for services	\$ 1,782,476	\$ 1,683,507	\$ (98,969)
Miscellaneous	<u>-</u>	<u>40,176</u>	<u>40,176</u>
Total revenues	<u>1,782,476</u>	<u>1,723,683</u>	<u>(58,793)</u>
Expenditures:			
Garage:			
Salaries	363,081	338,656	24,425
Operating	1,419,395	1,366,602	52,793
Capital outlay	<u>3,872</u>	<u>3,871</u>	<u>1</u>
Total expenditures	<u>1,786,348</u>	<u>1,709,129</u>	<u>77,219</u>
Excess (deficiency) of revenues over expenditures	(3,872)	14,554	18,426
Appropriated net position	<u>3,872</u>	<u>-</u>	<u>(3,872)</u>
Excess of revenues and appropriated net position over expenditures and other financing uses	<u>\$ -</u>	14,554	<u>\$ 14,554</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Depreciation		<u>(29,037)</u>	
Total reconciling items		<u>(29,037)</u>	
Change in net position		<u>\$ (14,483)</u>	

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, 2021

Schedule 22

	<u>Financial Plan</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges for services	<u>\$ 13,501,312</u>	<u>\$ 16,297,281</u>	<u>\$ 2,795,969</u>
Total revenues	<u>13,501,312</u>	<u>16,297,281</u>	<u>2,795,969</u>
Expenditures:			
Insurance:			
Operating	<u>13,501,312</u>	<u>14,808,293</u>	<u>(1,306,981)</u>
Total expenditures	<u>13,501,312</u>	<u>14,808,293</u>	<u>(1,306,981)</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>1,488,988</u>	<u>\$ 1,488,988</u>
Change in net position		<u><u>\$ 1,488,988</u></u>	

DAVIDSON COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
June 30, 2021

	<u>Property Tax Fund</u>	<u>Jail Inmate Fund</u>	<u>Sheriff Execution Fund</u>	<u>Sheriff Evidence Fund</u>	<u>Bid Bond Deposit Fund</u>	<u>Total</u>
Assets:						
Cash and cash equivalents	\$ 875,969	\$ 43,419	\$ 5,724	\$ 140,239	\$ 16,865	\$ 1,082,216
Taxes receivable for other governments, net	<u>1,276,697</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,276,697</u>
Total assets	<u>2,152,666</u>	<u>43,419</u>	<u>5,724</u>	<u>140,239</u>	<u>16,865</u>	<u>2,358,913</u>
Liabilities:						
Accounts payable and accrued liabilities	487,624	-	-	-	-	487,624
Due to other governments	<u>969,328</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>969,328</u>
Total liabilities	<u>1,456,952</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,456,952</u>
Net Position:						
Restricted for:						
Individuals, organizations, and other governments	695,714	43,419	5,724	140,239	16,865	901,961
Total net position	<u>\$ 695,714</u>	<u>\$ 43,419</u>	<u>\$ 5,724</u>	<u>\$ 140,239</u>	<u>\$ 16,865</u>	<u>\$ 901,961</u>

DAVIDSON COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
Year Ended June 30, 2021

	Property Tax Fund	Jail Inmate Fund	Sheriff Execution Fund	Sheriff Evidence Fund	Bid Bond Deposit Fund	Total
Additions:						
Ad valorem taxes for other governments	\$ 124,188,597	\$ -	\$ -	\$ -	\$ -	\$ 124,188,597
Collections on behalf of inmates	-	589,033	-	-	-	589,033
Collections of evidence on behalf of the courts	-	-	-	60,932	-	60,932
Collections of execution orders on behalf of creditors	-	-	132,675	-	-	132,675
Total additions	124,188,597	589,033	132,675	60,932	-	124,971,237
Deductions:						
Tax distributions to other governments	124,165,139	-	-	-	-	124,165,139
Payments on behalf of inmates	-	575,956	-	-	-	575,956
Payments on behalf of the courts	-	-	-	31,473	-	31,473
Payments on behalf of creditors	-	-	131,389	-	-	131,389
Total deductions	124,165,139	575,956	131,389	31,473	-	124,903,957
Net increase in fiduciary net position	23,458	13,077	1,286	29,459	-	67,280
Net position, beginning, as previously reported	-	-	-	-	-	-
Prior period restatement - change in accounting principle	-	-	-	-	-	-
Total net position, beginning, as restated	672,256	30,342	4,438	110,780	16,865	834,681
Net position, ending	\$ 695,714	\$ 43,419	\$ 5,724	\$ 140,239	\$ 16,865	\$ 901,961

**DAVIDSON COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2021**

Fiscal Year	Uncollected		Collections And Credits	Uncollected	
	Balance	Additions		Balance	June 30, 2021
	June 30, 2020			June 30, 2021	
2020-2021	\$ -	\$ 82,101,777	\$ 80,366,264	\$ 1,735,513	
2019-2020	1,994,775	-	1,026,383	968,392	
2018-2019	1,087,393	-	430,620	656,773	
2017-2018	691,529	-	169,094	522,435	
2016-2017	507,351	-	168,220	339,131	
2015-2016	353,967	-	105,100	248,867	
2014-2015	259,397	-	67,202	192,195	
2013-2014	347,993	-	73,940	274,053	
2012-2013	357,407	-	51,110	306,297	
2011-2012	319,791	-	39,876	279,915	
2010-2011	338,171	-	86,640	251,531	
	<u>\$ 6,257,774</u>	<u>\$ 82,101,777</u>	<u>\$ 82,584,449</u>	<u>5,775,102</u>	

Less: allowance for uncollectible accounts:
General Fund

5,239,453

Ad valorem taxes receivable- net:
General Fund

\$ 535,649

Reconcilement with revenues:

Ad valorem taxes - General fund	\$ 82,428,763
Penalties collected on ad valorem taxes- General Fund	45,020
Interest collected on ad valorem taxes- General Fund	713,842
Reconciling items:	
Interest collected	(713,842)
Discounts allowed	708,854
Taxes written off	(598,188)
Total reconciling items	<u>(603,176)</u>

Total collections and credits

\$ 82,584,449

**DAVIDSON COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
Year Ended June 30, 2021**

Schedule 26

	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	\$ 14,967,515,926	\$ 0.54	\$ 80,824,586	\$ 71,457,034	\$ 9,367,552
Penalties	-		43,490	43,490	-
Total	<u>14,967,515,926</u>		<u>80,868,076</u>	<u>71,500,524</u>	<u>9,367,552</u>
Discoveries:					
Current year taxes	548,532,407	0.54	2,962,075	2,960,336	1,739
Penalties	-		10,300	10,300	-
Total	<u>548,532,407</u>		<u>2,972,375</u>	<u>2,970,636</u>	<u>1,739</u>
Releases and discounts	<u>(190,707,361)</u>		<u>(1,738,674)</u>	<u>(1,738,674)</u>	<u>-</u>
Total property valuation	<u>\$ 15,325,340,972</u>				
Net levy			82,101,777	72,732,486	9,369,291
Uncollected taxes at June 30, 2021			<u>1,735,513</u>	<u>1,735,513</u>	<u>-</u>
Current year's taxes collected			<u>\$ 80,366,264</u>	<u>\$ 70,996,973</u>	<u>\$ 9,369,291</u>
Current levy collection percentage			<u>97.89%</u>	<u>97.61%</u>	<u>100.00%</u>

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.

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

Table 1

Year Ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Taxes:										
Property	\$ 95,528,610	\$ 91,690,073	\$ 89,706,974	\$ 86,946,066	\$ 85,288,826	\$ 83,807,209	\$ 83,326,408	\$ 83,425,629	\$ 80,039,685	\$ 78,720,749
Sales	42,536,420	36,561,325	33,394,652	30,179,230	28,948,404	24,297,053	22,084,870	18,402,633	17,655,035	16,706,730
Intangibles	-	-	-	-	-	-	-	-	-	-
Other	1,280,118	1,434,457	2,029,066	2,028,440	1,695,436	1,557,866	1,561,609	1,586,357	1,640,728	1,679,237
Total taxes	139,345,148	129,685,855	125,130,692	119,153,736	115,932,666	109,662,128	106,972,887	103,414,619	99,335,448	97,106,716
Licenses and permits	2,900,739	2,458,923	2,277,004	1,989,475	1,871,569	1,749,285	1,782,533	1,616,029	1,278,851	1,468,794
Intergovernmental	31,069,144	24,802,026	24,658,886	24,508,244	26,423,195	27,318,416	27,154,545	28,421,008	25,432,342	25,431,103
Charges for services	8,633,598	8,064,423	7,768,148	7,639,376	8,325,743	7,871,865	7,026,361	7,779,388	7,553,279	8,210,177
Interest on investments	92,071	1,739,251	2,172,893	1,063,803	512,871	419,838	307,954	316,229	270,151	314,058
Miscellaneous	1,058,703	272,237	4,017,599	1,278,401	1,472,424	1,994,306	1,311,808	4,078,647	1,777,522	1,149,335
Total revenues	183,099,403	167,022,715	166,025,222	155,633,035	154,538,468	149,015,838	144,556,088	145,625,920	135,647,593	133,680,183
Current:										
General government	13,960,762	13,240,943	12,881,118	12,782,241	12,919,812	12,120,665	11,786,828	11,420,647	11,023,150	11,403,563
Human services	27,955,971	28,687,011	27,149,122	26,588,059	31,835,789	31,861,201	31,231,497	30,332,397	29,861,622	29,006,001
Public safety	46,416,432	42,370,414	40,312,829	37,163,043	36,071,569	34,116,669	32,928,019	32,808,556	31,760,065	32,219,722
Environmental protection	1,402,439	1,512,571	1,316,524	1,351,529	1,584,244	1,388,599	1,275,458	1,417,664	1,372,998	1,579,284
Economic and physical development	4,211,616	2,957,993	3,681,710	3,431,508	2,945,272	3,274,105	3,085,366	3,499,050	3,518,568	4,118,858
Culture and recreation	4,908,177	4,615,118	4,501,942	4,309,250	4,327,772	4,069,309	3,919,950	3,848,852	4,098,986	3,755,084
Transportation	1,494,473	1,165,811	1,082,143	1,050,950	821,032	756,840	882,718	1,490,487	1,581,662	1,343,245
Intergovernmental:										
Education	44,105,793	42,905,159	43,011,832	48,892,280	67,942,556	56,368,424	40,468,138	38,622,558	40,901,214	53,670,822
Capital outlay	15,026,250	20,398,008	12,362,371	5,569,820	1,815,427	1,374,518	13,011,128	1,992,053	310,047	649,672
Debt service:										
Principal	7,653,465	7,718,465	14,668,465	7,743,465	7,933,465	6,193,465	7,218,465	6,163,465	6,136,115	6,329,065
Interest and fiscal charges	4,902,608	4,401,960	4,419,534	4,725,408	4,881,757	7,139,113	3,642,924	3,852,226	4,070,085	4,493,390
Total expenditures	172,037,986	169,973,453	165,387,590	153,607,553	173,078,695	158,662,908	149,450,491	135,403,289	134,679,178	148,568,706
Other financing sources (uses)										
Transfers in	22,927,231	11,143,938	20,132,156	7,499,524	9,640,908	8,482,050	11,080,659	9,652,509	6,000,873	6,137,127
Transfers out	(23,860,331)	(11,850,809)	(21,526,492)	(8,390,556)	(11,250,852)	(8,969,768)	(12,096,702)	(10,754,131)	(7,413,209)	(7,335,369)
Debt issued	-	25,480,000	2,000,000	-	7,000,000	43,455,000	-	-	-	-
Premium on debt issued	-	5,953,484	-	-	-	14,187,278	-	-	-	-
Refunding bonds issued	-	-	-	-	-	39,525,000	-	-	9,080,000	-
Payments to refunded bond escrow agent	-	-	-	-	-	(43,710,000)	-	-	(9,219,209)	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Special item	-	-	5,351,852	-	-	-	-	-	-	-
Total other financing sources (uses)	(933,100)	30,726,613	5,957,516	(891,032)	5,390,056	52,969,560	(1,016,043)	(1,101,622)	(1,551,545)	(1,198,242)
Net change in fund balances	\$ 10,128,317	\$ 27,775,875	\$ 6,595,148	\$ 1,134,450	\$ (13,150,171)	\$ 43,322,490	\$ (5,910,446)	\$ 9,121,009	\$ (583,130)	\$ (16,086,765)
Debt service as a percentage of noncapital expenditures	8.1%	8.3%	12.7%	8.5%	7.6%	9.0%	8.0%	7.5%	7.7%	7.4%

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

Table 2

<u>Year Ended June 30,</u>	<u>Total Tax Levy</u>	<u>Less Discounts and Releases</u>	<u>Adjusted Net Levy</u>	<u>Collections of Current Year's Taxes During Fiscal Year (1)</u>	<u>Percentage of Levy Collected During Fiscal Year</u>	<u>Total Collections on Prior Year's Taxes</u>	<u>Percentage of Total Tax Collections to Adjusted Net Levy</u>	<u>Total Collections</u>	<u>Accumulated Total Delinquent Taxes</u>	<u>Ratio of Total Delinquent Taxes to Current Tax Levy</u>
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%
2016	74,117,317	790,896	73,326,421	71,166,409	97.05%	2,339,913	100.25%	73,506,322	6,953,565	9.48%
2017	75,164,122	771,071	74,393,051	72,182,872	97.03%	2,284,436	100.10%	74,467,308	6,599,570	8.87%
2018	76,121,109	759,010	75,362,099	73,174,602	97.10%	2,418,673	100.31%	75,593,275	6,126,520	8.13%
2019	78,411,196	1,189,542	77,221,654	75,084,946	97.23%	3,676,184	101.99%	78,761,130	5,072,916	6.57%
2020	79,930,624	910,489	79,020,135	77,025,360	97.48%	2,367,147	100.47%	79,392,507	4,262,998	5.39%
2021	83,840,451	1,738,674	82,101,777	80,366,264	97.89%	2,147,623	100.50%	82,513,887	4,039,588	4.92%

(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)		
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
2016	10,985,234,859	59,984,166	796,932,495	1,319,261,111	417,554,221	13,578,966,852	0.54
2017	11,042,109,445	55,254,140	870,213,972	1,385,044,444	414,136,592	13,766,758,593	0.54
2018	11,195,009,577	54,966,057	872,874,586	1,405,318,519	414,485,891	13,942,654,630	0.54
2019	11,434,622,452	64,503,525	894,865,180	1,483,505,926	416,168,658	14,293,665,741	0.54
2020	11,644,711,132	71,297,183	976,934,363	1,500,607,407	428,239,056	14,621,789,141	0.54
2021	12,067,326,051	87,752,273	977,018,282	1,735,053,889	458,190,477	15,325,340,972	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,	2021	2020	2019	2018	2017	2016	2015 (1)	2014	2013	2012
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	0.650	0.650	0.650	0.650	0.650	0.600	0.600	0.600	0.600	0.560
Lexington Special Schools District	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120
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	0.600	0.600	0.600	0.600	0.560	0.560	0.560	0.560	0.560	0.560
Thomasville Special Schools District	0.195	0.200	0.200	0.180	0.180	0.180	0.180	0.180	0.180	0.180
Town of Denton	0.600	0.600	0.600	0.600	0.600	0.550	0.550	0.550	0.550	0.550
City of High Point	0.6475	0.6475	0.6475	0.6475	0.6475	0.650	0.664	0.675	0.675	0.662
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	0.050
Fire Protection Districts:										
Central	0.100	0.090	0.090	0.090	0.090	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	0.100	0.100	0.100	0.080	0.080	0.080	0.070	0.070	0.070	0.070
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	0.100	0.100	0.100	0.100	0.100	0.100	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	0.130	0.130	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110
Welcome	0.110	0.110	0.110	0.110	0.110	0.110	0.100	0.100	0.100	0.100
Reeds	0.060	0.060	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	0.100	0.100	0.100	0.090	0.085	0.085	0.085	0.075	0.075	0.075
Churchland	0.090	0.090	0.090	0.090	0.070	0.070	0.070	0.070	0.070	0.070
Arcadia - Reedy Creek - Hampton	0.100	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	0.090	0.090	0.090	0.090
Southmont	0.100	0.100	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085
Fairgrove	0.100	0.100	0.100	0.100	0.080	0.080	0.080	0.080	0.075	0.075
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	0.108	0.108	0.108	0.108	0.108	0.108	0.100	0.100	0.100	0.100
Gumtree	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.085	0.085
South Emmons	0.100	0.080	0.060	0.060	0.060	0.060	0.060	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
Hornetown	0.150	0.150	0.130	0.130	0.110	0.110	0.110	0.110	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	0.060	0.060	0.060	0.060	0.060	0.050	0.050	0.050	0.050	0.050
Badin	0.055	0.055	0.055	0.055	0.055	0.055	0.060	0.060	0.060	0.060

Notes: (1) The County's reappraisal was effective as of January 1, 2015.

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

Table 5

Assessed Value	2021 (1)	2020 (1)	2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)(2)	2014 (1)	2013 (1)	2012 (1)
Davidson County	\$ 15,325,340,972	\$ 14,621,789,141	\$ 14,293,665,741	\$ 13,942,654,630	\$ 13,766,758,593	\$ 13,578,966,852	\$ 13,517,937,962	\$ 13,728,525,478	\$ 13,228,420,733	\$ 13,090,465,789
City of Lexington	1,641,878,626	1,614,466,512	1,566,742,866	1,547,290,175	1,533,123,598	1,519,628,108	1,546,064,567	1,585,300,795	1,496,604,452	1,473,679,696
Lexington Special Schools District	1,363,936,067	1,339,501,150	1,325,324,000	1,299,771,808	1,281,347,117	1,272,862,258	1,309,372,675	1,334,494,099	1,295,118,808	1,292,605,883
Lexington Main Street District	45,344,390	45,075,890	49,856,035	50,209,040	50,564,995	50,675,125	47,392,525	48,882,615	48,113,685	50,357,620
City of Thomasville	1,881,956,707	1,824,726,145	1,800,295,293	1,746,890,502	1,754,998,452	1,719,559,093	1,684,071,925	1,711,250,293	1,671,545,270	1,663,695,796
Thomasville Special Schools District	838,630,477	829,187,835	817,168,990	807,214,011	793,505,933	798,274,172	778,390,528	814,743,859	773,230,611	773,927,656
Town of Denton	129,906,218	127,733,287	126,249,662	124,376,007	123,833,632	125,563,340	119,736,702	123,396,626	117,688,245	117,615,820
City of High Point	500,383,949	490,079,622	479,011,155	451,922,687	437,712,161	428,524,528	447,912,474	449,696,165	425,268,619	413,762,953
Town of Wallburg	301,830,360	287,818,900	286,567,740	275,396,180	269,825,320	266,496,780	267,107,600	257,510,607	245,439,840	239,976,700
Town of Midway	386,455,920	376,946,360	376,560,380	372,504,140	368,133,720	363,781,840	351,873,300	361,575,547	344,521,320	340,756,920
Fire Protection Districts:										
Central	394,329,280	384,292,556	381,956,400	371,723,556	365,127,067	364,670,600	364,672,943	373,291,425	356,960,371	355,625,929
Pilot	373,943,282	365,870,788	360,057,176	354,094,953	351,831,306	347,315,882	329,829,776	338,024,345	326,796,306	324,510,894
Hasty	581,254,270	561,822,390	550,714,510	542,249,150	535,777,775	529,555,425	525,507,229	536,477,107	519,756,357	513,700,371
West Lexington	296,184,610	284,789,950	274,645,690	267,236,770	263,962,250	257,654,900	258,540,720	264,217,938	250,462,040	247,698,160
Wallburg	912,659,720	860,631,240	846,679,710	819,692,200	800,964,870	784,766,230	768,312,280	775,697,517	749,852,763	738,998,888
Holly Grove	315,692,588	305,100,438	300,698,150	296,449,600	289,842,738	287,223,400	280,665,588	286,271,486	273,833,650	273,026,725
North Lexington	224,024,015	216,710,231	215,783,918	208,391,545	207,218,291	203,238,373	204,070,927	209,259,497	201,437,591	198,694,291
Welcome	588,756,436	570,394,645	561,235,645	549,651,855	539,687,300	544,187,900	521,800,530	534,173,466	510,816,790	503,931,220
Reeds	554,123,250	519,095,217	511,413,100	499,749,800	491,057,425	483,730,350	483,364,150	496,052,283	471,817,575	462,550,325
Tyro	472,798,275	451,444,925	444,844,388	432,262,163	428,230,123	419,757,738	416,728,938	423,107,162	391,710,500	404,373,450
Linwood	463,775,460	373,663,160	341,092,380	330,754,311	335,197,941	333,268,412	327,640,059	326,167,791	318,905,680	319,234,533
Churchland	288,306,522	274,458,311	278,200,011	272,411,267	268,698,357	264,907,900	264,800,214	269,204,478	253,605,586	248,386,971
Arcadia - Reedy Creek - Hampton	1,117,598,450	1,078,087,600	1,046,627,525	1,003,939,588	982,069,975	970,328,175	955,146,963	970,257,096	934,399,200	921,676,300
Healing Springs	359,951,456	340,393,189	331,878,622	325,904,444	323,001,233	318,304,589	321,200,378	326,283,414	320,755,956	318,687,456
Southmont	897,718,350	869,451,760	856,387,082	834,158,929	826,755,188	818,630,541	790,498,106	801,462,631	781,667,729	773,318,059
Fairgrove	481,657,790	464,878,750	456,457,140	445,081,130	432,795,688	427,165,013	422,249,450	430,049,187	415,204,800	409,622,387
South Lexington	263,791,400	256,289,145	250,066,218	244,874,364	243,805,518	241,924,355	190,946,091	205,347,722	188,468,600	187,256,100
Silver Valley	424,334,736	411,263,127	402,138,118	392,856,055	385,758,718	382,596,300	372,798,818	379,019,868	358,643,282	358,041,082
Midway	962,057,874	935,387,075	919,716,890	907,102,943	889,242,953	865,985,283	875,267,840	887,087,782	851,930,200	850,736,980
Gumtree	147,208,870	141,663,070	142,141,010	139,029,550	139,215,200	137,034,740	137,403,470	139,229,328	134,404,871	135,596,165
South Emmons	136,035,490	131,388,238	133,752,900	127,777,533	126,105,500	125,520,800	122,565,233	124,455,412	120,678,440	121,445,840
South Davidson	127,084,600	123,771,060	121,347,670	119,023,790	116,927,960	117,298,360	107,769,840	110,438,096	105,120,620	104,516,700
Hornetown	155,527,940	148,464,933	142,658,838	135,008,954	133,457,364	128,269,509	126,878,155	125,937,244	122,327,410	121,228,920
Griffith	359,213,188	338,743,388	329,709,713	313,797,913	304,758,063	293,384,575	286,821,388	290,192,158	276,750,450	269,479,375
Clemmons	146,015,233	135,699,333	127,438,650	124,669,700	115,444,767	109,352,300	100,312,860	98,636,360	92,097,600	90,971,960
Badin	83,407,455	80,535,745	79,524,836	77,810,091	77,113,345	77,366,855	63,234,217	64,326,069	63,280,767	61,822,133

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, 2015.

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

Table 6

Year Ended June 30,	Population (1)	Assessed Value (000,000's)	Bonded Debt (000's)	Ratio of Bonded Debt to Assessed Value	Bonded Debt Per Capita
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
2016	164,622	13,579	46,780	0.35%	284
2017	164,926	13,767	43,010	0.31%	261
2018	166,137	13,943	39,420	0.28%	237
2019	166,614	14,294	35,140	0.25%	211
2020	168,093	14,622	31,005	0.21%	184
2021	169,180	15,325	26,905	0.17%	159

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

Year Ended June 30,	Debt Limit	Total net debt applicable to limit	Legal Debt Margin	Ratio of total net debt applicable to limit to the debt limit
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%
2016	1,086,317	122,211	964,106	11.25%
2017	1,101,341	113,718	987,623	10.33%
2018	1,115,412	112,399	1,003,013	10.08%
2019	1,143,493	99,200	1,044,357	8.68%
2020	1,169,743	116,287	1,053,456	9.94%
2021	1,226,027	108,004	1,118,023	8.81%

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed value of taxable property	<u><u>\$ 15,325,340,972</u></u>
Debt limit - eight percent (8%) of assessed value	\$ 1,226,027,278
Amount of debt applicable to debt limit:	
Bonded debt	\$ 26,905,000
Certificates of participation	2,400,000
Limited Obligation Bonds	62,795,000
Installment Financing - REDLG	1,500,000
Qualified School Construction Bonds	<u>14,403,856</u>
 Total amount of debt applicable to legal debt limit	 <u>108,003,856</u>
 Legal debt margin	 <u><u>\$ 1,118,023,422</u></u>

DAVIDSON COUNTY, NORTH CAROLINA
COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2021

Table 8

	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to Davidson County</u>	<u>Amount Applicable to Davidson County</u>
Davidson County	<u>\$ 119,433,765</u>	100%	<u>\$ 119,433,765</u>
Total direct debt	<u>119,433,765</u>		<u>119,433,765</u>
City of Lexington	<u>6,604,542</u>	100%	<u>6,604,542</u>
Total overlapping debt	<u>6,604,542</u>		<u>6,604,542</u>
Total direct and overlapping debt	<u><u>\$ 126,038,307</u></u>		<u><u>\$ 126,038,307</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>
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%
2016	6,193,465	4,041,731	10,235,196	158,662,908	6.45%
2017	7,933,465	4,881,757	12,815,222	173,078,695	7.40%
2018	7,743,465	4,585,408	12,328,873	153,607,553	8.03%
2019	14,668,465	4,419,534	19,087,999	165,387,590	11.54%
2020	7,718,465	4,401,960	12,120,425	169,973,453	7.13%
2021	7,653,465	4,902,608	12,556,073	172,037,986	7.30%

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

Year Ended June 30,	Population (1)	Personal Income (thousands of dollars)(1)	Per Capita Income (1)	Public School Enrollment (1)	Unemployment Rate (2)
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%
2016	164,622	3,585,961	21,783	24,549	4.9%
2017	164,926	3,920,456	23,771	24,246	4.1%
2018	166,137	3,920,456	23,146	24,257	3.9%
2019	166,614	4,244,158	25,473	23,847	4.2%
2020	168,093	4,368,401	25,988	24,339	7.3%
2021	169,180	4,396,650	25,988	23,278	4.6%

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

	Fiscal Year									
Expenses	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
General government	\$ 10,417,389	\$ 11,601,662	\$ 11,816,668	\$ 12,562,051	\$ 12,723,736	\$ 12,865,686	\$ 8,206,672	\$ 4,186,411	\$ 13,338,697	\$ 15,574,436
Human Services	29,293,613	29,811,107	30,605,201	30,715,679	32,549,001	32,463,815	26,624,427	27,620,785	29,755,853	28,268,641
Public Safety	33,269,734	32,297,095	33,180,756	32,104,612	34,748,009	36,618,677	37,422,926	46,449,812	44,374,731	47,476,815
Environmental protection	1,655,611	1,468,508	1,427,514	1,289,409	1,455,850	1,593,432	1,259,949	1,317,974	1,495,053	1,441,343
Economic and physical development	4,443,602	3,560,619	3,945,583	3,331,921	4,311,784	3,905,566	8,804,661	7,115,292	3,645,157	4,644,453
Culture and recreation	3,819,300	4,040,662	4,533,019	3,814,191	4,197,177	5,258,102	4,465,349	5,216,258	5,068,235	6,106,909
Transportation	1,259,372	1,547,832	1,616,226	933,502	846,392	898,341	941,313	992,287	1,179,807	1,358,363
Education	53,670,822	40,842,201	38,622,558	40,468,138	56,368,424	67,942,556	48,892,280	43,011,832	42,905,159	44,105,793
Interest and fiscal charges	4,480,052	4,674,120	3,779,260	3,567,558	7,198,002	4,087,591	3,930,486	3,626,433	3,594,062	3,799,926
Total governmental activities expense	142,309,495	129,843,806	129,526,785	128,787,061	154,398,375	165,633,766	140,548,063	139,537,084	145,356,754	152,776,679
Business-type activities:										
Landfill	4,835,957	4,344,483	2,920,376	6,827,440	3,267,010	5,426,859	3,441,763	4,674,114	5,258,383	3,395,657
Sewer	1,187,092	1,290,728	1,202,660	1,126,483	1,450,796	1,233,717	1,241,748	1,399,374	1,266,203	1,307,602
Total business-type activities:	6,023,049	5,635,211	4,123,036	7,953,923	4,717,806	6,660,576	4,683,511	6,073,488	6,524,586	4,703,259
Total primary governmental expense:	\$ 148,332,544	\$ 135,479,017	\$ 133,649,821	\$ 136,740,984	\$ 159,116,181	\$ 172,294,342	\$ 145,231,574	\$ 145,610,572	\$ 151,881,340	\$ 157,479,938
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,267,587	\$ 1,243,862	\$ 1,310,018	\$ 1,453,612	\$ 1,547,032	\$ 1,659,209	\$ 1,618,873	\$ 1,692,772	\$ 1,801,775	\$ 3,042,483
Human services	657,926	571,525	538,060	543,002	624,828	588,531	639,725	718,954	958,995	873,798
Public safety	6,468,111	5,282,995	5,967,552	5,417,271	6,410,928	6,887,828	6,107,539	7,800,922	7,180,900	1,677,098
Culture and recreation	232,024	273,406	198,135	191,837	184,527	227,897	203,952	305,968	266,793	266,150
Other activities	725,388	1,697,266	1,021,421	640,920	1,232,263	927,832	163,620	148,749	165,387	231,983
Operating grants and contributions	25,119,643	25,235,796	24,096,069	26,955,897	26,376,734	26,614,948	20,804,373	21,450,730	23,225,612	34,790,743
Capital grants and contribution:	110,778	-	6,432,288	-	1,460,682	500,092	3,485,556	3,382,359	1,149,250	1,218,715
Total governmental activities program revenue	34,581,457	34,304,850	39,563,543	35,202,539	37,836,994	37,406,337	33,023,638	35,500,454	34,748,712	42,100,970
Business-type activities										
Charges for services:										
Landfill	4,256,502	3,754,832	3,992,416	4,120,887	4,159,049	4,452,466	4,691,387	5,059,263	5,124,454	5,609,664
Sewer	325,704	355,319	446,165	477,487	543,388	613,849	657,865	847,871	799,792	846,643
Capital grants and contribution:	-	-	-	-	-	-	-	-	50,000	-
Total business-type activities program revenue	4,582,206	4,110,151	4,438,581	4,598,374	4,702,437	5,066,315	5,349,252	5,907,134	5,974,246	6,456,307
Total primary governmental program revenue:	\$ 39,163,663	\$ 38,415,001	\$ 44,002,124	\$ 39,800,913	\$ 42,539,431	\$ 42,472,652	\$ 38,372,890	\$ 41,407,588	\$ 40,722,958	\$ 48,557,277
Net (expense)/revenue										
Governmental activities:	\$ (107,728,038)	\$ (95,538,956)	\$ (89,963,242)	\$ (93,584,522)	\$ (116,561,381)	\$ (128,227,429)	\$ (107,524,425)	\$ (104,036,630)	\$ (110,608,042)	\$ (110,675,709)
Business-type activities:	(1,440,843)	(1,525,060)	315,545	(3,355,549)	(15,369)	(1,594,261)	665,741	(166,354)	(550,340)	1,753,048
Total primary governmental net expense:	\$ (109,168,881)	\$ (97,064,016)	\$ (89,647,697)	\$ (96,940,071)	\$ (116,576,750)	\$ (129,821,690)	\$ (106,858,684)	\$ (104,202,984)	\$ (111,158,382)	\$ (108,922,661)
General Revenues and Other Change:										
in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 78,774,693	\$ 80,193,327	\$ 82,230,762	\$ 82,927,734	\$ 83,986,076	\$ 85,133,095	\$ 86,793,550	\$ 89,430,206	\$ 91,349,062	\$ 95,770,364
Sales taxes	16,706,730	17,655,035	18,402,633	22,084,870	24,297,053	28,948,404	30,179,230	33,394,652	36,561,325	42,536,420
Other taxes	1,679,237	1,640,728	1,586,357	1,561,609	1,557,866	1,695,436	2,028,440	2,029,066	1,920,481	1,280,118
Investment earnings	314,058	270,151	316,229	307,954	419,838	512,871	1,063,803	2,172,893	1,739,251	92,071
Miscellaneous	2,571,249	1,359,476	2,328,908	1,282,400	998,267	978,148	1,895,472	6,990,818	545,486	958,700
Contributions of general capital assets	-	-	-	-	6,632,793	-	-	-	-	-
Transfers	(1,198,242)	(1,412,336)	(1,101,622)	(1,016,043)	(487,718)	(1,609,944)	(891,032)	(1,394,336)	(706,871)	(933,100)
Total governmental activities:	98,847,725	99,706,381	103,763,267	107,148,524	117,404,175	115,658,010	121,069,463	132,623,299	131,408,734	139,704,573
Business-type activities:										
Other taxes	329,205	329,416	334,919	353,211	345,643	350,099	477,035	465,744	416,315	436,976
Investment earnings	31,539	26,870	35,600	44,091	50,592	72,878	185,910	357,607	284,624	21,579
Other	-	-	-	-	-	104,765	152,687	156,322	104,765	104,765
Contributions of general capital assets	-	-	-	-	-	-	-	-	-	-
Transfers	1,198,242	1,412,336	1,101,622	1,016,043	487,718	1,609,944	891,032	1,394,336	706,871	933,100
Total business-type activities:	1,558,986	1,768,622	1,472,141	1,413,345	883,953	2,137,686	1,706,664	2,374,009	1,512,575	1,496,420
Total primary government:	\$ 100,406,711	\$ 101,475,003	\$ 105,235,408	\$ 108,561,869	\$ 118,288,128	\$ 117,795,696	\$ 122,776,127	\$ 134,997,308	\$ 132,921,309	\$ 141,200,993
Change in Net Position										
Governmental activities:	\$ (8,880,313)	\$ 4,167,425	\$ 13,800,025	\$ 13,564,002	\$ 842,794	\$ (12,569,419)	\$ 13,545,038	\$ 28,586,669	\$ 20,800,692	\$ 29,028,864
Business-type activities:	118,143	243,562	1,787,686	(1,942,204)	868,584	543,425	2,372,405	2,207,655	962,235	3,249,468
Total primary government:	\$ (8,762,170)	\$ 4,410,987	\$ 15,587,711	\$ 11,621,798	\$ 1,711,378	\$ (12,025,994)	\$ 15,917,443	\$ 30,794,324	\$ 21,762,927	\$ 32,278,332

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

Table 12

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Nonspendable	1,766,306	1,671,149	1,572,352	1,469,723	1,363,064	1,252,163	1,136,798	1,176,734	395,000	330,000
Restricted	13,543,115	13,613,571	16,864,563	27,611,649	20,928,380	22,058,268	23,688,640	25,755,369	28,257,890	30,133,123
Committed	79,000	79,000	79,000	79,000	375,340	375,340	375,340	375,340	375,340	306,340
Assigned	2,937,952	2,938,423	3,090,362	2,700,105	2,740,602	3,054,098	3,052,506	3,655,323	4,061,097	5,033,382
Unassigned	33,955,171	35,638,723	34,131,198	27,141,583	39,451,906	44,325,243	50,252,240	52,741,883	62,131,328	68,347,051
Total General Fund	<u>\$ 52,281,544</u>	<u>\$ 53,940,866</u>	<u>\$ 55,737,475</u>	<u>\$ 59,002,060</u>	<u>\$ 64,859,292</u>	<u>\$ 71,065,112</u>	<u>\$ 78,505,524</u>	<u>\$ 83,704,649</u>	<u>\$ 95,220,655</u>	<u>\$ 104,149,896</u>
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	3,417,894	3,033,902	2,621,157	2,515,444	40,682,624	8,434,530	10,075,666	7,040,183	18,517,404	4,892,567
Committed	12,230,378	10,371,918	18,109,063	15,430,081	8,673,267	21,565,370	13,618,272	18,049,778	22,835,807	37,687,211
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	(6,390,336)	-	-	-	-	(3,381)	-
Total all other governmental funds	<u>\$ 15,648,272</u>	<u>\$ 13,405,820</u>	<u>\$ 20,730,220</u>	<u>\$ 11,555,189</u>	<u>\$ 49,355,891</u>	<u>\$ 29,999,900</u>	<u>\$ 23,693,938</u>	<u>\$ 25,089,961</u>	<u>\$ 41,349,830</u>	<u>\$ 42,579,778</u>

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

DAVIDSON COUNTY, NORTH CAROLINA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Table 13

	Fiscal Year									
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Governmental activities										
Net investment in capital assets	\$ 28,990,559	\$ 28,831,557	\$ 29,836,571	\$ 42,200,503	\$ 42,032,142	\$ 44,100,295	\$ 47,386,211	\$ 57,817,784	\$ 62,999,795	\$ 63,182,870
Restricted	16,961,009	16,647,473	15,603,971	26,646,082	18,975,711	21,718,561	20,259,080	21,728,262	22,652,067	24,093,095
Unrestricted	(43,247,814)	(38,757,681)	(24,919,168)	(38,788,323)	(29,771,353)	(49,015,655)	(46,397,935)	(29,712,021)	(15,017,145)	12,418,488
Total Governmental activities net position	<u>\$ 2,703,754</u>	<u>\$ 6,721,349</u>	<u>\$ 20,521,374</u>	<u>\$ 30,058,262</u>	<u>\$ 31,236,500</u>	<u>\$ 16,803,201</u>	<u>\$ 21,247,356</u>	<u>\$ 49,834,025</u>	<u>\$ 70,634,717</u>	<u>\$ 99,694,453</u>
Business-type activities										
Net investment in capital assets	\$ 10,014,021	\$ 9,829,830	\$ 11,072,741	\$ 9,643,520	\$ 10,093,419	\$ 8,940,176	\$ 9,008,850	\$ 10,689,795	\$ 11,528,970	\$ 13,212,725
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	6,189,986	6,617,739	7,162,514	6,570,204	6,988,889	8,685,557	10,770,384	11,297,094	11,420,154	12,985,867
Total business-type activities net position	<u>\$ 16,204,007</u>	<u>\$ 16,447,569</u>	<u>\$ 18,235,255</u>	<u>\$ 16,213,724</u>	<u>\$ 17,082,308</u>	<u>\$ 17,625,733</u>	<u>\$ 19,779,234</u>	<u>\$ 21,986,889</u>	<u>\$ 22,949,124</u>	<u>\$ 26,198,592</u>
Primary government										
Net investment in capital assets	\$ 39,004,580	\$ 38,661,387	\$ 40,909,312	\$ 51,844,023	\$ 52,125,561	\$ 53,040,471	\$ 56,395,061	\$ 68,507,579	\$ 74,528,765	\$ 76,395,595
Restricted	16,961,009	16,647,473	15,603,971	26,646,082	18,975,711	21,718,561	20,259,080	21,728,262	22,652,067	24,093,095
Unrestricted	(37,057,828)	(32,139,942)	(17,756,654)	(32,218,119)	(22,782,464)	(40,330,098)	(35,627,551)	(18,414,927)	(3,596,991)	25,404,355
Total primary government net position	<u>\$ 18,907,761</u>	<u>\$ 23,168,918</u>	<u>\$ 38,756,629</u>	<u>\$ 46,271,986</u>	<u>\$ 48,318,808</u>	<u>\$ 34,428,934</u>	<u>\$ 41,026,590</u>	<u>\$ 71,820,914</u>	<u>\$ 93,583,841</u>	<u>\$ 125,893,045</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
			Qualified														
	General Obligation Bonds	Unamortized Premium	Qualified Zone Academy Bonds	School Construction Bonds	Installment Purchases	Limited Obligation Bonds	Certificates of Participation	General Obligation Bonds	Unamortized Premium	Limited Obligation Bonds	Installment Purchases						
2012	\$ 66,915,000	\$ 964,476	\$ 1,030,000	\$ 17,450,041	\$ 52,650	\$ 4,255,000	\$ 10,320,000	\$ 910,000	\$ -	\$ 1,870,000	\$ 9,095,201	\$ 112,862,368	3.12%	694			
2013	62,725,000	903,720	1,030,000	17,111,576	-	3,590,000	9,930,000	860,000	-	1,735,000	8,706,307	106,591,603	3.04%	651			
2014	58,570,000	842,964	1,030,000	16,773,112	-	2,910,000	8,940,000	810,000	-	1,600,000	8,300,547	99,776,623	2.80%	609			
2015	54,450,000	782,208	-	16,434,646	-	2,215,000	7,905,000	760,000	-	1,465,000	7,877,193	91,889,047	2.57%	559			
2016	46,105,000	14,908,730	-	16,096,181	-	44,955,000	6,925,000	675,000	1,361,942	7,455,000	-	138,481,853	3.86%	841			
2017	42,385,000	14,138,610	-	15,757,716	7,000,000	42,040,000	5,965,000	625,000	1,257,177	6,945,000	-	136,113,503	3.47%	825			
2018	38,845,000	13,368,490	-	15,419,251	7,000,000	39,105,000	5,035,000	575,000	1,152,412	6,420,000	-	126,920,153	3.24%	764			
2019	34,615,000	12,598,370	-	15,080,786	1,980,000	36,930,000	4,130,000	525,000	1,047,647	5,875,000	-	112,781,803	2.66%	677			
2020	30,530,000	17,657,703	-	14,742,321	1,740,000	60,235,000	3,250,000	475,000	942,882	5,315,000	-	134,887,906	3.09%	802			
2021	26,480,000	16,589,909	-	14,403,856	1,500,000	58,060,000	2,400,000	425,000	838,117	4,735,000	-	125,431,882	3.50%	741			

Note: Details regarding the county's outstanding debt can be found in the notes to the financial statements.

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

Employer	2021		2012	
	Employees	Percentage of Total County Employment	Employees	Percentage of Total County Employment
Davidson County Schools	1000+	3.00%	1000+	3.00%
County of Davidson	500-999	1.00%	500-999	1.00%
Atrium Corporation	500-999	1.00%	500-999	1.00%
Old Dominion Freight Line	500-999	1.00%		
Wal-mart Associates, Inc.	500-999	1.00%	500-999	1.00%
Food Lion	500-999	1.00%	250-499	1.00%
Bradley Personnel Inc.	500-999	1.00%		
Jeld-Wen	500-999	1.00%		
Asco Power Technologies	500-999	1.00%		
Pergo LLC	500-999	1.00%		
Novant Health Thomasville Medical			500-999	1.00%
Wake Forest Baptist Medical			500-999	1.00%
Davidson County Community College			500-999	1.00%
Thomasville City Schools			250-499	1.00%
Lexington City Schools			500-999	1.00%
 Total County Employment	 <u>80,476</u>		 <u>69,489</u>	

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

Taxpayer	2021		2012	
	Assessed Valuation	Percentage of Total Assessed Valuation	Assessed Valuation	Percentage of Total Assessed Valuation
EGGER Wood Products LLC	\$ 130,565,460	0.85%	\$ 82,261,604	0.63%
Duke Energy	127,923,385	0.83%	82,261,604	0.63%
Unilin Flooring NC LLC	110,946,799	0.72%	65,413,398	0.50%
Halyard North Carolina (formerly Kimberly- Clark Corporation)	106,353,233	0.69%	77,958,969	0.60%
Electric Glass Fiber America, LLC (formerly PPG industries)	78,979,554	0.52%	63,786,265	0.49%
Energy United	72,055,512	0.47%	-	-
Cube Yadkin Generation LLC (formerly Yadkin, Inc.)	69,612,545	0.45%	53,823,964	0.41%
Norfolk Southern	46,720,613	0.30%	-	-
Owens Brockway	45,936,193	0.30%	30,489,527	0.23%
Transcontinental Pipeline Co.	45,780,425	0.30%	-	-
Walmart Stores East LP	-	-	30,866,972	0.24%
RCR Enterprises, LLC	-	-	25,621,325	0.20%
TFI Industries	-	-	19,752,078	0.15%
Newbridge Bank	-	-	22,726,352	0.17%
	<u>\$ 834,873,719</u>		<u>\$ 554,962,058</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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General government	109	110	110	111	111	108	109	109	108	108
Human Services	309	311	315	315	324	327	321	328	329	330
Public Safety	355	356	359	371	381	381	381	388	395	395
Environmental protection	25	21	21	20	21	19	19	16	15	17
Economic and physical development	38	39	38	37	36	31	30	29	30	30
Culture and recreation	74	74	75	73	73	73	73	74	74	74
Transportation	17	17	16	16	10	8	10	8	8	5
Landfill	34	28	17	15	15	13	17	15	15	14
Sewer	2	2	1	-	-	1	1	1	1	1
Garage	<u>4</u>	<u>5</u>	<u>7</u>	<u>7</u>	<u>6</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>6</u>	<u>6</u>
Total	<u>967</u>	<u>963</u>	<u>959</u>	<u>965</u>	<u>977</u>	<u>966</u>	<u>966</u>	<u>973</u>	<u>981</u>	<u>980</u>

Source: Davidson County Budget Office.

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

	Fiscal Year As of June 30									
Function	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Human Services (1):										
Public health occupied square footage	34,060	34,060	34,060	34,060	34,060	34,060	34,060	34,060	34,060	34,060
Social services occupied square footage	54,221	55,869	57,615	57,615	54,221	54,221	54,221	54,221	54,221	56,810
Public Safety (1):										
Number of Emergency medical stations	7	7	8	8	8	8	8	8	8	8
Number of volunteer fire stations	30	30	30	30	30	30	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	46	46	46	46	46	46	47	47	47	47

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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government:										
Number of tax bills per 1000 parcels (1)	2,651	3,134	2,900	1,077	1,082	1,086	1,087	1,097	1,089	1,092
Registered motor vehicles per 1000 population (3)	929	897	1,023	1,049	1,060	1,583	1,058	1,084	1,034	1,095
Human services (1):										
Children in Social Services custody	194	192	191	209	218	254	253	280	285	251
Public Safety (1):										
Number of EMS calls dispatched	20,436	23,778	23,634	23,373	23,056	23,508	25,095	26,682	26,832	30,203
Number of emergency medical technicians	99	111	117	117	138	138	138	129	127	127
Building permits issued	4,640	4,391	4,883	6,173	7,041	7,431	6,739	7,291	8,159	8,641
Number of firemen	1,071	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070
Number of fire inspections made	1,300	1,300	1,577	1,816	1,738	1,943	1,766	1,872	1,345	1,366
Economic and physical development (1):										
Number of individuals sponsored in WIA services	510	457	347	737	596	264	419	883	891	636
Education (2):										
Number of students	25,519	25,555	25,231	25,141	25,131	24,246	24,257	23,847	24,339	23,278

Source: (1) Davidson County Departments
(2) NC Dept. of Public Instruction